Annual Report 2021

PART 2 - **FINANCIAL STATEMENTS**

SIPEF

Contents

Comments on the consolidated financial statements

The consolidated financial statements for the financial year 2021 are prepared in accordance with the International Financial Reporting Standards (IFRS).

Balance sheet

With the exception of the strong decrease in the net cash position due to the excellent free cash flow, the main movements in the balance sheet positions were related to the deconsolidation of PT Melania. Note 30 summarises the impact on the income statement of this transaction as well as the impact on the various balance sheet items.

The reduction in biological assets – bearer plants (KUSD 8 456) is the result of the deconsolidation of PT Melania (KUSD 12 482) and the accelerated depreciation in PT Dendymarker on earlier than planned replanting (KUSD 4 229). The other fixed assets showed a slight increase due to the accelerated execution of the investment budget in the second semester, whereby the investments exceeded the depreciations.

The amounts receivable after one year increased, due to the granting of loans to the plasma smallholders in South Sumatra for the financing of their new plantings.

The assets held for sale of KUSD 13 520 (55% of KUSD 24 582) represent the estimated net sales value of the part of PT Melania that is still held by the Group until all conditions for a final sale are fulfilled.

The advances received after 1 year relate to the sale of 40% of the shares of PT Melania. They include the difference between the amount received (KUSD 19 000) and the sum of the value of 40% of the shares of PT Melania (KUSD 9 833) that were transferred, and the amounts paid since the transfer for the renewal of the concession rights, pension payments and the financing of the tea activities (KUSD 1 922). Of the total remaining advance of KUSD 7 245, KUSD 2 415 is expected to be used within the year and KUSD 4 830 to be used after more than one year.

The net current assets, net of cash, experienced four major movements, without any impact on the overall structure of the balance sheet:

- an increase in stocks, biological assets and trade receivables of KUSD 25 325;
- an increase in net tax liabilities of KUSD 24 956. This is the result of insufficient prepayments compared to the taxes to be paid in accordance with the legislation in force in Indonesia and Papua New Guinea;
- an increase in the advance payments received of KUSD 8 450 and, more specifically, on palm oil to be shipped;
- an increase in the other current liabilities of KUSD 8 529, as a result of an increased bonus provision.

IN KUSD	31/12/2021	31/12/2020
Inventories	48 017	29 648
Biological assets	9 168	6 763
Trade receivables	32 282	27 731
Other receivables	49 878	49 146
Current tax receivables	1 469	11 766
Derivatives	0	0
Other current assets	2 151	2 043
Trade payables	-23 605	-21 384
Advances received	-11 934	-1 071
Other payables	-11 519	-8 805
Income taxes	- 19 346	- 4 687
Derivatives	- 2 066	- 793
Other current liabilities	-12 749	-4 220
NET CURRENT ASSETS, NET OF CASH	61 746	86 137

The net financial debt decreased by KUSD 101 973 thanks to the positive free cash flow.

IN KUSD	31/12/2021	31/12/2020
Other investments and deposits	38	0
Cash and cash equivalents	19 939	9 790
Financial liabilities > 1 year	-36 000	-54 000
Leasing liabilities > 1 year	-2 207	-2 285
Current portion of amounts payable > 1 year	-18 000	-18 000
Financial liabilities	-12 477	-86 128
Leasing liabilities < 1 year	- 484	- 543
NET CASH POSITION	-49 192	-151 165

Result

Total revenue increased by 51.8% compared with 2020, up to USD 416 million. The revenue from palm products increased by 60.9%, mainly due to a combination of higher volumes and higher world market prices for crude palm oil (CPO). Rubber revenue decreased by 9.1% despite a higher realised unit selling price, due to lower production at PT Agro Muko and the loss of direct sales to external clients by PT Melania, the company that was deconsolidated in 2021. This deconsolidation also resulted in the revenue from tea being almost halved. The revenue in the banana segment, expressed in the functional currency, the euro, increased mainly due to a 3.6% rise in volumes sold. As the bananas are traded in euro, the USD revenue increased by 6.1%, due to the evolution of the EUR/USD exchange rate.

The total cost of sales increased by KUSD 36 837. Purchases of Fresh Fruit Bunches (FFB) from third parties augmented by KUSD 34 462, due to a rise in the purchased volumes and the increased FFB purchase prices, which are related to CPO prices.

The average ex works unit cost price for the oil palm plantations experienced a slight increase by 4.3%. In Indonesia, the high costs of the young mature plantations weighed on the average cost level, while in Papua New Guinea, the excellent production of Hargy Oil Palms Ltd led to a decrease in the unit cost price by 17.7%. The unit cost price of the banana segment remained about the same as in 2020. For the rubber segment, the unit cost prices increased significantly (50.8%): in preparation for the conversion from rubber into palm, production decreased significantly and the remaining net carrying value was depreciated more quickly.

The changes in fair value concerned the valuation of the hanging fruits (IAS 41R).

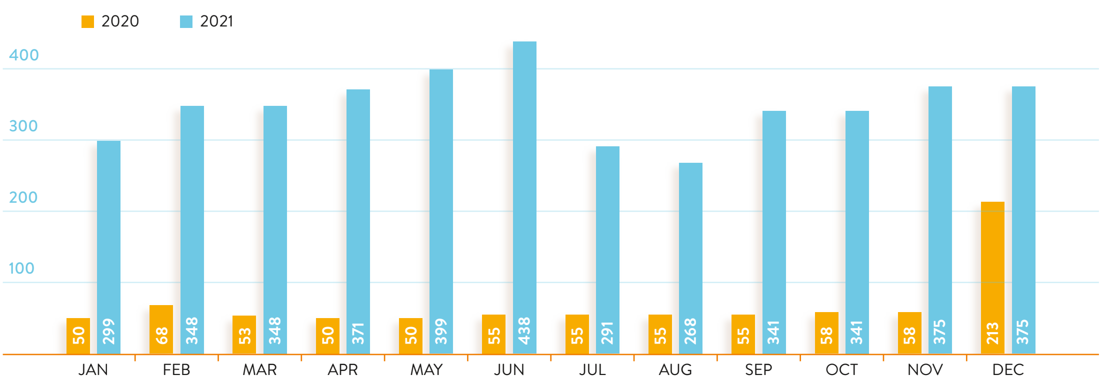
The gross profit rose from KUSD 62 357 at the end of 2020 to KUSD 169 218 at the end of 2021.

The gross result of the palm segment (98.4% of the total gross profit) increased by KUSD 106 816, thanks to higher production and especially higher net palm oil prices.

The average world market price for CPO for 2021 was USD 1 195 per tonne CIF Rotterdam. This is 67.1% higher than over the same period last year. However, it should be noted that in Indonesia the export levy and export tax increased significantly compared to last year. For the entire year 2021, the total impact of the export levy and export tax is estimated at approximately USD 349 per tonne compared with USD 74 per tonne last year.

The graph below shows Indonesia's export levy and export tax per month.

INDONESIA'S EXPORT LEVY AND EXPORT TAX PER MONTH



In Papua New Guinea, the Group was able to fully benefit from the increase in CPO prices.

Despite this export levy and export tax, the total average ex-works sales price (gross sales price lowered by the local and international transport costs, and export levy and export tax) for CPO increased. This evolved from USD 583 per tonne for 2020 to USD 807 per tonne for 2021, an increase of 38.4%.

The relatively strong recovery of sales prices for rubber, since the second half of last year, could not prevent a further increase in the negative contribution of the rubber segment to the gross margin. This is mainly due to the decreased production volumes in the rubber estates of PT Bandar Sumatra and PT Agro Muko.

Since 2021, the net result of the tea segment represents exclusively the commissions that SIPEF receives from the sale of tea volumes in the market.

The profitability of the banana and horticulture activities was confirmed with a gross margin of KUSD 3 803.

The general and administrative expenses increased compared with last year, mainly due to the increased bonus provision because of the better results.

The other operating charges and income included an exceptional depreciation on earlier than foreseen replanting in PT Dendymarker (KUSD 4 229).

The recurring operating result amounted to KUSD 127 776 against KUSD 30 778 last year.

The financial income mainly comprises the positive time effect of the discount of the receivable from the sale of the SIPEF-CI oil palm plantation in Ivory Coast at the end of 2016 (KUSD 748). This receivable was almost completely collected by the end of 2021. In addition, interest income from the growing receivables from plasma smallholders in South Sumatra increased.

The financial charges were mainly related to long-term and short-term financing. Of these, approximately half were hedged through an Interest Rate Swap (IRS).

The result before tax amounted to KUSD 124 997 compared with KUSD 28 064 in 2020.

The recurring tax expense of 28.9% was slightly higher than the recurring theoretical tax expense of 26%. This was mainly due to the negative impact (KUSD 1 942) of a number of non-deductible expenses, of which the most important was the limitation of interest deduction in Indonesia (KUSD -825).

The share of results of associated companies and joint ventures (KUSD -1 091) included the research activities that are centralised in PT Timbang Deli and Verdant Bioscience Pte Ltd (KUSD -1 032), and four-month result of PT Melania (KUSD -59).

The recurring profit for the period amounted to KUSD 87 832.

The recurring net result, share of the Group, amounted to KUSD 82 746, almost six times higher than the result of KUSD 14 122 in 2020.

On 30 April 2021, an agreement was signed with Shamrock Group concerning the conditional sale of PT Melania for USD 36 million. The total capital gain of KUSD 11 640 (share of the Group, KUSD 11 003) realised on this transaction is further detailed in note 30.

The net result, share of the Group, amounted to KUSD 93 749.

Cash flow

In line with the increase of the operating result, the cash flow from operating activities increased from KUSD 73 669 in 2020 to KUSD 178 796 this year.

The variation of the working capital of KUSD -8 523 mainly concerned the following elements:

- an increase in inventories (KUSD -22 211) as a result of higher inventory volumes, mainly of finished products, and a higher unit cost price for CPO;
- an increase in trade receivables (KUSD -4 614);
- an increase in advances received on local sales (KUSD 8 450);
- an increase in other payables and other current liabilities including an increase in bonus provision following the improved result (KUSD 10 582).

The above-mentioned use of working capital concerned the usual temporary movements.

In Indonesia and Papua New Guinea the Group made advance payments of taxes in accordance with local legislation. These were partly based on the results of 2019 and partly on the results of 2020 which were both lower than the results of 2021. Therefore, the prepayments of taxes of KUSD 9 962 were significantly below the taxes to be paid of KUSD 34 722.

The acquisitions in intangible and tangible assets (KUSD -68 692) related to the usual replacement investments, but mainly to the expansions in South Sumatra (KUSD -33 180). Due to covid-19 related logistic and operational impediments, investments temporarily remained below expectations.

During the year, additional loans (KUSD -9 578) were also granted to the surrounding plasma smallholders in South Sumatra.

The selling price of property, plant and equipment (PP&E) and financial assets (KUSD 30 229) mainly concerned funds received from three transactions:

- the sale of PT Melania for KUSD 17 077 (see note 30);
- the balance of the sale of SIPEF-CI in 2016 for KUSD 7 631;
- the sale of tangible fixed assets, mainly the sale of young palm trees to the surrounding plasma smallholders in South Sumatra in Indonesia.

The free cash flow for the year amounted to KUSD 112 270 compared with KUSD 21 299 for the same period last year.

The other financing activities (KUSD -102 084) comprise the buy-back and sale transactions of treasury shares (KUSD -1 161); the partial repayments of long-term financing (KUSD -18 000 for the long-term loan and KUSD -78 for the leasing debts); repayment of short-term financing (KUSD -73 710); dividend payments to SIPEF shareholders (KUSD -4 443); dividend payments to non-controlling parties (KUSD -2 306); and interest payments (KUSD -2 386).

Consolidated balance sheet

IN KUSD	NOTE	2021	2020
Non-current assets		**815 303**	**809 753**
Intangible assets	8	348	473
Goodwill	8	104 782	104 782
Biological assets - bearer plants	9	307 371	315 826
Other property, plant & equipment	10	359 896	354 811
Investment property		0	0
Investments in associates and joint ventures	24	3 598	4 630
Financial assets		92	80
Other financial assets		92	80
Receivables > 1 year		25 666	16 101
Other receivables	11	25 666	16 101
Deferred tax assets	23	13 550	13 049
Current assets		**176 462**	**136 888**
Inventories	12	48 017	29 648
Biological assets	13	9 168	6 763
Trade and other receivables		82 161	76 877
Trade receivables	26	32 282	27 731
Other receivables	14	49 878	49 146
Current tax receivables	23	1 469	11 766
Investments		38	0
Other investments and deposits	19	38	0
Derivatives	26	0	0
Cash and cash equivalents	19	19 939	9 790
Other current assets		2 151	2 043
Assets held for sale	30	13 520	0
TOTAL ASSETS		991 765	946 641

IN KUSD	NOTE	2021	2020
Total equity		**766 183**	**674 550**
Shareholders' equity	15	727 329	638 688
Issued capital		44 734	44 734
Share premium		107 970	107 970
Treasury shares (-)		-11 521	-10 277
Reserves		596 813	507 299
Translation differences		-10 666	-11 038
Non-controlling interests	16	38 854	35 862
Non-current liabilities		**113 402**	**126 460**
Provisions > 1 year		1 125	1 354
Provisions	17	1 125	1 354
Deferred tax liabilities	23	46 950	44 010
Trade and other liabilities > 1 year	26	0	0
Financial liabilities > 1 year (incl. derivatives)	19	36 000	54 000
Leasing liabilities > 1 year	27	2 207	2 285
Pension liabilities	18	22 290	24 810
Advances received > 1 year	30	4 830	0
Current liabilities		**112 180**	**145 631**
Trade and other liabilities < 1 year		66 404	35 947
Trade payables	26	23 605	21 384
Advances received	26	11 934	1 071
Other payables	14	11 519	8 805
Income taxes	23	19 346	4 687
Financial liabilities < 1 year		30 961	104 671
Current portion of amounts payable after one year	19	18 000	18 000
Financial liabilities	19	12 477	86 128
Leasing liabilities < 1 year	27	484	543
Derivatives	26	2 066	793
Other current liabilities		12 749	4 220
Liabilities associated with assets held for sale		0	0
TOTAL EQUITY AND LIABILITIES		991 765	946 641

Consolidated income statement

IN KUSD	NOTE	2021	2020
Revenue	7	416 053	274 027
Cost of sales	7	-249 240	-212 403
Changes in fair value of biological assets	7	2 404	733
Gross profit		**169 218**	**62 357**
General and administrative expenses	7	-36 891	-31 573
Other operating income/(charges)	20	7 088	- 6
Operating result		**139 416**	**30 778**
Financial income		1 475	2 012
Financial charges		-3 096	-5 103
Exchange differences		-1 157	378
Financial result	21	**-2 779**	**-2 713**
Profit before tax		**136 637**	**28 065**
Tax expense	23	-36 075	-10 828
Profit after tax		**100 562**	**17 237**
Share of results of associated companies and joint ventures	24	-1 091	-1 059
Result from continuing operations		**99 471**	**16 178**
Result from discontinued operations		0	0
Profit for the period		**99 471**	**16 178**
Attributable to:			
- Non-controlling interests	16	5 722	2 055
- Equity holders of the parent		93 749	14 122

EARNINGS PER SHARE (IN USD)	NOTE	2021	2020
FROM CONTINUING AND DISCONTINUED OPERATIONS			
Basic earnings per share	31	9.00	1.36
Diluted earnings per share	31	8.99	1.36
FROM CONTINUING OPERATIONS			
Basic earnings per share	31	9.00	1.36
Diluted earnings per share	31	8.99	1.36
Basic earnings per share excluding capital gain sale PT Melania		7.88	1.36

Statement of consolidated comprehensive income

IN KUSD	NOTE	2021	2020
Profit for the period		**99 471**	**16 178**
Other comprehensive income:			
Items that may be reclassified to profit and loss in subsequent periods			
- Exchange differences on translating foreign operations	15	372	755
- Cash flow hedges - fair value result for the period	26	905	-1 922
- Income tax effect (cash flow hedges)	26	- 226	489
Items that will not be reclassified to profit and loss in subsequent periods			
- Defined Benefit Plans - IAS 19R	18	- 631	-1 329
- Income tax effect		139	292
Total other comprehensive income for the year		**559**	**-1 714**
Other comprehensive income attributable to:			
- Non-controlling interests		2	- 94
- Equity holders of the parent		557	-1 619
Total comprehensive income for the year		**100 030**	**14 464**
Total comprehensive income attributable to:			
- Non-controlling interests		5 724	1 961
- Equity holders of the parent		94 306	12 503

Consolidated cash flow statement

IN KUSD	NOTE	2021	2020
OPERATING ACTIVITIES			
Profit before tax		**136 637**	**28 065**
Adjusted for:			
Depreciation	8,9,10	48 616	43 581
Movement in provisions	17, 18	2 452	197
Stock options		121	128
Unrealized exchange result		0	- 169
Changes in fair value of biological assets		-2 404	- 733
Other non-cash results		- 773	-1 266
Hedge reserves and financial derivatives	26	2 178	-1 171
Financial income and charges		2 369	4 330
Loss on receivables		0	- 249
Loss/(gain) on sale of investments		0	0
Result on disposal of property, plant and equipment		1 241	957
Result on disposal of financial assets	30	-11 640	0
Cash flow from operating activities before change in net working capital	25	178 796	73 669
Change in net working capital	25	-8 523	3 165
Variation in long term receivables*		0	0
Cash flow from operating activities after change in net working capital		170 273	76 834
Income taxes paid	23	-9 962	-3 572
Cash flow from operating activities		**160 312**	**73 262**
INVESTING ACTIVITIES			
Acquisition intangible assets	8	- 40	- 49
Acquisition biological assets	9	-27 396	-26 971
Acquisition property, plant & equipment	10	-41 256	-24 743
Financing plasma advances*	11	-9 578	-4 479
Acquisition investment property		0	0
Acquisition subsidiaries		0	0
Dividends received from associated companies and joint ventures		0	0
Proceeds from sale of property, plant & equipment		5 521	2 401
Proceeds from sale of financial assets	30	24 708	1 878
Cash flow from investing activities		**-48 042**	**-51 963**
Free cash flow		**112 270**	**21 299**
FINANCING ACTIVITIES			
Capital increase		0	0
Equity transactions with non-controlling parties		0	-2 795
Increase of treasury shares	22	-2 194	0
Decrease of treasury shares	22	1 033	0
Decrease in long-term financial borrowings	19	-18 078	-9 228
Increase in long-term financial borrowings	19	0	0
Decrease short-term financial borrowings	19	-73 710	-5 092
Increase short-term financial borrowings	19	0	0
Last year's dividend paid during this book year		-4 443	0
Dividends paid by subsidiaries to minorities	16	-2 306	- 716
Interest received – paid		-2 386	-4 331
Cash flow from financing activities		**-102 084**	**-22 162**
Net increase in investments, cash and cash equivalents	19	**10 186**	**- 863**
Investments and cash and cash equivalents (opening balance)	19	9 790	10 653
Effect of exchange rate fluctuations on cash and cash equivalents	19	0	0
Investments and cash and cash equivalents (closing balance)	19	19 977	9 790

* As from 2021, the financing of plasma advances has been included under investing activities instead of changes in net working capital. The 2020 comparative figures have been changed accordingly.

