



FINANCIAL REPORT 2021

Vandemoortele
Mid-Year results
2021

NOTICE OF NO AUDITOR REVIEW

The condensed consolidated interim financial statements, and accompanying notes thereto, as at and for the half year ended 30 June 2021 and 30 June 2020 are unaudited.

The key financial information as of and for the half years ended 30 June 2021 and 30 June 2020 is listed below. For the balance sheet information, a comparison is made between the key figures as at 30 June 2021 and 31 December 2020.

KEY FINANCIAL FIGURES (1)

Million euro	30.06.2021 unaudited	30.06.2020 unaudited
REVENUE	592	555
Adjusted EBITDA	54	35
<u>Depreciations & amortisations</u>	<u>(31)</u>	<u>(29)</u>
Adjusted EBIT	22	6
<u>Adjusting items</u>	<u>(2)</u>	<u>(3)</u>
EBIT (profit from operations)	21	3
<u>Depreciations, amortisations and impairments</u>	<u>31</u>	<u>30</u>
EBITDA	52	33
Net financial income/(expense)	(3)	(3)
<u>Gain on disposal of equity accounted investments</u>	<u>0</u>	<u>26</u>
PRE-TAX CURRENT PROFIT/(LOSS)	18	26
<u>Income tax expense</u>	<u>(3)</u>	<u>(4)</u>
PROFIT/(LOSS) (EAT)	15	22
Capital Expenditure	23	26
RATIOS		
Adjusted EBITDA/Revenue	9.1%	6.4%
Adjusted EBIT/Revenue	3.8%	1.1%
Net profit (loss)/Revenue	2.5%	3.9%
Million euro	30.06.2021 unaudited	31.12.2020 audited
Net fixed assets (NFA)	616	622
<u>Working capital need (WCN)</u>	<u>19</u>	<u>31</u>
CAPITAL EMPLOYED	635	653
Equity	421	423
Provisions and others	17	22
Subordinated debt	75	75
<u>Senior net financial debt (NFD)</u>	<u>122</u>	<u>133</u>
CAPITAL PROVIDED	635	653
RATIOS		
Senior NFD/equity	29.1%	31.5%

(1) The definitions of the used key financials are specified in the Glossary, note 15

CONSOLIDATED INCOME STATEMENT

Thousand euro	Note	30.06.2021 unaudited	30.06.2020 unaudited
Revenue		591,645	554,771
Raw materials and consumables used and goods for resale		(324,472)	(297,800)
Changes in inventories of finished goods and goods purchased for resale		10,939	7,235
Services		(110,269)	(111,632)
Employee benefit expenses		(124,187)	(124,953)
Depreciation, amortisation and write downs		(29,871)	(29,392)
Impairment		0	(551)
Change in provisions	6	920	258
Other operating income	7	10,542	14,668
Other operating expenses	8	(4,422)	(9,177)
Profit/(loss) from operations		20,824	3,426
Financial Income	9	3,221	3,054
Financial Expense	10	(6,212)	(6,473)
Gain on disposal of equity accounted investments		0	26,000
Profit/(loss) before tax		17,833	26,006
Income tax (expense)	11	(3,100)	(4,455)
Profit/(loss) from continuing operations		14,733	21,551
Profit/(loss)		14,733	21,551
Profit/(loss) attributable to the owns of the parent		14,733	21,551

As the shares are not traded in a public market, the standard IAS 33, § 66/70 relating the presentation of the ordinary or diluted profit per share, the number of shares and the average weighted number of ordinary shares is not applicable.

OTHER COMPREHENSIVE INCOME

Thousand euro	30.06.2021 unaudited	30.06.2020 unaudited
Profit/(loss) for the year	14,733	21,551
Other comprehensive income	3,178	(3,186)
<i>Items that may be reclassified subsequently to profit or loss:</i>	<i>1,159</i>	<i>(3,763)</i>
Currency translation differences	1,159	(3,763)
<i>Items that will not be reclassified subsequently to profit or loss:</i>	<i>2,019</i>	<i>577</i>
Change in actuarial gains/(losses) of defined benefit obligations, net of tax	2,019	577
Total comprehensive income for the year	17,911	18,365
- attributable to the owners of the parent	17,911	18,365

