Vanderlande Industries B.V.

Financial statements

31 March 2020

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For identification purposes only

Management Board Report

General information
Vanderlande Industries B.V. (hereafter: the company) and its subsidiaries (hereafter: the group) are part of Vanderlande Industries, which is ultimately controlled by Toyota Industries Corporation. The company's headquarters are located in Veghel, the Netherlands. The group's operations are strongly integrated with those of the other Vanderlande Industries entities, which means that activities, resources and processes are shared or performed jointly between the entities. Synergies with Toyota Industries Corporation include cross-selling, product innovations, and research and development.

Established in 1949, the group has 2.903 full time employees per end of the financial year, all committed to moving our customers' businesses forward at diverse locations. Vanderlande Industries is a market leader for future-proof logistic process automation at airports and the parcel market and a leading supplier of process automation solutions for warehouses. The group aims to improve the competitiveness of its customers through value-added logistic process automation. The group's strategy is based on three dimensions: customers, solutions and geography.

The group's activities are mainly focused in Europe, but supports other Vanderlande entities in global operations as well. The key customers of Vanderlande are within the airports, warehousing and parcel industry. The group provides end-to-end integrated logistics solutions and differentiates itself through platform-based market-leading concepts combined with proven service, finance and interface packages.

Vanderlande's strategic ambition is to realise sustainable profitable growth by retaining market leading positions as well as being the first choice of its customers.

Reflecting on the past financial year
In the beginning of our financial year, we started with various new strategic initiatives which we call continuous acceleration programmes. These programmes are designed to support our overall long-term strategic ambitions and were focused around performance improvement and strengthening the company. These programmes focus around our people, digital innovation, platform solutions, value based pricing and our supply organisation and continue into the next financial year.

By the end of the financial year, we were faced with the unpreceded outbreak of the COVID-19 virus. To manage the COVID-19 situation within Vanderlande, we have put in place a crisis management team. The first objective of the crisis management team was stability, especially with regard to our employees. As the COVID-19 crisis was unfolding we were gaining visibility on its impact for our customers and as a consequence Vanderlande's business. Although the impact for the financial year itself was limited, it brought much uncertainty for the future by the end of the financial year.

Our financial results were at EUR 24.1 million profit, which was slightly below previous financial year (EUR 27.6 million profit). We realised less revenue, whilst our business support costs remained at the same level in anticipation of growth. The lower revenues mainly related to our airport and warehousing projects where we had low intake of new orders. Initiatives were taken to further manage our costs base and focus on profitability given the limited top line growth, especially in light of the COVID-19 crisis per the end of the financial year. With the uncertainties arising from the COVID-19 crisis we nevertheless took measures to increase our borrowing capacity and safeguard our liquidity.

Risks
Most risk management activities are performed centrally for the Vanderlande Industries group.
We manage our strategic exposures through diversification in customers, geography and solutions. Our business is diversified into the segments airports, warehousing, parcel and life cycle services. Relating to customers, we invest extensively in long-term customer relations and to retain our well-established brand in the field of logistic solutions. We retain our market leading positions through our extensive expertise and knowledge in end to end logistic customer solutions and continuously invests in research and development. We design and build software in-house and manufacturing critical parts through our own factories, supported by a well-established and diversified supplier base.

The group has closely integrated operations with one way of working, IT landscape and internal control framework. Many day-to day financial processes are managed through our worldwide shared service centre. Compliance and legal matters are managed through our legal and compliance departments.

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The group has sufficient liquidity head-room to meet liquidity shortfalls through short-term borrowing facilities. So far, amidst the COVID-19 crisis, the group has only made limited use of these facilities.

The group is exposed to a variety of financial risks, including foreign exchange rate risk, interest rate risk, liquidity risk and credit risk. These risks are managed by group treasury, the central treasury department, based on policies approved by the board of directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the business.

The treasury policies provide written principles for overall risk management, as well as for specific areas, such as, foreign exchange risk, interest rate risk, liquidity risk and credit risk, including guidelines for the use of derivative and non-derivative financial instruments. For further details we refer to the financial risk management paragraph in the financial statements.

Corporate social responsibility

It is our belief that sustainability is an integral part of our corporate strategy and provides a strong, long-term basis for doing good business with our customers. This is why we have placed our 'people, planet and profit' commitments at the core of our strategy and business values. Further information can be found in our sustainability report FY2020, which can be found on www.vanderlande.com.

People

Our people are the greatest asset of our company, and for this reason, we have invested a great deal of effort in creating the best possible employee experience. We attract, retain, and develop talent in order to foster a culture of expertise and knowledge sharing. This culture of knowledge results in smart solutions that are an ideal match for the challenging material handling sector. All these elements have been recognised by our own teams through various top employer awards. These include being awarded the highest rating in the 'Manufacturing and Industry' category for several years in a row in The Netherlands. Vanderlande is an organization with strong values of responsibility and integrity. Our code of conduct contains Vanderlande's philosophy for conducting business with the highest standards of ethics.
In FY2020 our employee base grew on average by approximately 300 full-time employees. Most of these employees are employed in our life cycle services business.

The board of directors consists currently of two male members. The goal for the composition is to aim as much as possible for a diverse composition, where possible, in age and gender.

Research and development

Our R&D activities are focused to contribute to the overall strategy to be a provider of end-to-end integrated material handling solutions within the context of sustainable profitable growth. To provide the best total solution, R&D is driving module development through platforms to move from engineering to order to configure to order. Besides the further development of the Airports platform, market leading concepts like HOMEPICK have been developed for the Warehousing segment. Centre of the R&D activities and governance is within the Netherlands, supported by regional development centres across the world

Outlook

By the end of the financial year, we faced much uncertainty arising from the COVID-19 crisis. Our main priority was to safeguard business continuity and prepare for the future as we started to understand the impact on the economy and our business. During the lockdown period that started by the end of the financial year our operations were impacted. We experienced reduced capacity in manufacturing and delay in supply deliveries. Also, we had difficulties to continue project executions when we were not able to get our employees on site due to travel restrictions.

Our segments have different exposures to the overall economic situation. The airport segment is expected to experience the most negative impact. So far, in FY2021 we have seen some descope of our life cycle services as airports closed or scaled down their operations. The delay in projects that were already ongoing has been limited, but we expected longer term impact on order intake as our customers cancel or delay new projects. The long-term impact of COVID-19 on airports is at least expected for the next couple of years and we will have to adjust our growth ambitions in this segment.

The impact on the warehousing and parcel segment is different. We see growth in the e-commerce business and customers continuing investment in logistic operations. Therefore, we will place additional emphasis on this segment to peruse its business opportunities and accelerate investment in the development of platform based solutions.

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To maintain and improve profitability in the future we have also initiated various improvement programmes. These measures need to make our business more flexible to coop with the changing circumstances we face. This involves employee and cost reduction measures as well. We aim to optimise sharing of resources and right-sizing activities heavily affected by lower volumes.

Financial year 2021 showed that we were able to master the covid-19 situation quickly. We see the value of our multiple segment strategy, where continued growth in Warehousing and Parcel is able to overcome the decline in revenue volume in Airports. Costs-reduction through cost measures and lockdown restrictions show to have a positive effect on our profit. Overall, we look ahead with confidence to the year to come.

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Annual Report

Consolidated statement of profit or loss and comprehensive income

For the year ended 31 March 2020

(Amounts x € 1.000)

Consolidated statement of profit or loss	Notes	2020	2019	2018*
Revenue from contracts with customers	5	478.779	538.225	562.349
Cost of sales of goods and providing services	6	-329.052	-382.090	-399.139
Gross profit		**149.727**	**156.135**	**163.210**
Selling, general and administrative expenses	6	-127.995	-115.528	-147.152
Research and development expenses		-7.410	-8.960	-6.567
Net operating income	7	20.940	10.158	20.125
Operating profit		**35.262**	**41.805**	**29.616**
Finance income	8	1.458	4.090	4.443
Finance costs	8	-1.892	-222	-1.506
Profit before income tax		**34.828**	**45.673**	**32.553**
Income tax expense	9	-10.705	-18.058	-3.161
Profit for the period		**24.123**	**27.615**	**29.392**

*2018 includes the period from 1 January 2017 until 31 March 2018

Consolidated statement of comprehensive income	Notes	2020	2019	2018*
Profit for the period		**24.123**	**27.615**	**29.392**
Remeasurements of defined benefit plans	17	-1.247	-57	-390
Total of items not to be reclassified to profit or loss		**-1.247**	**-57**	**-390**
Foreign currency translation adjustments	17	-2.868	-1.138	-954
Movement in equity hedge reserve	17	-254	-4.659	5.795
Other movements	17	-	-	-409
Total of items that may be reclassified to profit or loss		**-3.122**	**-5.797**	**4.432**
Other comprehensive (expense) / income for the year, net of tax		**-4.369**	**-5.854**	**4.042**
Comprehensive income for the year		**19.754**	**21.761**	**33.434**

*2018 includes the period from 1 January 2017 until 31 March 2018

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The accompanying notes form an integral part of these financial statements.

Consolidated statement of financial position

As of 31 March 2020

(Amounts x € 1.000)

	Notes	31 March 2020	31 March 2019	31 March 2018	1 January 2017
Assets					
Non-current assets					
Property, plant and equipment	10	86.241	77.441	78.785	77.516
Right-of-use assets	11	10.883	10.425	10.865	7.558
Intangible assets	12	61.965	47.880	23.134	2.605
Deferred tax assets	9	15.053	14.127	13.660	9.999
Other non-current assets	13	27	20	20	25.623
Total non-current assets		**174.169**	**149.893**	**126.464**	**123.301**
Current assets					
Inventories	14	54.265	41.398	52.042	36.798
Trade and other receivables	15	229.972	211.689	226.133	171.622
Derivative financial instruments	22	1.129	1.904	1.486	2.280
Cash and cash equivalents	16	4.693	110	-	2.051
Total current assets		**290.059**	**255.101**	**279.661**	**212.751**
Total assets		**464.228**	**404.994**	**406.125**	**336.052**
Equity					
Share capital	17	238	238	238	238
Share premium	17	2.472	2.472	24.576	24.576
Reserves	17	-20.678	-13.924	6.567	17.526
Retained earnings	17	24.123	27.615	29.392	-
Total equity		**6.155**	**16.401**	**60.773**	**42.340**
Non-current liabilities					
Lease liabilities	11	6.955	7.018	8.060	5.981
Deferred tax liabilities	9	13.742	8.569	334	1.592
Provisions	18	6.932	10.534	11.077	8.074
Total non-current liabilities		**27.629**	**26.121**	**19.471**	**15.647**
Current liabilities					
Trade and other payables	20	312.546	264.173	300.624	199.027
Current tax liabilities		2.227	2.340	1.310	6.122
Derivative financial instruments	22	816	5.433	217	4.195
Borrowings	19	100.000	70.000	0	62.314
Lease liabilities	11	3.928	3.407	2.805	1.577
Bank overdrafts	16	-	9.630	17.064	-
Provisions	18	10.927	7.489	3.861	4.830
Total current liabilities		**430.444**	**362.472**	**325.881**	**278.065**
Total liabilities and equity		**464.228**	**404.994**	**406.125**	**336.052**

