INTERIM REPORT
Regulated information[1]
Ieper, August 25, 2022 – 8:00 am CET

PICANOL GROUP INTERIM REPORT FOR THE 6 MONTH PERIOD ENDED JUNE 30, 2022[2]

[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.
[2] Note that Picanol Group published, in addition to this interim report, also a press release on the HY22 results. This press release can be consulted on our website www.picanolgroup.com.

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1. MANAGEMENT REPORT

1.1. KEY EVENTS

- 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, Tessenderlo 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.
- 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 year 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 all 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.

1.2. GROUP KEY FIGURES

(million EUR)	HY22	HY21	% change
Revenue	**1,707.3**	**1,354.3**	**26%**
Adjusted EBITDA[3]	**266.0**	**236.0**	**13%**
Adjusted EBIT[4]	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 offset the increase of raw material, energy and transportation costs in most segments.

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 %).

[3] Adjusted EBITDA equals adjusted EBIT plus depreciation and amortization.
[4] 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.

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.

1.3. OPERATING SEGMENTS PERFORMANCE REVIEW

MACHINES & TECHNOLOGIES			
(million EUR)	**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			
(million EUR)	**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 offset 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			
(million EUR)	**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 offset 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			
(million EUR)	**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 an improved product mix and increased sales prices, implemented to offset 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			
(million EUR)	**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).

2. STATEMENT ON THE TRUE AND FAIR VIEW OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND THE FAIR OVERVIEW OF THE MANAGEMENT REPORT

Mr. Stefaan Haspeslagh (Chairman) and Mr. Luc Tack (Managing Director) certify, on behalf and for the account of Picanol Group, that, to their knowledge,

a) the condensed consolidated interim financial statements, which have been prepared in accordance with IAS 34 "*Interim Financial Reporting*" as adopted by the European Union, give a true and fair view of the financial position, income statement, statement of comprehensive income and statement of cash flows of the company, and the entities included in the consolidation as a whole,

b) the management report includes a fair overview of the information required under Article 13, §5 and §6 of the Royal Decree of November 14, 2007, on the obligations of issuers of financial instruments admitted to trading on a regulated market.

3. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS JUNE 30, 2022

3.1. CONDENSED CONSOLIDATED INCOME STATEMENT

(million EUR)	Notes	HY22	HY21
Revenue	6	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	6	**170.5**	**140.9**
EBIT adjusting items	8	9.7	2.1
EBIT (PROFIT/(LOSS) FROM OPERATIONS)		**180.2**	**143.0**
Finance income	9	38.4	15.7
Finance cost	9	-59.9	-11.7
Finance (costs) / income - net	9	**-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	10	-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)	15	2.9	4.3
Diluted earnings per share (in EUR)	15	2.9	4.3

3.2. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(million EUR)	Notes	HY22	HY21
PROFIT (+) / LOSS (-) FOR THE PERIOD		**123.9**	**117.3**
Translation differences[5]		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	17	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**

The accompanying notes are an integral part of these condensed consolidated interim financial statement.

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

3.3. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(million EUR)	Notes	30/06/2022	31/12/2021
TOTAL NON-CURRENT ASSETS		**1,676.9**	**1,700.9**
Property, plant and equipment	12	1,120.0	1,086.0
Goodwill		42.1	42.1
Intangible assets	12	369.4	401.6
Investments accounted for using the equity method		24.4	19.2
Other investments and guarantees	6	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	13	580.9	486.2
Trade and other receivables	13	562.1	459.0
Current tax assets	10	13.9	8.5
Derivative financial instruments		1.5	0.6
Short term investments	14/16	0.0	10.0
Cash and cash equivalents	14/16	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	19	**795.2**	**695.6**
TOTAL EQUITY		**1,864.2**	**1,688.4**
TOTAL NON-CURRENT LIABILITIES		**562.7**	**588.0**
Loans and borrowings	16	207.4	196.2
Employee benefits	17	41.1	59.9
Provisions		130.4	138.3
Trade and other payables		3.3	4.1
Derivative financial instruments	18	14.2	20.7
Deferred tax liabilities		166.1	168.8
TOTAL CURRENT LIABILITIES		**785.5**	**755.7**
Bank overdrafts	16	0.0	0.1
Loans and borrowings	16	183.9	215.3
Trade and other payables	13	568.2	513.9
Derivative financial instruments	18	5.0	8.6
Current tax liabilities	10	10.2	2.7
Employee benefits	17	1.3	1.5
Provisions		16.9	13.6
TOTAL EQUITY AND LIABILITIES		**3,212.3**	**3,032.0**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

3.4. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(million EUR)	Note	Issued capital	Share premium	Other reserves and retained earnings	Translation differences	Repurchase treasury shares by subsidiaries	Equity attributable to equity holders of the company	Non-controlling interest	Total equity
Balance on January 1, 2022		**21.7**	**1.5**	**1,007.5**	**-33.7**	**-4.2**	**992.8**	**695.6**	**1,688.4**
Profit (+) / loss (-) for the period				51.2			51.2	72.7	123.9
Other comprehensive income:									
- Translation differences					14.7		14.7	13.9	28.6
- Remeasurements of the net defined benefit liability, net of tax	17			12.3			12.3	11.9	24.1
- Net change in fair value of derivative financial instruments, net of tax				1.4			1.4	1.4	2.8
- Other movements				-1.1	1.1		0.0	0.0	0.0
Comprehensive income, net of income taxes		**0.0**	**0.0**	**64.8**	**14.7**		**79.5**	**99.9**	**179.4**
Transactions with owners, recorded directly in equity									
- Treasury shares sold by subsidiaries				-1.4		3.3	1.9	1.4	3.3
- Dividends				-3.5			-3.5	0.0	-3.5
- Acquisition of NCI without a change in control	19			-1.6	-0.1		-1.7	-1.7	-3.4
Total contributions by and distributions to owners		**0.0**	**0.0**	**-6.5**	**-0.1**	**3.3**	**-3.3**	**-0.3**	**-3.7**
Balance on June 30, 2022		**21.7**	**1.5**	**1,064.7**	**-18.1**	**-0.9**	**1,068.9**	**795.2**	**1,864.2**

(million EUR)	Note	Issued capital	Share premium	Other reserves and retained earnings	Translation differences	Equity attributable to equity holders of the company	Non-controlling interest	Total equity
Balance on January 1, 2021		**21.7**	**1.5**	**836.2**	**-43.2**	**816.3**	**647.6**	**1,463.8**
Profit (+) / loss (-) for the period				75.4		75.4	41.8	117.3
Other comprehensive income:								
- Translation differences					5.1	5.1	4.9	10.0
- Remeasurements of the net defined benefit liability, net of tax	17			6.8		6.8	7.4	14.2
- Net change in fair value of derivative financial instruments, net of tax				0.4		0.4	0.4	0.8
- Other movements				0.0		0.0	0.0	0.0
Comprehensive income, net of income taxes		**0.0**	**0.0**	**82.6**	**5.1**	**87.7**	**54.6**	**142.3**
Transactions with owners, recorded directly in equity								
- Shares issued				0.0		0.0		0.0
- Dividends						0.0		0.0
- Acquisition of NCI without a change in control	19			-2.8	-2.9	-5.7	-39.8	-45.5
Total contributions by and distributions to owners		**0.0**	**0.0**	**-2.8**	**-2.9**	**-5.7**	**-39.8**	**-45.5**
Balance on June 30, 2021		**21.7**	**1.5**	**916.0**	**-41.0**	**898.3**	**662.4**	**1,560.6**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

