



## **HALF YEAR FINANCIAL REPORT 2021**

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# 1. Management Report

## 1.1. Key figures

INCOME STATEMENT (in € million)	H1 2019 Unaudited	H1 2020 Unaudited	H1 2021 Unaudited	% yoy
<b>Sales</b>	<b>312.5</b>	<b>289.2</b>	<b>404.0</b>	<b>39.7%</b>
Gross profit	92.8	88.9	118.7	33.5%
Gross-margin (%)	29.7%	30.7%	29.4%	-1.4pp
EBITDA	29.4	26.4	48.3	82.9%
<b>Adj. EBITDA</b>	<b>30.2</b>	<b>27.8</b>	<b>51.0</b>	<b>83.4%</b>
Adj. EBITDA-margin (%)	9.7%	9.6%	12.6%	+3.0pp
<b>EBIT</b>	<b>9.3</b>	<b>6.0</b>	<b>29.3</b>	
Financial result	(11.1)	(9.3)	(5.2)	
EBT	(1.8)	(3.5)	24.1	
Income taxes	0.6	0.0	(3.5)	
<b>Net profit / (loss)</b>	<b>(1.2)</b>	<b>(3.4)</b>	<b>20.6</b>	

SALES (in € million)	H1 2020	Volume	FX	Mix / Price	H1 2021	% yoy
Europe	147.0	33.2%	-1.4%	4.9%	200.9	36.7%
North America	73.9	20.0%	-11.4%	14.3%	90.7	22.8%
Turkey & EM	68.4	38.1%	-50.8%	77.0%	112.3	64.3%
<b>Total</b>	<b>289.2</b>	<b>31.5%</b>	<b>-15.7%</b>	<b>23.8%</b>	<b>404.0</b>	<b>39.7%</b>

BALANCE SHEET & CASHFLOW (in € million)	H1 2020 Unaudited	H1 2021 Unaudited	% yoy
Total assets	605.6	633.9	4.7%
Equity	248.0	259.8	4.8%
Net debt	118.4	97.0	(18.1%)
Capital expenditure	8.9	24.8	177.5%
Working capital	88.8	120.8	36.0%

RATIOS	H1 2020 Unaudited	H1 2021 Unaudited
Net profit/sales	(1.2%)	5.1%
Adjusted EBITDA/sales	9.6%	12.6%
Net debt/LTM Adjusted EBITDA	2.03	0.89
EBIT/Capital employed	1.7%	7%

HEADCOUNT	31 December 2020 Audited	30 June 2021 Unaudited
Total Full Time Equivalents (FTE)	3,660	3,827

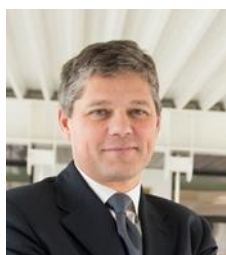


## 1.2. Analysis of the results

### First half of 2021 highlights

- Strong sales growth in all regions resulting in record-high sales of € 404.0m (+39.7%)
- Volume growth driven by strong residential construction market (both renovation and new build)
- Resilient Adj. EBITDA-margin at 12.6% despite unprecedented increase in raw material prices
- Net profit of € 20.6m or € 0.15 EPS thanks to strong operational result and lower financial charges
- Financial leverage decreased to 0.9x Adj. EBITDA
- Important preparatory steps being set to lower our carbon footprint towards CO2-neutrality
- Strong residential construction market as well as high raw material prices expected to persist in H2

#### Francis Van Eeckhout, CEO, comments:



*"I am extremely pleased with our performance in the first half of this year. Despite constrained supply of raw materials, we have been able to realize a strong volume growth in all our regions. Yet, due to the particularly strong demand in combination with raw material scarcity, we have not always been able to meet our delivery terms towards our customers, which we deeply regret. In addition, in order to avoid production outages and further delays in deliveries, we had to accept higher purchase prices month after month, which has forced us to increase our selling prices several times. Going forward, we might have to further increase our prices to protect our margins or to restore them in some markets where we have had a delay in passing on the higher raw material prices. At the same time, we will continue to do our utmost to provide the best service to our customers."*

### Sales

Consolidated sales over the first six months of 2021 amount to € 404.0m, representing an increase by 39.7% vs H1 2020 (€ 289.2m) and by 29.3% vs H1 2019 (€ 312.5m).

The main driver for this increase has been a very strong residential construction market in all regions, resulting in a volume growth at Group level by 31.5%. Renovation has benefited from leisure budgets and stimulus money being spent on home improvement while new built has benefited from the increased demand for single family homes. Also, the higher consumer confidence linked to the reopening of the economy and the progress of vaccination has supported our business.

Price increases implemented to mitigate the effect of higher raw material prices further drove sales higher as well. As PVC prices have increased month after month from mid-2020 until now, we have been forced on multiple occasions to adjust our selling prices. The speed at which we can do this differs from region to region, but on average it takes about three months before higher raw material prices are fully translated into higher selling prices.

Weaker currencies, mainly the Turkish lira and the US dollar, had an important negative effect on consolidated sales of (15.7)% or € (45.3)m.

## Income statement

The **Adjusted EBITDA** over the first half of 2021 increased by € 23.2m to € 51.0m or 12.6% on sales (vs € 27.8m or 9.6% on sales in H1 2020 and vs € 30.2m or 9.7% on sales in H1 2019). This improvement, despite severe headwind from raw material price inflation, is primarily driven by the higher sales volumes, price increases and strict control of fixed costs.

In spite of multiple price increases throughout the first half of 2021, our **Gross Margin** has decreased from 30.7% in H1 2020 to 29.4% in H1 2021. This is mainly due to the inevitable delay in passing on higher raw material prices. Alongside price increases, also the higher operational efficiency as a result of both higher production volumes and the rationalization of our operational footprint in Europe have contributed to the resilience of our Gross Margin.