Statement of changes in consolidated equity

IN KUSD	Issued capital SIPEF	Share premium SIPEF	Treasury shares	Defined benefit plans IAS19R	Reserves	Translation differences	Share-holder equity	Non-controlling interests	Total equity
JANUARY 1, 2021	44 734	107 970	-10 277	-4 539	511 838	-11 038	638 688	35 862	674 550
Result for the period					93 749		93 749	5 722	99 471
Other comprehensive income				- 494	679	372	557	2	559
Total comprehensive income				**- 494**	**94 428**	**372**	**94 306**	**5 724**	**100 030**
Last year's dividend paid					-4 443		-4 443	-2 306	-6 749
Sale PT Melania								- 426	- 426
Other (note 22)			-1 244		23		-1 221		-1 221
DECEMBER 31, 2021	44 734	107 970	-11 521	-5 033	601 846	-10 666	727 329	38 854	766 183
JANUARY 1, 2020	44 734	107 970	-10 277	-3 598	501 650	-11 793	628 686	34 325	663 010
Result for the period					14 122		14 122	2 055	16 178
Other comprehensive income				- 941	-1 433	755	-1 619	- 95	-1 714
Total comprehensive income				**- 941**	**12 689**	**755**	**12 503**	**1 960**	**14 464**
Last year's dividend paid								- 200	- 200
Equity transactions with non-controlling parties					-2 573		-2 573	- 223	-2 795
Other					72		72		72
DECEMBER 31, 2020	44 734	107 970	-10 277	-4 539	511 838	-11 038	638 688	35 862	674 550

Notes

1. IDENTIFICATION

SIPEF (the 'company') is a limited liability company ('naamloze vennootschap' / 'société anonyme') incorporated in Belgium and registered at 2900 Schoten, Calesbergdreef 5. The consolidated financial statements for the year ended 31 December 2021 comprise SIPEF and its subsidiaries (together referred to as 'SIPEF group' or 'the Group'). Comparative figures are for the financial year 2020.
The consolidated financial statements have been established by the Board of Directors on 15 February 2022. The subsequent events were updated and approved for issue by the directors on April 19, 2022. These financial statements will be presented to the shareholders at the general meeting of June 08, 2022. A list of the directors and the statutory auditor, as well as a description of the principal activities of the Group, are included in 'Part 1 – Company report' of this annual report.

2. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) which have been adopted by the European Union as per 31 December 2021.

The following standards or interpretations are applicable for the annual period beginning on 1 January 2021:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 *Interest Rate Benchmark Reform* – Phase 2
- Amendment to IFRS 16 *Leases: COVID-19-Related Rent* Concessions beyond 30 June 2021 (applicable for annual periods beginning on or after 1 April 2021)
- Amendments to IFRS 4 *Insurance Contracts* – Extension of the Temporary Exemption from Applying IFRS 9 to 1 January 2023 (applicable for annual periods beginning on or after 1 January 2021)

These changes did not have a significant impact on the equity or net result of the Group.

The Group did not elect for early application of the following new standards and interpretations which were issued at the date of approval of these financial statements but were not yet effective on the balance sheet date:

- Amendments to IAS 16 *Property, Plant and Equipment:* Proceeds before Intended Use (applicable for annual periods beginning on or after 1 January 2022)
- Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets:* Onerous Contracts — Cost of Fulfilling a Contract (applicable for annual periods beginning on or after 1 January 2022)
- Amendments to IFRS 3 *Business Combinations*: Reference to the Conceptual Framework (applicable for annual periods beginning on or after 1 January 2022)
- *Annual Improvements to IFRS Standards 2018–2020* (applicable for annual periods beginning on or after 1 January 2022)
- IFRS 17 *Insurance Contracts* (applicable for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 1 *Presentation of Financial Statements*: Classification of Liabilities as Current or Non-current (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)
- Amendments to IAS 1 *Presentation of Financial Statements and IFRS Practice Statement 2*: Disclosure of Accounting Policies (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)
- Amendments to IAS 8 *Accounting policies, Changes in Accounting Estimates and Errors*: Definition of Accounting Estimates (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)
- Amendments to IAS 12 *Income Taxes:* Deferred Tax related to Assets and Liabilities arising from a Single Transaction (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)

At this stage the Group does not expect first adoption of these standards and interpretations to have any material impact on the financial statements of the Group.

3. ACCOUNTING POLICIES

Basis of preparation

Starting in 2007 the consolidated financial statements are presented in US dollar (until 2006 this was done in euro), rounded off to the nearest thousand (KUSD). This modification is the result of the changed policy with regard to the liquidity and debt management since the end of 2006, whereby the functional currency of the majority of the subsidiaries has been changed from the local currency to the US dollar.

The consolidated financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: investments in equity instruments measured at FVOCI, financial derivative instruments and biological produce.

The accounting policies have been consistently applied throughout the Group and are consistent with those used in the previous year.

Business combinations

Business combinations are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of acquisition. Any costs directly attributable to the acquisition are recognized in profit or loss. The purchase consideration to acquire a business, including contingent payments, is recorded at fair value at the acquisition date, while subsequent adjustments to the contingent payments resulting from events after the acquisition date are recognized in profit or loss. The 'full goodwill' option, which can be elected on a case by case basis, allows SIPEF to measure the non-controlling interest either at fair value or at its proportionate share of the acquiree's net assets. All acquisition-related costs, such as consulting fees, are expensed.

If the initial accounting for a business combination is incomplete by the end of the financial year in which the combination occurs, SIPEF group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see paragraph below), and/or additional assets and/or liabilities are recognised to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the acquisition date to the date SIPEF group obtains complete information about facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date

Step acquisitions

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the company.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

Consolidation principles

Subsidiaries

Subsidiaries are those enterprises controlled by the company. An investor controls an investee if and only if the investor has all of the following elements, in accordance with IFRS 10:

- Power over the investee, i.e. the investor has existing rights that give it the ability to direct the relevant activities;
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect the amount of the investor's returns.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases (or a date nearby).

Associates

Associates are those enterprises in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognized gains and losses of associates on an equity accounting basis, from the date that significant influence effectively commences until the date that significant influence effectively ceases (or a date nearby). When the Group's share of losses exceeds the carrying amount of the associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate.

Joint ventures

Joint ventures are those enterprises over whose activities the Group has joint control, established by contractual agreement. The consolidated financial statements include the Group's share of the total recognized gains and losses of joint ventures on an equity accounting basis, from the date that significant influence effectively commences until the date that significant influence effectively ceases (or a date nearby).
When the Group's share of losses exceeds the carrying amount of the associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the joint ventures.

Transactions eliminated on consolidation

All intra-group balances and transactions, and any unrealized gains arising on intra-group transactions, are eliminated for companies included using the full consolidation method in preparing the consolidated financial statements.

Unrealized losses are eliminated in the same way as unrealized gains except that they are only eliminated to the extent that there is no evidence of impairment.

Foreign currency

Foreign currency transactions

In the individual Group companies, transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the balance sheet date. Foreign exchange differences arising on translation are recognized in the income statement. Non-monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction.

Financial statements of foreign operations

Functional currency: items included in financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the functional currency). Starting from 2007 the consolidated financial statements are presented in USD, this is the functional currency of the majority of the Group companies.

To consolidate the Group and each of its subsidiaries, the financial statements of the individual entities are translated as follows:

- Assets and liabilities at the closing rate;
- Income statements at the average exchange rate for the year;
- The components of shareholders' equity at the historical exchange rate.

Exchange differences arising from the translation of the net investment in foreign subsidiaries, joint ventures and associated entities at the year-end exchange rate are recorded as part of the shareholders' equity under "translation differences". When a foreign entity is sold, such exchange differences are recognized in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as local currency assets and liabilities of the foreign entity and are translated at the closing rate.

Biological assets

SIPEF group only recognizes a biological asset or growing agricultural produce ("agricultural produce") when it controls the asset as a result of past events, when it is probable that future economic benefits associated with the asset will flow to SIPEF group and when the fair value or cost of the asset can be measured reliably.

In accordance with the amendments to IAS 16 and IAS 41, bearer plants are stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated using the straight-line method based on the estimated useful life (20 to 25 years).

The growing agricultural produce of palm oil is defined as the oil contained in the palm fruit, so that the fair value of this distinct asset can be estimated reliably.

The growing biological produce of tea is defined as the leaves that are ready to be plucked and processed, even if not yet fully grown, so that the fair value of this distinct asset can be estimated reliably.

SIPEF group has opted to measure growing biological produce of rubber at fair value at the point of harvest in accordance with IAS 41.32 and not to measure it at fair value as it grows less costs to sell in accordance with IAS 41.10c as we are of the opinion that all parameters used in any alternative fair value measurement (future productions, determination of the start of the life cycle, cost allocation,…) are clearly unreliable. As a consequence, all alternative fair value measurements are also considered clearly unreliable.

The growing biological produce of bananas is measured at fair value as it grows less costs to sell, taking into account that all the parameters for the fair value calculation are available and reliable.

A gain or loss arising on initial recognition of a biological asset at fair value less estimated point of sale costs and from the change in fair value less estimated point of sale costs of a biological asset is included in net profit or loss in the period in which it arises.

Goodwill

Goodwill represents the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired in a business combination. Goodwill is not amortized but reviewed for impairment at least annually. For the purpose of testing goodwill for impairment, goodwill is allocated to operating companies which is the lowest level at which the goodwill is monitored for internal management purposes (i.e. cash flow generating unit). Any impairment is immediately recognized in the income statement and is not subsequently reversed.

Negative goodwill represents the excess of the Group's interest in the fair value of the net identifiable assets acquired over the cost of acquisition. Negative goodwill is immediately recognized in the income statement.

Intangible assets

Intangible assets include computer software and various licenses. Intangible assets are capitalized and amortized using the straight-line method over their useful life.

Property, plant and equipment

Property, plant and equipment, including investment property, are stated at cost less accumulated depreciation and any accumulated impairment losses. Borrowing costs attributable to the construction or production of qualifying assets are capitalized. Expenses for the repair of property, plant and equipment are usually charged against income when incurred. Property held for sale, if any, is stated at the lower of amortized cost and fair value less selling charges.

Depreciation is calculated using the straight-line method based on the estimated useful lives of the related assets:

Buildings	5 to 30 years
Infrastructure	5 to 25 years
Installations and machinery	5 to 30 years
Vehicles	3 to 20 years
Office equipment and furniture	5 to 10 years
Other property, plant and equipment	2 to 20 years

Land is not amortized.

The Group presents the cost of land rights as a part of property, plant & equipment, consistently with practices in the industry and with relevant guidance in that respect. In addition, The Group closely monitors the situation of each land title in terms of renewal and only depreciates its land rights if there is an indication that the land title might not be renewed.

Leases
Assets, representing the right to use the underlying leased asset, are capitalized as property, plant and equipment at cost, comprising 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. The corresponding lease liabilities, representing the net present value of the lease payments, are recognized as long-term or current liabilities depending on the period in which they are due. Leased assets and liabilities are recognized for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The lease payments are discounted using the lessee's incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. The interest rate implicit in the lease could not be determined.

Lease interest is charged to the income statement as an interest expense.

Leased assets are depreciated, using straight-line depreciation over the lease term, including the period of renewable options, in case it is probable that the option will be exercised.

Lessee accounting
Due to the nature of the Group's business whereby the operations are primarily taking place in relatively remote areas, the Group owns most of the assets used. Therefore, there is only a limited amount of leases which qualify for lease accounting. The three main categories consist of:

Office rental
Office rentals are currently accounted for as operational leases. Analysis shows that these meet the definition of a lease and as such a right-of-use asset and corresponding lease liability will need to be accounted for under the new standard. Considering that most of the office rentals are long-term leases, the main areas management actions are required:

- Determining the lease term;
- Calculating the incremental borrowing rate.

Company cars
Company cars in Belgium meet the definition of a lease and therefore the same approach as office rentals will be applied.

Papua-New-Guinea land rights
In the Group's subsidiary Hargy Oil Palms Ltd in Papua-New-Guinea, a part of the land rights include a fixed annual rental payment for the usufruct of the land, as well as a variable royalty depending on the production levels of the year measured in tons FFB. The annual fixed rental payment meets the definition of a lease, whereby the lease term of asset has been determined as the average lifespan of an oil palm (25 years).

Lessor accounting
The Group has no contracts that could lead to lessor accounting.

Impairment of assets
Property, plant and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may be higher than the recoverable amount. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. If impairment is no longer justified in future periods due to a recovery in assets' fair value or value in use, the impairment reserve is reversed.

Financial instruments
Classification and measurement of financial instruments
Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The financial assets include the investments in equity instruments designated at fair value through other comprehensive income, loans to related parties, receivables including trade receivables and other receivables, derivative financial instruments, financial assets at fair value through profit or loss, cash and cash equivalents. The acquisitions and sales of financial assets are recognised at the transaction date.

Financial assets – debt instruments
All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Debt instruments that meet the following conditions are subsequently measured at amortised cost:

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

Debt instruments include:

- Receivables that are measured at amortised cost
- Trade receivables measured at amortised cost
- Cash and cash equivalents

Financial assets – investments in equity instruments
On initial recognition, the Group made an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment's revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Because of the lack of sufficient recent information available to measure fair value, management has assessed that cost is an appropriate estimate of fair value for those unquoted equity investments.

Amortised cost and effective interest method
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Derivatives
The Group uses financial derivative instruments primarily to manage its exposure to interest rate and foreign currency risks arising from operational, financing and investment activities. The Group applies hedge accounting under IFRS 9 – "Financial Instruments".

Derivative instruments are valued at fair value at initial recognition. The changes in fair value are reported in the income statement unless these instruments are part of hedging transactions, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates certain derivatives as hedging instruments in respect interest rate risk in cash flow hedges. Derivatives related to the foreign currency risk are not documented in a hedging relationship.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item along with its risk management objectives and its strategy for undertaking various hedge transactions.

Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all the following hedge effectiveness requirements:

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

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i. e. rebalances the hedge) so that it meets the qualifying criteria again.

The value fluctuations of a derivative financial instrument that complies with the strict conditions for recognition as a cash flow hedge are recorded in other comprehensive income for the effective part. The ineffective part is recorded directly in the profit and loss account. The hedging results are recorded out of other comprehensive income into the profit and loss account at the moment the hedged transaction influences the result.

A derivative with a positive fair value is recorded as a financial asset, while a derivative with a negative fair value is recorded as a financial liability. A derivate is presented as current or non-current depending on the expected expiration date of the financial instrument.

Impairment of financial assets
In relation to the impairment of financial assets an expected credit loss model is applied. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. Specifically, the following assets are included in the scope for impairment assessment for the Group: 1) trade receivables; 2) non-current receivables and loans to related parties; 3) cash and cash equivalents.

IFRS 9 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group has applied the simplified approach and records lifetime expected losses on all trade receivables.

IFRS 9 requires the Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. On the other hand, if the credit risk on a financial instrument has not increased significantly since initial recognition, the Group is required to measure the loss allowance for that financial instrument at an amount equal to 12month expected credit losses.

For long term receivables IFRS 9 provides a choice to measure expected credit losses applying lifetime or a general (3 stages of expected credit loss assessment) expected credit losses model. The Group selected the general model. All bank balances are assessed for expected credit losses as well.

Derecognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between a) the asset's carrying amount and b) the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss.

Financial liabilities
All financial liabilities of the Group are subsequently measured at amortised cost using the effective interest method.
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Receivables and payables
The Group initially measures an amount receivable and payable at fair value. For the amount receivables, the transaction price is deemed to be equal to the fair value. Subsequently, these amount receivables are carried at amortized cost using the effective interest method less any allowance for expected credit losses. For amounts payable, the transaction price is deemed to be equal to the fair value. Subsequently, these amount payable are carried at amortized cost using the effective interest method. Amounts receivable and payable in a currency other than the functional currency of the subsidiary are translated at the prevailing Group exchange rates on the balance sheet date.

Cash and cash equivalents
Cash and cash equivalents are measured at their amortised value and include cash and deposits with an original maturity of three months or less. Negative cash balances are recorded as liabilities.

Interest-bearing borrowings
Interest-bearing borrowings are measured at amortised cost price. Borrowings are initially recognized as proceeds received, net of transaction costs. Any difference between cost and redemption value is recognized in the income statement using the effective interest method.

Inventories
Inventories are valued at the lower of cost or net realizable value.

The stock finished products including biological assets are valued by adding production cost to the fair value of the biological asset concerned.

Inventories are written down on a case-by-case basis if the estimated net realizable value declines below the carrying amount of the inventories. Net realizable value is the estimated selling price less the estimated costs necessary to make the sale. When the reason for a write-down of the inventories has ceased to exist, the write-down is reversed.

Assets held for sale
The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group-, excluding finance costs and income tax expenses).

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plant to sell the asset and the sale expected to be completed within one year from the date of the classification.

PP&E and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated income statement.

Shareholders' equity
Dividends of the parent company payable on ordinary shares are only recognized as a liability in the period in which they are approved.

Costs incurred with respect to the issuance of equity instruments are recorded as a deduction in equity.

Non-controlling interest
Non-controlling interests include a proportion of the fair value of identifiable assets and liabilities recognized upon acquisition of a subsidiary, together with the appropriate proportion of subsequent profits and losses.
In the income statement the minority share in the company's profit or loss is separated from the consolidated result of the Group.

Treasury shares
Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share premium.

Provisions
Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made.

Pensions and other post-employment benefits
Group companies have various pension schemes in accordance with the local conditions and practices in the countries they operate in.

1. Defined benefit plans
The defined benefit plans are generally un-funded but fully provisioned for using the 'projected unit credit'- method. This provision represents the present value of the defined benefit obligation. The actuarial gains and losses are recognized in the Other Comprehensive Income.

2. Defined contribution plans
The Group pays contributions to publicly or privately administered insurance plans. Since the Group is obliged to make additional payments if the average return on the employer's contribution and on the employees' contributions is not attained, those plans should be treated as "defined benefit plans" in accordance with IAS 19.

Employee benefits in equity instruments
Stock option plans exist within the SIPEF group, giving employees the right to buy SIPEF shares at a predefined price. This price is determined at the time when the options are granted and it is based on the market price or the intrinsic value.

The performance of the beneficiary is measured (at the moment of granting) on the basis of the fair value of the granted options and warrants and recognized in profit and loss when the services are rendered during the vesting period.

Revenue recognition
The SIPEF group's core activity is the sale of goods. SIPEF group recognises revenue at the moment the control over the asset is transferred to the customer. The goods sold are transported by ship and recognized as revenue as soon as the goods are loaded onto the ship. Revenue recognition occurs at the moment when the goods are loaded onto the ship. Revenue is recorded at this point in time for all contracts within the SIPEF group. The payment terms depend on the delivery terms of the contract and can vary between prepayment, cash against documents and 45 days after handover of the bill of lading. Deliveries are at a fixed price. For each contract there is only one performance obligation which needs to be fulfilled: the delivery of the goods.

The Group has no material incremental costs of obtaining a contract which would fulfil the capitalization criteria as defined by IFRS 15.

Cost of sales
Cost of sales includes all costs associated with harvest, transformation and transport. Purchases are recognized net of cash discounts and other supplier discounts and allowances.

General and administrative expenses
General and administrative expenses include expenses of the marketing and financial department and general management expenses.

Income taxes
Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly to equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax liabilities and assets are recognized for temporary differences between the carrying amount in the balance sheet and the tax bases of assets and liabilities and are subsequently adjusted to reflect changes in tax rates expected to be in effect when the temporary differences reverse. Deferred tax assets are included in the consolidated accounts only to the extent that their realization is probable in the foreseeable future.