CONSOLIDATED BALANCE SHEET

Thousand euro	30.06.2021 unaudited	31.12.2020 audited
Assets		
Goodwill	199,329	199,329
Other intangible assets	7,845	8,845
Property, plant & equipment	408,744	413,952
Trade and other receivables	19	0
Deferred tax assets	38,992	38,002
Other financial assets	30	30
Other assets	2,737	2,727
Non-current assets	657,698	662,887
Inventories	136,108	119,428
Trade and other receivables	183,262	184,990
Derivatives	849	2,370
Other financial assets	11,184	10,888
Cash and cash equivalents	30,381	20,152
Other assets	10,007	6,481
Current assets	371,791	344,309
Total assets	1,029,489	1,007,196
Equity and liabilities		
Share capital	79,365	79,365
Retained earnings & reserves	341,141	343,727
Equity	420,507	423,092
Borrowings	225,628	227,343
Deferred tax liabilities	22,506	22,463
Derivatives	3,818	5,101
Employee benefits	24,772	27,119
Provisions	5,473	6,393
Other non-current liabilities	2,646	2,700
Non-current liabilities	284,842	291,119
Borrowings	11,076	11,193
Current tax	3,894	5,154
Derivatives	1,240	1,942
Employee benefits	34,580	36,797
Trade payables and other liabilities	273,351	237,900
Current liabilities	324,140	292,985
Total equity and liabilities	1,029,489	1,007,196

CONSOLIDATED CASH-FLOW STATEMENT

Thousand euro	30.06.2021 unaudited	30.06.2020 unaudited
Profit/(loss) from operations	20,824	3,425
Amortisations	1,252	1,300
Depreciations	30,001	27,922
Impairment losses on property, plant and equipment	0	551
Ebitda from continuing operations	52,077	33,199
Depreciations on government grants	(198)	(238)
Fair value adjustments on commodity contracts	(125)	(48)
Change in provisions	(920)	(258)
Change in long-term employee benefits	345	1,510
Write down on inventories and receivables	(1,383)	170
Loss/(gain) on disposals of intangible assets and PPE	129	296
Other	1,019	(566)
Cash flow from operating activities before changes in working capital	50,944	34,065
Decrease/(increase) in inventories	(15,687)	(12,979)
Decrease/(increase) in trade receivables	2,629	52,748
Increase/(decrease) in trade payables	30,736	(83,965)
Increase/(decrease) in other working capital	(3,429)	(9,263)
Net cash generated from operating activities	65,193	(19,394)
Interest received	22	2
Interest paid	(4,338)	(4,667)
Income taxes paid	(3,858)	(1,488)
Other financial fees	(378)	(404)
Cash flow from operating activities in continuing operations	56,641	(25,951)
Acquisition of intangible assets	(181)	(473)
Acquisition of property, plant and equipment	(20,904)	(23,641)
Proceeds from sale of intangible assets	0	12
Proceeds from sale of property, plant and equipment	160	462
Proceeds from the sale of subsidiaries & associates	0	50,500
Government grants	144	0
Cash flow from investing activities in continuing operations	(20,780)	26,859
Proceeds from borrowings	12	84,955
Repayment of borrowings	(819)	(1,230)
Repayment of lease liabilities	(5,011)	(5,521)
Dividends paid	(22,760)	(15,004)
Dividends received	2,264	2,006
Other	0	(40)
Cash flow from financing activities in continuing operations	(26,314)	65,167
Net increase/(decrease) in cash & cash equivalents	9,547	66,074
Cash and cash equivalents less bank overdrafts as at January 1	20,020	24,559
Effect of exchange rate fluctuations	1	0
Cash and cash equivalents less bank overdrafts as at June 30	29,569	90,633

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Thousand euro	30.06.2021 unaudited								
	Share Capital	Treasury Shares	Attributable to owners of the parent			Employee benefits	Total	Non control. interest	Total Equity
			Currency Translation Adjustment	Retained Earnings and Reserves	Hedging reserves				
At January 1	79,365	(62,117)	1,228	404,793	0	(178)	423,092	0	423,092
Comprehensive income									
Profit/(loss) of the year	0	0	0	14,733	0	0	14,733	0	14,733
Other comprehensive income									
Currency translation	0	0	1,159	0	0	0	1,159	0	1,159
Employee benefits	0	0	0	0	0	2,019	2,019	0	2,019
Total comprehensive income	0	0	1,159	14,733	0	2,019	17,911	0	17,911
Transactions with owners									
Capital increase	0	1	0	0	0	0	1	0	1
Dividends paid	0	0	0	(22,760)	0	0	(22,760)	0	(22,760)
Dividends received	0	0	0	2,264	0	0	2,264	0	2,264
Total transactions with owners	0	1	0	(20,496)	0	0	(20,495)	0	(20,495)
At June 30	79,365	(62,117)	2,387	399,030	0	1,842	420,507	0	420,507