**Depreciations** slightly decreased from € 20.4m in H1 2020 to € 19.1m in H1 2021.

**Adjusted EBITDA-items** (difference between EBITDA and Adj. EBITDA) amount to € 2.7m (H1 2020: € 1.4m) and include mainly costs related to the transition to the iCOR platform.

As a consequence of the above, the **operational result (EBIT)** improved to € 29.3m from € 6.0m in H1 2020.

The **financial result** has improved from € (9.3)m in H1 2020 to € (5.2)m as a result of lower financial debt, lower use of trade finance solutions and a one-off positive FX effect of € 1.5m.

**Net result** for the first half of 2021 is a profit of € 20.6m versus a loss of € 3.4m in H1 2020. Earnings per share amount to € 0.15 (H1 2020: loss of € 0.03).

## Cash flow and Balance sheet

The **Net Financial Debt** has decreased from € 118.4m on 30/06/2020 to € 97.0m on 30/06/2021. As a result of this lower NFD and the higher LTM Adj. EBITDA (€ 109.3m LTM to 30/06/2021 vs € 58.3m LTM to 30/06/2020), the leverage of the Group has decreased from 2.0x to 0.9x.

**Capex** amounted to € 24.8m versus € 8.9m in H1 2020. The higher capex in H1 2021 is primarily explained by the purchase of a warehouse in Turkey and by capital expenditures to further support our strategic projects such as capacity expansion in recycling and the platform migration in Europe.

**Working capital** at € 120.8m on 30/06/2021 was € 32.0m higher than on 30/06/2020 (€ 88.8m) which is mainly due to higher trade receivables as a result of higher sales volumes.

## Raw materials update

Since mid-2020 PVC prices have relentlessly increased to reach new record prices month after month in H1 2021. The major cause of this unprecedented price increase is a strong imbalance between supply and demand. Price increases of the feedstock components (mainly oil and ethylene) have only played a secondary role.

An abrupt decrease of PVC production in 2020 induced by Covid-19 followed by a strong acceleration of production in the beginning of 2021 caused several force majeure at the already limited number of PVC producers. The worldwide supply shortages as a result of this in combination with high demand from the construction sector and from China have pushed prices up.

For additives similar or even stronger price increases occurred. A worldwide supply shortage, caused by the winter storm in Texas (US) causing several force majeure upstream and by a lack of sea containers from Asia, created never seen price increases.

Although most of the force majeure at PVC producers have been lifted recently, we foresee further upward pressure on raw material prices, albeit more moderate than in the past twelve months. At best, raw material prices could stabilize at the current high levels.

## Strategic projects

Our strategic projects remain on track. The commercial launch of our state-of-the-art window concept Elegant is ramping up fast in Western Europe and the transition in Central Europe from the former Inoutic-platform to the revolutionary modular iCor-system is gaining momentum as well.

As sustainability is a top priority for Deceuninck, we are happy to announce that we have hired an experienced full-time sustainability manager who will guide us to the next level in our sustainability trajectory. An important milestone has been the calculation, together with CO2logic ([www.co2logic.com](http://www.co2logic.com)), of our carbon footprint. The results of this study are currently being analyzed and ambitious targets are being defined in order to lower our carbon footprint towards CO2-neutrality.

The additional investments in our recycling site in Diksmuide (BE) announced in our press release of 25 February 2021 are being implemented and are expected to be operational by the end of the year.

## Outlook

We expect the strong performance of the residential construction market seen in the first half of the year to continue in the second. While the effect of leisure budgets and stimulus money being spent on home improvement might decrease next year, we expect that the EU Green Deal will gradually boost the renovation wave in Europe.

As raw material prices are expected to further increase, we will have to continue to adhere to a strict pricing discipline of translating higher raw material prices into higher selling prices.

In the long term, we continue to believe that PVC-windows, with their highest insulation values against the lowest carbon footprint, are part of the solution to address climate change by making buildings more energy-efficient. We therefore are convinced that our products can materially contribute to the ambitions set by the EU in their 'Fit for 55' climate plan to reduce CO2 emissions by 55% by 2030.

### 1.3. Risks and uncertainties

We refer to the following sections of the Annual Report 2020:

- Internal control and risk management systems (pp. 64 - 68)
- Consolidated financial statements and notes: Note 25. Risk Management (pp. 173 - 177)

## Credit risk

The products of Deceuninck are used almost exclusively in the construction industry. Hence, the exposure to credit risk is highly dependent on the performance of the building industry and the general economic conditions.

In order to minimize the credit risk, we are closely monitoring the payment behaviour of each debtor. The Group uses credit insurance to mitigate the credit risk related to trade receivables. Credit insurance policies have been taken out with different insurers.

Commercial limits, set based on financial information and on business knowledge, can deviate from the insured limits. Commercial limits have also been lowered to further reduce the credit risk and to match as much as possible the amounts covered by credit insurance. Where needed we seek alternatives to mitigate our risk, such as bank guarantees or pledges on customer's assets (machinery, buildings, land plots, etc.).

In view of the increased uncertainty caused by the Covid-19 pandemic the Group has applied a very strict credit management throughout 2021 in order to limit the potential losses due to customer defaults. Payment behaviour of our customers has been monitored very closely and unpaid invoices have resulted immediately in a blocking of all open orders from day one.

Furthermore, the impact of COVID-19 on the expected credit loss (ECL) model and related credit risk provisions has been assessed and to the extent possible based on external expert reports.

## Liquidity risk

Deceuninck has a wide range of financing sources at its disposal, such as the € 100M retail bond, credit facilities with banks in Belgium and Turkey and important factoring and commercial finance facilities. Cash flow and liquidity projections confirm that these financing sources are largely sufficient for the funding of its operating activities.