3.5. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(million EUR)	Notes	HY22	HY21
PROFIT (+) / LOSS (-) FOR THE PERIOD		**123.9**	**117.3**
Depreciation, amortization and impairment losses on tangible and intangible assets	6	95.4	95.1
Changes in provisions		-4.3	-4.2
Finance income	9	-38.4	-15.7
Finance cost	9	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	10	37.4	30.0
Changes in inventories	13	-88.2	25.7
Changes in trade and other receivables	13	-88.7	-103.2
Changes in trade and other payables	13	47.9	61.2
Write-offs on inventories	6	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	10	-39.8	-24.6
Dividends received	21	0.0	0.1
Cash flow from operating activities		**103.7**	**187.0**
Acquisition of property, plant and equipment and intangible assets	6/12	-67.8	-48.1
Acquisition of shares	7	-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	14/16	0.0	-40.0
Decrease in short term investments	14/16	10.0	20.0
Cash flow from investing activities		**-57.5**	**-134.6**
Acquisition of non-controlling interest	19	-3.4	-45.5
Sales of treasury shares by subsidiaries		-0.6	0.0
Payment of lease liabilities	16	-11.0	-11.2
Proceeds from new borrowings	16	32.0	11.5
(Reimbursement) of borrowings	16	-49.8	-34.1
Interest paid	9	-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	**14/16**	**6.1**	**-28.2**
Effect of exchange rate differences	14/16	4.1	1.4
Cash and cash equivalents less bank overdrafts at the beginning of the period	14/16	**366.7**	**345.9**
Cash and cash equivalents less bank overdrafts at the end of the period	14/16	**376.9**	**319.2**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

3.6. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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1. REPORTING ENTITY

Picanol nv (hereafter referred to as 'the company'), the parent company, is a company domiciled in Belgium. The condensed consolidated interim financial statements for the six month period ended June 30, 2022, comprises the company, its subsidiaries (together referred to as 'the group') and the group's interests in jointly controlled entities and associates.

2. STATEMENT OF COMPLIANCE

This condensed consolidated interim financial statements for the six month period ended June 30, 2022, have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 *Interim Financial Reporting*, as adopted for use by the European Union. It does not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the group as at and for the year ended December 31, 2021, which have been prepared in accordance with IFRS. The condensed consolidated financial information is denominated in EUR, the functional currency of the group, and rounded in million EUR.

These condensed consolidated interim financial statements were approved by the Board of Directors on August 24, 2022. This condensed consolidated interim financial statements have been reviewed, not audited.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used by the group in the present condensed consolidated interim financial statements are consistent with those used in the preparation of the consolidated financial statements as at and for the year ended December 31, 2021.

There are no new or amended standards or interpretations that are effective for the first time for the interim report for the six-month period ended June 30, 2022, that had a significant impact on the condensed consolidated interim financial statements.

For the six-month period ended June 30, 2022, the group has not early adopted any standard, interpretation or amendment that has been issued, but is not yet effective. The group is currently assessing the new rules, and at this stage, is not expecting any of these new rules to have a significant impact on the financial statements of the group.

The following exchange rates have been used in preparing the condensed consolidated interim financial statements:

	Closing rate		Average rate	
1 EUR equals:	**30/06/2022**	**31/12/2021**	**30/06/2022**	**30/06/2021**
Brazilian real	5.4229	6.3101	5.5565	6.4902
Chinese yuan	6.9624	7.1947	7.0823	7.7960
Costa Rican colón	716.4800	725.5900	715.8918	737.5666
Czech crown	24.7390	24.8580	24.6485	25.8541
Hungarian forint	397.0400	369.1900	375.1294	357.8797
Indian rupee	82.1130	84.2292	83.3179	88.4126
Polish zloty	4.6904	4.5969	4.6354	4.5374
Pound sterling	0.8582	0.8403	0.8424	0.8680
Romanian leu	4.9464	4.9490	4.9457	4.9016
Swiss franc	0.9960	1.0331	1.0319	1.0946
Turkish lira	17.3220	15.2335	16.2579	9.5226
US dollar	1.0387	1.1326	1.0934	1.2053

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the condensed consolidated interim financial statements in conformity with IFRS as adopted for use by the European Union requires management to make judgments, estimates and assumptions that affect the application of the accounting policies, the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated interim financial statements and the reported amounts of revenue and expenses during the reporting period. Management bases its estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making the reported amounts of revenue and expenses that may not be readily apparent from other sources. Actual results could differ from those estimates.

The areas of judgements, estimates and assumptions used in preparing the condensed consolidated interim financial statements for June 30, 2022, are the same as those applied and disclosed in the consolidated financial statements at December 31, 2021.

5. RISKS AND UNCERTAINTIES

Under the explicit understanding that this is not an exhaustive list, the main risk factors and uncertainties for the group for the second semester of 2022 are listed below. Additional risks of which the group is not aware may possibly exist. There may also be risks that the group currently believes to be unimportant, but which can still have an adverse effect. The order in which the individual risks are presented is neither indicative of their likelihood to occur, nor of the severity or significance of the individual risks. Please note that in the 2021 annual report additional risks were included. For a more detailed overview of the major risks for the group, we refer to our 2021 annual report.

- **Political risk**

The current conflict in Eastern Europe and Ukraine and the subsequent economic and financial sanctions imposed negatively affects the supply and purchase price of raw materials as well as of energy. This applies in particular to MOP (muriate of potash), the main raw material for SOP fertilizers (potassium sulphate) produced in Tessenderlo Kerley Ham (Belgium). Tessenderlo Group previously purchased MOP mainly in Russia and Belarus, as well as, to a lesser extent, in 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 profitability during the first six months of 2022. Only a limited impact is also expected for the second half of 2022.

The increase in energy prices had a negative impact on our various activities, although this could be somewhat limited by the previously concluded forward purchase contracts, as well as by the increase in sales prices.

- **Risk of an outbreak of an epidemic with a large geographical reach or pandemic**

Due to its global presence, the group may be subject to the consequences of the local or worldwide spread of viruses that pose a risk to public health and may be serious and unexpected. Such outbreaks may have an impact on social life and the economy. The group believes that it is difficult to estimate the impact that the regional spread of viruses or a pandemic could have on the economies in which we operate, and therefore the impact that these factors could have on our financial results.

- **The group is exposed to climate risks**

Particularly in the operating segments Agro and Industrial Solutions, exceptional weather conditions, such as sustained heat waves, flooding or natural disasters can have an important impact on the operational results. Risks associated with climate change are increasing in frequency and severity, inducing challenges with rising input costs (energy, water, and materials,…) and ultimately risks for our assets. This trend requires a more comprehensive approach to managing the risks relevant to the changing environment in which the company operates and which ensures our stakeholders that our future growth is sustainable.

- **The group is exposed to the risk of information technology failures**

The group increasingly makes use of information technology systems to process, transmit and store electronic information and as such, to operate efficiently and interface. A significant portion of the communication between the group’s personnel, customers and suppliers depends on information technology. The group is dependent on information systems to manage inventory, accounting, purchasing and sales applications and to maintain cost efficient operations. As with all large systems, the group’s information systems may be vulnerable to a variety of interruptions due to events beyond its control, including, but not limited to, natural disasters, terrorist attacks, telecommunication failures, computer viruses, hackers or other security issues. These or other similar interruptions may disrupt the group's business, results of operation or financial condition.

- **The group depends on the availability of sufficient volumes of raw materials with the required specifications at competitive prices**

The group depends on the availability of sufficient volumes of raw materials, which meet the required specifications, against competitive prices. While the group sources most of its raw materials from multiple suppliers, some raw materials are sourced from only few suppliers. As such, the group relies on a number of third party suppliers and other business partners. If the market prices fall below the agreed minimum prices, the group may be required to purchase products at above-market prices.

- **If the group is unable to sell, store, re-utilize or dispose of certain components that it produces, it may be required to limit or reduce its overall production levels**

The group's operations are dependent on its ability to sell, store, re-utilize or otherwise dispose of certain components (such as by-products and co-products) which are produced in the course of the production process of various products. There can be no assurance that the group will be able to do this in the future and will not be required to reduce its overall production levels or invest in new treatment processes.

- **The group's results are dependent on weather conditions and are subject to seasonality**

Several of the group's activities are dependent on weather conditions. The group also has activities which are also subject to seasonality, whereby products are sold within a short timeframe. Products of the group's Agro operating segment must be supplied to the customers during the planting season. Bad weather conditions can disrupt this process, reduce the possibility to apply product and/or reduce the need for products. The group also sells products in the construction markets in several countries in the northern hemisphere, which are typically affected by winter weather conditions (operating segment Industrial Solutions).