4. USE OF ACCOUNTING ESTIMATES AND JUDGEMENTS
The preparation of the consolidated financial statements in conformity with IFRS requires the Group to use accounting estimates and judgements and make assumptions that may affect the reported amounts of assets and liabilities at the date of the balance sheets and reported amounts of revenue and expense during the reporting periods. Actual results could differ from those estimates.

Below we present an update of the most important judgements applicable in the annual report:

- Judging that land rights will not be amortized unless there is an indication that the land title might not be renewed: A total of 2 500 hectares of land rights in PT Agro Muko expired in 2020. All documentation for the renewal of the land rights that expire in 2020 was delivered on time to the relevant authorities. The authorities are in the process of reviewing and approving them. There is no indication that these land rights will not be renewed.

The main areas in which estimates are used during 2021 are:

- Deferred tax assets
- Impairment of assets (goodwill impairment)
- Determination of the estimated costs related to the sale of PT Melania.

The key estimates used in the calculation of deferred tax assets and impairment of assets (goodwill impairment) testing rely on making an estimate on commodity prices over a longer period. By nature, the commodity prices used in such estimates are volatile and will therefore in reality be different from the estimated amounts. There is no unique independent variable on which a relevant sensitivity can be done on the calculation of the deferred tax assets. We refer to note 8 for the goodwill impairment testing.

The determination of the net selling price of PT Melania includes an estimate of the costs related to the sale as agreed in the Sale and purchase agreement ("SPA"). The main estimates made include:

- The timing and the cost of renewing the permanent concession rights (HGU)
- The compensation for the accumulated social rights of the employed personnel, who will presumably be taken over almost entirely by Shamrock Group.

5. GROUP COMPANIES / CONSOLIDATION SCOPE

The ultimate parent of the Group, SIPEF, Schoten/Belgium, is the parent company of the following significant subsidiaries:

	Location	% of control	% of interest
Consolidated companies (full consolidation)			
PT Tolan Tiga Indonesia	Medan / Indonesia	95.00	95.00
PT Eastern Sumatra Indonesia	Medan / Indonesia	95.00	90.25
PT Kerasaan Indonesia	Medan / Indonesia	57.00	54.15
PT Bandar Sumatra Indonesia	Medan / Indonesia	95.00	90.25
PT Mukomuko Agro Sejahtera	Medan / Indonesia	95.00	85.74
PT Umbul Mas Wisesa	Medan / Indonesia	95.00	94.90
PT Citra Sawit Mandiri	Medan / Indonesia	95.00	94.90
PT Toton Usaha Mandiri	Medan / Indonesia	95.00	94.90
PT Agro Rawas Ulu	Medan / Indonesia	95.00	95.00
PT Agro Kati Lama	Medan / Indonesia	95.00	95.00
PT Agro Muara Rupit	Medan / Indonesia	95.00	94.90
Hargy Oil Palms Ltd	Bialla / Papua N.G.	100.00	100.00
Plantations J. Eglin SA	Azaguié / Ivory Coast	100.00	100.00
Jabelmalux SA	Luxembourg / G.D. Luxemburg	99.89	99.89
Sipef Singapore	Singapore / Republic of Singapore	100.00	100.00
PT Agro Muko	Medan / Indonesia	95.00	90.25
PT Dendymarker Indah Lestari	Medan / Indonesia	100.00	95.00
Associates and joint ventures (equity method)			
Verdant Bioscience Pte Ltd	Singapore / Republic of Singapore	38.00	38.00
PT Melania Indonesia	Medan / Indonesia	55.00	52.25
PT Timbang Deli Indonesia	Medan / Indonesia	38.00	36.10
Companies not included			
Horikiki Development Cy Ltd	Honiara / Solomon Islands	90.80	90.80

SIPEF has signed a sale and purchase agreement with Shamrock Group (SG) on the sale of 100% of the share capital of its Indonesian subsidiary, PT Melania. Upon signing of the SPA, SIPEF has lost full control of PT Melania. Subsequently, PT Melania has been accounted for as a joint venture held for sale as from 30 April 2021. The assets and liabilities of PT Melania have been measured at fair value, equaling the net selling price of KUSD 23 353.

As of 30 April 2021, the results of PT Melania are no longer included in the consolidated profit and loss of the SIPEF group as PT Melania is classified as a joint venture held for sale.

Despite the possession of the majority of voting rights, the Group has no control over the non-consolidated company Horikiki Development Cy Ltd because it is established in inaccessible regions. Even so there is no value in Horikiki.

All companies included in the consolidation are also included in the sustainability report of the Group.

There are no restrictions to realise assets and settle liabilities of subsidiaries.

6. EXCHANGE RATES

As a result of a revised liquidity- and debt management as from the end of 2006 the functional currency in the majority of the subsidiaries has been changed to US dollar as from January 1, 2007. The following subsidiary has a different functional currency:

Plantations J. Eglin SA EUR

The exchange rates below have been used to convert the balance sheets and the results of these entities into US dollar (this is the currency in which the Group presents its results).

	Closing rate			Average rate		
	2021	2020	2019	2021	2020	2019
EUR	0.8816	0.8154	0.8916	0.8480	0.8727	0.8941

7. OPERATIONAL RESULT AND SEGMENT INFORMATION

SIPEF's activities can be classified into segments based on the type of product. SIPEF has the following segments:

- Palm: Includes all palm products, including palm oil, palm kernels and palm kernel oil, both in Indonesia and Papua New Guinea.
- Rubber: Includes all different types of rubber produced in Indonesia and sold by the SIPEF group:
  - Ribbed Smoked Sheets (RSS)
  - Standard Indonesia Rubber (SIR)
  - Scraps and Lumps
- Tea: Includes the “cut, tear, curl” (CTC) tea produced by SIPEF in Indonesia.
- Bananas and horticulture: Includes all sales of bananas and horticulture originating from Ivory Coast.
- Corporate: Mainly includes management fees received from non-group companies, commissions charged on sea freight and other commissions which are not covered by the sales contract.

The overview of segments below is based on the SIPEF group’s internal management reporting. The executive committee is the chief operating decision maker. The most important differences with IFRS consolidation are:

- Instead of revenue the gross margin per segment is used as the starting point.
- The capital gain on the sale of PT Melania was not included in the “other operating income/(charges)” but is included on a separate line.

In KUSD	2021	2020
Gross margin per product		
Palm	166 562	59 886
Rubber	-2 608	-1 814
Tea	134	- 788
Bananas and plants	3 803	4 390
Corporate	1 328	682
Total gross margin	**169 218**	**62 357**
General and administrative expenses	-36 891	-31 573
Other operating income/(charges)	-4 552	- 6
Financial income/(charges)	-2 369	-4 458
Discounting Sipef-CI	748	1 368
Exchange differences	-1 157	378
Result before tax	**124 997**	**28 065**
Tax expense	-36 075	-10 828
Effective tax rate	-28.9%	-38.6%
Result after tax	**88 923**	**17 237**
Share of results of associated companies	-1 091	-1 059
Result for the period before sale of PT Melania	87 832	**16 178**
Gain on sale PT Melania	11 640	0
Result for the period	**99 471**	**16 178**

Below we present the segment information per product and per geographical region in accordance with the IFRS profit and loss accounts. The segment result is revenue minus expense that is directly attributable to the segment and the relevant portion of income and expense that can be allocated on a reasonable basis to the segment.

Gross profit by product

2021 - KUSD	Revenue	Cost of sales	Changes in the fair value	Gross profit	% of total
Palm	380 862	-216 913	2 613	166 562	98.4
Rubber	8 059	-10 667	0	-2 608	-1.5
Tea	2 719	-2 574	- 11	134	0.1
Bananas and horticulture	23 085	-19 085	- 197	3 803	2.2
Corporate	1 328	0	0	1 328	0.8
Total	**416 053**	**-249 239**	**2 404**	**169 218**	**100.0**

2020 - KUSD	Revenue	Cost of sales	Changes in the fair value	Gross profit	% of total
Palm	236 707	-177 137	176	59 746	95.8
Rubber	8 866	-10 680	0	-1 814	-2.9
Tea	5 858	-6 611	- 35	- 788	-1.3
Bananas and horticulture	21 774	-17 976	592	4 390	7.0
Corporate	823	0	0	823	1.3
Total	**274 027**	**-212 403**	**733**	**62 357**	**100.0**

Total revenue increased by 51.8% compared with 2020 up to USD 416 million.

Palm oil revenue increased by 60.9% primarily due to a combination of higher production volumes and a higher world market price for crude palm oil (CPO).

Rubber revenue decreased by 9.1% despite a higher realised unit selling price, due to lower production at PT Agro Muko and the loss of direct sales to external clients by PT Melania, the company that was deconsolidated in 2021.This deconsolidation also resulted in the revenue from tea being almost halved.

The revenue in the banana segment, expressed in the functional currency, the euro, increased mainly due to a 3.6% rise in volumes sold. As the bananas are traded in euro, the USD revenue increased by 6.1%, due to the evolution of the EUR/USD exchange rate.

Purchases of Fresh Fruit Bunches (FFB) from third parties augmented by KUSD 34 462, due to a rise in the purchased volumes and the increased FFB purchase prices, which are related to CPO prices.

The average ex works unit cost price for the oil palm plantations experienced a slight increase by 4.3%. In Indonesia, the high costs of the young mature plantations weighed on the average cost level, while in Papua New Guinea, the excellent production of Hargy Oil Palms Ltd led to a decrease in the unit cost price by 17.7%. The unit cost price of the banana segment remained about the same as in 2020. For the rubber segment, the unit cost prices increased significantly (50.8%): in preparation for the conversion from rubber into palm, production decreased significantly and the remaining net carrying value was depreciated more quickly. Additionally an estimated total of MUSD 6.8 of rubber biological assets will be depreciated over the period 2022-2026.

The changes in fair value related to the impact on the measurement of hanging fruits at their fair value (IAS 41R).

The gross profit rose from KUSD 62 357 at the end of 2020 to KUSD 169 218 at the end of 2021.

The gross profit of the palm segment (98.4% of the total gross profit) increased by KUSD 106 816, thanks to higher production and especially higher net palm oil prices. The average world market price for CPO for 2021 was USD 1 195 per tonne CIF Rotterdam. This is 67.1% higher than over the same period last year. However, it should be noted that in Indonesia the export levy and export tax increased significantly compared to last year. For the entire year 2021, the total impact of the export levy and export tax is estimated at approximately USD 349 per tonne compared with USD 74 per tonne last year.

The relatively strong recovery of sales prices for rubber, since the second half of last year, could not prevent a further increase in the negative contribution of the rubber segment to the gross margin. This is mainly due to the decreased production volumes in the rubber estates of PT Bandar Sumatra and PT Agro Muko.

Since 2021, the net result of the tea segment represents exclusively the commissions that SIPEF receives from the sale of tea volumes in the market.

The profitability of the banana and horticulture activities was confirmed with a gross margin of KUSD 3 803.

The segment "corporate" comprises the management fees received from non-group entities, additional commissions on sea freights and any other commissions that are not included in the sales contracts.

Gross profit by geographical segment

2021 - KUSD	Revenue	Cost of sales	Other income	Changes in the fair value	Gross profit	% of total
Indonesia	215 361	-130 497	900	1 392	87 156	51.5
Papua New Guinea	167 920	-91 298	0	1 209	77 831	46.0
Ivory Coast	31 444	-27 445	0	- 197	3 803	2.2
Europe	428	0	0	0	428	0.3
Total	**415 153**	**-249 240**	**900**	**2 404**	**169 218**	**100.0**

2020 - KUSD	Revenue	Cost of sales	Other income	Changes in the fair value	Gross profit	% of total
Indonesia	160 337	-119 228	444	- 421	41 132	66.0
Papua New Guinea	89 279	-73 829	0	562	16 012	24.7
Ivory Coast	23 144	-19 346	0	592	4 390	7.0
Europe	822	0	0	0	822	1.3
Total	**273 583**	**-212 403**	**444**	**733**	**62 357**	**100.0**

Total cost of sales can be split up in the following categories:

1. Estate charges - includes all charges relating to the field work to produce the base agricultural products (i.e. fresh fruit bunches, latex, tea leaves, bananas, horticulture);
2. Processing charges - includes all charges relating to the processing of the base agricultural products to the finished agricultural commodities (i.e. palm oil, rubber, tea, ...);
3. FFB/CPO/latex purchases - includes all purchases from third parties (smallholders) or associates and joint ventures.
4. Stock movement - includes the variance in stock and changes in fair value;
5. Changes in fair value includes the changes in the fair value of the biological assets of palm oil, bananas and tea;
6. Sales charges - includes all direct costs attributable to the sales of the year (i.e. transport charges, palm oil export tax/levy, ...);
7. General and administrative expenses – includes all costs related to the overall organisation (i.e. general management, financial department, marketing, internal audit, sustainability, etc.).

In KUSD	2021	2020
Estate charges	150 127	134 547
Processing charges	33 003	30 894
FFB/CPO/latex purchases	60 143	26 297
Stock movement	-20 333	-3 462
Changes in fair value	2 404	733
Sales charges	21 492	22 661
Cost of sales	**246 835**	**211 670**
General and administrative expenses	36 891	31 573
Total cost of sales and general and administrative expenses	**283 726**	**243 243**

Estate charges have increased compared to last year due to:
- a general increase in costs due to inflation;
- the additional mature hectares in the Musi Rawas region, whereby estate and general field charges are now increasing annually;
- higher FFB productions in 2021

The processing charges increased slightly compared to prior year due to a higher number of FFB’s being processed.

FFB / CPO / latex purchases have increased with more than 125% compared to prior year. The increase is a consequence of higher CPO prices in 2021 which results in a higher FFB price, an increase in purchased quantities within the framework of the plasma law and the recovery of smallholder productions in Papua New Guinea which resulted in a higher supply of third party FFB's.

Stock movement has increased primarily due to the increased stock of palm products at year-end, combined with an increased value of the stock palm products following the high world market prices at year-end.

Sales charges have remained relatively stable despite increased export tax and export levies in Indonesia during 2021. This is due to an increase of the Group's local sales in Indonesia compared to 2020. On these local sales no export tax and levy is applicable. However in practice a comparable amount is deducted immediately from the selling price for local Indonesian sales, resulting in a comparable net selling price.

Total depreciation in the estate and processing charges amounts to KUSD 40 222. A total of KUSD 3 482 of depreciation charges is recorded in the "General and administrative" expenses and 4 912 KUSD in "other operating income/charges". The depreciations in the "other operating income/charges" relate for roughly KUSD 4 229 to the accelerated depreciation of the oil palms in PT Dendymarker. In note 20 the "other operating income/charges" are presented in more detail.

The general and administrative expenses increased compared with last year, mainly due to the increased bonus provision because of the better results.

Revenue by location of the debtors

In KUSD	2021	2020
Indonesia	205 284	133 264
The Netherlands	152 297	85 340
France	9 408	14 839
Malaysia	8 460	1 377
Switzerland	7 822	44
Belgium	6 360	4 009
United Kingdom	5 677	2 459
Singapore	5 627	20 507
United States	3 726	4 001
Ivory coast	3 602	2 273
Spain	2 634	117
Ireland	1 671	2 003
China	1 557	1 065
Germany	928	877
Poland	485	26
United Arab. Emirates	195	0
Afghanistan	116	824
Pakistan	111	914
Other	93	88
Total	**416 053**	**274 027**

The revenue of the Group is realised against a relatively small number of first-class buyers: per product about 90% of the turnover is realized with a maximum of 10 clients. For additional information we refer to note 26 – financial instruments.

Segment information – geographical

	2021					
In KUSD	Indonesia	PNG	Ivory Coast	Europe	Others	Total
Intangible assets	0	0	0	348	0	348
Goodwill	104 782	0	0	0	0	104 782
Biological assets	226 144	80 950	277	0	0	307 371
Other property, plant & equipment	253 032	98 848	7 311	704	0	359 896
Investment property	0	0	0	0	0	0
Investments in associates and joint ventures	- 749	0	0	0	4 347	3 598
Other financial assets	46	0	31	15	0	92
Receivables > 1 year	25 666	0	0	0	0	25 666
Deferred tax assets	10 995	0	319	2 237	0	13 550
Total non-current assets	**619 916**	**179 798**	**7 938**	**3 304**	**4 347**	**815 303**
% of total	76.03%	22.05%	0.97%	0.41%	0.53%	100.00%

	2020					
In KUSD	Indonesia	PNG	Ivory Coast	Europe	Others	Total
Intangible assets	0	0	0	473	0	473
Goodwill	104 782	0	0	0	0	104 782
Biological assets	231 602	83 952	273	0	0	315 826
Other property, plant & equipment	248 665	101 487	3 992	668	0	354 811
Investment property	0	0	0	0	0	0
Investments in associates and joint ventures	- 282	0	0	0	4 912	4 630
Other financial assets	46	0	19	15	0	80
Receivables > 1 year	16 092	0	0	9	0	16 101
Deferred tax assets	10 447	0	363	2 240	0	13 049
Total non-current assets	**611 352**	**185 438**	**4 645**	**3 406**	**4 912**	**809 753**
% of total	75.50%	22.90%	0.57%	0.42%	0.61%	100.00%

8. GOODWILL AND OTHER INTANGIBLE ASSETS

	2021		2020	
In KUSD	Goodwill	Intangible assets	Goodwill	Intangible assets
Gross carrying amount at January 1	**104 782**	**787**	**104 782**	**1 078**
Acquisitions	0	40	0	49
Sales and disposals	0	- 60	0	- 340
Transfers	0	0	0	0
Translation differences	0	0	0	0
Gross carrying amount at December 31	**104 782**	**767**	**104 782**	**787**
Accumulated amortization and impairment losses at January 1	**0**	**- 314**	**0**	**- 561**
Depreciations	0	- 165	0	- 93
Sales and disposals	0	60	0	340
Transfers	0	0	0	0
Remeasurement	0	0	0	0
Accumulated amortization and impairment losses at December 31	**0**	**- 419**	**0**	**- 314**
Net carrying amount January 1	**104 782**	**473**	**104 782**	**517**
Net carrying amount December 31	**104 782**	**348**	**104 782**	**473**

Goodwill impairment analysis

Goodwill is the positive difference between the acquisition price of a subsidiary, associated company or joint venture and the share of the Group in the fair value of the identifiable assets and liabilities of the acquired entity on the acquisition date. Under standard IFRS 3 – Business Combinations, goodwill is not amortized, but rather tested for impairment.

Goodwill and intangible fixed assets are tested annually by management to see whether they have been exposed to impairment in accordance with the accounting policies in note 3 (regardless of whether there are indications of impairment).

To be able to assess the necessity of an impairment, the goodwill is allocated to a cash-generating unit (CGU). A cash-generating unit is the smallest identifiable group that generates cash that is to a large degree independent of the inflow of cash from other assets or groups of assets. This cash-generating unit is analysed on each balance sheet date to determine whether the carrying value of the goodwill can be fully recovered. If the realizable value of the cash-generating unit is lower in the long term than the carrying value, an impairment is recognized on the income statement in the amount of this difference.