Liquidity problems could arise if an event of default would occur under one of the loan agreements which is not remedied within the foreseen remedy period. In that case, the outstanding amounts under that loan agreement might become immediately due and payable, which could jeopardize the liquidity situation of the Group. The current budget and updates thereof however do not point at any such event of default in the foreseeable future.

## 2. Interim condensed consolidated financial statements

### 2.1. Consolidated income statement

FOR THE 6 MONTH PERIOD ENDED 30 JUNE (in € thousand)	Notes	H1 2020 Unaudited	H1 2021 Unaudited
<b>SALES</b>	<b>2</b>	<b>289,239</b>	<b>404,007</b>
Cost of goods sold		(200,341)	(285,355)
<b>GROSS PROFIT</b>		<b>88,897</b>	<b>118,652</b>
Marketing, sales and distribution expenses		(58,056)	(63,194)
Research and development expenses		(3,259)	(3,333)
Administrative and general expenses		(20,430)	(21,850)
Other net operating result		1,410	(1,011)
Share of the result of a joint venture		(2,564)	-
<b>OPERATING PROFIT (EBIT)</b>		<b>5,998</b>	<b>29,264</b>
Cost related to the derecognition of accounts receivable		(1,925)	(1,867)
Interest income / (expense)		(3,699)	(2,129)
Foreign exchange gains / (losses)		(3,725)	(1,180)
Other financial income / (expenses)		(91)	(58)
<b>PROFIT / (LOSS) BEFORE TAXES (EBT)</b>		<b>(3,443)</b>	<b>24,031</b>
Income taxes	<b>4</b>	26	(3,466)
<b>NET PROFIT / (LOSS)</b>		<b>(3,417)</b>	<b>20,565</b>

EBIT includes depreciation, amortization & impairments for a total amount of € 19.1 million (H1 2020: € 20.4 million). EBITDA amounts to € 48.3 million (H1 2020: € 26.4 million) and is calculated as EBIT (€ 29.3 million, H1 2020: € 6.0 million) excluding the depreciation, amortization & impairment expenses.

THE NET PROFIT / (LOSS) IS ATTRIBUTABLE TO (in € thousand)	H1 2020	H1 2021
Shareholders of the parent company	(3,563)	19,124
Non-controlling interests	146	1,441

EARNINGS PER SHARE DISTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY (in €)	H1 2020	H1 2021
Basic earnings per share	(0.03)	0.15
Diluted earnings per share	(0.03)	0.14



## 2.2. Consolidated statement of comprehensive income

FOR THE 6 MONTH PERIOD ENDED 30 JUNE (in € thousand)	H1 2020 Unaudited	H1 2021 Unaudited
<b>NET PROFIT / (LOSS)</b>	<b>(3,417)</b>	<b>20,565</b>
Currency translation adjustments	(11,708)	(4,048)
<b>Net other comprehensive income / (loss) potentially to be reclassified to profit or loss in subsequent periods</b>	<b>(11,708)</b>	<b>(4,048)</b>
Changes due to remeasurements of post employment benefit obligations	972	1,750
Income tax impact	(233)	(477)
<b>Net other comprehensive income / (loss) not to be reclassified to profit or loss in subsequent periods</b>	<b>738</b>	<b>1,272</b>
<b>OTHER COMPREHENSIVE INCOME (+) / LOSS (-)</b>	<b>(10,969)</b>	<b>(2,775)</b>
<b>TOTAL COMPREHENSIVE INCOME (+) / LOSS (-)</b>	<b>(14,386)</b>	<b>17,790</b>

THE TOTAL COMPREHENSIVE INCOME (+) / LOSS (-) IS ATTRIBUTABLE TO (in € thousand)	H1 2020 Unaudited	H1 2021 Unaudited
Shareholders of the parent company	(14,227)	17,360
Non-controlling interests	(160)	428

## 2.3. Consolidated balance sheet

(in € thousand)	Notes	31 December 2020 Audited	30 June 2021 Unaudited
<b>Assets</b>			
Intangible fixed assets		2,252	1,985
Goodwill	5	10,601	10,591
Tangible fixed assets		254,274	256,957
Financial fixed assets		9	9
Investment in a joint venture		0	0
Deferred tax assets		5,174	7,808
Long-term receivables		829	890
<b>Non-current assets</b>		<b>273,139</b>	<b>278,241</b>
Inventories		112,907	160,488
Trade receivables	7	69,301	96,771
Other receivables	7	37,159	44,940
Cash and cash equivalents	8	105,623	52,161
Fixed assets held for sale		1,244	1,279
<b>Current assets</b>		<b>326,235</b>	<b>355,638</b>
<b>Total assets</b>		<b>599,373</b>	<b>633,879</b>
<b>Equity and liabilities</b>			
Issued capital		53,950	54,396
Share premiums		88,310	89,983
Retained earnings		228,334	241,187
Remeasurement of post employment benefit obligations		(7,409)	(6,115)
Treasury shares		(75)	(75)
Currency translation adjustments		(123,764)	(126,673)
<b>Equity excluding non-controlling interest</b>		<b>239,348</b>	<b>252,704</b>
Non-controlling interest		6,937	7,086
<b>Equity including non-controlling interest</b>		<b>246,284</b>	<b>259,790</b>
Interest-bearing loans including lease liabilities		137,022	123,383
Other long term liabilities		676	1,158
Employee benefit obligations		22,305	20,753
Long term provisions		3,485	3,320
Deferred tax liabilities		1,788	2,991
<b>Non-current liabilities</b>		<b>165,275</b>	<b>151,604</b>
Interest-bearing loans including lease liabilities		24,069	25,820
Trade payables		107,963	136,452
Tax liabilities		8,275	11,118
Employee related liabilities*		14,422	14,581
Employee benefit obligations		1,158	905
Short-term provisions		3,212	660
Other liabilities		28,715	32,949
<b>Current liabilities</b>		<b>187,815</b>	<b>222,484</b>
<b>Total equity and liabilities</b>		<b>599,373</b>	<b>633,879</b>

\* Employee related liabilities are short-term liabilities and consist mainly of salaries, bonuses and holiday payments.