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Consolidated statement of changes in equity

For the year ended 31 March 2020

(Amounts x € 1.000)

Attributable to owners of Vanderlande Industries B.V.	Share capital	Share premium	Reserves	Retained earnings	**Total equity**
Balance – 1 January 2017 IFRS SME	238	24.576	29.267	-	54.081
Prior period adjustments	-	-	-13.718	-	-13.718
Conversion to EU-IFRS	-	-	1.977	-	1.977
Balance – 1 January 2017 EU-IFRS	**238**	**24.576**	**17.526**	**-**	**42.340**
Profit for the period	-	-	-	29.392	29.392
Movement in equity hedge reserve	-	-	5.795	-	5.795
Foreign currency translation adjustments	-	-	-954	-	-954
Remeasurement of defined benefit plan	-	-	-390	-	-390
Other movements	-	-	-410	-	-410
Total comprehensive income for the period	-	-	4.041	29.392	33.433
Transactions with owners in their capacity as owners					
Dividends	-	-	-15.000	-	-15.000
Balance – 31 March 2018	**238**	**24.576**	**6.567**	**29.392**	**60.773**
Profit for the period	-	-	-	27.615	27.615
Movement in equity hedge reserve	-	-	-4.659	-	-4.659
Foreign currency translation adjustments	-	-	-1.138	-	-1.138
Remeasurement of defined benefit plan	-	-	-57	-	-57
Other movements	-	-	29.392	-29.392	-
Total comprehensive income for the period	-	-	23.538	-1.777	21.761
Transactions with owners in their capacity as owners					
Dividends	-	-	-44.030	-	-44.030
Share premium	-	-22.104	-	-	-22.104
Balance – 31 March 2019	**238**	**2.472**	**-13.924**	**27.615**	**16.401**
Profit for the period	-	-	-	24.123	24.123
Movement in equity hedge reserve	-	-	-254	-	-254
Foreign currency translation adjustments	-	-	-2.868	-	-2.868
Remeasurement of defined benefit plan	-	-	-1.247	-	-1.247
Other movements	-	-	27.615	-27.615	-
Total comprehensive income for the period	-	-	23.246	-3.492	19.754
Transactions with owners in their capacity as owners					
Dividends	-	-	-30.000	-	-30.000
Balance – 31 March 2020	**238**	**2.472**	**-20.678**	**24.123**	**6.155**

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The accompanying notes form an integral part of these financial statements.

Consolidated statement of cash flows

For the year ended 31 March 2020

(Amounts x € 1.000)

	2020	2019	2018*
Cash flows from operating activities			
Profit for the period	24.123	27.615	29.392
Adjustments for non-cash items:			
Amortisation and depreciation	28.658	20.864	17.864
Provisions	-534	3.262	3.695
Movements in working capital:			
Inventories	-12.867	10.644	-15.244
Trade and other receivables	-21.151	13.306	-34.305
Other current assets	-683	-4.507	795
Trade and other payables	46.884	-33.918	103.992
Other current liabilities	5.836	18.615	4.977
Cash generated from operations	**70.266**	**55.881**	**111.165**
Contribution to defined benefit plan	-877	-234	-2.052
Interest received	1.458	4.090	4.440
Interest paid	-425	-223	-3.918
Income taxes paid	-4.656	-11.572	-11.336
Net cash generated from operating activities	**65.765**	**47.942**	**98.272**
Cash flows from investing activities			
Investments of intangible assets	-26.285	-29.415	-22.597
Investments of property, plant and equipment	-21.321	-11.748	-15.139
Net cash generated from investing activities	**-47.606**	**-41.163**	**-37.736**
Cash flows from financing activities			
Dividends paid to company’s shareholders	-30.000	-44.030	-15.000
Redistribution of share premium	-	-22.103	-
Usage of short-term loan facility	30.000	70.000	-62.314
Repayments of lease liabilities	-3.937	-3.100	-2.330
Net cash generated from financing activities	**-3.937**	**767**	**-79.644**
Net increase in cash and cash equivalents	**14.222**	**7.546**	**-19.110**

Balance at the beginning of the period	**-9.521**	**-17.064**	**2.051**
Movements during the period	14.222	7.546	-19.110
Effects of exchange rate changes on cash and cash equivalents	-8	-3	-5
Balance at the end of the period	**4.693**	**-9.521**	**-17.064**

*2018 includes the period from 1 January 2017 until 31 March 2018

The accompanying notes form an integral part of these financial statements.

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Notes to the consolidated financial statements

For the year ended 31 March 2020
(Amounts x € 1.000)

1. General information

1.1. Operations

The activities of Vanderlande Industries B.V. ('the company') and its owned subsidiaries (together 'the group') mainly comprise the design and implementation of logistic process automation solutions and related services in the market segments airports, warehousing and parcel. Revenue is mainly realised in foreign markets.

1.2. Group structure

Vanderlande Industries B.V. is a limited liability company incorporated and domiciled in the Netherlands and is registered in the Commercial Register of The Netherlands Chamber of Commerce under no. 16017956. The address of its registered office is Vanderlandelaan 2, Veghel.

Vanderlande Industries B.V. is a 100% participating interest of Vanderlande Industries Holding B.V. Vanderlande Industries Holding B.V. has issued a liability statement pursuant to article 403, Book 2 of the Dutch Civil Code in respect of Dutch subsidiaries, including Vanderlande Industries B.V. The company forms a fiscal unity for corporate income tax and VAT with Vanderlande Industries Holding B.V.

1.3. Going concern assumption

The outbreak of COVID-19 is affecting the group's daily business operations and impacting day-to-day life globally. This is causing office closures and mandatory working from home, site closures, delays in goods receipts, production/ assembly and subsequent installation. The effects of this are project and service delays, or even projects being on hold.

The group follows the developments closely and takes appropriate actions to protect personnel health and safety and to minimise the financial impact of COVID-19 and to protect the business continuity.

Based on several scenario's assessed, the financial information is based on the group's ability to continue as a going concern. It is expected that COVID-19 may have some impact, though not significant, in relation to expected future performance or the company's activities in general.

2. Basis of preparation

2.1. Statement of compliance

The Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and interpretations issued by the IFRS Interpretations Committee as adopted by the European Union (IFRSs) and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements of the group were authorized by the Board of Directors for issue on December 13, 2021.
This is the first set of the group's annual financial statements in which IFRSs have been applied.

Please refer to note 2.3 for the first-time adoption.

2.2. Basis of measurement

The financial statements have been prepared under the historical cost convention, unless otherwise stated in the accounting policies below. All amounts in the notes to the financial statements are stated in euros (Amounts x €1.000), unless otherwise stated.

These consolidated financial statements reflect all the assets, liabilities, revenues, expenses and cash flows of the group and its subsidiaries.

The applicable EU-IFRS standards have been applied as from 1 January 2017 and apply for all the years presented in these consolidated financial statements. Further the Company has adopted IFRS 1 'First-time Adoption of International Financial Reporting Standards" (IFRS 1). These are the first consolidated financial statements that the Company has prepared in accordance with IFRS, and 1 January 2017 was the date of transition. All financial years include 12 months, except for financial year 2018, which includes 15 months and starts at 1 January 2017. During 2017 Vanderlande Industries was acquired by Toyota Industries Corporation which has a financial year-end per March 31 and financial year 2018 is 1 January 2017 till March 31, 2018 (15 months). Therefore, given the longer period of financial year 2018, it is not fully comparable to the other financial years presented.

2.3. First-time adoption of IFRS

These financial statements, for the year ended 31 March 2020, are the first the group has prepared in

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accordance with IFRS because of alignment with accounting principles applied by the ultimate parent company, comparability and industry practice applied. For periods up to and including the year ended 31 December 2016 the group prepared its financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities ('IFRS for SMEs').

During the preparation of the IFRS opening balance per January 1, 2017 the following prior year adjustments have been identified:

- Transfer Price adjustment 2016	-12.557
- Revenue allocation adjustment	- 1.161
Total	-13.718

Accordingly, the group has prepared financial statements that comply with IFRS applicable as at 31 March 2020, together with the comparative period data for the year ended 31 March 2018 and 31 March 2019, as described in the accounting policies.

In preparing the financial statements, the group's opening statement of financial position was prepared as at 1 January 2017 which is the group's date of transition to IFRS. This note explains the principal adjustments made by the group in restating its IFRS SME consolidated financial statements, including the consolidated statement of financial position as at 1 January 2017 and the consolidated financial statements as of, and for, the year ended 31 March 2018, 31 March 2019 and 31 March 2020.

Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS.

The group has applied the following exemption:

- Cumulative translation differences for all foreign operations are deemed to be zero at 1 January 2017.

Estimations

The estimates at 1 January 2017 are consistent with those made at the same dates in accordance with IFRS SME.1.162

Reclassifications and remeasurements

IFRS adjustments as at 1 January 2017	
a. Leases	-
b. Cumulative translation differences	-
c. Impairment of financial assets	-
d. Hedge accounting	-
e. Extended warranty	+1.977
Total	1.977

For the reconciliation between IFRS SME to EU-IFRS, please refer to the consolidated statement of changes in equity as disclosed earlier in the financial statements.

The Group has only prepared consolidated financial statements in accordance with previous GAAP until 31 December 2016. After that date no consolidated financial statements were prepared as the Group made use of the article 403 Book 2 of the Dutch Civil Code group exemption. As a result, the disclosures relating to the reconciliation of equity and comprehensive income for the latest period presented in the entity's most recent consolidated annual financial statements in accordance with previous GAAP are not applicable.

Notes to the reconciliation of equity at 1 January 2017

a. Leases

Unlike the former standard, IFRS 16 no longer distinguishes between operational and finance leases. IFRS 16 requires the group to recognize right-of-use assets and lease liabilities in the consolidated statement of financial position. The group has adopted IFRS 16 Leases retrospectively from 1 January 2017. Lease expenses recognized under IFRS SME were reversed against the lease liability.

As at 1 January 2017, the group recognized a lease liability in the amount of €7.558 by measurement of the present value of the remaining lease payments upon the date of transition to IFRS. No prepayment or accrued lease payments were recognized on transition date to IFRS, therefore the right-of-use asset is equal to the lease liability.

The group assessed whether a contract is, or contains, a lease at the date of initial application in accordance with IFRS 16. The group did not identify differences compared its assessment under IFRS SME. The group has applied the following approach which is available for first-time adopters under specific transition provisions in the Standard:

- The group measured its lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of transition to IFRS;
- The group measured its right-of-use-asset at the date of transition to IFRS at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the consolidated statement of

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financial position immediately before the date of transition to IFRSs; and the
- The group applied IAS 36 to right-of-use assets at the date of transition to IFRS.