- **The group's current and future investments and/or constructions are subject to the risk of delays, cost overruns and other complications, and may not achieve the expected returns**

The group currently has new projects which are under construction or in ramp-up phase. In addition, the group is implementing a number of major investment projects that are key to its strategy. These projects may be delayed, exceed the budget or the utilized technology may prove to be inadequate or may fail to reach the expected return.

- **The group is exposed to an energy off-take agreement**

The group sold the majority of its PVC/Chlor-Alkali activities in the third quarter of 2011. The electricity purchase agreement relating to that activity was not part of the sale transaction and therefore the group is still under an obligation to purchase certain quantities of electricity. As the group no longer needs the electricity for its own use, it needs to sell the electricity on the market until the end of the contract. The value of the contract is depending on the current and future difference between market electricity prices and the generation cost based on market gas prices, and on the effect of the hourly pricing optimization as foreseen in the contract. Based on today's electricity prices and the current price of electricity futures, the contract has a negative value in the condensed consolidated interim financial statements as per June 30, 2022 (-10.6 million EUR).

- **The group's results are sensitive to commodity prices**

The company is particularly sensitive to the fluctuations of the following raw materials: ammonia, potassium chloride and sulfur for the production of fertilizers, polyvinyl chloride for the production of plastic piping systems, pig and beef bones and hides for the gelatin production and different metals such as scrap metal, steel plate, cupper, ... in the Machines & Technologies segment. The group's most important purchase contracts are centralized at group or business unit level. This method allows the Company to strengthen its negotiating position. To the extent possible, price fluctuations are, where possible, translated into its sales prices of the products. We consider that, in normal circumstances and given the high inventory rotation, volatile raw material prices should have no material impact on the carrying amounts of the applicable assets and liabilities. In 2022 however (and also the latter half of 2021), the exceptionally strong increase in raw material prices had a material negative impact on the group's results, mainly within the Machines & Technologies segment. The increase in raw material prices in 2022 was unprecedented compared to previous years, which meant that the group was unable to fully translate these price increases into its sales prices.

- **The group may be exposed to product liability and warranty claims, including but not limited to liability in respect of food safety**

The group's products are subject to increasingly stringent industry, regulatory and customer requirements. The activities of the group may expose the group to product liability and warranty claims. The products manufactured by the group are used in various downstream applications including, but not limited to, the food, cosmetics, nutraceutical and pharmaceutical industry and may contain undetected errors or defects, which may lead, for example, to product recalls, increased customer service and support, payment of monetary damages to customers, lawsuits and loss of customers. In addition, the group cannot exclude that customers incorrectly apply the group's products.

- **The group may not be able to recruit and retain key personnel**

The group may not be able to recruit and retain competent personnel for key roles. The group's success depends to a significant extent upon its ability to attract and retain qualified management, scientific, technical, marketing and sales personnel and upon the continued contributions of such personnel. The group's employees may voluntarily terminate their employment at any time. There is no guarantee that the group will be successful in attracting and/or retaining qualified employees to replace existing employees or to further support its growth strategy. The loss of the services of key personnel or the inability to attract additional qualified personnel may have a material adverse effect on the business and its expertise, results of operation or financial condition. Potential impacts might include: loss of knowledge of key systems and specialized skills resulting in a skills and competency gap, high staff turnover, customer dissatisfaction, failure to meet business objectives, increased re-hiring costs, loss of customers because of the customer-employee relationships. Although the group believes that it is well positioned to attract and retain skilled and experienced personnel, there can be no assurance that it will be able to do so. The inability to do so could have a material adverse effect on the group's business, results of operation or financial condition.

- **The group may be exposed to circumstances of geo-political nature**

The group could be impacted by the political uncertainty caused by circumstances of geo-political nature that could have an impact on the consumer trust.

- **Risk related to the development of the economic and business cycle**

The future results of the group's Machines & Technologies segment are highly dependent on the evolution of the textile industry. Unexpected changes in the economic climate, customers' investment cycles, important developments in production and market acceptance of technologies may affect these industries and, consequently, the group's results.

- **The group is exposed to a variety of financial risks such as credit risk, liquidity risk, currency risk and interest risk**

  - **Credit risk**

    The maximum exposure to credit risk amounts to 974.6 million EUR as of June 30, 2022 (year-end 2021: 862.9 million EUR). This amount mainly consists of current and non-current trade and other receivables (585.4 million EUR), loans granted (10.9 million EUR, included within "Other investments and guarantees"), derivative financial instruments (1.5 million EUR), and cash and cash equivalents (376.9 million EUR).

  - **Liquidity risk**

    The group limits this risk through a series of actions:
    - A factoring program, set up at the end of 2009, and which was put on hold since 2015.
    - A Belgian commercial paper program of maximum 200.0 million EUR (no amount outstanding as per June 30, 2022, nor at December 31, 2021).
    - Committed bi-lateral agreements with four banks for a total amount of 142.5 million EUR (of which part can be drawn in USD) till 2024. In July 2022, these agreements have been renewed to a total amount of 250.0 million EUR, while the term has been extended till July 2027. These committed bi-lateral agreements have no financial covenants and ensure maximum flexibility for the different activities. As per June 30, 2022 none of these credit lines were used.
    - In HY22, Tessenderlo Group nv has drawn a new credit facility of 30.0 million EUR with a maturity of 7 years. The group also agreed to a credit facility for 30.0 million EUR starting in August 2022 with a maturity of 5 years. These loans contain no financial covenants.
    - Picanol nv has non-committed credit lines for 52.1 million EUR excluding bank guarantees or 69.1 million EUR including bank guarantees.

- **Currency risk**
  The currencies given rise to this risk is primarily USD (US Dollar). This exposure is mainly due to intragroup loans and cash and cash equivalents which are not hedged.

- **Interest risk**
  The financial debt position is funded by fixed and variable interest rate instruments. The variable interest rate instruments are, for the majority, hedged through forward rate agreements. The bonds, issued in July 2015 for an amount of 192.0 million EUR with a maturity of 7 years and 58.0 million EUR with a maturity of 10 years, are the main fixed interest rate instruments with an interest rate of 2.875% and 3.375% respectively. In February 2022, the group repurchased 35.0 million EUR of its outstanding 2022 bonds at a price of 102.875%. This purchase resulted in a cash-out of 36 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.

  The T-Power nv loan (102.9 million EUR as per June 30, 2022) is a variable interest rate instrument, for approximately 80% hedged through a series of interest rate swaps.

6. SEGMENT REPORTING

The group has 5 operating segments based on the principal business activities, economic environments and value chains in which they operate, as defined under IFRS 8 *Operating Segments*. The customers and main markets of these segments are different. The 5 operating segments fulfill the quantitative thresholds and are reported separately. The information provided below is consistent with the information that is available and evaluated regularly by the Chief Operating Decision Maker (the Executive Committee).

- 'Machines & Technologies': covers the production, development and sale of high-tech weaving machines and other "*original equipment manufacturers*" industrial products. This segment includes the Weaving Machines (Picanol), Foundry and Mechanical Finishing (Proferro), and Electronics Development and Production (PsiControl) activities. These components are not considered to be separate operating segments.
- 'Agro': includes production, trading and distribution of crop nutrients and crop protection products and includes the following businesses: Crop Vitality, Tessenderlo Kerley International, NovaSource and Violleau. These activities individually meet the definition of a business segment and were aggregated under the operating segment "Agro" in line with the stipulations under IFRS 8.12. This aggregation was possible because these activities sell the same or similar products, their production process is similar and these activities have the same or the same type of customers, while the distribution method of the products is also similar. In addition, there is close cooperation between these activities and management makes decisions that simultaneously have an impact on the various activities.
- 'Bio-valorization': includes collecting and processing of animal by-products; production and distribution of gelatins and collagen peptides and rendering, production and sales of proteins and fats and includes the following businesses: PB Leiner and Akiolis. These activities individually meet the definition of a business segment and were aggregated under the segment "Bio-valorization" in line with the stipulations under IFRS 8.12. This aggregation was possible because these activities sell the same or similar products, their production process is similar and these activities have the same or the same type of customers, while the distribution method of the products is also similar. In addition, there is close cooperation between these activities and management makes decisions that simultaneously have an impact on the various activities.
- 'Industrial Solutions': includes all possible water applications (water transport, water treatment, leaching, recovery of water from industrial processes). This segment includes the following distinguishable commercial names: DYKA Group (with DYKA, JDP and BT Nyloplast), moleko and Kuhlmann Europe. These components are not considered to be separate operating segments.
- 'T-Power': includes a gas-fired 425 MW power plant in Tessenderlo (Belgium). A tolling agreement was concluded with RWE group for a period of 15 years (until 2026) for the full capacity of the plant, with an optional 5-year extension thereafter.

