SIPEF

Regulated information within the meaning of the Royal Decree of 14 November 2007

Press release
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HALF-YEAR RESULTS 2024

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Half-yearly financial report of the SIPEF group

as per 30 June 2024 (6m/24)

Half-yearly report confirms the prospect of another strong performance year

- Palm oil production in Indonesia at 30 June increased with 4.9% compared to the first half of 2023.
- Palm estates in Papua New Guinea recover well from the damage caused by the volcanic eruption in November 2023. However, palm oil production of the first half-year was down by more than 19% on the same period last year.
- As a result, the SIPEF group’s palm oil production at the end of June 2024 decreased by 5.7% compared to the first half of last year.
- The half-yearly increase in banana production in Côte d’Ivoire on the first semester of 2023 reached 30.6%, thanks to the maturing newly developed expansion areas.
- Palm oil markets continued to remain favourable from a historical perspective and prices hovered around USD 1 000 CIF Rotterdam per tonne for most of the first semester.
- The 2024 half-yearly result of KUSD 25 029 (share of the Group) is satisfactory but slightly lower than the figures of the first semester of 2023 (KUSD 31 216).
- The Group’s financial position remained extremely healthy with a total equity of KUSD 892 967 and a limited net financial position of KUSD -14 530.
- The expansion in South Sumatra continued steadily and has already resulted in more than 29 000 newly planted hectares. The construction of the second palm oil mill was finalised by mid-year 2024.
- To date, 64% of the budgeted palm oil production has been sold at an average ex-mill gate price of USD 857 per tonne. Prospects are positive with increasing annual production volumes in Indonesia and sustained strong palm oil markets.
- The Group’s recurring annual results will be slightly lower than last year’s profit of USD 72.7 million due to the effects of the PNG volcanic eruption.
- The generated cash flow will support the extensive annual investment program of more than USD 100 million, including investments in innovative techniques for the production of high quality, low contaminant oils, exceeding USD 10 million.
- The Group is expected to head for a limited net financial debt position at year end 2024, in line with the USD -31.4 million at year-end 2023.
- SIPEF has strengthened commitment to ethical business practices with revised Group-level Policies.
- PT Citra Sawit Mandiri completed its first audit for RSPO certification, an achievement that will add 1 568 certified hectares to SIPEF’s supply base.

1. Half-yearly financial report

1.1. Group production

Group production

2024 *(in tonnes)*	**Own**	**Third parties**	**Q2/24**	**YoY%**	**Own**	**Third parties**	**YTD Q2/24**	**YoY%**
Palm oil	75 258	16 758	95 016	*-2.7%*	143 716	31 031	174 747	*-5.7%*
Rubber	5	0	5	*-97.9%*	59	0	59	*-91.0%*
Bananas	11 241	0	11 241	*24.3%*	25 122	0	25 122	*30.6%*

2023 *(in tonnes)*	**Own**	**Third parties**	**Q2/23**	**Own**	**Third parties**	**YTD Q2/23**
Palm oil	79 883	17 799	97 682	148 879	36 442	185 321
Rubber	217	16	233	514	141	655
Bananas	9 047	0	9 047	19 230	0	19 230

In Indonesia, in Sumatra, ‘Fresh Fruit Bunches’ (FFB) production volumes rose again in the second quarter (4.8%) compared to the same period 2023, following strong growth in the first quarter 2024 (11.6%). As a result, Indonesia's total palm fruit production as of 30 June 2024 increased by 7.7% compared to the first half of last year.

This increase was recorded in all the Group's production sites in Sumatra. Especially in North Sumatra, the number of fruits harvested on both mineral and organic soils experienced strong growth in the second quarter. Dry periods were interspersed with sufficient rainfall to significantly boost fruit growth. Thus, mature plantations on mineral and organic soils were able to increase their semi-annual production by 5.1% and 12.6% respectively compared to the first half of 2023.
Higher rainfall in all plantations of the Bengkulu region supported the ripening of the fruit bunches especially than in the first quarter. Agro Muko Group's plantations were therefore able to record a 1.8% increase as at 30 June 2024 compared to the first six months last year.

In the new South Sumatra production region, rainfall was up to 50% above the long-term average. This abundant rainfall was also one of the reasons for rising production volumes, in addition to the growing number of hectares harvested and the higher maturity of producing trees. Despite a temporary difficulty in fruit transport, both Musi Rawas (5.2%) and Dendymarker (54.0%) semi-annual volumes increased compared to the same period last year.

Due to efficiency improvement works at Indonesia's palm oil extraction mills, particularly during the first quarter of 2024, the Oil Extraction Rate (OER) was temporarily lower than last year. Additionally, higher rainfall had a modest negative impact on the oil content in the harvested bunches.

Due to the slight decline in extraction rates, the 7.7% growth in the crop could not be converted into an equivalent increase in palm oil production, which increased by 4.9% over the first 6 months 2024 compared to the first half of last year.

In Papua New Guinea, harvesting conditions had normalised in the second quarter 2024, after a very severe 'wet season' effect in the first three months.

At the end of April, recovery work was also completed in areas affected by last November's volcanic eruption. However, most areas of the Navo plantation impacted by ash rains, more specifically a third of the total planted area, will not produce the usual number of bunches until they are fully recovered. This situation could continue for more than a year, depending on the damage sustained. Thus, fruit production, both from own plantations and smallholders, fell once again in the second quarter compared to the same period last year, but only by 9.0%, which is significantly less than the -20.2% in the first quarter.

The impact of the ash rains obviously also affected OER at the three palm oil extraction mills. This resulted in an overall 19.7% decline in palm oil production at Hargy Oil Palms compared to the end of June last year.

Encouragingly rising production in the Indonesian group operations could not offset the negative impact of the volcanic eruption on the 6 204 own hectares in Papua New Guinea. As a result, the SIPEF group's palm oil production decreased by 5.7% compared to the first half of last year.

Banana production at 30 June 2024 increased by 30.6% compared to the same period last year. This increase is entirely due to the growing productions of the two new production sites of Lumen and Akoudié, where more mature hectares also produce a larger number of bunches.
The volumes produced in the first half from both sites are almost identical to the standard yields of the three mature historical production sites Azaguié, Agboville and Motobé, while their size represents only 37.6% of the harvested planted area. Especially the historical sites Azaguié and Motobé faced excessive sunshine and higher-than-normal temperatures in the second quarter, which had a negative impact on the yield and quality of the harvested bunches. These climatic conditions were markedly different from other years, especially in the middle of the dry season.

