

– CONSOLIDATED RESULTS HY22 –

**PICANOL GROUP: STRONG FIRST HALF YEAR
THANKS TO TESSENDERLO GROUP**

1. KEY EVENTS FIRST HALF YEAR 2022

- Picanol launched the OmniPlus-*i* TC *Connect* weaving machine into the Machines & Technologies segment in early 2022. This model, which was specifically made for weaving tire cord, has been upgraded with the latest airjet technology and equipped with the features of the new generation *Connect* weaving machines.
- PsiControl's new production plant in Rasnov (Romania) was commissioned in the first half of 2022 (Machines & Technologies segment).
- Work started in June 2022 on the new headquarters of the Machines & Technologies segment in Ieper (Belgium). The opening of the new office is planned for 2024.
- In February 2022, Tessenderlo Group announced its takeover of the production unit and related activities of Pipelife France. The plant, which is situated in Gaillon (Eure, France), specializes in the production of pipes for gas, water, and cable protection. The acquisition is expected to be completed by the end of September, after which the company will be integrated into the DYKA Group business unit (Industrial Solutions segment). The transaction will not materially affect the group's results.
- The second quarter of 2022 saw the completion of the acquisition of the assets of B.V. Fleuren Tankopslag, which is a tank storage and transshipment company for liquid products, located in the Port of Cuijk (the Netherlands). The activities of Fleuren Tankopslag were integrated into the Tessenderlo Kerley International business unit (Agro segment). This transaction will have no material impact on the group's results.
- Construction work on Tessenderlo Kerley International's new Thio-Sul[®] plant in Geleen (the Netherlands) is scheduled to start in the fourth quarter of 2022. The plant is expected to be operational from the first quarter of 2024.
- Tessenderlo Kerley, Inc. will start the construction of a new plant in Defiance (Ohio, USA) in the third quarter of 2022. This plant will produce the leading liquid and sulfur-based fertilizers Thio-Sul[®], KTS[®], and K-Row 23[®], as well as sulfate chemicals for industrial markets (Agro and Industrial Solutions segments). The plant is scheduled to be operational in the first half of 2024.
- The group also announced in March that Violleau will build a new production line for organic fertilizers in Vénérolles (Aisne, France). The production line will be operational from the second quarter of 2023, and it will be built on the site of the Akiolis plant in Vénérolles. From January 2022, Violleau has been included in the group's Agro segment.
- In early March 2022, Tessenderlo Group submitted another permit application to the Flemish Region for the construction of a new 900 MW combined cycle gas turbine (CCGT) power plant in Tessenderlo (Belgium). This entails an investment of approximately 500 million EUR. Tessenderlo Group expects the Flemish minister's decision on the permit by September 24, 2022, at the latest. However, the new gas plant will only be built when Tessenderlo Group can present a financially profitable project.
- In February 2022, Tessenderlo Group bought back 35.0 million EUR of its outstanding 2022 bonds at a price of 102.875%. This buyback resulted in a cash-out of 36.0 million EUR and the remaining amount of outstanding 2022 bonds, amounted to 130.5 million EUR and was repaid at maturity in July 2022.
- In February 2022, the group also concluded two term loan facilities of 30.0 million EUR each, with terms of 7 years (started in April 2022) and 5 years (starting in August 2022). These two loans, with quarterly capital repayments, have fixed interest rates of 1.17% and 0.94% and are without financial covenants. Both transactions will further reduce the group's liquidity risk and interest costs.

¹ The enclosed information constitutes regulated information as defined in the Royal Decree of November 14, 2007, regarding the duties of issuers of financial instruments which have been admitted for trading on a regulated market.