In the SIPEF model, the cash-generating unit is compared with the total underlying asset related to the palm oil segment as of 31 December 2021. This consists of the following items:

Assets (in KUSD)*	2021
Biological assets – bearer plants	305 432
Other fixed assets	350 219
Goodwill	104 782
Current assets – current liabilities	13 438
Total	**773 872**

** Assets include only the entities with palm oil activities*

The SIPEF group has defined the “cash-generating unit” as the operational palm oil segment. It consists of all cash flows from the palm oil activities of all plantations in Indonesia and Papua New Guinea. The cash flows from the sale of rubber, tea and bananas are not included here, as the goodwill has been allocated exclusively to the whole of the palm oil segment.

The recoverable value of the cash-generating units to which goodwill is allocated was determined by means of a calculation using a discounted cash flow model (DCF model). The starting point is the operational plans of the Group, which look a decade ahead (to 2031) and have been approved by the Board of Directors. In this model, the macro-economic parameters, such as palm oil price and inflation, are deemed constant for each year. The constant palm oil price used in the model (USD 755/ton) is management's best estimate of the long-term palm oil price expressed as CIF Rotterdam. The negative impact of the altered export tax and export levy schemes in Indonesia have been included in the future cash flows.

The average palm oil price used in the goodwill impairment amounts to USD 755/ton whereas the spot price per 31 December 2021 amount to USD 1 305/ton.

In the model, the growth of sales is the same as the normal improvement of the production volumes due to the maturity of the palm trees of the various subsidiaries. Any improvement in the future EBITDA margins in the model is a normal consequence of the same improvement in production volumes.

The current model was established with a weighted average cost of capital (after tax) of 8.19% and an average tax rate of 22%-30%. The terminal value in the discounted cash flow model is based on perpetual growth of 2% in accordance with the Gordon growth model. In the model we use a sensitivity analysis for various palm oil prices and various weighted average costs of capital (WACC):

Palm oil price (CIF Rotterdam)	
Scenario 1	USD 705/ton CIF Rotterdam
Scenario 2 (base case)	USD 755/ton CIF Rotterdam
Scenario 3	USD 805/ton CIF Rotterdam

WACC	
Scenario 1	7.19%
Scenario 2 (base case)	8.19%
Scenario 3	9.19%

Summary assumptions of 2021:

PO / WACC	7.19%	8.19%	9.19%
USD 705/ton CIF Rotterdam	Scenario 1	Scenario 4	Scenario 7
USD 755/ton CIF Rotterdam	Scenario 2	Scenario 5 (base case)	Scenario 8
USD 805/ton CIF Rotterdam	Scenario 3	Scenario 6	Scenario 9

Summary assumptions of 2020:

PO / WACC	7.01%	8.01%	9.01%
USD 663/ton CIF Rotterdam	Scenario 1	Scenario 4	Scenario 7
USD 713/ton CIF Rotterdam	Scenario 2	Scenario 5 (base case)	Scenario 8
USD 763/ton CIF Rotterdam	Scenario 3	Scenario 6	Scenario 9

For the sensitivity analysis, the price was increased and decreased by USD 50/ton. The WACC was increased and decreased with one percent. A sensitivity matrix is shown below for the total discounted cash flow for various palm oil prices and various weighted average costs of capital (WACC).

Sensitivity matrix

WACC/PO price (in KUSD)	7.19%	8.19%	9.19%
USD 705/ton CIF Rotterdam	931 010	751 748	623 023
USD 755/ton CIF Rotterdam	1 662 152	1 366 300	1 153 492
USD 805/ton CIF Rotterdam	2 046 183	1 689 049	1 432 036
Value of underlying assets*	773 872	773 872	773 872

** Concerns the underlying assets related to the palm oil segment*

The headroom is the difference between the total discounted cash flows and the value of the underlying asset:

Headroom (in KUSD)	7.19%	8.19%	9.19%
USD 705/ton CIF Rotterdam	157 138	-22 124	-150 850
USD 755/ton CIF Rotterdam	888 279	592 428	379 620
USD 805/ton CIF Rotterdam	1 272 311	915 177	658 163

Green = base scenario

We also calculate the breakeven palm oil price based on the various WACCs.

Breakeven price	7.19%	8.19%	9.19%
USD/ton	633 $/ton	659 $/ton	684 $/ton

Management is of the opinion that the assumptions used in the calculation of the value in use as described above give the best estimates of future development. The sensitivity analysis shows that goodwill is in most of the cases fully recoverable. As a result, management is of the opinion that there is no indication of any impairment. Future sales prices continue to be difficult to predict over a long period of time and will be continuously monitored in the future.

9. BIOLOGICAL ASSETS – BEARER PLANTS

Movement schedule biological assets - bearer plants

The balance sheet movements in biological assets – bearer plants can be summarized as follows:

In KUSD	2021	2020
Gross carrying amount at January 1	**429 192**	**407 810**
Change in consolidation scope	- 17 474	0
Acquisitions	27 396	26 971
Sales and disposals	- 22 594	- 4 261
Transfers	80	- 1 454
Other	0	0
Translation differences	- 114	128
Gross carrying amount at December 31	**416 487**	**429 192**
Accumulated depreciation and impairment losses at January 1	**- 113 365**	**- 101 467**
Change in consolidation scope	4 924	0
Depreciation	- 21 462	- 15 120
Sales and disposals	20 694	3 326
Transfers	0	0
Other	0	0
Translation differences	92	- 104
Accumulated depreciation and impairment losses at December 31	**- 109 116**	**- 113 365**
Net carrying amount January 1	**315 827**	**306 343**
Net carrying amount December 31	**307 371**	**315 826**

10. OTHER PROPERTY, PLANT AND EQUIPMENT

	2021							
In KUSD	Land, buildings and infrastructure	Installations and machinery	Vehicles	Office equipment , furniture and others	Leasing	In progress	Land rights	Total
Gross carrying amount at January 1	**188 549**	**190 336**	**72 629**	**34 138**	**3 304**	**16 492**	**125 533**	**630 983**
Change in consolidation scope	- 7 491	- 6 134	- 1 322	- 834	0	- 1 131	- 197	- 17 109
Acquisitions	13 846	4 833	3 987	1 544	247	10 448	6 351	41 256
Sales and disposals	- 859	- 1 199	- 3 017	- 90	0	- 4 142	- 259	- 9 566
Transfers	7 722	237	505	186	0	- 8 729	0	- 80
Other	- 12	12	0	0	0	0	0	0
Translation differences	- 922	- 231	- 160	- 78	0	- 144	- 17	- 1 550
Gross carrying amount at December 31	**200 834**	**187 855**	**72 622**	**34 867**	**3 551**	**12 794**	**131 411**	**643 933**
Accumulated depreciation and impairment losses at January 1	**- 81 098**	**- 114 635**	**- 56 458**	**- 20 431**	**- 547**	**0**	**- 3 002**	**- 276 172**
Change in consolidation scope	5 854	5 390	1 193	541	0	0	181	13 159
Depreciation	- 7 846	- 10 635	- 5 473	- 2 454	- 416	0	- 29	- 26 852
Sales and disposals	725	1 142	2 770	84	0	0	0	4 721
Transfers	1	0	0	0	0	0	0	1
Other	0	0	0	0	0	0	0	0
Translation differences	713	196	112	68	0	0	16	1 105
Accumulated depreciation and impairment losses at December 31	**- 81 651**	**- 118 542**	**- 57 856**	**- 22 192**	**- 963**	**0**	**- 2 834**	**- 284 038**
Net carrying amount January 1	**107 451**	**75 701**	**16 171**	**13 707**	**2 757**	**16 492**	**122 531**	**354 810**
Net carrying amount December 31	**119 183**	**69 313**	**14 766**	**12 675**	**2 588**	**12 794**	**128 577**	**359 896**

	2020							
In KUSD	Land, buildings and infrastructure	Installations and machinery	Vehicles	Office equipment, furniture and others	Leasing	In progress	Land rights	Total
Gross carrying amount at January 1	**180 654**	**186 614**	**69 811**	**32 711**	**3 253**	**16 696**	**122 422**	**612 163**
Change in consolidation scope	0	0	0	0	0	0	0	0
Acquisitions	6 675	2 990	4 009	668	122	5 655	5 586	25 705
Sales and disposals	- 778	- 1 065	- 1 716	- 322	0	- 3 514	0	- 7 395
Transfers	985	1 525	361	994	0	- 2 411	0	1 454
Other	- 11	11	0	0	- 71	60	- 2 495	- 2 506
Translation differences	1 024	261	164	87	0	6	20	1 562
Gross carrying amount at December 31	**188 549**	**190 336**	**72 629**	**34 138**	**3 304**	**16 492**	**125 533**	**630 983**
Accumulated depreciation and impairment losses at January 1	**- 73 094**	**- 104 561**	**- 52 061**	**- 17 584**	**- 358**	**0**	**- 5 434**	**- 253 092**
Change in consolidation scope	0	0	0	0	0	0	0	0
Depreciation	- 7 767	- 10 884	- 5 768	- 2 953	- 386	0	- 45	- 27 804
Sales and disposals	628	1 029	1 495	180	0	0	0	3 332
Transfers	1	0	0	0	0	0	0	1
Other	- 87	0	0	0	197	0	2 495	2 605
Translation differences	- 779	- 220	- 124	- 74	0	0	- 18	- 1 215
Accumulated depreciation and impairment losses at December 31	**- 81 098**	**- 114 635**	**- 56 458**	**- 20 431**	**- 547**	**0**	**- 3 002**	**- 276 172**
Net carrying amount January 1	**107 560**	**82 053**	**17 750**	**15 127**	**2 895**	**16 696**	**116 988**	**359 071**
Net carrying amount December 31	**107 451**	**75 701**	**16 171**	**13 707**	**2 757**	**16 492**	**122 531**	**354 811**

The acquisitions included, in addition to the standard replacement capital expenditure, investments for the improvement of the logistics and infrastructure of the plantations and the palm oil extraction mills.

Below is a table with the proprietary rights on which the plantations of the SIPEF group are established:

	Hectares	Type	Maturity	Crop
PT Tolan Tiga Indonesia	6 042	Concession	2023	Oil palm
PT Tolan Tiga Indonesia	2 437	Concession	2024	Oil palm
PT Eastern Sumatra Indonesia	3 178	Concession	2023	Oil palm
PT Kerasaan Indonesia	2 362	Concession	2023	Oil palm
PT Bandar Sumatra Indonesia	1 413	Concession	2024	Rubber
PT Melania Indonesia	5 140	Concession	2023	Rubber and Tea
PT Toton Usaha Mandiri	1 199	Concession	2046	Oil palm
PT Agro Muko	2 256	Concession	2044	Oil palm
PT Agro Muko	2 500	Concession	2020*	Oil palm
PT Agro Muko	315	Concession	2031	Oil palm
PT Agro Muko	1 410	Concession	2028	Oil palm
PT Agro Muko	2 903	Concession	2028	Oil palm
PT Agro Muko	5 150	Concession	2044	Oil palm
PT Agro Muko	2 287	Concession	2044	Oil palm
PT Agro Muko	2 185	Concession	2022	Oil palm
PT Agro Muko	1 515	Concession	2022	Rubber
PT Agro Muko	2 100	Concession	2022	Oil palm
PT Agro Muko	232	Concession	2056	Oil palm
PT Umbul Mas Wisea	4 397	Concession	2048	Oil palm
PT Umbul Mas Wisea	2 071	Concession	2048	Oil palm
PT Umbul Mas Wisea	679	Concession	2049	Oil palm
PT Umbul Mas Wisea	462	Concession	2049	Oil palm
PT Umbul Mas Wisea	155	Concession	2049	Oil palm
PT Dendymarker Indah Lestari	13 705	Concession	2028	Oil palm
PT Mukomuko Agro Sejahtera	1 705	Concession	2053	Oil palm
PT Mukomuko Agro Sejahtera (STGE)	1 770	Concession	2024	Oil palm
PT Timbang Deli Indonesia	972	Concession	2023	Rubber and oil palm
Hargy Oil Palms Limited	128	Concession	2075	Oil palm
Hargy Oil Palms Limited	2 967	Concession	2076	Oil palm
Hargy Oil Palms Limited	17	Concession	2077	Oil palm
Hargy Oil Palms Limited	6 460	Concession	2082	Oil palm
Hargy Oil Palms Limited	2 900	Concession	2101	Oil palm
Hargy Oil Palms Limited	170	Concession	2102	Oil palm
Hargy Oil Palms Limited	695	Concession	2106	Oil palm
Hargy Oil Palms Limited	18	Concession	2113	Oil palm
Hargy Oil Palms Limited	246	Concession	2117	Oil palm
Plantations J. Eglin SA	1 021	Freehold	n/a	bananas and horticulture
Plantations J. Eglin SA	743	Provisional concession	n/a	bananas and horticulture
Total	**85 905**			
PT Mukomuko Agro Sejahtera	623	In negotiation	-	Oil palm
PT Mukomuko Agro Sejahtera (BKDE)	1 513	In negotiation	-	Oil palm
PT Citra Sawit Mandiri	1 814	In negotiation	-	Oil palm
PT Agro Rawas Ulu	5 712	In negotiation	-	Oil palm
PT Agro Kati Lama	7 568	In negotiation	-	Oil palm
PT Agro Kati Lama	3 091	In negotiation	-	Oil palm
PT Agro Muara Rupit	4 811	In negotiation	-	Oil palm
PT Agro Muara Rupit	7 498	In negotiation	-	Oil palm
PT Agro Muara Rupit	1 303	In negotiation	-	Oil palm
PT Agro Muara Rupit	4 201	In negotiation	-	Oil palm
Total	**38 134**			

** All documentation for the renewal of the land rights which matured in 2020 has been delivered in time to the relevant authorities. The authorities are in the process of reviewing and approving. There is no indication that these land rights will not be renewed.*

In addition, our subsidiary Hargy Oil Palms Ltd has a total of 4 166 hectares of planted area on subleased land.

11. RECEIVABLES > 1 YEAR

In KUSD	2021	2020
Receivables > 1 year	25 666	16 101

The receivables > 1 year as per 31 December 2021 mainly consist out of plasma receivables in Indonesia.

In KUSD	2021	2020
Plasma receivable	25 666	16 092
Other	0	9
Total	**25 666**	**16 101**

Plasma receivables represent a loan granted to the smallholders for the accumulated costs to develop plasma plantations which are currently being financed by the Group. When the plasma plantations start to mature, the plasma farmers are obliged to sell their harvests to the Group and a portion of the resulting proceeds will be used to repay the loans.

The plasma receivables will be gradually repaid from the moment the plasma holders become a going concern plantation whereby proceeds of the FFB sales will be partly used to repay the loan.

The Group has calculated the expected credit loss in accordance with IFRS 9 and has done an impairment test on the outstanding plasma receivables which showed no basis for impairment based on the long-term repayment plans.

The repayment of the plasma loans will be determined largely by the plasma fruit production and world palm oil prices over the next years and is also dependant on the terms and conditions of the plasma scheme. Therefore it is not possible to predict the exact timing of repayment. The Group currently has a total short term plasma receivable of KUSD 1 032 – included in the current other receivables - and a long term plasma receivable of KUSD 25 666.

12. INVENTORIES

Analysis of inventories:

In KUSD	2021	2020
Raw materials and supplies	21 508	17 658
Finished goods	26 509	11 990
Total	**48 017**	**29 648**

The remaining stock of raw materials and supplies has increased with KUSD 3 850 in comparison to prior year. This is mainly due to timing differences in purchases.

The increase in finished goods is caused by an increase in CPO/PK stock per year-end and the higher CPO prices which results in a higher stock value.

13. BIOLOGICAL ASSETS

The total biological assets at the end of the year is presented below:

In KUSD	2021	2020
Biological assets	9 168	6 763

The growing agricultural produce of palm oil is defined as the oil contained in the palm fruit. When the palm fruit contains oil, then this distinct asset is recognised and the fair value is estimated based on:

- The estimated quantity of oil that is available in the palm fruit;
- The estimated sales price of palm oil at the time of closing;
- The estimated cost to harvest and process the palm fruit;
- The estimated sales charges (transport, export tax, …).

Different scientific studies have shown that the oil in the palm oil fruit develops exponentially in approximately 4 weeks. The estimated quantity of oil in the palm oil fruit is therefore determined based on the harvest of the 4 weeks after the time of closing. In the calculation of the estimated quantity of available oil, the weighted importance of the harvest decreases step-by-step per week, in order to approximate the quantity of oil at the time of closing as well as possible. The fair value of the biological assets calculated at the closing value on the 31st of December 2021 is based on level 2 data input.

At 31 December 2021 the total biological assets of palm oil amounted to KUSD 6 306 compared to KUSD 3 668 at 31 December 2020.

Impact of the estimated quantity of available oil	-10%	Carrying amount	+10%
Carrying value of the biological assets - palm oil	5 675	6 306	6 937
Gross Impact income statement (before tax)	- 631		631

The estimated sales price and the estimated costs and charges are the actual sales prices and costs at the time of closing. The results from the change of the fair value of the palm fruit are included in 'changes in fair value of biological assets'.

The biological assets at the end of December also contain the growing biological produce of bananas of our subsidiary Plantations J. Eglin SA. The growing agricultural produce of bananas is defined as the banana bunches which will be harvested in 3 months, weighted at their pro-rata for each remaining harvesting month. At 3 months before harvest, a reliable flower count is done, which is used to determine the estimated growing biological produce. The net selling price to value the growing biological produces is determined as the current market prices reduced by the remaining costs to sell the biological produce. The balance of 2021 amounted to KUSD 2 861 (2020 KUSD 3 058) and has decreased due to the less favourable production outlook in first quarter compared to last year.

Impact of the estimated quantity of available bananas	-10%	Carrying amount	+10%
Carrying value of the biological assets - bananas	2 575	2 861	3 147
Gross Impact income statement (before tax)	- 286		286

14. OTHER CURRENT RECEIVABLES AND OTHER CURRENT PAYABLES

The 'other receivables' have remained relatively stable at KUSD 49 878 in 2021 compared to KUSD 49 146 in 2020. The other receivables mainly consist of VAT receivables in the various entities, but also include a current account with Verdant Bioscience PTE Ltd (KUSD 8 588 in 2021 and KUSD 7 800 in 2020) and the smallholder receivables in Hargy Oil Palms Ltd. In 2020 this section also contained a receivable of KUSD 6 929 following the sale of Sipef-CI. This receivable was entirely received by the SIPEF group during 2021.

The remaining increase in 'other receivables' is explained by an increase in the GST receivable (VAT receivable) in Hargy Oil Palms Ltd (+ KUSD 1 952), in our Indonesian subsidiaries, primarily the South Sumatra Group due to the continuing expansion (+ KUSD 2 002). Additionally there is an increase in PT Tolan Tiga of KUSD 5 211 relating to the current account towards PT Melania which is no longer fully eliminated after PT Melania's classification as a joint-venture held for sale. The remaining increase consist of various smaller items in our different subsidiaries.

The Group has calculated the expected credit loss in accordance with IFRS 9 and determined it to be immaterial.

The 'other payables' (KUSD 11 519 in 2021 and KUSD 8 805 in 2020) mainly concern social obligations (salaries to be paid, provisions for holiday pay and bonus) and have increased slightly in comparison to prior year, primarily due to an increased bonus provision following the better results of the SIPEF group in 2021.

15. SHAREHOLDERS' EQUITY

Capital stock and share premium

The issued capital of the company as at December 31, 2021 amounts to KUSD 44 734, represented by 10 579 328 fully paid ordinary shares without nominal value.