1.2. Markets

Average market prices

In USD/tonne		**YTD Q2/24**	**YTD Q2/23**	**YTD Q4/23**
Palm oil	CIF Rotterdam*	999	987	964
Rubber	RSS3 FOB Singapore**	2 152	1 577	1 577
Bananas	CFR Europe***	834	870	830

** Oil World Price Data*
*** World Bank Commodity Price Data (updated database)*
**** CIRAD Price Data (in EUR)*

During the first quarter of 2024, the palm oil market performed well, driven by higher palm oil prices compared to competing oils. However, in mid-April, prices corrected due to reduced exports. Malaysia's production increased from the previous year, while Indonesia's production remained steady. Higher stock levels and competitive prices in May and June spurred new export flows, leading to a stable and gradually improving market over the second quarter of 2024.

In the US, favourable conditions for the new soybean crop added downward pressure on prices as managed funds increased short positions. Conversely, adverse weather in the Black Sea region and Europe reduced sunflower and rapeseed crops, which significantly impacted the market due to their high oil content. Despite this, the positive outlook for soybean volumes prevailed, creating additional price pressures.

The biodiesel market faced challenges due to large volumes of Chinese-produced biodiesel and waste oils, despite ongoing investigations by other producing and consuming countries. This limited further demand growth temporarily. The local Indonesian biodiesel program was less impacted, with the new government pushing for an increase to B40 by the end of 2024.

The upcoming European Union Deforestation Regulation (EUDR) for importing palm oil products was a critical topic, with most players preparing for compliance. However, the legislation's general terms and specific implementation per member country remained unclear.

Despite initial prices of USD 1 050 CIF Rotterdam dropping to USD 975, they closed the quarter at USD 1 000, with spot prices often exceeding these levels.

The palm kernel oil market continued its strong performance, diverging from palm oil due to stagnant production and a smaller forecast for coconut oil. This tight supply side, coupled with strong demand, kept palm kernel oil prices stable around USD 1 200, maintaining a USD 175 premium over palm oil.

Unlike in previous years, a strengthening of the bananas market prices was seen near the end of the second quarter 2024. The turnaround was already observed from mid-May due to the drop in supply from almost all sources. In June, the volume deficit widened, particularly for dollar bananas. At the same time, overall demand in Europe remained at a good level due to weather conducive to banana consumption. Import prices increased during June and were higher than those of the last two years.

1.3. Financial statements

The 2024 half-year result, share of the Group, stands at KUSD 25 029, compared to KUSD 31 216 in June 2023. This was mainly due to reduced productions in Papua New Guinea in 2024 as a result of the volcanic eruption in November 2023, and the one-off cost of USD 5 million relating to the disposal of the remaining rubber assets in Indonesia following the conversion to palm oil. Despite these events, the Group’s performance has remained strong from a historical perspective.

Free cash flow for the first six months was positive and amounted to KUSD 17 155. The cash is to be used for the extensive investment program in the second half of 2024 and the payment of the dividend, which was paid on 3 July 2024.

The financial position of the Group remains healthy with a total equity of KUSD 892 967 and an improved net financial position of KUSD -14 530 against KUSD -31 418 per December 2023.

In chapter 2 – ‘condensed half-yearly financial statements’ additional information can be found on the financial statements.

1.4. Prospects

1.4.1. Production

Usually, Indonesian plantations produce more palm oil in the second half of the year than in the first half. This will also be the case this year in all production centres in Sumatra. Especially the mature plantations on organic land in North Sumatra (UMW group) and the young plantings in South Sumatra are expected to show significant growth of more than 15 and 25% respectively compared to last year. This would increase annual palm oil production in Indonesia to 8% in 2024 compared to last year.

This significant increase could make up for production losses in Papua New Guinea. There, especially in the second half, production from about a third of all plantings will be significantly lower due to ash rains from the November 2023 volcanic eruption. After the major pruning work completed in April 2024, the palms need to recover for at least six months before new fruit can be harvested. As this also applies equally to local farmers' production areas, Hargy Oil Palms' palm oil production in 2024 would be some 17% lower than in 2023.

By the end of 2024, the SIPEF group's annual palm oil production would therefore remain roughly the same as in 2023.

Cumulative production forecasts for bananas for the 3rd quarter are expected to be 33% higher than the same period last year, with a continued positive production trend for the newly planted extensions, combined with a significant improvement in production from the Agboville plantation.

1.4.2. Markets

The outlook for the second half of 2024 hinges on Northern Hemisphere oilseed production. The US soybean outlook is healthy, but the Black Sea sun and rapeseed crops are significantly shrinking. Palm oil production in Malaysia remains robust, while Indonesia experiences regional production struggles.

Consequently, less palm, sunflower, and rapeseed oil will be available for export, although soybean oil can partially fill the gap. Soybeans are primarily a meal crop with only 18 to 20% oil content, which hasn't yet been reflected in forward price curves due to significant short positions by managed money funds.

The EU's efforts to sort out EUDR requirements could lead to increased shipments in the September and October window, allowing sufficient time for customs clearance before EUDR enforcement.

The biodiesel market remains subdued due to ongoing investigations into the pricing and sourcing of Chinese biodiesel and waste oils. This situation is unlikely to change in the near future. Moreover, current macroeconomic challenges, including those affecting the petroleum market, present additional headwinds.

Despite these external challenges, the fundamental outlook for palm oil prices remains positive. Once market conditions become more favourable, demand for palm oil is expected to rise. SIPEF remains confident in a robust palm oil market going forward.

In 2024, the European bananas market is experiencing very supportive and unusual prices for the summer season, unlike previous years, when a general slowdown in demand was noticed. With demand set to intensify at the end of the summer and for the start of the school year, and in parallel with a global production without surpluses, market conditions should – logically – remain ideal for the remainder of the year.

1.4.3. Results

In a continuously strong palm oil market with, historically, persistently high price levels, SIPEF has so far been able to sell 64% of its budgeted palm oil volumes at an average ex-factory price of USD 857 per tonne, including premiums for sustainability and origin. At the same time last year, SIPEF had contracted 69% of volumes at a 2.4% higher average ex-factory price of USD 878 per tonne equivalent.

These sales already realised in 2024 correspond to 88% of the volumes budgeted for Papua New Guinea, adjusted downwards, at an average ex-factory price of USD 970 per tonne. 49% of the volumes projected for the Indonesian operations were sold at an average ex-factory price of USD 763 per tonne. In Indonesia, local sales prices continue to be affected by a combined export tax and levy set monthly by the Indonesian government, currently at USD 118 per tonne. Given the uncertainty in determining the reference price for palm oil, which forms the basis for the imposed tax and levy, most available palm oil volumes in Indonesia are marketed on a monthly basis.

Key inputs, which relate to the unit production cost of palm oil, such as fuel prices and transport costs, were up slightly in the first half due to the geopolitical environment. However, the continued devaluation of local currencies against the USD absorbed the inflation-induced wage increases of Group employees to a large extent. This resulted in stable production costs for the Group, which are in line with those of the same period last year. To the extent that mature plantings in the South Sumatra Group will continue, due to increasing harvest volumes, future unit production costs will continue to decline.

