Annual Report 2023

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 around the globe. We supply fresh pork and beef, meat products and plant-based alternatives 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 11,500 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.

10,711*

Employees (FTEs), including flex workers

7,001 Own employees

3,710 Flex workers

5.5*

Revenue for 2023
(in billions of euros)

Over 100 million

consumers enjoy our meat each day

Locations country units

8 **Benelux** **12** **Germany**

Locations business units

2 **Food Service** **3** **Ingredients**

*including continuing and discontinued operations

Our Country and Business Units

	Country unit Benelux	Country unit Germany	Business unit Food Service	Business unit Ingredients
Products	Fresh pork and beef, incl. raw materials, semi-finished and finished products, meat alternatives	Fresh pork and beef, incl. raw materials, semi-finished, and finished products	Freshly frozen meat products (beef, pork and chicken) and vegetarian and vegan products	Valorising all parts of the animal, so we use every animal from head to tail
Customers	Food processors, retail, foodservice	Food processors, retail, foodservice	Food service and quick service restaurants, catering, home delivery services	Animal food processors and industrial processors
Regions	Europe, Asia, North America, Oceania, Africa	Europe, Asia, North America	Germany and neighboring countries	Europe, Asia, Africa, Canada
Plants	Zottegem, Tilburg, Enschede, Boxtel, Scherpenzeel, Groenlo, Apeldoorn, Leeuwarden*	Emstek**, Perleberg***, Ahlen***, Hilden, Altenburg***, Furth im Wald, Crailsheim, Landshut***, Vilshofen ***, Buchloe, Waldkraiburg	Holzwickede, Großostheim	Twist, Memmingen, Eching-Weixerau
Employees (FTEs)	5,762 (incl. flex-workers)	3.903 (incl. flex-workers)	629 (incl. flex-workers)	188 (incl. flex-workers)
Headquarters	Boxtel (NL)	Buchloe (DE)	Großostheim (DE)	Twist (DE)
Corporate	Vion's operating business units are supported by 229 employees (2023), 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 • Transformation office (responsible for strategic changes for sustainable growth) • Internal Audit		

* from 1-1-2024 part of Food Service
** closed in 2024
*** Sold in 2024

Production locations

Activities **Beef**

Activities **Pork**

Activities **Food Service**

Activities **Retail**

Activities **Ingredients**

* closed in 2023

** sold or closed in 2024

*** from 1-1-2024 part of Food Service

Foreword

When we reflect on the past year, it is evident that Vion has navigated continuous challenges. In fact, the past three years have presented significant hurdles for European meat companies, Vion included. However, amidst these ongoing market difficulties, our dedication to our strategy of building sustainable integrated chains connecting farmers, customers, and partners remains unchanged. Built upon the principles of fair pricing, sustainability, and animal welfare, this strategy underscores our strong commitment to Environmental, Social, and Governance (ESG) goals, and enhancing value through the entire chain. In 2023, we took significant steps in further implementing our strategy and laid the groundwork for fundamental advancements in the coming year.

Market developments

Strong competition on the global pork market from the USA, South America, and China, coupled with political and regulatory challenges in the European agricultural sector, inflation, changing consumer behaviour, and other factors, have resulted in structurally lower exports outside the EU, declining herd sizes in Northern Europe, and high animal prices in the EU.

In Germany in particular, this has put severe pressure on the industry. The outbreak of African Swine Fever (ASF) three years ago has limited export opportunities to Asia and triggered an accelerated decline in herd sizes. Given our long-standing strong presence in international markets, Vion felt a disproportionate impact especially in northern Germany. At present, the German market is gearing towards self-sufficiency, with industry players inevitably having to address structural overcapacities. This restructuring is occurring in a sales environment that is characterised by a keen focus on affordable prices, even as the industry strives to adopt more sustainable practices, necessitating a shift towards higher pricing. These developments will continue to have an impact on our industry in the foreseeable future.

Accomplishments in 2023

In response to these difficult market circumstances, we took significant steps in accelerating our strategy in 2023. We adjusted our operating model to focus fully on building integrated and sustainable chains. We did this by establishing two country units, Germany and Benelux, enhancing efficiency and fostering closer connections between farmers and customers in our home markets. The establishment of the Business Unit (BU) Ingredients further demonstrates our commitment to responsible production and valorising all parts of the animal from head to tail. In line with our ambition to become the #1 sustainable company in the industry, we have introduced a dedicated Science & Sustainability team. This team will be vital to integrating scientific knowledge and sustainable practices throughout our organisation and driving the agenda for implementing CSRD over the next two years.

Last year, we launched a company-wide transformation programme called 'Change that Matters,' whose progress is exceeding its milestones. This transformation programme aims to deliver an annualised €150 - €200 million improvement by 2025 and underscores our dedication to adapting and thriving in changing market conditions. Vion also continued its chain development efforts with the introduction of two new sub-concepts under Good Farming Balance: Good Farming Sustainability and Good Farming World. Good Farming Sustainability focuses on CO2 reduction on farms, providing incentives for pig farmers and involving the entire chain in sustainability efforts. Good Farming World ensures compliance with California's Proposition 12 law on animal welfare, with certified farms supplying pork to California under this concept. Additionally, Vion subsidiary De Groene Weg expanded internationally, launching its first organic pork supply chain in Germany under the label "Der Grüne Weg". These initiatives aim to enhance resilience and support sustainable growth at Vion.

In view of market developments, especially in Germany, we made several strategic adjustments to our operational footprint in Pork, Beef and Retail. Simultaneously, we have continued to invest in upgrading our facilities to improve animal welfare, including the introduction of a new stunning method and the construction of new stables.

Focus on production and sourcing in the Benelux

However, we acknowledge that this is not enough to realise our ambitious aim of becoming the most sustainable meat company in Europe. Advancing our strategy necessitates increased ESG investments and prioritizing a smaller operational footprint over sheer size and volume. Given the challenging market conditions, Vion needs to carefully evaluate where to invest time, effort and money.

While Vion has set up a number of sustainable chains in Germany in recent years, setting higher standards in this area, the overall shift towards increased sustainability and improved animal welfare is unlikely to accelerate there in the short term.

The picture is different in our home market of the Netherlands, where we see a clear opportunity to expedite our sustainability-centered strategy in this geography, leveraging our robust heritage with farmers and established networks. Vion has therefore decided to focus more on sourcing and production in the Benelux to solidify sustainable domestic and EU market positions.

Divestment of German portfolio

During 2023, the Supervisory Board approved the disposal of the German operations footprint and Vion expects to sell or abandon this component ''piecemeal'' and such piecemeal transactions are expected to occur at different times in 2023, 2024 or 2025. As a consequence, Vion is exploring further divestment in Germany. We are committed to find the most promising partners for our German portfolio, ensuring prosperous future development in the best interest of our employees, farmers, and customers. Due to their strong local positions and leading brands, we believe these businesses can thrive under new ownership.

By the beginning of 2024, the cattle slaughterhouse and pre-packed facility in Altenburg, ham specialist Ahlener Fleischhandel, and pig processing plant in Perleberg had already found suitable new owners. Regrettably, despite substantial efforts, a suitable buyer for Emstek has not been found, leading to the closure of the site.

On 1 October 2024, Vion completed the agreement with EGB Erzeugergemeinschaftten-Beteiligungs GmbH and Erzeugergemeinschaft Sudbayern eG to sell the remaining 51% stake in the German pork activities in Vion SBL Landshut GmbH and Vion EGN Sudostbayern GmbH (Vilshofen).

Vion has reached a principal commercial agreement with Tönnies Group for the acquisition of the majority of Vion's German beef activities. The proposed deal is subject to approval from the relevant competition authorities, customary approvals and closing conditions.

Together with our external advisors, we are going through a dedicated sales process for the other businesses. We are optimistic about the outcome and anticipate securing new owners who will contribute to the continued success and growth of these assets.

These fundamental decisions were taken after careful consideration of different alternatives and in close cooperation with relevant stakeholders. We understand that these steps hold significant implications for our employees, customers, suppliers and other relations, but we strongly believe this is in the best interest of all stakeholders and will lead to a strong future-proof organisation.

Outlook: restoring profitability and reducing volatility through our "Stronger together to provide Food that Matters" strategy

With key emphasis on the Business unit Benelux, Vion is paving the way to make strategic investments in the food service, retail, organic, plant-based, and other value-added segments in the Benelux. Our updated strategy aims to prepare ourselves for the rapidly changing external environment, restore our profitability, stabilise our performance, and return to value-added growth.

In the coming years, our main strategic priorities will be to continue developing welfare and sustainability standards, together with farmers, customers, and other partners; invest in our relationships with retail and food service customers in the Netherlands and Europe; to grow our downstream processing and value-added products and services in the Benelux; to reduce our exposure and dependency on the volatile global commodity export market, focusing more on the EU market with value added pork and beef chains; and to streamline our cost structure to be resilient against market volatility and volume declines.

In doing so, we will capitalise on our strengths as the market leader in pork and beef in the Netherlands, our leading positions in animal welfare and sustainability, our global sales network with dedicated local sales offices, and advanced data-driven valorisation capabilities to maximise carcass value. We will continue to leverage our Change that Matters programme to facilitate execution and drive meaningful organisational transformation and operational efficiency.

Vion and its lenders agreed to a stable platform to enable execution of our strategic decisions and transformation.

Together, these collective efforts lay a robust foundation for the future growth and resilience of the Business unit Benelux.

In conclusion

As we navigate these transformative changes, our focus on efficiency enhancement and adding value from farmer to consumer, including the valorisation of all parts of the animal, remains at the forefront of our decision-making. This dedication, coupled with Vion's strong commitment to sustainability, positions us as leaders in a rapidly evolving industry .

In closing, I extend my gratitude to our dedicated team, partners, and stakeholders for their resilience and commitment. While our strategic decisions have profound impacts, our unwavering values will guide us through any challenges that may arise.

Sincerely,

Ronald Lotgerink
Chief Executive Officer

Strategy development

"Stronger together to provide Food that Matters"

Meat is an effective source of essential nutrients.

Every day we connect farmers with over 100 million consumers worldwide. 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 products, produced according to high Dutch and German production standards, should be affordable to consumers of all income levels. Realising this vision necessitates a concerted effort from all stakeholders involved to collaborate more closely and efficiently across the chain. That is the core of our strategy: "Stronger together to provide Food that Matters".

Grounded in principles of fair pricing, sustainability, and animal welfare, this strategy implicates a strong commitment to environmental, social, and governmental (ESG) goals, aiming at increasing value throughout the chain.

Together with our farmers and customers we provide tasty and healthy meat and plant-based products.

Through integrated chains, we offer fair income to the farmers and affordable sustainable food to consumers. We are respectful to animals and to the planet. Together we create Food that Matters.

In focus: Stronger together

By working together with farmers and customers, we can ensure a sustainable future for everyone involved.

We aim to set the industry standard for animal welfare and maintain affordable prices through efficient production and constant improvement.

Sharing information with and between farmers and customers allows everyone involved to make smarter choices and improve how they work. This collaboration helps to enhance overall performance.

Using advanced technology and data-driven decisions, we strive to utilise the entire animal, from head to tail. We take pride in producing quality meat and are transparent about the origin and manufacturing process with our customers.

Example Vion chain concepts
With our Good Farming approach, we focus production on the specific wishes of customers and markets. Within this approach, Vion works in a demand-driven way in order to be able to deliver tailor-made quality. Thanks in part to recognised quality systems, tracking & tracing and a great deal of knowledge and expertise, we can guarantee certified quality. We see sustainability as an integral part of the chain. Animal welfare is also an important part of the Good Farming chain concepts.

Today, we work with three main market concepts in pork, each of which meets the wishes of the market and consumers in its own way: Good Farming Star, Good Farming Balance, and Good Farming Organic.

Market developments

Our environment is rapidly changing. On the global export market, we observe that EU countries are increasingly losing ground to the US, Brazil, and China. Production costs in the EU are structurally higher - amongst others, due to the strict regulatory environment, increased standards; and higher labour costs - and specific events, such as African Swine Fever (ASF) in Germany, have been putting restrictions on EU export volumes. As a consequence, EU exports to non-EU countries have rapidly declined in the past few years, whilst prices in the EU region have gone up significantly.

Going forward, we expect that EU production will increasingly prioritise domestic markets over export, with export primarily supporting domestic positions or to leverage value-add propositions. Herd sizes are set to decline further towards self-sufficiency levels.

At the same time, the sustainability transition will accelerate and become ever more important. Vion sees sustainability as one of the strategic pillars for the future. Completely in line with our own sustainability ambitions, a new law is now coming into force within the European Union: Corporate Sustainability Reporting Directive (CSRD). The introduction of the CSRD will lead to transparency from companies in the areas of Environment, Social (society) and Governance (ESG). From 2025 Vion must comply with this legislation.

To achieve this, Vion started the CSRD project at the beginning of 2024. Based on a so-called double materiality analysis, material topics, such as animal welfare, energy and health and safety of our own workforce, are determined. For these topics we will draw up policies, KPIs, goals and actions including data to gather in order to make our company more sustainable. Given the breadth of the topics a large part of the organization will be involved in the implementation. Ultimately, Vion needs to include its sustainability strategy into the annual report over 2025 including limited assurance from the accountant.

I. Good Farming Star

The Good Farming Star supply chain concept, which was introduced in 2010, pays extra attention to animal welfare and sustainability. In this concept, Vion works with some 140 Good Farming Star pig farmers in the Netherlands and has developed dedicated supply chains with several Dutch retailers. In supermarkets, the meat carries the 1-star award of the Dutch Beter Leven (Better Life) quality mark. The main differences compared with regular pork farming are:

- The pigs have more space
- The animals live in an enriched environment in which they can express their natural behaviour
- Boars are not castrated.

Furthermore, the programme complies with sustainability requirements such as green energy and RTRS soy in the value chain. Good Farming Star offers known-origin meat from a selected group of Dutch farmers and is produced in a controlled and transparent supply chain.

II. Good Farming Balance

Vion holds veterinary certificates that provide access to almost every country in the world. Different countries and customers request different parts of the pig, and customer requirements are becoming increasingly specific. At the same time, many customers also wish to enter into long-term pricing agreements.

In 2017, Vion introduced Good Farming Balance. This demand-driven supply chain concept allows us to respond to specific demand from international markets. Together with our pig farmers, we ensure that we are able to produce exactly the products in the desired specifications demanded by customers.

Good Farming Balance uses three supply modules to ensure a sufficient diversity of the pigs supplied: Basic, Wide (a wide supply process) and Robust (more mature pigs with a thicker layer of fat). Pig farmers can decide for themselves which supply module they wish to use to supply their pigs. At the same time, we enter into agreements on the quantities to be delivered in order to guarantee continuity.

Accelerating the pace of our transformation

In view of these developments, our strategy of building sustainable integrated chains remains steadfast. In fact, it shows that the pace of transformation must accelerate to meet the demands of this rapidly evolving environment. We remain committed to lead our industry through this transformation and become the most sustainable meat company by 2030.

Building on this commitment, we took significant steps in implementing our strategy in 2023:

1. Change that Matters

At the end of 2022 we announced the launch of a company-wide transformation programme called Change that Matters (CtM). We established a dedicated team, led by our Chief Transformation Officer, to coordinate and drive this. One of the main programme goals is to deliver €150-200 million of bottom-line improvements by 2025. This underscores our dedication to adapting and thriving in changing market conditions.

One year into the programme we can conclude that this has been successful. Over the past year more than 250 colleagues have contributed to developing and executing over 600 improvement initiatives. Overall programme results for 2023 were well ahead of plan. Based on where we are today, the programme will continue to run at full speed until all goals have been met.

2. New operating model

In October 2023, we adjusted our operating model to place more focus on the key value creation areas of our company. It will strengthen decision-making, improve cooperation, and make our operations more efficient.

This ensures that high-quality meat is always available to our customers, in the desired amounts and according to client specifications.

Pig farmers can choose from three pricing systems within Good Farming Balance: the Vion weekly price, which is based on supply and demand and varies weekly; the Vion price index guarantee (PIG), an average price based on a combination of representative international prices; and the Vion long-term price (LTP), whereby the price of the pork is fixed for a longer period (at least 13 weeks). It is also possible to combine LTP with one of the other pricing systems.

Several sub-concepts have emerged under the Good Farming Balance umbrella. One of the most well-established is **Robusto**. Robusto ensures the selection of items like legs and bellies, originating from trusted and professional pig farmers, with the right fat and intramuscular fat content, cut to specification, for the top segment of dried premium Parma and Serrano hams for the Italian and Spanish markets, and for bellies for the Korean market.

GOOD FARMING ORGANIC

III. Good Farming Organic

The Good Farming Organic demand-driven market concept is a powerful organic supply chain from farmer to plate. Within this concept, pigs are fed organic feed, given peace and space to live and grow, and are able to go outside throughout their lives. The meat is genuinely delicious and has the highest rating of three stars from the Beter Leven and EKO label.

Europe's organic meat market is growing strongly and **De Groene Weg**, a subsidiary of Vion, is exclusively devoted to organic beef and pork. Our 12 butchers in the Netherlands and our position as a supplier to a number of large retail chains, has made De Groene Weg the market leader in the Dutch organic meat sector. Since we began in 1981, the company has been growing with the market to maintain its leading position. The company is also one of the European market leaders, selling some of its meat outside the Netherlands.

The changes include the following key steps:

- **Two country units:** we established two country units, Benelux and Germany, to enhance efficiency and foster closer connections between farmers and customers in our home markets. By doing so, we are better positioned to balance supply with demand and create more focus on building sustainable future-proof chains.
- **Ingredients:** in line with our commitment to responsible production and minimising waste, we have created a separate 'Ingredients' business unit. BU Ingredients valorises all the parts of the animal, from 'head to tail', that are not sold through the regular sales streams in our country units.
- **Food Service:** Food Service continues to operate as a stand-alone unit for the foreseeable future. Building on well-established brands and its outstanding performance in the out-of-home segment, there is clear potential for further profitable growth in our home markets and internationally.
- **Science & Sustainability**: we are excited to have formed a dedicated Science and Sustainability team within our organisation. This team will be vital in integrating scientific knowledge and sustainable practices throughout our organisation, supporting our vision of becoming the #1 sustainable company in the industry.

3. Operational footprint adjustments

We have also made several strategic adjustments to our operational footprint, aligning capacity with market demands.

At the start of 2023, we ended our head deboning activities in Holdorf. During the spring, we transferred the deboning activities from the pig slaughterhouse in Landshut to Vilshofen and Crailsheim. As of August we closed our beef processing facility in Bad Bramstedt. And by the end of the year we announced the closure of the pre-packing facility, Vion Convenience, in Großostheim. Whilst aligning capacity with demand, we have continued to invest in making our remaining operational footprint more sustainable and future-proof.

De Groene Weg invests in long-term relationships and stable collaboration with the various links in the supply chain. A pricing method has been developed with pig farmers to guarantee a stable and fair price for the pigs. In this way, earnings within the supply chain are distributed fairly. The pig farmers are united within De Groene Weg suppliers association. Thanks to this close supply chain co-operation, De Groene Weg is a reliable supplier: we know exactly from which farmer the meat originates. This enables us to guarantee high-quality and delicious organic meat.

Further to those pork concepts, Vion has also developed several best practices covering integrated chains in beef. Developed in collaboration with farmers' associations and retail partners, chain concepts such as "Simmental PUR with Geprüfte Qualität Bayern (GQB)" and "Bayerischer Ochse" are in high demand from consumers.

IV. Simmental PUR with Geprüfte Qualität Bayern (GQB)
This is a regional beef programme that combines beef from Simmental and Bavarian origin (certified according to GQ-Bayern – "Geprüfte Qualität Bayern"), which Vion developed with two farmers' organisations and the food retail sector.