The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2017 was 0.25%.

Practical expedients applied:
In applying IFRS 16 for the first time, the group has used the following practical expedients permitted by the Standard:
- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics; and
- Using hindsight in determining the lease term if the contract contains options to extend or terminate the lease.

b. Cumulative translation differences
Under IFRS SME, the group recognized translation differences on foreign operations in a separate component of equity. Cumulative currency translation differences for all foreign operations are deemed to be zero at 1 January 2017.

c. Impairment of financial assets
The transition to IFRS 9 has fundamentally changed the accounting for impairment losses for financial assets by replacing the incurred loss approach under IAS 39 with a forward-looking expected credit loss (ECL) approach. The adoption of IFRS 9 requires the group to recognize an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

At transition date to IFRS, the group has assessed the impact but did not recognize any additional material impairments on its trade receivables and contract assets as this was not material.

d. Hedge accounting
Under IFRS 9 the economic hedge relationship qualifies for cash flow accounting as the hedging relationship consist of an eligible hedging instrument and an eligible hedged item. The group applies hedge accounting in accordance with IFRS 9 and the effective portion of changes in the fair value of the hedging instrument is recognized in the cash flow hedge reserve within equity.

e. Extended warranty
A warranty that a customer can purchase separately from the related good or service (that is, it is priced or negotiated separately) is a separate performance obligation. The fact that it is sold separately indicates that a service is being provided beyond ensuring that the product will function as intended. Revenue allocated to the warranty is recognized over the warranty period. The Group's extended warranty does qualify under this guidance.

Impact on consolidated statement of cash flows
The transition from IFRS SME to IFRS resulted in a reclassification in the consolidated statement of cash flows. The most significant change is related to the presentation of leases. Under IFRS SME, the leases which classified as operational lease were presented within cash flows from operating activities. Under IFRS, contracts that provide for a right to control the use of an identified asset for a period of time in exchange for consideration, a lease liability is recognized. Payments to the lessor for these leases are presented within cash flows from financing activities. As a result, the cash outflows from operating activities decreased by €3.938 and the cash outflows from financing activities increased by €3.938 for the financial year 2020.

There are no new standards / amendments that are expected to have an impact on the group.

3. Summary of significant accounting policies

3.1. Accounting policies
This note provides a list of the significant accounting policies adopted in the preparation of the consolidated financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated. There are no new standards / amendments that are expected to have an impact on the group.

3.2. Consolidation
General
The consolidation includes the financial information of Vanderlande Industries B.V. and it's subsidiary. The company controls an entity where the company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Group companies in which Vanderlande Industries B.V. exercises control or whose central management it conducts are consolidated in full. They are deconsolidated from the date on which control ceases. Non-controlling interests in group equity and group profit are disclosed separately.

Intercompany
Intercompany transactions, profits and balances among group companies and other consolidated entities are eliminated. Unrealised losses on intercompany transactions are also eliminated, unless

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such losses qualify as impairments. The accounting policies of group companies and other consolidated entities have been changed where necessary, to align them with the prevailing group accounting policies.

3.3. Related-party transactions

A related party is a person or entity that is related to the entity that is preparing its financial statements. A related-party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. Related party transactions are at arm's length.

3.4. Notes to the consolidated statement of cash flows

The statement of cash flows has been prepared using the indirect method. The cash items disclosed in the cash flow statement consist of cash and cash equivalents and bank overdrafts (if applicable). Cash flows denominated in foreign currencies have been translated at average estimated exchange rates. Exchange differences affecting cash items are shown separately in the statement of cash flows. Interest paid and received, dividends received and income taxes are included in cash from operating activities.

Dividends paid are recognised as cash used in financing activities. Transactions not resulting in inflow or outflow of cash are not recognised in the cash flow statement. Payments of finance lease instalments qualify as repayments of borrowings under cash used in financing activities and as interest paid under cash generated from operating activities.

3.5. Estimates and judgements

If necessary for the purposes of providing the view required under Section 362(1), Book 2 of the Dutch Civil Code, the nature of these estimates and judgements, including the related assumptions, is disclosed in the notes to the financial statement items in question.

Financial line items with most significant estimates are:

- Contract asset and liabilities
- Deferred tax asset and liabilities
- Right of use assets and lease liabilities
- Provision
- Revenue from contracts with customers

Financial line items with most significant judgements are:

- Intangible assets (capitalization of development expenses)
- Derivative financial instruments

3.6. Foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in euros, which is the company's functional and the group's presentation currency.

Transactions, receivables and debts

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange prevailing at the balance sheet date.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within finance income or finance costs. All other foreign exchange gains and losses are presented in profit or loss within the cost of revenue and/or net operating income and expense.

Translation differences on non-monetary assets held at cost are recognised using the exchange rates prevailing at the dates of the transactions (or the approximated rates).

Group companies

The results and financial positions of all group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a) assets and liabilities for each statement of financial position presented are translated at the closing rate on the reporting date;
b) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the exchange rates at the dates of the transactions, in which case income and expense items are translated at the exchange rates at the dates of the transactions); and
c) all resulting exchange differences are recognised in other comprehensive income. These differences are included in the foreign currency translation reserve as part of the equity. This reserve is a legal reserve and hence not freely distributable.

Translation differences on intra-group long-term loans that effectively constitute an increase or decrease in net investments in a foreign operation are directly

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recognised in equity as a component of the legal reserve for translation differences.

4. Accounting policies for the financial statements

4.1. Revenue from contracts with customers

Revenue is measured at the amount of consideration promised in a contract with the customer, net of discounts, incentives to distributors and other items.

For construction and maintenance contracts the group recognises revenue based on the fulfilment of the distinct performance obligations in the contract. The method the group applies for the performance obligations that are satisfied over-time, the method that best depicts the transfer of control to the customer, is an output method, because such method measures the value transferred to the customer. The duration of these contracts mostly varies from a couple of months to multiple years. Most often contracts in the Airport segment are multi-year projects, whereas projects in the Warehousing and Parcel segment have a duration of a couple of months to a year. Contract modifications are common as design specifications or scope is changed during the project based on the customer's request. Revenue recognition is then based on the agreed contract modifications.

Often a contract consists of multiple performance obligations. The revenue recognised in a period is based on the percentage of completion of the performance obligation, being the actual costs relative to the total expected costs. The group makes significant estimates and judgements to determine those expected costs.

For sales of products, since the customer obtains control over the product when a customer accepts goods after inspection, and therefore the performance obligation is judged to have been satisfied, the group normally recognises revenue when a customer accepts goods after inspection.

A provision is recognised when a contract becomes onerous. These provisions are classified as part of trade and other payables, refer to note 20.

Warranty costs and related revenues are recognised over the duration of the project. Revenue on extended warranty on the other hand is recognised over the warranty period itself. For further details on the warranty provision refer to note 18.

4.2. Exchange differences

Exchange differences arising on the settlement or conversion of monetary items are recognised in the profit and loss account on net operating income and expense in the period in which they arise, unless they are hedged.

4.3. Employee benefits

Short-term employee benefits

Salaries, wages and social security contributions are taken to the profit and loss account based on the terms of employment, where they are due to employees.

For bonuses, if the group has the present legal and constructive obligation to pay them as the result of past services provided by employees and the amount can be reliably estimated, the amount estimated to be paid is recognised as a liability.

Post-employment benefits

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

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

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date minus the fair value of plan assets. The defined benefit obligation is measured using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to market yields at the reporting date on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

The group makes a comprehensive actuarial valuation if the principal valuation assumptions have changed significantly and at least once a year. Actuarial gains and losses are recognised in the consolidated comprehensive income statement in the period in which they arise.

Past-service costs are recognised immediately in profit or loss.

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For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expenses when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

Other long-term employee benefits
The amount of an obligation in respect of the long-service award scheme (jubilee provision) is calculated by estimating the amount of future benefits earned by employees in the current and prior fiscal years and discounting that amount to the present value.

4.4. Government grants

Grants from the government are recognised at their fair value in profit or loss where there is a reasonable assurance that the grant will be received and the group has complied with all the associated conditions. Grants received where the group has yet to comply with all the associated conditions are recognised as liabilities (and included in deferred income within trade and other payables) and are released to income when all the associated conditions have been complied with.

When a grant is received for acquisition of an asset, the carrying amount of the asset is calculated by deducting the amount of the grant from the acquisition cost of the asset. Government grants are presented in other operating income & expenses.

4.5. Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the company's shareholders.

4.6. Borrowing costs

All borrowing costs are charged to profit or loss in the period in which they are incurred.

4.7. Taxes

Income taxes comprise current taxes and deferred taxes. These are recognised in profit or loss except taxes that arise from items that are recognised either in other comprehensive income or directly in equity or from business combinations.

Taxes for the fiscal year under review are the expected taxes payable or receivable on the taxable profit or loss for the year, using the tax rates and tax laws enacted or substantively enacted by the end of the reporting period.
Deferred tax assets and liabilities are recognised on temporary differences between the carrying amounts of assets and liabilities for accounting purposes and their tax basis. Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction not related to a business combination and affects neither accounting profit nor taxable profit. Also, deferred tax liabilities are not recognised if the taxable temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and affiliates. However, deferred tax liabilities are not recognised if the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates expected to apply in the period in which the asset realised or the liability is settled based on tax laws that have been enacted or substantively enacted by the end of the reporting period.

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

Deferred tax assets are recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that taxable profits will be available against which they can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be earned to allow related tax benefits to be realised.

4.8. Finance income and finance costs

Financial income includes interest income, dividends income, gains on foreign currency translation and gain on derivatives (excluding gain or loss on hedging instruments that are recognised in other comprehensive income). Interest income is recognised as earned using the effective interest method. Dividends income is recognised on the date of the group's vesting.

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Financial expenses include interest expense, losses on foreign currency translation and loss on derivatives (excluding loss on hedging instruments that are recognised in other comprehensive income

4.9. Intangible assets

Intangible assets are measured using the cost model and stated at cost less accumulated depreciation and accumulated impairment losses.

Intangible assets acquired
Separately acquired intangible assets are recorded at historical cost. The cost of intangible assets acquired in a business combination is measured at fair value at the acquisition date.
Intangible assets with finite useful lives are subsequently carried at cost less accumulated amortisation and impairment losses. Intangible assets with indefinite useful lives are carried at cost less accumulated impairment losses, without being amortised but tested for impairment.

Internally generated intangible assets
Expenditure on research is recognised as an expense in the consolidated statements of profit or loss in the financial year in which it is incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following can be demonstrated:

a) the technical feasibility of completing the intangible asset so that it will be available for use or sale
b) its intention to complete the intangible asset and use or sell it
c) its ability to use or sell the intangible asset
d) how the intangible asset will generate probable future economic benefits
e) the availability of adequate technical, financial and other resources to complete development and to use or sell the intangible asset
f) its ability to measure reliably the expenditure attributable to the intangible asset during its development

The cost of an internally generated intangible asset is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria above to the completion of its development. If an internally generated asset is not recognised, a development cost is recognised as an expense in profit or loss.