Thanks to the continuation of the usual marketing policy of fixed-price annual contracts with reputable European customers in 2024, the Group is not subject to the volatility of international banana markets. Thus, Plantations J. Eglin could provide a stable contribution to gross profit throughout the year.

With continued high palm oil prices leaning towards the significant levels of 2023 and thanks to rising annual production in Indonesia, SIPEF can look forward to another strong performance year 2024.

Due to the impact of the November 2023 volcanic eruption on production volumes in Papua New Guinea in 2024, SIPEF has to temper optimism about its performance. The final recurring result for 2024 is therefore likely to be slightly lower than the USD 72.7 million recorded in 2023.

Apart from the possible price effects of the palm oil markets mentioned earlier, the final recurring result will largely depend on achieving the announced production growth in Indonesia, maintaining the current export tax and duty policy in Indonesia and on the further evolution of cost prices in the second half of 2024.

1.4.4. Cash flow and expansion

The Group continues to focus on investments in South Sumatra. In Musi Rawas, these programmes involve further expansion of planted areas and new infrastructure. In Dendymarker where replanting of more than ten thousand hectares has been completed, they are aiming to improve the existing infrastructure.

In Musi Rawas, till the end of June 2024, 18 715 hectares have been newly planted with oil palms, in line with the RSPO 'New Planting Procedures', of which 13 542 hectares are young matures (72.4%) and producing an increasing volume of fruit. Together with Dendymarker plantings, the total renewed and cultivated area in the South Sumatra business unit at the end of June already amounted to 29 123 hectares, of which 21 331 hectares (73.9%) are young mature. Meanwhile, the South Sumatra business unit accounts for a quarter of the SIPEF group's palm oil production in Indonesia.

The new palm oil extraction mill, located at the AMR plantation in Musi Rawas, is meanwhile also operational. This plant has a current processing capacity of 45 tonnes per hour. In combination with the Dendymarker plant, with a capacity of 60 tonnes per hour, the plant will ensure efficient processing of the entire crop, both from own plantations and from smallholders in South Sumatra.

In addition to the expansion in South Sumatra, the Group will invest in 2024 in renewing materials and increasing the efficiency of the palm oil extraction mills, as well as in the usual replanting programmes of 12 090 hectares of older plantations in Sumatra, Papua New Guinea and Côte d'Ivoire. In particular, the conversion of rubber plantations in North Sumatra and Bengkulu to 2 951 hectares of oil palm in full growth requires a lot of attention.

The strategic investments in 'value creation' are closely linked to innovation, early adoption of new techniques and operational improvements, with a specific focus on the production of high-quality, low- contaminant oil. Initial results from the application of these innovative techniques are undoubtedly promising. These investment initiatives will already exceed USD 10 million by 2024.

The expansion of Plantations J. Eglin's new Akoudié banana plantation will be completed in the second half of 2024. This will bring the total planted area to 1 338 hectares by the end of 2024, leading to a gradual increase in production to 60 000 tonnes by 2025.

The financing of this extensive and diversified investment budget of over USD 100 million should fit within the operating cash flow generated for the year. Moreover, there will also need to be sufficient room for the usual dividend payment. As a result, the 'Net Financial Debt Position' at the end of 2024 is expected to closely match the well-managed position at the end of 2023.

1.5. Sustainability

1.5.1. PT Citra Sawit Mandiri successfully completed its first audit for RSPO certification

In June 2024, PT Citra Sawit Mandiri (CSM) underwent its first Roundtable on Sustainable Palm Oil (RSPO) certification audit. Upon approval by RSPO, 1 568 hectares of RSPO-certified area will be added to the supply base of SIPEF’s Umbul Mas Wisesa Palm Oil Mill (UMW POM). The achievement also marks the completion of the RSPO Remediation and Compensation Procedure (RaCP) process for CSM, which had been in progress since 2020. The RaCP project approved by RSPO will provide technical support to the SIPEF Biodiversity Indonesia (SBI) programme. This support will focus on the work being carried out with the Zoological Society of London to improve efforts to conserve the population of Sumatran Tigers in SBI’s 12 672 hectare licenced area of forest, as well as on the ongoing work with the local communities there on alternative livelihoods.

1.5.2. Publication of new Grievance and Anti-corruption and Anti-bribery Policies

In July 2024, SIPEF published its revised, more comprehensive, Group-level policies on Grievances, and on Anti-corruption and Anti-bribery, following approval by the SIPEF board in June 2024.The policies reinforce and build upon SIPEF’s long-standing commitments to ethical business practices and fair grievance handling. Moreover, they raise the bar for more robust and transparent procedures for promoting effective implementation across the Group. SIPEF is dedicated to maintaining the highest standards of integrity and accountability in all its operations.

2. Condensed half-yearly financial statements

2.1. Condensed half-yearly financial statements of the SIPEF group

2.1.1. Condensed consolidated balance sheet

In KUSD (condensed)	30/06/2024	31/12/2023
Non-current assets	**920 887**	**907 847**
Intangible assets	105	138
Goodwill	104 782	104 782
Biological assets - bearer plants	322 360	326 656
Other property, plant & equipment	434 417	425 018
Investments in associated companies and joint ventures	1 058	1 697
Financial assets	110	112
Other financial assets	110	112
Receivables > 1 year	44 246	34 229
Other receivables	44 246	34 229
Deferred tax assets	13 808	15 214
Current assets	**167 684**	**172 395**
Inventories	48 502	47 179
Biological assets	14 089	11 122
Trade and other receivables	61 987	79 366
Trade receivables	25 151	29 876
Other receivables	36 836	49 490
Current tax receivables	12 899	6 925
Investments	461	1
Other investments and deposits	461	1
Derivatives	0	780
Cash and cash equivalents	15 654	11 549
Other current assets	2 153	1 953
Assets held for sale	11 940	13 520
Total assets	**1 088 571**	**1 080 242**
Total equity	**892 967**	**888 819**
Shareholders' equity	856 285	853 777
Issued capital	44 734	44 734
Share premium	107 970	107 970
Treasury shares (-)	-11 448	-11 681
Reserves	726 218	723 733
Translation differences	-11 189	-10 978
Non-controlling interests	36 681	35 042
Non-current liabilities	**81 782**	**78 466**
Provisions > 1 year	467	524
Provisions	467	524
Deferred tax liabilities	55 666	52 454
Financial liabilities > 1 year	0	0
Leasing liabilities > 1 year	1 912	1 974
Pension liabilities	23 737	23 515
Current liabilities	**113 822**	**112 957**
Trade and other liabilities < 1 year	75 129	55 093
Trade payables	21 669	25 243
Advances received	4 579	3 411
Other payables	34 628	15 832
Income taxes	14 253	10 605
Financial liabilities < 1 year	28 733	40 994
Current portion of amounts payable > 1 year	9 000	18 000
Financial liabilities	19 158	22 319
Leasing liabilities < 1 year	575	675
Derivatives	674	0
Other current liabilities	9 287	16 870
Total equity and liabilities	**1 088 571**	**1 080 242**

The decrease in 'biological assets – bearer plants' by KUSD 4 296 and increase in 'other property plant & equipment' by KUSD 9 399 during the first six months of 2024, resulted mainly from investments (KUSD 36 140) that exceeded depreciation (KUSD 29 677).