- The current conflict in Eastern Europe and the subsequent economic and financial sanctions imposed are negatively affecting the supply and purchase prices of raw materials as well as energy prices. This applies in particular to MOP (muriate of potash), the main raw material for SOP fertilizers (sulfate of potash) produced at Tessenderlo Kerley Ham (Belgium). Tessenderlo Group previously purchased MOP mainly in Russia and Belarus, as well as, to a lesser extent, from some other countries. Due to the high MOP inventory position at the start of the year, as well as a revision of the sourcing mix, the supply difficulties had only a limited impact on Tessenderlo Group's profitability during the first six months of 2022. A limited impact is also expected for the second half of 2022, despite the reduced availability. In the first half of 2022 however (as well as the second half of 2021), the exceptionally strong increase in raw material prices had a material negative impact on the results of the Machines & Technologies segment. The increase in energy prices had a negative impact on our various activities, although this could be somewhat limited by our previously concluded forward purchase contracts, as well as by the increase in our sales prices.

After the balance date:

- On July 8, 2022, Tessenderlo Group (Tessenderlo Group nv, Euronext: TESB) and Picanol Group announced their intention to simplify and increase the transparency of the group structure of both companies, with a view to combining them into a single industrial group, with a single stock exchange listing and a single Board of Directors. The proposed transaction envisages the reference shareholders, Luc Tack and Patrick Steverlynck, contributing the Picanol Group shares that they hold, in the context of a voluntary public exchange offer by Tessenderlo Group. The other Picanol Group shareholders (free float: 10.66%) will also be offered the option of becoming direct shareholders of Tessenderlo Group, at the same exchange ratio of 1 Picanol Group share for 2.43 Tessenderlo Group shares. It is the intention of both parties that this integration will be effective as of January 1, 2023.
- Tessenderlo Group has access to committed bilateral agreements with 4 credit institutions for a total amount of 142.5 million EUR (of which a part can be called in USD) until 2024. These agreements were increased in July 2022 to an amount of 250.0 million EUR and the period was extended to July 2027. These facilities contain no financial covenants and ensure maximum flexibility for the various, planned activities. As of June 30, 2022, none of these credit lines had been used.
- In August 2022, Tessenderlo Kerley, Inc. (subsidiary of Tessenderlo Group) acquired the product line Lannate® from Corteva Agriscience. Tessenderlo Kerley's NovaSource® business unit (Agro segment) will add the Lannate® product line to its existing, diversified portfolio of niche crop protection products to agriculture customers worldwide. This crop protection product is used to manage specific difficult to control pests in specific crops such as sweet corn, onions and garlic. The transaction will have no material impact on the results of Tessenderlo Group.

2. FINANCIAL KEY FIGURES

(million EUR)	HY22	HY21	% change
Revenue	1,707.3	1,354.3	26%
Adjusted EBITDA²	266.0	236.0	13%
Adjusted EBIT ³	170.5	140.9	21%
EBIT	180.2	143.0	26%
Profit/(loss) for the period	123.9	117.3	6%
Minority interest	72.7	41.8	74%
Profit/(loss) for the period attributable to the equity holders of the company	51.2	75.4	-32%
Total comprehensive income attributable to the equity holders of the company	79.5	87.7	-9%
Capital expenditure	67.8	48.1	41%
Cash flow from operating activities	103.7	187.0	-45%
Net financial debt	14.5	81.7	-82%

(million EUR)	HY22	HY21	% change
Revenue	1,707.3	1,354.3	26%
Machines & Technologies	367.7	333.3	10%
Agro	546.0	373.5	46%
Bio-valorization	376.8	297.4	27%
Industrial Solutions	380.3	314.9	21%
T-Power	36.5	35.2	4%
Adjusted EBITDA	266.0	236.0	13%
Machines & Technologies	18.4	51.3	-64%
Agro	121.6	75.2	62%
Bio-valorization	50.2	41.8	20%
Industrial Solutions	48.2	42.1	14%
T-Power	27.5	25.6	7%
Adjusted EBIT	170.5	140.9	21%
Machines & Technologies	11.6	45.1	-74%
Agro	86.9	41.2	111%
Bio-valorization	32.5	23.5	38%
Industrial Solutions	31.0	24.3	28%
T-Power	8.6	6.7	28%
EBIT adjusting items	9.7	2.1	361%
EBIT	180.2	143.0	26%