Industrial Solutions also included the MPR/ECS activities until their sale in August 2021.

In 2021, Tessenderlo Group created a new growth unit, “Violleau” being part of the Bio-valorization segment, to support the growth of organic agricultural solutions in Europe. Violleau specializes in the production of organic amendments and fertilizers from animal and vegetable matter as well as in the commercialization of biocontrol products. As from 2022 Violleau is presented within the Agro operating segment. The contribution of Violleau to the group’s results is considered to be insignificant.

The costs included within Adjusted EBIT, related to the corporate activities, are allocated to the different operating segments they support. Transfer prices between operating segments are in a manner similar to transactions with third parties. The measure of segment profit/loss is Adjusted EBIT, which is consistent with information that is monitored by the chief operating decision maker.

The group is a diversified industrial group that is worldwide active in many areas of machinery, agriculture, food, water management, efficient re(use) of natural resources and other industrial markets. The products of the group are used in various applications, industrial and consumption markets. Although a leadership position is occupied by the group in a number of diverse markets, the diversification of the group’s revenue makes the group not reliant on major customers.

The majority of the group’s revenue consists of the sale of goods. Products are generally sold directly or through distributors to the customers. Revenue is therefore recognized when the goods are delivered to the customers, where the point of recognition is dependent on the contract sales terms, known as the International Commercial terms (Incoterms). The group also recognizes revenue from the sale of services. These mainly relate to the collection of organic materials within Akiolis (operating segment Bio-valorization) and, until the disposal of these activities in August 2021: water treatment services at industrial mining, refinery and oil and gas exploration water treatment locations within MPR and ECS (operating segment Industrial Solutions) and R&D services sold by PsiControl in segment Machines & Technologies. In this case, the revenue is recognized when the customers obtain control of the services, predominantly at a point in time. For revenue out of projects, the amount of revenue is measured by reference to the progress made towards complete satisfaction of the performance obligation. These projects generally have a lifetime of less than one year.

The major line items of the income statement and statement of financial position are shown per operating segment in the table below. The income statement information is for the six-month period ended June 30, while information from the statement of financial position is compared to December 31, 2021 figures.

(million EUR)	Machines & Technologies		Agro		Bio-valorization		Industrial Solutions		T-Power		Non- allocated		Picanol Group	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Revenue (internal and external)	367.7	333.3	546.9	373.9	380.5	297.4	381.0	315.1	36.5	35.2			1,712.6	1,355.0
Revenue (internal)			0.9	0.4	3.7	0.0	0.7	0.2	0.0	0.0			5.3	0.7
Revenue	**367.7**	**333.3**	**546.0**	**373.5**	**376.8**	**297.4**	**380.3**	**314.9**	**36.5**	**35.2**			**1,707.3**	**1,354.3**
Of which : - At a point in time	367.7	333.3	546.0	373.5	376.8	297.4	380.3	314.9	36.5	35.2			1,707.3	1,354.3
- Over time			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0			0.0	0.0
Adjusted EBIT	**11.6**	**45.1**	**86.9**	**41.2**	**32.5**	**23.5**	**31.0**	**24.3**	**8.6**	**6.7**			**170.5**	**140.9**
Adjusted EBITDA	**18.4**	**51.3**	**121.6**	**75.2**	**50.2**	**41.8**	**48.2**	**42.1**	**27.5**	**25.6**			**266.0**	**236.0**
Return on revenue (Adjusted EBITDA/revenue)	*5.0%*	*15.4%*	*22.3%*	*20.1%*	*13.3%*	*14.1%*	*12.7%*	*13.4%*	*75.3%*	*72.7%*			*15.6%*	*17.4%*
Non-current segment assets (PPE, goodwill and intangible assets)	82.9	80.8	567.5	555.2	287.7	282.2	250.7	250.7	309.6	328.5	33.0	32.4	1,531.5	1,529.8
Other segment assets	219.9	186.3	419.0	341.7	264.1	237.4	239.5	177.6	4.5	4.5	33.3	22.4	1,180.4	970.0
Derivative financial instruments											1.5	0.6	1.5	0.6
Investments accounted for using the equity method	0.0	0.0	22.3	17.1	2.2	2.1	0.0	0.0	0.0	0.0	0.0	0.0	24.4	19.2
Other investments and guarantees											69.8	101.2	69.8	101.2
Deferred tax assets											27.8	34.5	27.8	34.5
Short term investments											0.0	10.0	0.0	10.0
Cash and cash equivalents											376.9	366.7	376.9	366.7
Total assets	**302.9**	**267.1**	**1,008.7**	**914.1**	**554.0**	**521.8**	**490.2**	**428.3**	**314.1**	**333.1**	**542.3**	**567.8**	**3,212.3**	**3,032.0**
Segment liabilities	183.1	158.1	146.5	136.0	160.7	165.5	108.7	95.6	9.4	11.6	163.0	167.2	771.5	734.0
Derivative financial instruments											19.2	29.3	19.2	29.3
Loans and borrowings											391.3	411.6	391.3	411.6
Deferred tax liabilities											166.1	168.8	166.1	168.8
Total equity											1,864.2	1,688.4	1,864.2	1,688.4
Total Equity and Liabilities	**183.1**	**158.1**	**146.5**	**136.0**	**160.7**	**165.5**	**108.7**	**95.6**	**9.4**	**11.6**	**2,603.9**	**2,465.1**	**3,212.3**	**3,032.0**
Capital expenditures: property, plant and equipment and intangible assets (note 12)	8.6	6.9	27.4	10.5	18.5	20.5	13.1	9.0	0.0	1.0	0.4	0.2	67.8	48.1
Depreciation, amortization and impairment losses on tangible assets, goodwill and intangible assets	-6.8	-6.2	-34.8	-33.9	-17.7	-18.3	-17.3	-17.8	-19.0	-18.8	0.0	0.0	-95.4	-95.1
Reversal/(additional) inventory write-offs	-5.1	3.6	-0.2	0.8	-1.0	1.2	-0.2	-0.6					-6.5	4.9

The strengthening of the USD led to an increase in segment assets and liabilities in the Agro operating segment. The increase in the other segment assets of Machines & Technologies, Agro, Bio-valorization and Industrial Solutions can be mainly explained by the increase in inventories and trade and other receivables, which is a result of timing and of the strong increase in purchase and sales prices. The higher inventory levels and the delivery problems also led to an increase of 6.5 million EUR in inventory provisions.

The decrease in "other investments and guarantees" is mainly due to the revaluation of the Rieter shares at the stock market price in accordance with IFRS9. The stock price was CHF 108 at June 30, 2022, compared to CHF 177 at year-end 2021.

Non-allocated segment liabilities mainly include environmental provisions recognized for the plants in Belgium (Ham, Tessenderlo, Vilvoorde) and France (Loos).

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Non-current segment assets (property, plant and equipment, goodwill, intangible assets) are based on the geographical location of the assets.

	Revenue by market		**Non-current segment assets**	
(million EUR)	**30/06/2022**	**30/06/2021**	**30/06/2022**	**31/12/2021**
Europe	816.0	655.5	979.7	985.0
North-America	485.1	356.1	469.9	470.2
South-America	67.5	41.8	61.0	52.4
Asia	298.3	270.8	12.0	12.4
Other	40.4	30.1	8.9	9.9
Total	**1,707.3**	**1,354.3**	**1,531.5**	**1,529.8**

The decrease of the non-current segment assets in Europe is mainly due to the amortization of the fair value adjustments of T-Power nv, acquired in 2018. The purchase price allocation resulted in the recognition of a customer list for an amount of 163.7 million EUR and represented the fair value of a tolling agreement which was concluded with RWE group for a period of 15 years (until June 2026) for the full capacity of the plant. This customer list is being amortized over the remaining duration of the tolling agreement. On the other hand, fixed assets in Europe increased due to the construction of a new production plant for PsiControl in Romania, the ongoing construction of a new Thio-Sul® plant in Geleen, and the acquisition of the assets of B.V. Fleuren Tankopslag, a tank storage and handling company for liquid products located in the port of Cuijk (the Netherlands).