V. "Bayerischer Ochse"
Together with a farmer organisation and the food retail sector Vion has developed a concept for the production and marketing of oxen from Bavaria. The "Bayerische Ochse" meat comes from 30 Bavarian livestock farmers and is on the shelves of 540 Bavarian supermarkets. Agreements were made with the livestock farmers for a fixed additional yield for a period of five years.
The ox meat carries the certificate "Geprüfte Qualitäts Bayern", which means, among other things, that it comes from cattle born, raised, fattened, slaughtered and processed in Bavaria. In addition, the animals are kept according to "Haltungsform 3," a label for animal welfare. Among other things, this means that the animals have 40% more space. The cattle also receive GMO-free feed during the finishing phase. In addition, cattle farmers must grow at least half of the feed used themselves.

In February 2023, Vion Groenlo began renovations to improve our animal welfare standards there even further. The works include introducing a new way of stunning and the construction of new state-of-the-art barns. Improvements were all implemented by the end of the first quarter of 2024.

4. Continued chain development

Introducing new chain concepts and progressing existing chain concepts remains a spearhead for Vion. Several accomplishments were achieved in 2023:

- **Introduction of two new Good Farming Balance sub-concepts:** Good Farming Sustainability and Good Farming World.
  - **Good Farming Sustainability:** Vion further developed the Good Farming sustainability pilot, with a sounding board group including Good Farming Balance pig farmers. Objectives were formulated regarding CO2 reduction on the farm. Linked to performance, the pig farmer receives a sustainability incentive from Vion. The first pig farmers are now part of this sub-concept. In this way, everyone in the chain contributes to the further sustainability of the pork supply chain.
  - **Good Farming World:** from January 2024, only meat that complies with the new animal welfare law "Proposition 12" may be sold in California (USA). For the pork industry, this law focuses entirely on the living space and room to move of sows in husbandry. Due to limited supply and lower standards in the US than in Europe, California currently imports pork meat from European countries. Eighty-eight Good Farming Balance farmers were successfully audited under this new legislation. As of end 2023, pigs from certified Good Farming Balance farms are slaughtered at Boxtel and supplied to California under the “Good Farming World” concept.
- **International expansion of De Groene Weg:** Vion subsidiary De Groene Weg (DGW) is devoted exclusively to organic pork and beef. DGW has been the largest supplier of organic meat in the Netherlands for years and a steady partner for the German trade and processing industry. As of 2023, under the label “Der Grüne Weg”, DGW began processing organic pigs from Thuringia, so officially launching its first organic pork supply chain in Germany.

Next phase of transformation

We strongly believe that, through the joint undertakings outlined above, we have taken another important step towards making our company more resilient and ready for sustainable future growth. However, to realise our ambitious aim of becoming the most sustainable meat company in Europe, we acknowledge that additional transformative steps will be needed. Advancing our strategy necessitates increased ESG investments and prioritising a smaller operational footprint over sheer size and volume.

Recognising a clear opportunity in the Benelux, we aim to expedite our sustainability-focused strategy in this region. As a consequence of our transformation, Vion already sold its cattle slaughterhouse and pre-packed facility in Altenburg, ham specialist Ahlener Fleischhandel, its pig processing plant in Perleberg as well as its pig operations in Landshut and Vilshofen. Regrettably, the pig facility in Emstek had to be closed in the beginning of 2024. Furthermore, Vion has reached a principal commercial agreement with Tönnies Group for the acquisition of Vion's beef activities in Waldkraiburg, Buchloe, Crailsheim (including pork), Hilden, Memmingen and Eching-Weixerau. The proposed deal is subject to approval from the relevant competition authorities, customary approvals and closing conditions and is expected to complete in 2025. On 1 October 2024 Vion completed the SPA transaction with EGB Erzeugergemeinschaftten-Beteiligungs GmbH and Erzeugergemeinschaft Sudbayern eG to sell the remaining 51% stake in the German pork activities in Vion SBL Landshut GmbH and Vion EGN Sudostbayern GmbH (Vilshofen). With the execution of these steps, the majority of our loss making German operations have been addressed.

The remaining German activities of Vion are still under strategic review. They include: Food Service activities and businesses, NWT GmbH in Twist, SFB Fleischund Kühlcentrale GmbH & Co KG, Otto Nocker Fleischmärkte GmbH and Vion Zucht- und Nutzvieh GmbH. These businesses will continue to operate as usual if no suitable buyers would be found.

These fundamental steps demonstrate our commitment to leading our industry in the transition to a future-proof and sustainable future.

Outlook: restoring profitability, reducing volatility, and focus on sustainable growth in the Business unit Benelux

Dutch farmers are best-in-class on efficiency and sustainability in the EU. In building on our strong heritage with farmers and existing chain concepts such as Good Farming Star, Good Farming Balance and Good Farming Organic, we are recognising an opportunity to effectively implement and advance our strategy.

With the main focus on the Business unit Benelux, Vion prepares the road for investments in the food service, retail, organic, plant-based, and other value-added in this region.

Our updated strategy aims to restore our profitability, stabilise our performance and return to value-added growth – establishing on our strength as market leader in pork and beef in the Netherlands.

Building on our "Stronger Together to provide Food that Matters" strategy, we have defined five strategic priorities for the Business unit Benelux for the next 5 years:

1. Develop welfare and sustainability stands, together with farmers, customers and other partners;
2. Invest in our relationships with retail and food service customers in the Netherlands and Europe;
3. Grow our downstream processing and value-added products and services;
4. Reduce our exposure and dependency on the global commodity export market;
5. Streamline cost structure to be resilient against market volatility and volume declines.

We will continue to leverage our Change that Matters programme to facilitate execution and drive meaningful organisational transformation and operational efficiency.

Together, these collective efforts lay a robust foundation for the future growth and resilience of Vion.

Key figures

Amounts in millions of euros	2023	2022
Results from continuing operations		
Revenue	5,073.2	4,900.7
Normalised EBITDA[1]	74.7	67.4
Impairment of non-current assets and restructuring costs	38.0	58.2
Earnings before interest and taxes	(26.1)	(58.1)
(Loss)/profit for the year	(40.2)	(79.3)
Cash Flow		
Net cash flow from operating activities	(25.5)	39.7
Net cash flow from investment activities	(47.8)	(85.4)
Balance Sheet		
Group Equity	276.4	371.2
Balance sheet total	1,062.8	1,203.6
Net debt[2]	283.2	191.0
Ratios		
Added Value as % of revenue[3]	23.3%	25.6%
Staff Costs as % of revenue	11.9%	12.3%
Normalised EBITDA as % of revenue	1.5%	0.9%
Normalised EBITDA as % of added value	6.3%	3.6%
Solvency	26.0%	30.8%
Return on average capital employed[4]	1.9%	(3.7%)
Employees		
Number of employees (FTEs) at year-end from continuing operations	6,111	6,550
Total number of employees (FTEs) at year-end	7,001	7,645
Total number of employees (FTEs) including flex workers at year-end	10,711	11,838
Average number of employees (FTEs)	7,356	7,821
Average number of employees (FTEs) including flex workers	11,183	12,140

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).

-6.9%

Sales volume
compared to last year

+3.5%

Revenue
compared to last year

+10.8%

Normalised EBITDA
compared to last year

-6.7%

FTE at year-end
compared to last year

Management review

The fiscal year 2023 was dominated by two key effects in the external market. First, the steep increase in pig prices in Germany and the Netherlands placed significant pressure on the Pork business and, in particular, hampered Vion's export position in the Far East. As we move to a new equilibrium in Europe, the European pork industry continues to be impacted by the reduction of herd sizes resulting in overcapacity in slaughtering and processing, which puts pressure on pig prices. This has resulted in declining sales volumes, although sales in Euro were higher due to the increase in pig prices and inflation. Second, the cost-of-living crisis in Germany in particular resulted in soft demand for beef and self-service products from the convenience business. This ultimately led to the decision to close the Convenience pre-packed plant activities in Großostheim. Despite the difficult market circumstances, the performance of our southern Beef business remained solid thanks to our strong market position as well as increased customer demand for organic meat and premium regional demand driven chains such as the Bayerische Ochse.

Inflation, specifically labour cost inflation, compounded by an increase in minimum wage, led to a higher operational cost per kilogram sold. While the number of employees declined in line with lower production volumes the related labour costs have only decreased marginally. To counter the increasing wage bill and ongoing personnel shortage, Vion continues to invest in automation and yield optimisation through both robotisation in our slaughtering and deboning processes as well as leveraging software and Artificial Intelligence to optimise valorisation.

In response to the declining herd sizes, structural overcapacity in the Dutch and German slaughter markets and soft demand, both overseas and in home markets, Vion took decisive actions to optimise its portfolio. In early 2023, Vion transferred its meat deboning operations in Landshut to its locations in Vilshofen and Crailsheim, thus adapting capacity to market developments. This measure will enable Vion to ensure farmers in the south of Germany continue to benefit from short transport routes to pig abattoirs. In northern Germany Vion closed its Bad Bramstedt facility in July 2023 in response to declining cattle populations as well as structural overcapacity in slaughterhouses. Furthermore, in October 2023 Vion announced the closure of the Vion Convenience GmbH pre-packed plant in Großostheim. The German convenience business has not developed in line with expectations, not least due to inflation, resulting in decreasing consumer demand and a generally turbulent market situation.

Despite the difficult market conditions Vions strategy has proven to be resilient, this is demonstrated by the strong results achieved in market segments in which our integrated chains are in place - for example, the strong performance of our bio chains in the Netherlands. In addition, our strong position in the beef market in the Netherlands and southern Germany proved resilient despite the difficult market conditions. This was due to increased customer demand for organic meat, and premium regional demand driven chains such as Bayerische Ochse or Bayerisches Rindfleisch. Our Food Service business unit performed well thanks to its strong customer relations and innovative capabilities. The increased focus on the valorisation of Ingredients through a dedicated BU ingredients also yielded satisfactory results.

To further accelerate the strategy and to structurally improve performance, Vion kicked-off its strategic Change that Matters programme. This yielded significant recurring benefits in 2023. As part of this transition, Vion also introduced a new operating model to further support the growth of local balanced chains through increased focus on country organisations while at the same time allowing for greater efficiency and sustainability. Overall thanks to the 329 improvement initiatives that were executed across all business units, normalised EBITDA from continuing operations improved to €74.7 million compared to €67.4 million in 2022, despite the head winds in the key Pork Netherlands market segment.

Financial review

Results

(in millions of euros)	**2023**	2022
Sales volume (in millions of kg)	1,530.2	1,642.9
Revenues	5,073.2	4,900.7
Other operating income	22.6	19.7
Total operating costs	(5,021.1)	(4,853.0)
Normalised EBITDA	**74.7**	**67.4**
Depreciation and amortisation	(62.8)	(66.9)
Normalised EBIT	**11.9**	**0.5**
Impairment of non-current assets and restructuring costs	(38.0)	(58.2)
Acquisition costs	(0.0)	(0.3)
Earnings before interest and taxes (EBIT)	**(26.1)**	**(58.1)**
Financial income and expenses	(15.3)	(8.7)
Income taxes	0.2	(14.4)
Share of profit of associates and joint ventures	1.0	2.0
Loss for the year from continuing operations	**(40.2)**	**(79.3)**
Loss after tax for the year from discontinued operations	(49.5)	(28.7)
Loss for the year	**(89.7)**	**(108.0)**
Attributable to non-controlling interests	0.8	0.1
Attributable to equity holders of the parent	**(90.5)**	**(108.1)**

The 2023 results from continuing operations were impacted by steep pig price increases early in the year, due to overcapacity in the Germany and Dutch slaughter markets. With prices peaking at all-time highs during summer the high price level severely hampered Vion's export capabilities. As a result of these high prices, there was no pay-out over 2023 from our Price Indexation Fund (PIG) as the Reference Price Basket increased less than the average weekly local price that Vion offered its farmers. Although the losses for Pork Germany were significantly reduced in 2023, through adjustments to production capacity, the restricted export possibilities due to African Swine Fever, and structural overcapacity in the slaughter market, led to the decision to dispose of our Pork sites in northern-Germany in early 2024. This follows the Management Board's decision to divest our German portfolio on a piecemeal basis.

On the demand side the cost-of-living crisis led to a shift to cheaper protein sources which led to softer demand in the first half of 2023, especially in the German beef sector as well as a disappointing development of the German convenience business. Therefore, the convenience pre-packed production plant in Großostheim was closed at the end of 2023. A positive contribution came from the structural growth in our Food Service business. This was driven by operational excellence combined with innovative product development. Although inflation decreased compared to 2022 it still had a significant impact on our costs. Labour costs in particular, increased driven by the minimum wage increase in the Netherlands. Although the number of FTEs decreased during 2023 by 7%, the personnel related cost only decreased marginally. Total variable and fixed costs were down by € 98.2 million in 2023, mainly driven by lower freight, storage and energy costs.

To compensate for the negative market dynamics, the Change that Matters programme was introduced. Ideation sessions yielded over 600 initiatives with €150 - €200 million in recurring benefits to be realised by the end of 2025. Despite the negative market conditions, the improvements delivered by this programme led to an improvement in normalised EBITDA , climbing to €74.7 million, up from €67.4 million in 2022. Getting the programme up and running involved some significant restructuring costs. These amounted to €26.4 million for the year, and were predominantly related to support of the transformation process, which also included the assessment and execution of the footprint actions in Bad Bramstedt, Großostheim and Landshut.

Depreciation and amortisation decreased by €4.1 million to €62.8 million (2022: €66.9 million), due to the lower tangible fixed asset base resulting from footprint optimisations begun in 2022. Impairment losses of €11.6 million (2022: €52.5 million) were mainly the result of the decreased outlook for the German pork businesses, due to the previous mentioned market conditions, and the resizing of assets for the meat alternatives plan in Leeuwarden. In addition to the impairment on the fixed assets, a write off on software under construction was booked as the scope was partly changed resulting in the rework of certain activities.

Financial income and expenses increased by €6.5 million to €15.3 million as the average three month Euribor increased from 0.3% in 2022 to 3.4% in 2023, combined with a higher average use of our working capital facility, as higher pig prices led to an increase in working capital. Various initiatives were executed through the Change that Matters programme to optimise working capital and this resulted in lower working capital as a percentage of sales. Overall, total working capital increased, severely impacted by the last payment runs at December 27th 2022, whereas in 2023, this was set at December 30th, leading to a significant decrease in payables in early 2023. Corrected for this one-off effect, the benefits from the Change that Matters programme more than offset the increase in operating working capital resulting from the increased pig prices.

Financial position

(in millions of euros)	**2023**	**2022**
Balance sheet		
Non-current assets	423.6	479.2
Current assets, including assets held for sale	639.2	724.4
Total equity	276.4	371.2
Provisions	98.6	94.5
Long term liabilities	119.7	129.6
Current liabilities	568.1	608.3
Balance sheet total	**1,062.8**	**1,203.6**
Net debt	283.2	191.0
Solvency[1]	26.0%	30.8%
Liquidity[2]	1.1	1.2

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

Intangible fixed assets were up by €1.5 million, at €80.9 million (2022: €79.4 million). In 2023, Vion invested €13.6 million in software-related projects to support its strategy, including ERP integration, block-chain solutions and business intelligence. Software amortisation amounted to €11.7 million and impairments on software were €3.1 million. Other effects relate to the goodwill from the acquisition of a cattle trader in northern Germany.

Following the agreement to dispose Vion's share in Topigs Group, a reclassification of €13.0 million from investment in associates to other current financial assets was made. In addition, a gain of €2.1 million was recognised following the fair valuing of the investment to market value. Although genetics is an important part of the protein chain, it is not part of Vion's core capability and therefore Vion entered into a sales agreement in late 2023. Other effects in the financial assets relate to the re-valuation of the deferred tax asset.

Provisions of €96.5 million predominantly relate to the net employee-defined benefit obligations, amounting to €84.5 million at year-end (2022: €82.8 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 the employees and former employees of our German companies. The increase in the year was a result of the actuarial revaluation of the liability. Apart from these, the balance sheet includes provisions for reorganisation and restructuring costs of €7.1 million (2022: €8.0 million).

Following the lower operational cash flow driven by the additional cost for transformation, plus the €9.8 million increase in working capital, Vion made use of the working capital facility and ended 2023 with a facility drawn of €145.9 million and a positive bank balance of €4.5 million. Other interest-bearing loans at year-end mostly related to the

€75 million Schuldschein facility and €53.9 million in lease liabilities. These are accounted for under IFRS 16.

As a result of the increased working capital and a weaker financial performance, the solvency ratio and liquidity ratio decreased respectively to 26.0% (2022: 30.8%) and 1.1 (2022: 1.2).

Net debt

(in millions of euros)	**2023**	**2022**
Non-current interest bearing loans and borrowings	80.4	87.9
Non-current lease obligations	39.0	40.3
Current interest bearing loans and borrowings	153.1	50.6
Current lease obligations	14.9	15.4
Other non-current financial liabilities	0.3	1.5
Cash and cash equivalents	(4.5)	(4.6)
Net debt	**283.2**	**191.0**

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. Furthermore, Vion has a €75 million Schuldschein facility of which €7.5 million is due in August 2024.

Cash flows

(in millions of euros)	**2023**	**2022**
Cash flow statement		
Net cash flow from operating activities	(25.5)	39.7
Net cash flow from investment activities	(47.8)	(85.4)
Net cash flow from financing activities, including foreign exchange differences	73.0	31.6
Increase / (decrease) in cash and cash equivalents	(0.1)	(14.1)
Cash and cash equivalents at year-end	**4.5**	**4.6**

Positive operational cash flows resulting from EBITDA performance were offset by the higher cost to drive the transformation process. Total working capital increased due to increased pig prices although this effect could be offset by Change that Matters initiatives around optimizing stock levels, improving invoice processes and optimisation of payment terms. The year-on-year increase in working capital was also severely impacted by the delayed payment runs at the end 2022, leading to a significant decrease in payables in early 2023.

Cash flow from investment activities was significantly below last year due to careful evaluation of our capital expenditure in light of our strategic footprint rationalisation. Other investment activities related to the acquisition of a German cattle trader were offset by the gain following the fair valuing of our share in Topigs Group.

Financing cash flow relates mostly to additional financing needs arising from the increase in working capital that was driven by higher pig prices and capital expenditures. Furthermore, this includes €20.6 million for lease repayments. These repayments increased from 2022 (€18.6 million) due to the acquisition of Distrifresh Den Bosch, which is included for the full year in 2023 versus four months in 2022.

Investments and operational improvements

During 2023, Vion made significant investments to get it is Change that Matter programme up and running by setting up a dedicated team that followed up on progress rigorously, as well investing in external support for the transformation process. This resulted in a comprehensive improvement programme, across various workstreams, that is now embedded in the organisation and has a strict execution plan. In 2023, Vion managed to execute 329 of the initiatives that were part of the bankable plan, generating over €90 in million in benefits.

Vion continued to invest in its strongholds, such as the new stables in Tilburg. These enable more efficient operations, whilst at the same time also contributing to animal welfare. Investment were made in the Groenlo plant to ensure that it is fit for purpose to support further growth of the organic chains in the Netherlands, and to ensure the site is compliant with current and future environmental and animal welfare regulations. We also expanded our shop-in-shop proposition to a second retailer in the Netherlands. We invested in our facilities in Germany to further raise the bar regarding the focus on animal welfare, and set up future-proof infrastructure, matching our Scope 1 and 2 targets.

IT investments were made that will increase efficiency in our operational processes and enable investment in software and Artificial intelligence tooling to maximise the valorisation of each animal and reduce waste. A good example is the introduction of the Intelligent Production Scheduling solution for our facility in Boxtel, moving from sequential planning to an integral, data driven planning approach leading to improved valorisation and predictability.