Thousand euro	30.06.2020 unaudited								
	Share Capital	Treasury Shares	Attributable to owners of the parent			Employee benefits	Total	Non control. interest	Total Equity
			Currency Translation Adjustment	Retained Earnings and Reserves	Hedging reserves				
At January 1	79,365	(64,000)	6,108	382,979	0	(1,274)	403,179	0	403,179
Comprehensive income									
Profit/(loss) of the year	0	0	0	21,551	0	0	21,551	0	21,551
Other comprehensive income									
Currency translation	0	0	(3,763)	0	0	0	(3,763)	0	(3,763)
Employee benefits	0	0	0	0	0	577	577	0	577
Total comprehensive income	0	0	(3,763)	21,551	0	577	18,365	0	18,365
Transactions with owners									
Dividends paid	0	0	0	(15,003)	0	0	(15,003)	0	(15,003)
Dividends received	0	0	0	2,006	0	0	2,006	0	2,006
Total transactions with owners	0	0	0	(12,997)	0	0	(12,997)	0	(12,997)
At June 30	79,365	(64,000)	2,345	391,534	0	(697)	408,547	0	408,547

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1. GENERAL INFORMATION

Vandemoortele NV ("Vandemoortele" or "the Company") and its subsidiaries (together "the Group") is a Belgian family-owned business that has grown to become a leading food group on a European scale. The Group focuses on two business lines or operating segments : Bakery Products and Margarines, Culinary Oils & Fats (hereafter MCOF). The 30 June 2021 Consolidated Financial Statements of the Group include the Company and 32 consolidated subsidiaries controlled by the Company.

Safinco NV, the parent company of Vandemoortele NV, is a limited liability company incorporated and registered in Belgium. The registered offices of both Vandemoortele NV and Safinco NV are situated at Ottergemsesteenweg-Zuid 816, 9000 Gent.

2. APPLICATION OF NEW AND REVISED IFRS

NEW AND REVISED IFRS AFFECTING AMOUNTS REPORTED AND/OR DISCLOSURES IN THE FINANCIAL STATEMENTS

In the current year, 2021, the Group has considered a number of new and revised IFRS issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2021.

It concerns:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2

These improvements and amendments do not have a material impact on the amounts included in the current unaudited mid-year 2021 interim financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 BASIS FOR PREPARATION

These condensed interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed interim financial statements do not include all the notes contained in the annual consolidated financial statements, and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2020, which have been prepared in accordance with IFRS.

3.2 ACCOUNTING POLICIES

The condensed interim financial statements have been prepared in accordance with the accounting policies applied in the 2020 consolidated financial statements.

Income tax for interim periods is accrued using the tax rate that would be applicable to the expected total annual profit or loss.

3.3 ESTIMATES

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, significant judgements made by management in applying the Group's accounting policies as well as the key sources to estimate uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2020, with the exception of changes to estimates required to determine the provision for income taxes.

4 BUSINESS REVIEW & OUTLOOK

4.1 CONSOLIDATED ACCOUNTS AS AT 30 JUNE 2021

The Group realised a significant improvement in its financial performance in the first half of 2021 compared with the first half of 2020. This reflects the lifting of the Covid-19 restrictions in key markets, with the reopening of food service businesses from May and June onwards resulting in a partial sales recovery. The improvement was also supported by strict cost controls maintained by the Group during the first half of the year, namely with regard to business travel, financial compensation for furloughed workers, and capital expenditure.

For the first half of the year, the Group reported revenue of € 592 million versus € 555 million during the same period of 2020. This represents a 7 % year-on-year increase. The Group's adjusted EBITDA of € 54 million was € 18 million, or 54 %, higher than in the first half of 2020. Similarly, adjusted EBIT increased by € 16 million, or 267 %, to € 22 million. The net result for the Group decreased from € 22 million to € 15 million, after net finance expenses of € 3 million and income tax expenses of € 3 Mio (the 2020 Group net result included a gain of € 26 million resulting from the sale of its minority shareholding in the Lipidos Santiga business).