After initial recognition, an internally generated intangible assets are carried at cost less accumulated amortisation and impairment losses.

Amortisation of intangible assets

Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives.

The estimated useful lives of major classes of assets are as follows:

- software: 3 to 5 years
- development assets: 2 to 10 years
- other intangible assets: 5 to 10 years

Estimated useful lives and amortisation methods are reviewed at each reporting date, and any revisions are applied as revisions to accounting estimates prospectively.

Derecognition of intangible assets
An item of intangible assets is derecognised on disposal or when it is withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising from derecognition of an item of intangible assets is included in profit or loss when it is derecognised.

Transfer of assets
Assets are transferred from Assets under Construction to the correct category when completely finalized and depreciation can start.

4.10. Property, plant and equipment

Property, plant and equipment are measured using the cost model and stated at cost less accumulated depreciation and accumulated impairment losses.

Estimated useful lives and the method of depreciation are reviewed at every reporting year end. Changes in estimated useful lives or depreciation methods are accounted for on a prospective basis as a change in accounting estimate. Property, plant and equipment, excluding land and construction in progress, are depreciated on a straight-line basis over their estimated useful lives. Leased assets are depreciated over the shorter of the lease term or their estimated useful lives, unless it is reasonably certain that the group will acquire ownership by expiration of the lease term.

The estimated useful lives for major classes of assets are as follows:

- land and buildings: 5 to 25 years
- machinery and equipment: 3 to 10 years
- tools, furniture and fixture: 3 to 10 years

An item of property, plant and equipment is derecognised on disposal or when it is withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising from derecognition of an item of property, plant and equipment is included in profit or loss when it is derecognised.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Transfer of assets
Assets are transferred from Assets under Construction to the correct category when completely finalized and depreciation can start.

4.11. Impairment losses

Financial assets
Financial assets measured at amortized cost are assessed for impairment losses based on expected credit losses. At the end of the reporting period, if credit risk has not increased significantly after initial recognition, the amount of loss allowance is calculated based on the expected credit losses resulting from default events that are possible within 12 months after the reporting date (12-month expected credit losses). On the other hand, at the end of the reporting period, if credit risk has increased significantly after initial recognition, the amount of loss allowance is calculated based on the expected credit losses resulting from all possible default events over the life of the financial instrument (lifetime expected credit losses).

However, regardless of the above, lifetime expected credit loss measurement always applies to trade receivables and lease investment assets without a significant financing component

Non-financial assets
The group reviews carrying amounts of non-financial assets, excluding inventories and deferred tax assets, at every reporting year end to determine whether there is any indication of impairment. If there is any indication of impairment, impairment testing is conducted based on the recoverable amount of the asset. Goodwill and intangible assets with indefinite useful lives are tested annually for impairment regardless of whether there is any indication of impairment.

An impairment charge is recognised when the carrying amount of an asset or the cash generating unit to which it belongs exceeds its recoverable amount.

The recoverable amount of an asset or cash generating unit is the greater of its value in use or its fair value less cost to sell. In calculating the value in use, estimated future cash flows are discounted to the present value using a pre-tax discount rate that reflects the time value of money and risks specific to the asset not considered in estimating future cash flows.

Impairment charges are recognised in the statement of profit or loss. Impairment charges recognised in respect of a cash generating unit are allocated first to reduce the carrying amount of any goodwill allocated to that cash-generating unit and, if applicable, subsequently to reduce the carrying amounts of the other assets of that cash-generating unit on a pro rata basis.

An impairment charge on goodwill is not reversed. For other assets an impairment charge is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment charge had been recognised.

4.12. Inventories

Inventories are stated at the lower of cost or net realizable value. Cost of inventories includes purchase costs, processing costs and all other costs incurred in bringing them to their existing location and condition, is calculated primarily using the moving average method.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to sell.

4.13. Trade and other receivables

Trade receivables are recognised initially at the transaction price and are subsequently measured at amortised cost using the effective interest method, less a provision for expected credit losses. The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

4.14. Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The group designates certain derivatives as hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges)

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised in profit or loss within net operating income and expense.

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The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

Derivatives that do not qualify for hedge accounting
Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss within net operating income and expense.

4.15. Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and reported as net amounts in the consolidated statements of financial position only if the group currently has a legally enforceable right to set off the recognized amounts and intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.16. Deposits with maturity over three months

Deposits are measured at amortized costs. Interest income is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss together with foreign exchange gains and losses.

4.17. Cash and cash equivalents

Cash and cash equivalents consist of highly liquid assets, such as bank deposits, and interest-bearing bank accounts with remaining maturities of three months or less at the date of acquisition. Bank overdrafts are shown within current liabilities on the balance sheet. Cash and cash equivalents are recognised initially at fair value and are subsequently measured at amortised cost.

4.18. Equity

Share capital
Ordinary shares are classified as equity.

Non-controlling interest
The group applies a policy of treating transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity and attributed to equity holders of the parent. Gains or losses on disposals to non-controlling interests are also recorded in equity.

4.19. Provisions

General
Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that a transfer of economic benefits will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as other finance cost.

Reimbursement
Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. In such a case the reimbursement is treated as a separate asset.

4.20. Borrowings

Borrowings are recognised initially at the transaction price (that is, the present value of cash payable to the bank, including transaction costs). Borrowings are subsequently stated at amortised cost. Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

4.21. Trade and other payables

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

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4.22. Leases

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date.
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the

ease, if the lease term reflects the group exercising that option.

Variable lease payments, extension and/or termination options are included based on management judgement.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The estimated useful lives for major classes of right-of-use assets are as follows:

- land and buildings: 5 to 25 years
- machinery and equipment: 3 to 10 years
- tools, furniture and fixture: 3 to 10 years

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

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5. Revenue from contracts with customers

Disaggregation and timing of revenue from contracts with customers

The group generates revenue through the sales of logistic solutions and services. The group distinguishes logistic solutions between three segments: airports, warehousing and parcel. Logistic solutions often involve design, manufacturing and installation and consist of both hardware and software components which are designed and build by the group or purchased through other group entities or third parties and integrated with the customer's operations. Logistic solutions may either replace an existing solution or create a new or expand a logistic solution. Revenue is recorded over time based on project's progress. In limited cases the group sells specific stand-alone logistic components or solutions for which revenue is recorded at a point in time. Life cycle services involve the servicing and maintenance of logistic systems and solutions and are often multi-year contracts for which revenue is recorded over time as the services are provided..

	2020	2019	2018
Airports	127.549	100.410	212.865
Warehousing	166.773	203.983	99.636
Parcel	44.994	104.692	120.240
Life-cycle services	139.463	129.140	129.608
Total revenue	**478.779**	**538.225**	**562.349**
At a point in time	20.683	24.578	20.595
Over time	458.096	513.647	541.754
Total revenue	**478.779**	**538.225**	**562.349**

Critical estimates in recognising revenue

The group applies significant estimates in recognising revenue through estimation of the remaining costs for each revenue generating activity for which revenue is recognised over time. The estimated remaining cost determines the progress of the revenue generating activity per balance sheet date and therefore the portion of contractual revenues recognised in the financial year. These estimation processes are a key element of the group's system of internal controls.

Assets and liabilities related to contracts with customers

The group has recognised the following assets and liabilities related to contracts with customers:

	31 March 2020	31 March 2019	31 March 2018	1 January 2017
Contract assets	24.004	10.807	15.420	25.136
Loss allowance	(550)	(4.573)	(195)	(440)
Total contract assets	**23.454**	**6.234**	**15.225**	**24.696**
Contract liabilities	175.147	126.911	163.054	102.433
Total contract liabilities	**175.147**	**126.911**	**163.054**	**102.433**

Significant changes in contract assets and liabilities

Contract assets and contract liabilities have increased due to increased number of ongoing projects over the years. The group also recognised a loss allowance for contract assets in accordance with IFRS 9, see note 21 for further information.

Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in a prior year:

	2020	2019	2018*

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Revenue recognised that was included in the contract liability balance at the beginning of the period			
Airports	49.139	39.871	28.302
Warehousing	51.878	81.403	41.886
Parcel	11.138	31.136	18.165
Life-cycle services	14.756	10.644	14.080
Total contract liabilities	**126.911**	**163.054**	**102.433**

. *2018 includes the period from 1 January 2017 until 31 March 2018

6. Breakdown of expenses by nature

	2020	2019	2018*
Purchase of raw materials and goods	256.672	318.092	331.974
Direct personnel expenses	62.231	59.429	67.165
Indirect personnel expenses	168.214	144.269	151.004
Selling, general and administrative expenses	86.532	88.062	75.081
Depreciation and amortisation	28.658	20.864	17.864
Overhead cross charged	-145.260	-133.098	-96.797
Total expenses	**457.047**	**497.618**	**546.291**

The personnel expenses for the periods are as follows:

	2020	2019	2018*
Salaries and wages	171.822	151.603	163.020
Social security contributions	24.055	21.750	22.260
Pension contributions	13.162	11.452	11.975
Other personnel expenses	21.406	18.893	20.914
Total personnel expenses	**230.445**	**203.698**	**218.169**

*2018 includes the period from 1 January 2017 until 31 March 2018

**coverage billable hours consist of direct hours for customer projects (present as cost of goods sold) and coverage for hours worked for other Vanderlande entities.

Average number of employees

The average number of employees of the group calculated on a full-time-equivalent basis was:

	2020	2019	2018*
Execution	833	796	784
Sales	773	665	571
Services	174	171	138
Others	920	743	561
Total number of employees	**2.700**	**2.376**	**2.055**

*2018 includes the period from 1 January 2017 until 31 March 2018

7. Net operating income

The breakdown of net operating income and expense is as follows:

	2020	2019	2018*
Government grants received**	2.270	964	1.630
Net foreign exchanges (losses) / gains on operating activities	-970	1.950	-3.018
Transfer pricing adjustment	18.748	7.510	21.229
Other income	892	0	296
Other expenses	0	-266	-12
Net operating income	**20.940**	**10.158**	**20.125**

*2018 includes the period from 1 January 2017 until 31 March 2018

**Government grants received in 2018, 2019 and 2020 are related to R&D activities (WBSO).

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Audit fees

The following audit fees were expensed in the statement of profit or loss in the reporting period:

	2020	2019	2018*
Audit of the financial statements	75	106	137
Tax services	1.567	1.639	977
Other non-audit services	-	-	188
Total audit fees	**1.642**	**1.745**	**1.302**

*2018 includes the period from 1 January 2017 until 31 March 2018

The audit fees relate to the procedures applied to the group by accounting firms and independent external auditors as referred to in Section 1 subsection 1 of the Audit Firms Supervision Act ('Wet toezicht accountantsorganisaties') as well as by other Dutch legal entities of PwC, including their tax services and advisory groups.