From an organisational point of view, Vion reorganised its business unit structure to support an enhanced focus on local chains through the BU country organisations for Benelux and Germany. BU Food Service finalised the consolidation of its FVZ and Salomon sales & marketing organisations into a single organisation. Through the creation of the BU Ingredients, we increased focus on the harmonisation and optimisation of by-product valorisation across the entire organisation.

Outlook

The Change that Matters transformation programme will continue to drive operational improvements relentlessly and deliver structural benefits. The dedicated transformation office remains in place in 2024 to ensure that the organisation is fit for purpose. Vion remains committed to leading the way with sustainable products and building integrated chains, giving farmers a fair price and customers safe proteins. 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 while also given customers a choice. The strategy of building integrated chains by connecting farmers and consumers throughout the chain has proven successful and resilient despite the market conditions earlier outlined.

Vion evaluated where to invest time, effort and money, and has come to the conclusion that the German market is not yet mature enough to build integrated chains at the speed and size required to meet Vions ambition to be the most sustainable player in the industry. Therefore, Vion will continue to shift its focus and attention to the Business unit Benelux, as we feel that the market is mature enough to build on this strategy. The focus of the future company allows us to simplify the operating model and thereby our cost structure.

The market conditions in the past year, with reducing herd sizes, will continue to put pressure on results which potentially will lead to a high use of our financing arrangements. The drive towards a new equilibrium in supply and demand in Europe will continue resulting in declining herd sizes. Stricter animal welfare and environmental regulations will continue to increase production costs and therefore impact export. Furthermore, the current political situation leads to uncertainty on the speed at which government measures will be implemented, but it is clear that regulations and attention to animal welfare will continue to mount, thereby increasing production cost and impacting our export position on the global market. The continued uncertainty around these regulations and the speed at which they are to be implemented also makes investment decisions for all parties in the protein-chain more difficult, meaning speed of declining herd size is hard to predict at the moment.

In January 2024, Vion took the first step in this rationalisation by discontinuing most of its operations in northern Germany. As announced in June of 2024, Vion is going through a dedicated sales process for the remaining portfolio in Germany. Advancing our strategy necessitates increased ESG investments and prioritizing a smaller operational footprint over sheer size and volume. which are enabled by the proceeds from German divestments.

Based on the latest projections, results are behind on forecasts making clear that there is a higher risk that current forecast will not be met. Together with the dependency and timing of the completion of the Beef South transaction, the disposal of our loss making German operations and the amendment of the Working Capital Facility and Schuldschein financial covenants, we conclude on going concern as included in section 2.1 Basis of preparation of the Financial Statements.

Benelux

Profitability in the Business unit Benelux remains under pressure due to high animal prices and decreasing local and international demand. Integrated local chains are resilient under these circumstances, while international volumes have proven to be less profitable. The Benelux was especially impacted by the lower export volumes to international markets, resulting in a 8% reduction in overall volume.

As a result of lower volumes and efficiency measures, driven by the Change that Matters programme, our FTE number reduced by 5%. The higher purchase price for animals was passed through in our sales price, leading, on balance to higher revenue with lower volume.

-8.2%

Sales volume
compared to last year

+6.7%

Revenue
compared to last year

-5.1%

FTE
compared to last year

Market developments

The continued herd size decline combined with increasing environmental and animal welfare regulations resulted in high pork price levels throughout 2023. At the same time inflation, especially wage inflation driven the minimum wage increase, was high in 2023, leading to higher production costs. These combined factors led to a less favourable overseas export position, which was especially noticeable in the performance of the pork business. Development in the beef and retail sector is more moderate and less dependent on global market developments.

Pork market

The trend of lower volume and increased price levels continued in 2023, starting with a steep rise in pork prices in the first half of the year. After years of growth, global pork exports decreased in 2023 compared to 2022. Countries that historically imported are becoming more self-sufficient, which leads to lower export demand. The Netherlands saw a decrease in its export, but to a lesser degree compared to other countries globally, so increasing the global export share of the Netherlands by a few percentage points. Pork farmers experience uncertainty on future EU regulations and local country initiatives, which is impacting on their willingness to invest.

8
Production locations
2022: 8

773
Sales volume
(in millions of kg)
2022: 843

2,670
Revenues
(in millions of euros)
2022: 2,502

5,762
FTEs
2022: 6,073

Beef market

Volumes in beef remained relatively stable, with price levels decreasing slightly compared to 2022 in both the Dutch and Belgian markets. Global Beef exports decreased slightly, mainly due to a lower demand from China. Share of the Netherlands and Belgium in global export markets remains quite small. The negative development in beef consumption, caused mainly by soaring consumer price levels in 2022, was halted in 2023. The increased availability of cattle in the Netherlands (mostly dairy) in the second half of 2022 , continued during 2023. In Belgium, the numbers of cows decreased slightly. Beef farmers experience uncertainty on future EU regulations and local country initiatives, which is impacting on their willingness to invest.

Retail Market

Retail volumes were relatively stable in 2023 compared to earlier years. Price level followed the developments in the pork and beef markets, with prices of pork increasing in the first half of 2023 and beef remaining relatively stable. After years of strong growth, the volume of meat alternatives stagnated. Overall volumes were relatively stable, while shelf space and positioning of the alternatives category improved at most retailers.

Demand-driven supply chains

Vion has launched a sustainability pilot for more than a million pigs a year to boost sustainability in the region. Depending on the level of sustainability, a farmer may receive a higher price. The success of this initiative depends on the possibilities of valorising this sustainability initiative. Block-chain plays an important role in making the lower CO2 production transparent in a reliable fashion.

Our key Chains continued to perform strongly in the Netherlands showing that a strong connection across the chain from farmer, to processor and retailer is a winning model. In 2023 new stables and processing facilities in our Pork plant in Groenlo and new stables for our Beef plant in Tilburg were commissioned. These create an environment that provides for the highest animal welfare standards and robust facilities for the future.

We expanded our shop-in-shop proposition to a second Dutch retailer. This gives Vion direct feedback from end-consumers. It also enables us to reduce stock levels to a minimum, so increasing quality for the end consumer.

Operational investments and improvements

Change that Matters provided a means to improve bottom-line results, especially under challenging market circumstances and a change in organisational setup. Most projects deliver an immediate financial benefit to our bottom line. Important initiatives such as reducing international transportation costs, increased control on all spend and renegotiating packaging cost, reduced cost levels while increasing cost awareness at the same time. The setup with dedicated workstream managers ensures an ongoing focus on existing and new initiatives.

Big steps were also taken on increasing safety in our productions facilities. Lost time incidents were already at an acceptable level in 2022, but decreased sharply in 2023. Organisational awareness and a more proactive safety culture are the two key factors achieving to this result.

At the end of 2023 the Intelligent Production Scheduling solution in our biggest plant in Boxtel went live, moving from sequential planning to an integral, data driven planning approach which changes production sequencing and batch planning while improving valorisation and predictability.

The combination of Pork, Beef and Retail in the new Benelux business unit enables a more customer oriented approach. Chains are built up from specific sourcing positions and all relevant production steps and selling channels in a chain are in direct scope of the chain managers, increasing transparency while decreasing complexity.

Outlook

With the BU Benelux becoming the main part of the remaining business, please refer to the strategy section for more on the strategic outlook for 2024 and beyond.

While the price level increases slowed in the latter half of 2023, prices remain historically high, limiting export opportunities outside Europe. Herd sizes are expected to decrease, mainly in Pork, but also in Beef. Vion will continue to focus on maintaining a balance between production capacity and herd size level. There is still ample opportunity to optimise current plants to cope with changing volume.

For 2024 many of our investments will form part of Change that Matters related initiatives to improve efficiency, product quality and sales performance. The main CSR related investment projects consist of improving cooling systems and installing heat exchangers to reduce CO2 emissions and energy costs.

The Netherlands, with Vion as market leader, remains at the forefront of animal welfare and genetic improvement. With developed countries across the world increasingly focusing on animal welfare this creates opportunities for Vion to valorise our leading position.

Germany

2023 was marked by several sometimes contradictionary developments in Germany. On one hand, the consumers and politicians, pushed the markets towards higher animal welfare standards. On the other, inflation led retailers and industry to push strongly on price competitiveness.

A consistent reduction in herd size led to lower volumes and higher animal prices, putting more pressure on site utilisation. This was compounded by higher labour costs and transport costs (truck tolls). Ultimately, despite the downward costs pressures, the high pig prices meant that absolute turnover was comparable to 2022.

-7.6%

Sales volume
compared to 2022

+2.6%

Revenue
compared to 2022

-16.2%

FTE
compared to 2022

Market developments

The German market showed a mixed picture with various trends, such as inflation impacting all our businesses. Other trends, however, were limited to specific markets, such as ASF driven export restrictions in pork. Overall, because of herd size reduction and market pressure, several measures were implemented to align the size of the market, price pressure, and financial performance.

On the farming side, many efforts were made to onboard our suppliers to adopt higher welfare standards (Haltungsform 3 particularly), for which farmers expect a long-term perspective to support their substantial investments. Our commitment to the Science Based Target Initiative is a core strategy. We therefore increased collaboration with suppliers to be able to define animal footprint, and we have led intensive project management to enable our factories to concretise our Scope 1 and 2 targets. We successfully invested in our facilities to further raise the bar regarding animal-welfare focus and set up future-proof infrastructure, matching our Scope 1 and 2 targets.

12
Production locations
2022: 12

584
Sales volume
(in millions of kg)
2022: 632

1,725
Revenues
(in millions of euros)
2022: 1,681

2,984
FTEs
2022: 3,560

Pork market

The German pork market continues to suffer from overcapacity, herd size reduction and high price levels. In 2023 overall slaughter numbers for the total German market were down by 7% compared to 2022. Vion took various measures throughout the year to align production capacity to this new reality by reducing the number of shifts in various plants as well as closing the deboning department in Landshut. Despite all the measures taken, the lower utilisation of our assets combined with the high pig prices led to unsatisfactory results for our pork business in Germany. Consequently, the decision was made to further reduce Vion's footprint in this market segment.

Beef market

Our beef business in our stronghold in southern Germany performed well in 2023. Despite the initial cost of living crisis leading to a shift to cheaper proteins, the business recovered well in the second half of the year. We saw increased customer demand for organic meats and premium regional demand driven by chains such as Bayerische Ochse, and Vion is well position to capitalise on these developments. On the other hand, the performance of our plants in northern Germany was less satisfactory. We therefore decided in 2023 to close the beef processing facility in Bad Bramstedt, which, despite many efforts to turn it around, has been loss making for several years.

Convenience

Our German convenience business has not developed according to our expectations due to the high inflation, the decreasing consumer demand for self-service products, and the generally turbulent market situation. Ultimately these factors led to the decision to the close the Vion Convenience GmbH plant in Großostheim in October 2023. As part of our exit strategy for northern Germany, Vion also agreed to dispose of its assets in its Altenburg pre-packed meat plant, reducing our position in the German Convenience market to the Otto Nocker Fleischmärkte. This was effectuated at the beginning of 2024.

Discontinued operations

2023 was impacted by the decision to discontinue our German portfolio. Part of this was effectuated in the first half of 2024 but financially the result of these sites are already presented as discontinued operations in the 2023 financial statements. In general, these sites were loss-making and the decision to discontinue these sites had a significant impact in the improvement of our EBITDA. For comparison purposes, we have also reclassified the 2022 financial numbers of these sites in our financial statements.

Operational investments and improvements

Our transformation programme, Change that Matters, delivered substantial performance improvements through one-offs as well as recurring EBITDA improvements. Measures were taken to reduce variability in the need for production personnel as well as rationalise the size of overhead. This was facilitated by the implementation of a new operating model, leading to the setup of the German business unit. The scope of the new operating model led to a deeper roll-out of the chain strategy, including the creation of chain management function. This function owns the performance of the various chains, and connects with the demand and constraints of our customers more efficiently, as well as with opportunities on the farming side, under the umbrella of an optimal valorisation process.

The combination of chain strategy improvements and Change that Matters deliveries revealed significant positive developments in the last months of the year. In particular, our southern beef operations performed very well, driven by our strong market position and increased customer demand for organic meat and premium regional demand driven chains such as Bayerische Ochse.

Outlook

With the earlier announced decision regarding our position to German assets, the outlook for 2024 is expected to be impacted by further transactions. This does not mean that there will be a less of an effort to push the Change that Matters transformation programme in Germany. Many initiatives are in the delivery phase and will benefit the operations going forward. The divestment of Vion operations in Germany has reduced our pork footprint there. The contemplated sale of the southern German beef activities is expected to reduce Vion beef footprint in Germany.

Food Service

Price adjustments, largely driven by inflation, which particularly impacted 2022, were carried into the beginning of 2023 and resulted in a 6.0% revenue increase for the Food Service Business Unit (BU Food Service) compared to a slight volume increase of 0.4%. Inflation was especially prominent in the beef and other raw materials. After a significant volume growth in 2022 due to the revival in demand in the out-of-home sector, growth in 2023 was comparatively restrained, primarily driven by cautious consumer behaviour.

+0.4%

Sales volume
compared to 2022

+6.0%

Revenue
compared to 2022

-0.7%

FTE
compared to 2022

Market developments

While 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, caused by the disruption to supply chains resulting from the outbreak of the war in Ukraine, 2023 was characterised by constrained consumer spending. Increased prices in the out-of-home market impacted visits and spending.

BU Food Service's performance exceeded pre-COVID-19 levels last year. Due to falling costs for some raw materials, energy and services, sales prices fell again though profits improved significantly.

2
Production locations

2022: 2

69
Sales volume
(in millions of kg)

2022: 69

413
Revenues
(in millions of euros)

2022: 390

629
FTEs

2022: 633

Vion has two Food Service brands: Salomon FoodWorld and FVZ Convenience. These serve two channels of the out-of-home sector: A channel for regional and international wholesalers who supply restaurant and catering operators and a channel for direct key accounts. Salomon FoodWorld is positioned as an innovative convenience foods company, with a focus on customer impulses purchases , successes and emotions. FVZ Convenience specialises in convenience products and is positioned as a modern traditionalist.

The food service landscape has changed, particularly because of COVID-19 and inflation. Higher cost pressures, changing consumption behaviours, and increasing marketing complexity have a particular impact on the FVZ brand's customer base. We have therefore decided to merge the marketing of the two brands. Starting in the second half of 2023, customers began to be served by a joint sales team. Starting in 2024, we have begun to support customers administratively and logistically from one organisation. This will lead to efficiencies and focus on both customer and supplier. The sales company run under Salomon FoodWorld, and the FVZ product brand will be retained.

In Germany, Vion is market leader in the Business Unit’s three business segments, which comprise 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.

Higher purchase prices of beef for hamburgers put pressure on margins. The price increases reached their highest point in mid-2022. We responded and adjusted our sales prices, passing on some of the inflationary pressures. A relaxation and decline in the purchasing prices of particular raw materials led to adjusted sales prices.

Under the strategic Change that Matters programme, BU Food Service was able to accelerate its strategic goals and significantly expand its profits. In particular, the partial over-achievement of commercial targets made a significant contribution.

Operational investments and improvements

In 2023, 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.

Outlook

BU Food Service has strong sales and innovation capabilities, and these help to strengthen our position in the market. In particular, our focus is on expanding national and international key accounts and on our international business. We invested in our sales force in southern and eastern Europe, both areas we want to concentrate on. Bundling the sales team of Salomon FoodWorld and FVZ Convenience and focusing on the markets by combining both sales and marketing activities will lead to added value for the customer and the BU Food Service. We foresee grow opportunities for the new meat-alternatives product category.

While the factory in Großostheim continue to specialise mostly in the production of hamburger patties, the separation of the sales activities of FVZ Convenience means that the factory in Holzwickede can focus on product groups and increase its efficiency and production capacity.

Ingredients

The introduction of our new operating model established Business Unit (BU) Ingredients as a distinct business segment, autonomous from the country organisations. This strategic decision aims to bolster our focus on optimizing by-product valorisation and ensuring the optimal utilisation of every part of the animal, 'from nose to tail.' By doing so, we not only create value for Vion, but also seamlessly align with its sustainability goals. This approach minimises food waste while enabling Vion to deliver high-quality meat products at competitive prices.

-8.2%

Sales volume
compared to 2022

-19.2%

Revenue
compared to 2022

-0.8%

FTE
compared to 2022

Market developments

Many of BU ingredients' animal by-products undergo further processing by its chain partners, resulting in products such as gelatine, proteins, and fats. These derivatives serve various purposes across pharmaceuticals, cosmetics, food, animal feed, and energy industries globally.

Additionally, the business unit processes by-products itself. Our operation NWT-CT, processed, packages, and adds value to edible pork by-products, providing tasty, affordable, and nutritional food to the widest possible number of people worldwide. BestHides supplies high-quality cow hides and calfskins to the global leather industry.

The establishment of Ingredients as a dedicated business unit reinforces Vion's commitment to these activities. This organisational shift comes with well-defined responsibilities and accountabilities, facilitating the swift decision-making processes essential for our continued success.

3
Production locations
2022: 3

401
Sales volume
(in millions of kg)
2022: 436

265
Revenues
(In millions of euros)
2022: 328

188
FTEs
2022: 190

After hitting all-time highs in 2022, important markets for by-products were volatile last year, resulting in difficult market circumstances in general in 2023. Products sold to the processing industry were negatively influenced, because of several changes in global commodity markets, such as lower palm oil prices and pressure on the bio-diesel market. Also, the increased slaughter numbers and professionalisation of pig slaughtering in Asia increased supply, pressurizing markets.

However, there were also positive effects on exports, as these benefits from important markets, like South Korea, opening up again to export from Germany following ASF.

Operational investment and improvements

Under the new organisational model BU Ingredients focusses on maximizing the value of by-products from pigs and cattle, both commercially and operationally. In 2023 BU Ingredients launched an initiative to improve the valorisation and yield of all by-products across all of Vion's slaughterhouses. Starting in 2023 and continuing in 2024, the best practice methods are being implemented in each of our slaughterhouses, not only to maximise the value out of by-products, but also to minimise waste.

Furthermore, the BU continues to focus on growing its volume base in a market in which raw materials are becoming scarcer. On top of that, the BU realised significant costs savings across its businesses (transport, cold-store, utility) by using Vion's economies of scale.

Early 2023, BU Ingedients also evaluated its strategic position and as a result discontinued its operations at Holdorf head deboning. This decision follows the challenging circumstances in a niche market with limited outlook on improvement. Furthermore it optimised its back office operations through centralisation and standardisation.

Outlook

After an eventful year market circumstances stabilised at the end of 2023. The outlook for 2024 is for the market to be more stable, as it has found its new equilibrium. By-products sold on the international market, like South Korea, will benefit from countries opening to direct export from Germany again. Furthermore, the development of upcoming markets, in Africa, will be important as these provide additional alternatives to the traditional markets. The German ingredients business is part of the divestment portfolio.

Composition of the Executive Committee

From left to right: Binne Visser (CHRO), Simon Morris (COO Food Service), Philippe Thomas (COO Germany), Tjarda Klimp (CFO), Ronald Lotgerink (CEO), Leon Cuypers (COO Benelux), Mattijn Bak (CTO), Freek van den Eijnden (COO Ingredients/CSSO).

Personal details of the members of the Executive Committee as at 16 October 2024

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

Other main positions

Board member of Federatie Nederlandse Levensmiddelen Industrie (FNLI), 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

Other main positions

Member of the Supervisory Board of Wageningen University & Research, Member of the Supervisory Board of Topigs Group B.V.

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 organisational development roles within different industries

Leon Cuypers

1979, Dutch
Member of the Executive Committee

Principal position

COO Benelux since 1 October 2023

Former positions

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

Other main positions

Executive board member at Centrale Organisatie voor de Vleessector (COV), board memberat Stichting CBS and board member at Vlees.nl

Philippe Thomas

1979, French
Member of the Executive Committee

Principal position

COO Germany since 1 October 2023

Former positions

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

Other main positions

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

Simon Morris

1970, dual Canadian and British
member of the Executive Committee

Principal position

COO 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

Freek van den Eijnden

1983, Dutch
Member of the Executive Committee till 1 August 2024.