## 2.4. Consolidated statement of changes in equity

(in € thousand)	Issued capital	Share premiums	Retained earnings	Remeasurement of post employment benefit obligations	Treasury shares	Treasury shares held in subsidiaries	Currency translation adjustments	Equity excluding non-controlling interest	Non-controlling interest	Total
<b>As per 31 December 2019</b>	<b>53,925</b>	<b>88,261</b>	<b>200,427</b>	<b>(7,640)</b>	<b>(75)</b>	<b>(454)</b>	<b>(103,783)</b>	<b>230,661</b>	<b>2,443</b>	<b>233,104</b>
Net income / (loss) for the current period			24,242					24,242	1,336	25,578
Other comprehensive income (+) / loss (-)				232			(26,294)	(26,063)	(1,643)	(27,705)
<b>Total comprehensive income (+) / loss (-)</b>	<b>-</b>	<b>-</b>	<b>24,242</b>	<b>232</b>	<b>-</b>	<b>-</b>	<b>(26,294)</b>	<b>(1,821)</b>	<b>(307)</b>	<b>(2,128)</b>
Capital increase	25	49						74	-	74
Own shares movements						454		454	157	611
Exercise of options								-		-
Transactions with non-controlling interests*			2,953				6,333	9,286	4,626	13,912
Non-controlling interest due to business combinations								-		-
Share based payments			712					712		712
Dividends paid								-		-
Transfer							(19)	(19)	19	-
<b>As per 31 December 2020</b>	<b>53,950</b>	<b>88,310</b>	<b>228,334</b>	<b>(7,409)</b>	<b>(75)</b>	<b>-</b>	<b>(123,764)</b>	<b>239,348</b>	<b>6,937</b>	<b>246,284</b>

\* Transactions with non-controlling interests relate to the sale of 7.41 % of the outstanding shares of Ege Profil Ticaret ve Sanayi AS while retaining control. The ownership percentage of the Group in Ege Profil Ticaret ve Sanayi AS has subsequently changed from 95.88 % to 88.47 %.

(in € thousand)	Issued capital	Share premiums	Retained earnings	Remeasurement of post employment benefit obligations	Treasury shares	Treasury shares held in subsidiaries	Currency translation adjustments	Equity excluding non-controlling interest	Non-controlling interest	Total
<b>As per 31 December 2020</b>	<b>53,950</b>	<b>88,310</b>	<b>228,334</b>	<b>(7,409)</b>	<b>(75)</b>	<b>-</b>	<b>(123,764)</b>	<b>239,348</b>	<b>6,937</b>	<b>246,284</b>
Net income / (loss) for the current period			19,124					19,124	1,441	20,564
Other comprehensive income (+) / loss (-)				1,294			(3,057)	(1,763)	(1,013)	(2,777)
<b>Total comprehensive income (+) / loss (-)</b>	<b>-</b>	<b>-</b>	<b>19,124</b>	<b>1,294</b>	<b>-</b>	<b>-</b>	<b>(3,057)</b>	<b>17,360</b>	<b>428</b>	<b>17,788</b>
Capital increase	446	1,673						2,119		2,119
Own shares movements								-		-
Exercise of options								-		-
Transactions with non-controlling interests**			274				148	421	86	507
Non-controlling interest due to business combinations								-		-
Share based payments			292					292		292
Dividends paid			(6,836)					(6,836)	(364)	(7,200)
Transfer								-		-
<b>As per 30 June 2021</b>	<b>54,396</b>	<b>89,983</b>	<b>241,187</b>	<b>(6,115)</b>	<b>(75)</b>	<b>-</b>	<b>(126,673)</b>	<b>252,704</b>	<b>7,086</b>	<b>259,790</b>

\*\* Transactions with non-controlling interests relate to the sale of 0.15 % of the outstanding shares of Ege Profil Ticaret ve Sanayi AS while retaining control. The ownership percentage of the Group in Ege Profil Ticaret ve Sanayi AS has subsequently changed from 88.47 % to 88.32 %.

## 2.5. Consolidated statement of cash flows

FOR THE 6 MONTH PERIOD ENDED 30 JUNE (in € thousand)	H1 2020 Unaudited	H1 2021 Unaudited
Profit (+) / loss (-)	(3,417)	20,565
Depreciations & impairments	20,440	19,090
Net financial charges	9,441	5,169
Income taxes	(26)	3,466
Inventory write-off (+ = cost / - = inc)	3,112	(391)
Trade AR write-off (+ = cost / - = inc)	5,425	2,812
Movements in provisions (+ = cost / - = inc)	(1,808)	(740)
Gain / loss on disposal of (in)tang. FA (+ = cost / - = inc)	(55)	(70)
Fair value adjustments in equity	-	292
Fair value adjustments of investment in a joint venture (equity method)	2,564	-
<b>GROSS OPERATING CASH FLOW</b>	<b>35,676</b>	<b>50,193</b>
Decr / (incr) in inventories	(13,345)	(50,079)
Decr / (incr) in trade AR	3,041	(35,140)
Incr / (decr) in trade AP	1,346	32,196
Decr / (incr) in other operating assets/liabilities	8,744	(5,086)
Income taxes paid (-) / received (+)	106	(2,650)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>35,568</b>	<b>(10,566)</b>
Purchases of (in)tangible FA (-)	(8,949)	(24,831)
Proceeds from sale of (in)tangible FA (+)	1,651	314
Proceeds from sale of financial FA (+)	97	506
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>	<b>(7,201)</b>	<b>(24,011)</b>
Capital increase (+) / decrease (-)	458	2,119
Dividends paid (-) / received (+)	(141)	(6,905)
Interest received (+)	999	1,491
Interest paid (-)	(2,955)	(1,552)
Net financial result, excl interest	987	(3,366)
New long-term debts	10,800	10,801
Repayment of long-term debts	(12,719)	(15,774)
New short-term debts	50,198	7,217
Repayment of short-term debts	(9,487)	(11,863)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>38,140</b>	<b>(17,833)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>66,507</b>	<b>(52,410)</b>
Cash and cash equivalents as per beginning of period	52,799	105,623
Impact of exchange rate fluctuations	(4,619)	(1,052)
<b>Cash and cash equivalents as per end of period</b>	<b>114,687</b>	<b>52,161</b>

