



PRESS RELEASE

Regulated information¹ - inside information

Announcement in application of Article 7:97, §4/1 of the Belgian Companies and Associations Code
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TRANSACTION TESSENDERLO GROUP AND PICANOL GROUP: ADJUSTMENT OF EXCHANGE RATIO OF VOLUNTARY PUBLIC EXCHANGE OFFER FOR PICANOL GROUP SHARES

ANNOUNCEMENT IN ACCORDANCE WITH ARTICLE 7:97 OF THE BELGIAN COMPANIES AND ASSOCIATIONS CODE

Adjustment of exchange ratio

On July 8, 2022, Tessenderlo Group (Tessenderlo Group nv, Euronext: TESB) ("Tessenderlo Group") and Picanol Group (Picanol nv, Euronext: PIC) announced their intention to simplify and make more transparent the group structure of both companies, with a view to combining them into one industrial group with eventually one stock exchange listing with central management of the group by the Board of Directors of Tessenderlo Group. In the framework of the proposed transaction, the reference shareholders Luc Tack and Patrick Steverlynck will contribute directly or indirectly the Picanol Group shares they hold as a result of a voluntary public exchange offer in accordance with the Law of April 1, 2007 on public takeover bids (the "Law on Takeover Bids") and the Royal Decree of April 27, 2007 on public takeover bids (the "Royal Decree on Takeover Bids") made by Tessenderlo Group for the Picanol Group shares (the "Exchange Offer"). The remaining Picanol Group shareholders (10.66%) would also be offered the possibility to become direct shareholders of Tessenderlo Group at the same exchange ratio, whereby 1 Picanol Group share could be exchanged for 2.43 Tessenderlo Group shares.

On August 25, 2022, Picanol Group and Tessenderlo Group published the consolidated results HY22, as well as a revision of the outlook for FY22. The Bidder (Tessenderlo Group) has revised the valuations of Picanol Group and Tessenderlo Group in light of the published half year reports and a review of the long term outlook based on the latest market developments.

Compared to the values of 830.8 million EUR and 1,655.9 million EUR for Picanol Group and Tessenderlo Group respectively, as communicated in the press releases of July 8, 2022, the revision results in a decrease in value of 0.2 million EUR for Picanol Group (excluding shares held in Tessenderlo Group) and an increase of 95.6 million EUR for Tessenderlo Group. This results in a value of 830.6 million EUR and 1,751.5 million EUR for Picanol Group and Tessenderlo Group respectively. These adjusted valuations correspond to a value per Tessenderlo Group share of 40.59 EUR and a value per Picanol Group share (including Tessenderlo Group shares) of 95.80 EUR.

¹ The information provided includes regulated information, as defined in the Royal Decree of November 14, 2007, regarding the duties of issuers of financial instruments permitted to trade on regulated market.

Based on this information, Tessenderlo Group and Picanol Group have consulted and agreed to adjust the exchange ratio from 2.43 Tessenderlo Group shares for 1 Picanol Group share to 2.36 Tessenderlo Group shares for 1 Picanol Group share.

Picanol Group, Verbrugge nv (“Verbrugge”), Tessenderlo Group, Artela nv (“Artela”), Mr. Luc Tack, Manuco International nv (“Manuco International”) and Symphony Mills nv (“Symphony Mills”) (together the “Parties”) have agreed their respective rights and obligations in respect of, and the terms and conditions of, the Exchange Offer by signing an integration protocol (the “Integration Protocol”) on July 7, 2022. The approval of the Integration Protocol by Picanol Group was subject to the procedure set out in Article 7:97 of the Belgian Companies and Associations Code (“BCAC”). In order to adjust the exchange rate to 2.36 Tessenderlo Group shares for 1 Picanol Group share, as described above, the Parties and Oostiep Group BV (“Oostiep Group”, a company controlled by Luc Tack through which he will indirectly hold his shares in Tessenderlo Group and Picanol Group) entered into an addendum to the Integration Protocol on September 6, 2022, in which their agreement on the following other elements was also laid down (the “Addendum”):