REVENUE

HY22 revenue increased by +26% compared to the same period last year. Machines & Technologies revenue increased by +10%. The revenue of Agro increased by +46%, Bio-valorization revenue increased by +27%, the revenue of Industrial Solutions increased by +21%, and the revenue of T-Power increased by 4%. This revenue increase could be mainly realized thanks to higher sales prices, implemented to compensate the increase of raw material, energy and transportation costs in most segments.

² Adjusted EBITDA equals adjusted EBIT plus depreciation and amortization.

³ Adjusted EBIT is considered by the group to be a relevant performance measure in order to compare results over the period 2021-2022 as it excludes EBIT adjusting items.

ADJUSTED EBITDA

The HY22 Adjusted EBITDA amounts to 266.0 million EUR compared to 236.0 million EUR one year earlier (+13%). The Adjusted EBITDA of segment Machines & Technologies decreased by 64% due to the negative impact of rising component prices. The other 4 segments all contributed to this increase (Agro +62%, Bio-valorization +20%, Industrial Solutions +14%, T-Power +7 %).

NET FINANCIAL DEBT

As per HY22, the group net financial debt decreased from 34.9 million EUR at year-end 2021 to 14.5 million EUR. Leverage amounts to 0.0x as per HY22, compared to 0.1x as per year end 2021.

Short-term borrowings for 183.9 million EUR and 207.4 million EUR long-term borrowings are almost entirely compensated by cash and cash equivalents (376.9 million EUR). The short-term borrowings include the bond, issued in 2015 with a maturity of 7 years, for an amount of 130.5 million EUR, which matured and was reimbursed in July 2022. Excluding the IFRS 16 lease liabilities, the group net cash position as per HY22 would have amounted to 41.6 million EUR compared to 21.6 million EUR as per year-end 2021.

In February 2022, Tessenderlo Group repurchased 35.0 million EUR of its outstanding 2022 bonds at a price of 102.875%. This repurchase resulted in a cash-out of 36.0 million EUR. Also in February 2022, the group agreed two term loan credit facilities for 30.0 million EUR each, with a maturity of 7 years (started in April 2022) and a maturity of 5 years (starting August 2022) respectively. These loans, with quarterly capital reimbursements, have a fixed interest rate of 1.17% and 0.94% respectively, and contain no financial covenants. Both transactions will further reduce the liquidity risk as well as the interest costs of the group.

PROFIT (+) / LOSS (-) FOR THE PERIOD ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY

The HY22 profit amounts to 51.2 million EUR compared to 75.4 million EUR in HY21. The profit was negatively impacted by the non-realized financial loss on the Rieter shares, resulting from the fair value revaluation at the share price of June 30 (-33.3 million EUR).

CASHFLOW FROM OPERATING ACTIVITIES

The HY22 cash flow from operating activities amounts to 103.7 million EUR, compared to 187.0 million EUR in HY21. The decrease, despite the higher operational results, can be explained by a higher capital expenditure (-19.7 million EUR compared to HY21) and higher working capital needs (-143.4 million EUR in HY22, compared to -15.7 million EUR in HY21), mainly linked to higher raw material costs, which led to a higher inventory valuation, an increase of trade receivables following higher sales prices and higher inventory levels due to supply chain disruptions.

3. OUTLOOK

The following statements are forward-looking and actual results may differ materially.

The group anticipates a continued high level of uncertainty in the second half of 2022, as well as in 2023, due to the current conflict in Eastern Europe, the difficult supply chain circumstances, and other challenges following the coronavirus pandemic. The development of customer demand and sales margin could therefore come under pressure. However, based on currently available information, Picanol Group expects that the 2022 Adjusted EBITDA will be higher than the 2021 Adjusted EBITDA (430.3 million EUR). This revised outlook for the 2022 financial year reflects the strong first half of the year, while the result for the second half is expected to be in line with the same period in the previous year.

