# JENSEN-GROUP

ANNUAL REPORT 2021

The Dutch language text of the Annual Report is the official version. The English language version is provided as a courtesy to our shareholders. JENSEN-GROUP has verified, and assumes full responsibility for matching, both language versions.

In this report, the terms “JENSEN-GROUP” and “Group” refer to JENSEN-GROUP NV and its consolidated companies in general, whereas the terms “JENSEN-GROUP NV” and “the Company” refer to the holding company, registered in Belgium. Business activities are conducted by operating subsidiaries throughout the world. The terms “we”, “our”, and “us” are used to describe the Group.

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# Consolidated key figures

| Financial year ended (in thousands of euro) | December 31 2021 | December 31 2020 |
|---|---|---|
| Revenue | 259,716 | 245,238 |
| Operating profit (EBIT) | 21,327 | 12,795 |
| Operating cash flow (EBITDA) | 30,827 | 19,793 |
| Net interest charges | 1,274 | 1,201 |
| Share in result of associates and companies consolidated under equity method | 543 | 1,251 |
| Profit before taxes | 19,793 | 11,181 |
| Profit for the period from continuing operations | 14,278 | 7,178 |
| Result from assets held for sale | -65 | -54 |
| Result attributable to Non Controlling Interest | -362 | -479 |
| Consolidated result attributable to equity holders | 14,575 | 7,602 |
| Added value | 112,870 | 102,963 |
| Net cash flow | 24,075 | 14,600 |
| | | |
| Equity | 155,417 | 136,044 |
| Net financial debt (+)/Net cash (-) | -40,960 | -28,340 |
| Working capital | 90,686 | 101,934 |
| Non-Current Assets (NCA) | 62,384 | 41,190 |
| Capital Employed (CE) | 153,070 | 143,124 |
| | | |
| Market capitalization (high) | 246,298 | 271,319 |
| Market capitalization (low) | 178,273 | 150,125 |
| Market capitalization (average) | 215,022 | 189,220 |
| Market capitalization (December 31) | 210,331 | 189,220 |
| Entreprise value (December 31) (EV) | 169,371 | 160,880 |

| RATIOS | | |
|---|---|---|
| EBIT/Revenue | 8.21% | 5.22% |
| EBITDA/Revenue | 11.87% | 8.07% |
| ROCE (EBIT/CE) | 14.40% | 8.10% |
| ROE (Net profit/Equity) | 10.00% | 5.66% |
| Gearing (Net debt (+) Net cash (-)/Equity) | | |
| EBITDA Interest coverage | 24.20 | 16.48 |
| Net financial debt (+) or net cash (-)/EBITDA | -1.12 | -0.61 |
| Working capital/Revenue | 37.08% | 46.62% |
| EV/EBITDA (December 31) | 5.49 | 8.13 |

**Key figures per share**

| Financial year ended (in euro) | December 31 2021 | December 31 2020 |
|---|---|---|
| Operating cash flow (EBITDA) | 3.94 | 2.53 |
| Consolidated result attributable to equity holders (= earnings per share) | 1.86 | 0.97 |
| Net cash flow | 3.08 | 1.87 |
| | | |
| Equity (= book value) | 19.88 | 17.40 |
| Gross dividend | 0.25 | |
| Number of shares outstanding (average) | 7,818,999 | 7,818,999 |
| Number of shares outstanding (year-end) | 7,818,999 | 7,818,999 |
| | | |
| Share price (high) | 31.50 | 34.70 |
| Share price (low) | 22.80 | 19.20 |
| Share price (average) | 27.50 | 24.20 |
| Share price (December 31) | 26.90 | 24.20 |
| | | |
| Price/earnings (high) | 16.90 | 35.80 |
| Price/earnings (low) | 12.30 | 19.80 |
| Price/earnings (average) | 14.80 | 24.90 |
| Price/earnings (December 31) | 14.50 | 24.90 |