Segment assets in North America decrease due to the amortization of the fair value adjustments of Tessenderlo Group in the US (-18.6 million EUR). This is largely offset by the strengthening of the USD (the USD/EUR closing rate was 1.0387 as of June 2022 versus 1.1326 as of year-end 2021).

7. ACQUISITIONS AND DISPOSALS

In February 2022, Tessenderlo Group announced the intended acquisition of the production plant and the associated business of Pipelife France in Gaillon (France). The Gaillon plant specializes in the manufacturing of pipes for gas, water, and cable protection. The transaction is expected to reach completion in the course of the second half of 2022. After completion of the acquisition, the business will be integrated within the DYKA Group business unit (Industrial Solutions segment). This transaction will not materially impact the results of Picanol Group.

In March 2021, Picanol Group acquired a 10% minority stake in Rieter Holding AG (CH) for a price of 45.4 million EUR. In the first half of 2021, Picanol Group increased its stake to 10.9% or a total invested amount of 50.9 million EUR. In the first half of 2022, shares were purchased for 1.6 million EUR, as a result of which Verbrugge holds 11.4% of the shares of Rieter on 30 June 2022 (or 15.2% acting jointly with Symphony Mills). In accordance with IFRS 9, the investment in Rieter shares is included in the balance sheet under "other investments and guarantees" and is valued at the stock market price. The market capitalization as of June 30, 2022 of the Rieter shares held by Picanol Group amounted to 57.7 million EUR.

Disposals
There were no disposals in the first half of 2022.

8. EBIT ADJUSTING ITEMS

The first half year 2022 EBIT adjusting items amount to +9.7 million EUR and mainly include:

- Changes to provisions, including environmental provisions. The outstanding environmental provisions decreased following the increase of the applied discount rates, which varied between 0% and 3% per June 2022 (between 0% and 1% at year-end 2021). This effect was only partially offset by the negative impact of inflation adjustments.
- The impact and revaluation of an electricity purchase agreement (the Purchase Power Agreement), for which the own-use exemption under IAS 39 is not applicable anymore, as well as the positive contribution realized on additional electricity and gas forward agreements which matured in the first half of 2022, and the positive fair value of such forward agreements with maturity in the second half of 2022. These agreements are concluded in order to partially fix the "clean spark spread" revenue of the Purchase Power Agreement by selling the electricity and locking in the generation costs via forward transactions.

9. FINANCE COSTS AND INCOME

Net finance costs and income amount to -21.5 million EUR as per June 30, 2022, compared to +4.0 million EUR as per June 30, 2021, and mainly include:

- The revaluation of the Rieter shares at fair value (-33.3 million EUR). The stock price was CHF 108 on June 30, 2022 compared to CHF 177 at yearend 2021.
- Borrowing costs for -4.5 million EUR (HY21: -4.9 million EUR) including the accrued interest charges on the bonds issued in 2015 with a maturity of 7 years and 10 years (-2.9 million EUR), the interest expenses on the term loan facility of T-Power nv, and the interest expenses on lease liabilities (in accordance with IFRS 16 *Leases*).
- Net foreign exchange gains and losses for +12.8 million EUR (HY21: +7.3 million EUR), mainly explained by unrealized foreign exchange gains and losses on intercompany loans and cash and cash equivalents (mainly in USD), which are not hedged.

The total cash-out related to interest payments amounts to -5.5 million EUR, including payments for the T-Power forward rate agreements reaching their maturity date for -2.8 million EUR.

10. INCOME TAX EXPENSE

Income taxes amounted to -37.4 million EUR in the first half of 2022, compared with -30.0 million EUR in tax charges in the same period last year and mainly relates to the operations in the United States and France.

The income taxes paid in HY22 amount to -39.8 million EUR (HY21: -24.6 million EUR), while the income tax receivable, mainly in Belgium, increased from 8.5 million EUR as per December 31, 2021, to 13.9 million EUR as per June 30, 2022. The current tax liabilities, mainly in the United States, amounts to 10.2 million EUR as per June 30, 2022 compared to 2.7 million EUR per December 31, 2021.

Deferred tax assets on tax losses carried forward were recognized for 22.0 million EUR (December 2021: 24.6 million EUR). These are mainly recognized at Tessenderlo Group nv for an amount of 13.3 million EUR and in France for a total of 8.5 million EUR. As of June 2022, total tax losses and tax credits carried forward amount to approximately 185 million EUR in Tessenderlo Group nv, while they amount to approximately 29 million EUR in France.

11. SEASONALITY OF OPERATIONS

Picanol Group demonstrates a limited seasonality pattern at group level for revenue and operating profitability level as expressed by Adjusted EBITDA. The degree of seasonality at group level is primarily determined by selling to customers in several end markets, including food, pet food, construction, agriculture and water treatment. Two important end markets which demonstrate seasonal characteristics are construction and agriculture. The group sells into the construction markets through its operating segment Industrial Solutions in several countries in the northern hemisphere, which are typically impacted by winter weather conditions in the first and fourth quarter. Agriculture related sales made in the operating segment Agro are influenced by the planting seasons, especially the spring planting season. Most of the sales of Crop Vitality – being part of the Agro operating segment

– are in the United States, and this normally leads to higher sales and operating profitability in the first half of the year. Agro is the largest contributor to the group operating profitability, which explains why group operating profitability is typically higher in the first half year.

12. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

For the six-month period ended June 30, 2022, the group's capital expenditure amounted to 67.8 million EUR (HY21: 48.1 million EUR). The investments in tangible fixed assets and intangible assets per operating segment are explained in note 6 – *Segment reporting*.

The majority of the capital expenditure relates to:

- Investments in a new production site for PsiControl in Romania and various investments in automation and robotization (operating segment Machines & Technologies).
- The acquisition of the assets of B.V. Fleuren Tankopslag, a tank storage and transshipment company for liquid products located in the Port of Cuijk (the Netherlands). The Fleuren Tankopslag operations have been integrated in the Tessenderlo Kerley International business unit (operating segment Agro).
- The construction of a new Thio-Sul® manufacturing plant in Geleen (the Netherlands) (operating segment Agro). The factory is scheduled to be operational in the first quarter of 2024.
- Investments in production capacity expansion and in production efficiency improvements within DYKA Group (operating segment Industrial Solutions).
- The construction of a new wastewater treatment installation, as well as investments in the improvement of the valorization of animal by-products (operating segment Bio-valorization).
- The replacement of equipment and vehicles, which were previously leased, through purchase.

Capital expenditure contracted for at the end of the reporting period, but not yet incurred, amounts to 75.0 million EUR, which is expected to be delivered in the period 2022-2023.

13. WORKING CAPITAL

Working capital			
(million EUR)	**30/06/2022**	**31/12/2021**	**30/06/2021**
Inventories	580.9	486.2	378.3
Current trade and other receivables	562.1	459.0	449.4
Current trade and other payables	-568.2	-513.9	-450.4
Working capital	**574.7**	**431.3**	**377.3**

Working capital increased to 574.7 million EUR from 431.3 million EUR at December 31, 2021, and 377.3 million EUR at June 30, 2021. This increase is mainly due to the strong increase in purchase and sales prices within the different segments, as well as supply chain disruptions.

In view of the material increase of working capital, the significant assumptions and accounting estimates to support the reported amounts of assets and liabilities were reviewed, and if needed updated, during the first half of 2022. The main judgements, estimates and assumptions are:

- Allowance for expected credit losses: The group has a global credit insurance program to protect accounts receivable from third party customers against non-payment. Every legal entity of the group is participating to this program and the insurance is provided by highly top rated international credit insurance companies. A large majority of the receivables (around 95%) is covered under this group credit insurance program. Based on customer's current payment behavior, no significant additional allowances for expected credit losses were to be recognized as per June 30, 2022.
- Inventory obsolescence and lower of cost of net realizable value adjustments, which are determined based on experience and the assessment of market circumstances: the inventory provisions increased by 6.5 million EUR in HY22.