Principal position

COO business unit Ingredients and Chief Science & Sustainability Officer (CSSO) since 1 October 2023.

Mattijn Bak

1968, Dutch
Member of the Executive Committee

Principal position

Chief Transformation Officer (CTO) 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 sustainable 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.

Our CSR report provides a more detailed explanation of the Management Board's view on sustainable long-term value creation, the strategy to realise this, the formulated objectives and how the interests of stakeholders have been considered. For details, please visit our website.

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 the information its members need to perform their duties properly. Important Management Board decisions are subject to approval by 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 represented so the Management Board members can fulfil their duties properly. 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 regarding 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 are as of 1 October 2023 the Chief Operating Officers (COOs) of the Benelux, Germany and Food Service Business Units, the COO of the Business Unit Ingredients/Chief Scientific and Sustainability Officer (CSSO), the Chief Human Resources Officer (CHRO) and the Chief Transformation Officer (CTO). The Management Board is ultimately responsible for the actions and decisions taken in the Executive Committee and for the overall management of Vion. The COOs, CSSO, CHRO and CTO provide regular 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. Main element is a thorough succession planning process that has been set up in order to maintain a clear view of the potential internal pipeline of female talent. Initiatives will be further developed to strengthen the internal pipeline of female talent, including coaching, feedback surveys and specific activities. 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 sustainable 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 approval by 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 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 55.

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 55 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 another four-year period.

A Supervisory Board member may subsequently be reappointed for a further 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 set out 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 60. 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 represented so the Supervisory Board members can fulfil their duties properly. Vion aims for diversity within the Supervisory Board. This diversity includes a broad range of aspects such as personal qualities, nationality, age, gender, education, expertise and experience. 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 2023 the Supervisory Board had five male members, which means this objective was unfortunately not met in 2023. For 2024 gender diversity will continue to be an important element in potential profiling for Supervisory Board vacancies. When a position becomes vacant the search criteria will emphasise that the candidates should preferably be female. For this purpose specialist headhunters will be consulted.

Should a conflict of interest arise regarding 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 55.

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 approval by 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 has 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 11,500 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 revised Dutch Corporate Governance Code 2022 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 requisite balance of 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.

Best practice provision 3.4.1

(Pay ratio within the company)

In our remuneration report the pay ratio within the company is described as the consolidated annual remuneration of the CEO and CFO (instead of the individual annual remuneration of the CEO) and the annual remuneration of the employees of the company.

Provisions 2.8.1-2.8.3, 3.3.3, 4.1.7,4.2.2-4.2.6, 4.3.1-4.3.8, 4.5.1-4.5.8 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.

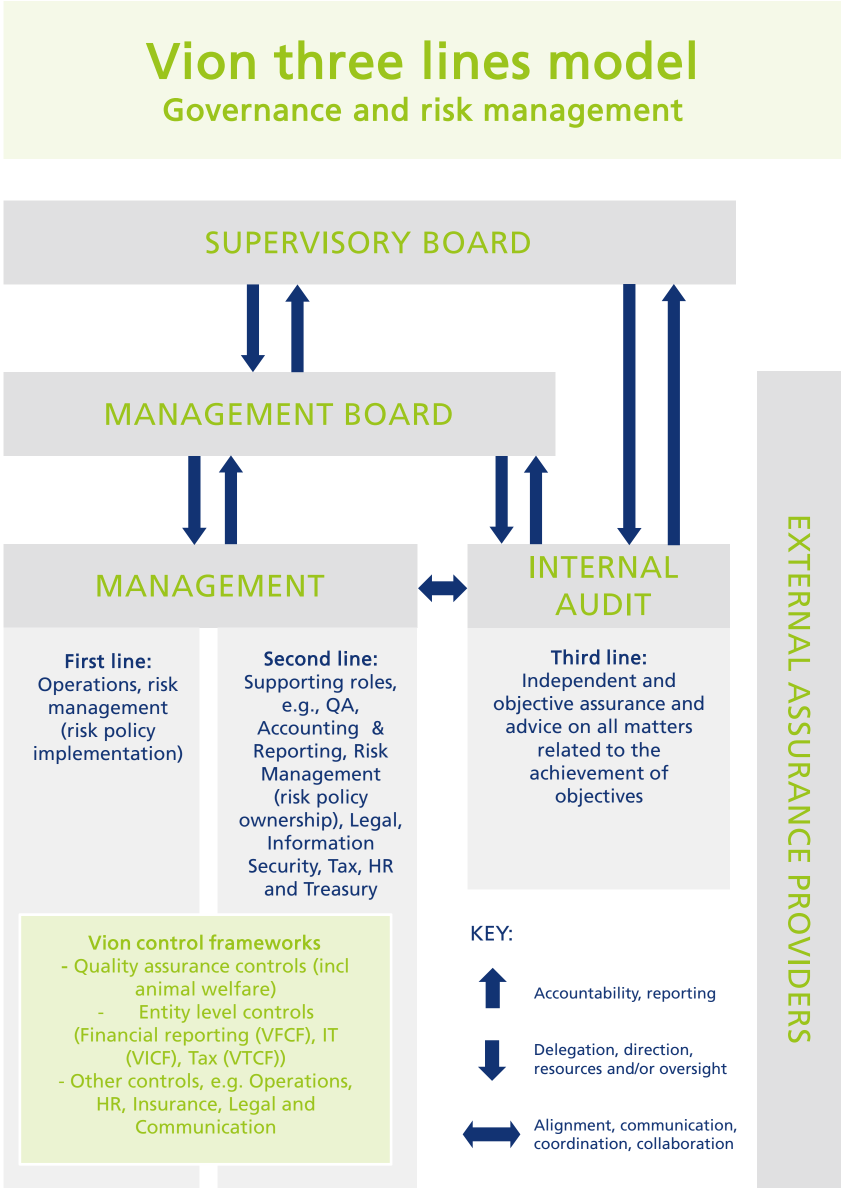
Risk management

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 of 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 reach our objectives. It is based on the 2013 Enterprise Risk Management framework adopted by the Committee of Sponsoring Organisations of the Treadway Commission (COSO). Using this model, we can identify both 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 the 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 provide input to and assist the Management Board in defining and communicating the company's risk appetite and strategy.
- To oversee and facilitate the company's enterprise risk management activities, and to take a consistent approach to identifying, assessing, mitigating, monitoring and reporting key business risks throughout Vion.
- 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 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 and the learnings regarding incidents and risk materialisation.
- To ensure that adequate internal controls are in place and that self-assessments are being performed, including the remediation of any deficiencies.
- 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, internal control, 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. Based on current circumstances, the Executive Committee has approved a more balanced risk appetite. Our top priorities continue to be product quality and safety, animal welfare, worker safety and compliance with laws and regulations. This means that food and worker safety and meeting legal and 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

Vion has 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 regarding that risk.

Strategic

Risk	Description	Trend	Mitigation
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.	^	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. In addition we need to work on realizing a lean and mean organisational setup and footprint for our slaughterhouses.
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.	=	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 nutritious, local, smaller-portion and plant-based products that have less impact on the environment and which are 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.	^	We acknowledge these trends and constantly adapt our product portfolio to the changing preferences of the market. Examples include 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 for beef. Also, Vion is expanding its organic supply chain via De Groene Weg. Finally, we are expanding our plant-based meat replacement product range in our dedicated plant in Leeuwarden, the Netherlands for retail markets and Food Service.

Operational

Risk	Description	Trend	Mitigation
Geopolitical choices	An imbalance between supply and demand of the four main production blocks (North America, South America, Europe, China) plus differences in legislation and different paces in applying sustainability demands, leading to uneven playing fields for the Netherlands and EU in particular, and so impacting the size of the market and the market price.		We continuously monitor the changes in the political landscape. In reaction to the developments, we are building differentiated protein chains that generate a differentiated position with regard to consumer choices and the future of farmers. By doing so, we aim to escape the commodity trap created by worldwide competition. In addition, we are working on more partnerships inside the EU, as the playing field here is more level. This, combined with our differentiated chains, will also make us less dependent on the European commodity trade.
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.		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. Compliance with regulations is becoming more complicated as the interpretation of European and international rules becomes stricter.
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.		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 standards-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.

Risk	Description	Trend	Mitigation
Environmental	Vion could face reputational risks and significant penalties if accused of negative climate impacts, such as involvement in deforestation, emissions-intensive activities or irresponsible use of natural resources.	↑	We execute and monitor supply chain due diligence. We have clear supplier agreements that include statements on the negative climate impact of our suppliers. It is our goal to secure an audited code of conduct and value chain transparency from all our suppliers, and to monitor for changes. We use our own resources responsibly as we work continuously on improvements to reduce, reuse, recycle and renew our resources. We execute our ESG agenda, which includes activities under Environmental (as part of the CSRD guidelines) that help us to reduce our negative impact on climate and the environment.
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.	↑	Our approach to handling livestock in 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 transporters 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. We operate Artificial Intelligence systems at critical points in the lairage in our slaughterhouses to improve the supervision of animal welfare. We are also successfully piloting a system to monitor tail-length and the tail quality of pig carcasses, and this will be rolled out to other slaughterhouses. Actively sharing the information gathered with the supplying farmers fuels farm management changes, enabling further improvements within this topic. A number of government schemes feature programs to monitor animal welfare at slaughter, either directly by assessing the live animals antemortem, or indirectly by ensuring carcasses do not contain residues of certain substances, such as pain relief substances, which can influence the assessment during an antemortem 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 taking an active part in the national and international stakeholder dialogue concerning animal welfare with farmers, governments and NGOs. We further promote the sharing and use of relevant data in the production chain (e.g., through block chain initiatives). Achieving regulatory compliance is also becoming more complicated given the increasingly stricter interpretation of European and international rules.
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.	=	Vion's efforts to reduce so-called catastrophic risks include preventative 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.

Risk	Description	Trend	Mitigation
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.	=	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, including monitoring and reporting, have also been embedded in all levels of the organisation, from local meetings to Supervisory Board, in our systems to ensure focused attention, ownership and support. This includes extensive internal auditing and benchmarking.
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 skill requirements, 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. In 2024, we will invest more in Employer Branding and Campus Recruitment. Social integration and improved communication via our internal 'field' coaches (native intermediaries between our foreign workers, HR representatives and local management) is proving to be a key asset.
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.	=	Vion is committed to continuously improving its cybersecurity posture in line with its midterm privacy & security roadmap. Supported by numerous security assessments, the security office is closely monitoring relevant cybersecurity risks and working towards 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. As phishing is the most common means of gaining initial access, we hold regular 'phishing test' campaigns. The positive effect of this is that we see increased recognition and reporting of suspicious emails. In 2023, we expanded security licenses for Microsoft 365 and Azure to optimise our security detection monitoring capabilities.

Financial and reporting

Risk	Description	Trend	Mitigation
Financing	Vion uses equity and external financing to finance its 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.		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 three, five and seven 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 both 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 unpledged assets or sell non-core assets. A detailed explanation of the measures taken or to be taken is set out in the going-concern assessment in note 2.1 of the financial statements.

Compliance

Risk	Description	Trend	Mitigation
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.		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 operates a Financial Control Framework. In addition, a Tax and IT Control Framework are in place. Each of these frameworks is subject to a quarterly self-assessment. If controls are found to be inadequate, measures are taken to solve this. Internal Audit verifies the effectiveness of this process as part of its audits.

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 2023, the company received ten reports under the whistle-blower policy (2022: five). Nine were HR-related and one was submitted without adding information. Every report was followed up and appropriate action was taken.

Transparency

Vion is subject to demanding quality requirements across its 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, Vion will issue a separate CSR report for 2023. 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 Vion does and how it does it. Vion runs two transparency websites: **www.vion-transparenz.de** and **www.vion-transparantie.nl**. The videos, text, photographs and charts 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.
- A fraud-risk analysis that maps the risks of fraud relating to misappropriation of assets and financial reporting, based on the fraud triangle.
- Reports by the internal audit and quality assurance departments on reviews and audits, with follow-ups being tracked and reported upon.
- 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 2023 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 internal and external reporting provide an adequate understanding of any significant failings in the effectiveness of the internal risk management and control systems.
- 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 risk management and internal 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 sustainable value creation 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 2023.

Supervisory Board activities

As in 2022, the principal item in 2023 was the negative impact on the company's results arising from the challenging global developments and market dynamics which resulted in lower exports, declining herd sizes and high animal prices.

The Supervisory Board was updated at every meeting 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.

The Management Board regularly updated the Supervisory Board on the progress of the successful Change That Matters transformation programme. However, the improvements generated by this transformation initiative were not enough to off-set negative market results.

Strategic adjustments to Vion's footprint as well as Vion's operating model by establishing two country units (Germany and Benelux) were after extensive discussions with the Management Board approved by the Supervisory Board.

Furthermore, a strategic reorientation was discussed in detail with the Management Board and approved by the Supervisory Board. This resulted, among other steps, in the divestment of certain German assets. Key developments in the fields of CSR, worker safety, workforce management and risk management were further recurring themes for the Supervisory Board in 2023. Other topics the Supervisory Board discussed with the Management Board included the IT and HR strategy.

The Supervisory Board visited the Waldkraiburg, Germany, facility in September 2023. 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 in November 2023. These outcomes were acknowledged by the Supervisory Board. As part of the annual review in 2024, the Board intends to assess whether the proposed recommendations have been implemented.

The Supervisory Board concluded that the Board is functioning well and that its composition is in line with the required profile. The Supervisory Board agreed that the next time a vacancy arises the search criteria will again emphasise that the candidates should preferably be female. Specialist headhunters will be used to support this search.

In December 2023 the Supervisory Board discussed and approved the internal audit department's annual plan for 2024. The Supervisory Board also discussed the action plan to achieve the gender targets of Vion's Diversity Policy in the same meeting.

Composition of the Supervisory Board

The composition of the Supervisory Board did not change in 2023.

The Supervisory Board 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 2023. 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 2023. Overall, the performance was evaluated as being good. The Management Board evaluated its own performance and effectiveness in December 2023.

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.

The composition of the Executive Committee changed in 2023. Along with the Management Board members, the other members of the Executive Committee are as of 1 October 2023 Leon Cuypers (COO Business Unit Benelux), Philippe Thomas (COO Business Unit Germany), Simon Morris (COO Business Unit Food Service), Freek van den Eijnden (COO Business Unit Ingredients/Chief Science and Sustainability Officer) till 1 August 2024, Binne Visser (CHRO) and Mattijn Bak in his role as Chief Transformation Officer.

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 16 October 2024.

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 regarding 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 28 meetings in 2023 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 2023, 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 2023. Peter van Deursen joined the Committee on 8 February 2023 and as of 1 January 2024 Peter van Deursen succeeded Theo Koekkoek as chair.

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

The Remuneration, Selection and Appointment Committee met four times in 2023 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 and March meetings the Committee discussed the financial, personal and strategic objectives of the individual

Management Board members for the 2023 short term incentive plan.

Audit Committee

The composition of the Audit Committee did not change in 2023.

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

The Audit Committee met nine times in 2023 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 2023, 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 2023, 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 2023 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 2023.

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

Boxtel, the Netherlands, 16 October 2024

On behalf of the Supervisory Board, Theo Koekkoek, chair

Personal details of the members of the Supervisory Board as at 16 October 2024

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

Programme 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 & Texturisers (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
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
Rogier Jacobs	15 May 2019	2027	28 June 2023	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 2023. 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 Vion's 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 members and the company. The performance targets set must be both realistic and sufficiently challenging. With regard to variable remuneration components in particular, 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 for 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 to have a level of total remuneration 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 2023

On 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 adjusted the base salary with an annual market correction as of January 2023.

Amounts in €	Base salary in 2023	Base salary in 2022
Management Board	1,417,730	1,308,003

Short-term cash incentives in 2023

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 awarded if the minimum targets have been achieved. For 2023, the achievement of the "Financial objective" section (60%) will be met if Vion Food Group realises a positive EBIT result based on the last 12 rolling months.

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 2023. The appropriate short-term incentives have been paid out in 2023.

Short-term cash incentives

Amounts in €	2023	2022
Management Board	647,658	130,800

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 2022 were revised or clawed back in 2023.

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 20.49% for all Management Board members. The Management Board members, in their capacity as employees, contributed 6% (2022: Vion average contribution for management members: 19.23% employees: 6%) of their base salary, up to the maximum tax-facilitated amount for 2023 of €128,810 (2022: €114,866) per annum, and starting from a level of €16.322 (2022: €14,802) (the so-called franchise); and
- an allowance of 20% of the base salary exceeding €128,810 (2022: €114,810) per annum. This allowance is taxable.

Pay ratio

Vion has disclosed the pay ratio between the members of its Management Board and the other staff on the company's own payroll. It has further 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:

	2023	2022
Pay ratio (A/B)	20.7	16.2

The ratio between the annual total executive remuneration and the average annual total compensation of employees was 20.7 in the reporting period and 16.2 in the 2022 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 2023

The annual remuneration of the members of the Supervisory Board was determined by the General Meeting of Shareholders on 19 February 2024. 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 (2022: €0.3 million).