Revenue from the Bakery Products business line increased by 10% versus the first half of 2020, from € 324 million to € 358 million. Adjusted EBITDA increased by € 19 million, or 106 %, year-on-year, rising to € 37 million.

Revenue from the MCOF business line increased by 2% compared with last year, from € 229 million to € 234 million. Adjusted EBITDA decreased by € 1 million, or 6%, year-on-year, to € 17 million.

The consolidated balance sheet at the end of June 2021 includes equity of € 421 million (compared with € 423 million at the end of December 2020) and net senior financial debt of € 121 million (versus € 133 million at the end of December 2020). The decrease of € 12 million is explained by the following factors: cash flow from operating activities of € 50 million, a reduced working capital need of € 14 million, investment activities of € 24 million, financial and tax charges of € 8 million and a dividend pay-out of € 20 million.

4.2 OUTLOOK FOR THE 2021 FULL YEAR

The continued roll-out of vaccination programmes should enable further lifting of the Covid-19 restrictions across Europe during the second half of 2021. Nevertheless, operation conditions are expected to remain challenging, particularly given continued volatility in prices for raw materials (particularly in MCOF) and other input components. Despite the measures taken to protect margins from sharp price increases, the Group does not expect to fully neutralise the negative impact of this development on its margins.

Following the robust recovery seen during the first half of 2021, the Group is expected to perform better over the full year than in 2020, both in terms of revenue and result.

5 OPERATING SEGMENT INFORMATION

The Executive Committee (ExCo) is the Group's chief operating decision-maker. It has determined the operating segments based on the information it reviews for the purposes of allocating resources and assessing performance. The ExCo considers the business from a product family perspective and distinguishes between the Bakery Products and MCOF operating segments. Bakery Products comprises the development, production and sale of frozen bakery products. MCOF comprises the development, production and sale of margarines, culinary oils & fats.

The Group operates with four performance measures. The primary performance measure is Adjusted EBITDA, the secondary EBITDA, the third adjusted EBIT and the fourth EBIT.

Sales between operating segments are carried out at arm's length. Sales by MCOF to Bakery Products amounted to € 7.6 million in the first half year of 2021, compared with € 6.5 million in the first half of 2020. Revenue from external parties reported to the ExCo is measured in a manner consistent with the income statement.

The following tables present key financials regarding the Group's operating segments for the periods ended 30 June 2021 and 2020, respectively.

5.1 FINANCIAL SEGMENT INFORMATION

Thousand euro	Bakery Products		MCOF		Unallocated (1)		Total	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020	30.06.2021	30.06.2020	30.06.2021	30.06.2020
P&L Information								
External Revenue	357,691	324,247	226,346	222,519	7,608	8,004	591,645	554,771
Internal Revenue	0	0	7,580	6,543	(7,580)	(6,543)	0	0
Revenue	357,691	324,247	233,926	229,062	28	1,461	591,645	554,771
Adjusted EBITDA	36,639	17,235	17,201	18,387	(196)	(303)	53,644	35,318
Non-recurring items (excl. depr., amort. & impairments) (2)	(1,413)	(2,103)	(153)	(16)	0	0	(1,567)	(2,118)
EBITDA	35,226	15,132	17,048	18,371	(196)	(303)	52,077	33,200
Deprec., amort. & impairments	24,516	23,535	6,738	6,239	0	0	31,254	29,774
EBIT	10,710	(8,403)	10,310	12,132	(196)	(303)	20,824	3,426
Non-recurring items (incl. depr., amort. & impairments)	1,413	2,580	153	16	0	0	1,566	2,596
Adjusted EBIT	12,123	(5,823)	10,463	12,148	(196)	(303)	22,390	6,022
Financial income							3,221	3,054
Financial expense							(6,212)	(6,473)
Gain on disposal of associates							0	26,000
Income tax (expense)							(3,100)	(4,455)
EAT (Earnings after Tax)							14,733	21,551

(1) Unallocated includes intersegment eliminations / external revenue, EBIT and adjusted EBIT that do not belong to the Bakery Products respectively MCOF segments.

