

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

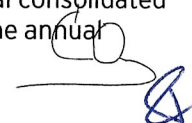
Our audit firm and our network have not performed any services that are not compatible with the audit of the Consolidated Financial Statements and have remained independent of the Company during the course of our mandate.

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*
Partner
*Acting on behalf of a BV/SRL

Wim Van Gasse*
Partner

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