The group expects to recover or settle the inventory, available as per June 30, 2022, within the next twelve months, except for the inventory of non-strategic spare parts (18.3 million EUR as per June 30, 2022). These parts will be used whenever deemed necessary.

14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents amount to 376.9 million EUR as per June 30, 2022 (compared to 366.7 million EUR as per December 31, 2021). These include amounts in USD equaling 35.9 million EUR (compared to 39.4 million EUR on December 31, 2021).

As per December 31, 2021, an investment in short term bank notes was outstanding for 10.0 million EUR, with maturity in January 2022. The counterparty was a highly rated international bank. The note had an original duration of 9 months. As the note had an initial maturity of more than three months, it was not included within "Cash and cash equivalents", but in "Short term investments". There have been no new investments in short term bank notes in the first half of 2022.

15. EARNINGS PER SHARE

Basic earnings per share

	HY22	HY21
Adjusted weighted average number of ordinary shares at June 30	**17,700,000**	**17,700,000**
Profit (+) / loss (-) attributable to equity holders of the company (million EUR)	51.2	75.4
Basic earnings per share (in EUR)	**2.9**	**4.3**

Diluted earnings per share
The diluted earnings per share of Picanol Group is equal to the basic earnings per share, both for HY22 and for HY21.

16. LOANS AND BORROWINGS

(million EUR)	30/06/2022	31/12/2021
Non-current loans and borrowings	207.4	196.2
Current loans and borrowings	183.9	215.3
Total loans and borrowings	**391.3**	**411.6**
Cash and cash equivalents	-376.9	-366.7
Bank overdrafts	0.0	0.1
Short term investments	0.0	-10.0
Net loans and borrowings	**14.5**	**34.9**

As per June 30, 2022, the group net financial debt amounted to 14.5 million EUR (implying a leverage of 0.0x), compared to 34.9 million EUR by the end of 2021.

Reconciliation of changes in net loans and borrowings arising from cashflows and non-cash changes:

	Bank overdrafts	Cash and cash equivalents	Short term investments	Current lease liabilities	Non-current lease liabilities	Other current loans and borrowings	Other non-current loans and borrowings	Total
Balance at January 1, 2022	**-0.1**	**366.7**	**10.0**	**-18.5**	**-38.1**	**-196.9**	**-158.1**	**-34.9**
Cash flows	0.0	6.0	-10.0	10.9	0.0	43.5	-25.7	24.8
IFRS 16 new leases and lease modifications	0.0	0.0	0.0	-0.4	-9.2	0.0	0.0	-9.6
Depreciation on the revaluation of the bond	0.0	0.0	0.0	0.0	0.0	1.8	0.6	2.4
Transfers	0.0	0.0	0.0	-10.0	10.0	-13.9	13.9	0.0
Effect of exchange rate differences	0.0	4.1	0.0	-0.4	-0.4	-0.1	-0.4	2.8
Balance at June 30, 2022	**0.0**	**376.9**	**0.0**	**-18.4**	**-37.7**	**-165.6**	**-169.6**	**-14.5**

The non-current loans and borrowings include a bond, issued in July 2015, with a maturity of 10 years (the “2025 bonds”), with a fixed rate of 3.375%. The other bond, also issued in July 2015, with a maturity of 7 years (the “2022 bonds”), with a fixed rate of 2.875%, is included in the current loans and borrowings. In February 2022, the group repurchased “2022 bonds” for a nominal amount of 35.0 million EUR at a price of 102.875%.

The T-Power term loan facility agreement amounts to 102.9 million EUR as per June 30, 2022 (December 31, 2021: 115.8 million EUR). The T-Power nv assets and shares are serving as guarantee for the loan. The term loan credit facility contains a covenant stating a minimum required debt service cover ratio (based on the last 12 months cash flow available for debt service). This covenant has been complied with as per June 30, 2022.

The lease liability, in accordance with IFRS 16 *Leases*, amounts to 56.1 million EUR (December 31, 2021: 56.5 million EUR), of which 37.7 million EUR is included in non-current and 18.4 million EUR in current loans and borrowings.

Tessenderlo Kerley, Inc. has a loan outstanding of 5.9 million EUR, of which 0.9 million EUR is current. The loan has a maturity of 10 years (2018-2028) at a fixed rate of 3.95%. The financed Phoenix headquarters building in Arizona (United States) is serving as guarantee for the loan.

Tessenderlo Group nv has a loan outstanding to finance the purchase of vehicles within the operating segment Bio-valorization, which were previously leased. The loan has a maturity of 5 years (2020-2025) at a fixed rate of 0.33% and has no financial covenants. As per June 30, 2022, 4.6 million EUR remains outstanding of which 1.7 million EUR is current.

In April 2022, Tessenderlo Group nv has drawn a new credit facility of 30.0 million EUR with a maturity of 7 years. This loan with quarterly capital reimbursements, has a fixed interest rate of 1.17%, and contains no financial covenants. The group also agreed to a credit facility for 30.0 million EUR starting in August 2022 with a maturity of 5 years. This loan will be reimbursed on a quarterly basis and has a fixed interest rate of 0.94% and contains no financial covenants.

The group has access to a Belgian commercial paper program of 200.0 million EUR which remained unused at the end of June 2022 (this also remained unused at December 31, 2021).

The Group has access to committed bi-lateral agreements with four banks for a total amount of 142.5 million EUR (of which part can be drawn in USD) till 2024. In July 2022, these agreements have been renewed to a total amount of 250.0 million EUR, while the term has been extended till July 2027. These committed bi-lateral agreements have no financial covenants and ensure maximum flexibility for the different activities. As per June 30, 2022, none of these credit lines were used.

17. EMPLOYEE BENEFITS

The application of IAS 19 Employee benefits as per June 30, 2022, led to an increase of equity, before tax, by 28.2 million EUR. This increase is mainly the result of an increase in the discount rate used to discount the liabilities (weighted average discount rate of 2.9% as of June 30, 2022, compared to 1.1% at year-end 2021) and was partially offset by higher inflation and a lower than expected return on the Belgian and UK fund investments. At June 30, 2022, the net pension liability recognized in the balance sheet decreased to 30.4 million EUR (49.8 million EUR at December 31, 2021) while a net UK pension asset was recognized for 17.1 million EUR (9.1 million EUR at December 31, 2021).

18. FINANCIAL INSTRUMENTS

The fair value of non-current loans and borrowings at fixed interest rate, measured at amortized cost, is in line with the fair value as disclosed in the consolidated financial statements as per December 31, 2021. The fair value of trade and other receivables, other investments and guarantees, short term investments, cash and cash equivalents, current loans and borrowings, and trade and other payables approximate their carrying amount.

The following table shows the carrying amounts of derivative financial instruments measured at fair value in the statement of financial position including their levels in the fair value hierarchy:

	June 30, 2022							
(million EUR)	**Carrying amount balance sheet**				**Fair value hierarchy**			
	Current assets	**Non-current assets**	**Current liabilities**	**Non-current liabilities**	**Level 1**	**Level 2**	**Level 3**	**Total**
Foreign currency swaps	0.0	-	-0.0	-	-	-0.0	-	-0.0
Interest rate swaps	-	-	-3.3	-4.3	-	-7.6	-	-7.6
Electricity forward contracts	1.0	-	-1.7	-9.9	-	-	-10.6	-10.6
Electricity and gas forward contracts	0.4	-	-	-	-	0.4	-	0.4
Total	**1.5**	**0.0**	**-5.0**	**-14.2**	**0.0**	**-7.2**	**-10.6**	**-17.7**

	December 31, 2021							
(million EUR)	**Carrying amount balance sheet**				**Fair value hierarchy**			
	Current assets	**Non-current assets**	**Current liabilities**	**Non-current liabilities**	**Level 1**	**Level 2**	**Level 3**	**Total**
Foreign currency swaps	0.1	-	-0.0	-	-	0.1	-	0.1
Interest rate swaps	-	-	-5.3	-8.2	-	-13.5	-	-13.5
Electricity forward contracts	-	-	-3.3	-12.5	-	-	-15.8	-15.8
Electricity and gas forward contracts	0.5	-	-	-	-	0.5	-	0.5
Total	**0.6**	**0.0**	**-8.6**	**-20.7**	**0.0**	**-12.9**	**-15.8**	**-28.7**

The derivative financial instruments as per June 30, 2022, mainly relate to:

- the interest rate swaps of T-Power nv for an amount of -7.6 million EUR (December 31, 2021: -13.5 million EUR);
- an electricity forward contract, with maturity date in June 2026, for an amount of -10.6 million EUR (December 31, 2021: -15.8 million EUR).