(2) The non-recurring items booked in the first half of 2021 include mainly restructuring in France.

Thousand euro	Bakery Products		MCOF		Unallocated		Total	
	30.06.2021	31.12.2020	30.06.2021	31.12.2020	30.06.2021	31.12.2020	30.06.2021	31.12.2020
Balance sheet information								
Net fixed assets	458,206	461,856	157,744	160,301	0	0	615,950	622,157
Other non-current assets					2,756	2,728	2,756	2,728
Total non-current assets (excl def tax assets)	458,206	461,856	157,744	160,301	2,756	2,728	618,706	624,885
Assets working capital need	202,930	213,080	128,343	116,704	(55,960)	(68,874)	275,313	260,910
Other current assets *	0	0	0	0	96,478	83,399	96,478	83,399
Total current assets	202,930	213,080	128,343	116,704	40,518	14,525	371,791	344,309
Total assets (excl def tax assets)	661,136	674,936	286,087	277,005	43,274	17,253	990,497	969,194
Assets working capital need	202,930	213,080	128,343	116,704	(55,960)	(68,874)	275,313	260,910
Liabilities working capital need	(132,462)	(121,499)	(113,216)	(93,443)	0	0	(245,678)	(214,942)
Total operational working capital need	70,468	91,581	15,128	23,261	(55,960)	(68,874)	29,636	45,968

* Other current assets include other receivables, other financial assets, cash & cash equivalents and are not allocated to Bakery Products or MCOF

5.2 GEOGRAPHICAL SEGMENT INFORMATION

Thousand euro	30.06.2021 unaudited	30.06.2020 unaudited
Revenue per country		
France	166,864	154,587
Germany	78,302	80,389
Belgium	78,190	79,442
Italy	59,951	43,231
The Netherlands	49,188	52,855
Spain	40,459	32,387
UK	32,931	30,708
Czech Rep & Slovakia	12,037	12,169
Rest of Europe	46,508	43,091
Outside Europe	27,214	25,911
Total	591,645	554,771

Thousand euro	30.06.2021 unaudited	31.12.2020 audited
Non-current assets per country (excl. deferred tax assets)		
Goodwill (non allocated)	199,328	199,329
France	156,710	157,066
Belgium	110,341	113,209
Italy	38,829	40,267
Poland	33,311	34,942
The Netherlands	32,360	32,974
Germany	18,263	18,973
UK	15,028	12,961
Spain	13,836	14,675
Other	699	490
Total (see consolidated balance sheet)	618,706	624,885

5.3 Major customers

The Bakery Products and MCOF operating segments are predominantly business-to-business activities involving the sale of products into following distribution channels: retail, artisan bakery, food service and food industry.

Overall, the retail distribution channel, which represents approximately 58% and 34%, of the revenue for Bakery Products and MCOF, respectively, has become increasingly consolidated with the top three retailers controlling at least half of the market in each of our core geographies.

No individual customer represented more than 10% of Group revenue. Revenue from the top-five customers combined represented 17.1% of Group revenue in the first half of 2021 (full-year 2020: 18.6%).

For the Bakery Products and MCOF operating segments, the top-five customers accounted for 23.5% (full-year 2020: 24.5%) and 18.0% (full-year 2020: 21.6%) of total revenues, respectively, in the first half of 2021. For the top-ten customers, the share of revenue increases to 35.3% and 26.2%, respectively.

6 CHANGE IN PROVISIONS

Thousand euro	30.06.2021 unaudited	30.06.2020 unaudited
Restructuring	597	54
Litigations & Tax	195	127
Other	128	77
Change in provisions	920	258

The change in provisions includes new provisions for € 1.3 million, mainly for restructuring in France (€ 1.2 million), offset by the use of provisions for € 2.2 million, mainly related to restructuring undertaken in France (€ 0.6 million) and Belgium (€ 1.1 million).