The fees listed above relate to services rendered by accounting firms and independent external auditors related to the financial year.

8. Finance income and costs

	2020	2019	2018*
Finance income			
Interest income	1.458	1.899	4.443
Foreign exchange gains on financing activities	0	2.191	0
Finance income	**1.458**	**4.090**	**4.443**
Finance costs			
Foreign exchange losses on financing activities	-1.467	0	0
Other finance costs	-425	-222	-1.506
Total finance costs	**-1.892**	**-222**	**-1.506**
Net finance (costs) / income	**(434)**	**3.868**	**2.937**

*2018 includes the period from 1 January 2017 until 31 March 2018

9. Income tax and deferred taxes

	2020	2019	2018*
Current tax			
Current tax on profits for the period	4.624	6.568	10.635
Adjustments for current tax of prior periods	1.268	1.563	-
Total current tax expense	**5.892**	**8.131**	**10.635**
Deferred tax			
Temporary differences	4.527	3.903	-7.474
Changes in valuation allowances	-	-	-
Changes in income tax rates	-	-	-
Adjustments for deferred tax of prior periods	286	6.024	-
Total deferred tax expense	**4.813**	**9.927**	**-7.474**
Income tax expense	**10.705**	**18.058**	**3.161**

*2018 includes the period from 1 January 2017 until 31 March 2018

The income tax expense is attributable to profit from continuing operations for the periods presented.

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The reconciliation of the applicable income tax rate to the effective income tax rate for the periods is as follows:

	2020	%	2019	%	2018*	%
Profit before income tax	34.828		45.673		32.553	
Income tax expense	10.705		18.058		3.161	
Applicable income tax (rate) in the Netherlands	**8.227**	**23.6%**	**11.139**	**24.4%**	**7.328**	**22.5%**
Tax effects of:						
Non-deductible expenses for tax purposes	235	0.7%	176	0.4%	379	1.2%
Changes in income tax rates	-985	-2.8%	222	0.5%	-	0.0%
Adjustments for income tax of prior periods	1.554	4.5%	7.587	16.6%	30	0.1%
Innovation box	-	-	-807	-1.8%	-2.270	-7.0%
Transfer pricing adjustment	1.985	5.7%	-	-	2.319	7.1%
Other effects	-311	-0.9%	-259	-0.6%	13	0.0%
Total tax effects	**2.478**	**7.1%**	**6.919**	**15.1%**	**-4.167**	**-12.8%**
Effective income tax (rate)	**10.705**	**30.7%**	**18.058**	**39.5%**	**3.161**	**9.7%**

*2018 includes the period from 1 January 2017 until 31 March 2018

The adjustments for income tax of prior periods mainly relate to differences between the corporate income tax returns submitted with the tax authorities and the tax accruals recorded in the books.

Starting in 2011 Vanderlande has entered into an agreement with the Dutch Tax Authorities about the application of the innovation box regime. Under this regime, R&D activities are incentivised through reduced rate taxation at 5% (as of 2018: 7%) in the so-called 'innovation box' instead of the normal rate of 25%. Due to the relatively low level of taxable profit in FY 2020 no innovation box benefit is applicable.

The transfer pricing adjustments result from the fact that the tax authorities in a few jurisdictions do not accept the transfer pricing methodology as applied by Vanderlande. The Vanderlande transfer pricing methodology is based on OECD transfer pricing guidelines and has been agreed with the Dutch tax authorities. A one-sided adjustment is made in the Netherlands resulting in double taxation.

The deferred tax assets movement for the periods is as follows:

	2020	2019	2018*
Balance at beginning of the period	14.127	13.660	9.999
Recognized in profit or loss	801	-1.000	5.903
Recognised in other comprehensive income	125	1.467	-2.242
Balance at end of the period	**15.053**	**14.127**	**13.660**

*2018 includes the period from 1 January 2017 until 31 March 2018

The deferred tax liabilities movement for the periods is as follows:

	2020	2019	2018*
Balance at beginning of the period	-8.569	-334	-1.592
Recognized in profit or loss	-5.173	-8.235	1.492
Recognised in other comprehensive income	-	-	-234
Balance at end of the period	**-13.742**	**-8.569**	**-334**

*2018 includes the period from 1 January 2017 until 31 March 2018

There are no aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity.

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10. Property, plant and equipment

	Land and buildings	*Machinery and equipment*	*Tools, furniture and fixture*	*Assets under construction*	*Total*
As at 1 January 2017					
At cost	75.687	18.997	34.088	9.484	138.256
Accumulated depreciation and impairment losses	-23.845	-14.071	-22.824	-	-60.740
Carrying amount	**51.842**	**4.926**	**11.264**	**9.484**	**77.516**
Year ended 31 March 2018					
Additions	609	1.604	7.422	5.504	15.139
Transfers	4.760	538	7.349	-12.647	-
Exchange difference	-	-	-4	-	-4
Depreciation	-4.007	-1.877	-7.982	-	-13.866
Closing carrying amount	**53.204**	**5.191**	**18.049**	**2.341**	**78.785**
As at 31 March 2018					
At cost	81.056	21.139	48.855	2.341	153.391
Accumulated depreciation and impairment losses	-27.852	-15.948	-30.806	-	-74.606
Carrying amount	**53.204**	**5.191**	**18.049**	**2.341**	**78.785**
Year ended 31 March 2019					
Additions	226	1.304	1.291	8.927	11.748
Transfers	6.606	502	2.909	-10.017	-
Exchange differences	-	-	3	-	3
Depreciation	-3.298	-1.640	-8.157	-	-13.095
Closing carrying amount	**56.738**	**5.357**	**14.095**	**1.251**	**77.441**
As at 31 March 2019					
At cost	87.888	22.945	53.058	1.251	165.142
Accumulated depreciation and impairment losses	-31.150	-17.588	-38.963	-	-87.701
Carrying amount	**56.738**	**5.357**	**14.095**	**1.251**	**77.441**
Year ended 31 March 2020					
Additions	1.023	391	1.176	18.710	21.300
Transfers	9.275	756	1.044	-11.048	27
Exchange differences	-1	-	-5	-	-6
Depreciation	-3.657	-1.720	-7.144	-	-12.521
Closing carrying amount	**63.378**	**4.784**	**9.166**	**8.913**	**86.241**
As at 31 March 2020					
At cost	98.185	24.092	55.273	8.913	186.463
Accumulated depreciation and impairment losses	-34.807	-19.308	-46.107	-	-100.222
Carrying amount	**63.378**	**4.784**	**9.166**	**8.913**	**86.241**

11. Leases

The Group leases various offices and vehicles. Rental agreements are typically agreed for fixed periods of several years. Some rental contracts for offices contain extension options.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

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Amounts recognised in the consolidated balance sheet

The consolidated balance sheet shows the following amounts related to leases:

	31 March 2020	31 March 2019	31 March 2018	1 January 2017
Right-of-use assets				
Buildings	4.464	6.171	7.158	4.799
Vehicles	6.358	4.075	3.416	2.364
Others	61	179	291	395
Total right-of-use assets	**10.883**	**10.425**	**10.865**	**7.558**
Lease liabilities				
Current	3.928	3.407	2.805	1.577
Non-current	6.955	7.018	8.060	5.981
Total lease liabilities	**10.883**	**10.425**	**10.865**	**7.558**

Additions to the right-of-use assets during the period 2020 were €4.380 (2019: €2.659, 2018 €5.643). The maturity analysis of lease liabilities is disclosed in note 21.

Amounts recognised in the consolidated statement of profit or loss

The consolidated statement of profit or loss shows the following amounts related to leases:

	2020	2019	2018*
Depreciation charge for right-of-use assets			
Buildings	1.708	1.662	1.137
Vehicles	2.096	1.321	1.067
Others	118	117	132
Total depreciation charge for right-of-use assets	**3.922**	**3.100**	**2.336**

*2018 includes the period from 1 January 2017 until 31 March 2018

Other items related to leases (interest, variable lease payments, income from subleases) are all not material.

The total cash outflow for leases during the period 2020 was €3.937 (2019: €3.095, 2018 €2.330).

The Group elected to early adopt IFRS 16 using the full retrospective method of transition. Consequently, the impact of the new standard has been calculated as if the standard had always applied, subject to the practical expedients permitted on transition. The cumulative retrospective impact has been recognised as at 1 January 2017, being the beginning of the earliest comparative period presented.

All cash flows related leases are classified as cash flows from financing activities in the cash flow statement.

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12. Intangible assets

	Intangible assets under development	*Software*	*Other intangible assets*	*Total*
As at 1 January 2017				
At cost	-	12.905	1.260	14.165
Accumulated amortisation and impairment	-	-11.560	-	-11.560
Carrying amount	-	1.345	1.260	2.605
Year ended 31 March 2018				
Additions	21.439	525	227	22.191
Amortisation	-	-175	-1.487	-1.662
Closing carrying amount	**21.439**	**1.695**	**-**	**23.134**
As at 31 March 2018				
At cost	21.439	13.430	1.487	36.356
Accumulated amortisation and impairment	-	-11.735	-1.487	-13.222
Carrying amount	**21.439**	**1.695**	**-**	**23.134**
Year ended 31 March 2019				
Additions	27.542	1.873	-	29.415
Transfers	-169	169	-	-
Amortisation	-3.777	-892	-	-4.669
Closing carrying amount	**45.035**	**2.845**	**-**	**47.880**
As at 31 March 2019				
At cost	48.812	15.472	1.487	65.771
Accumulated amortisation and impairment	-3.777	-12.627	-1.487	-17.891
Carrying amount	**45.035**	**2.845**	**-**	**47.880**
Year ended 31 March 2020				
Additions	25.176	1.109	-	26.285
Transfers	-3.969	3.969	-	-
Amortisation	-10.256	-1.944	-	-12.200
Closing carrying amount	**55.986**	**5.979**	**-**	**61.965**
As at 31 March 2020				
At cost	70.019	20.550	1.487	92.056
Accumulated amortisation and impairment	-14.033	-14.571	-1.487	-30.091
Carrying amount	**55.986**	**5.979**	**-**	**61.965**

13. Other non-current assets

	31 March 2020	**31 March 2019**	**31 March 2018**	**1 January 2017**
Intercompany loans	-	-	-	25.603
Other	27	20	20	20
Carrying amount	**27**	**20**	**25.623**	**25.623**

Intercompany loans include a loan of €3.500 with VI Santpedor (repayment during the period 2017-2019 with a rate of 1.75 % per annum) and a loan of €22.103 with VI Holding (repayment in FY2019 with a rate of 6.5 % per annum).