The decrease of the fair value of the interest rate swaps is mainly related to the half yearly payments for forward rate agreements reaching their maturity date and to the increase of the EURIBOR rates. The settlement of the agreements resulted in a cash out of -2.8 million EUR as per June 30, 2022 and is included in the line "Interest paid" in the condensed consolidated statement of cash flows. The effective portion of the change in fair value is recognized in the hedging reserves (other comprehensive income).

The fair value of the electricity forward contract is calculated as per June 30, 2022 based on a valuation model, leading to a net fair value of -10.6 million EUR (December 31, 2021: -15.8 million EUR). Because of significant unobservable inputs, a level 3 fair value measurement is applied for the fair value measurement of the electricity purchase agreement ('PPA' - Purchase Power Agreement), for which the own-use exemption under IFRS 9 is not applicable anymore. The value of the contract is depending on the future difference between market electricity prices and the generation cost based on market gas prices (the "sparkspread"), which increased significantly in the first half of 2022, and on the effect of the hourly pricing optimization as foreseen in the contract. If the 2025 key assumptions would also have been applied for the remaining period till June 2026, a period for which no market data is available, the fair value of the contract (2022-June 2026) would have amounted to -16.2 million EUR. The valuation techniques and unobservable date used for measuring the fair value of the contract are in line with those used in the consolidated financial statements as per December 31, 2021. Also the sensitivity of the valuation to changes in the principal assumptions is in line with the one disclosed in the consolidated financial statements as per December 31, 2021. We refer to the 2021 consolidated financial statements for more information on the fair value calculation of the electricity forward contract.

The key assumptions used in the valuation as per June 30, 2022, are:

		HY22	2023	2024	HY25
Gas forward price	EUR/MWh	228.7	162.5	116.6	99.2
Electricity forward price	EUR/MWh	92.6	68.8	48.9	38.7
Discount rate	0.0%				

The key assumptions used in the valuation as per December 31, 2021, are:

		2022	2023	2024
Gas forward price	EUR/MWh	33.7	23.6	20.1
Electricity forward price	EUR/MWh	85.9	66.4	59.3
Discount rate	0.0%			

19. NON-CONTROLLING INTEREST

During the first half of 2022, Picanol, through its subsidiary Verbrugge nv, acquired 100,000 shares of Tessenderlo Group for a total value of 3.4 million EUR (at an average share price of 34.3 EUR). In combination with the sales by Tessenderlo Group of 100,497 treasury shares, this resulted in a decrease of the non-controlling interest with 0.1% from 49.4% per December 31, 2021, to 49.3% per June 30, 2022.

In accordance with article 7:53 of the Belgian Code of Companies and Associations, Tessenderlo Group has introduced a loyalty voting right for each fully paid-up share that has continuously been registered in the share register on the name of the same shareholder for at least two years. In its last transparency notification in January 2022, Verbrugge nv and Symphony Mills nv announced that they jointly owned 70.1% of the voting rights of Tessenderlo Group.

There are no restrictions on dividend distribution for example from specific debt covenants imposed on Tessenderlo Group.

		Non-controlling interest percentage	
	Country	**30/06/2022**	**31/12/2021**
Tessenderlo Group nv	BE	49.3%	49.4%

Summary financial information of subsidiaries with a non-controlling interest at 100% as per June 30, 2022:

(million EUR)	As reported	Fair value adjustments	After fair value adjustment
FIXED ASSETS	**1,136.2**	**354.3**	**1,490.4**
Goodwill	33.3	-33.3	0.0
Intangible assets	97.9	270.6	368.5
Tangible fixed assets	921.1	116.9	1,038.0
Other fixed assets	84.0	0.0	84.0
CURRENT ASSETS	**1,278.2**	**0.0**	**1,278.2**
Inventories	464.9	0.0	464.9
Other current assets	813.3	0.0	813.3
NON CURRENT LIABILITIES	**458.7**	**95.0**	**553.6**
Deferred tax liabilities	67.4	93.6	161.0
Loans and borrowings	205.6	1.3	207.0
Other liabilities > 1 year	185.6	0.0	185.6
CURRENT LIABILITIES	**602.2**	**0.0**	**602.2**
Net assets	**1,353.5**	**259.3**	**1,612.8**
Non-controlling interest %			49.3%
Non-controlling interest			**795.2**

(in miljoen EUR)	**As reported**	**Fair value adjustments**	**After fair value adjustment**
Revenue	1,339.6		1,339.6
Profit (+) / loss (-) for the period	163.6	-15.8	147.8
Cash flow from operating activities	97.3		97.3
Cash flow from investing activities	-48.7		-48.7
Cash flow from financing activities	-35.0		-35.0
Net increase / (decrease) in cash and cash equivalents	13.6		13.6

For more information on the financial statements of Tessenderlo Group, we refer to the annual report which is published on the website www.tessenderlo.com.

20. CONTINGENCIES

The group is confronted with a number of claims or potential claims and disputes, which are a consequence of the daily operational activities. To the extent such claims and disputes are such that it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligation, suitable provisions have been made.

Tessenderlo Group and Akiolis have taken note of a statement of objections ("notification de griefs") sent by the French Competition Authority on April 28, 2022 to, among others, the company and Akiolis companies. Tessenderlo Group nv and Akiolis companies are accused of having infringed French competition law in connection with a reorganization of its activities in 2015. Tessenderlo Group and Akiolis are cooperating with the investigation and have prepared their defense on this matter together with their lawyers. The financial impact of this case, if any, can currently not reliably be estimated based on the information in the notification.

It is the group's policy to recognize environmental provisions in the balance sheet, when the group has a present obligation (legal or constructive) as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligation.

These provisions are reviewed periodically and adjusted, if necessary, as assessments and work proceeds and additional information becomes available. Environmental liabilities can change substantially due to the emergence of additional information on the nature or extent of the contamination, a change in legislation or other factors of a similar nature.

While it is not feasible to predict the outcome of all pending environmental exposures, it cannot be excluded that there will be a need for future provisions for environmental costs. In management's opinion, based on information currently available, such provisions would not have a material effect on the group's financial position, taking into account the current financial structure of the group. However, it cannot be excluded that such provisions could have a material impact on the income statement of a specific accounting period.

Acquisition, investment and joint-venture agreements as well as divestments may contain habitual provisions leading to price adjustments. In addition, for divestments, proper consideration has been given to provisions for possible indemnifications payable to the acquirer, if any, including matters in the area of health, environment, tax, product liability, restructuring, competition, pensions and share incentives. Based on information currently available, the possibility of any significant cash outflow is considered to be remote.

Some plants of the group need to comply with the European regulations to cover operational emissions for products exposed to carbon leakage. In a case of a deficit, additional emission allowances will be purchased. The cost of additional emission allowances purchased during the first half of 2022 was insignificant. The surplus or deficit of emission allowances over the next year may vary, depending on several factors such as future production volumes, process optimizations and energy efficiency improvements. The carrying amount of emission allowances included in intangible assets amounts to 2.1 million EUR as per June 30, 2022 (December 31, 2021: 2.1 million EUR).

21. RELATED PARTIES

Picanol Group has a related party relationship with its subsidiaries, joint ventures, its main shareholder, directors and its Executive Committee. The Belgian pension fund "OFP Pensioenfonds", which covers the post-employment benefit obligation of the employees of Tessenderlo Group nv and Tessenderlo Chemie International nv, is also considered to be a related party.