7 OTHER OPERATING INCOME

Thousand euro	30.06.2021 unaudited	30.06.2020 unaudited
Gains on disposals of tangible and intangible fixed assets	89	230
Fair value gain on forward purchase contracts crude vegetable oil	125	48
Government grants	697	1,386
Capitalised engineering	557	668
Sales waste	1,551	1,163
Exemption payroll tax	1,538	1,637
Benefit in kind	2,060	3,169
Site revenues	586	618
Sales promotional materials	108	302
Tax recuperation (non-income tax related)	21	63
Rental fleet	14	44
Palettes	739	770
Damage/insurance	471	207
Realised exchange gains relating to trade business	921	2,857
Compensation for investments by third parties: energy/formation/safety	183	615
Other	881	890
Other operating income	10,542	14,668

8. OTHER OPERATING EXPENSE

Thousand euro	30.06.2021 unaudited	30.06.2020 unaudited
Loss on disposals of tangible and intangible fixed assets	217	526
Loss on realisation of trade receivables	481	495
Other	79	388
Realised exchange losses relating to trade business	7	3,125
Other operating taxes *	3,637	4,644
Other operating expense	4,422	9,177

* Of which Property tax (€ 1.8 million) and packaging tax (€ 0.4 million)

9 FINANCIAL INCOME

Thousand euro	30.06.2021 unaudited	30.06.2020 unaudited
Interest income	22	2
Exchange gains (realised and unrealised)	1,621	1,044
Fair value gains on FX hedging instruments not part of a hedge accounting relationship	0	2,007
Fair value gains on interest hedging instruments not part of a hedge accounting relationship	1,283	0
Fair value gains on financial assets measured at fair value through profit	295	0
Financial income	3,221	3,054

10 FINANCIAL EXPENSE

Thousand euro	30.06.2021 unaudited	30.06.2020 unaudited
Interest expense	4,055	4,395
Exchange losses (realised and unrealised)	677	491
Fair value losses on FX hedging instruments not part of a hedge accounting relationship	944	0
Fair value losses on interest hedging instruments not part of a hedge accounting relationship	0	678
Fair value losses on financial assets measured at fair value through profit	0	300
Bank and legal fees	192	244
Other financial expense	345	365
Financial expense	6,212	6,473

11 INCOME TAX EXPENSE

Income taxes recognised in the income statement can be detailed as follows:

Thousand euro	30.06.2021 unaudited	30.06.2020 unaudited
Current taxes for the year	(5,580)	(4,742)
Adjustment to current taxes on prior years	884	(463)
Deferred taxes	1,596	750
Income tax (expense)	(3,100)	(4,455)

The income tax expense of € 3.1 million in the first half year of 2021 was lower than that of the first half of 2020, namely € 4.5 million.

The relationship between the income tax and the profit before income tax is summarised in the table below:

Thousand euro	30.06.2021 unaudited	30.06.2020 unaudited
Accounting profit before taxes	17,833	26,006
Profit before tax and before share of result of associates	17,833	26,006
Tax at Belgian corporate tax rate (25%)	4,458	6,501
Adjustment to taxes on prior years		
- over/underprovided current tax prior years	(884)	463
- over/underprovided deferred tax prior years	0	(381)
Tax effect of		
- special tax regimes	(436)	(7,170)
- other domestic tax rates	(30)	(518)
- expenses not deductible for tax purposes	367	472
- losses for which no deferred tax was recognised	410	4,937
- deferred tax assets previously not recognised	(1,388)	(745)
Other domestic taxes (*)	758	950
Other	(155)	(54)
Total income tax	3,100	4,455

(*) mainly CVAE France

The contribution for value added by businesses (Cotisation sur la Valeur Ajoutée des Entreprises (Company Value Added Contribution), CVAE) is a French tax assessed on the added value that companies realise during the calendar year. As of 1 January 2021, the CVAE rate is 0.75% for companies with annual turnover (excluding taxes) of more than € 50 million. The turnover to be retained is the sum of the turnover of all companies that are member of the Group's French tax group, which means all French companies within the Group are taxed at 0.75%.

The deferred tax assets and liabilities amount to:

Thousand euro	30.06.2021 unaudited	31.12.2020 audited
Deferred tax assets	38,992	38,002
Deferred tax liabilities	22,506	22,463

Deferred income tax assets are recognised to the extent that the realisation of the related tax benefit through the future taxable profits is probable.

Judgement is required to determine the probability of the future taxable results and the future income tax rates of those legal entities which have tax loss carry-forwards. Based on this judgement, the time horizon over which the tax benefits will be realised varies between four and ten years. The majority of the tax attributes for which a deferred tax asset is recognized can be transferred without limitation in time. For the tax attributes that can only be transferred during a limited time, a deferred tax asset is only recognized to the extent that the tax attributes are expected to be used within this period. The Group is conservative in determining the future taxable results and believes that it is unlikely that changes in judgements would have a material adverse effect on the financial position of the Group.