## Definitions

- EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization) = operating profit (EBIT) + depreciation, amortization, write-downs on trade receivables and contract assets, write-downs on inventory, changes in provisions (refer to Note 14)
- Net interest charges = interest charges – interest income
- Added value = EBIT + remuneration, social security costs and pensions + depreciation, amortization, write-downs on trade receivables and contract assets, write-downs on inventory, changes in provisions (refer to Note 14)
- Net cash flow = consolidated result attributable to the equity holders + depreciation, amortization, write-downs on trade receivables and contract assets, write-downs on inventory, changes in provisions (refer to Note 14)
- Net financial debt (+)/net cash (-) = borrowings (non-current and current) + government grant – financial fixed assets at amortized cost - financial fixed assets at fair value through OCI - cash and cash equivalents
- Working capital = inventory + advance payments + current trade receivables + contract assets – trade payables – contract liabilities
- Non-current assets = intangible assets + goodwill + property plant and equipment
- Capital employed = working capital + non-current assets (see definitions above)
- Market capitalization = share price x number of shares outstanding
- Enterprise value = market capitalization (December 31) + net financial debt (+)/net cash (-) (see definitions above)
- EBITDA interest coverage = EBITDA/net interest charges (see definitions above)

For ratios comparing figures from the consolidated statement of comprehensive income with figures from the consolidated statement of financial position, the average figure from the consolidated statement of financial position is used. The average is the opening balance + closing balance divided by two:

- ROCE (return on capital employed) = EBIT/ average capital employed
- ROE (return on equity) = consolidated result attributable to equity holders / average equity
- Average net financial debt (+) or net cash (-)/EBITDA.

## Message to our Shareholders

Honoring our mission to prioritize customers, the JENSEN-GROUP not only endured but flourished in 2021. This success in the new normal reaffirmed our strategy of having local representation in all major markets, and of maintaining all in-person points of sale and service with our worldwide customer base. We are grateful to the JENSEN-GROUP employees for skillfully navigating travel restrictions and supply chain disruptions to service our customers. Despite ongoing set-backs in the hospitality sector, our best-in-class management and sales force made the most of the nascent recovery in the healthcare and industrial laundry industries, most notably in European and North American markets. In a year that began with a low order backlog, the JENSEN-GROUP ended 2021 with the second-highest order-intake in our history. The fact that we were able to double our net income is of even greater significance.

Determined to prepare for the future, the JENSEN-GROUP recommitted to recent capital investments by purchasing a production plant in China in 2021. As the proud owners of a previously-leased 20,000 $m^2$ plant, constructed to our specifications in 2011 and 2017, we built on our success in the fast-growing Chinese market and cemented our unique position as owners of production units on three continents – Europe, North America, and Asia. In spring of 2021, we completed a year-long expansion of our Swedish plant, doubling its capacity in Material Handling products and services. The expansion enables JENSEN Sweden to meet the booming demands for hygienic, labor-reducing solutions, and uniform garment processing in the healthcare and garment processing laundry industry.

Building on a tradition of leadership in innovation that has characterized the JENSEN-GROUP for more than sixty years, the Group’s continuous investment in product development strengthened our portfolio of CleanTech products and services. This product line increases the through-put, up-time, and water efficiency and reuse of our products, while our latest software innovations allow customers to monitor the critical metrics of typical heavy-duty laundries in real time to reach ever lower water and energy consumption numbers and costs. Our partnership with Inwatec ApS continued to revolutionize the industry and expand our market reach. In 2019, Inwatec ApS introduced a textile sorting system that is unique in the industry in automating the labor-intensive, soil-side sector by means of artificial intelligence ("AI") and applied robotics solutions.

Over the course of 2021, the Board of Directors and management developed a new strategic plan centered around the key drivers of sustainable value creation - ranging from product innovation and service excellence to commercial and industrial efficiency and effectiveness - and powered by the Group's ongoing digitalization. The plan, which will be gradually implemented, includes initiatives and programs to transform both internal and external business practices and processes. Externally, the application of digitally enhanced, real-time laundry process and performance data as well as far-reaching laundry automation will enable customers to further increase their productivity. Internally, the digital alignment of core processes and use of cloud-based systems will continue to create opportunities to simplify ways of working, break down functional silos and make more room for entrepreneurship across the entire organization.