Loans

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

Chair of the Supervisory Board (including membership of the remuneration, selection and appointment committee)	€85,000
Vice-chair Supervisory Board	€60,000
Member Supervisory Board	€55,000
Chair Audit Committee	€10,000
Member Audit Committee	€8,000
Chair Remuneration, Selection and Appointment Committee	€10,000
Member Remuneration, Selection and Appointment Committee	€8,000

Financial statements 2023

1 Consolidated Financial Statements
(in thousands of euros)

1.1 Consolidated Income Statement

for the year ended 31 December 2023

	note	**2023**	2022
Continuing operations			
Sale of goods		5,013,408	4,847,652
Rendering of services		59,751	53,036
Revenue from contracts with customers	5	**5,073,159**	**4,900,688**
Other operating income	6	22,555	19,665
Raw materials and consumables used		(3,893,078)	(3,647,314)
Subcontracted work and external costs		(521,353)	(595,680)
Employee benefits expenses	7	(602,091)	(606,185)
Depreciation and amortisation	8	(62,758)	(66,922)
Impairment of non-current assets	9	(11,608)	(52,458)
Other operating expenses	10	(30,921)	(9,864)
Total operating expenses		**(5,121,809)**	**(4,978,423)**
Earnings before interest and taxes		**(26,096)**	**(58,070)**
Finance costs	11	(15,974)	(8,944)
Finance income	11	684	195
Share of profit of associates and joint ventures		1,013	1,959
Loss before tax from continuing operations		**(40,373)**	**(64,860)**
Income tax expense	12	209	(14,444)
Loss for the year from continuing operations		**(40,164)**	**(79,304)**
Discontinued operations			
Loss after tax for the year from discontinued operations[1]	13	(49,487)	(28,716)
Loss for the year		**(89,651)**	**(108,020)**
Attributable to:			
Equity holders of the parent		(90,474)	(108,132)
Non-controlling interests		823	112
Total		**(89,651)**	**(108,020)**

1 Result from discontinued operations is fully attributable to equity holders of the parent.

(in thousands of euros)

1.2 Consolidated Statement of Comprehensive Income

for the year ended 31 December 2023

	note	2023	2022
Loss for the year		**(89,651)**	**(108,020)**
Other comprehensive income Items that may be reclassified subsequently to profit or loss (net of tax):			
Exchange difference on translation of foreign operations		93	34
Net (loss)/gain on cash flow hedges		(336)	804
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods		**(243)**	**838**
Items that will not be reclassified subsequently to profit or loss (net of tax):			
Remeasurement (loss)/gain on defined benefit obligations	28	(4,749)	29,390
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**(4,749)**	**29,390**
Other comprehensive (loss)/income for the year, net of tax		**(4,992)**	**30,228**
Total comprehensive loss for the year, net of tax		**(94,643)**	**(77,792)**
Attributable to:			
Equity holders of the parent		(95,466)	(77,904)
Non-controlling interests		823	112
Total		**(94,643)**	**(77,792)**

1 Consolidated Financial Statements
(in thousands of euros)

1.3 Consolidated Statement of Financial Position

as at 31 December 2023

Assets	note	**2023**	2022
Non-current assets			
Property, plant and equipment	14	254,407	303,579
Investment properties	15	816	819
Intangible assets	16	80,910	79,392
Right of use assets	30	50,739	50,985
Investment in associates and joint ventures	17	333	12,344
Other non-current financial assets	19	611	650
Deferred tax assets	20	35,740	31,464
Total non-current assets		**423,556**	**479,233**
Current assets			
Inventories	21	197,049	269,817
Trade and other receivables	22	377,580	436,510
Prepayments		14,166	11,806
Other current financial assets	19	16,065	1,592
Income tax receivable		1,716	88
Cash and cash equivalent	23	4,485	4,594
Current assets		**611,061**	**724,407**
Assets held for sale	14	28,143	-
Total current assets		**639,204**	**724,407**
Total assets		**1,062,760**	**1,203,640**

1 Consolidated Financial Statements
(in thousands of euros)

Equity and liabilities	note	**2023**	2022
Equity			
Issued share capital	24	2,285	2,285
Share premium	24	372,716	372,716
Legal reserves	24	35,621	30,437
Retained earnings		(58,224)	60,084
Result for the year		(90,474)	(108,132)
Equity attributable to equity holders of the parent		**261,924**	**357,390**
Non-controlling interests	18	14,504	13,804
Total equity		**276,428**	**371,194**
Non-current liabilities			
Interest-bearing loans and borrowings	25	119,397	128,120
Other non-current financial liabilities	26	281	1,489
Provisions	27	2,985	2,290
Net employee defined benefit liabilities	28	84,461	82,835
Deferred tax liabilities	20	2,107	27
Total non-current liabilities		**209,231**	**214,761**
Current liabilities			
Trade and other payables	29	396,277	534,945
Interest-bearing loans and borrowings	25	168,002	65,978
Other current financial liabilities	26	3,026	5,326
Contract liability	5	128	1,623
Income tax payable		628	389
Provisions	27	9,040	9,424
Total current liabilities		**577,101**	**617,685**
Total liabilities		**786,332**	**832,446**
Total equity and liabilities		**1,062,760**	**1,203,640**

(in thousands of euros)

1.4 Consolidated Statement of Changes in Equity

for the year ended 31 December 2023

	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 2022	**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)/profit for the year	-	-	-	-	-	-	(108,132)	**(108,132)**	112	**(108,020)**
Other comprehensive income	-	-	804	34	-	29,390	-	**30,228**	-	**30,228**
Total comprehensive income	**-**	**-**	**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**
Appropriation of net result	-	-	-	-	-	(108,132)	108,132	**-**	-	**-**
(Loss)/profit for the year	-	-	-	-	-	-	(90,474)	**(90,474)**	823	**(89,651)**
Other comprehensive (loss)/income	-	-	(336)	93	-	(4,749)	-	**(4,992)**	-	**(4,992)**
Total comprehensive (loss)/income	**-**	**-**	**(336)**	**93**	**-**	**(4,749)**	**(90,474)**	**(95,466)**	**823**	**(94,643)**
Dividends	-	-	-	-	-	-	-	**-**	(123)	**(123)**
Transfer of fair value reserve of other financial assets	-	-	-	-	2,102	(2,102)	-	**-**	-	**-**
Transfer to legal reserves	-	-	-	-	3,325	(3,325)	-	**-**	-	**-**
Balance at 31 December 2023	**2,285**	**372,716**	**391**	**744**	**34,486**	**(58,224)**	**(90,474)**	**261,924**	**14,504**	**276,428**

(in thousands of euros)

1.5 Consolidated Statement of Cash Flows

for the year ended 31 December 2023

	note	2023	2022
Operating activities			
Loss before tax from continuing operations		(40,373)	(64,860)
Loss before tax from discontinued operations		(49,461)	(28,765)
Loss before tax		**(89,834)**	**(93,625)**
Adjustments to reconcile loss before tax to net cash flows:			
Depreciation and impairment of property, plant and equipment	14	57,689	95,327
Depreciation and impairment of right-of-use-assets	30	18,566	19,869
Depreciation and impairment of investment properties	15	3	40
Amortisation and impairment of intangible assets and impairment of goodwill	16	14,814	12,990
Gain on disposal of property, plant and equipment	6	(6,914)	(634)
Finance income	11	(684)	(195)
Finance costs	11	16,153	8,354
Net foreign exchange differences	11	200	845
Share of profit of associates and joint ventures	17	(1,013)	(1,959)
Movement in provisions and pensions		(5,913)	(8,835)
Working capital changes:			
(Increase)/decrease in trade and other receivables and prepayments		55,458	(67,307)
(Increase)/decrease in inventories		72,768	(45,479)
Increase/(decrease) in trade and other payables		(141,113)	130,559
Cash generated from operating activities		**(9,820)**	**49,950**
Interest received		825	92
Interest paid		(13,091)	(7,827)
Income tax paid		(3,378)	(2,533)
Net cash flows from operating activities		**(25,464)**	**39,682**

	note	2023	2022
Investment activities			
Proceeds from sale of property, plant and equipment		3,818	1,206
Purchase of property, plant and equipment		(36,925)	(63,957)
Purchase of intangible assets	16	(88)	(13,366)
Development expenditures	16	(11,815)	(9,051)
Proceeds from sale of financial assets		-	(229)
Acquisition of subsidiaries - net of cash acquired		(5,570)	-
Proceeds from sale of associates		2,828	-
Net cash flows used in investment activities		**(47,752)**	**(85,397)**
Financing activities			
Proceeds from borrowings		94,633	51,272
Repayments of borrowings		53	-
Payment of principal portion of lease liabilities		(18,303)	(16,976)
Repayment of non-bank debts		(1,460)	20
Dividend paid to non-controlling interests	18	(1,883)	(2,700)
Net cash flows from/(used in) financing activities		**73,040**	**31,616**
Net (decrease)/increase in cash and cash equivalents		(176)	(14,099)
Net foreign exchange differences		67	(15)
Cash and cash equivalents at 1 January		4,594	18,708
Cash and cash equivalents at 31 December		**4,485**	**4,594**

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 2023 were authorised for publication by the management board of the company following the approval by the supervisory board on 25 June 2024.
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 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. Due to rounding, amounts may not add up precisely to the totals provided in this report.

Going concern

Management has prepared statement on going concern basis. Assessment and measures are described below.

Current financial situation and performance

In 2023 Vion reported a net loss of €89.7 million (2022: €108.0 million), of which €49.5 million loss (2022: €28.7 million loss) is attributable to business classified as Discontinued Operations and €26.4 million in restructuring expenses. The Discontinued Operations relate to the allocated results of entities sold or closed which include Ahlener Fleischhandel, Vion Altenburg, Vion Convenience and Vion Perleberg.

The negative operating performance combined with restructuring expenses, capital expenditure requirements and working capital increase resulted in a negative cash flow, which was mainly funded by the working capital facility. This increase in funding, combined with the increase in interest rates, led to an increase in net paid interest from €3.9 million in 2022 to €10.1 million in 2023. At the end of 2023 the net debt position of the Company amounted to €283.2 million (2022: €191.0 million). The total equity at 31 December 2023 was €276.4 million, a decrease of €94.8 million compared to €371.2 million at 31 December 2022.

All financing covenants were met as per 31 December 2023. For Q1 2024 Vion agreed on a reset relating to the working capital funding facility with its lenders. In addition, the Working Capital Facility Lenders extended the current working capital facility until December 2025. The Working Capital Facility will decrease from €250 million per 31 December 2023 to €175 million per 1 February 2025. Following the Beef South Deal completion, the working capital facility size will decrease further to €140 million as the proceeds will be used to partially repay the Lenders in accordance with the agreements with the lenders.

Expected profitability

Vion has taken the decision in 2023 to focus on production and sourcing in the Business Unit Benelux and to divest the remaining German operations. The focus on Business unit Benelux enables Vion to capitalize on its local market leadership position in pork and beef, as well as in animal welfare and sustainability, its global sales network and its advanced data-driven valorisation capabilities. The proceeds of the divestments of the Germany operations will be used to lower our net debt position in accordance with the agreements with the lenders.

Looking forward to the financial years 2024 and 2025, we see that many of the market risk factors impacting our industry may continue, which will continue to pressure on results which potentially will lead to a high use of our financing arrangements. Advancing our strategy necessitates increased ESG investments and prioritizing a smaller operational footprint over sheer size and volume. which are enabled by the proceeds from German divestments.

Forward looking a significant improvement of EBITDA is forecasted supported by the Change that Matters programme. Based on the latest projections, results are behind on forecasts making clear that there is a higher risk that current forecast will not be met. Furthermore, expected cash flows from divestments are currently expected later than originally planned. The Working Capital Facility and Schuldschein financial covenants have been adapted. Considering the agreed-upon reduction in current financing arrangements and in the event that the adjusted projected future financial performance improvements are not realised, additional funding may be needed to maintain sufficient headroom in the financing structure.

Overall, the market risks, the uncertain future financial performance (also potentially impacting compliance with financial covenants), and the dependency on third parties relating to the timing of the divestment cash flows and refinancing, result in a material uncertainty for going concern.

Despite the material uncertainty we conclude on the application of the going concern assumption for a number of reasons including:

- In agreement with the Working Capital Facility and Schuldschein lenders the company has reset its financial covenants per Q1 and Q3 2024, reflecting its operational performance and restructuring actions, as the company would not meet the previously agreed covenant levels. For Q1 2024 Vion agreed on a reset relating to the Working Capital Facility with its lenders. For Q3 2024, Vion reached agreement with both the Working Capital Facility Lenders and Schuldschein lenders to allow Vion to complete the Beef South transaction and extend the current Working Capital Facility until December 2025. For both Working Capital Facility and Schuldschein lenders the covenants are reset and include a defined Interest coverage ratio and Guarantee Capital Equity level. The Working Capital Facility also includes a covenant for capital expenditure. For the Schuldschein testing remains yearly, and for the Working Capital Facility testing will be on a quarterly basis.
- Restructuring of our asset base: the operating activities in Germany North, of which the majority was loss-making, have currently been sold or closed. The 2023 losses are reflected in our income statement as results from Discontinued Operations.
- The decision to divest Beef South activities is expected to yield significant cash proceeds that will be used to improve the debt position in accordance with the agreements with the lenders. The transaction needs approval from regulators. Vion is confident to deliver on these transactions and has engaged established advisors to support in the approval process.
- The current divestment process of our profitable Food Service business has not yet yielded a transactable offer. In the reset of the covenants

Vion assumed a scenario where Food Service is to remain in Vion as long as no suitable buyer is found which has been considered in the amended covenants.

- A re-financing of the existing and/or engaging new financing facilities based on current secured and unsecured assets is expected to be possible. An amend and extend of the current Working Capital Facility has been agreed as described above. As the current Working Capital Facility ends December 1 2025, Vion will start, in accordance with the agreements, a refinancing process beginning 2025.
- The business' projections of expected future financial performance improvements.

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 2023. 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 the subsidiary 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 material accounting policies

The material accounting policies as generally applied throughout the financial statements are described below. Material accounting policies relating to specific financial statement items are included in the respective notes to the financial statements.

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 re-assesses 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

The group holds an interest in a joint venture and several interests associates. The financial statements of these joint ventures and associates are prepared for the same reporting period as Vion and the accounting policies are aligned with those of Vion. Therefore, no adjustments are made when measuring and recognising the Vion's share of the profit or loss of the investees after the date of acquisition.

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.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and noncontrolling interests in the subsidiaries of the associate or joint venture.

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. Thus, reversals of impairments may effectively include reversal of goodwill impairments. Impairments and reversals are presented within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

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.

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 over time when 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 transaction rather than through continuing use. 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 disposal of an asset (disposal group), 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 the plan to sell the asset and expect the sale to be completed 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.

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 statement of profit or loss. Additional disclosures are provided in note13 Discontinued operations.

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 included in 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. 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.

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 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.

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:

- Note 3 Significant accounting judgements, estimates and assumptions
- Note 22 Trade and other receivables

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.

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 25 Interest-bearing loans and borrowings.

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:

- Note 3 Significant accounting judgements, estimates and assumptions
- Note 14 Property, plant and equipment
- Note 16 Intangible assets

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 at 31 December 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: (i) 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 (ii) 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 2023, but are not applicable or do not have a material impact on the Consolidated Financial Statements of Vion:

- IFRS 17 Insurance Contracts. The amendments had no impact on Vion's consolidated financial statements.
- Definition of Accounting Estimates - Amendments to IAS 8. The amendments had no impact on Vion's consolidated financial statements.
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2. The amendments had no impact on Vion's consolidated financial statements.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12. This amendment does not have impact on Vion's financial statements.
- International Tax Reform-Pillar Two Model Rules - Amendments to IAS 12 The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include (A) a mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and (B) disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

Amendment A

It is unclear if the Pillar Two model rules create additional temporary differences, whether to remeasure deferred taxes for the Pillar Two model rules and which tax rate to use to measure deferred taxes. In response to this uncertainty, on 23 May 2023 and 27 June 2023, respectively, the IASB and AASB issued amendments to IAS 12 ‘Income taxes’ introducing a mandatory temporary exception to the requirements of IAS 12 under which a company does not recognise or disclose information about deferred tax assets and liabilities related to the proposed OECD/G20 BEPS Pillar Two model rules. Vion applied the temporary exception at 31 December 2023.

Amendment B

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions Vion operates. The legislation will be effective for the Vion’s financial year beginning 1 January 2024. Vion is in scope of the enacted or substantively enacted legislation and has performed an assessment of Vion’s potential exposure to Pillar Two income taxes. The assessment of the potential exposure to Pillar Two income taxes is based on the most recent tax filings, country-by-country reporting and financial statements for the constituent entities within Vion. Based on the assessment, the Pillar Two effective tax rates in most of the jurisdictions in which Vion operates are above 15%. However, there are a limited number of jurisdictions where other transitional safe harbours apply and the Pillar Two effective tax rate is close to 15%. Hence, Vion does not expect a material exposure to Pillar Two income taxes in the jurisdictions where Vion operates.

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:

- 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.
- Lease Liability in a Sale and Leaseback - Amendments to IFRS 16 (applicable as from 1 January 2024)
- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7
- Lack of Exchangeability - Amendments to IAS 21 (applicable as from 1 January 2025)
- IASB issues IFRS 18 Presentation and Disclosure in Financial Statements (becomes effective for reporting periods beginning on or after 1 January 2027)

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. The comparative figures have been adjusted, where necessary, for comparability.

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:

- Note 34 Financial risks and financial instruments

- Sensitivity analyses disclosures: Notes 16 Intangible assets, 28 Net employee defined benefit liabilities and 34 Financial risks and financial instruments

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 Basis of preparation.

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 30 Leases 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.

Assets held for sale / Discontinued operations

Disposal group held for sale

On 27 December 2023, the supervisory board approved the plan to sell several assets relating to the pork, beef and retail operations in northern Germany. The sale of these assets is classified as an asset deal, and includes land, building, and machinery & equipment of Ahlener Fleischhandel GmbH, Vion Altenburg GmbH (Beef and Retail), and Vion Perleberg GmbH. Management confirms that the envisaged deals include the transfer of related headcount.

The non-current assets of these operations are classified as a disposal group held for sale. Management considered the disposal group to meet the criteria to be classified as held for sale at 31 December 2023 for the following reasons:

- They are available for immediate sale and can be sold to the buyer in its current condition;
- The actions to complete the sale were initiated and expected to be completed within one year from the date of initial classification;
- Potential buyers have been identified and negotiations as at the reporting date are at an advance stage.

Discontinued operations

During 2023, the Supervisory Board approved the disposal of the German operations footprint and

Vion expects to sell or abandon this component ''piecemeal'' and such piecemeal transactions are expected to occur at different times in 2023, 2024 or 2025. This disposal is considered as a single coordinated plan. The conclusion can be derived that for the explicit purpose of IFRS 5, the use of Discontinued Operations can be applied. Approval by the Supervisory Board is required for each specific disposal / abandoning of each ''piecemail'' separately. However, the overall decision to dispose all German operations has been taken by the Management Board. At year-end 2023, this approval was only given to certain operations in north Germany and Vion Convenience (October 2023). It's therefore that the other German operations are excluded from assets held for sale and Discontinued Operations.

The results of discontinued operations are based upon the IFRS 5 guidelines and relate to the combination of external transactions, and the net elimination of intercompany trading transactions from the disposal group with other group affiliates.

Land and buildings held for sale

In March 2023, the supervisory board approved the closure of the beef activities in Bad Bramstedt. The closure includes the sale of land and buildings.

The land and buildings of Vion Bad Bramstedt are classified as held for sale. Management considered the subsidiary to meet the criteria to be classified as held for sale as from 1 October 2023 onwards, the following reasons have been considered:

- They are available for immediate sale and can be sold to the buyers in its current condition;
- The actions to complete the sale were initiated and expected to be completed within one year from the date of initial classification;
- Potential buyers have been identified and negotiations as at the reporting date are at an advance stage.

For more details on the discontinued operations, we refer to note 13 Discontinued operations.

Other current financial assets

Investments relates to the 22.5% interest in shares in the Topigs Group. Vion and Topigs Group entered on 29 December 2023 into an SPA covering the sale of these shares back to Topigs group. Following this signed SPA, significant influence is lost as Vion does not have the power anymore to participate in the financial and operating policy decisions. The legal transfer of these shares is foreseen for the end of February 2024, but subject to fulfillment of certain administrative requirements. Management is confident that these conditions will be met and decided to present the investment in other current financial assets.

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. 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 relevant to goodwill 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 16 Intangible 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. Vion also conducted an impairment test for the assets which has been reclassified to assets held for sale.

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 20 Deferred tax assets and liabilities.

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 28.1 Pension commitments.

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 34.4 Fair values 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 2023, the carrying amount of capitalised development costs was €25.6 million (2022: €21.2 million).

The amount includes significant investments in the common design and implementation for the new ERP system for Pork and Beef in the Netherlands and the implementation of a new Vion wide master data management system.

4 Acquisitions and disposals

4.1 Acquisitions

On 9 November 2022 Vion agreed to purchase the non-current assets of Hausner GmbH and the land and buildings of Gebr. Hausner oHG which are leased to Hausner GmbH. Hausner is a cattle trader and has a long-standing relationship with Vion. Hausner employs roughly 40 people, uses stables in Bernsdorf and Saxonia and sources slaughter animals mainly in Eastern Germany and Bavaria. Through this deal, Vion wants to increase its responsiveness to the requirements and needs of the cattle market while simultaneously expanding its service offering to farmers. It is in line with our regional strategy to combine the purchase of cattle at the Duben and Bernsdorf locations while keeping the transport distances for the cattle as short as possible. This is an important aspect for Vion regarding animal welfare and climate measures.

Upon completion of the transaction, the activities became part of the Business Unit Germany. Vion gained control over the activities from 1 April 2023. The results realised with the assets have been included in the consolidated results of Vion as from that moment.

The fair value of the assets and liabilities acquired was determined and is accounted for accordingly. The cash consideration amounted to €5.5 million and, after deducting the net assets acquired, resulted in goodwill in the amount of €2.9 million.

4.2 Disposals and closures

On 15 May 2023, Vion announced to close the North Germany based beef slaughterhouse in Bad Bramstedt as of 31 July 2023. About 250 people were employed at Vion Bad Bramstedt.