12. RELATED PARTIES

The Group is controlled by Safinco NV which owns 99.58 % of the Company's shares. The remaining 0.42% is owned by the Company itself (own shares).

13. COMMITMENTS AND CONTINGENCIES

13.1 OPERATING LEASE COMMITMENTS

Operating leases have been adjusted according to IFRS 16 as of 1 January 2019 and accounted for on the balance sheet except for small-value assets (< € 5,000) and short-term leases (less than 12 months).

13.2 CONTINGENT LIABILITIES

The Group is subject to claims and legal proceedings in the normal conduct of its business. The Group believes that such claims and proceedings are not likely, on aggregate, to have a material adverse effect on the financial position of the Group.

14 EVENTS AFTER BALANCE SHEET DATE

There were no important events after the balance-sheet date.

15 GLOSSARY

EBIT

Profit from operations

EBITDA

Profit from operations before depreciation, amortisation and impairments

Adjusted EBIT

Profit from operations before non-recurring items (incl. depreciation, amortisation and impairments)

Adjusted EBITDA

Adjusted EBIT before recurring depreciation and amortisation

Adjusting items

Items that are related to restructuring programmes: Lay-off costs that cannot be associated with the future organisation, gains/losses on disposals, dismantling costs, impairment losses on assets (including goodwill) and fade out costs for production or logistic sites that are closed during the year.

Net fixed assets

Goodwill, other intangible assets, property, plant and equipment, investments in associates and financial assets (excluding mutual funds)

Operational working capital need

Inventories, trade receivables and trade payables

Other working capital need

Other receivables (excluding current & non-current loans), other assets, current tax payables, other liabilities, current employee benefits and net commodity derivatives

Working capital need

Operational working capital need plus other working capital need

Equity

For ratio calculations, total equity includes equity attributable to owners of the parent and non-controlling interests

Provisions

Current and non-current provisions, non-current employee benefits, deferred tax liabilities minus deferred tax assets, derivatives (excluding commodity derivatives) and fair value adjustments on borrowings

Net deferred tax

Deferred tax liabilities less deferred tax assets

Net financial debt

Nominal amount of borrowings minus cash and cash equivalents, mutual funds, current and non-current loans

Senior net financial debt

Net financial debt minus subordinated loans

Capital employed

Net fixed assets plus working capital need

Capital provided

Equity, net financial debt and provisions

Return on capital employed (ROCE)

Recurring earnings after tax as a percentage of the capital employed as at 31 December

16. STATEMENT BY RESPONSIBLE PERSON



16 September 2021

STATEMENT BY RESPONSIBLE PERSON

Yvon Guérin, Chief Executive Officer confirms that to the best of his knowledge:

- a) The condensed interim consolidated financial statements per 30 June 2021 of VANDEMOORTELE NV, prepared in conformity with applicable accounting standards, reflect a true and fair view of the net worth, the financial situation and results of VANDEMOORTELE NV and its subsidiaries consolidated in these financial statements.
- b) The interim report of the Board of Directors on the condensed interim consolidated financial statements per 30 June 2021 of VANDEMOORTELE NV, contains a faithful presentation of the performance of the business, the results of the VANDEMOORTELE Group and its consolidated subsidiaries.

DocuSigned by:

A handwritten signature in black ink, appearing to read "Yvon Guérin", is enclosed within a blue DocuSigned signature box.

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Yvon Guérin,
Chief Executive Officer
of Vandemoortele NV

17. REPORT OF THE BOARD OF DIRECTORS



REPORT OF THE BOARD OF DIRECTORS ON THE MID-YEAR 2021 RESULTS

Dear stakeholders,

We hereby provide our report on the unaudited mid-year 2021 IFRS consolidated results of the Vandemoortele Group.

Recovery gathers pace

The lifting of Covid-19 restrictions throughout Europe from May onwards has driven a strong recovery across our different geographics and customer groups. In particular, the food service channel has benefitted from the reopening of restaurants and other food outlets.