Thanks to our staff and employees' ingenuity and openness to working in new and more aligned ways, 2021 became the year when JENSEN-GROUP merged tradition with reinvention.  As we aim for ever higher performance standards, we will continue to invest in our factories and support employees in reaching new levels of job satisfaction, excellence and growth. With key financial performance indicators for 2021 showing remarkable improvement over the prior year, a record level of net cash, and a decrease in working capital, we are more agile in facing challenges and seizing opportunities to pursue new technologies and markets than ever before.

We thank our customers for their continued trust and loyalty. We strive to meet their expectations in terms of productivity and innovation, cost, reliability and service, and reduced environmental impact by means of our sustainable products and solutions.

We thank our employees throughout the world for their dedication in bringing their skills and creativity, kindness, and open-minded spirit to upholding the JENSEN-GROUP mission to prioritize our customers' needs.

Last but not least, we thank our shareholders for their support of the Board of Directors and management in our journey to be the leader in this industry.

Jesper Munch Jensen
Chief Executive Officer

Rudy Provoost
Chairman of the Board of Directors

# Profile of the JENSEN-GROUP

## Mission statement

It is the aim of the JENSEN-GROUP to offer the best solutions to customers worldwide in the heavy-duty laundry industry. We work for and with our customers to supply innovative and sustainable products and services, ranging from single machines, systems, turnkey solutions and laundry process automation. Laundries supplied by the JENSEN-GROUP aim to reach the highest level of labor and energy efficiency in the industry.

We will continuously develop our people and invest in new talents.

By combining our global capabilities and offering local presence to customers, we are able to create profitable growth and responsible industry leadership.

## Making a difference

Through technical excellence, significant investment in product development and specialized industry knowledge, the JENSEN-GROUP is able to plan, develop, manufacture, install and service everything from single machines and processing lines to complete turnkey solutions. Our partners include textile rental suppliers, industrial laundries, central laundries as well as on-premises laundries in hospitals, hotels and cruise ships. We believe that our customers know their laundry business better than anybody else and that with the help of the JENSEN-GROUP's comprehensive laundry competence and experience we are able to find the right solution for their specific requirements.

## Organization


The JENSEN-GROUP is organized into six Business Regions, which are in charge of distribution as well as production and responsible for all equipment designed and manufactured by the Group. Factories in the Business Regions develop, produce and deliver a full and competitive range of JENSEN-GROUP products to customers through a worldwide network of Sales and Service Centers (SSCs) and authorized local distributors. This worldwide distribution network together with our laundry design capabilities, project management expertise and after-sales service capability make the JENSEN-GROUP uniquely positioned to act locally while meeting customer expectations fast and reliably whether the requirement is a single machine or a complete turnkey solution anywhere in the world.

## Manufacturing

The JENSEN-GROUP has a manufacturing platform of seven factories in five countries on three continents:

- Denmark: JENSEN Denmark in Rønne and Inwatec ApS in Odense
- Sweden: JENSEN Sweden in Borås
- Germany: JENSEN GmbH in Harsum and JENSEN Components in Pattensen
- USA: JENSEN USA in Panama City, FL
- China: JENSEN China in Xuzhou

## Distribution

The JENSEN-GROUP sells its products and services under the JENSEN, ALPHA by JENSEN, and Inwatec names through wholly owned sales and service centers and through independent authorized distributors worldwide. The relative share of sales through our own SSCs has increased in recent years. These SSCs operate in the most important heavy-duty markets: Australia, Austria, the Benelux, Brazil, China, Denmark, France, Germany, Italy, Japan, the Middle East, New Zealand, North America, Norway, Singapore, Spain, Sweden, Switzerland and the United Kingdom. Sales and service centers play a critical coordination role for the increasing number of complex installation projects involving several of our production companies simultaneously. Local presence enables us to deliver after-sales services on demand to our customers. On top of that, we have an experienced distributor network base in more than 50 countries.

## Product development

The JENSEN-GROUP’s key technologies encompass the entire laundry process, including the washroom itself, the logistics of moving linen and textiles inside the laundry, finishing with feeders, ironers and folders, as well as software technology to control the overall process. In short, a large number of different technologies are used in the process of turning soiled linen and textiles into clean linen with a perfect finish.