The 'receivables over one year' increased due to reclassification of the loan (KUSD 10 471) to our joint venture Verdant Bioscience Pte Ltd from short-term to long-term. The remaining 'receivables over one year' are loans related to smallholders ('plasma') in South Sumatra (KUSD 33 774) to finance their new plantings.

'Assets held for sale' of KUSD 11 940 decreased with KUSD 1 580 due to a fair value adjustment. As the final handover of the remaining shares of PT Melania is delayed, the estimated costs to fulfill the conditions of the sales and purchase agreement will be higher than originally estimated.

'Net current assets' can be broken down as follows:

In KUSD	30/06/2024	31/12/2023
Inventories	48 502	47 179
Biological assets	14 089	11 122
Trade receivables	25 151	29 876
Other receivables	36 836	49 490
Current tax receivables	12 899	6 925
Derivatives	0	780
Other current assets	2 153	1 953
Trade payables	-21 669	-25 243
Advances received	-4 579	-3 411
Other payables	-34 628	-15 832
Income taxes	-14 253	-10 605
Derivatives	- 674	0
Other current liabilities	-9 287	-16 870
NET CURRENT ASSETS, NET OF CASH	**54 539**	**75 362**

'Net current assets' decreased by KUSD 20 823 in total, without any impact on the overall structure of the balance sheet. The most items and movements are discussed below:

- Overall 'inventories' have remained relatively stable. The number of tonnes of Indonesian CPO stock at June was slightly higher than at December 2023, offset by a lower CPO stock in Papua New Guinea. The CPO stock was valued at a higher cost as a consequence of the slightly higher world market prices. This has resulted in a total USD 1.4 million decrease in stock value of finished goods compared to December 2023. This was offset by a USD 2.7 million increase in stock of raw materials compared to December 2023, primarily due to an increase in fertiliser stock.
- 'Biological assets' increased with KUSD 2 966 compared to December 2023 mainly related to palm productions. The anticipated FFB productions in July, which is used as the basis for the calculation of the Biological assets, was significantly higher than in January 2024. This resulted in a greater estimated quantity of FFBs in the palms as of the end of June 2024 and therefore a higher valuation of the biological assets. Additionally, world market prices for palm oil were slightly higher per June 2024 (USD 999/tonne) compared to December 2023 (USD 987/tonne).
- The 'other receivables' decreased by KUSD 12 654 mainly due to a reclassification of the receivable towards our joint venture Verdant Bioscience Pte Ltd (KUSD 10 471) from short-term to long-term.
- In addition, the taxes paid were KUSD 2 303 higher than the taxes payable, so the net taxes payable ('income taxes' minus 'current tax receivable') also decreased.
- By far the most important movement was the recording of the dividend of EUR 2 per share relating to 2023 in 'other payables' (KUSD 22 961) after approval of the general assembly of 12 June 2024. This dividend was paid on 3 July 2024.
- Finally, 'other current liabilities' decreased by KUSD 7 584, mainly because of the payment of the variable remuneration in respect of 2023.

The methodology used to measure inventory and biological assets did not change compared to 31 December 2023 and reference is made to the year-end financial statements as per 31 December 2023 for more details on the methodology used in Note 12. Inventories and Note 13. Biological assets.

The net financial position improved by KUSD 16 888 thanks to the positive free cash flow. Reference is made to 2.2.10 Net financial assets/(liabilities) for additional information on the net financial position.

Net deferred tax liability increased by KUSD 3 212, mainly due to the accelerated tax depreciation of mill infrastructure at Hargy Oil Palms Ltd in Papua New Guinea.

2.1.2. Condensed consolidated income statement

In KUSD (condensed)	30/06/2024	30/06/2023
Revenue	204 542	218 621
Cost of sales	-139 038	-147 373
Changes in the fair value of the biological assets	2 966	1 473
Gross profit	**68 471**	**72 721**
General and administrative expenses	-23 742	-22 994
Other operating income/(expenses)	- 728	1 542
Operating result	**44 001**	**51 269**
Financial income	641	1 072
Financial costs	-1 075	- 794
Exchange differences	-3 757	658
Financial result	**-4 190**	**936**
Result before tax	**39 810**	**52 205**
Tax expense	-12 503	-19 231
Result after tax	**27 307**	**32 974**
Share of profit and loss of associated companies and joint ventures	- 639	- 537
Result for the period	**26 668**	**32 436**
Attributable to:		
- Non-controlling interests	1 640	1 220
- Equity holders of the parent	25 029	31 216
Earnings per share (in USD)		
From continuing operations		
Basic earnings per share	2.41	3.00
Diluted earnings per share	2.40	3.00

The Group's total 'revenue' amounted to KUSD 204 542 as per 30 June 2024 and dropped by KUSD 14 079 or 6.44%, against the first semester of 2023.

The palm segment's revenue in particular dropped (KUSD -18 918), mainly as a result of the reduced CPO productions in the first semester of 2024 at Hargy Oil Palms Ltd (-19.70%) following last November's volcanic eruption. In addition, the first semester of 2023 still included forward sales in Hargy Oil Palms at higher prices.

On the other hand, CPO productions in Indonesia rose 4.94% during the first half of 2024 against the first half of 2023, which partly offset the decline in revenue in combination with a slightly higher world market price for palm oil.

Banana segment revenue expressed in euro, the functional currency, rose by 38.85% mainly due to a rise in production volumes (30.64%) and further supported by an increase of the average unit selling price (4.45%).

The total 'cost of sales' declined by KUSD 8 335 in the first half of 2024 compared to the first half of 2023. The main reasons for this decline were:

- Palm operating costs for the own plantations and mills decreased by KUSD 2 838 or 3.35%. This was mainly due to
  - Lower harvesting costs as a consequence of the lower production volumes in Papua New Guinea;
  - Lower processing costs as less FFBs were processed in Papua New Guinea;
  - Lower fertiliser costs within the Group, following a decline in world market prices;
  - And the devaluation of the IDR/PGK against the USD which is beneficial for the estate operating costs as well as the processing costs.

  These decreases are offset by the further maturing of the South Sumatra plantations, resulting in an increase of total estate operating costs for the South Sumatra plantations by KUSD 1 420.
- Third-party purchases of FFB from Hargy Oil Palms Ltd decreased by KUSD 3 241 or 19.15%, mainly due to lower production volumes from outgrowers.
- Disposals of the remaining rubber assets in Agro Muko and Bandar Sumatra resulted in an increase of KUSD 2 181 in the cost of sales compared to last year. The final disposal of the remaining rubber assets marks the end of the rubber activities as all these areas will be converted to oil palm.
- Finally, there was a positive impact on the total 'cost of sales' 2024 related to the stock movement of KUSD 1 322 mainly due to an increase of KUSD 2 743 in raw materials and offset by a decrease in CPO stock volumes (KUSD 1 420).