Total envisaged restructuring costs are estimated at €6.3 million in total. Thereof:

- €5.9 million for remaining salary costs and social plan cost;
- €0.4 million for closing costs (obsolete spare parts and cancellation costs of contracts).

On October 17 2023, Vion announced the closure of the Vion Convenience GmbH site in Großostheim before the end of 2024. This planned step affect around 220 employees in Großostheim.

Total envisaged restructuring costs are estimated at €5.6 million in total. Thereof:

- €4.6 million for remaining salary costs and social plan cost;
- €1.0 million for closing costs (obsolete spare parts and cancellation costs of contracts).

(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 and by business unit:

	2023	2022
Geographical markets		
The Netherlands	880,305	839,039
Germany	1,657,028	1,639,383
Italy	543,194	425,309
United Kingdom	207,146	161,329
Greece	267,164	211,376
Other European countries	1,061,911	980,281
Total Europe	**4,616,748**	**4,256,717**
Asia	357,926	495,976
North America	40,597	53,196
Other countries	57,888	94,799
Total revenue from contracts with customers	**5,073,159**	**4,900,688**
Timing of revenue recognition		
Goods transferred at a point in time	5,013,408	4,847,652
Services transferred over time	59,751	53,036
Total revenue from contracts with customers	**5,073,159**	**4,900,688**

	2023	2022
Business Units		
Benelux	2,669,793	2,502,014
Germany	1,725,116	1,680,726
Food Service	413,029	389,748
Ingredients	265,221	328,201
Total revenue from contracts with customers	**5,073,159**	**4,900,689**

(in thousands of euros)

5.2 Contract balances

	2023	2022
Trade receivables	340,264	401,095
Contract liability	128	1,623

During the year, €1.2 million (2022: €1.5 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

	2023	2022
Customer bonuses	24,038	26,618

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

6 Other operating income

	2023	2022
Gain on sale of property, plant and equipment	3,967	551
Gain on revaluation of financial fixed assets	2,828	-
Rental income	1,067	849
Charged out costs	5,919	5,420
Insurance coverage	755	2,133
Other	8,020	10,712
Total other operating income	**22,555**	**19,665**

(in thousands of euros)

7 Employee benefits expenses

	2023	2022
Wages and salaries	312,212	306,336
Social security costs	51,948	52,209
Contributions to defined contribution plans	14,452	12,338
Expenses related to post-employment defined benefit plans	152	228
Post-employment benefits other than pensions	131	79
Termination benefits	2,626	3,667
Temporary staff	206,622	214,752
Other employee benefit costs	13,948	16,575
Total employee benefits expenses	**602,091**	**606,185**

An overview of the number of FTEs and flex workers is provided in the Key figures (see page 18).

8 Depreciation and amortisation

	2023	2022
Depreciation of property, plant and equipment	33,320	39,316
Depreciation of investment properties	3	40
Depreciation of right of use assets	17,759	16,986
Amortisation of intangible assets	11,676	10,581
Total depreciation and amortisation	**62,758**	**66,922**

(in thousands of euros)

9 Impairment of non-current assets

	2023	2022
Impairment of property, plant and equipment	7,935	47,544
Impairment of intangible assets	3,137	2,407
Impairment of right of use assets	536	2,507
Total impairment of non-current assets	**11,608**	**52,458**

Impairment losses have been highly impacted by 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 sale and closure of certain production activities and IM&T related projects.

For information on impairments of non-current assets, please refer to note 14 Property, plant and equipment and 16 Intangible assets.

10 Other operating expenses

	2023	2022
Restructuring expenses	23,765	2,100
Lease costs buildings and non-production equipment	4,192	3,936
Other	2,964	3,829
Total other operating expenses	**30,921**	**9,864**

Restructuring expenses

Restructuring expenses include mainly legal and consultancy costs that relate to the coordination and execution of the Change that Matters programme.

(in thousands of euros)

11 Finance costs and income

Finance costs	**2023**	2022
Interest accretion pension provision	(3,015)	(950)
Interest and charges financing facility	(9,181)	(4,157)
Finance charges payable under finance leases and hire purchase contracts	(2,168)	(1,518)
Interest accretion jubilee provision	(118)	(30)
Other	(1,013)	(1,179)
Total interest expenses	**(15,496)**	**(7,834)**
Financing fee	(290)	(290)
Currency exchange loss	(188)	(820)
Total finance costs	**(15,974)**	**(8,944)**

Finance income	**2023**	2022
Other	684	195
Total finance income	**684**	**195**

(in thousands of euros)

12 Income taxes

	2023	2022
Current income tax:		
Current income tax charge	(1,322)	(3,367)
Adjustments in respect of prior years	(566)	41
	-	
Deferred tax:		
Relating to (de)recognition of tax losses	(1,603)	(9,650)
Relating to origination and reversal of temporary differences	3,700	(4,030)
Adjustments in respect of prior years	-	2,562
Income tax income reported in the Consolidated Income Statement	**209**	**(14,444)**

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

Reconciliation between the statutory and effective tax rate	**2023**	2022
Statutory income tax rate	25.8%	25.8%
Loss before tax from continuing operations	(40,373)	(64,860)
Loss before tax from discontinued operations	(49,461)	(28,765)
Profit from joint ventures for tax purposes	1	2
Loss before income tax	**(89,833)**	**(93,623)**
Statutory income tax income	23,177	24,155
Change in valuation of available losses and timing differences	(20,928)	(44,179)
Non-taxable income	261	76
Effect of participation exemption	886	897
Non-deductible expenses for tax purposes	(7,726)	(2,785)
Tax incentives	-	206
Effect of different foreign tax rates	4,118	4,399
Adjustment prior years	395	2,818
Other	-	18
Income tax expense including joint ventures	**183**	**(14,395)**
Income tax income/(expense) from discontinued operations	26	(49)
Income tax income from joint ventures	-	-
Income tax expense reported in the Consolidated Income Statement	**209**	**(14,444)**
Effective tax rate	**0.5%**	**-22.3%**

(in thousands of euros)

13 Discontinued operations

On 27 December 2023, the supervisory board approved the plan to sell several assets relating to the pork, beef and retail operations in northern Germany. The sale of these assets is classified as an asset deal, and includes land, building, and machinery & equipment of Ahlener Fleisshandel GmbH, Vion Altenburg GmbH (Beef and Retail), and Vion Perleberg GmbH. Management confirms that the envisaged deals include the transfer of related headcount.

During 2023, the Supervisory Board approved the disposal of the German operations footprint and Vion expects to sell or abandon this component ''piecemeal'' and such piecemeal transactions are expected to occur at different times in 2023, 2024 or 2025. This disposal is considered as a single co-ordinated plan. The conclusion can be derived that for the explicit purpose of IFRS 5, the use of Discontinued Operations can be applied. The non-current assets of these operations are classified as a disposal group held for sale. The disposal group held for sale and the closed operation of Vion Convenience GmbH (October 2023) qualifies as a discontinued operation.

The results of discontinued operations are based upon the IFRS 5 guidelines and relate to the result of external transactions in combination with the effect of the net elimination of intercompany trading transactions from the disposal group with other group affiliates. These results for the year are presented below:

			2023			2022
	External transactions	**Intercompany eliminations**	**Total**	External transactions	Intercompany eliminations	Total
Revenue from contracts with customers	466,431	-	**466,431**	440,993	-	440,993
Expenses	(471,380)	(31,539)	**(502,919)**	(452,304)	(17,199)	(469,503)
Operating income	**(4,949)**	**(31,539)**	**(36,488)**	**(11,311)**	**(17,199)**	**(28,510)**
Finance costs	(54)	(325)	**(379)**	(59)	(196)	(255)
Impairment loss recognised on the measurement to fair value less costs to sell	(12,595)	-	**(12,595)**	-	-	-
Loss before tax from discontinued operations	**(17,598)**	**(31,864)**	**(49,461)**	**(11,370)**	**(17,395)**	**(28,765)**
Income tax (expense)/income	(26)	-	**(26)**	49	-	49
Loss for the year from discontinued operations	**(17,624)**	**(31,864)**	**(49,487)**	**(11,321)**	**(17,395)**	**(28,716)**

(in thousands of euros)

The classes of fixed assets as held for sale as at 31 December are, as follows:

As at 31 December 2023	Costs	Depreciation, amortisation & impairment	Net book value
Freehold land and buildings	86,770	(75,521)	11,249
Plant and machinery	61,573	(48,507)	13,066
Equipment	3,428	(3,204)	224
Construction in progress	3,486	-	3,486
Total property, plant and equipment	**155,257**	**(127,232)**	**28,025**
Software	531	(412)	119
Total assets held for sale	**155,788**	**(127,644)**	**28,144**

The net cash flow of discontinued operations for the year are, as follows:

	2023	2022
Net cash flows from operating activities	(30,160)	(24,878)
Net cash flows used in investment activities	(4,543)	(24,471)
Net cash flows from/(used in) financing activities	31,608	67,296
Net cash flow from discontinued operations	**(3,096)**	**17,948**

(in thousands of euros)

14 Property, plant and equipment

Cost	Freehold land and buildings	Plant and machinery	Equipment	Construction in progress	Total
Balance at 1 January 2022	**606,313**	**547,496**	**11,586**	**21,767**	**1,187,162**
Additions	13,397	25,350	7,122	17,997	63,866
Disposals	(254)	(12,116)	(3,484)	-	(15,854)
Reclassifications	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**
Additions	10,441	22,611	2,174	1,688	36,914
Additions through business combinations	1,779	-	927	-	2,706
Disposals	(5,592)	(30,466)	(5,371)	(140)	(41,569)
Assets held for sale	(86,770)	(61,573)	(3,428)	(3,486)	(155,257)
Transfer from construction in progress	5,078	8,330	262	(15,353)	(1,683)
Exchange translation adjustment	-	-	9	-	9
Balance at 31 December 2023	**545,528**	**509,352**	**10,650**	**11,146**	**1,076,676**

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

Depreciation and impairment	Freehold land and buildings	Plant and machinery	Equipment	Construction in progress	Total
Balance at 1 January 2022	**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**
Charge during the year	11,427	21,537	4,281	-	37,245
Impairment	10,497	9,586	531	(84)	20,530
Disposals	(5,336)	(30,036)	(4,805)	(82)	(40,259)
Assets held for sale	(75,521)	(48,507)	(3,204)	-	(127,232)
Reclassifications	31	405	12	(449)	(1)
Exchange translation adjustment	-	-	9	-	9
Balance at 31 December 2023	**410,101**	**401,128**	**9,689**	**1,351**	**822,269**

Net book value

Balance at 31 December 2022	151,589	122,307	3,212	26,471	303,579
Balance at 31 December 2023	135,427	108,224	961	9,795	254,407

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 2023 balance sheet date.

Impairment

In 2023, an impairment loss of €9.9 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 2023 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 the newly formed business units Benelux and Germany. In determining value in use for the CGU, the cash flows were discounted at a rate of 6.0% on a post-tax basis.

The applied level of the fair value hierarchy of the fair value measurement of the CGUs is Level 2. The most important technique used is valuation reports for land and buildings. We deem the valuation techniques reasonable for this purpose.

Impairment reversal

As a result of the restructuring plans in northern Germany, an indicator has occurred that the impairment loss previously recognised has disappeared or decreased. Consequently, Vion conducted a comprehensive review of the carrying amounts of the assets to assess whether any previously recognised impairment losses could be reversed. Based on the binding offers received, Vion obtained new external market information. It was therefore determined that previously recognised impairment losses relating to certain assets could be reversed. Accordingly, an impairment reversal of €3.9 million has been recognised in the statement of profit or loss for the year ended 2023.

Assets held for sale

During the year, Vion has classified certain assets as held for sale. The carrying amount of these assets has been reclassified to assets held for sale on the statement of financial position. As part of the assessment of the recoverable amount of assets held for sale, we conducted impairment tests in accordance with IAS 36. These tests involved comparing the carrying amount of the assets held for sale with their fair value less costs to sell. As a result, an impairment loss of €14.5 million has been recognised in the statement of profit or loss for the year ended 2023.

For information on impairments of non-current assets, please refer to note16 Intangible assets.

(in thousands of euros)

15 Investment properties

	2023	2022
Balance at 1 January	**819**	**859**
Additions (subsequent expenditure)	-	-
Depreciation and impairment charges	(3)	(40)
Balance at 31 December	**816**	**819**

Net book value

Cost	5,170	5,170
Accumulated depreciation and impairment	(4,354)	(4,351)
Balance at 31 December	**816**	**819**

Vion's investment properties consist of several 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 (2022: €0.3 million). We consider the fair value to be in line with the current book value.

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.

(in thousands of euros)

16 Intangible assets

Cost	Goodwill	Software	Software under development	Other	Total
Balance at 1 January 2022	**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**
Additions – internally developed	-	-	11,815	-	11,815
Additions – separately acquired	-	-	88	-	88
Additions through business combinations	2,863	-	-	-	2,863
Reclassifications	-	11,435	(9,751)	-	1,684
Assets held for sale	-	(531)	-	-	(531)
Disposals	-	(941)	-	(372)	(1,313)
Balance at 31 December 2023	**31,509**	**97,990**	**25,393**	**7,504**	**162,396**

Amortisation and impairment					
Balance at 1 January 2022	**-**	**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**
Charge during the year	-	10,849	-	830	11,679
Impairment	-	329	2,808	-	3,137
Assets held for sale	-	(412)	-	-	(412)
Disposals	-	(944)	-	(372)	(1,316)
Balance at 31 December 2023	**2,384**	**71,787**	**3,060**	**4,255**	**81,486**

(in thousands of euros)

Net book value	Goodwill	Software	Software under development	Other	Total
Balance at 31 December 2022	26,262	26,062	22,989	4,079	79,392
Balance at 31 December 2023	29,125	26,203	22,333	3,249	80,910

Reclassifications
The transfer of assets fully relates to assets under development which were brought to use during 2023.

Software under development
Of the total €22.3 million of software under development, various projects, amounting to €8.8 million, have been put on hold that management expects to finalise after the second quarter of 2024. The impairment mainly relates to the ERP integration of which the scope was partly changed resulting in rework of certain activities.

Goodwill
For impairment testing, goodwill is allocated to groups of cash-generating units (CGUs), which represent the lowest level at which the goodwill is monitored internally for management purposes.

Goodwill acquired through business combinations is allocated to the the former BUs Beef and Food Service. Given the recent change in BU structure, a re-assessment of the 2022 CGU structure was carried out. Vion re-assed the cash inflow of the underlying operating companies, the active market and analyzed the intra-group selling/purchasing dependencies to define the appropriate CGU level (cluster or individual). Vion concluded that on 31 december 2023, there are little to no changes in operating/monitoring and controlling procedures. Therefore, the business structure update did not impact the CGU determination and were the goodwill impairment procedures performed on the same CGU structure as in previous years.

Given the changes in operating structure and the sites that were identified for divestiture and qualified as asset held for sale, Vion changed the timing of impairment testing procedures to 31 December 2023.

In 2023, €2.9 million was added to goodwill for the asset acquisition of Hausner GmbH (beef purchase/trading company). On 31 December 2023, the total goodwill recognised is €29.1 million. The carrying amount of goodwill allocated to each of the former BUs:

2 Notes to the Consolidated Financial Statements

(in thousands of euros)

	2023	2022
Beef	6,247	3,384
Food Service	22,878	22,878
Total	**29,125**	**26,262**

Beef and Food Service

The recoverable amounts of the CGUs Beef and Food Service, have been determined through a value in use calculation.

During the annual impairment test performed in the first quarter of 2024, based on the financial position as per 31 December 2023, the estimated recoverable amounts of the cash-generating units Beef and Food Service exceeded the carrying value at their CGU level, therefore no impairment loss was recognised.

The assumptions used in the goodwill impairment analysis for 2023 are based on the strategic plan ’Integrated Chains’. The changes in segment structure resulted into an updated five year strategic plan. Which, in addition, includes the expected benefit of the several saving initiatives that have been identified through the Change that Matters programme.

Based on this strategic plan, a 5-year financial Long Term 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 2023. 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 2023.

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 2024 to 2028, 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.

2 Notes to the Consolidated Financial Statements

	2023	2022
Discount rate Beef (pre-tax)	8.2%	11.1%
Discount rate Food Service (pre-tax)	8.6%	10.8%
Budgeted EBITDA growth rate (average of next five years) Beef	7.7%	6.8%
Budgeted EBITDA growth rate (average of next five years) Food Service	0.5%	10.8%
Further growth rate used	nil	nil

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 €118.6 million (2022: €70.5 million) and for Food Service by approximately €347.3 million (2022: €188.4 million).

Sensitivity

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

	2023	2022
Beef		
Increase discount rate, basis points	7.9%	3.9%
Decrease forecasted EBITDA growth rate (average of next five years), basis points	-5.9%	-3.6%
Decrease growth rate, basis points	-31.7%	-7.8%
Food Service		
Increase discount rate, basis points	36.8%	21.8%
Decrease forecasted EBITDA growth rate (average of next five years), basis points	-19.3%	-17.2%

Given Food Service's extensive headroom, management does not consider the growth rate for Food Service a key assumption.

(in thousands of euros)

17 Investment in associates and joint ventures

	2023	2022
Interest in associates	310	12,321
Joint ventures	23	23
Balance at 31 December	**333**	**12,344**

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. In december 2023, Vion and Togigs group B.V. Signed a SPA to transfer the share of 22.5% in Topigs Group B.V.

Following this agreement, Vion lost significant influence, and given that the legal transfer took place in February 2024, Vion reclassed €13.1 million from investments in associates to other current financial assets and recognised a fair value adjustment of €2.1 million.

The principal activities of Topigs are in Annimal Genetica Research and these are not considered as core business for Vion.

	2023	2022
Carrying amount of interest in immaterial associates	310	12,321
Vion's share of:		
Profit from continuing operations	1,013	1,959
Total Comprehensive Income	**1,013**	**1,959**

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

	2023	2022
LQB Landwirtschaftliche Qualitätssich. Bayern GmbH (Germany)	24.4%	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.

	2023	2022
Carrying amount of interest in immaterial joint ventures	23	23
Vion's share of:		
Profit/(loss) from continuing operations	-	-
Total Comprehensive Income	**-**	**-**

18 Non-controlling interests

Non-controlling interests relate to material partly-owned subsidiaries amounting to €14.5 million (2022 €13.8 million).

		2023		2022	
	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%	5,514
Vion EGN Südostbayern GmbH	Germany	49.0%	3,218	49.0%	3,218
Best Hides GmbH	Germany	40.0%	5,369	40.0%	4,669
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			**14,504**		**13,804**

(in thousands of euros)

Profit allocated to material non-controlling interest:

	2023	2022
Vion SBL Landshut GmbH	-	-
Vion EGN Südostbayern GmbH	-	-
Best Hides GmbH	700	-
SFB Fleisch- und Kühlcentrale GmbH&Co KG	-	-
Vion FKM Furth im Wald GmbH	-	-
Ahlener Fleishhandel GmbH	-	-

Proportion of equity interest held by Vion:

	Country	**2023**	2022
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%

2 Notes to the Consolidated Financial Statements
(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 2023	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	165,144	206,153	43,913	(21)	92,597	141,332
Raw materials and consumables used	(150,623)	(179,801)	(31,555)	(23)	(83,214)	(130,508)
Other operational expenses	(17,833)	(33,526)	(11,276)	333	(8,651)	(15,628)
Finance costs	(2,862)	(290)	(700)	(258)	(595)	(138)
(Loss)/profit before tax	**(6,174)**	**(7,464)**	**382**	**31**	**137**	**(4,942)**
Income tax	6	(132)	(129)	(16)	(140)	-
(Loss)/profit for the year from continuing operations	**(6,168)**	**(7,596)**	**253**	**15**	**(3)**	**(4,942)**
Total comprehensive (loss)/income	**(6,168)**	**(7,596)**	**253**	**15**	**(3)**	**(4,942)**
Attributable to non-controlling interests	-	-	700	-	-	-
Dividends paid to non-controlling interests	122	718	700	2	341	-

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.