- Accession by Oostiep Group to the Integration Protocol;
- Confirmation by the Parties that the confirmatory due diligence on Picanol Group by Tessenderlo Group and vice versa (the “Confirmatory Due Diligence”), which prior to the date of the Addendum was conducted by both Picanol Group and Tessenderlo Group in accordance with the provisions of the Integration Protocol, has been completed and has not resulted in the identification of any “Material Adverse Effect” (as defined in the Integration Protocol) and does not necessitate any other adjustment of the Offer Price;
- Confirmation that no prior “Competition Clearance(s)” or “FDI Clearance(s)” (both as defined in the Integration Protocol) will be required in view of the Exchange Offer, as determined by the Parties in the context of the analyses performed in this respect;
- A number of amendments to the conditions precedent of the Exchange Offer.

Tessenderlo Group will today formally notify to the FSMA, in accordance with article 5 of the Royal Decree on Takeover Bids, its intention to launch a voluntary and conditional public offer to exchange the Picanol Group shares for new Tessenderlo Group shares at the aforementioned exchange ratio of 2.36 new Tessenderlo Group shares for 1 Picanol Group share.

Application of Article 7:97 BCAC by the Board of Directors of Picanol Group

The independent directors of Picanol Group have, in accordance with the Royal Decree on Takeover Bids, appointed Bank Degroof Petercam NV (“Degroof Petercam”) as an independent expert to prepare an expert report on the proposed exchange ratio in the Exchange Offer (the “Independent Expert Opinion”). This report is in the process of being prepared by Degroof Petercam.

In the context of the proposed transaction, the following operations are also envisaged prior to the Exchange Offer:

- A simplification of the (indirect) shareholding of Mr. Luc Tack and Manuco International in Picanol Group and Tessenderlo Group, whereby (*inter alia*) the following steps would be taken (the “Pre-Closing Simplification”):
 - A demerger of Artela into, on the one hand, Oostiep Group (*pro rata* to the current shareholding of Mr Luc Tack in Artela) and, on the other hand, Manuco International (*pro rata* to the current shareholding of Manuco International in Artela), whereby Oostiep Group and Manuco International would become direct shareholders of Picanol Group in accordance with that ratio;
 - A partial demerger by Symphony Mills of its shares in Picanol Group, Tessenderlo Group and Rieter Holding AG (“Rieter Holding”) into Oostiep Group;

- An extraordinary general meeting of Picanol Group, to be proposed by the Board of Directors of Picanol Group, to be held on or about October 20, 2022 (the “EGM”) to resolve on an increase of the capital of Picanol Group by way of contribution in kind by Oostiep Group of all shares held by the Oostiep Group in Rieter Holding at the time of the EGM (the “Contribution”). The Contribution is valued at 22,203,244.80 EUR on the basis of the weighted average closing price of the Rieter Holding share on the Swiss Stock Exchange during the three months preceding June 30, 2022, as a result of which 231,766 new Picanol Group shares without par value would be issued (the “Capital Increase”).

As mentioned above, the Parties and Oostiep Group entered into the Addendum on September 6, 2022.

Mr. Luc Tack controls Artela and Symphony Mills, which currently hold respectively 64.86% and 24.48% of the shares in Picanol Group, and is also CEO of Picanol Group. Mr. Luc Tack thus exercises control over Picanol Group through the abovementioned companies and his position as CEO. In addition, Mr. Luc Tack is the sole shareholder and director of Oostiep Group, which would acquire a majority stake in Picanol Group in the framework of the Pre-Closing Simplification and the Capital Increase. Manuco International currently holds, via Artela, a significant shareholding in Picanol Group, and would become a direct shareholder of Picanol Group in the framework of the Pre-Closing Simplification. Tessenderlo Group and Verbrugge are part of Picanol Group. Each of the above companies and Mr. Luc Tack are parties to the Integration Protocol and the Addendum and on the basis of the foregoing (potentially) qualify as related parties within the meaning of the international accounting standards adopted in accordance with Regulation (EC) 1606/2002 (“IFRS”). The Capital Increase to be proposed and the accession to the Addendum by Picanol Group (together the “Decisions”) may not fall under any of the exceptions of Article 7:97 BCAC. For this reason, the conflict of interest procedure of article 7:97 BCAC was applied, to the extent applicable, to the Decisions. To this end, the Board of Directors of Picanol Group established an ad hoc committee consisting of three independent members of the Board of Directors of Picanol Group (the “Committee”) and requested it to provide an opinion in application of article 7:97 BCAC.