	2021	2020	Difference
Number of shares	10 579 328	10 579 328	0

In KUSD	2021	2020	Difference
Capital	44 734	44 734	0
Share premium	107 970	107 970	0
Total	**152 704**	**152 704**	**0**

	2021	2020	2021	2020
	KUSD	KUSD	KEUR	KEUR
Treasury shares - opening balance	**10 277**	**10 277**	**8 389**	**8 389**
Acquisition treasury shares	1 244	0	1 101	0
Treasury shares - ending balance	**11 521**	**10 277**	**9 490**	**8 389**

Since the start of the share buy-back program on 22 September 2011, SIPEF has bought back 178 000 shares for a total amount of KEUR 9 490, corresponding to 1.6825% of the total shares outstanding, as cover for a share option plan for the management.

Authorised capital

The extraordinary general meeting of shareholders on June 10, 2020 authorised the board of directors to increase the capital in one or more operations by an amount of KUSD 44 734 over a period of 5 years after the publication of the renewal.

Shareholder structure

The company has received following shareholders declarations:

Acting in concert	Number of shares	Date***	Denominator	%
Ackermans & Van Haaren NV*	3 894 234	31/12/2021	10 579 328	36.810
Cabra NV**	1 001 032	31/12/2021	10 579 328	9.462
Cabra P**	100 000	31/12/2021	10 579 328	0.945
Cabra T**	100 000	31/12/2021	10 579 328	0.945
Cabra V**	100 000	31/12/2021	10 579 328	0.945
Theodora Bracht**	2 000	31/12/2021	10 579 328	0.019
Priscilla Bracht**	0	31/12/2021	10 579 328	0.000
Victoria Bracht**	0	31/12/2021	10 579 328	0.000
Total votes acting in concert	**5 197 266**			**49.126**

**Including 178 000 own shares*
*** Group Bracht*
**** Not the same date as the date of notifying*

Translation differences

Translation differences consists of all the differences related to the translation of the financial statements of our subsidiaries for which the functional currency is different from the presentation currency of the Group (USD). The deviation from last year is due to the movement of the USD versus the EUR (KUSD -719) and the change in consolidation scope due to the sale of PT Melania (KUSD 1 091).

In KUSD	2021	2020
Opening balance at January 1	**-11 038**	**-11 793**
Movement, full consolidation	- 719	755
Movement, change in consolidation scope	1 091	0
Ending balance at December 31	**-10 666**	**-11 038**

Dividends

On February 15, 2022 a dividend of KEUR 21 159 (EUR 2.00 gross per ordinary share) has been recommended by the board of directors but has not yet been approved by the general meeting of shareholders of SIPEF and is therefore not provided for in the financial statements as at December 31, 2021.

Capital management

The capital structure of the Group is based on the financial strategy as defined by the board of directors. Summarized, this strategy consists of an expansion policy while respecting a very limited debt ratio. The management puts forward yearly the plan for approval by the board of directors.

Chain of control

1. Chain of control above Ackermans & Van Haaren NV

I. Ackermans & Van Haaren NV is directly controlled by Scaldis Invest NV, a company incorporated under Belgian law.
II. Scaldis Invest NV is directly controlled by Belfimas NV, a company incorporated under Belgian law.
III. Belfimas NV is directly controlled by Celfloor SA, a company incorporated under Luxembourg law.
IV. Celfloor SA is directly controlled by Apodia International Holding BV, a company incorporated under Dutch law.
V. Apodia International Holding BV is directly controlled by Palamount SA, a company incorporated under Luxembourg law.
VI. Palamount SA is directly controlled by Stichting administratiekantoor “Het Torentje”, incorporated under Dutch law.
VII. Stichting Administratiekantoor “Het Torentje” is the ultimate controlling shareholder.

2. Chain of control above Cabra NV

Priscilla Bracht, Theodora Bracht and Victoria Bracht exercise joint control over Cabra NV.

3. Chain of control above Cabra P NV, Cabra T NV and Cabra V NV

Cabra P NV, Cabra T NV and Cabra V NV are controlled by, respectively, Priscilla Bracht, Theodora Bracht and Victoria Bracht.

4. Chain of control above SIPEF

Ackermans & van Haaren NV and Bracht Group jointly exercise control over SIPEF.

16. NON-CONTROLLING INTERESTS

According to previous Indonesian law, no foreign investor was allowed to own more than 95% of the shares of a plantation company. Therefore, most of the Indonesian subsidiaries have at least a 5% non-controlling interest. The non-controlling interests of our Indonesian subsidiaries mainly consist of one Indonesian pension fund. Following an alteration in the law in 2020, foreign investors are now allowed to own 100% of the shares of a plantation company.

The table below presents the non-controlling interests per company, as well as their share of the equity and the profit of the year.

	2021			2020		
In KUSD	% Non-controlling interests	Share of the equity	Share of the profit of the year	% Non-controlling interests	Share of the equity	Share of the profit of the year
PT Tolan Tiga Indonesia	5.00	20 610	1 344	5.00	18 134	551
PT Eastern Sumatra Indonesia	9.75	6 105	509	9.75	5 600	418
PT Kerasaan Indonesia	45.85	6 004	1 774	45.85	5 704	1 296
PT Bandar Sumatra Indonesia	9.75	1 139	- 125	9.75	1 254	- 122
PT Melania Indonesia	2.75	235	- 3	9.75	2 648	- 258
PT Mukomuko Agro Sejahtera	14.26	- 343	20	14.26	- 362	15
PT Umbul Mas Wisesa	5.10	- 537	248	5.10	- 782	- 12
PT Citra Sawit Mandiri	5.10	- 201	63	5.10	- 263	- 5
PT Toton Usaha Mandiri	5.10	156	97	5.10	60	36
PT Agro Rawas Ulu	5.00	- 194	- 22	5.00	- 166	- 103
PT Agro Kati Lama	5.00	- 700	- 24	5.00	- 654	- 361
PT Agro Muara Rupit	5.10	- 264	- 126	5.10	- 134	- 131
PT Agro Muko	9.75	9 259	2 391	9.75	6 806	911
PT Dendymarker Indah Lestari	5.00	-2 358	- 425	9.75	-1 924	- 178
Jabelmalux SA	0.11	- 59	0	0.11	- 59	0
Total		**38 854**	**5 722**		**35 862**	**2 055**

The non-controlling interest's share of the property, plant and equipment (including biological assets - bearer plants) amounts to KUSD 35 091 in 2021 (2020: KUSD 35 980).

The movements of the year can be summarized as follows:

In KUSD	2021	2020
At the end of the preceding period	35 862	34 325
Profit for the period attributable to non-controlling interests	5 722	2 055
Defined Benefit Plans - IAS19R	2	- 95
Distributed dividends	-2 306	- 200
Equity transactions with non-controlling parties	0	- 223
Other	- 426	0
At the end of the period	**38 854**	**35 862**

The distributed dividends to non-controlling interests consist of:

In KUSD	2021	2020
PT Kerasaan Indonesia	1 376	0
PT Melania Indonesia	930	0
PT Eastern Sumatra Indonesia	0	200
Total	**2 306**	**200**

The dividends from PT Kerasaan and PT Melania have been declared and paid in 2021.

There are no limitations to the transfer of funds. The non-controlling interests have no rights to use the assets of the Group or to repay the liabilities of the subsidiaries. The non-controlling interests do not have significant protective rights. There are no restrictions to realise assets and settle liabilities of subsidiaries.

17. PROVISIONS

In KUSD	2021	2020
Provisions	1 125	1 354

The provisions are entirely related to a VAT dispute in Indonesia (KUSD 1 125). During 2021 there have only been a limited amount of court cases which were settled. It is difficult to make an estimate of the settlement time of the dispute.

18. PENSION LIABILITIES

Defined benefit plans

Pension liabilities mainly represent defined benefit plans in Indonesia. These pension plans, set up in order to pay a lump sum amount at the time of retirement, are not financed with a third party. The total number of employees affected by the pension plan amounts to 8 569. The pension plan is payable to an employee at the age of 55 or after 30 years of seniority, whichever comes first.

Since the pension plan is adjusted by future salary increases and discount rates, the pension plan is exposed to Indonesia's future salary expectations, as well as Indonesia's inflation and interest rate risk. Furthermore, the pension plan is payable in Indonesian Rupiah, exposing it to a currency risk. We refer to note 26 for further details concerning the currency risk of the Group. As the pension plan is unfunded, there is no risk relating to a return on plan assets.

The following reconciliation summarizes the variation of total pension liabilities between 2020 and 2021:

In KUSD	2020	Pension cost	Payment	Exchange	Translation difference	Change consolidation scope	Other	2021
Indonesia	24 039	5 085	-1 688	- 214		-5 724		21 498
Ivory Coast	772	143	- 20	0	- 61		- 42	792
Total	**24 810**	**5 228**	**-1 708**	**- 214**	**- 61**	**-5 724**	**- 42**	**22 290**

The change in Consolidation scope relates to the sale of PT Melania. The sale is explained in more detail in note 30.

The following assumptions are used in the pension calculation of Indonesia:

	2021	2020
Discount rate	7.50%	7.75%
Future salary increase	5.00%	5.25%
Assumed retirement age	55 years or 30 years of seniority	55 years or 30 years of seniority

Pension liabilities in Indonesia have changed as follows:

In KUSD	2021	2020
Opening	24 039	22 408
Service cost	3 060	2 260
Interest cost	1 386	1 865
Benefits paid	-1 688	-3 426
Actuarial gains and losses	638	1 323
Exchange differences	- 214	- 409
Change consolidation scope	-5 724	0
Other	0	18
Closing	**21 498**	**24 039**

Actuarial gains and losses consist of the following components:

In KUSD	2021	2020
Experience adjustments	638	1 312
Changes in assumptions used	0	11
Total actuarial gains and losses	**638**	**1 323**

The actuarial gains and losses included in the above table contain the largest part of the total actuarial gains and losses included in the other comprehensive income (KUSD -631). The remaining difference (KUSD -7) consists of the actuarial gains and losses of the equity consolidated companies (PT Timbang Deli).

The amounts recognised in the balance sheet are as follows:

In KUSD	2021	2020
Pension liabilities	21 498	24 039

The amounts relating to the pension cost of Indonesia are as follows:

In KUSD	2021	2020
Service cost	3 060	2 260
Interest cost	1 386	1 865
Pension cost	**4 446**	**4 125**
Actuarial gains and losses recorded in Other Comprehensive Income	638	1 323
Total pension cost	**5 085**	**5 448**

These costs are included under the headings cost of sales and general and administrative expenses of the income statement.

Estimated benefit payments in 2022 are KUSD 2 061.

Sensitivity of the variation of the discount rate and of the future salary increase

Values as appearing in the balance sheet are sensitive to changes in the actual discount rate compared to the discount rate used. The same applies to changes in the actual future salary increase compared to the future salary increase used in the calculation. For our Indonesian entities, simulations were made to calculate the impact of a 1% increase or decrease of both parameters on the pension provision, resulting in the following effects:

Impact of the change in discount rate:

In KUSD	+1%	Carrying amount	-1%
Pension liability of the Indonesian subsidiaries	19 578	21 498	23 693
Gross impact on the comprehensive income	1 921		-2 195

Impact of the change in future salary increase:

In KUSD	+1%	Carrying amount	-1%
Pension liability of the Indonesian subsidiaries	23 821	21 498	19 440
Gross impact on the comprehensive income	-2 323		2 058

The pension liability in Indonesia consists of KUSD 21 498 from fully consolidated subsidiaries.

Defined contribution plans

The Group pays contributions to publicly or privately administered insurance plans. Since the Group is obliged to make additional payments if the average return on the employer's contribution and on the employees' contributions is not attained, those plans should be treated as "defined benefit plans" in accordance with IAS 19.

The liability is based on an analysis of the plans and the limited difference between the legally guaranteed minimum returns and the interest guaranteed by the insurance company, the Group has concluded that the application of the PUC method would have an immaterial impact. The total accumulated reserves amount to KUSD 2 343 by the end of December 2021 (2020: KUSD 2 353) compared to the total minimum guaranteed reserves of KUSD 1 753 at 31 December 2021 (2020: KUSD 2 140).

Contributions paid regarding the defined contribution plans amount to KUSD 530 (KUSD 508 in 2020). SIPEF NV is not responsible for the minimum guaranteed return on the contributions paid for the members of the executive committee (KUSD 470).

19. NET FINANCIAL ASSETS/(LIABILITIES)

Net financial assets/(liabilities) (Non-GAAP measure) can be analysed as follows:

In KUSD	2021	2020
Short-term obligations - credit institutions	-12 477	-86 128
Financial liabilities > 1 year (incl. derivatives)	-36 000	-54 000
Current portion of amounts payable after one year	-18 000	-18 000
Investments and deposits	38	0
Cash and cash equivalents	19 939	9 790
Lease liability	-2 691	-2 828
Net financial assets/(liabilities)	**-49 192**	**-151 165**

Analysis of net financial assets/(liabilities) 2021 per currency:

In KUSD	EUR	USD	Others	Total
Short-term financial obligations	-12 477	-18 000	0	-30 477
Investments and deposits	38	0	0	38
Cash and cash equivalents	751	18 628	559	19 939
Financial liabilities > 1 year	0	-36 000	0	-36 000
Lease liability	- 399	-2 292	0	-2 691
Total 2021	**-12 088**	**-37 664**	**559**	**-49 192**
Total 2020	**-23 223**	**-128 798**	**855**	**-151 165**

The short-term financial obligations relate to the commercial papers for a total amount of KUSD 12 477. This financial obligation has been completely hedged at an average rate of 1 EUR = 1.1869 USD.

The financial liabilities with an original maturity of more than one year include an 85.5 million USD loan of which 31.5 million USD has already been repaid between 2019 - 2021. It concerns a long-term loan that was taken out with a banking consortium with a first-class rating for creditworthiness. It concerns an unsecured loan with a term of 5 years. The interest rate is composed as the USD 3M interest rate + a margin of 1.20% to 2.50%, depending on the debt/EBITDA ratio. The variable interest rate was hedged at a fixed interest rate of 1.3933% through an "Interest Rate Swap".

It should be noted that SIPEF has made use of the possibility of postponing capital repayments to cope with the impact of covid-19. As a result, the repayments at the end of June 2020 (KUSD 4 500) has been postponed until June 2024, and the repayment at the end of September 2020 (KUSD 4 500) has been postponed until September 2024.

There is one financial requirement applicable to the loan covenant which states that the net financial debt may not exceed 2.5 times the REBITDA of the year. This financial covenant is tested every half-year. The EBITDA of the group consists of the operating results + profit/loss from equity companies + depreciation and additional impairments/increases on assets. The REBITDA consists of the same calculation, but excluding the one-off, non-recurring effects. The Group does not breach borrowing limits or covenants (where applicable) on its borrowing facilities per December 31, 2021. The financial covenant ratio will remain at 2.50 at 30 June 2022 and 31 December 2022. Due to the significant volatility of the palm oil prices and the impact on the result and EBITDA of the Group, this covenant is continuously monitored. It is not expected that this covenant will be breached in 2022.

Covenant ratio	2021	2020
Operating result	139 416	30 778
Exceptional items	-11 640	0
Recurring operating result	**127 776**	**30 778**
Depreciation and result on sale FA	49 857	44 539
REBITDA	**177 632**	**75 317**
(-) minorities recurring	-5 086	-2 055
REBITDA group share	**172 546**	**73 262**
Net Senior Leverage	**0.29**	**2.06**

Reconciliation of the net financial assets/(liabilities) and cash flow:

In KUSD	2021	2020
Net financial position at the beginning of the period	-151 165	-164 623
Decrease in long-term borrowings	18 078	9 228
Decrease in short-term financial obligations	73 710	5 092
Net movement in cash and cash equivalents	10 186	- 863
Net financial assets/(liabilities) at the end of the period	**-49 192**	**-151 165**

Reconciliation of the total financial liabilities:

In KUSD	2021	2020
Financial liabilities at the beginning of the period	160 956	175 276
Decrease in long-term borrowings	-17 941	-9 000
Decrease in short-term financial obligations	-73 710	-5 111
Increase leasing liabilities - non cash	466	340
Decrease leasing liabilities - cash	- 603	- 549
Financial liabilities at the end of the period	**69 168**	**160 956**

20. OTHER OPERATING INCOME/(CHARGES)

The other operating income/(charges) can be detailed as follows:

	2021			2020		
In KUSD	Equity holders of the parent	Non-controlling interests	Total	Equity holders of the parent	Non-controlling interests	Total
VAT claim Indonesia	53	6	59	163	18	181
Accelerated depreciation immature rubber assets	0	0	0	- 610	- 66	- 676
Accelerated depreciation oil palms PT Dendymarker	-4 018	- 211	-4 229	0	0	0
Capital gain sale PT Melania	11 003	637	11 640	0	0	0
Other income/(charges)	- 291	- 90	- 381	604	- 114	489
Other operating income/(charges)	**6 748**	**341**	**7 088**	**157**	**- 162**	**- 6**

The other income/charges mainly consist out of the accelerated depreciation of the oil palms in PT Dendymarker (KUSD - 4 229), a capital gain on the sale of PT Melania (KUSD 11 640), the movement in the provision for the Indonesian VAT claim (KUSD 59), a stock adjustments for obsolete stock, and warehouse sales to smallholders in Papua New Guinea.

21. FINANCIAL RESULT

The financial income concerns the interests received on current accounts with non-consolidated companies and on temporary excess cash, as well as the income resulting from the discounting of the receivables > 1 year. The financial charges concern the interests on long term and short-term borrowings as well as bank charges and other financial costs.

In KUSD	2021	2020
Interests received	727	644
Discounting of receivables > 1 year	748	1 368
Financial charges	-3 096	-5 103
Exchange result	1 021	- 728
Financial result derivatives	-2 178	1 106
Financial result	**-2 779**	**-2 713**

22. SHARE BASED PAYMENT

Grant date	Opening balance	Number of options granted	Number of options exercised	Number of options expired	Ending Balance
2011	16 000		-16 000		0
2012	14 000				14 000
2013	16 000				16 000
2014	18 000				18 000
2015	18 000				18 000
2016	18 000				18 000
2017	18 000				18 000
2018	20 000				20 000
2019	20 000				20 000
2020	18 000				18 000
2021	0	18 000			18 000
Balance	**176 000**	**18 000**	**-16 000**	**0**	**178 000**

SIPEF's stock option plan, which was approved in November 2011, is intended to provide long term motivation for the members of the executive committee and general directors of the foreign subsidiaries whose activities are essential to the success of the Group. The options give them the right to acquire a corresponding number of SIPEF shares.

The remuneration committee is responsible for monitoring this plan and selecting the beneficiaries. The options are provided free of charge and their exercise period is 10 years.

IFRS 2 has been applied to the stock options. The total value of the outstanding options 2011 - 2021 (valued at the fair value at the moment of granting), amounts to KUSD 1 594 and is calculated on the basis of an adjusted Black & Scholes model of which the main characteristics are as follows:

Grant date	Share price (in EUR)	Dividend yield	Volatility	Interest rate	Estimated expected lifetime	Black & Scholes Value (in EUR)
2012	58.50	2.50%	37.55	0.90%	5.00	15.07
2013	57.70	2.50%	29.69	1.36%	5.00	12.72
2014	47.68	2.50%	24.83	0.15%	5.00	5.34
2015	52.77	2.50%	22.29	0.07%	5.00	8.03
2016	60.49	3.00%	19.40	-0.37%	5.00	8.38
2017	62.80	3.00%	18.88	-0.12%	5.00	5.57
2018	48.80	3.00%	18.60	-0.03%	5.00	3.54
2019	54.80	3.00%	19.56	-0.32%	5.00	8.12
2020	43.20	3.00%	23.35	-0.66%	5.00	4.57
2021	56.90	3.00%	24.14	-0.33%	5.00	6.74

In 2021, 18 000 new stock options were granted with an exercise price of EUR 58.31 per share. The fair value when granted was fixed at KUSD 138 and is recorded in the profit and loss accounts over the vesting period of 3 years (2022-2024). The total cost of the stock options included in the income statement is KUSD 121 in 2021 (2020: KUSD 128).