However, it is far from 'business as usual': the market for key food ingredients remains volatile, resulting in abnormally high prices for raw materials and other input components. Meanwhile, even as our production lines have been resuming pre-pandemic staffing levels, many of our office-based teams continue to work from home. We can be proud of the continued flexibility and resilience of our Vandemoortele colleagues.

Well positioned for growth

The Group has taken proactive steps to prepare for the reopening of the economy. Our launch of three new production lines in Belgium, France and the UK in the first half of 2021 ensured we had the capacity and teams in place to meet our customers' requirements. Likewise, thanks to our extensive preparations, we have successfully navigated the obstacles presented by Brexit. The robust performance of our USA sales operations since the start of the year is matched by the steady development of exports to Asian markets.

Financials: Pre-Covid levels in sight

These developments underpinned a significant year-on-year improvement in our financial performance during the first half of the year. While there is room for further recovery, we already start the path towards pre-Covid 2019 levels for several key performance metrics.

Group revenue increased by 7% to € 592 million in the first half of 2021, while adjusted EBITDA improved by 54% year-on-year to € 53.6 million. This resulted in an adjusted EBIT of € 22.4 million, an increase of 267% versus the first half of 2020.

Revenue from the Bakery Products business line increased by 10% year-on-year to reach € 358 million while, in the Margarine, Culinary Oils & Fats (MCOF) business line, revenue increased by 2% to € 234 million. A strong rebound in demand from the food service channel was a leading factor in both cases.

After certain non-recurring restructuring charges, operating profit ('EBIT') reached € 20.8 million, versus € 3.4 million in the first half of 2020.

The Group realised earnings after tax (EAT) of € 14.7 million in the first half of 2021 versus € 21.6 million in 2020. The decrease of 32% year-on-year reflects the inclusion in the 2020 EAT figure of a € 26 million gain from the sale of the Group's minority shareholding in Lipidos Santiga.

The balance sheet of the Group remains solid, with equity of € 421 million and senior net financial debt of € 121 million as at 30 June 2021.

In million €	30.06.2021	30.06.2020	Change
Revenue	592	555	+6.7%
Adjusted EBITDA *	54	35	+54.3%
EBITDA	52	33	+57.6%
Adjusted EBIT *	22	6	+266.7%
EBIT	21	3	+600.0%
EAT *	15	22	-31.8%
SNFD *	121	184	-34.2%

* Adjusted EBIT: Profit from operations before non-recurring items
 * Adjusted EBITDA: Adjusted EBIT before depreciation and amortization
 * EAT: Earnings after tax
 * SNFD: Senior net financial debt

Progress on sustainability

In March 2021, Vandemoortele launched its new sustainability strategy (2021-2025), based on three core goals: Balanced nutrition, Protecting nature and Enhancing lives. We are working hard and making progress across each of these areas.

An important starting point for our Balanced nutrition objectives was the 2020 launch of our own Clean Label definition. We set clear targets for both business lines and developed solid action plans. We are implementing these action plans step by step, and our progress is in line with our targets. Regarding our Protecting nature ambitions, we continue to increase the recyclability of our packaging material. Our ultimate aim is to make all of our packaging material recyclable, reusable or compostable. We are making firm strides, having reached 87% of our target 2025 by mid-2021, while also continually integrating more recycled content into our packaging material. A further priority for Vandemoortele is to ensure a safe working environment for our associates. We took further steps towards this ambition during the first half of 2021, putting us on track to outperform our target for the full year.

The progress of our sustainability strategy will be presented in full in the 2021 Vandemoortele Annual Report, published in March 2022.

Full-year outlook: Challenges remain

We expect ongoing Covid vaccination programmes to drive the further roll-back of Covid-19 restrictions across Europe during the second half of 2021, resulting in the continued recovery of the food service segment and other key channels. However, a recovering operating environment will continue to present difficulties, and we expect the sharp price increase for key raw materials and other input components to continue to have an impact on our business lines, particularly MCOF.

While we have taken steps to protect the margins against these increases, we do not expect to fully neutralise their negative impact on the results. Nevertheless, with our continued commitment to recovering sales and revenue, we expect to perform significantly better over the whole year than in 2020, both in terms of revenue and result.

On behalf of the Board of Directors,
 Ghent, 16 September 2021

DocuSigned by:

Jean Vandemoortele

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Jean Vandemoortele,
 Chairman of the Board of Directors