The Committee assessed the Decisions and issued its opinion thereon on September 6, 2022, to the Board of Directors of Picanol Group in accordance with article 7:97, §3 BCAC, to the extent applicable. The Board of Directors of Picanol Group then, on September 6, 2022, decided to approve the Decisions and presented these Decisions to the statutory auditor of Picanol Group in accordance with article 7:97, §3 BCAC.

On the advice of the Committee, the Board of Directors has considered that the Decisions were in the interest of Picanol Group for the following reasons:

- The Contribution is in line with the overall strategy of Picanol Group. In the course of 2021 and 2022, Picanol Group already acquired a minority stake in Rieter Holding for strategic reasons, in particular to further diversify its activities in the textile industry. The Contribution would increase the direct participation of Picanol Group in Rieter Holding.
- The Contribution and resulting Capital Increase also constitute a necessary step in the framework of the proposed transaction. The Capital Increase has been contractually agreed between the Parties in the Integration Protocol and is part of the overall transaction. As stated in the press release of Picanol Group of July 13, 2022 at 5:40 pm CET, the Committee already confirmed that it considered that the terms and conditions of the Integration Protocol (including the provisions regarding the Contribution) are market conform and customary. The Contribution and the Capital Increase would also allow the Contribution to be taken into account in determining the Offer Price.
- The Contribution and resulting capital increase would be accompanied by the issue of new shares to Oostiep Group, thus leading to a limited dilution of the participation of the other shareholders of Picanol Group in the capital and equity of Picanol Group, the participation of their shares in the profits and liquidation proceeds as well as other rights attached to their shares such as the statutory preferential subscription right and voting rights. Taking into account the contribution

value and the remuneration for the Contribution, the Capital Increase would on the other hand lead to a relation of the existing shareholders in terms of market capitalisation and a (limited) increase of the amount that each share represents in the statutory and consolidated accounting equity of Picanol Group. The Committee also pointed out to the Board of Directors that, taking into account the volatile stock market price of the shares in Rieter Holding, the fluctuations in this stock market price in the period preceding the EGM should be monitored.