To cover the outstanding option liability, SIPEF has a total of 178 000 treasury shares in portfolio.

	Number of shares	Average purchase price (in EUR)	Total purchase price (in KEUR)	Total purchase price (in KUSD)
Opening balance 31/12/2020	160 000	52.43	8 389	10 277
Acquisition of treasury shares	34 000	57.06	1 940	2 194
Disposal of treasury shares	-16 000	52.44	- 839	- 950
Ending balance 31/12/2021	**178 000**	**53.31**	**9 490**	**11 521**

The extraordinary general meeting of shareholders on June 10, 2020 authorised the board of directors to purchase own shares of SIPEF if deemed necessary over a period of 5 years after the publication of the renewal.

23. INCOME TAXES

The reconciliation between the tax expenses and tax at local applicable tax rates is as follows:

In KUSD	2021	2020
Profit before tax	136 637	28 065
Tax at the applicable local rates	-35 039	-6 545
Average applicable tax rate	-23.32%	-23.32%
Non-taxable capital gain on sale of PT Melania	2 561	0
Permanent differences	-1 907	-1 915
Losses of the year for which no DTA is recognised	- 178	-1 762
Impairment losses recognised on DTA recognised in previous years	-2 560	-2 401
Reversal of impairment losses on DTA recognised in previous years	2 432	1 034
Impact of the change in tax-% in Indonesia on the deferred taxes	0	685
Corrections prior year	-1 384	76
Tax expense	**-36 075**	**-10 828**
Average effective tax rate	-26.40%	-38.58%

We received from the Indonesian tax authorities the formal approval, that starting from financial year 2014 our Indonesian affiliates are allowed to lodge their tax declaration in USD. From the tax authorities in Papua New Guinea the SIPEF group got permission to prepare the tax declaration based on USD accounts from 2015 onwards. For SIPEF NV and Jabelmalux SA a similar authorisation has been obtained with effect from the financial year 2016.

Deferred tax liabilities and assets are offset per taxable entity which leads to the following split between deferred tax assets and deferred tax liabilities:

In KUSD	2021	2020
Deferred tax assets	13 550	13 049
Deferred tax liabilities	-46 950	-44 010
Net deferred taxes	**-33 400**	**-30 961**

The movements in net deferred taxes (assets - liabilities) are:

In KUSD	2021	2020
Opening balance	-30 961	-31 714
Variation (- expense) / (+ income) through income statement	-1 352	- 58
Tax impact of IAS 19R through comprehensive income	139	291
Tax impact hedge accounting via OCI	- 226	489
Change in consolidation scope	- 973	0
Other	- 27	31
Closing balance	**-33 400**	**-30 961**

Deferred taxes in the income statement are the result of:

In KUSD	2021	2020
Addition/(utilization) of tax losses brought forward	1 779	-2 585
Origin/(reversal) of temporary differences - IAS 41 revaluation	-3 149	380
Origin/(reversal) of temporary differences - fixed assets	-2 875	3 228
Origin/(reversal) of temporary differences - pension provision	561	- 528
Origin/(reversal) of temporary differences - other	2 332	- 553
Total	**-1 352**	**- 58**

Total deferred tax assets are not entirely recognized in the balance sheet. The breakdown of total recognized and unrecognized deferred taxes is as follows:

	2021		
In KUSD	Total	Not recorded	Recorded
Biological assets	-1 716	0	-1 716
Property, plant and equipment, including bearer plants	-44 446	0	-44 446
Inventories	-5 721	0	-5 721
Pension provision	4 730	0	4 730
Tax losses	15 074	4 848	10 226
Others	3 527	0	3 527
Total	**-28 552**	**4 848**	**-33 400**

The majority of the unrecognized deferred tax assets at the end of 2021 are located at the companies of the South Sumatra group (KUSD 4 107) and the Tolan Tiga group rubber activities (KUSD 720). The set-up of and the adjustments to the deferred tax assets are based on the most recently available long-term business plans.

The total tax losses (recognized and unrecognized) have the following maturity structure:

	2021		
In KUSD	Total	Not recorded	Recorded
1 year	5 917	5 336	581
2 years	9 253	2 956	6 297
3 years	9 318	3 033	6 285
4 years	21 730	9 812	11 918
5 years	13 505	806	12 699
Unlimited	7 757	82	7 675
Total	**67 480**	**22 025**	**45 455**

In Indonesia and Papua New Guinea the Group made advance payments of taxes in accordance with local legislation. These were partly based on the results of 2019 and partly on the results of 2020 which were both lower than the results of 2021. Therefore, the prepayments of taxes of KUSD 9 962 were significantly below the taxes to be paid of KUSD 34 722.

In KUSD	2021	2020
Taxes to receive	1 469	11 766
Taxes to pay	-19 346	-4 687
Net taxes to receive/(to pay)	**-17 877**	**7 079**

In KUSD	2021	2020
Net taxes to receive/(to pay) at the beginning of the period	7 079	14 307
Change consolidation scope	- 211	0
Transfer	15	- 32
Taxes to pay	-34 722	-10 768
Paid taxes	9 962	3 572
Net taxes to receive/(to pay) at the end of the period	**-17 877**	**7 079**

Taxes paid as presented in the consolidated cash flow statement are detailed as follows:

In KUSD	2021	2020
Tax expense	-36 075	-10 828
Deferred tax	1 353	60
Current taxes	**-34 722**	**-10 768**
Variation prepaid taxes	10 101	3 021
Variation payable taxes	14 658	4 175
Paid taxes	**-9 962**	**-3 572**

There are no material unrecorded uncertain tax positions within the SIPEF group.

24. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The SIPEF group has the following percentage of control and percentage of interest in the associates and joint ventures:

Entity	Location	% of control	% of interest
Verdant Bioscience Pte Ltd	Singapore / Republic of Singapore	38.00	38.00
PT Timbang Deli Indonesia	Medan / Indonesia	38.00	36.10

An associate is an entity over which the Group has significant influence. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The Group has no joint ventures.
The investments in associates and joint ventures consist of Verdant Bioscience Singapore and PT Timbang Deli, both active in tropical agriculture.

Verdant Bioscience Pte Ltd (VBS) is a company located in Singapore. As of 1 January 2014, the Group holds a 38% interest in VBS. The company is a cooperation between Ackermans & Van Haaren (42%), SIPEF NV (38%), PT Dharma Satya Nusantara (10%) and Biosing Pte (10%) with the objective of conducting research into and developing high-yielding seeds with a view to commercializing them.

The Group holds a 36.10% participation in PT Timbang Deli, a company located on the island of Sumatra in Indonesia. PT Timbang Deli is active in growing rubber. Following the Share Swap agreement with Verdant Bioscience Pte Ltd the SIPEF group contributed 95% of the total number of shares of PT Timbang Deli to Verdant Bioscience Pte Ltd.

During the first four months of 2021, PT Melania has been included in the consolidation as a joint-venture before being classified as an asset held for sale. Even though At 31 December 2021, the assets of PT Melania are not included in the ‘investments in associates and joint ventures’, the ‘share of results of associated companies and joint ventures’ does include 4 months of results of PT Melania.

The total section "investments in associates and joint ventures" can be summarized as follows:

In KUSD	2021	2020
Verdant Bioscience Pte Ltd	4 347	4 912
PT Timbang Deli Indonesia	- 749	- 282
Total	**3 598**	**4 630**

During the first four months of 2021, PT Melania has been included in the consolidation as a joint-venture before being classified as an asset held for sale. The total section "Share of results of associated companies and joint ventures" can be summarized as follows:

In KUSD	2021	2020
Verdant Bioscience Pte Ltd	- 565	- 475
PT Timbang Deli Indonesia	- 467	- 584
PT Melania Indonesia	- 59	0
Total result	**-1 091**	**-1 059**

Below we present the condensed statements of financial position of the associated companies and joint ventures. These are prepared in accordance with IFRS and are before intercompany eliminations and excluding goodwill.

	Verdant Bioscience Pte Ltd		PT Timbang Deli	
In KUSD	2021	2020	2021	2020
Biological assets	0	0	3 772	3 994
Other non-current assets	23 876	23 701	6 727	7 125
Current assets	14 077	13 846	1 276	1 008
Cash and cash equivalents	129	81	225	170
Total assets	**38 083**	**37 627**	**12 000**	**12 297**
Non-current liabilities	- 14	- 14	1 271	1 309
Long term financial debts	0	0	0	0
Current liabilities	20 497	18 556	15 039	14 004
Short term financial debts	0	0	0	0
Equity	17 599	19 084	-4 311	-3 016
Total equity and liabilities	**38 083**	**37 627**	**12 000**	**12 297**

Below we present the condensed income statements of the associated companies and joint ventures. These are prepared in accordance with IFRS and are before intercompany eliminations and excluding goodwill.

	Verdant Bioscience Pte Ltd		PT Timbang Deli	
In KUSD	2021	2020	2021	2020
Inclusion in the consolidation:	38.00%	38.00%	36.10%	36.10%
Revenue	0	0	3 319	1 319
Depreciation	10	8	920	955
Interest income	33	47	3	3
Interest charges	0	0	- 33	- 46
Net result	-1 486	-1 251	-1 295	-1 617
Share in the consolidation	**- 565**	**- 475**	**- 467**	**- 584**
Total share of the group	- 565	- 475	- 467	- 584
Total share minorities	0	0	0	0
Total	**- 565**	**- 475**	**- 467**	**- 584**

Reconciliation of the associated companies and joint ventures

The below tables are prepared in accordance based on the IFRS financial statements as included in the consolidation, in accordance with the accounting policies of the SIPEF group, before goodwill allocation.

	Verdant Bioscience Pte Ltd		PT Timbang Deli	
In KUSD	**2021**	**2020**	**2021**	**2020**
Equity without goodwill	17 599	19 085	-4 311	-3 016
Share of the group	6 687	7 252	-1 556	-1 089
Goodwill	0	0	807	807
Equity elimination PT Timbang Deli	-2 340	-2 340	0	0
Total	**4 347**	**4 912**	**- 749**	**- 282**

Dividends received from associated companies and joint ventures

During the year no dividends were received from associated companies and joint ventures.

There are no restrictions on the transfers of funds to the Group.

25. CHANGE IN NET WORKING CAPITAL

In line with the increase of the operating result, the cash flow from operating activities increased from KUSD 73 669 in 2020 to KUSD 178 796 this year.

The variation of the working capital of KUSD -8 523 mainly concerned the following elements:

- an increase in inventories (KUSD -22 211) as a result of higher inventory volumes, mainly of finished products, and a higher unit cost price for CPO;
- an increase in trade receivables (KUSD -4 614);
- an increase in advances received on local sales (KUSD 8 450);
- an increase in other payables and other current liabilities including an increase in bonus provision following the improved result (KUSD 10 582).

The above-mentioned use of working capital concerned the usual temporary movements.

26. FINANCIAL INSTRUMENTS

Exposure to fluctuations in the market price of core products, currencies, interest rates and credit risk arises in the normal course of the Group's business. Financial derivative instruments are used to a limited extend to reduce the exposure to fluctuations in foreign exchange rates and interest rates.

Fluctuations in the market price of core products

Structural risk

SIPEF group is exposed to structural price risks of their core products. The risk is primarily related to palm oil and palm kernel oil and to a lesser extent to rubber. A change of the palm oil price of USD 10 CIF per ton has an impact of about KUSD 3 147 (without considering the impact of the current export tax and export levies in Indonesia) on result after tax. This risk is assumed to be a business risk.

Transactional risk

The Group faces transactional price risks on products sold. The transactional risk is the risk that the price of products purchased from third parties fluctuates between the time the price is fixed with a customer and the time the transaction is settled. This risk is assumed to be a business risk.

Currency risk

Most of the subsidiaries are using the US dollar as functional currency. The Group's currency risk can be split into three distinct categories: structural, transactional and translational:

Structural risk

Most of the Group's revenues are denominated in USD, while all the operations are located outside the USD zone (particularly in Indonesia, Papua New Guinea, Ivory Coast and Europe). Any change in the USD against the local currency will therefore have a considerable impact on the operating result of the company. Most of these risks are considered to be a business risk.

Transactional risk
The Group is also subject to transactional risks in respect of currencies, i.e. the risk of currency exchange rates fluctuating between the time the price is fixed with a customer, supplier or financial institution and the time the transaction is settled. This risk, with the exception of naturally covered positions, is not covered since most receivables and payables have a short settlement term.

The pension liabilities in Indonesia are important long-term liabilities that are fully payable in IDR. A devaluation or revaluation of 10% of the IDR versus the USD has the following effect on the income statement:

In KUSD	IDR Dev 10%	Book value	IDR Rev 10%
Pension liabilities in Indonesia	19 777	21 755	24 172
Gross impact income statement	1 978		-2 417

The pension liability in Indonesia consists of KUSD 21 498 from fully consolidated subsidiaries and of KUSD 257 from equity consolidated companies (PT Timbang Deli).

The long term receivables on the Indonesian plasma holders are important long term assets that are fully payable in IDR. A devaluation or revaluation of 10% of the IDR versus the USD has the following effect on the income statement:

In KUSD	IDR Dev 10%	Book value	IDR Rev 10%
Plasma receivables	23 333	25 666	28 518
Gross impact income statement	-2 333		2 852

On February 15, 2022 the board of directors has proposed the payment of a dividend of KEUR 21 159 (EUR 2.00 gross per ordinary share). In line with the Group's liquidity and currency policy the exchange risk was covered in 3 forward exchange contracts for the sale of KUSD 25 191 for KEUR 21 600 (average exchange rate of 1.1662) before year-end.

Sensitivity analysis
With regard to the cover of the dividend for the end of the year a devaluation or revaluation of 10% of the EUR versus the USD has the following effect on the profit and loss account:

In KUSD	EUR Dev 10%	Closing rate	EUR Rev 10%
Dividend	22 274	24 501	27 223
Gross Impact income statement	-2 227		2 722

Translational risk
The SIPEF group is an international company and has operations which do not use the USD as their reporting currency. When such results are consolidated into the Group's accounts the translated amount is exposed to variations in the value of such local results are consolidated into the Group's accounts the translated amount is exposed to variations in the value of such local currencies against the USD. SIPEF group does not hedge against such risk (see accounting policies).

As from 1st of January 2007 onwards the functional currency of most of our activities is the same as the presentation currency, this risk has been largely restricted.

Interest rate risk
The Group's exposure to changes in interest rates relates to the Group's financial debt obligations. At the end of December 2021, the Group's net financial assets/(liabilities) amounted to KUSD -49 192 (2020: KUSD -151 165), of which KUSD 30 961 short term financial liabilities (2020: KUSD 104 671) and KUSD 19 977 net short-term cash and cash equivalents (2020: KUSD 9 791).

The financial liabilities > 1 year (incl. derivatives) amount to KUSD 38 207 (2020: KUSD 56 285).

Considering that all short-term debts are of a current nature with variable interest rates, we believe a 0.5% change in interest rate will not have a material impact.

Considering that the long-term financial debt is primarily based on a variable interest rate, the risk exists that with an increase of the interest rate, the financing cost will increase. This interest risk is hedged by the use of an interest rate swap (IRS). The goal of this interest rate swap is to decrease the volatility (and with it the interest rate risk) as much as possible

Available funds are invested in short term deposits.

Credit risk
Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a loss. This credit risk can be split into a commercial and a financial credit risk. With regard to the commercial credit risk management has established a credit policy and the exposure to this credit risk is monitored on a continuous basis.

In practice a difference is made between:

In KUSD	2021	2020
Receivables from the sale of palm oil/rubber/tea	30 609	26 315
Receivables from the sale of bananas and plants	1 673	1 416
Total	**32 282**	**27 731**

The credit risk for the first category is rather limited as these sales are for the most part immediately paid against presentation of documents. Moreover, it concerns a relatively small number of first-class buyers: per product about 90% of the turnover is realized with a maximum of 10 clients. For palm oil there are two clients who each represent over 30% of the total sales. For tea there are two clients which represents over 30% of total sales. For rubber there are two clients which represent over 30% of total revenues. Contrary to the first category the credit risk for the receivables from the sales of bananas and horticulture is higher.

For both categories there is a weekly monitoring of the open balances due and a proactive system of reminders. Impairments are applied as soon as total or partial payments are seen as unlikely. The elements that are taken into account for these appraisals are the lengths of the delay in payment and the creditworthiness of the client.

The receivables from the sales of bananas and horticulture have the following due date schedule:

In KUSD	2021	2020
Not yet due	941	812
Due < 30 days	523	604
Due between 30 and 60 days	180	0
Due between 60 and 90 days	0	0
Due > 90 days	29	0
Total	**1 673**	**1 416**

During 2021 and 2020, no material impairment on receivables was recorded in the income statement.

The Group applied the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables based on historical losses. The Group analysed the impact of IFRS 9 and concluded there is no material impact on the bad debt reserve booked. The Group also assessed whether the historic pattern would change materially in the future and expects no significant impact.

Liquidity risk
A material and structural shortage in our cash flow would damage both our creditworthiness as well as the trust of investors and would restrict the capacity of the Group to attract fresh capital. The operational cash flow provides the means to finance the financial obligations and to increase shareholder value. The Group manages the liquidity risk by evaluating the short term and long-term cash flows. The SIPEF group maintains an access to the capital market through short- and long-term debt programs.

The following table gives the contractually determined (not-discounted) cash flows resulting from liabilities at balance sheet date:

2021 - In KUSD	**Carrying amount**	**Contractual cash flows**	**Less than 1 year**	**1-2 years**	**2-3 years**	**3-4 years**	**More than 5 years**
Financial obligations > 1 year (incl. derivatives)	36 000	-37 239	- 618	-18 510	-18 111	0	0
Leasing liabilities > 1 year	2 207	-4 250	- 177	- 489	- 464	- 449	-2 671
Advances received > 1 year	4 830	-4 830	0	-4 830	0	0	0
Trade & other liabilities < 1 year							
Trade payables	23 605	-23 605	-23 605	0	0	0	0
Advances received	11 934	-11 934	-11 934	0	0	0	0
Financial liabilities < 1 year							
Current portion of amounts payable after one year	18 000	-18 471	-18 471	0	0	0	0
Financial liabilities	12 477	-12 597	-12 597	0	0	0	0
Leasing liabilities < 1 year	484	- 523	- 523				
Derivatives	2 066	-2 066	-2 066	0	0	0	0
Other current liabilities	0	0	0	0	0	0	0
Total liabilities	**111 604**	**-115 516**	**-69 992**	**-23 829**	**-18 575**	**- 449**	**-2 671**

2020 - In KUSD	**Carrying amount**	**Contractual cash flows**	**Less than 1 year**	**1-2 years**	**2-3 years**	**3-4 years**	**More than 5 years**
Financial obligations > 1 year (incl. derivatives)	54 000	-58 053	-1 664	-19 480	-18 737	-18 173	0
Leasing liabilities > 1 year	2 285	-4 553	- 180	- 488	- 438	- 414	-3 033
Advances received > 1 year	0	0	0	0	0	0	0
Trade & other liabilities < 1 year							
Trade payables	21 384	-21 384	-21 384	0	0	0	0
Advances received	1 071	-1 071	-1 071	0	0	0	0
Financial liabilities < 1 year							
Current portion of amounts payable after one year	18 000	-18 701	-18 701	0	0	0	0
Financial liabilities	86 128	-86 254	-86 254	0	0	0	0
Leasing liabilities < 1 year	543	- 589	- 589				
Derivatives	793	- 793	- 793	0	0	0	0
Other current liabilities	0	0	0	0	0	0	0
Total liabilities	**181 375**	**-186 255**	**-129 866**	**-19 479**	**-18 737**	**-18 173**	**0**

In order to limit the financial credit risk SIPEF has spread its more important activities over a small number of banking groups with a first-class rating for creditworthiness. The current maximum credit lines available amount to KUSD 178 686 (2020: KUSD 206 328). In 2021, same as in previous years, there were no infringements on the conditions stated in the credit agreements nor were there any shortcomings in repayments. It should be noted that SIPEF has made use of the possibility of postponing capital repayments to cope with the impact of covid-19. As a result, the repayments at the end of June 2020 (KUSD 4 500) have been postponed until June 2024, and the repayment at the end of September 2020 (KUSD 4 500) has also been postponed until September 2024.