### 3. Notes to the interim condensed consolidated financial statements

#### 1. Basis of presentation

These interim condensed consolidated financial statements for the six months ended 30 June 2021 have been prepared in accordance with IAS 34, Interim Financial Reporting.

The interim condensed consolidated financial statements have been prepared using the same accounting policies and methods of computation as in the 31 December 2020 annual financial statements, except for the new standards and interpretations which have been adopted as of 1 January 2021 (see “New amended IFRS standards and IFRIC interpretations” below) and which had an impact on the interim condensed consolidated financial statements. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

#### New amended IFRS standards and IFRIC interpretations

The following amendments to standards are mandatory for the first time for the financial year beginning 1 January 2021 and have been endorsed by the European Union, but do not have a material impact on the interim condensed consolidated financial statements of the Group:

- Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9;
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2

The following amendments have been issued, but are not mandatory for the first time for the financial year beginning 1 January 2021 and have not been endorsed by the European Union:

- Amendments to IAS 1 ‘Presentation of Financial Statements: Classification of Liabilities as current or non-current’ (effective 01/01/2023);
- Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements (effective 1 January 2022);
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (effective 1 January 2023);
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (effective 1 January 2023);
- Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions (effective 1 April 2021)
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1 January 2023)

#### 2. Segment information

An operating segment is a separate business unit in the Group, which produces goods or provides specific services within a defined economic environment, whose risks and profitability differ from those of the other operating segments.

Three segments have been defined based on the location of legal entities. They include the following entities:

1. Europe: Benelux, Bosnia, Bulgaria, Croatia, Czech Republic, France, Italy, Germany, Lithuania, Poland, Romania, Russia, Spain and the United Kingdom;
2. North America: Canada and United States;
3. Turkey & Emerging Markets: Australia, Brazil, Chile, Colombia, India, Mexico, Thailand and Turkey.

There are no segments aggregated in order to establish the above segments.



Transfer prices between the operational segments are based on an “at arm’s length basis” equal to transactions with third parties.

The accounting policies for the operational segments are equal to these of the consolidated financial statements.

The Group identified the Executive Management as its Chief Operating Decision Maker (“CODM”). The segments have been defined based on the information provided to the Executive Management.

The Executive Management monitors the performance of its operational segments based on sales and adjusted EBITDA per segment and makes decisions about resource allocation on this geographical segmentation basis. Segment information provided to the CODM includes results, assets and liabilities that can be attributed directly to those segments.

FOR THE 6 MONTH PERIOD ENDED 30 JUNE (in € thousand)	EUROPE		NORTH AMERICA		TURKEY & EMERGING MARKETS		INTERSEGMENT ELIMINATIONS		CONSOLIDATED	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
External sales	146,990	200,983	73,868	90,745	68,381	112,279	-	-	289,239	404,007
Intersegment sales	113	1,479	467	513	3,797	7,247	(4,377)	(9,162)	-	-
Total sales*	147,128	202,462	74,335	91,258	72,152	119,526	(4,377)	(9,162)	289,239	404,007
EBITDA	10,263	20,733	7,064	9,447	9,837	19,431	(726)	(1,269)	26,438	48,342
<b>Adj. EBITDA</b>	<b>11,150</b>	<b>23,438</b>	<b>7,570</b>	<b>9,447</b>	<b>9,837</b>	<b>19,431</b>	<b>(725)</b>	<b>(1,269)</b>	<b>27,832</b>	<b>51,047</b>
Adjustments from EBITDA to Adjusted EBITDA	-	-	-	-	-	-	-	-	(1,394)	(2,706)
Financial result	-	-	-	-	-	-	-	-	(9,350)	(5,169)
Income taxes	-	-	-	-	-	-	-	-	26	(3,466)
Depreciations & impairments	11,692	10,883	5,111	5,102	4,183	3,332	(518)	(266)	20,468	19,050
Capital expenditures (Capex)	(4,482)	(6,233)	(3,585)	(6,122)	(1,303)	(13,154)	421	679	(8,949)	(24,830)

\* Out of which €48.6m relating to Belgium per June 2021.

The difference between the Adjusted EBITDA and EBITDA of € 2.7m relates to one-off product platform migration costs as recognized in other operating result (€ 1.5m) and in minus of revenues (€ 1.1m).

Assets:

(in € thousand)	CONSOLIDATED	
	31 December 2020	30 June 2021
Europe*	269,964	306,231
North America	95,986	103,212
Turkey & Emerging Markets	151,045	190,219
<b>INTERSEGMENT ASSETS</b>	<b>516,995</b>	<b>599,662</b>
Cash and cash equivalents	105,623	52,161
Intersegment eliminations	(23,245)	(17,944)
<b>TOTAL GROUP ASSETS</b>	<b>599,373</b>	<b>633,879</b>

\* Out of which €172.5m relating to Belgium per June 2021.