The 'changes in the fair value' concerned the effects of valuing the hanging fruits at their fair value (IAS 41R).

'Gross profit' decreased from KUSD 72 721 at the end of June 2023 to KUSD 68 471 on 30 June 2024, a reduction of 5.85%.

Palm segment's gross profit (101.43% of the total gross margin) decreased by KUSD 2 334 to KUSD 69 451, mainly due to lower CPO volumes in Papua New Guinea and offset by a lower cost of sales.

The gross profit of the banana and horticulture activities rose from KUSD 1 875 to KUSD 3 059, as a consequence of a rise in volumes produced resulting from the expansion and maturing of newly planted areas.

The average ex works unit cost price for oil palm plantations decreased by 0.97% in the first six months of 2024, compared with the first semester of 2023. The decrease in estate operating and milling charges effectively counterbalanced the effect of lower palm production volumes, leading to a lower average ex works unit cost price compared to the same period last year. The average ex works unit cost price for banana plantations for the same period of 2024 even decreased with 6.69%, compared with the first semester of 2023.

'General and administrative expenses' rose slightly in the first half of 2024 against the first six months of 2023. The increase is mainly due to general cost inflation, further expansion of the IT-department and partially offset by a decrease in the provision for variable remuneration for staff and management.

The 'operating income and expenses' includes the fair value adjustment on the sale of PT Melania of KUSD 1 580, tank rental income and warehouse sales to plasma farmers in Papua New Guinea.

The 'operating result' as per 30 June 2024 amounted to KUSD 44 001 against KUSD 51 269 per 30 June last year.

'Financial income' mainly included interests on receivables on plasma farmers in South Sumatra and on deposit investments from temporary cash surpluses during the first semester of 2024.

'Financial costs' mainly related to short-term financing.

The negative 'exchange differences' (KUSD 3 757) mainly concerned the hedging of the expected euro dividend and the devaluation of the net outstanding receivables in IDR/PGK against the USD.

The 'result before tax' for the first half of 2024 amounted to KUSD 39 810, compared with KUSD 52 205 at the end of June 2023.

The 'tax expense', includes the usual disallowed expenses of about USD 0.4 million as well as an additional deferred tax charge due to the impairment of the deferred tax asset relating to recoverable fiscal losses of about USD 1.4 million in our Indonesian subsidiaries, following lower productions. The total tax rate decreased to 31.41% compared to the same period of prior year (36.84%). This decrease is mainly attributed to the 15% withholding tax on the dividend by Hargy Oil Palms Ltd to the Belgian parent company in June 2023 (KUSD 2 519).

The 'share of profit and loss of associated companies and joint ventures' (KUSD -639) included the limited negative contribution of the research activities centralised at PT Timbang Deli and Verdant Bioscience Pte Ltd.

The half-year profit at 30 June 2024 was KUSD 26 668, a decline by 17.78% from that at the end of June last year.

Net profit, share of the Group, amounted to KUSD 25 029 against KUSD 31 216 on 30 June 2023.

2.1.3. Condensed consolidated statement of comprehensive income

In KUSD (condensed)	30/06/2024	30/06/2023
Result for the period	**26 668**	**32 436**
Other comprehensive income:		
Items that may be reclassified to profit and loss		
in subsequent periods		
- Exchange differences on translating foreign operations	- 211	174
- Cash flow hedges - fair value result for the period	- 352	- 421
- Income tax effect	88	105
Items that will not be reclassified to profit and loss		
in subsequent periods		
- Defined Benefit Plans	0	- 287
- Income tax effect	0	63
Total other comprehensive income:	**- 475**	**- 366**
Other comprehensive income for the year attributable to:		
- Non-controlling interests	0	0
- Equity holders of the parent	- 475	- 366
Total comprehensive income for the year	**26 194**	**32 070**
Total comprehensive income attributable to:		
- Non-controlling interests	1 640	1 220
- Equity holders of the parent	24 554	30 850

2.1.4. Condensed consolidated cash flow statement

In KUSD (condensed)		30/06/2024	30/06/2023
Operating activities			
Profit before tax		**39 810**	**52 205**
Result from discontinued operations before tax			
Adjusted for:			
Depreciation		29 677	24 457
Movement in provisions		869	2 438
Stock options		101	81
Unrealized exchange result		2 264	0
Changes in fair value of biological assets		-2 974	-1 473
Other non-cash results		- 134	- 171
Hedge reserves and financial derivatives		1 103	- 253
Financial income and expenses		433	- 233
(Gain)/loss on disposal of property, plant and equipment		561	405
Changes in fair value of assets held for sale		1 580	0
Cash flow from operating activities before change in net working capital		**73 290**	**77 457**
Change in net working capital		-4 692	- 74
Cash flow from operating activities after change in net working capital	a	68 599	77 383
Income taxes paid	b	-10 124	-26 194
Cash flow from operating activities	**c= a+b**	**58 474**	**51 189**
Investing activities			
Acquisition intangible assets		0	- 22
Acquisition biological assets		-9 590	-10 587
Acquisition property, plant & equipment		-26 550	-32 321
Financing plasma advances		-1 808	-4 057
Proceeds from sale of property, plant & equipment		291	204
Proceeds from sale of financial assets		-3 662	- 638
Cash flow from investing activities	**d**	**-41 320**	**-47 421**
Free cash flow	**e= c+d**	**17 155**	**3 768**
Financing activities			
Proceeds of treasury shares		0	- 327
Repayment of treasury shares		233	608
Repayment long-term financial borrowings		-9 062	-9 143
Repayment short-term financial borrowings		-3 261	0
Proceeds short-term financial borrowings		0	43
Dividends paid by subsidiaries to minorities		0	- 1
Interest received - paid		- 500	222
Cash flow from financing activities	**f**	**-12 589**	**-8 598**
Net increase in investments, cash and cash equivalents	**g= e+f**	**4 565**	**-4 830**
Investments and cash and cash equivalents (opening balance)		11 550	44 356
Investments and cash and cash equivalents (closing balance)		16 115	39 525

In line with the reduction in operating profit, 'cash flow from operating activities' decreased from KUSD 77 457 as at 30 June 2023, to KUSD 73 290 as at 30 June this year.

The variation of the ‘working capital’ of KUSD -4 692 was relatively stable and concerned the usual temporary variations in working capital.