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14. Inventories

The composition of inventories is as follows:

	31 March 2020	31 March 2019	31 March 2018	1 January 2017
Raw materials and supplies	28.735	23.536	18.393	19.806
Work in process	22.883	14.543	29.241	14.036
Finished goods	0	0	0	0
Consignment stock	7.193	7.191	7.473	5.895
Provision obsolete stock	-4.546	-3.872	-3.065	-2.939
Total inventories	**54.265**	**41.398**	**52.042**	**36.798**

15. Trade and other receivables

The composition of trade and other receivables is as follows:

	31 March 2020	31 March 2019	31 March 2018	1 January 2017
Trade receivables from contracts with customers	85.191	96.344	101.339	86.124
Retentions	10.683	10.712	10.586	5.257
Contract assets	23.454	6.234	15.225	45.760
Receivables from group companies	81.028	76.990	47.362	16.422
Social security and other taxes	17.363	13.313	15.406	11.896
Other receivables	14.911	12.325	11.329	7.447
Intercompany loans – short term	-	-	25.603	-
Loss allowance for doubtful accounts	-2.658	-4.228	-717	-1.284
Total trade and other receivables	**229.972**	**211.689**	**226.133**	**171.622**

The trade and other receivables are financial assets measured at amortised cost. Information about the impairment of these receivables and the company’s exposure to credit risk and currency risk can be found in note 21.

16. Cash and cash equivalents

	31 March 2020	31 March 2019	31 March 2018	1 January 2017
Cash at bank and in hand	1.279	110	0	2.051
Deposits with maturity up to three months	3.414	0	0	0
Total cash and cash equivalents	**4.693**	**110**	**0**	**2.051**

The balance of cash and cash equivalents and bank deposits on the consolidated statement of financial position as of the end of the financial years ended 31 March 2018, 31 March 2019 and 31 March 2020 are consistent with the balances of cash and cash equivalents on the consolidated statement of cash flows, including the adjustment for bank overdrafts.

The cash and cash equivalents are financial assets measured at amortised cost.

Classification as cash equivalents

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition or are repayable with 24 hours’ notice with no loss of interest. Refer to note 4.17 for the company’s other accounting policies on cash and cash equivalents.

17. Equity

Share capital and share premium

The authorised share capital of Vanderlande Industries B.V. amounts to €375 and consists of1.500 ordinary shares of €0.25 each in the financial year ended 31 March 2020. Of these, 950 ordinary shares have been issued. All issued shares are fully paid and have equal rights to vote at general meetings and receive dividends. There were no movement during the periods.

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In financial year 2019 the share premium was reduced from 24.576 to 2.472, An amount of 22.104 was repaid through settlement of an equal amount on the outstanding loan to Vanderlande Holding B.V.

Retained earnings

The retained earnings item comprises the net results appropriated to equity less the cumulative dividends paid out of retained earnings in previous years.

Reserves

	Remeasurement of defined benefit plan	Hedging reserve	Translation reserve	Reserve development costs	Other reserves	Total reserves
As at 1 January 2017						
Balance	**3.675**	**-5.091**	**-**	**-**	**18.942**	**17.526**
Year ended 31 March 2018						
Remeasurements	-390	5.989	-	-	-	5.599
Cost of hedging	-	-194	-	-	-	-194
Currency translation differences	-	-	-883	-	-71	-954
Dividends previous year paid	-	-	-	-	-15.000	-15.000
Other movements	-	-	-	21.439	-21.848	-409
Closing balance	**3.285**	**704**	**-883**	**21.439**	**- 17.978**	**6.567**
Year ended 31 March 2019						
Result for the year	-	-	-	-	29.392	29.392
Remeasurements	-57	-4.433	-	-	-	-4.490
Cost of hedging	-	-226	-	-	-	-226
Currency translation differences	-	-	729	-	-1.867	-1.138
Dividends previous year paid	-	-	-	-	-44.030	-44.030
Other movements	-	-	-	23.596	-23.596	-
Closing balance	**3.228**	**-3.955**	**-154**	**45.035**	**-58.138**	**-13.924**
Year ended 31 March 2020						
Result for the year	-	-	-	-	27.615	27.615
Remeasurements	-1.247	-1.334	-	-	-	-2.581
Cost of hedging	-	1.080	-	-	-	1.080
Currency translation differences	-	-	-1.476	-	-1.392	-2.868
Dividends previous year paid	-	-	-	-	-30.000	-30.000
Other movements	-	-	-	10.951	-10.951	-
Closing balance	**1.981**	**-4.209**	**-1.630**	**55.986**	**-72.806**	**-20.678**

Remeasurement of defined benefit plan

Revaluation of defined benefit plan shows the amount affected by differences between actuarial assumptions at the beginning of the financial year and actual results, as well as the amount affected by changes in actuarial assumptions. They are recognised in other comprehensive income at the time of their occurrence and immediately transferred from other components of equity to retained earnings. This reserve is a legal reserve according to Dutch law and is therefore not freely distributable.

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Hedging reserve

The hedging reserve reflects the effective portion of changes in the fair value of foreign currency forward exchange contracts and other monetary items that qualify for hedge accounting. This reserve, which has the nature of a revaluation reserve, is a legal reserve according to Dutch law and is therefore not freely distributable.

Translation reserve

The currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy on foreign currency translation. This reserve is a legal reserve according to Dutch law and is therefore not freely distributable.

Reserve development costs

The reserve for development costs is a legal reserve that is equal to the development costs as capitalised under intangible assets.

18. Provisions

	Employee benefit obligation	Jubilee provision	Warranty provision	Other provisions	Total
At 1 January 2017					
Carrying amount	**5.087**	**1.330**	**3.084**	**3.403**	**12.904**
Year ended 31 March 2018					
Additions	564	1.957	3.423	1.514	7.458
Amounts charged against the provision	-2.052	-895	-3.052	0	-5.999
Accretion expense	110	0	0	0	110
Remeasurements	465	0	0	0	465
Closing carrying amount	**4.174**	**2.392**	**3.455**	**4.917**	**14.938**
Year ended 31 March 2019					
Additions	348	365	1.932	2.143	4.788
Amounts charged against the provision	(234)	(181)	(417)	(1.026)	(1.858)
Accretion expense	80	0	0	0	80
Remeasurements	75	0	0	0	75
Closing carrying amount	**4.443**	**2.576**	**4.970**	**6.034**	**18.023**
Year ended 31 March 2020					
Additions	358	428	1.657	4.828	7.271
Amounts charged against the provision	(877)	(270)	(2.859)	(4.945)	(8.951)
Accretion expense	79	0	0	0	79
Remeasurements	1.437	0	0	0	1.437
Closing carrying amount	**5.440**	**2.734**	**3.768**	**5.917**	**17.859**

	31 March 2020	31 March 2019	31 March 2018	1 January 2017
Current amount of provision	10.927	7.489	3.861	4.830
Non-current amount of provision	6.932	10.534	11.077	8.074
Total provision	**17.859**	**18.023**	**14.938**	**12.904**

The current portion of the provisions mainly consist of the employee benefit obligation, which is current for the full amount of 5.440 per 31 March 2020. The current portion of the warranty provision is 2.638 per 31 March 2020.

Employee benefit obligation

The company operates a defined benefit pension plan in the Netherlands for the conditional additional pension provision (in Dutch: voorwaardelijk extra pensioen) based on employee pensionable remuneration and length of service.

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The majority of plans are externally funded. The most recent comprehensive actuarial valuation coincided with the year-end reporting date. No plan amendments, curtailments or settlements have occurred in the period. All other pension schemes are defined contribution schemes. The company's legal or constructive obligation for these plans is limited to the contributions.

The defined benefit plans related amounts recognised in the consolidated statement of financial position is as follows:

	31 March 2020	31 March 2019	31 March 2018	1 January 2017
Present value of defined benefit obligation	5.440	4.443	4.174	5.087
Fair value of plan assets	-	-	-	-
Net balance sheet position	**5.440**	**4.443**	**4.174**	**5.087**

The movement in the defined benefit obligation is as follows:

	2020	2019	2018*
Beginning balance	4.443	4.174	5.087
Service cost	358	348	564
Interest cost	79	80	110
Remeasurements	1.437	75	465
Change in assumptions	*1.135*	*67*	*-310*
Difference between purchase of pension rights and release from DBO	*233*	*52*	*811*
Experience (deviation of assumptions)	*69*	*-44*	*-36*
Retirement benefits paid	-877	-234	-2.052
Net balance sheet position per year end	**5.440**	**4.443**	**4.174**

* 2018 includes the period from 1 January 2018 until 31 March 2018

There are no plan assets in the financial year ended 31 March 2018, 31 March 2019 and 31 March 2020.

The principal actual assumptions used for the calculation of the defined benefit obligation are as follows:

	31 March 2020	31 March 2019	31 March 2018	1 January 2017
Discount rate	0.70%	1.70%	1.80%	1.50%
Indexation rate	1.00%	1.00%	1.00%	1.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each country.

The assumed life expectancy for pensioners at normal retirement age is 25 year.

Warranty provision

The warranty provision reflects the terms and increasing complexity of the projects involved, and is based on warranty experience, excluding warranty at procurement. The change in the warranty provision is the result of the use and additional provisions made. The warranty expenses are expected to materialise within a period of 0 to 5 years. This provision is predominantly non-current.

Jubilee provision

The provision for jubilee benefits has been formed for expected benefits payable to current employees. The obligation is measured at the net total of the present value of the benefit obligation minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly. The calculation of the provision is based on expectations of retirement, employment at jubilee date, and mortality tables. The jubilee expenses are expected to materialise within a period of 0 to 40 years. This provision is predominantly non-current (current part is approximately 500.

Other provisions

The other provisions consist of restructuring provisions and long-term bonus incentive plans.

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19. Borrowings

The borrowings are financial liabilities measured at amortised cost. Borrowings consist of two unsecured short-term loans of 50 million with external banks at 0,00% interest rate.

All cash flows related borrowings are classified as cash flows from financing activities in the cash flow statement.

20. Trade and other payables

	31 March 2020	31 March 2019	31 March 2018	1 January 2017
Current liabilities				
Trade payables	40.422	52.316	43.035	50.356
Contract liabilities	175.147	126.911	163.054	102.433
Advance received for contract work	862	120	1.206	431
Payables to group companies	47.210	41.316	47.336	16.710
Employee related accruals	16.621	17.706	22.736	-
Social security and other taxes	6.759	7.501	483	12.121
Other payables	25.525	18.303	22.774	16.976
Total trade and other payables	**312.546**	**264.173**	**300.624**	**199.027**

All trade and other payables fall due in less than one year. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

21. Financial risk management

The group is exposed to a variety of financial risks, including foreign exchange rate risk, interest rate risk, liquidity risk and credit risk. These risks are managed by group treasury, the central treasury department, based on policies approved by the CFO on behalf of the Vanderlande board of directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the business.

The treasury policies provide written principles for overall risk management, as well as for specific areas, such as, foreign exchange risk, interest rate risk, liquidity risk and credit risk, including guidelines for the use of derivative and non-derivative financial instruments.