Given the wide range of technologies needed to cater for the needs of our customer base, we do not focus on fundamental research and development. Our task is to make use of existing technologies and incorporate them into our industry’s processes.

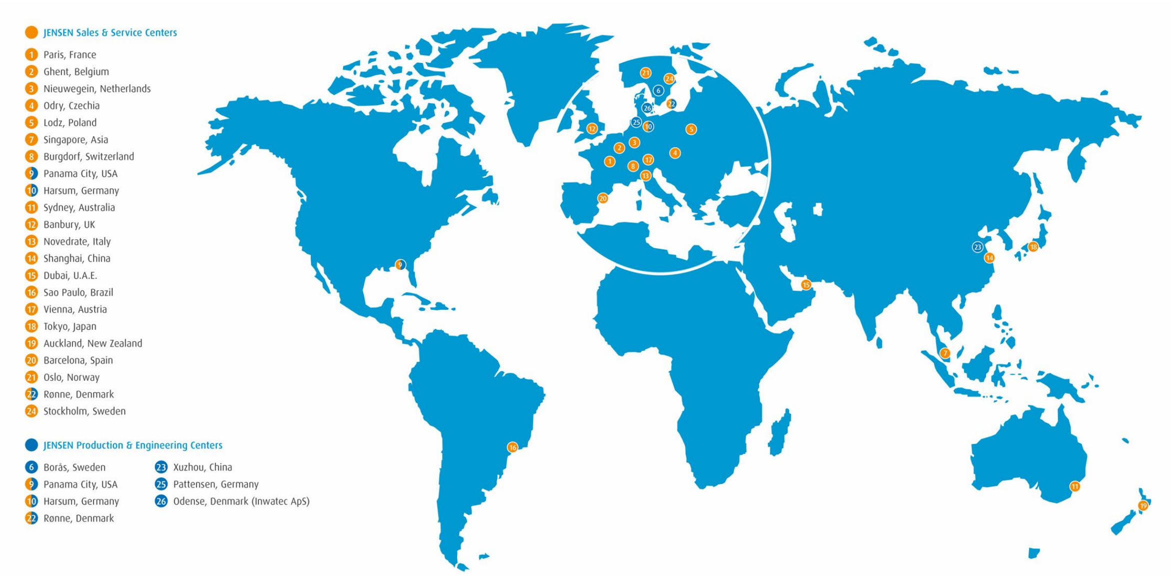
In recent years, we have particularly invested in further upgrading and expanding our product range in laundry robotics, AI, automation, new software applications for our industry and environmentally-friendly products. Many developments that target natural resource and energy savings for our customers are grouped under our CleanTech brand. Together with ABS Laundry Business Solutions, the JENSEN-GROUP has created Gotli Labs AG, offering state-of-the-art software solutions for the heavy-duty laundry industry. The integration of technology and software allows customers to monitor and track production in real time and use the acquired information to improve productivity based on relevant data. The new product from Gotli Labs under the GLOBE label and the investments in Inwatec ApS for automation and AI bring our industry up to a new level and prepare us for Industry 4.0 and the Internet of Things. Process control and production monitoring software have become crucial in offering the customer a total laundry-operation solution.

The Group has numerous patents and patent applications on particular features of our machinery, and product development teams in the various JENSEN-GROUP competence centers are continuously examining the possibility of protecting our innovative developments. Our ambition is to automate heavy-duty laundries as much as possible.

Patents and notarial depositions are used primarily to prove prior art. We protect our patents on a case-by-case basis and primarily in the larger markets.

In general, the JENSEN-GROUP annually invests in the range of 2% to 3% of its turnover in Product Development.

## JENSEN-GROUP in the world




Plus, a worldwide network of distributors.