Financial instruments measured at fair value in the statement of financial position

Companies within the Group may use financial instruments for risk management purposes. Specifically, these are instruments principally intended to manage the risks associated with fluctuating interest and exchange rates. The counterparties in the related transactions are exclusively first-ranked banks.

Derivative instruments are measured at fair value at initial recognition. The changes in fair value are reported in the income statement unless these instruments are part of hedging transactions.

Fair values of derivatives are:

In KUSD	2021	2020
Interest rate swaps	- 797	-1 703
Forward exchange transactions	-1 269	910
Fair value (+ = asset; - = liability)	**-2 066**	**- 793**

In accordance with IFRS 13 financial instruments are grouped into 3 levels based on the degree to which the fair value is observable:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly;
- Level 3 inputs are unobservable inputs for the asset or liability.

The fair value of the forward exchange contracts and interest rate swap calculated at the closing value on the 31st of December 2021 were also incorporated in level 2. The notional amount from the forward exchange contracts amounts to KUSD 13 056.

The forward exchange contracts are not documented in a hedging relationship and accordingly, all changes in fair value are recorded in the financial result. The Group has documented the interest rate swaps (IRS) in a hedging relationship. The terms of the IRS and the hedged debt match 100%. Therefore, no effectiveness test based on a ratio of changes in fair value of the hedging instrument against that of the hedged debt is required. An IRS with matching contractual terms would have limited inefficiency.

The IRS has a notional amount of KUSD 54 000. The carrying amount is recorded on the derivatives (liabilities) for an amount of KUSD -797, the deferred tax assets for an amount of KUSD 199 and the other comprehensive income in the equity for an amount of KUSD -598.

Financial instruments per category

The following table presents the financial instruments per category as per end 2021 and end 2020:

2021 - In KUSD	Carrying amount	IFRS 9 category	Fair value	Fair value hierarchy
Financial assets				
Other investments	92	AC	92	Level 2
Receivables > 1 year				
Other receivables	25 666	AC	25 666	Level 2
Total non-current financial assets	**25 758**		**25 758**	
Trade and other receivables				
Trade receivables	32 282	AC	32 282	Level 2
Other receivables	49 878	AC	49 878	Level 2
Investments				
Other investments and deposits	38	AC	38	Level 2
Cash and cash equivalents	19 939	AC	19 939	Level 2
Derivatives	0	FVTPL	0	Level 2
Derivatives	0	Hedging	0	Level 2
Total current financial assets	**102 137**		**102 137**	
Trade and other obligations > 1 year	0	AC	0	Level 2
Financial obligations > 1 year (incl. derivatives)	36 000	AC	36 000	Level 2
Leasing liabilities > 1 year	2 207	AC	2 207	Level 2
Advances received > 1 year	4 830	AC	4 830	Level 2
Total non-current financial liabilities	**43 037**		**43 037**	
Trade & other obligations < 1 year				
Trade payables	23 605	AC	23 605	Level 2
Other payables	11 519	AC	11 519	Level 2
Advances received	11 934	AC	11 934	Level 2
Financial obligations < 1 year				
Current portion of amounts payable after one year	18 000	AC	18 000	Level 2
Financial obligations	12 477	AC	12 477	Level 2
Leasing liabilities < 1 year	484	AC	484	Level 2
Derivatives	1 269	FVTPL	1 269	Level 2
Derivatives	797	Hedge accounting	797	Level 2
Total current financial liabilities	**80 085**		**80 085**	

2020 - In KUSD	Carrying amount	IFRS 9 category	Fair value	Fair value hierarchy
Financial assets				
Other investments	80	AC	80	Level 2
Receivables > 1 year				
Other receivables	16 101	AC	16 101	Level 2
Total non-current financial assets	**16 180**		**16 180**	
Trade and other receivables				
Trade receivables	27 731	AC	27 731	Level 2
Other receivables	49 146	AC	49 146	Level 2
Investments				
Other investments and deposits	0	AC	0	Level 2
Cash and cash equivalents	9 790	AC	9 790	Level 2
Derivatives	0	FVTPL	0	Level 2
Derivatives	0	Hedge accounting	0	Level 2
Total current financial assets	**37 521**		**37 521**	
Trade and other obligations > 1 year	0	AC	0	Level 2
Financial obligations > 1 year (incl. derivatives)	54 000	AC	54 000	Level 2
Leasing liabilities > 1 year	2 285	AC	2 285	Level 2
Total non-current financial liabilities	**56 285**		**56 285**	
Trade & other obligations < 1 year				
Trade payables	21 384	AC	21 384	Level 2
Other payables	8 805	AC	8 805	Level 2
Advances received	1 071	AC	1 071	Level 2
Financial obligations < 1 year				
Current portion of amounts payable after one year	18 000	AC	18 000	Level 2
Financial obligations	86 128	AC	86 128	Level 2
Leasing liabilities < 1 year	543	AC	543	Level 2
Derivatives	- 910	FVTPL	- 910	Level 2
Derivatives	1 703	Hedge accounting	1 703	Level 2
Total current financial liabilities	**136 724**		**136 724**	

27. Leasing

The Group leases office space, land rights and vehicles under a number of lease agreements with a lease term of one year or more. The rent of the office buildings concerns the monthly rental payments for the offices in Indonesia. The rent of the offices and ancillary parking space in Belgium has not been included in the leases due to the short-term exemption. For the land rights the subject of the lease concerns the usufruct of certain land wherefore a fixed annual rental amount is paid. The remaining land rights in PNG have a duration of 99 years for which no rental amount is paid. These assets will be depreciated over a period of 25 years in line with the lifespan of an oil palm. The vehicles concern the limited number of car leases within the Group.

The future operating lease commitments under these non-cancellable leases are due as follows:

In KUSD	2021	2020
Current lease liabilities	484	543
Non-current lease liabilities	2 207	2 285
Total lease liability as at 31 December	**2 691**	**2 828**

The movement during the year of the lease liability can be summarised as follows:

In KUSD	2021	2020
Lease commitments disclosed as at 1 January	**2 828**	**3 037**
Acquisitions	246	129
Financial costs/(income)	220	237
Lease repayments	- 604	- 549
Exchange result	1	- 26
Lease liability recognised as at 31 December	**2 691**	**2 828**

The right-of-use assets can be classified as follows:

Movement (in KUSD)	2021	2020
Total right-of-use assets as at 1 January	2.757	2 895
Acquisition	246	122
Depreciation	-417	- 387
Other	0	127
Total right-of-use assets as at 31 December	**2 587**	**2 757**

	Land rights	Office rent	Car rent	Total
Total right-of-use assets as at 31 December 2020	958	1 493	306	**2 757**
Total right-of-use assets as at 31 December 2021	893	1 281	413	**2 587**

The total depreciation of the right-of-use assets until 31 December 2021 amounts to KUSD 417 and the financial charges to KUSD 216. Of the depreciation, KUSD 66 was recorded in the cost of sales of the palm segment of Papua New Guinea and KUSD 351 KUSD in the "general and administrative expenses".

28. RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET

Guarantees

No guarantees have been issued by third parties as security for the company's account and one guarantee has been issued to a third party for the account of subsidiaries during 2021. A corporate guarantee has been given as part of the share purchase agreement of Verdant Bioscience Singapore Pte. Ltd. for a total amount of KUSD 6 165 to cover the outstanding liability that Verdant Bioscience Singapore Pte. Ltd. has to its previous shareholder Sime Darby Berhad. This liability is due in two equal yearly instalments between May 2022 and May 2023.

In connection to the same share purchase agreement, Verdant Bioscience Singapore Pte. Ltd. has received a bank guarantee for a total amount of KUSD 1 185 from the new shareholder PT Dharma Satya Nusantara which will be used to provide a loan to Verdant Bioscience Singapore Pte. Ltd. to repay part (10/52) of the above outstanding liability.

Significant litigation

Nihil

Forward sales

The commitments for the delivery of goods (palm products, rubber, tea, bananas and horticulture) after the year end fall within the normal delivery period of about 3 months from date of sale. Those sales are not considered as forward sales.

29. RELATED PARTY TRANSACTIONS

Transactions with directors and members of the executive committee

Key management personnel are defined as the directors and the Group's management committee. The table below shows an overview of total remuneration received:

In KUSD	2021	2020
Directors' fees	411	401
Fixed fees	2 213	1 686
Variable fees	321	0
Post-employment benefits	465	456
Other	126	79
Market value vested stock option (on vesting date)	88	0
Total	**3 637**	**2 632**

The amounts are paid in EUR. The amount paid in 2021 amounts to KEUR 3 084 (2020: KEUR 2 297). The increase of KEUR 787 is a consequence of a higher variable fee paid in 2021 compared to 2020 and an additional member in the executive committee.

Starting from the financial year 2007 fixed fees shall be paid to the members of the board of directors, the audit committee and the remuneration committee.

Related party transactions are considered immaterial, except for the rental agreement since 1985 between Cabra NV and SIPEF covering the offices and ancillary parking space at Castle Calesberg in Schoten. The annual rent, adjusted for inflation, amounts to KUSD 208 (2020 KUSD 196) and KUSD 84 (2020 KUSD 80) is invoiced for SIPEF's share of maintenance of the buildings, parking space and park area.

SIPEF's relations with board members and management committee members are covered in detail in the "Corporate Governance statement" section.

Other related party transactions

Transactions with related companies are mainly trade transactions and are priced at arms' length. The revenue and expenses related to these transactions are immaterial to the consolidated financial statements as a whole.

Transactions with group companies

Balances and transactions between the Group and its subsidiaries which are related parties of the Group have been eliminated in the consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

The following table represents the total of the transactions that have occurred during the financial year between the Group and the joint venture PT Timbang Deli and Verdant Bioscience Pte Ltd at 100%:

	Verdant Bioscience Pte Ltd		PT Timbang Deli	
	2021	2020	2021	2020
Total sales during the financial year	0	0	0	0
Total purchases during the financial year	0	0	2 265	1 318
Total receivables as per 31 December 2021	8 330	7 800	14	56
Total payables as per 31 December 2021	300	300	263	408

30. Business combinations, acquisitions and divestures

Sale of PT Melania

SIPEF has signed a sale and purchase agreement with Shamrock Group (SG) on the sale of 100% of the share capital of its Indonesian subsidiary, PT Melania. SG is an Indonesian group that runs several rubber plantations and factories, and specialises in the production and sale of latex gloves. SIPEF controls 95% of PT Melania through its Indonesian 95% subsidiary, PT Tolan Tiga, the remaining 5% being owned by an Indonesian pension fund.

As a reminder, PT Melania owns half of the Group's Indonesian rubber operations in Sumatra and the entire tea operations in Java. Initially, 40% of the shares were sold for a payment of USD 19 million. After this first stage the Shamrock Group has taken over the management of the rubber activities. The second tranche of 60% of the shares (of which 55% are held by SIPEF) will be transferred no later than 2024 for USD 17 million, after the renewal of the permanent concession rights (HGU) for the whole of the rubber and tea business. The gross transaction price for 100% of the shares is USD 36 million.

The final net sale price and any capital gain on the sale of PT Melania will depend largely on the timing and the cost of renewing the permanent concession rights (HGU) and on the compensation for the accumulated social rights of the employed personnel, who will presumably be taken over almost entirely. The gain on the sale of PT Melania may be adjusted going forward depending on revision of the estimate of these costs in the future.

SIPEF has made a best estimate of the costs related to the sale of PT Melania. Below we present the calculation of the net selling price.

In KUSD	Selling price
Total amount to be received	36 000
Estimated costs related to the sale	-11 418
Net selling price (100% of the shares)	**24 582**
Net selling price for 95%	23 353
Of which	
40% of the shares	9 833
55% of the shares	13 520

Upon signing of the SPA, SIPEF has lost full control of PT Melania. Subsequently, PT Melania has been accounted for as a joint venture held for sale on 30 April 2021. The assets and liabilities of PT Melania have been measured at fair value, equaling the net selling price of KUSD 23 353.

The results of PT Melania have been included in the share of results of associated companies and joint ventures for the first four months of 2021. As from 30 April 2021, the results of PT Melania are no longer included in the consolidated profit and loss of the SIPEF group as PT Melania is classified as a joint venture held for sale.

The classification as a joint venture held for sale, including subsequent remeasurement at fair value, and sale of 40% of the shares of PT Melania has the following impact on the balance sheet and profit and loss accounts of the SIPEF group:

In KUSD	30/04/2021	Sale of 40%	Payments during 2021	Total impact
Assets				
Non-current assets	-17 319			-17 319
Assets held for sale	23 353	-9 833		13 520
Current assets	- 170			- 170
Cash and cash equivalents	- 1	19 000	-1 922	17 077
Total assets	**5 864**	**9 167**	**-1 922**	**13 109**
Liabilities				
Currency translation adjustments	1 091			1 091
Minorities	- 559			- 559
Non-current liabilities	-5 833			-5 833
Non-current liabilities - advances received		4 830		4 830
Current liabilities - advances received		4 337	-1 922	2 415
Current liabilities	- 475			- 475
Total liabilities	**-5 776**	**9 167**	**-1 922**	**1 469**
Profit and loss				
Other operating income/(charges)	11 640			11 640
Of which:				
Share of the group	11 003			11 003
Minorities	637			637
Total	**11 640**	**0**	**0**	**11 640**

Upon classification as joint venture as held for sale, a capital gain of KUSD 11 640 is realised, being the difference between the net selling price for 95% of the shares (KUSD 23 353) and the value of the net assets of PT Melania in the consolidated financial statements of the SIPEF group (KUSD 11 713).

The sale of 40% of the shares of PT Melania for KUSD 19 000 has been recorded as a sale of 40% the value of the assets held for sale (KUSD 9 833) and as advances received (KUSD 9 167). Since the transfer of shares, there was a deduction for the amounts paid for the renewal of the concession rights, pension payments and the financing of the tea activities (KUSD 1 922). Of the total remaining advance of KUSD 7 245, KUSD 2 415 is expected to be used within the year and KUSD 4 830 to be used after more than one year.

Total cash received (KUSD 17 077) is included in the cash flow as part of the proceeds from sales of financial assets (KUSD 24 708). The remaining amount on the proceeds from sales of financial assets (KUSD 7 631) relates to the final payment received for the sale of the shares of Sipef-CI.

31. EARNINGS PER SHARE (BASIC AND DILUTED)

From continuing operations	2021	2020
Basic earnings per share		
Basic earnings per share - calculation (USD)	9.00	1.36
Basic earnings per share is calculated as follows:		
Numerator: net result for the period attributable to ordinary shareholders (KUSD)	93 749	14 122
Denominator: the weighted average number of ordinary shares outstanding	10 418 431	10 419 328
The weighted average number of ordinary shares outstanding is calculated as follows:		
Number of ordinary shares outstanding at January 1	10 419 328	10 419 328
Effect of shares issued / share buyback programs	- 897	0
Effect of the capital increase	0	0
The weighted average number of ordinary shares outstanding at December 31	10 418 431	10 419 328
Diluted earnings per share		
Diluted earnings per share - calculation (USD)	8.99	1.36
The diluted earnings per share is calculated as follows:		
Numerator: net result for the period attributable to ordinary shareholders (KUSD)	93 749	14 122
Denominator: the weighted average number of dilutive ordinary shares outstanding	10 422 490	10 420 091
The weighted average number of dilutive ordinary shares outstanding is calculated as follows:		
The weighted average number of ordinary shares outstanding at December 31	10 418 431	10 419 328
Effect of stock options on issue	4 059	763
The weighted average number of dilutive ordinary shares outstanding at December 31	10 422 490	10 420 091

32. EVENTS AFTER THE BALANCE SHEET DATE

The war between Russia and Ukraine that started on 24 February 2022 radically changed the geopolitical landscape. This war is having a tremendous effect on (agricultural) commodities. Ukraine is the world's largest sunflower seed producer, as well as the top sunflower oil exporter. It was also expected to rank No. 3 in rapeseed and wheat exports this season. The ports are closed and hardly any products are being exported. As a result, many prices of staple food commodities have rallied strongly, further fuelling food price inflation.

Normally, the planting season for the new crops commences late March to early April; however, this will be strongly impacted for as long as the war continues. The duration of this war will determine its short- and medium-term impacts on agricultural commodities, although it is almost a certainty that there will be shortages for the time being. Agricultural commodity prices will stay strong for the foreseeable future.

In light of this war, the Group confirms that it has no activities with parties in Ukraine, Russia or Belarus, nor are there assets receivable relating to these regions at 31 December 2021. The Group does not do business with any parties included on the sanctions list at the date of publishing.

33. SERVICES PROVIDED BY THE AUDITOR AND RELATED FEES

The statutory auditor of the SIPEF group is EY Bedrijfsrevisoren BV represented by Wim Van Gasse and Christoph Oris.
The fees for the annual report of SIPEF were approved by the general meeting after review and approval of the audit committee and by the board of directors. These fees correspond to an amount of KUSD 118 (against KUSD 95 last year for Deloitte). For the Group, EY has provided services for KUSD 577 in 2021 (against KUSD 419 the year before for Deloitte), of which KUSD 0 (2020: KUSD 20 for Deloitte) are for non-audit services.

34. Covid-19

SIPEF continued its comprehensive programme to vaccinate against covid-19 its employees and their dependents free of charge. In Indonesia, where around 47% of the national population had been fully vaccinated, SIPEF made the most progress: 92% of the SIPEF employees and dependents had been double-vaccinated against covid-19 by November 2021. A booster programme will begin in 2022.

In Ivory Coast, 45% of employees had been double-vaccinated and 15% had received a single dose. Due to limited vaccine availability the programme could not be continued and the number of vaccinated employees therefore remained the same in the last quarter of 2021. Nevertheless, with only 8.2% of the national population in Ivory Coast having been fully vaccinated, SIPEF believes its programme made a positive contribution. The Group will continue its programme in 2022, when more supply becomes available.

In Papua New Guinea, SIPEF has focused on providing clear information and establishing supporting policies. More time will be needed to allow vaccine confidence to grow in order to increase the vaccination rate, which is currently below 10% of the targeted number. Lack of confidence may also partly explain the low vaccination rate at a national level, with only 2.5% of the country having been fully vaccinated as at December 2021.