In accordance with local legislation, the Group made tax prepayments in Indonesia and Papua New Guinea. The tax prepayments in Indonesia, under local prevailing rules, are based on last year’s results. In Papua New Guinea, the tax prepayments are based on an estimate of the current year result. As the Indonesian prepayments are based for a small part on the high results of 2022 and mostly the result of 2023, the total tax payments amounted to KUSD 10 124 and are therefore higher than the tax payable of KUSD 7 821. Furthermore, taxes are only receivable after two years in Indonesia, resulting in a large tax receivable position (KUSD 12 899).

The 'acquisitions of intangible and tangible assets' (KUSD -36 140) related to the usual replacement investments in the existing operations and new investments in the new developments in South Sumatra (KUSD -10 474). Besides further development of planted areas and associated infrastructure such as houses and roads, investments in South Sumatra, in particular, were also made for the completion of the Agro Muara Rupit mill with a processing capacity, in the first phase of 45 tonnes of Fresh Fruit Bunches (FFB) per hour.

This mill has become operational in June 2024 and has since then started the production of palm oil. Other major capex items concern additional trucks in Hargy Oil Palms Ltd (KUSD 8 256) and the additional oil palm planting relating to the conversion from rubber to palm oil in PT Bandar Sumatra and PT Agro Muko.

The ’proceeds from sales of property, plant and equipment and financial assets' (KUSD -3 371) related to the sale of minor property, plant and equipment and the cash paid in order to fulfil the conditions for the sale of PT Melania.

'Free cash flow' for the first half of 2024 amounted to KUSD 17 155, compared with KUSD 3 768 for the same period last year.

The ‘cash flow from financing activities' (KUSD -12 589) mainly include a partial repayment of the long-term financing (KUSD -9 000 for the long-term loan and KUSD -62 for the leasing debts), repayments of short-term financing (KUSD -3 261) and interests paid (KUSD 500).

2.1.5. Condensed statement of changes in consolidated equity

In KUSD (condensed)	Issued capital	Share premium	Treasury shares	Remeasurement gain/(loss) on defined benefit plans	Reserves	Translation differences	Shareholders' equity	Non-controlling interests	Total equity
January 1, 2024	**44 734**	**107 970**	**-11 681**	**-5 510**	**729 243**	**-10 978**	**853 777**	**35 042**	**888 819**
Result for the period	0	0	0	0	25 029	0	**25 029**	1 640	**26 668**
Other comprehensive income	0	0	0	0	- 264	- 211	**- 475**	0	**- 475**
Total comprehensive income	**0**	**0**	**0**	**0**	**24 765**	**- 211**	**24 554**	**1 640**	**26 194**
Last year's dividend accrued	0	0	0	0	-22 434	0	**-22 434**	0	**-22 434**
Other	0	0	233	0	154	0	**387**	0	**387**
June 30, 2024	**44 734**	**107 970**	**-11 448**	**-5 510**	**731 728**	**-11 189**	**856 285**	**36 681**	**892 967**
January 1, 2023	**44 734**	**107 970**	**-11 588**	**-5 124**	**693 057**	**-11 246**	**817 803**	**32 342**	**850 144**
Result for the period	0	0	0	0	31 216	0	**31 216**	1 220	**32 436**
Other comprehensive income	0	0	0	- 224	- 316	174	**- 366**	0	**- 366**
Total comprehensive income	**0**	**0**	**0**	**- 224**	**30 901**	**174**	**30 850**	**1 220**	**32 070**
Last year's dividend accrued	0	0	0	0	-33 765	0	**-33 765**	0	**-33 765**
Other	0	0	281	0	81	0	**362**	0	**362**
June 30, 2023	**44 734**	**107 970**	**-11 307**	**-5 348**	**690 274**	**-11 072**	**815 250**	**33 561**	**848 811**

2.2. Notes

2.2.1. General information

SIPEF, a limited liability company (‘naamloze vennootschap’ / ’société anonyme’), incorporated in Belgium and registered at 2900 Schoten, Calesbergdreef 5, is a Belgian agro-industrial company listed on Euronext Brussels. It operates mainly agro-industrial activities in the production of sustainable oil palm products, including ‘Fresh Fruit Bunches’ (FFB), ‘Crude Palm Oil’ (CPO), ‘Palm Kernels’ (PK), and ‘Crude Palm Kernel Oil’ (CPKO), and sustainable bananas. As of 2021, the Group started phasing out operations in natural rubber and tea. The condensed financial statements of the Group for the first six months ended 30 June 2024 were established by the board of directors on 13 August 2024.

2.2.2. Basis of preparation and accounting policies

These condensed financial statements are prepared in accordance with ‘International Accounting Standard’ IAS 34, ‘Interim Financial Reporting’ as adopted by the EU. This report should be read in conjunction with SIPEF group’s annual financial statements as at 31 December 2023, because the condensed financial statements herein do not include all the information and disclosures required in the annual financial statements. As required by amendments to IAS 1 Presentation of Financial statements and IFRS Practice Statement 2, a detailed review of the Group’s accounting policies will be done for the year-end 2024 financial statements.

The amounts in this document are presented in KUSD, unless noted otherwise.

A summary of the accounting standards can be found in the audited consolidated financial statements for the year ended 31 December 2023 (https://www.sipef.com/hq/investors/annual-reports). The accounting policies of the SIPEF group which are used as of 1 January 2024 are consistent with the accounting standards used for the audited consolidated financial statements of 31 December 2023, with the exception that the Group has applied the new accounting standards and interpretations applicable for annual periods beginning on or after 1 January 2024. These new standards and interpretations have a minimal impact.

2.2.3. Main 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. We refer to Note 4 of the annual report of 2023.

Below we present an overview of the most important estimates and judgement applicable in the half-year report:

The main areas in which estimates are used for the first 6 months of 2024 are:

- Deferred tax assets
- Estimate of the costs relating to the sale of PT Melania

The key estimates used in the calculation of deferred tax assets 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.

The Group has made an estimation of the costs that will occur in order to fulfil the requirements included in the sale and purchase agreement for the sale of PT Melania with the Shamrock Group. Any difference between the estimated costs and actually incurred costs will result in an increase or decrease of the changes in fair value of the assets held for sale upon finalisation of the SPA, no later than 2024. We refer to 2.2.12. Business combinations, acquisitions, and divestitures.

2.2.4. Consolidation scope

There have not been any changes to the consolidation scope of the SIPEF group during this year.

2.2.5. Income taxes

As shown in the table below, the effective tax rate depends to a large extent on other matters than the local results and the applicable local tax rates. The reconciliation can be presented as follows:

In KUSD	30/06/2024	30/06/2023
Result before tax	39 810	52 204
Theoretical tax charge	**-10 314**	**-14 060**
Impairment on deferred taxes for fiscal losses	-1 470	-1 239
Other non-deductible	- 372	-1 413
Withholding tax on dividends	0	-2 519
Non-deductible fair value adjustment PT Melania	- 348	0
Tax charge	**-12 503**	**-19 231**
Effective tax rate	-31.41%	-36.84%

Applying the principles of IAS 12, a total impairment of KUSD 1 470 on tax losses carried forward has been recorded per 30 June 2024. Based on the Group's latest estimations, the Group expects not to recover these fiscal losses before they expire.