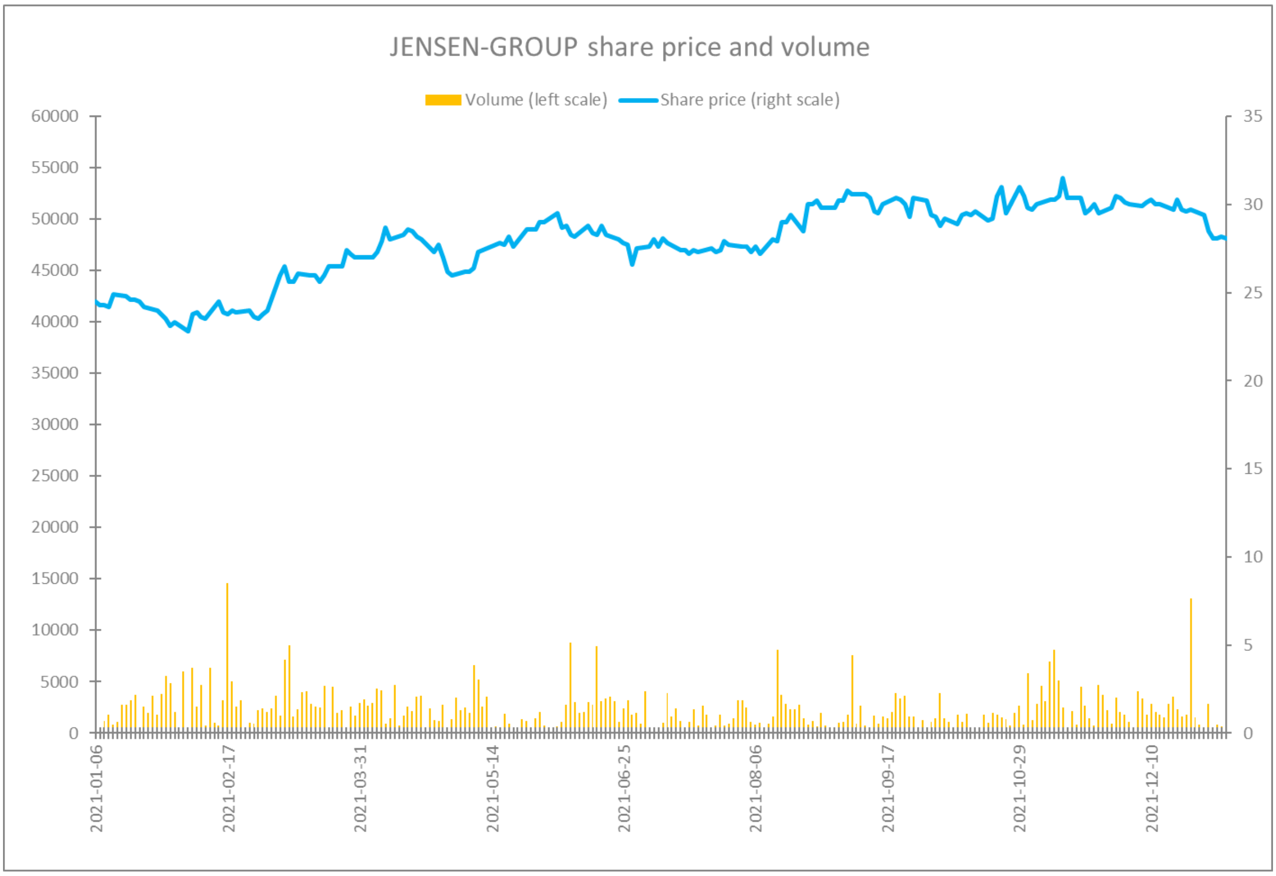
## Information for shareholders and investors