Statutory auditor's report on consolidated financial statements

Independent auditor's report to the general meeting of SIPEF NV for the year ended 31 December 2021

As required by law and the Company's articles of association, we report to you as statutory auditor of SIPEF NV (the "Company") and its subsidiaries (together the "Group"). This report includes our opinion on the consolidated balance sheet as at 31 December 2021, the consolidated income statement, the statement of consolidated comprehensive income, the consolidated cash flow statement and statement of changes in consolidated equity for the year ended 31 December 2021 and the disclosures (all elements together the "Consolidated Financial Statements") as well as our report on other legal and regulatory requirements. These two reports are considered one report and are inseparable.

We have been appointed as statutory auditor by the shareholders' meeting of 9 June 2021, in accordance with the proposition by the Board of Directors following recommendation of the Audit Committee. Our mandate expires at the shareholders' meeting that will deliberate on the Consolidated Financial Statements for the year ending 31 December 2023. We performed the audit of the Consolidated Financial Statements of the Group for one year.

Report on the audit of the Consolidated Financial Statements

Unqualified opinion

We have audited the Consolidated Financial Statements of SIPEF NV, that comprise of the consolidated balance sheet on 31 December 2021, the consolidated income statement, the statement of consolidated comprehensive income and the consolidated cash flow statement of the year and the disclosures, which show a consolidated balance sheet total of USD 991.765 thousand and of which the consolidated income statement shows a profit for the year of USD 99.471 thousand.

In our opinion, the Consolidated Financial Statements give a true and fair view of the consolidated net equity and financial position as at 31 December 2021, and of its consolidated results for the year then ended, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") and with applicable legal and regulatory requirements in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the Consolidated Financial Statements" section of our report.

We have complied with all ethical requirements that are relevant to our audit of the Consolidated Financial Statements in Belgium, including those with respect to independence.

We have obtained from the Board of Directors and the officials of the Company the explanations and information necessary for the performance of our audit and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

The consolidated financial statements of Sipef NV for the year ended 31 December 2020, were audited by another auditor who expressed an unqualified opinion on those statements on 19 April 2021.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current reporting period.

These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole and in forming our opinion thereon, and consequently we do not provide a separate opinion on these matters.

Impairment assessment of goodwill

Description of the key audit matter

The goodwill amounts to USD 104.782 thousand as at 31 December 2021, and relates to the palm oil segment in Indonesia and Papua New Guinea. Goodwill must be tested for impairment on at least an annual basis. The determination of recoverable amount requires judgement from management in both identifying and then valuing the relevant single Cash Generating Units.

As disclosed in note [8] – Goodwill and Other intangible assets of the Consolidated Financial Statements, the recoverable value was determined by using a discounted cash flow model to determine the value in use. The cash flow model estimates the relevant cash flows expected to be generated in the future, and discounted to the present value using a discount rate approximating the weighted average cost of capital. This estimation requires the management to use of a number of variables and market conditions such as future prices and volume growth rates, the timing of future operating expenditure, and the discount and long term growth rates. As a consequence the determination of the recoverable value is subjective in nature due to judgements to be made by management of future performance of the palm oil segment.

The key assumptions used in determining the estimated value in use are the expected long term crude palm oil price and the weighted average cost of capital. Changes in certain assumptions used in the model can lead to significant changes in the assessment of the recoverable amount. of. This matter has been considered as a key audit matter due to the level of judgment required in these estimates.

Summary of the procedures performed

- We obtained an understanding of management's review process of the discounted cash flow model used and the approval by the board of the underlying business plan.
- We assessed the determination of the CGU's based on our understanding of the nature of the Company and their operations, and assessed whether this is consistent with the internal reporting of the business;
- We evaluated the appropriateness of the discounted cash flow model used in determining the value in use of the CGU, as well as assessing the weighted cost of capital rate used;
- We compared the cash flow forecasts to approved budgets and other relevant market and economic information, as well as testing the underlying calculations;
- We evaluated management's key assumptions used in the impairment calculations;
- We assessed the analysis made by management in respect of sensitivity of the value in use to changes in the assumptions used within the model;
- We independently performed sensitivity analyses around the key assumptions used in the discounted cash flow model and we assessed the robustness of the budgeting process by management and we verified if the future cash flows were based on the approved business plan by the board;
- We reviewed the adequacy of the disclosures in the note [8] – Goodwill and Other intangible assets of the Consolidated Financial Statements concerning those key assumptions.

Recoverability of the deferred tax assets

Description of the key audit matter

The deferred tax assets recognized amount to USD 10.226 thousand as at 31 December 2021 on unutilized cumulative tax losses carried forward. The recognition of deferred tax assets entails a significant level of judgement by the Board in assessing the quantification, probability and sufficiency of future taxable profits against which they may be offset and future reversals of existing taxable temporary differences. Due to the judgement required of the Board in interpreting the criteria set forth in local tax legislations in force and the risk that may arise from a different interpretation of such legislations, as well as the uncertainty associated with recovering the amounts recognized as deferred tax assets and the expected recovery period, we consider this to be a key audit matter.

Summary of the procedures performed

- We obtained an understanding of the internal controls associated with the process of estimating the recoverability of the deferred tax assets;

- We assessed the reasonableness of the criteria and the main assumptions considered by management in estimating the future taxable profits necessary for offset;
- We involved local tax experts in Indonesia and Papua New Guinea to understand potential impacts of local tax regulations on the criteria used by management to determine the recoverability of the deferred tax assets;
- We compared the profit and loss forecasts used as a basis for recognizing tax losses with the actual results obtained and evaluated the reasonableness of the time period in which management expects to offset these assets;
- We agreed the profit and loss forecasts used as a basis for recognizing tax losses with the approved budgets;
- We assessed whether the information disclosed in note [23] – Income taxes of the Consolidated Financial Statements on the recoverability of the aforementioned deferred tax assets meets the requirements of the applicable financial reporting framework.

Gain on sale transaction PT Melania

Description of the key audit matter
As disclosed in note 30 of the Consolidated Financial Statements, PT Melania is deconsolidated due to the loss of control at the end of April 2021, when SIPEF and the Shamrock Group entered into a conditional sale and purchase agreement of the shares of PT Melania.

As a result, PT Melania has been accounted for as a joint venture held for sale since 30 April 2021. The assets and liabilities of PT Melania have been measured at fair value, equaling the net selling price of USD 23.353 thousand of which 55% is still retained in the balance sheet as assets held for sale per 31 December 2021 or USD 13.520 thousand.

The sale and purchase agreement includes several key terms and conditions around future expenses still to be covered by SIPEF to fulfill conditions precedent. Significant judgments and estimates had to be made by management to determine those expected future costs included in the measurement of the fair value of the assets held for sale. The final net sale price and any capital gain on the sale of PT Melania depends largely on the cost and timing of renewing the permanent land rights and on the compensation for the accumulated social rights of the employed personnel. The gain on the sale of PT Melania may need to be adjusted after 31 December 2021 and going forward depending on revision of the estimate of these costs in the future.

Summary of the procedures performed
- We have read the sales agreement to gain an understanding of the key terms and conditions of the transaction;
- We evaluated whether the proper accounting treatment was applied for the transaction (recognition of the gain, presentation as held for sale at year-end);
- We assessed the estimation of the net selling price as calculated by the management including assessment of the significant judgements and estimates made by management in evaluating certain key terms and conditions such as certain expenses still to be covered by SIPEF to fulfill the conditions precedent;
- We assessed the appropriateness of the financial information disclosed in the note 30 to the Consolidated Financial Statements concerning this transaction.

Responsibilities of the Board of Directors for the preparation of the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the Consolidated Financial Statements that give a true and fair view in accordance with IFRS and with applicable legal and regulatory requirements in Belgium and for such internal controls relevant to the preparation of the Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of Consolidated Financial Statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, and provide, if applicable, information on matters impacting going concern, The Board of Directors should prepare the financial statements using the going concern basis of accounting, unless the Board of Directors either intends to liquidate the Company or to cease business operations, or has no realistic alternative but to do so.

Our responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance whether the Consolidated Financial Statements are free from material misstatement, whether due to fraud or error, and to express an opinion on these Consolidated Financial Statements based on our audit. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

In performing our audit, we comply with the legal, regulatory and normative framework that applies to the audit of the Consolidated Financial Statements in Belgium. However, a statutory audit does not provide assurance about the future viability of the Company and the Group, nor about the efficiency or effectiveness with which the board of directors has taken or will undertake the Company's and the Group's business operations. Our responsibilities with regards to the going concern assumption used by the board of directors are described below.

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

- identification and assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, the planning and execution of audit procedures to respond to these risks and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatements resulting from fraud is higher than when such misstatements result from errors, since fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining insight in the system of internal controls that are relevant for the audit and with the objective 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 selected and applied accounting policies, and evaluating the reasonability of the accounting estimates and related disclosures made by the Board of Directors as well as the underlying information given by the Board of Directors;
- conclude on the appropriateness of the Board of Directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, whether or not a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. 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 Consolidated Financial Statements, and evaluating whether the Consolidated Financial Statements reflect a true and fair view of the underlying transactions and events.

We communicate with the Audit Committee within the Board of 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.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the audits of the subsidiaries. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities.

We provide the Audit Committee within the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee within the Board of Directors, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our report, unless the law or regulations prohibit this.

Report on other legal and regulatory requirements

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and the content of the Board of Directors' report on the Consolidated Financial Statements.

Responsibilities of the auditor

In the context of our mandate and in accordance with the additional standard to the ISAs applicable in Belgium, it is our responsibility to verify, in all material respects, the Board of Directors' report on the Consolidated Financial Statements, the non-financial information attached to the Board of Directors' report, as well as to report on these matters.

Aspects relating to Board of Directors' report

In our opinion, after carrying out specific procedures on the Board of Directors' report, the Board of Directors' report is consistent with the Consolidated Financial Statements and has been prepared in accordance with article 3:32 of the Code of companies and associations.

In the context of our audit of the Consolidated Financial Statements, we are also responsible to consider whether, based on the information that we became aware of during the performance of our audit, the Board of Directors' report contains any material inconsistencies or contains information that is inaccurate or otherwise misleading. In light of the work performed, there are no material inconsistencies to be reported.

The non–financial information required by article 3:32, § 2, of the Code of companies and associations has been included in the Board of Directors' report on the Consolidated Financial Statements. The Company has prepared this non-financial information based on GRI Standards ("GRI"). However, we do not comment on whether this non-financial information has been prepared, in all material respects, in accordance with GRI.

Independence matters

Our audit firm and our network have not performed any services that are not compatible with the audit of the Consolidated Financial Statements and have remained independent of the Company during the course of our mandate.

No additional services, that are compatible with the audit of the Consolidated Financial Statements as referred to in Article 3:65 of the Code of companies and associations and for which fees are due, have been carried out.

European single electronic format ("ESEF")

In accordance with the standard on the audit of the conformity of the financial statements with the European single electronic format (hereinafter "ESEF"), we have carried out the audit of the compliance of the ESEF format with the regulatory technical standards set by the European Delegated Regulation No 2019/815 of 17 December 2018 (hereinafter: "Delegated Regulation").

The board of directors is responsible for the preparation, in accordance with the ESEF requirements, of the consolidated financial statements in the form of an electronic file in ESEF format (hereinafter 'the digital consolidated financial statements') included in the annual financial report available on the portal of the FSMA (https://www.fsma.be/en/data-portal).

It is our responsibility to obtain sufficient and appropriate supporting evidence to conclude that the format and markup language of the digital consolidated financial statements comply in all material respects with the ESEF requirements under the Delegated Regulation.

Based on the work performed by us, we conclude that the format and tagging of information in the digital consolidated financial statements of SIPEF NV per 31 December 2021 included in the annual financial report available on the portal of the FSMA (https://www.fsma.be/en/data-portal) are, in all material respects, in accordance with the ESEF requirements under the Delegated Regulation.

Other communications.

- This report is consistent with our supplementary declaration to the Audit Committee as specified in article 11 of the regulation (EU) nr. 537/2014.

Antwerp, 27 April 2022

EY Bedrijfsrevisoren BV
Statutory auditor
Represented by

Christoph Oris *	Wim Van Gasse*
Partner	Partner

*Acting on behalf of a BV/SRL

22CO0091

Parent company summarised statutory accounts

The annual accounts of SIPEF are given below in summarized form. In accordance with the Belgian Code on Companies, the annual accounts of SIPEF, together with the management report and the auditor's report will be deposited with the National Bank of Belgium.

These documents may also be obtained on request from:

SIPEF, Calesbergdreef 5, B-2900 Schoten

Only the consolidated annual financial statements as set forth in the preceding pages present a true and fair view of the financial position and performance of the SIPEF-group.

The statutory auditor's report is unqualified and certifies that the annual accounts of SIPEF NV give a true and fair view of the company's net equity and financial position as of 31 December 2021 and of its results for the year then ended, in accordance with the financial reporting framework applicable in Belgium.

The balance sheet total of the company as per 31 December 2021 amounts to KUSD 398 951 compared to KUSD 464 111 in previous year.

The 'financial assets – receivables from affiliated companies' decreased with KUSD -101 700, and at the same time the 'amounts receivable within one year' increased by KUSD 34 075. The 'receivables from affiliated companies' have decreased mainly due to the transfer of KUSD 121 752 to the 'amounts receivable within one year'. This is offset by an additional funding of KUSD 20 051 to SIPEF's Indonesian subsidiaries for expansion. The amount receivable within one year have increased only by KUSD 34 075 because of the repayments by the subsidiaries of SIPEF following their increased result and cash flow.

On the liabilities side the decrease in creditors (both long term and short term) relate to the repayment of both long term and short term financial loans following the cash received by SIPEF from its subsidiaries repayments.

The equity of SIPEF before profit appropriation amounts to KUSD 295 218, which corresponds to 27.91 USD per share.

The individual results of SIPEF are large determined by dividends and capital gains/losses. As SIPEF does not directly hold all of the Group's participating interest, the consolidated result of the Group is a more accurate reflection of the underlying economic development.

The statutory profit for the year 2021 amounts to KUSD 34 749 compared to a profit of KUSD 2 222 in the previous year.

On February 15, 2022, a dividend of KEUR 21 159 (EUR 2.00 gross per ordinary share) has been recommended by the board of directors. After deduction of the withholding tax (30%), the net dividend will amount to EUR 1.40 per share. Since the treasury shares are not entitled to a dividend in accordance with Article 7:217 §3 of the Code of Companies and Associations, the total dividend amount depends on the number of treasury shares for account of SIPEF, on June 9, 2022 at 11.59 pm CET (i.e. the day be-fore the ex-date). The board of directors proposes to be authorised accordingly to enter the final total dividend amount (and the resulting change) in the statutory financial statements. The maximum proposed total amount is KEUR 21 159. If the annual general meeting approves this dividend proposal, the dividend will be payable from July 6, 2022.

Taking into account the number of treasury shares held on the date of establishment of the annual report, the Board of Directors proposes to allocate the result (in KUSD) as follows:

- Profit carried forward from previous year: KUSD 92 445
- Profit of the year: KUSD 34 749
- Total available for appropriation: KUSD 127 194
- Addition to the legal reserve: KUSD 0
- Addition to the other reserves: KUSD - 477
- Dividend: KUSD -23 596
- Result to be carried forward: KUSD 103 121

Condensed balance sheet

(after appropriation)

In KUSD	2021	2020
Assets		
Fixed assets	**279 081**	**387 529**
Formation expenses	0	0
Intangible assets	348	473
Tangible assets	291	362
Financial assets	278 442	386 694
Current assets	**119 870**	**76 582**
Amounts receivable after more than one year	0	9
Stocks and contracts in progress	618	411
Amounts receivable within one year	98 184	64 109
Investments	10 802	8 477
Cash at bank and in hand	9 931	3 223
Other current assets	334	353
Total assets	**398 951**	**464 111**
Liabilities		
Equity	**271 621**	**260 469**
Capital	44 734	44 734
Share premium account	107 970	107 970
Reserves	15 796	15 320
Profit/ (loss) carried forward	103 121	92 445
Provisions and deferred taxation	**0**	**0**
Provisions for liabilities and charges	0	0
Creditors	**127 330**	**203 642**
Amounts payable after more than one year	36 000	54 000
Amounts payable within one year	91 330	149 608
Accrued charges and deferred income	0	35
Total liabilities	**398 951**	**464 111**

Condensed income statement

In KUSD	2021	2020
Operating income	221 962	150 279
Operating charges	- 219 388	- 149 026
Operating result	**2 575**	**1 253**
Financial income	33 958	6 363
Financial charges	- 963	- 5 081
Financial result	**32 995**	**1 282**
Result for the period before taxes	**35 570**	**2 535**
Income taxes	- 820	- 313
Result for the period	**34 749**	**2 222**

Appropriation account

In KUSD	2021	2020
Profit/ (loss) to be appropriated	127 194	97 797
Profit / (loss) for the period available for appropriation	34 749	2 222
Profit / (loss) brought forward	92 445	95 575
Appropriation account	**127 194**	**97 797**
Transfers to legal reserve	0	0
Transfers to other reserves	477	879
Result to be carried forward	103 121	92 445
Dividends	23 596	4 472
Remuneration to directors	0	0

Notes

ESEF information

ESEF INFORMATION	
Homepage of reporting entity	www.sipef.com
LEI code of reporting entity	549300NN3PC8KDD43S24
Name of reporting entity or other means of identification	SIPEF
Domicile of entity	Belgium
Legal form of entity	Naamloze vennootschap
Country of incorporation	Belgium
Address of entity's registered office	Calesbergdreef 5, 2900 Schoten, Belgium
Principal place of business	Indonesia, Papua New Guinea and Ivory Coast
Description of nature of entity's operations and principal activities	Tropical agriculture
Name of parent entity	SIPEF
Name of ultimate parent of group	SIPEF
Explanation of change in name of reporting entity or other means of identification from end of preceding reporting period	No change in name of reporting entity
Length of life of limited life entity	
Period covered by financial statements	

Responsible persons

RESPONSIBILITY FOR THE FINANCIAL INFORMATION

François Van Hoydonck
managing director

Johan Nelis
chief financial officer

DECLARATION OF THE PERSONS RESPONSIBLE FOR THE FINANCIAL STATEMENTS AND FOR THE MANAGEMENT REPORT

Baron Luc Bertrand, chairman and François Van Hoydonck, managing director declare that, to their knowledge:

- the consolidated financial statements for the financial year ended on 31 December 2021 were drawn up in accordance with the 'International Financial Reporting Standards' (IFRS) and provide an accurate picture of the consolidated financial position and the consolidated results of the SIPEF group and its subsidiary companies that are included in the consolidation.

- the financial report provides an accurate overview of the main events and transactions with affiliated parties, which occurred during the financial year 2021 and their effects on the financial position, as well as a description of the main risks and uncertainties for the SIPEF group.

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Dit jaarverslag is ook verkrijgbaar in het Nederlands.

Translation: this annual report is available in Dutch and English. The Dutch version is the original; the other language version is a free translation. We have made every reasonable effort to avoid any discrepancies between the different language versions. However, should such discrepancies exist, the Dutch version will take precedence.

The official Annual Report of the SIPEF group in ESEF-format can be found on the SIPEF-website, under the section "investors". All other formats are considered to be unofficial versions of the Annual Report.

Concept and realisation: Focus advertising

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