## Liabilities:

(in € thousand)	CONSOLIDATED	
	31 December 2020	30 June 2021
Europe*	97,984	110,289
North America	34,371	30,231
Turkey & Emerging Markets	96,778	109,235
<b>INTERSEGMENT LIABILITIES</b>	<b>229,133</b>	<b>249,755</b>
Equity including non-controlling interest	246,278	259,790
Long-term interest-bearing loans	137,022	123,383
Other long term liabilities	676	1,158
Short-term interest-bearing loans	12,711	18,891
Intersegment eliminations	(26,446)	(19,098)
<b>TOTAL GROUP LIABILITIES</b>	<b>599,373</b>	<b>633,879</b>

\* Out of which €45.9m relating to Belgium per June 2021.

External sales by product group are presented in the table below (in € thousand and in %):

FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2020	EUROPE		NORTH AMERICA		TURKEY & EMERGING MARKETS		CONSOLIDATED	
	(in € thousand)	(%)	(in € thousand)	(%)	(in € thousand)	(%)	(in € thousand)	(%)
Window and door systems	116,857	80%	73,868	100%	65,372	96%	256,097	89%
Outdoor living	18,668	13%	-	0%	68	0%	18,736	6%
Home protection	11,465	8%	-	0%	3,009	4%	14,474	5%
<b>Total</b>	<b>146,990</b>	<b>100%</b>	<b>73,868</b>	<b>100%</b>	<b>68,381</b>	<b>100%</b>	<b>289,239</b>	<b>100%</b>

FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2021	EUROPE		NORTH AMERICA		TURKEY & EMERGING MARKETS		CONSOLIDATED	
	(in € thousand)	(%)	(in € thousand)	(%)	(in € thousand)	(%)	(in € thousand)	(%)
Window and door systems	160,553	80%	90,745	100%	107,772	96%	359,069	89%
Outdoor living	23,522	12%	-	0%	55	0%	23,577	6%
Home protection	16,908	8%	-	0%	4,453	4%	21,360	5%
<b>Total</b>	<b>200,983</b>	<b>100%</b>	<b>90,745</b>	<b>100%</b>	<b>112,279</b>	<b>100%</b>	<b>404,007</b>	<b>100%</b>

There is no significant concentration of sales (>10%) with one or a limited number of customers.

### 3. Seasonality of operations

Due to the seasonal nature of the construction industry, demand is higher around summer period.

#### 4. Income taxes

The major components of income tax expense in the interim consolidated income statement are:

FOR THE 6 MONTH PERIOD ENDED 30 JUNE (in € thousand)	H1 2020 Unaudited	H1 2021 Unaudited
Current income tax expense	(1,223)	(5,662)
Deferred income tax expense	1,249	2,196
<b>INCOME TAX REPORTED IN THE INCOME STATEMENT</b>	<b>26</b>	<b>(3,466)</b>
Income tax recognized in other comprehensive income	(233)	(477)
<b>INCOME TAX REPORTED IN OTHER COMPREHENSIVE INCOME</b>	<b>(233)</b>	<b>(477)</b>
<b>TOTAL</b>	<b>(207)</b>	<b>(3,944)</b>

The recoverability of deferred income tax assets (DTA) on tax losses carried forward and other tax credits has been reassessed including a prudence factor reflecting forecast uncertainties. The total reassessment has no material impact on the total DTA recognized.

#### 5. Goodwill

IAS 36 requires that goodwill and indefinite lived intangible assets be tested for impairment at least every year and whenever there is an indicator that those assets might need to be impaired.

There are no substantial changes or evolutions that are considered as an indicator for impairment.

#### 6. Investment in a joint venture

The Group's interests in joint ventures and associates accounted for under the equity method are assessed for impairment in accordance with IAS 28 Investments in Associates and Joint Ventures.

There are no substantial changes or evolutions that are considered as an indicator for impairment.

#### 7. Trade and other receivables

The impact of COVID-19 on the expected credit loss model (ECL) has been assessed. Forward-looking information is adjusted to reflect the increase in credit risk as well as the amount at risk resulting from COVID-19.

We considered the expected increase in insolvencies as estimated by external experts<sup>1</sup> and reflected these in our reassessment of the COVID-19 related credit risk.

<sup>1</sup> Allianz Research 26 March 2020: Covid-19 Crisis in Europe to put 13.000 corporates at risk  
Allianz Research 19 June 2020: Construction companies in Europe: Size does matter  
Allianz Research March 2020: COVID 19: Quarantined Economics – Global Economic Outlook  
COFACE for trade – Q2 2020: Country risk assessment map  
COFACE 2021.03 - The business insolvency paradox in Europe: miracle and mirage  
Atradius 2021.03 - A turn of the tide in insolvencies  
Allianz 2021.06.02 - European corporates, it could take 5 years to offload COVID19 debt

## 8. Cash and cash equivalents

(in € thousand)	31 December 2020 Audited	30 June 2021 Unaudited
Cash and current bank accounts	66,813	40,795
Short term deposits	38,810	11,366
<b>TOTAL</b>	<b>105,623</b>	<b>52,161</b>

## 9. Other financial assets and financial liabilities

The Group uses the following hierarchical classification in determining and explaining the fair value of financial instruments by valuation technique:

- Level 1: quoted (not adjusted) prices in active markets for identical assets or liabilities
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: techniques that use input with a significant impact on the recorded fair value that is not based on observable market data.