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(in thousands of euros)

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	(51,665)	(26,040)	(12,040)	236	(8,360)	(15,999)
Finance costs	(349)	(120)	(446)	(315)	(974)	(62)
(Loss)/profit before tax	**(24,328)**	**(4,390)**	**372**	**54**	**592**	**(5,292)**
Income tax	(36)	(134)	(128)	(40)	(249)	-
(Loss)/profit for the year from continuing operations	**(24,364)**	**(4,524)**	**244**	**14**	**343**	**(5,292)**
Total comprehensive (loss)/income	**(24,364)**	**(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.

Summarised statement of financial position as at 31 december 2023	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	5,636	6,306	4,566	1,520	2,166	1,544
Total current assets	9,854	16,544	14,811	2,489	4,627	6,888
Total current liabilities	(2,692)	(9,776)	(5,856)	(2,689)	(6,740)	(7,726)
Total non-current liabilities	(10,500)	(2,370)	-	-	-	-
Total provisions	(233)	(2,096)	(874)	(165)	(16)	(68)
Total equity	**2,064**	**8,609**	**12,648**	**1,155**	**37**	**638**
Attributable to:						
Equity holders of the parent	(3,450)	5,390	7,279	741	128	559
Non-controlling interest	5,514	3,218	5,369	414	(90)	80
Total	**2,064**	**8,609**	**12,648**	**1,155**	**37**	**638**

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

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	6,840	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	(2,504)	(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	**2,064**	**8,609**	**11,948**	**1,155**	**37**	**638**
Attributable to:						
Equity holders of the parent	1,053	4,391	7,169	722	26	559
Non-controlling interest	1,011	4,218	4,779	433	11	80
Total	**2,064**	**8,609**	**11,948**	**1,155**	**37**	**638**

Summarised cash flow information for the year ended 31 December 2023	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	(10,102)	(3,750)	1,599	827	(1,825)	(5,213)
Cash flow from investing activities	(445)	(652)	(181)	(73)	(458)	(211)
Cash flow from financing activities	11,815	4,877	(1,452)	(9)	600	5,375
Net movement in cash and cash equivalents	**1,268**	**475**	**(34)**	**745**	**(1,683)**	**(49)**

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	(3,511)	(1,877)	3,868	97	2,521	(3,241)
Cash flow from investing activities	(541)	(960)	(451)	17	(426)	(392)
Cash flow from financing activities	4,067	4,514	(1,539)	(1,695)	(953)	3,673
Net movement in cash and cash equivalents	**15**	**1,677**	**1,878**	**(1,581)**	**1,141**	**40**

(in thousands of euros)

19 Other financial assets

	2023	2022
Non-current other financial assets		
Deferred receipts	-	2
Loan to third parties	611	648
Total non-current other financial assets	**611**	**650**
Current other financial assets		
Derivatives	1,065	1,592
Investments	15,000	-
Total current other financial assets	**16,065**	**1,592**

Investments of €15.0 million is based on the signed SPA and relates to the minority interest of 22.5% shares in Topigs Group. This investment will be sold to Topigs Group. The legal transfer of these shares to Topigs Group took place on February 27, 2024.

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.

20 Deferred tax assets and liabilities

	2023	2022
Deferred tax assets	35,740	31,464
Deferred tax liabilities	(2,107)	(27)
Total deferred tax	**33,633**	**31,437**

2 Notes to the Consolidated Financial Statements

(in thousands of euros)

Deferred tax assets and liabilities 2023	Net balance at 1 January	Recognised in profit or loss	Recognised directly in equity	Net balance at 31 December
Property, plant and equipment	22,821	(9,651)	-	13,170
Intangible assets	736	3	-	739
Provisions	10,350	190	-	10,540
Loans and borrowings	14,478	(5,207)	-	9,271
IFRS 16 - lease liabilities	14,933	(492)	-	14,441
Other temporary differences	11	175	-	186
Tax losses and tax credits	245,352	34,747	-	280,099
Total gross deferred tax assets	**308,681**	**19,765**	**-**	**328,446**
Unrecognised deductible temporary differences, tax losses and tax credits	(246,619)	(21,591)	-	(268,210)
Subtotal net deferred tax assets	**62,062**	**(1,826)**	**-**	**60,236**
Offsetting	(30,598)	6,102	-	(24,496)
Net deferred tax assets	**31,464**	**4,276**	**-**	**35,740**
Property, plant and equipment	(2,629)	(1,644)	-	(4,273)
Intangible assets	(1,184)	160	-	(1,024)
Derivatives	(92)	(29)	94	(27)
Provisions	(3)	3	-	-
Loans and borrowings	(12,504)	4,874	-	(7,630)
IFRS 16 - right of use assets	(14,232)	654	-	(13,578)
Other temporary differences	19	(90)	-	(71)
Total gross deferred tax liabilities	**(30,625)**	**3,928**	**94**	**(26,603)**
Offsetting	30,598	(6,102)	-	24,496
Net deferred tax liabilities	**(27)**	**(2,174)**	**94**	**(2,107)**

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.

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(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)**

2 Notes to the Consolidated Financial Statements

(in thousands of euros)

Overview tax losses and other carry forwards 2023	Indefinite	Total
Expiring term deferred tax assets unused tax losses and tax credits		
Unused tax losses	1,553,734	1,553,734
Unused tax credits	113,636	113,636
Total unused tax losses and tax credits	**1,667,370**	**1,667,370**
Gross deferred tax assets on unused tax losses and tax credits	280,099	280,099
Unrecognised deferred tax assets unused tax losses and tax credits	(253,466)	(253,466)
Recognised deferred tax assets on unused tax losses and tax credits	**26,633**	**26,633**

Recognised deferred tax assets deductible temporary differences	33,603
Netted deferred tax liabilities	(24,496)
Net deferred tax assets	**35,740**

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	1,396,604
Unused tax credits	71,149	71,149
Total unused tax losses and tax credits	**1,467,754**	**1,467,753**
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**

Vion has €1,667 million (2022: €1,468 million) of tax losses carried forward and tax credits. This represents a gross deferred tax asset of €280 million (2022: €246 million). These losses relate to subsidiaries that mainly have a history of losses and may not be used to offset taxable income elsewhere in Vion. The subsidiaries have not sufficient taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. Hence, Vion has determined that it cannot recognise deferred tax assets on the tax losses carried forward and tax credits for the amount of €1,569 million (2022: €1,378 million). This represents a write-down of the deferred tax asset for €253 million (2022: €221 million). The total amount of unrecognised losses do not expire.

(in thousands of euros)

The deferred tax asset is recognised 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 utilised.

21 Inventories

	2023	2022
Finished Goods	156,995	211,839
Raw materials and consumables	37,240	54,788
Work in progress	2,814	3,190
Total	**197,049**	**269,817**
Allowance for obsolete inventory	(6,742)	(9,724)

Raw materials and consumables include packaging materials and spare parts amounting to €28.6 million (2022: €33.4 million).

22 Trade and other receivables

	2023	2022
Trade receivables	340,264	401,095
VAT receivable	30,686	28,335
Interest receivables	125	266
Other receivables	6,505	6,814
Total	**377,580**	**436,510**

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
2023	340,264	271,918	47,162	13,730	5,385	2,068
2022	401,095	345,394	34,504	14,678	3,983	2,536

See note 34 Financial risks and financial instruments 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 2023, an amount of €145.9 million (2022: €51.3 million) was drawn under the credit facilities.

As at 31 December 2023, trade receivables with an initial carrying value of €1.2 million (2022: €1.5 million) were impaired and fully provided for. See below for the movements in the provision for individually impaired receivables:

	Total
Balance at 1 January 2022	**1,444**
Charge for the year	1,055
Utilised	(790)
Unused amounts reversed	(219)
Balance at 31 December 2022	**1,490**
Charge for the year	784
Utilised	(934)
Unused amounts reversed	(143)
Balance at 31 December 2023	**1,197**

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)

23 Cash and cash equivalents

	2023	2022
Total cash and cash equivalents	4,485	4,594

The cash and cash equivalents does not include any restricted cash.

24 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 (2022: 3,566, no movements during 2022). On 31 December 2023, there were 50,784 (2022: 50,784) allotted, called up and fully paid ordinary shares of €45 each amounting to €2.3 million (2022: €2.3 million, no movements during 2022) 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 2023 and 2022. The current financing facility and the loan from credit institutions include a minimum equity requirement. Vion complied with this covenant in 2023 and 2022. 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.

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

Legal reserves

As at 31 December 2023	Cash flow hedge reserve	Foreign currency translation reserve	Other legal reserves	Total
Currency forward contracts	391	-	-	391
Foreign exchange translation reserve	-	744	-	744
Fair value reserve of other financial assets	-	-	2,102	2,102
Reserve for not free distributable profits and reserves of shareholdings	-	-	6,750	6,750
Reserve for capitalised internally developed software	-	-	25,634	25,634
Total	**391**	**744**	**34,486**	**35,621**

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**

(in thousands of euros)

25 Interest-bearing loans and borrowings

Non-current interest-bearing loans and borrowings	Interest rate	Maturity	2023	2022
Loans from credit institutions	2.14% weighted average interest rate (fixed) / based on 6 month Euribor (variable)	2025-2028	67,500	75,000
Loans from minority shareholders	5.00%	no end date	12,870	12,870
Lease liabilities	0.03%-6.0% (0.03% - 6.0%)	2024-2035 (2023-2035)	39,027	40,250
Total non-current interest-bearing loans and borrowings			**119,397**	**128,120**

Current interest-bearing loans and borrowings				
Secured financing facility of €250 million (2022: €250 million)	based on 1 month Euribor	running finance till 2025	145,591	50,615
Loans from credit institutions	2.14% weighted average interest rate (fixed) / based on 6 month Euribor (variable)	2024	7,500	-
Lease liabilities	0.03%-6.0% (0.03% - 6.0%)	2024 (2023)	14,911	15,363
Total current interest-bearing loans and borrowings			**168,002**	**65,978**

Total interest-bearing loans and borrowings	**287,399**	**194,098**

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 4.69% (2022: 1.51%).

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. The minimum interest cover ratio is 4.5 and the minimum net working capital is €35 million. The covenants are tested on a quarterly basis. During 2023, 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 Basis of preparation.

At 31 December 2023, an amount of €145.6 million (2022: €50.6 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 (fixed and variable) 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. The minimum interest cover ratio is 4.5. The covenants are tested on a yearly basis. During 2023, 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 Basis of preparation.

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 2023, an amount of €75 million was drawn under the Schuldschein loan of which €7.5 million repayable in 2024. The fair value of the Schuldshein loan is estimated at €72.9 million based on current market interest rates.

Loans from minority shareholders

Loans provided by the minority shareholders of group companies concern their proportional share in investments made in these group entities. We consider the fair value to be in line with the carrying value.

(in thousands of euros)

26 Other financial liabilities

	2023	2022
Non-current other financial liabilities		
Dividend payable to minority shareholders	-	1,179
Other payables	281	310
Total non-current other financial liabilities	**281**	**1,489**
Current other financial liabilities		
Dividend payable to minority shareholders	2,566	4,582
Derivatives	460	744
Total current other financial liabilities	**3,026**	**5,326**
Total other financial liabilities	**3,307**	**6,815**

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

	2023	Financing Cash Flow 2023	Non-cash movements	2022	Financing Cash Flow 2022	Non-cash movements	2021
Interest bearing liabilities	233,461	94,975	-	138,486	131,536	-	6,950
Lease liabilities	53,938	(20,622)	18,948	55,612	(18,607)	31,002	43,217
Other financial liabilities	3,307	(3,508)	-	6,815	(4,826)	-	11,641
Less: derivatives	(460)	527	-	(987)	(590)	-	(397)
Total financing cash flow		**71,372**			**107,513**		

(in thousands of euros)

27 Provisions

Provisions 2023	Restructuring	Onerous contracts	Other	Total
At 1 January	**7,965**	**-**	**3,749**	**11,714**
Arising during the year	12,888	1,236	(18)	14,106
Utilised	(9,733)	-	(89)	(9,822)
Unused amounts reversed	(3,973)	-	-	(3,973)
Reclassifications	-	-	-	-
At 31 December	**7,147**	**1,236**	**3,642**	**12,025**
Current	6,095	442	2,503	9,040
Non-current	1,052	794	1,139	2,985

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

Restructuring

The restructuring provision is recognised for costs, mainly employee related, that occurred following the closure of several production locations in previous years and other restructuring programmes resulting from the Change that Matters programme. Additions in 2023 are mainly related to the closure of Vion Bad Bramstedt GmbH and Vion Convenience GmbH. The release of the unused provision relates mainly to Vion Emstek GmbH.

Other

Other provisions are recognised for various claims and other obligations.

28 Net employee defined benefit liabilities

	2023	2022
Pension commitments	79,405	77,769
Jubilee benefit commitments	3,574	3,449
Other	1,482	1,617
Total	**84,461**	**82,835**

(in thousands of euros)

28.1 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 year-end 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 €6.6 million (2022: €6.8 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 €6.6 million and €5.7 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	**2023**	2022
Present value of defined benefit obligations	79,405	77,769
Less: fair value of plan assets	-	-
Total pension commitments	**79,405**	**77,769**

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

Change in present value of defined benefit obligations	**2023**	2022
Present value as at 1 January	**77,769**	**113,460**
Current service cost	52	105
Interest expense	3,016	956
Net actuarial gain on financial assumptions	6,687	(26,080)
Net actuarial gain due to liability experience	(1,662)	(4,039)
Benefits paid	(6,457)	(6,632)
Present value as at 31 December	**79,405**	**77,769**

Change in fair value of the plan assets	**2023**	2022
Present value as at 1 January	**-**	**660**
Expected return of plan assets	-	6
Net actuarial gain	-	(666)
Present value as at 31 December	**-**	**-**

Breakdown of investments of the plan assets	**2023**	2022
Reinsured	**-**	**-**

Breakdown of pension costs	**2023**	2022
Current service cost	52	105
Interest cost on benefit obligation	3,016	950
Net benefit expense	**3,067**	**1,055**

(in thousands of euros)

Statement of other comprehensive income	**2023**	2022
Balance as at 1 January	**20,246**	**(9,207)**
Net actuarial gain on financial assumptions	(6,687)	26,080
Net actuarial gain due to liability experience	1,662	4,039
Difference between actual return on plan assets and expected interest income on plan assets	-	(666)
Balance as at 31 December	**15,222**	**20,246**

The main actuarial parameters at year-end	**2023**	2022
Discount rate	3.31%	4.06%
Salary increase rate	2.50%	2.00%
Pension increase rate	2.25%	2.00%
Weighted average duration of the defined benefit obligation	9.66	9.21

Sensitivity present value of pension obligations 2023		**Change in %**
Discount rate +0.5%	75,828	(4.41%)
Discount rate -0.5%	83,133	4.80%
Salary increase rate +0.5%	79,346	0.02%
Salary increase rate -0.5%	79,310	(0.02%)
Pension increase rate +0.5%	82,948	4.56%
Pension increase rate -0.5%	75,957	(4.25%)

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%)

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 €73,729 topped with a defined contribution scheme for pensionable salaries exceeding this, tax driven maximised at €128,810.
- Bedrijfstak Pensioenfonds Slagers runs a defined benefit scheme for pensionable salaries up to the fiscal maximum of €128,810.
- Bedrijfstak Pensioenfonds Vervoer VLN runs a defined benefit scheme for pensionable salaries up to €66,956 topped with a defined contribution scheme for pensionable salaries exceeding this, tax driven maximised at €128,810
- For Vion N.V. and ICT personnel a defined contribution pension scheme up to the fiscal maximum of €128,810 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 2024 is €10.0 million (2022: for 2023 expected contribution amounted €11.0 million) At year end, there were no shortfalls in the pension funds.

At year end, the coverage ratio was 112.5% for the VLEP pension fund (2022: 110.5%), 126.4% for the Pension Fund for the Butcher's Trade (2022: 131.0%), and 107.3% for the Pension Fund for the Transport Sector (2022: 110.8%).

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.

28.2 Jubilee benefit commitments

Change in present value of jubilee benefit commitments	**2023**	2022
Present value as at 1 January	**3,449**	**4,097**
Current service cost	238	289
Interest addition	118	30
Benefits paid	(400)	(251)
Transfer (out) / in	8	81
Net actuarial results on change in assumptions:		
Mortality rate	12	1
Retirement age	-	74
Discount rate	149	(872)
Present value as at 31 December	**3,574**	**3,449**

For the year 2024, the expected cost amounts to €0.4 million and the expected benefits to be paid amounts to €0.5 million.

The main actuarial parameters at year-end	**2023**	**2022**
Discount rate	3.2%	3.8%
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)

29 Trade and other payables

	2023	2022
Trade payables	**258,878**	376,603
Invoices to be received	**40,797**	54,513
Customer bonuses	**24,038**	26,618
Employee benefit payables	**41,615**	38,592
Taxes and social securities	**13,205**	13,042
Interest payable	**41**	23
Other payables	**17,703**	25,554
Total	**396,277**	**534,945**

Vion has a reverse factoring facility of which 22 million is utilized as per year-end. This amount is presented under the trade payables. The cash flows relating to this facilicty are presented under operating cash flows.

30 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. 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 2022	**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**
Additions	3,539	346	15,658	1,522	21,065
Disposals/early terminations	(3,683)	(1,275)	(10,619)	(318)	(15,895)
Balance at 31 December 2023	**39,133**	**8,397**	**50,978**	**2,971**	**101,479**

Depreciation and impairment

Balance at 1 January 2022	**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**
Reclassifications	-	-	-	-	-
Charge during the year	5,311	974	11,100	400	17,785
Impairment	536	1	-	-	537
Disposals/early terminations	(3,596)	(1,275)	(7,822)	(213)	(12,906)
Balance at 31 December 2023	**16,842**	**5,446**	**26,856**	**1,596**	**50,740**

Net book value

Balance at 31 December 2022	24,686	3,580	22,361	358	50,985
Balance at 31 December 2023	22,291	2,951	24,122	1,375	50,739

(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	2023	2022
As at 1 January	**55,612**	**43,217**
Additions	21,660	32,961
Accretion of interest	2,206	1,541
Payments	(20,622)	(18,607)
Early termination/disposal	(4,918)	(3,500)
As at 31 December	**53,938**	**55,612**
Current	14,911	15,362
Non-current	39,027	40,250

The maturity analysis of lease liabilities is as follows:

	2023			2022		
	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	17,684	0.03%-8.8%	14,911	17,098	0.03%-6.0%	15,363
Between one and five years	33,965	0.1%-9.0%	30,292	32,800	0.19%-6.0%	29,622
More than five years	9,967	0.4%-9.0%	8,735	11,924	1.46%-6.0%	10,628

The carrying value of the related assets amounts to €51.7 million (2022: €51.0 million).

(in thousands of euros)

The following are the amounts recognised in Consolidated Income Statement:

	2023	2022
Depreciation expense of right-of-use assets	18,030	17,362
Interest expense on lease liabilities	2,206	1,541
Expense relating to short-term leases	8,883	9,401
Expense relating to leases of low-value assets	1,754	1,776
Variable lease payments	9,866	5,711
Total amount recognised in Consolidated Income Statement	**40,739**	**35,791**

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:

2023	Fixed payments	Variable payments	Total
Fixed rent	19,559	-	**19,559**
Variable rent with minimum lease payments	1,063	8,735	**9,798**
Variable rent only	-	1,131	**1,131**
Total	**20,622**	**9,866**	**30,488**

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	655	23,688	**24,343**

31 Commitments and contingencies

Contractual commitments to acquire property, plant and equipment

At the end of 2023 Vion has no contractual commitments to acquire property, plant and equipment.