A non-deductible tax expense of KUSD 348 has been recorded related to the fair value adjustment of the 'asset held for sale' PT Melania.

The total tax charge of KUSD 12 503 (2023: KUSD 19 231) can be split into a current tax component of KUSD 7 821 (2023: KUSD 17 054) and a deferred tax component of KUSD 4 682 (2023: KUSD 2 177).

2.2.6. 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 PT Melania in Indonesia and which the SIPEF group buys and sells.
- Bananas and horticulture: Include all sales of bananas and horticulture originating from Côte d'Ivoire.
- 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.

Seasonality is applicable to the Group's operating segments. However, opposite trends exist across the different operating segments and production sites. The banana segment experiences a production peak, with an associated stock build-up, in the period January to April, aligned with demand. On the other hand, the palm oil segment within the Group roughly has a 45%/55% production ratio, with 45 percent of production realized during the first half of the year and 55 percent during the second half.

Because of seasonality, production volumes may affect the Group's results during the peak season and might lead to higher stocks. The above seasonality has an impact on the Group's working capital and net financial position. Both are actively managed and closely monitored.

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 fair value adjustment on the assets held for sale (PT Melania) is included in a separate line.

In KUSD (condensed)	30/06/2024	30/06/2023
Gross margin per product		
Palm	69 451	71 785
Rubber	-5 015	-1 940
Tea	85	77
Bananas and horticulture	3 059	1 875
Corporate	891	923
Total gross margin per product	**68 471**	**72 721**
General and administrative expenses	-23 742	-22 994
Other operating income/(expenses)	852	1 542
Financial income/(expenses)	- 433	277
Exchange differences	-3 757	658
Result before tax	**41 391**	**52 205**
Tax expense	-12 503	-19 231
Effective tax rate	-30.21%	-36.84%
Result after tax	**28 887**	**32 974**
Share of profit and loss of associated companies	- 639	- 537
Result for the period (recurring)	**28 249**	**32 436**
Fair value adjustment on assets held for sale	-1 580	0
Result for the period (non-recurring)	**26 669**	**32 436**

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

	Revenue	Cost of sales	Changes in the fair value	Gross profit	% of total
2024 - KUSD					
Palm	180 658	-114 181	2 974	69 451	101.4
Rubber	120	-5 135	0	-5 015	-7.3
Tea	1 487	-1 402	0	85	0.1
Bananas and horticulture	21 387	-18 320	- 8	3 059	4.5
Corporate	891	0	0	891	1.3
Total	**204 542**	**-139 038**	**2 966**	**68 471**	**100.0**
2023 - KUSD					
Palm	199 575	-128 731	940	71 785	98.7
Rubber	1 015	-2 954	0	-1 940	-2.7
Tea	1 756	-1 679	0	77	0.1
Bananas and horticulture	15 351	-14 008	532	1 875	2.6
Corporate	923	0	0	923	1.3
Total	**218 621**	**-147 373**	**1 473**	**72 721**	**100.0**

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

	Revenue	Cost of sales	Other Income	Changes in the fair value	Gross profit	% of total
2024 - KUSD						
Indonesia	99 257	-68 601	270	2 911	33 837	49.4
Papua New Guinea	83 007	-52 117	0	63	30 953	45.2
Côte d’Ivoire	21 387	-18 320	0	-8	3 059	4.5
Europe	621	0	0	0	621	0.9
Total	**204 272**	**-139 038**	**270**	**2 966**	**68 471**	**100.0**
2023 - KUSD						
Indonesia	93 953	-68 317	377	1 930	27 943	38.4
Papua New Guinea	108 393	-65 043	0	- 990	42 361	58.3
Côte d’Ivoire	15 351	-14 013	0	532	1 870	2.6
Europe	546	0	0	0	546	0.8
Total	**218 244**	**-147 373**	**377**	**1 473**	**72 721**	**100.0**

Additional information on the gross margin can be found in 2.1.2. Condensed consolidated income statement.

Segment information – geographical

In KUSD	Indonesia	PNG	Côte d'Ivoire	Europe	Others	Total
	30/06/2024					
Intangible assets	0	0	0	104	0	105
Goodwill	104 782	0	0	0	0	104 782
Biological assets	243 705	78 095	560	0	0	322 360
Other property, plant & equipment	295 486	125 094	12 542	648	647	434 417
Investments in associates and joint ventures	-2 478	0	0	0	3 537	1 059
Other financial assets	46	0	49	15	0	110
Receivables > 1 year	33 774	0	0	10 472	0	44 246
Deferred tax assets	11 240	0	884	1 684	0	13 808
Total non-current assets	**686 555**	**203 189**	**14 035**	**12 923**	**4 184**	**920 887**
% of total	74.55%	22.06%	1.52%	1.40%	0.45%	100.00%

In KUSD	Indonesia	PNG	Côte d'Ivoire	Europe	Others	Total
	31/12/2023					
Intangible assets	0	0	0	138	0	138
Goodwill	104 782	0	0	0	0	104 782
Biological assets	246 770	79 182	705	0	0	326 656
Other property, plant & equipment	292 988	119 050	11 572	594	813	425 018
Investments in associates and joint ventures	-2 233	0	0	0	3 930	1 697
Other financial assets	46	0	51	15	0	112
Receivables > 1 year	34 229	0	0	0	0	34 229
Deferred tax assets	12 691	0	910	1 613	0	15 214
Total non-current assets	**689 274**	**198 232**	**13 238**	**2 360**	**4 744**	**907 847**
% of total	75.92%	21.84%	1.46%	0.26%	0.52%	100.00%

The assets of Indonesia and Papua New Guinea relate for 100% to the palm segment. The assets of Côte d'Ivoire relate 100% to the bananas and horticulture segment. The assets of Europe and others do not relate specifically to one product segment.

2.2.7. Revenue

The timing of the revenue recognition always takes place at a point in time. Additional information on the turnover and financial results can be found in 2.1.2 condensed consolidated income statement and in 2.2.6. segments.

2.2.8. Equity consolidation – Share of profit and loss of associated companies and joint ventures

The share of profit and loss of 'associated companies and joint ventures' contains the research activities which are centralised in PT Timbang Deli and Verdant Bioscience PTE Ltd.

2.2.9. Shareholders' equity

On 12 June 2024, SIPEF shareholders approved the distribution of a EUR 2.00 gross dividend (coupon 16) for the financial year 2023, payable as from 3 July 2024. The total dividend paid amounts to EUR 20 802 656. Converted at the USD exchange rate of the day of the general assembly, this amounts to USD 22 433 577.

There were no changes in issued capital compared to 31 December 2023.