During the reporting period ending 30 June 2021, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

As of 31 December 2020, the Group had the following financial instruments:

(in € thousand)	31 December 2020 Audited	Level 1	Level 2	Level 3
FX forward contracts	520		520	
<b>Assets</b>	<b>520</b>	-	<b>520</b>	-
FX forward contracts	980		980	
<b>Liabilities</b>	<b>980</b>	-	<b>980</b>	-

As of 30 June 2021, the Group had the following financial instruments:

(in € thousand)	30 June 2021 Unaudited	Level 1	Level 2	Level 3
FX forward contracts	1,117		1,117	
<b>Assets</b>	<b>1,117</b>	-	<b>1,117</b>	-
FX forward contracts	215		215	
<b>Liabilities</b>	<b>215</b>	-	<b>215</b>	-

## 10. Related parties

During 2021, the Group made purchases for € 16 thousand (€ 36 thousand as per 30 June 2020) and no sales (in 2020 also no sales), under normal market conditions, from or to companies to which Directors of the Group, owning shares of the Group, are related to. The purchases mainly relate to repair and maintenance of cars.

Furthermore, during 2021, the Group made purchases of € 0.2 thousand (€ 3.1 thousand in 2020) and sales of € 342 thousand (€ 335 thousand in 2020), under normal market conditions, from or to So Easy Belgium BV or related companies. Both the purchases and the sales mainly related to the cross-charge of incurred costs and provided services.

As per June 2021, there is an outstanding receivable position of € 3,572 thousand (December 2020: € 2,755 thousand) and an outstanding payable position of € 5 thousand (December 2020: € 15 thousand) with So Easy Belgium BV or related companies. The outstanding receivable position is mainly related to working capital financing.

#### **11. Events after the reporting date**

No subsequent events after the reporting date occurred which could have a significant impact on the consolidated financial statements of the Group, for which the period ended 30 June 2021.

## **4. Statement of the Board of Directors**

Declaration regarding the information given in this interim financial report for the six month period ending 30 June 2021

The undersigned declare that:

- the interim condensed consolidated financial statements have been prepared in conformity with the applicable standards for financial statements, and that they give a fair view of equity position, of the financial position and of the results of the company, including those companies that have been included in the consolidated figures.
- the half year financial report gives a true overview of the developments and results of the company and of the companies that have been included in the consolidated figures, also providing a true description of the most important risks and insecurities with which they are confronted, as defined in the Royal Decree of November 14<sup>th</sup>, 2007, on the obligations of issuers of financial instruments admitted to trading on a regulated market.

Board of Directors  
Deceuninck NV



## 5. Report of the statutory auditor

### **Statutory auditor's report on the review of the interim condensed consolidated financial statements for the period ended June 30, 2021**

#### **Introduction**

We have reviewed the accompanying interim condensed consolidated financial statements, consisting of the consolidated balance sheet of Deceuninck NV and its subsidiaries (jointly “the Group”) as of June 30, 2021 and the related consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six-month period then ended, as well as the explanatory notes. The board of directors is responsible for the preparation and presentation of this consolidated condensed Interim Financial Information in accordance with IAS 34, as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated condensed interim financial information based on our review.

#### **Scope of Review**

We conducted our review in accordance with 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 consolidated condensed Interim Financial Information is not prepared, in all material respects, in accordance with IAS 34, as adopted by the European Union.

Ghent, August 16, 2021

The statutory auditor  
PwC Reviseurs d'Entreprises SRL/ Bedrijfsrevisoren BV  
represented by