The group wishes to emphasize that it currently operates in a volatile geopolitical, economic, financial, and health environment.

4. OPERATING SEGMENTS PERFORMANCE REVIEW

MACHINES & TECHNOLOGIES			
<i>(million EUR)</i>	HY22	HY21	% change
Revenue	367.7	333.3	10%
Adjusted EBITDA	18.4	51.3	-64%
Adjusted EBITDA margin	5%	15%	
Adjusted EBIT	11.6	45.1	-74%
Adjusted EBIT margin	3%	14%	

In the first half of 2022, revenue increased by +10%. This increase in revenue took place both in weaving machines (Picanol) and other industrial activities (Proferro, PsiControl). However, HY22 Adjusted EBITDA decreased by 64% compared to last year due to the negative impact of rising raw material prices, transportation costs and costs of late deliveries, which could not be translated into higher selling prices, partly due to the large order book.

AGRO			
<i>(million EUR)</i>	HY22	HY21	% change
Revenue	546.0	373.5	46%
Adjusted EBITDA	121.6	75.2	62%
Adjusted EBITDA margin	22%	20%	
Adjusted EBIT, excl. fair value adjustment	105.5	59.8	76%
Adjusted EBIT margin excl. fair value adjustment	19%	16%	
Adjusted EBIT	86.9	41.2	111%
Adjusted EBIT margin	16%	11%	

HY22 revenue increased by +46%, thanks to an increase of sales prices, implemented in 2021 and HY22 to compensate the higher raw material, energy and transportation costs.

The Adjusted EBITDA increased by +62% compared to prior year. The Adjusted EBITDA of Crop Vitality, Tessenderlo Kerley International and NovaSource increased thanks to favorable market circumstances.

With effect from 2022, Violleau (organic agricultural solutions) is included in the Agro segment, however its contribution to the results is not considered to be significant.

BIO-VALORIZATION			
<i>(million EUR)</i>	HY22	HY21	% change
Revenue	376.8	297.4	27%
Adjusted EBITDA	50.2	41.8	20%
Adjusted EBITDA margin	13%	14%	
Adjusted EBIT, excl. fair value adjustment	33.5	24.5	37%
Adjusted EBIT margin excl. fair value adjustment	9%	8%	
Adjusted EBIT	32.5	23.5	38%
Adjusted EBIT margin	9%	8%	

Revenue increased by +27%, mainly thanks to an improved product mix and market prices for fats and proteins that increased substantially. Sales prices for gelatin products were increased in HY22 to compensate the higher raw material, energy, and transportation costs.

The HY22 Adjusted EBITDA increased compared to prior year (+20%) thanks to favorable market circumstances for fats and proteins, and recovered margins of gelatin products.

INDUSTRIAL SOLUTIONS			
<i>(million EUR)</i>	HY22	HY21	% change
Revenue	380.3	314.9	21%
Adjusted EBITDA	48.2	42.1	14%
Adjusted EBITDA margin	13%	13%	
Adjusted EBIT, excl. fair value adjustment	35.1	28.4	24%
Adjusted EBIT margin excl. fair value adjustment	9%	9%	
Adjusted EBIT	31.0	24.3	28%
Adjusted EBIT margin	8%	8%	

Industrial Solutions revenue increased by +21% in the first half of 2022, mainly thanks to DYKA Group, where revenue was positively impacted by product mix and increased sales prices, implemented to compensate the higher raw material, energy and transportation costs.

The Adjusted EBITDA increased by +6.1 million EUR or increased by +14%. The Adjusted EBITDA of DYKA Group was positively impacted by an improved product mix, a further increase of production efficiency based on investments made and timely pricing management to offset the significant increases of transportation expenses and raw material and energy costs (which are not yet fully reflected in the cost of goods sold).