2.2.10. Net financial assets/(liabilities)

In KUSD	30/06/2024	31/12/2023
Short-term obligations – credit institutions	-19 158	-22 319
Current portion of amounts payable after one year	-9 000	-18 000
Short-term leasing obligations	- 575	- 675
Long-term leasing obligations	-1 912	-1 974
Investments and deposits	461	1
Cash and cash equivalents	15 654	11 549
Net financial assets/(liabilities)	**-14 530**	**-31 418**

The ‘short-term obligations’ have a term of less than twelve months and comprise of a ‘commercial paper’ debt of KUSD 5 358. This financial obligation has been completely hedged at an average rate of EUR 1 = USD 1.1047. Further, the short-term financial obligations are related to a straight loan of KUSD 13 800.

The short-term and long-term leasing obligations are a result of the IFRS 16 – leasing standard.

Early July 2024, the important cash reserves were used to pay for the 2023 dividend (see also ‘2.2.15 Events after the reporting period’).

At 30 June 2024, the Group has one financial covenant connected to the long-term obligations which states that the net financial debt may not exceed 2.50 times REBITDA (‘recurring earnings before interest, tax and depreciations’) of the financial year. At 30 June 2024 the Group has complied with the covenant (0.0961 times REBITDA) and the remaining KUSD 9 000 of the long-term loan will be repaid during fiscal year 2024.

The EBITDA of the Group consists of the operating results + profit/loss from equity companies + depreciation and additional impairment/increases on assets. The REBITDA consists of the same calculation, but excluding the one-off, non-recurring effects.

The current maximum credit lines available amount to KUSD 132 432 (2023: KUSD 142 075). Compared to the current total debt (excluding leasing) of KUSD 28 158, this leaves a freely available headroom of KUSD 104 274.

2.2.11. Financial instruments

The financial instruments were categorised according to principles that are consistent with those applied for the preparation of Note 26 of the 2023 financial statements. No transfer between levels occurred during the first six months of 2024.

All derivatives outstanding per 30 June 2024 measured at fair value relate to forward exchange contracts and interest rate swaps. The fair value of the forward exchange contracts is calculated as the discounted value of the difference between the contract rate and the current forward rate and is classified as level 2 (fair value determination based on observable inputs). As per 30 June 2024, the fair value amounts to KUSD -674 versus KUSD 780 per 31 December 2023.

In KUSD	30/06/2024	31/12/2023
Interest rate swaps	143	495
Forward exchange transactions	- 817	286
Fair value (+ = asset; - = liability)	**- 674**	**780**

The fair value of the forward exchange contracts and interest rate swap calculated at the closing value on the 30 June 2024 were also incorporated in level 2. The notional amount from the forward exchange contracts amounts to KUSD 39 274.

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 9 000. The carrying amount is recorded on the derivatives (assets) for an amount of KUSD 143, the deferred tax liability for an amount of KUSD 36 and the other comprehensive income in the equity for an amount of KUSD 107.

The carrying amount of the other financial assets and liabilities approximates the fair value.

2.2.12. Business combinations, acquisitions, and divestitures

In 2021, SIPEF 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. Before the transaction, SIPEF controlled 95% of PT Melania through its Indonesian 95% subsidiary, PT Tolan Tiga. The remaining 5% is 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 was sold for a payment of USD 19 million. After this first stage the Shamrock Group took 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 land 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 sales process is taking more time than initially estimated to fulfil the conditions included in the sale and purchase agreement, increasing the estimated costs to sell, and resulting in fair value adjustment of KUSD 1 580 at the end of June 2024. Together with the already recorded capital gain in 2021 of KUSD 11 640, this brings the expected total capital gain on the sale of PT Melania to KUSD 10 060 when the transaction is finalised.

The final capital gain will only be clear when the remaining shares are transferred to PT Melania (primarily after the renewal of the permanent land rights). At that time, the Group will know the final and exact costs relating to the transaction. We refer to 2.2.3. updated use of accounting estimates and judgements.

2.2.13. Related party transactions

There are no material changes to the related party transactions compared to the annual report of December 2023. We refer to Note 29 of the annual report of 2023.

2.2.14. Important events

There are no important events outside of the normal course of business that have occurred in the SIPEF group, during the first 6 months of 2024, which could have a significant impact on the financial statements of the SIPEF group.

2.2.15. Events after the reporting period

There are no events after the reporting period that have a significant impact on the results and/or the shareholders' equity of the Group. SIPEF has paid a total dividend of EUR 20 802 656 (USD 22 433 577) on 3 July 2024.

2.2.16. Risks

In accordance with Article 13 of the Royal Decree of 14 November 2007, SIPEF group states that the fundamental risks confronting the company are unchanged from those described in the 2023 annual report, and that no other risks nor uncertainties are expected for the remaining months of the financial year.

On a regular basis, the board of directors and company management evaluate the business risks that confront the SIPEF group.

3. Certification of responsible persons

Baron Bertrand, chairman of the board of directors, and François Van Hoydonck, managing director, confirm that to the best of their knowledge:

- these interim condensed consolidated financial statements for the six-month period ending 30 June 2024 are prepared in accordance with IFRS (International Financial Reporting Standards) and give, in all material respects, a true and fair view of the consolidated financial position and consolidated results of the SIPEF group and of its subsidiaries included in the consolidation;

- the interim financial report gives, in all material respects, a true and fair view of all important events and significant transactions with related parties that have occurred in the first six months of the fiscal year 2024 and their effects on the interim financial statements, as well as an overview of the most significant risks and uncertainties the SIPEF group is confronted with.

4. Report of the statutory auditor

See annex 1.

Translation: this press release is available in Dutch and English. The Dutch version is the original; the English 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.

Schoten, 14 August 2024

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SIPEF is a Belgian agro-industry group listed on Euronext Brussels and specialised in the – as sustainable certified - production of tropical agricultural commodities, primarily crude palm oil and palm products. These labour-intensive activities are consolidated in Indonesia, Papua New Guinea and Côte d’Ivoire and are characterised by broad stakeholder involvement, which sustainably supports the long-term investments.

Report of the statutory auditor

ANNEX 1

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Statutory auditor's report to the board of directors of SIPEF NV on the review of the condensed consolidated interim financial information as at 30 June 2024 and for the 6-month period then ended

Introduction

We have reviewed the accompanying condensed consolidated balance sheet of SIPEF NV as at 30 June 2024, the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated cash flow statement and condensed statement of changes in consolidated equity for the 6-month period then ended, and notes ("the condensed consolidated interim financial information").

The condensed consolidated interim financial information shows a balance sheet total of USD 1.088.571 (000) and the condensed consolidated income statement shows a profit (share of the group) for the 6-month period ended 30 June 2024 of USD 25.029 (000).

The board of directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 2024 and for the 6-month period then ended is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Antwerp, 13 August 2024

EY Bedrijfsrevisoren BV
Statutory auditor
represented by

Christoph Oris*
Partner
*Acting on behalf of a BV

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