Lien Winne  
Bedrijfsrevisor/Réviser d'entreprises

## 6. Glossary

1	<b>EBITDA</b>	<p>EBITDA is defined as operating profit / (loss) adjusted for depreciation / amortizations and impairment of fixed assets.</p> <table> <tr> <th></th><th>June 2020</th><th>June 2021</th></tr> <tr> <td>Operating profit</td><td>5,998</td><td>29,264</td></tr> <tr> <td>Depreciations &amp; impairments</td><td>(20,440)</td><td>(19,050)</td></tr> <tr> <td><b>EBITDA</b></td><td><b>26,438</b></td><td><b>48,314</b></td></tr> </table>		June 2020	June 2021	Operating profit	5,998	29,264	Depreciations & impairments	(20,440)	(19,050)	<b>EBITDA</b>	<b>26,438</b>	<b>48,314</b>			
	June 2020	June 2021															
Operating profit	5,998	29,264															
Depreciations & impairments	(20,440)	(19,050)															
<b>EBITDA</b>	<b>26,438</b>	<b>48,314</b>															
2	<b>Adjusted EBITDA</b>	<p>Adjusted EBITDA is defined as operating profit / (loss) adjusted for (i) depreciations, amortizations and impairment of fixed assets, (ii) integration &amp; restructuring expenses, (iii) gains &amp; losses on disposal of consolidated entities, (iv) gains &amp; losses on asset disposals, (v) impairment of goodwill and impairment of assets resulting from goodwill allocation.</p> <table> <tr> <th></th><th>June 2020</th><th>June 2021</th></tr> <tr> <td>EBITDA</td><td>26,438</td><td>48,314</td></tr> <tr> <td>Integration &amp; restructuring expenses</td><td>105</td><td>2,706</td></tr> <tr> <td>Impairment of assets arising from goodwill allocation</td><td>1,289</td><td>(-)</td></tr> <tr> <td><b>Adjusted EBITDA</b></td><td><b>27,832</b></td><td><b>51,019</b></td></tr> </table>		June 2020	June 2021	EBITDA	26,438	48,314	Integration & restructuring expenses	105	2,706	Impairment of assets arising from goodwill allocation	1,289	(-)	<b>Adjusted EBITDA</b>	<b>27,832</b>	<b>51,019</b>
	June 2020	June 2021															
EBITDA	26,438	48,314															
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<b>Adjusted EBITDA</b>	<b>27,832</b>	<b>51,019</b>															
3	<b>EBIT</b>	<p>EBIT is defined as Earnings before interests and taxes (operational result).</p> <table> <tr> <th></th><th>June 2020</th><th>June 2021</th></tr> <tr> <td>EBITDA</td><td>26,438</td><td>48,314</td></tr> <tr> <td>Depreciations &amp; impairments</td><td>(20,440)</td><td>(19,050)</td></tr> <tr> <td><b>EBIT</b></td><td><b>5,998</b></td><td><b>29,264</b></td></tr> </table>		June 2020	June 2021	EBITDA	26,438	48,314	Depreciations & impairments	(20,440)	(19,050)	<b>EBIT</b>	<b>5,998</b>	<b>29,264</b>			
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<b>EBIT</b>	<b>5,998</b>	<b>29,264</b>															
4	<b>EBT</b>	EBT is defined as Earnings before taxes.															
5	<b>EPS (non-diluted)</b>	EPS (non-diluted) are the non-diluted earnings per share and is defined as Earnings attributable to ordinary shareholders over the weighted average number of ordinary shares															
6	<b>EPS (diluted)</b>	EPS (diluted) are the diluted earnings per share and is defined as Earnings attributable to ordinary shareholders over the sum of weighted average number of ordinary shares and the weighted average number of ordinary shares which would be issued upon conversion into ordinary shares of all potential shares leading to dilution															
7	<b>Net debt</b>	<p>Net debt is defined as the sum of current and non-current interest-bearing borrowings (including leasing) minus cash and cash equivalents</p> <table> <tr> <th></th><th>June 2020</th><th>June 2021</th></tr> <tr> <td>Interest-bearing borrowings –current</td><td>89,727</td><td>25,820</td></tr> <tr> <td>Interest-bearing borrowings – non-current</td><td>143,399</td><td>123,383</td></tr> <tr> <td>Cash and cash equivalents</td><td>(114,687)</td><td>(52,161)</td></tr> <tr> <td><b>Net debt</b></td><td><b>118,439</b></td><td><b>97,042</b></td></tr> </table>		June 2020	June 2021	Interest-bearing borrowings –current	89,727	25,820	Interest-bearing borrowings – non-current	143,399	123,383	Cash and cash equivalents	(114,687)	(52,161)	<b>Net debt</b>	<b>118,439</b>	<b>97,042</b>
	June 2020	June 2021															
Interest-bearing borrowings –current	89,727	25,820															
Interest-bearing borrowings – non-current	143,399	123,383															
Cash and cash equivalents	(114,687)	(52,161)															
<b>Net debt</b>	<b>118,439</b>	<b>97,042</b>															
8	<b>Working capital</b>	<p>Working capital is calculated as the sum of trade receivables and inventories minus trade payables.</p> <table> <tr> <th></th><th>June 2020</th><th>June 2021</th></tr> <tr> <td>Trade receivables</td><td>64,592</td><td>96,771</td></tr> <tr> <td>Inventory</td><td>114,385</td><td>160,488</td></tr> <tr> <td>Trade payables</td><td>(90,179)</td><td>(136,458)</td></tr> <tr> <td><b>Working capital</b></td><td><b>88,798</b></td><td><b>120,806</b></td></tr> </table>		June 2020	June 2021	Trade receivables	64,592	96,771	Inventory	114,385	160,488	Trade payables	(90,179)	(136,458)	<b>Working capital</b>	<b>88,798</b>	<b>120,806</b>
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Trade payables	(90,179)	(136,458)															
<b>Working capital</b>	<b>88,798</b>	<b>120,806</b>															

9	<b>Capital employed (CE)</b>	<p>The sum of non-current assets and working capital</p> <table> <tr> <th></th><th>June 2020</th><th>June 2021</th></tr> <tr> <td>Working capital</td><td>88,798</td><td>120,806</td></tr> <tr> <td>Non-current assets</td><td>290,291</td><td>278,240</td></tr> <tr> <td><b>Capital employed (CE)</b></td><td><b>379,089</b></td><td><b>399,046</b></td></tr> </table>		June 2020	June 2021	Working capital	88,798	120,806	Non-current assets	290,291	278,240	<b>Capital employed (CE)</b>	<b>379,089</b>	<b>399,046</b>
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Working capital	88,798	120,806												
Non-current assets	290,291	278,240												
<b>Capital employed (CE)</b>	<b>379,089</b>	<b>399,046</b>												
10	<b>Subsidiaries</b>	Companies in which the Group owns a participation in excess of 50 % or companies over which the Group has control												
11	<b>MTM</b>	Mark-to-Market												
12	<b>Headcount (FTE)</b>	Total Full Time Equivalents including temporary and external staff												
13	<b>Restricted Group</b>	The Restricted Group consists of all entities of the Group excluding Turkish subsidiaries and their subsidiaries.												
14	<b>Leverage</b>	<p>Leverage is defined as the ratio of Net debt to LTM (Last Twelve Months) Adjusted EBITDA</p> <table> <tr> <th></th><th>June 2020</th><th>June 2021</th></tr> <tr> <td>Net debt</td><td>118,438</td><td>97,042</td></tr> <tr> <td>LTM Adjusted EBITDA</td><td>58,298</td><td>109,260</td></tr> <tr> <td><b>Leverage</b></td><td><b>2.03</b></td><td><b>0.89</b></td></tr> </table>		June 2020	June 2021	Net debt	118,438	97,042	LTM Adjusted EBITDA	58,298	109,260	<b>Leverage</b>	<b>2.03</b>	<b>0.89</b>
	June 2020	June 2021												
Net debt	118,438	97,042												
LTM Adjusted EBITDA	58,298	109,260												
<b>Leverage</b>	<b>2.03</b>	<b>0.89</b>												