The Adjusted EBITDA of moleko decreased, which was more than offset by an increase of the Kuhlmann Europe Adjusted EBITDA.

T-POWER			
<i>(million EUR)</i>	HY22	HY21	% change
Revenue	36.5	35.2	4%
Adjusted EBITDA	27.5	25.6	7%
Adjusted EBITDA margin	75%	73%	
Adjusted EBIT	8.6	6.7	28%
Adjusted EBIT margin	24%	19%	

The revenue of T-Power remained stable at 36.5 million EUR, while the Adjusted EBITDA increased to 27.5 million EUR. These results were in line with expectations, as T-Power nv fulfilled all tolling agreement requirements, while HY21 also included development expenses for the intended construction of a second gas-fired power plant in Tessenderlo (Belgium).

5. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS JUNE 30, 2022

The 2022 interim report can be found on www.picanolgroup.com. The half year information has been subject to a limited review by external auditors. Reference is made to the independent auditor's review report in the interim report.

CONDENSED CONSOLIDATED INCOME STATEMENT

(million EUR)	HY22	HY21
Revenue	1,707.3	1,354.3
Cost of sales	-1,317.0	-1,025.6
GROSS PROFIT	390.3	328.7
Distribution expenses	-85.6	-65.3
Administrative expenses	-74.1	-66.7
Sales and marketing expenses	-44.0	-38.3
Other operating income and expenses	-16.0	-17.4
Adjusted EBIT	170.5	140.9
EBIT adjusting items	9.7	2.1
EBIT (PROFIT/(LOSS) FROM OPERATIONS)	180.2	143.0
Finance income	38.4	15.7
Finance cost	-59.9	-11.7
Finance (costs) / income - net	-21.5	4.0
Share of result of equity accounted investees, net of income tax	2.5	0.2
PROFIT (+) / LOSS (-) BEFORE TAX	161.3	147.3
Income tax expense	-37.4	-30.0
PROFIT (+) / LOSS (-) FOR THE PERIOD	123.9	117.3
Profit (+) / loss (-) for the period. attributable to the non-controlling interest	72.7	41.8
PROFIT (+) / LOSS (-) FOR THE PERIOD. ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY	51.2	75.4
Basic earnings per share (in EUR)	2.9	4.3
Diluted earnings per share (in EUR)	2.9	4.3

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(million EUR)	HY22	HY21
PROFIT (+) / LOSS (-) FOR THE PERIOD	123.9	117.3
Translation differences ⁴	28.6	10.0
Net change in fair value of derivative financial instruments, before tax	3.7	1.1
Income tax on other comprehensive income	-0.9	-0.3
Share in other comprehensive income of joint ventures accounted for using the equity method	0.0	0.0
Items of other comprehensive income that are or may be reclassified subsequently to profit or loss:	31.4	10.8
Remeasurements of the net defined benefit liability, before tax	28.2	15.2
Income tax on other comprehensive income	-4.1	-1.0
Items of other comprehensive income that will not be reclassified subsequently to profit or loss:	24.1	14.2
Other comprehensive income, net of income tax	55.5	25.0
TOTAL COMPREHENSIVE INCOME	179.4	142.3
Total comprehensive income attributable to the non-controlling interest	99.9	54.6
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY	79.5	87.7

⁴ The translation differences are mainly due to the weakening of the EUR against the USD by -9% (HY21: -3%).