Market risk

Market risk is the risk that changes in market prices will adversely affect the group's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable boundaries. Market risk for the group comprises currency risk and interest rate risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. The group is exposed to:

- Transaction risk: The group conducts transactions in foreign currencies and is exposed to exchange rate fluctuations. Such transactions mostly comprise sale and purchasing transactions resulting from projects. The risks of transactions executed in foreign currencies are identified and measured, whereby group treasury hedges significant transaction risks.
- Translation risk: The group has subsidiaries in countries with currencies other than the euro. As a result, the group is exposed to translation risks related to the equity and earnings of foreign subsidiaries. The translation risk is inherent to the global business activities and is not hedged. Non-functional currency denominated working capital and monetary assets and liabilities are converted into an entity's functional currency as part of the closing process at period-end exchange rates. Any gains and losses resulting from revaluation of these positions are reflected in the consolidated statement of profit or loss.

To mitigate the impact of fluctuations in foreign currencies, the group constantly monitors its currency exposure and uses a combination of foreign currency options and foreign currency forwards to hedge accordingly. The foreign

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currency derivatives are designated in cash flow accounting and the effective portion of changes in the fair value of the hedging instrument is recognized in the cash flow hedge reserve within equity. The sensitivity of the profit or loss or equity to changes in the exchange rates arising from financial instruments is considered not material for the group.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. There are no items carried at fair value, therefore no interest risk on these items. The group is exposed to the risk in changes in the interest rates relating to the short-term borrowings. An increase of 100 basis points in interest rates on our financial instruments has an impact of approximately 1 million and is considered not material for the group.

Liquidity risk

Liquidity risk is the risk that the group is unable to meet its financial obligations once due. The primary objective of liquidity management is providing sufficient funds to enable the group to meet its financial obligations without incurring unacceptable losses. Group treasury monitors liquidity risk on an ongoing basis. Per March 31, 2020 VI BV (together with VI Holding BV) was party to a EUR 700 million uncommitted revolving credit facility agreement with 7 banks. Of this facility EUR 350 million was available for cash borrowings/liquidity management.

The contractual maturities of financial liabilities are as follows:

	Contractual undiscounted cash flows					
Contractual maturities of financial liabilities	*Less than 1 year*	*Between 1 and 2 years*	*Between 2 and 5 years*	*More than 5 years*	**Total**	**Carrying amount**
At 31 March 2018						
Non-derivatives						
Borrowings	-	-	-	-	-	-
Lease liabilities	2.805	2.808	4.537	715	10.865	10.865
Trade payables	43.035	-	-	-	43.035	43.035
Total non-derivatives	**45.840**	**2.808**	**4.537**	**715**	**53.900**	**53.900**
Derivatives						
Financial instruments liabilities	217	-	-	-	217	217
Total derivatives	**217**	**-**	**-**	**-**	**217**	**217**
At 31 March 2019						
Non-derivatives						
Borrowings	70.000	-	-	-	70.000	70.000
Lease liabilities	3.407	2.949	3.807	262	10.425	10.425
Trade payables	52.316	-	-	-	52.316	52.316
Total non-derivatives	**125.723**	**2.949**	**3.807**	**262**	**132.741**	**132.741**
Derivatives						
Financial instruments liabilities	5.433	-	-	-	5.433	5.433
Total derivatives	**5.433**	**-**	**-**	**-**	**5.433**	**5.433**
At 31 March 2020						
Non-derivatives						
Borrowings	100.000	-	-	-	100.000	100.000
Lease liabilities	3.928	2.896	4.059	-	10.883	10.883
Trade payables	40.422	-	-	-	40.422	40.422
Total non-derivatives	**144.350**	**2.896**	**4.059**	**-**	**151.305**	**151.305**
Derivatives						
Financial instruments liabilities	816	-	-	-	816	816
Total derivatives	**816**	**-**	**-**	**-**	**816**	**816**

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Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The group is exposed to credit risk principally from the group's receivables from customers. The group's customers are subjected to creditworthiness tests. The group uses bank guarantees, letters of credit and credit insurances to mitigate cash flow mismatches on contracted projects. To minimise counterparty risk, the group's liquidity is spread among several financial institutions that have good credit ratings (all minimum A rating). The group has no significant concentrations of credit risk with any counterparty.

The credit risk on trade receivables is assessed mainly based on information relating to overdue amounts. The ageing of trade receivables is as follows:

	31 March 2020	31 March 2019	31 March 2018	1 January 2017
Not overdue	48.451	58.774	64.599	41.255
1-30 days overdue	9.065	18.083	9.065	24.850
30-90 days overdue	12.441	10.620	12.441	6.996
More than 90 days overdue	15.234	8.867	15.234	13.023
Total	**85.191**	**96.344**	**101.339**	**86.124**

The group has trade receivables and contract assets which are subject to the expected credit loss model. The impairment allowances on trade receivables and contract assets developed as follows:

	Contract assets			Trade receivables		
	2020	2019	2018*	2020	2019	2018*
Opening loss allowance	-4.573	-195	-440	-4.228	-717	-1.284
Increase in loan loss allowance recognised in profit or loss during the year	-	-4.378	-	-	-3.511	-
Receivables written off during the year as uncollectible	-	-	-	-	-	-
Unused amount reversed	4.023	-	245	1.570	-	567
Closing loss allowance at 31 March	**-550**	**-4.573**	**-195**	**-2.658**	**-4.228**	**-717**

*2018 includes the period from 1 January 2017 until 31 March 2018

Impairment losses on trade receivables and contract assets are presented within cost of sales of goods and providing services. In case of losses on collectability the impairment loss is presented in selling, general and administrative expenses. Subsequent recoveries of amounts previously written off are credited against the same line item.

The majority of the impairment losses on trade receivables and contract assets are amounts which are more than 90 days past due on which a 100% loss rate is applied.

Capital management

Group treasury is to ensure sufficient financing and liquidity for the business activities and to maintain a strong financial position. Through the use of current assets such as cash and cash equivalents, as well as cash flows from operating activities and borrowings from financial institutions, the group believes that it will be able to provide sufficient funds for the working capital necessary to expand existing businesses and support new projects. The group is not subject to external capital requirements other than the legal reserves as of 31 March 2020.

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22. Derivative financial instruments

The group uses derivative financial instruments solely for the purpose of hedging exposures, which are mainly the result of foreign exchange and interest rate risks arising from the group's business operations and its sources of financing. The group does not enter into speculative derivative transactions. Where all relevant criteria are met, hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item.

The derivative financial instruments included in the statement of financial position are as follows:

	31 March 2020	31 March 2019	31 March 2018	1 January 2017
Current assets				
Foreign currency forwards – cash flow hedges	1.129	1.904	1.239	2.280
Foreign currency options – cash flow hedges	0	0	247	0
Total derivative financial instruments assets	**1.129**	**1.904**	**1.486**	**2.280**

	31 March 2020	31 March 2019	31 March 2018	1 January 2017
Current liabilities				
Foreign currency forwards – cash flow hedges	816	5.433	217	4.195
Foreign currency options – cash flow hedges	0	0	0	0
Total derivative financial instruments liabilities	**816**	**5.433**	**217**	**4.195**

Hedge effectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and hedging instrument. The group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The group therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the group uses the hypothetical derivative method to assess effectiveness.

In hedges of foreign currency exposures, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated. There was no recognised ineffectiveness in relation to the foreign currency derivatives during the periods 2020, 2019 and 2018.

Fair value hierarchy

The carrying amounts of the group's financial assets and financial liabilities are a reasonable approximation of their fair values. The derivative financial instruments are subsequently measured at fair value. The fair value of derivative financial instruments is based on market observable inputs and qualifies as level 2 in the fair value hierarchy. There are no changes between fair value levels during the periods 2020, 2019 and 2018.

23. Related-party transactions

Parent-company of the group is Vanderlande Industries Holding B.V.. Ultimate parent of the group is Toyota Industries Corporation.

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also, entities which can control the Group are considered a related party. In addition, statutory directors and close relatives are regarded as related parties.

The group has normal business transactions with related parties within the total Vanderlande Group related to:

- Direct hours on customer projects outside the Group
- Allocation of Business Support fees outside the Group
- Allocation of R&D fees outside the Group
- Transfer price adjustments outside the Group

The following transactions outside normal business occurred with related parties :

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Other transactions			
Dividends paid to Vanderlande Industries Holding B.V. entity	-	35.000	15.000

Key management compensation

Key management personnel comprise the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the entity.

The compensation paid or payable to key management for employee services is shown below:

	31 March 2020	31 March 2019	31 March 2018
Short-term employee benefits	2.202	3.821	2.120
Post-employment benefits	174	162	191
Compensation paid or payable to key management	**2.376**	**3.983**	**2.311**

The group has normal business transactions with related parties within the total Vanderlande Group related to:

- Direct hours on customer projects outside the Group
- Allocation of Business Support fees outside the Group
- Allocation of R&D fees outside the Group
- Transfer price adjustments outside the Group

The following transactions outside normal business occurred with related parties :

Other transactions			
Dividends paid to Vanderlande Industries Holding B.V. entity	-	35.000	15.000

24. Commitments and contingencies not included in the balance sheet

Capital commitments

Regarding the acquisition of property, plant and equipment, important capital expenditures (commitments) which are contracted but not yet recognized on the consolidated financial statements are as follows:

	31 March 2020	31 March 2019	31 March 2018	1 January 2017
Property, plant and equipment	29.803	4.158	4.950	3.226

Bank overdraft facilities

VI BV (together with VI Holding BV) had an uncommitted credit facility of EUR 700 mln with 7 (high credit rating) banks per 31 March 2020. Of this facility EUR 350 mln was available for borrowings (‘cash limit’), which can be done in the form of bank overdrafts and short-term loans (dependent on the bank) and EUR 590 mln was available for bank guarantee issuances.

Guarantees

VI BV had EUR 96,0 mln of bank guarantees outstanding per financial year 2020 (2019: EUR 109,1 mln and 2018: EUR 108,4 mln). These consist mainly of Performance Bonds, warranty Bonds and Advance Payment Bond.

Claims

The company has contingent liabilities in respect of legal claims arising in the ordinary course of business. However, no material adverse effect on net equity or income is expected.

Tax liability

The company is part of a fiscal entity for VAT purposes with Vanderlande Industries Holding B.V. (parent). The company is part of a corporate income tax group with the ultimate parent of the fiscal unity. Under the Tax Collection Act, the members of the tax group are jointly and severally liable for any taxes payable by the group.

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25. Subsequent events

The COVID-19 outbreak has developed rapidly in 2020 and continued in 2021, with a significant number of infections. Measures taken by various governments to contain the virus have affected economic activity. An Outbreak Management Team (including Board members and Compliance team) was established within Vanderlande which had daily update meetings (later on a weekly basis) on all applicable topics (People, Finance, Supply etc.). For each topic urgent issues have been discussed and follow up upon. We have taken a number of measures to monitor and prevent the effects of the COVID-19 virus such as safety and health measures for our people (like social distancing and working from home). Very limited risks were identified on the supply of materials that are essential to our production process. The COVID-19 outbreak is considered a subsequent event for which no adjustments were made to the financial information contained in this SPI.