- Finally, the implementation of the capital increase would entail certain costs, such as costs for external advisors as well as notarial costs in the context of the EGM, which are however outweighed by the benefits of a successful transaction. The Committee estimates that the total costs related to the Contribution and Capital Increase will be limited, and would in any event remain below a total cost of 1% of the consolidated net assets of Picanol Group (which is also an exception under article 7:97 BCAC).
- Then, signing the Addendum firstly means that Oostiep Group, which was incorporated on 17 August 2022, is now also bound by the provisions of the Integration Protocol, which is in the interest of all Parties. The accession of Oostiep Group thus mitigates the risk of any subsequent conflict regarding the steps of the process of the proposed transaction and the rights and obligations of Oostiep Group.
- In addition, signing the Addendum has resulted in the Offer Price as originally included in the Integration Protocol (whereby 1 Picanol Group share could be exchanged for 2.43 Tessenderlo Group shares) being updated to the adjusted Offer Price of 2.36 Tessenderlo Group shares for 1 Picanol Group share, as currently determined in the current draft expert opinion of Degroof Petercam and as also used by KBC Securities in its current draft valuation report in relation to the Exchange Offer made at the request of the Board of Directors of Tessenderlo Group. The parties have made this adjustment to the Offer Price on the basis of the data included in the half year reports of Picanol Group and Tessenderlo Group. However, the Offer Price itself does not form part of the Decisions subject to article 7:97 BCAC as it is subject to the final Independent Expert Opinion to be issued. Degroof Petercam is expected to issue its Independent Expert Opinion before the date of the EGM, at which time it will also be made available to the Committee and the Board of Directors of Picanol Group, as well as to the shareholders of Picanol Group. The report of Degroof Petercam will also be included in the prospectus that Tessenderlo Group will submit to the FSMA and which will be published after approval. The Committee will thus be able to rule again on the exchange ratio at the time when the Board of Directors of Picanol Group will take the decision to submit its memorandum of reply to the FSMA in accordance with the Law on Takeover Bids and the Royal Decree on Takeover Bids. Degroof Petercam did confirm to the independent directors of Picanol Group, before issuing its opinion on the Decisions in application of article 7:97 BCAC, under usual reservation, that the preliminary work demonstrates that the proposed amended Exchange Offer Price is reasonable, taking into account the Contribution.
- Furthermore, the Addendum provides for the limited but necessary updating of the provisions of the Integration Protocol relating to the Confirmatory Due Diligence, the regulatory requirements and the conditions precedent of the Exchange Offer, and thus creates generally more clarity between the Parties as to the terms and conditions of the Exchange Offer. In any event, these proposed amendments do not in any way limit the possibilities already provided under the Integration Protocol for Picanol Group and/or the Board of Directors to terminate the Integration Protocol and/or to withdraw its support to the proposed transaction and the Exchange Offer, for example on the basis of the final opinion issued by Degroof Petercam on the Exchange Offer and the reasonableness of the exchange ratio or in the event of certain negative developments which may have an impact on the proposed transaction. In addition, the general support of Picanol Group to the Exchange Offer remains subject to, *inter alia*, the corporate interest of Picanol Group (including the non-realisation of the Contribution as a result of acts or omissions by persons other than Picanol Group). Where appropriate, Tessenderlo Group would still be free to make an Exchange Offer, but this would no longer be done with the support and recommendation of the Board of Directors of Picanol Group.

The general conclusion of the Committee's advice in respect of the Decisions in application of article 7:97 BCAC, which is supported by the Board of Directors of Picanol Group, is set out below (free translation):

"Based on the considerations set out above, the Committee is of the opinion that the proposed Decisions, being the Contribution and Capital Increase to be proposed and the accession by the Company to the Addendum, are not of such a nature that they would cause a disadvantage to the Company which, in light of its current policies, would be manifestly unlawful.

Furthermore, the Committee believes that the proposed Decisions are in the interest of both the Company as its shareholders, and it is unlikely that the proposed Decisions would result in disadvantages to the Company that would not be outweighed by the benefits of the proposed Decisions for the Company."

The conclusion of the statutory auditor of Picanol Group in application of article 7:97 BCAC is set out below (free translation):

"Based on our assessment, nothing has come to our attention that causes us to believe that the financial and accounting data included in the opinion of the Committee of independent directors of September 6, 2022, and in the minutes of the Board of Directors of September 6, 2022, justifying the proposed transaction are not, in all material respects, fair and consistent with the information available to us in the context of our task."

The Committee's opinion, together with the report of the Board of Directors of Picanol Group in accordance with Articles 7:179, §1, first subparagraph and 7:197, §1, first subparagraph BCAC, will be made available in full to the shareholders of Picanol Group at the time of publication of the notice convening the EGM. As stated above, the Independent Expert Opinion will also be made available to the shareholders of Picanol Group once issued by Degroof Petercam.

About Picanol Group

Picanol Group is a diversified industrial group and it is active worldwide in the fields of mechanical engineering, agriculture, food, energy, water management, the efficient (re)use of natural resources and other industrial markets. The group's products are used in a variety of applications, industrial and consumer markets. Picanol Group realized a consolidated turnover of 2.7 billion EUR in 2021. Picanol Group has approximately 7,000 employees worldwide and it is listed on Euronext Brussels (PIC) via Picanol nv.

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This press release is available on the corporate website of Picanol Group: www.picanolgroup.com.

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