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(million EUR)</i>	30/06/2022	31/12/2021
TOTAL NON-CURRENT ASSETS	1,676.9	1,700.9
Property, plant and equipment	1,120.0	1,086.0
Goodwill	42.1	42.1
Intangible assets	369.4	401.6
Investments accounted for using the equity method	24.4	19.2
Other investments and guarantees	69.8	101.2
Deferred tax assets	27.8	34.5
Trade and other receivables	23.3	16.1
TOTAL CURRENT ASSETS	1,535.4	1,331.2
Inventories	580.9	486.2
Trade and other receivables	562.1	459.0
Current tax assets	13.9	8.5
Derivative financial instruments	1.5	0.6
Short term investments	0.0	10.0
Cash and cash equivalents	376.9	366.7
Assets held for sale	0.2	0.2
TOTAL ASSETS	3,212.3	3,032.0
Equity attributable to equity holders of the company	1,068.9	992.8
Issued capital	21.7	21.7
Share premium	1.5	1.5
Reserves & retained earnings	1,045.7	969.6
Non-controlling interest	795.2	695.6
TOTAL EQUITY	1,864.2	1,688.4
TOTAL NON-CURRENT LIABILITIES	562.7	588.0
Loans and borrowings	207.4	196.2
Employee benefits	41.1	59.9
Provisions	130.4	138.3
Trade and other payables	3.3	4.1
Derivative financial instruments	14.2	20.7
Deferred tax liabilities	166.1	168.8
TOTAL CURRENT LIABILITIES	785.5	755.7
Bank overdrafts	0.0	0.1
Loans and borrowings	183.9	215.3
Trade and other payables	568.2	513.9
Derivative financial instruments	5.0	8.6
Current tax liabilities	10.2	2.7
Employee benefits	1.3	1.5
Provisions	16.9	13.6
TOTAL EQUITY AND LIABILITIES	3,212.3	3,032.0

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(million EUR)</i>	HY22	HY21
PROFIT (+) / LOSS (-) FOR THE PERIOD	123.9	117.3
Depreciation, amortization and impairment losses on tangible and intangible assets	95.4	95.1
Changes in provisions	-4.3	-4.2
Finance income	-38.4	-15.7
Finance cost	59.9	11.7
Loss/(profit) on sale of non-current assets	-0.5	-1.1
Share of result of equity accounted investees, net of income tax	-2.5	-0.2
Income tax expense	37.4	30.0
Changes in inventories	-88.2	25.7
Changes in trade and other receivables	-88.7	-103.2
Changes in trade and other payables	47.9	61.2
Write-offs on inventories	6.5	-4.9
Other cash flows from operating activities	-4.9	0.0
Cash from operating activities	143.5	211.6
Income tax paid	-39.8	-24.6
Dividends received	0.0	0.1
Cash flow from operating activities	103.7	187.0
Acquisition of property, plant and equipment and intangible assets	-67.8	-48.1
Acquisition of shares	-1.6	-50.9
Cash deposit paid for prequalification CRM auction (T-Power)	0.0	-16.3
Proceeds from the sale of property, plant and equipment	0.6	0.6
Dividends received	1.3	0.0
Increase in short term investments	0.0	-40.0
Decrease in short term investments	10.0	20.0
Cash flow from investing activities	-57.5	-134.6
Acquisition of non-controlling interest	-3.4	-45.5
Sales of treasury shares by subsidiaries	-0.6	0.0
Payment of lease liabilities	-11.0	-11.2
Proceeds from new borrowings	32.0	11.5
(Reimbursement) of borrowings	-49.8	-34.1
Interest paid	-5.5	-5.9
Interest received	2.4	2.5
Dividends paid	-3.5	0.0
Other cash flows from financing activities	-0.6	2.2
Cash flow from financing activities	-40.1	-80.5
Net increase / (decrease) in cash and cash equivalents	6.1	-28.2
Effect of exchange rate differences	4.1	1.4
Cash and cash equivalents less bank overdrafts at the beginning of the period	366.7	345.9
Cash and cash equivalents less bank overdrafts at the end of the period	376.9	319.2

6. FINANCIAL CALENDAR

2022 results

March 23, 2023

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.

For further information please contact:

Frederic Dryhoel, at +32 (0)57 222 364 or by e-mail: frederic.dryhoel@picanol.be.

This press release is also available on the Picanol Group corporate website:

www.picanolgroup.com.

The Dutch version of this press release is to be considered as the reference.

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