The controlling shareholder of the Picanol Group is Mr. Luc Tack who holds 89.3% of the Picanol shares through Symphony Mills nv and Artela nv. In accordance with article 7:53 of the Belgian Code of Companies and Associations, the extraordinary meeting of shareholders of March 16, 2020, has decided to introduce a loyalty voting right for each fully paid-up share that has continuously been registered in the share register on the name of the same shareholder for at least two years. As per the last transparency notification, published on March 31, 2020, Artela nv and Symphony Mills nv were holding respectively 68.5% and 25.8% of the voting rights.

The group purchased and sold goods and services to related parties in which the group holds a 50% equity interest (investment in joint ventures). Such transactions were conducted at terms comparable to transactions with third parties.

Premiums for an amount of 1.3 million EUR were paid to the Belgian pension fund, "OFP Pensioenfonds". Liabilities related to employee benefits schemes as per June 30, 2022, include 4.0 million EUR related to the "OFP Pensioenfonds" (December 31, 2021: 8.1 million EUR).

The following transactions have taken place with the joint ventures, the controlling shareholder, the members of the Executive Committee and the Board of Directors:

Transactions with joint ventures

Transactions with joint ventures (for the six-month period ended June 30, except for balance sheet comparatives at December 31)		
(million EUR)	**2022**	**2021**
Transactions with joint-ventures – Sales	-	-
Transactions with joint-ventures – Purchases	34.9	14.6
Non-current assets	9.4	9.2
Current assets	1.7	1.0
Current liabilities	5.5	4.0

Tessenderlo Kerley Inc. has granted a 11.0 million USD loan to the joint-venture Jupiter Sulphur LLC, which was fully drawn in the period over 2017 and 2018, and which remains outstanding for 9.8 million USD (9.4 million EUR). Jupiter Sulphur LLC obtained the same amount from the other joint-venture partner. The loan is interest bearing (3.0%) and was originally reimbursable to Tessenderlo Kerley, Inc. in the period 2020-2023. In 2020, the duration of the loan was extended till December 2026 at the latest, whereby the cash needs in Jupiter Sulphur LLC will be taken into account. The granted loan is included in "Other investments and guarantees" in the group's consolidated statement of financial position. The related interest income is considered to be insignificant and is not eliminated.

A dividend was received from joint-ventures for an amount of 0.1 million EUR in the first half of 2022 (HY21: 0.1 million EUR).

Transactions with the controlling shareholder
The transactions with the controlling shareholder are commercial transactions related to the sales of weaving machines and spareparts to companies linked to the main shareholder. These transactions were not significant in the first half of 2022 and 2021.

Transactions with the members of the Executive Committee
The Executive Committee is composed by the CEO, Luc Tack, the Executive Directors (currently Findar bv, represented by Stefaan Haspeslagh) as well as any other member appointed by the Board of Directors (no one at this stage), and did not change compared to last year.

(million EUR)	**HY22**	**HY21**
Short-term employee benefits	2.2	1.9
Post-employment benefits	0.0	0.0
Total	**2.2**	**1.9**

Short-term employee benefits include salaries and bonuses estimated for the period (both including social security contributions), car leases and other allowances where applicable. The post-employment benefits include the periodic pension costs of the pension plan, calculated by an actuary.

Transactions with the members of the Board of Directors
There was no change in the directors' remunerations as compared with the disclosures made in the 2021 annual report. At the general meeting of May 16, 2022, the annual general meeting of Picanol nv decided to renew the mandate of Mr. Stefaan Haspeslagh as executive director. His mandate was renewed for a period of four years, i.e. until the end of the ordinary general meeting that approves the financial statements for the 2025 financial year. The board of directors also appointed Stefaan Haspeslagh as chairman of the board for the duration of his mandate.

22. SUBSEQUENT EVENTS

- 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 materialTessenderlo Group.

4. INDEPENDENT AUDITORS' REPORT ON THE REVIEW OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS PER JUNE 30, 2022

Statutory auditor's report to the board of directors of Picanol nv on the review of the condensed consolidated interim financial information as at June 30, 2022, and for the six-month period then ended

Introduction
We have reviewed the accompanying condensed consolidated statement of financial position of Picanol nv as at June 30, 2022, the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated interim financial statements ("the condensed consolidated interim financial statements").The Board of Directors is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review
We conducted our review in accordance with the 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 condensed consolidated interim financial information as at June 30, 2022, and for the six-month period then ended is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Ghent, August 24, 2022

KPMG Bedrijfsrevisoren – Réviseurs d'Entreprises
Statutory Auditor
represented by

Joachim Hoebeeck
Bedrijfsrevisor / Réviseur d'Entreprises

5. FINANCIAL GLOSSARY

Adjusted EBIT
Earnings before interests, taxes and EBIT adjusting items.

Adjusted EBITDA
Earnings before interests, taxes and EBIT adjusting items plus depreciation and amortization.

Basic earnings per share (Basic EPS)
Profit (+)/loss (-) for the period attributable to equity holders of the company divided by the weighted average number of ordinary shares outstanding during the period.

Capital expenditure
Amount of money spent to upgrade, acquire or maintain property, plant and equipment (PP&E) and intangible assets.

Diluted earnings per share (Diluted EPS)
Profit (+)/loss (-) for the period attributable to equity holders of the company divided by the fully diluted weighted average number of ordinary shares outstanding during the period.

Diluted weighted average number of ordinary shares
Weighted average number of ordinary shares, adjusted by the effect of warrants on issue.

EBIT
Profit(+)/loss(-) from operations.

EBIT adjusting items
EBIT adjusting items are those items that in management's judgment need to be disclosed by virtue of their size or incidence. Such items are disclosed in the notes to the financial statements. Transactions which may be recognized as EBIT adjusting items are principally related to restructuring, impairment losses, provisions, gains or losses on significant disposals of assets or subsidiaries and the effect of the electricity purchase agreement.

Leverage
Net financial debt divided by Adjusted EBITDA over the last 12 months.

Net financial debt / net cash position
Non-current and current loans and borrowings minus cash and cash equivalents and bank overdrafts.

Other operating income and expenses
Other operating income and expenses include items which cannot be directly allocated to a line item of the consolidated income statement based on their function and that in management's judgement do not need to be disclosed separately by virtue of their size or incidence. Transactions which may be recognized as other operating income and expenses are mainly costs arising from research and development projects, tax charges other than income taxes, such as withholding taxes and regional taxes, the recognition or reversal of impairment losses on trade receivables, and several individually insignificant items within several subsidiaries of the group.

Weighted average number of ordinary shares
Number of shares outstanding at the beginning of the period, adjusted by the number of shares cancelled, repurchased or issued during the period multiplied by a time-weighting factor.

Working capital
The sum of inventories, current trade and other receivables minus current trade and other payables.

6. ALTERNATIVE PERFORMANCE MEASURES

The following alternative performance measures are considered to be relevant in order to compare the results over the 6 month period ended June 30, 2022, and June 30, 2021, and can be reconciled to the condensed consolidated interim financial statements as follows:

Reconciliation from Adjusted EBIT to EBIT

(million EUR)	HY22	HY21
Adjusted EBIT	**170.5**	**140.9**
EBIT adjusting items	9.7	2.1
EBIT (Profit (+) / loss (-) from operations)	**180.2**	**143.0**

Reconciliation from Adjusted EBITDA to EBIT

(million EUR)	HY22	HY21
Adjusted EBITDA	**266.0**	**236.0**
EBITDA adjusting items	9.7	2.1
EBITDA	**275.6**	**238.1**
Depreciation	-95.4	-95.1
Impairment losses	0.0	0.0
EBIT (Profit (+) / loss (-) from operations)	**180.2**	**143.0**

Reconciliation leverage

(million EUR)	30/06/2022	31/12/2021
Non-current loans and borrowings	207.4	196.2
Current loans and borrowings	183.9	215.3
Short term investments	0.0	-10.0
Cash and cash equivalents	-376.9	-366.7
Bank overdrafts	0.0	0.1
Net financial debt	**14.5**	**34.9**
Adjusted EBITDA	460.2	430.3
Leverage (net financial debt / Adjusted EBITDA last 12 months)	**0.0**	**0.1**