Rental of assets and service contracts

In 2023, 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:

	2023	2022
< 1 year	€ 12 million	€ 17 million
1 to 5 years	€ 15 million	€ 18 million
> 5 years	€ 1 million	€ 4 million

Purchase contracts non-food

Vion entered into flexible contracts regarding energy based on expected consumption.

Bank guarantees

For group companies, an amount of €20.7 million was issued in bank guarantees (2022: €0.7 million).

Credit facilities

Commitments and contingencies related to credit facilities are presented in note 25 Interest-bearing loans and borrowings.

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.

Issued joint and several liability statements

With respect to the separate financial statements of the Dutch legal entities 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.

With respect to the separate financial statements of the German legal entities included in the consolidation, Vion Holding N.V. availed itself of the exemption pursuant to Section 264 (3) German Commercial Code for the subsidiaries Vion Food North B.V. and Vion Beef B.V.

Liquidity guarantees

Vion N.V. holds 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.

32 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')	**2023**	86
	2022	56

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

(in thousands of euros)

(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.

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 2023, Vion has not recorded any impairment of receivables relating to amounts owed by related parties (2022: 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 2023 and 2022.

33 Remuneration of management board

The table below specifies the remuneration of the management board.

Management Board	2023	2022
Short-term employee benefits:		
– Fixed remuneration	1,418	1,308
– Variable remuneration	648	131
Post-employment pension benefits	278	254
Other	28	26
Total	**2,372**	**1,719**

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 2023 (2022: €0.3 million).

(in thousands of euros)

34 Financial risks and financial instruments

34.1 Financial assets

Financial assets	2023	2022
Derivatives designated as hedging instruments:		
Foreign exchange forward contracts	1,065	1,592
Financial assets measured at fair value through profit & loss:		
Deferred receipts	-	2
Total financial instruments at fair value	**1,065**	**1,594**
Financial assets at amortised cost:		
Trade and other receivables	377,580	436,510
Other financial assets	15,611	648
Total financial assets at amortised costs	**393,191**	**437,158**
Total	**394,256**	**438,752**
Total current	393,645	438,104
Total non-current	611	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)

34.2 Financial liabilities

Financial liabilities	2023	2022
Derivatives designated as hedging instruments:		
Foreign exchange forward contracts	460	744
Total financial instruments at fair value	**460**	**744**
Interest-bearing loans and borrowings at amortised costs:		
Secured financing facility of € 250 million	145,591	50,615
Loan from credit institutions	75,000	75,000
Loans from minority shareholders	12,870	12,870
Lease obligations	53,938	55,613
Total interest-bearing loans and borrowings at amortised costs	**287,399**	**194,098**
Other financial liabilities at amortised cost, other than interest-bearing loans and borrowings:		
Trade and other payables	396,277	534,945
Dividend payable to minority shareholders	2,566	5,761
Contract liability	128	1,623
Other payables (note 26 Other financial liabilities)	281	310
Total other financial liabilities at amortised costs	**399,252**	**542,639**
Total	**687,111**	**737,481**
Total current	567,433	607,872
Total non-current	119,678	129,609

Interest-bearing loans and borrowings

Details regarding interest-bearing loans and borrowings are disclosed in note 25 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.

34.3 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.

	2023		2022	
	Assets	**Liabilities**	Assets	Liabilities
Foreign currency forward contracts designated as hedging instruments				
Fair value	1,065	460	1,592	744

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 2023 were assessed to be effective and a net unrealised gain/loss of €0.2 million (2022: €0.5million), with a deferred tax liability of €0.04 million (2022: deferred tax liability of €0.1 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 2023 amounts to €0.3 million negative (2022: €0.8 million positive). The amounts retained in OCI at 31 December 2023 are expected to mature and affect the Consolidated Income Statement in 2024.

34.4 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 2023 and 2022 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	2023: - 2022: -	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 2024 and is based on the contractual minimum. Any increase is fully related to next year's performance of the concerning entities.

(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 2023	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	19					
– Foreign exchange forward contracts USD		31-12-2023	756	-	756	-
– Foreign exchange forward contracts JPY		31-12-2023	141	-	141	-
– Foreign exchange forward contracts other currencies		31-12-2023	168	-	168	-
Deferred receipts	19	31-12-2023	-	-	-	-
Assets for which fair values are disclosed						
Investment properties	15					
– Retail properties		31-12-2023	816	-	-	816
Other financial assets	19	31-12-2023	16,676	-	16,065	611
Liabilities measured at fair value						
Derivatives financial liabilities	16					
– Foreign exchange forward contracts USD		31-12-2023	150	-	150	-
– Foreign exchange forward contracts JPY		31-12-2023	234	-	234	-
– Foreign exchange forward contracts other currencies		31-12-2023	76	-	76	-
Liabilities for which fair values are disclosed						
Interest-bearing loans and borrowings	25					
– Secured financing facility of € 250 million		31-12-2023	145,591	-	145,591	-
– Loan from credit institutions		31-12-2023	72,921	-	72,921	-
– Loans from minority shareholders		31-12-2023	12,870	-	-	12,870
Dividend payable to minority shareholders	26	31-12-2023	2,566	-	-	2,566

(in thousands of euros)

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	19					
– 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	19	31-12-2022	2	-	2	-
Assets for which fair values are disclosed						
Investment properties	15					
– Retail properties		31-12-2022	819	-	-	819
Other financial assets	19	31-12-2022	648	-	648	-
Liabilities measured at fair value						
Derivatives financial liabilities	16					
– 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	25					
– Secured financing facility of €250 million		31-12-2022	50,615	-	50,615	-
– Loan from credit institutions		31-12-2022	75,000	-	75,000	-
– Loans from minority shareholders		31-12-2022	12,870	-	-	12,870
Dividend payable to minority shareholders	26	31-12-2022	5,761	-	-	5,761

34.5 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.

2 Notes to the Consolidated Financial Statements

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 2023 and 2022. 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 2023.

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 2023 and 2023 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 2023 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.

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

(in thousands of euros)

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 €119 million net at year-end 2023 (2022: €176 million). The fair value of these contracts at the balance sheet date was an amount totalling €0.6 million (2022: €0.8 million). 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
2023	+5%	-	+ 3,035
	-5%	-	- 3,355
2022	+5%	-	+ 2,932
	-5%	-	- 4,847

	Change in JPY rate	Effect on profit before tax	Effect on pre-tax equity
2023	+5%	-	+ 799
	-5%	-	- 883
2022	+5%	-	+ 1,056
	-5%	-	- 2,376

Interest rate risk

Vion is partly financed with interest-bearing borrowings, but Vion's exposure to interest rate risk has changed due to the increased short-term debt position. 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 unpledged assets or sell non-core assets. A detailed explanation of the measures taken or to be taken is set out in the going-concern assessment in note 2.1 of the financial statements.

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 2023 (2022: 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
2023	Euro	+50	(726)
	Euro	-50	726
2022	Euro	+50	(375)
	Euro	-50	375

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 2023	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	-	145,591	-	-	-	145,591
– Loan from credit institutions	-	-	7,607	71,566	-	79,173
– Lease obligations	-	4,421	13,263	33,965	9,967	61,616
– Loans from minority shareholders	-	-	13,514	-	-	13,514
Dividend payable to minority shareholders	-	-	2,566	-	-	2,566
Other payables (note 26 Other financial liabilities)	-	-	-	281	-	281
Trade and other liabilities	-	370,323	25,954	-	-	396,277
Contract liability	-	128	-	-	-	128
Derivatives financial liabilities	-	419	41	-	-	460
Total	**-**	**520,882**	**62,945**	**105,812**	**9,967**	**699,606**

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

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	-	-	-	75,172	5,606	80,778
– Lease obligations	-	4,275	12,824	32,800	11,924	61,822
– Loans from minority shareholders	-	-	-	12,870	-	12,870
Dividend payable to minority shareholders	-	-	4,582	1,179	-	5,761
Other payables (note 26 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	**-**	**570,362**	**39,246**	**122,331**	**17,530**	**749,468**

35 List of principal subsidiaries

Proportion of ordinary shares directly held by Vion	%	Country of incorporation
Ahlener Fleischhandel GmbH[1]	87.5	Germany
BestHides GmbH[1]	60	Germany
CEMO GmbH[1]		Germany
De Groene Weg B.V.		the Netherlands
Distrifresh B.V.		the Netherlands
Der Grüne Weg GmbH[1]		Germany
Encebe Vleeswaren B.V.		the Netherlands
FVZ Convenience GmbH[1]		Germany
G.u.P. Salomon GmbH[1]		Germany
Me-at Leeuwarden B.V.		the Netherlands
NWT-CT GmbH[1]		Germany
Otto Nocker Fleischmärkte GmbH[1]		Germany
Salomon Food World GmbH[1]		Germany
Salomon Hitburger GmbH[1]		Germany
SFB Fleisch- und Kühlcentrale GmbH&Co KG	62.5	Germany
Vion Adriaens N.V.		Belgium
Vion Altenburg GmbH[1]		Germany
Vion Apeldoorn B.V.		the Netherlands
Vion Bad Bramstedt GmbH[1]		Germany
Vion Bamberg GmbH[1]		Germany
Vion Beef B.V.		the Netherlands
Vion Beef Süd GmbH[1]		Germany
Vion Boxtel B.V.		the Netherlands
Vion Convenience GmbH[1]		Germany
Vion Crailsheim GmbH[1]		Germany

Proportion of ordinary shares directly held by Vion	%	Country of incorporation
Vion EGN Südostbayern GmbH[1]	51	Germany
Vion Emstek GmbH[1]		Germany
Vion Enschede B.V.		the Netherlands
Vion Farming B.V.		the Netherlands
Vion Farming België N.V.		Belgium
Vion FKM Furth im Wald GmbH[1]	70	Germany
Vion Food International B.V.		the Netherlands
Vion Food North B.V.		the Netherlands
Vion Groenlo B.V.		the Netherlands
Vion Hilden GmbH[1]		Germany
Vion IM&T GmbH[1]		Germany
Vion Move GmbH[1]		Germany
Vion Perleberg GmbH[1]		Germany
Vion Property Emstek GmbH[1]		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[1]	51	Germany
Vion Scherpenzeel B.V.		the Netherlands
Vion Tilburg B.V.		the Netherlands
Vion Trading B.V.		the Netherlands
Vion Vilshofen GmbH[1]	51	Germany
Vion Waldkraiburg GmbH[1]		Germany
Vion Zucht- und Nutzvieh GmbH[1]		Germany

1 Exemption pursuant to Section 264 (3) German Commercial Code.

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.

36 Subsequent events

Divestment of German portfolio

During 2023, the Supervisory Board approved the disposal of the German operations footprint and Vion expects to sell or abandon this component ''piecemeal'' and such piecemeal transactions are expected to occur at different times in 2023, 2024 or 2025. As a consequence, in Q2 2024, Vion sold Ahlener Fleischhandel and the cattle and convenience site in Altenurg to Tönnies Group, and the Perleberg pork facility to Uhlen GmbH. Simultaneously, the production facility in Emstek was closed. Meanwhile the sales support offices in Singapore and the Czeck Republic were closed.

On 5 September 2024, Vion indicated that it has reached a principal commercial agreement to sell the German beef facilities in Waldkraiburg, Buchloe, and Crailsheim, along with the BestHides plants in Memmingen and Eching-Weixerau, the deboning site in Hilden as well as our respective supporting activities to Tönnies Group. The beef facility in Furth im Wald will stay within Vion. The proposed deal will not be closed before customary approvals and closing conditions are completed as well as antitrust authorities have given their authorisations.

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NVWA investigation

In November 2023, Vion was informed by the NVWA that an investigation was launched against Vion into possible irregularities in our data delivery. In 2024, this process is still ongoing and has not yet been finalised.

3 Company Financial Statements

(in thousands of euros)

3.1 Company Statement of Financial Position

Assets	note	**2023**	**2022**
Non-current assets			
Subsidiaries	2	281,544	379,757
Deferred tax assets	3	16,024	11,766
Total non-current assets		**297,568**	**391,523**
Current assets			
Income tax receivable		1,716	-
Total current assets		**1,716**	**-**
Total assets		**299,284**	**391,523**

3 Company Financial Statements
(in thousands of euros)

Equity and liabilities	note	2023	2022
Equity			
Issued share capital	4	2,285	2,285
Share premium	4	372,716	372,716
Legal reserves	4	35,621	30,437
Retained earnings	4	(58,224)	60,084
Result for the year	4	(90,474)	(108,132)
Total Equity	4	**261,924**	**357,390**
Current Liabilities			
Payables to group companies		37,310	32,553
Income tax Payable		-	1,577
Other payables		50	2
Total liabilities		**37,360**	**34,133**
Total equity and liabilities		**299,284**	**391,523**

3.2 Company Income Statement

	2023	2022
(Loss)/profit from group companies after taxation	(93,221)	(95,821)
Other results after taxation	2,747	(12,311)
(Loss)/profit for the year	**(90,474)**	**(108,132)**

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

	2023	2022
Balance at 1 January	379,757	445,350
Loss for the year	(93,221)	(95,821)
Other comprehensive income	(4,992)	30,228
Balance at 31 December	**281,544**	**379,757**

3 Deferred tax assets

	2023	2022
Balance at 1 January	11,766	21,466
Additions	-	-
Deductions	4,258	(9,700)
Balance at 31 December	**16,024**	**11,766**

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: Foreign currency translation reserve	Legal reserves: Other legal reserves	Retained earnings	Result for the year	Total Equity
Balance at 1 January 2022	**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**
Appropriation of net result	-	-	-	-	-	(108,132)	108,132	**-**
Loss for the year	-	-	-	-	-	-	(90,474)	**(90,474)**
Other comprehensive income	-	-	(336)	93	-	(4,749)	-	**(4,992)**
Total comprehensive income	**-**	**-**	**(336)**	**93**	**-**	**(4,749)**	**(90,474)**	**(95,466)**
Release of legal reserve due to disposal	-	-	-	-	2,102	(2,102)	-	**-**
Correction non-controlling interests	-	-	-	-	-	-	-	**-**
Transfer to legal reserves	-	-	-	-	3,325	(3,325)	-	**-**
Balance at 31 December 2023	**2,285**	**372,716**	**391**	**744**	**34,486**	**(58,224)**	**(90,474)**	**261,924**

The other legal reserves relate to capitalised internally developed software of €25.6 million (2022: €22.3 million) and not-free distributable profits and reserves of shareholdings amounting to €0 million (2022: €6.8 million).

Further details are presented in note 24 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 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:

			2023			2022
	EY The Netherlands	**EY International**	**Total**	EY The Netherlands	EY International	Total
Annual accounts audit	1,664	710	2,374	1,284	815	2,099
Other audit related services	88	25	113	61	270	331
Tax related activities	-	-	-	-	-	-
Other	-	-	-	98	-	98
Total	**1,752**	**735**	**2,487**	**1,443**	**1,085**	**2,528**

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 2023 of €90.5 million should be transferred to the reserves.

	2023
Transfer to reserves	(90,474)
Net result 2023	**(90,474)**

8 Subsequent events

Divestment of German portfolio

During 2023, the Supervisory Board approved the disposal of the German operations footprint and Vion expects to sell or abandon this component ''piecemeal'' and such piecemeal transactions are expected to occur at different times in 2023, 2024 or 2025. As a consequence, in Q2 2024, Vion sold Ahlener Fleischhandel and the cattle and convenience site in Altenurg to Tönnies Group, and the Perleberg pork facility to Uhlen GmbH. Simultaneously, the production facility in Emstek was closed. Meanwhile the sales support offices in Singapore and the Czeck Republic were closed.

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4 Notes to the Company Financial Statements

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Boxtel, 16 October 2024

Management Board

Ronald Lotgerink, CEO

Tjarda Klimp, CFO

Supervisory Board

Theo Koekkoek, chair

Rogier Jacobs, vice-chair

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 2023 included in the annual report

Our opinion

We have audited the financial statements for the financial year ended Year-end date 2023 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 2023 and of its result and its cash flows for 2023 in accordance with International Financial Reporting Standards as adopted in the European Union (EU-IFRSs) 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 2023 and of its result for 2023 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 2023
- The following statements for 2023: the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows
- The notes comprising material accounting policy information and other explanatory information.

The company financial statements comprise:

- The company statement of financial position as at 31 December 2023
- The company income statement for 2023
- 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. (the company) 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. Furthermor,e 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.

Material uncertainty related to going concern

We draw attention to the Going concern section in note 2.1 of the financial statements which indicates, amongst others, that the market risks, the uncertain future financial performance (also potentially impacting compliance with financial covenants), and the dependency on third parties relating to the timing of the divestment cashflows and refinancing. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. We refer to the section Our audit response related to going concern that describes how the going concern assumption and the relevant events and conditions that may cast significant doubt on the company's ability to continue as a going concern were addressed in our audit. Our opinion is not modified in respect of this matter.

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

We refer to the section 'Material uncertainty related to going concern' above. Based on our procedures performed, we concluded that a material uncertainty exists which may cast significant doubt about the company's ability to continue as a going concern. 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 a company to cease to continue as a going concern.

Management made a specific assessment of the company's ability to continue as a going concern and to continue its operations for the foreseeable future. As disclosed in Note 2.1 to the financial statements, amongst others, the following events and conditions denote a material uncertainty about the going concern assumption for the company:

- Current financial situation, market risks and future financial performance (also potentially impacting compliance with financial covenants).

- Dependency on third parties relating to the divestments, which have an impact on the timing and amount of the divestment cashflows, and refinancing

We discussed and evaluated the specific assessment with management exercising professional judgment and maintaining professional skepticism. We involved our Turnaround and Restructuring Specialists and specifically focused on, among other things, the impact of the events and conditions that are relevant for the company's ability to continue as a going concern and mitigating factors, significant assumptions, the process followed by management 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.

Furthermore, 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 and whether covenants can be complied with. As part of our work we performed the following audit procedures:

- We have held inquiries with amongst others:
  - Management board
  - Members of supervisory board
  - Group controller, business unit CFOs and the Financial planning and analysis team
  - Treasurer
- We have inspected the original and amended financing agreements including the relevant covenants
- We have assessed the sensitivity of the headroom in the cashflow forecast models.
- We have inspected the agreements relating to the divestments and obtained an understanding of the related forecasted cash flows and expected timing thereof.

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.

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.

5 Other information

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 the company 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'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 and, where considered appropriate, tested the operating effectiveness, 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.

We addressed the risks related to management override of controls, as this risk is present in all companies. For these risks we have performed procedures among other things 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" to the financial statements. This includes estimates relating to the going concern assumption, impairment of non-financial assets and deferred tax assets. 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 forecasting, we specifically obtained and confirmed our understanding of the budgeting process. Furthermore, we have involved specialists to validate the forecast model and certain assumptions used for impairment testing.

Furthermore, in order to respond to the identified risks of management override of controls relating to the covenants, we performed additional procedures on accounts which impact the covenants, including working capital, revenues, provisions interest expenses and on-top consolidation adjustments.

When identifying and assessing fraud risks we presumed that there are risks of fraud in revenue recognition. We identified a specific revenue recognition fraud risk relating to the sales prices. We designed and performed our audit procedures including data-analytics analyzing sales prices responsive to this presumed fraud risk.

5 Other information

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.

We also inspected lawyers' letters and 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.

Management 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.

5 Other information

Description of responsibilities regarding the financial statements

Responsibilities of management and the supervisory board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRSs and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management 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, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations or has no realistic alternative but to do so. Management 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.

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 management
- 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.

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, 16 October 2024

EY Accountants B.V.

Signed by M.H. de Hair

Annual report 2023

Vion

Vion Holding N.V.
Boseind 15
5281 RM Boxtel
The Netherlands

Tel.: +31 88 995 3555

www.vionfoodgroup.com

Chamber of Commerce: 17053901

Vion FOOD GROUP

Food that Matters