Currently in the fourth quarter of fiscal year 2021, the impact on our business and actual results is limited. People have been working from home without any significant delay in deliverables and no project-sites have been closed (except Amazon Bologna).

We will continue to follow the various national institutes policies and advice and in parallel will do our utmost to continue our operations in the best and safest way possible without jeopardizing the health of our people.

Vanderlande Industries B.V.

Company financial statements

31 March 2020

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

Company statement of income

For the year ended 31 March 2020

(Amounts x € 1.000)

Company statement of profit or loss		2020	2019	2018*
Share of result of participations	29	7.643	5.591	12.473
Income from operations after income tax		16.480	22.024	16.919
Result after taxation		**24.123**	**27.615**	**29.392**

*2018 includes the period from 1 January 2017 until 31 March 2018

The accompanying notes form an integral part of these financial statements.

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Company statement of financial position

As of 31 March 2020

(Amounts x € 1.000)

	Notes	31 March 2020	31 March 2019	31 March 2018	1 January 2017
Assets					
Non-current assets					
Property, plant and equipment	10	86.215	77.416	78.769	77.471
Right-of-use assets	11	10.883	10.425	10.865	7.558
Intangible assets	12	61.965	47.880	23.134	2.605
Deferred tax assets	9	15.053	13.524	13.629	9.663
Participations in group companies	30	14.623	8.827	14.434	2.864
Other non-current assets		27	20	25.623	25.623
Total non-current assets		**188.766**	**158.092**	**166.454**	**125.784**
Current assets					
Inventories		53.706	40.650	51.180	35.526
Trade and other receivables	31	209.224	200.040	183.052	155.678
Derivative financial instruments	22	1.129	1.904	1.486	2.280
Cash and cash equivalents		836	-	-	206
Total current assets		**264.895**	**242.594**	**235.718**	**193.690**
Total assets		**453.661**	**400.686**	**402.172**	**319.474**
Equity					
Share capital		238	238	238	238
Share premium		2.472	2.472	24.576	24.576
Reserves		-20.678	-13.924	6.567	17.526
Retained earnings		24.123	27.615	29.392	0
Total equity	17	**6.155**	**16.401**	**60.773**	**42.340**
Non-current liabilities					
Lease liabilities	11	6.955	7.018	8.060	5.981
Deferred tax liabilities		13.315	8.569	334	1.592
Provisions		6.355	10.066	10.695	7.715
Total non-current liabilities		**26.625**	**25.653**	**19.089**	**15.288**
Current liabilities					
Trade and other payables	32	302.983	256.064	282.145	183.172
Current tax liabilities		2.227	1.987	917	5.758
Derivative financial instruments	22	816	4.148	217	4.195
Borrowings	19	100.000	70.000	0	62.314
Bank overdrafts		0	15.537	32.365	0
Lease liabilities	11	3.928	3.407	2.805	1.577
Provisions		10.927	7.489	3.861	4.830
Total current liabilities		**420.881**	**358.632**	**322.310**	**261.846**
Total liabilities and equity		**453.661**	**400.686**	**402.172**	**319.474**

The accompanying notes form an integral part of these financial statements

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Notes to the company financial statements

For the year ended 31 March 2020
(Amounts x € 1.000)

26. General information

The company financial statements are part of the financial statements of Vanderlande Industries B.V. (hereafter: the company).

As the financial data of the company are included in the consolidated financial statements, the statement of profit or loss in the company financial statements is presented in its condensed form (in accordance with article 402, Book 2 of the Dutch Civil Code).

All amounts in the notes to the financial statements are stated in EUR (Amounts x €1.000), unless otherwise stated.

27. Basis of preparation

The company financial statements of Vanderlande Industries B.V. have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code. In accordance with sub article 8 of article 362, Book 2 of the Dutch Civil Code, the Company's financial statements are prepared based on the accounting principles of recognition, measurement and determination of profit, as applied in the consolidated financial statements, unless otherwise stated. These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities.

Refer to paragraph 2.3 for first time adoption of IFRS which is similar for the stand alone financial statements except that last stand alone financial statements were drawn up in accordance with Title 9, Book 2 of the Dutch Civil Code. In accordance with sub 8 of article 362, Book 2 of the Dutch Civil Code, the stand alone financial statements are based on the accounting principles of recognition, measurement and determination of profit, as applied in the consolidated financial statements (IFRS SME).

28. Changes in accounting policies

Selection and application of accounting policies

The company prepared its consolidated financial statements in accordance with the International Financial Reporting Standards ('IFRS') as adopted by the European Union. In case no other policies are mentioned, refer to the accounting policies as described in note 3 and 4 of the consolidated financial statements. For an appropriate interpretation, the company financial statements of Vanderlande Industries B.V. should be read in conjunction with the consolidated financial statements.

The has decided to prepare the company financial statements in accordance with the accounting policies used in its consolidated financial statements. This change improves the information provided by the company annual accounts. In principle, the reported figures for equity and net income in the consolidated financial statements are equal to the concerned figures reported in the company financial statements, which is generally accepted in the Netherlands.

The impact of the changes in accounting policies on equity and net income is equal to the information provided in paragraph 2.3 in the consolidated financial statements. This change has led to:

- A change in equity as per 1 January 2017;
- A change in net income for 2017.

29. Accounting policies which have not been included in the notes to the consolidated financial statements

Participations in group companies

Participations in group companies are stated at net asset value. The net asset value is determined by applying the same accounting policies as those applied in the consolidated financial statements.

Participations in group companies with a negative net asset value are valued at nil. If the company has given a liability undertaking or any other guarantee to enable the group company to settle its liabilities, a provision is recognised.

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Share in results of participating interests
The result is the amount by which the carrying amount of the participation has changed since the previous financial statements as a result of the earnings achieved by the participation to the extent that this can be attributed to the company.

Receivables from group companies
The company makes use of the option to eliminate intragroup expected credit losses against the carrying value of loans and receivables from the company to group companies, instead of elimination against the net asset value of the group companies.

30. Participations in group companies

	2020	2019	2018*
Balance at beginning of the period	8.827	14.434	2.864
Investments	0	0	0
Net income / (loss) from participations	7.643	(5.591)	12.473
Foreign currency translation reserve	(1.847)	(16)	(903)
Balance at end of the period	**14.623**	**8.827**	**14.434**

*2018 includes the period from 1 January 2017 until 31 March 2018

The company has a direct interest in the following participations:

Register of participations	Ownership interest (%)
Vanderlande Industries LLC, Moscow, Russia	100

There were no changes in ownership interest during all reporting periods presented.

31. Trade and other receivables

The composition of trade and other receivables is as follows:

	31 March 2020	31 March 2019	31 March 2018	1 January 2017
Trade receivables from contracts with customers	82.660	93.325	92.871	73.941
Retentions	10.683	10.712	10.586	5.257
Contract assets	8.064	1.462	8.215	45.583
Receivables from group companies	79.706	75.899	48.278	17.107
Social security and other taxes	15.887	13.313	14.486	9.988
Other receivables	14.683	9.324	8.986	5.086
Loss allowance for doubtful accounts	-2.460	-3.995	-370	-1.284
Total trade and other receivables	**209.224**	**200.040**	**183.052**	**155.678**

The trade and other receivables are financial assets measured at amortised cost. The trade and other receivables are expected to be settled within the next 12 months and hence they are presented as current. Information about the impairment of these receivables and the company's exposure to credit risk and currency risk can be found in note 21 of the consolidated financial statements.

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32. Trade and other payables

	31 March 2020	31 March 2019	31 March 2018	1 January 2017
Current liabilities				
Trade payables	38.450	49.878	41.076	49.968
Contract liabilities	173.351	120.244	152.878	102.433
Advance received for contract work	862	120	1.087	431
Payables to group companies	40.865	40.433	43.556	16.665
Employee related accruals	16.621	17.706	22.736	
Social security and other taxes	6.759	7.501	483	12.121
Other payables	26.075	20.182	20.329	1.554
Total trade and other payables	**302.983**	**256.064**	**282.145**	**183.172**

All trade and other payables fall due in less than one year. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

33. Related-party transactions
The related-party transactions, key management compensation and compensation paid to the Supervisory Board are disclosed in note 23 of the consolidated financial statements.

34. Commitments and contingencies not included in the balance sheet
The commitments and contingencies are disclosed in note 24 of the consolidated financial statements.

35. Audit fees
The audit fees are disclosed in note 7 of the consolidated financial statements.

36. Average number of employees
As of 31 March 2020, the average number of employees of the company calculated on a full-time-equivalent basis was 2.878 (2019: 2.573 and 2018: 2.223). Of these employees 590 (2019: 491 and 2018: 240) were employed outside the Netherlands.

37. Subsequent events
The subsequent events are disclosed in note 25 of the consolidated financial statements.

Veghel, December 13, 2021
Vanderlande Industries B.V.

The Board of Statutory Directors,

R.A. Brunschwiler
December 13, 2021

H. Molenaar
December 13, 2021

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Other information

Statutory profit appropriation
The profit is at the disposal of the Annual General Meeting of Shareholders.

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Independent auditor's report

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Independent auditor's report

To: the general meeting of Vanderlande Industries B.V.

Report on the financial statements 2019/2020

Our opinion

In our opinion:

- the consolidated financial statements of Vanderlande Industries B.V. together with its subsidiaries ('the Group') give a true and fair view of the financial position of the Group as at 31 March 2020 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ('EU-IFRS') and with Part 9 of Book 2 of the Dutch Civil Code;
- the company financial statements of Vanderlande Industries B.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 March 2020 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2019/2020 of Vanderlande Industries B.V., Veghel. The financial statements include the consolidated financial statements of the Group and the company financial statements.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 March 2020;
- the following statements for 2019/2020: the consolidated profit and loss account, the consolidated statements of comprehensive income, changes in equity and cash flows; and
- the notes, comprising significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company statement of financial position as at 31 March 2020;
- the company statement of income for the year then ended;
- the notes, comprising the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

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The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

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

Independence

We are independent of Vanderlande Industries B.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the management board report;
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information that is 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 in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our 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 such procedures was substantially less than the scope of those performed in our audit of the financial statements.

The board of statutory directors is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Responsibilities for the financial statements and the audit

Responsibilities of the board of statutory directors

The board of statutory directors is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the board of statutory directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of statutory directors is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the board of statutory directors should prepare the financial statements using the going-concern basis of accounting unless the board of statutory directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The board of statutory directors 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.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Eindhoven, 13 December 2021
PricewaterhouseCoopers Accountants N.V.

Original has been signed by M.M.P.W. Hormann-Buiting RA

Appendix to our auditor's report on the financial statements 2019/2020 of Vanderlande Industries B.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- 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 intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of statutory directors.
- Concluding on the appropriateness of the board of statutory directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.
  Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole.
  However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the board of statutory directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.