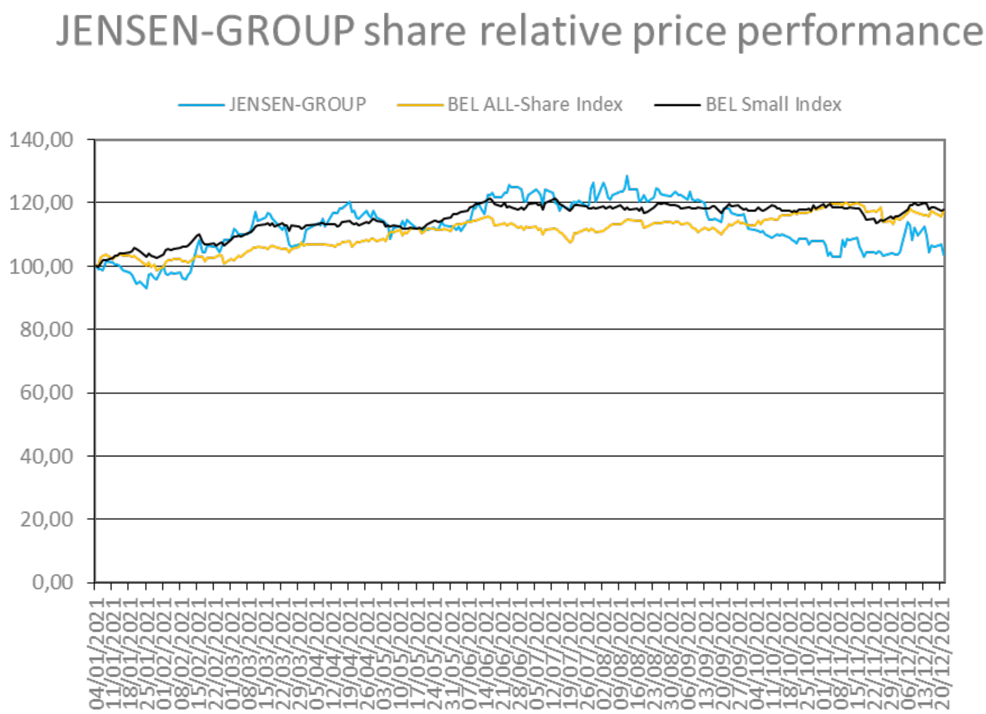
The JENSEN-GROUP NV shares are quoted on the Euronext Stock Exchange under the ticker JEN (Reuters: JEN.BR Bloomberg JEN.BB) since June 1997. The ISIN code is BE0003858751. The quote of the JENSEN-GROUP NV shares can be found online on the following websites:

- JENSEN-GROUP: https://www.jensen-group.com/investor-relations/share-price.html
- Euronext: https://live.euronext.com/en/product/equities/BE0003858751-XBRU

### Share price evolution

The JENSEN-GROUP NV share price increased from 24.2 euro at the end of 2020 to 26.9 euro at the end of 2021, with an average daily trading volume of 2,305 shares compared with 2,966 in 2020.






## Investor relations

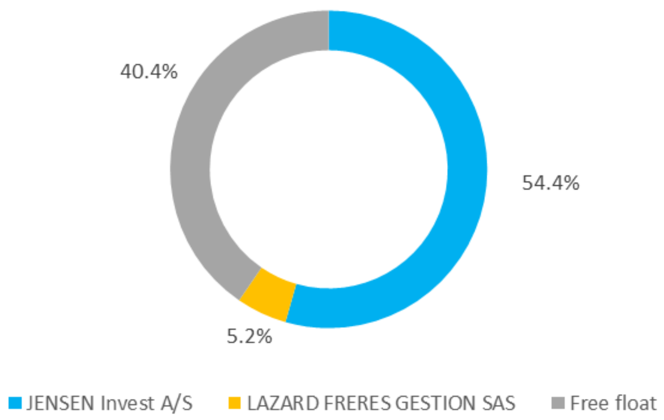
JENSEN-GROUP NV organizes its communication with shareholders and investors in the following way:

- Organizing two analysts' conference calls per year, following publication of the half-year and the full-year results;
- Communicating any major changes in the financial position and earnings of the Company;
- Distributing press releases to professional and private investors and posting them on the corporate website;
- Posting the votes and minutes of the Shareholders' meetings on the corporate website;
- Providing all communication, including the corporate website, in English and Dutch;
- Making information on shareholdings and the financial calendar available on the corporate website;
- Attending small cap investor events upon request;
- Telephone conferences with analysts and existing or potential shareholders upon request.

## Change in ownership structure

During 2021, JENSEN-GROUP NV did not receive any notification.

The ownership structure as per December 31, 2021 is set out below:




## Shareholders' calendar

- May 17, 2022: 10 a.m. Annual Shareholders' Meeting;
- August 2022: half-year results 2022 (analysts' meeting);
- March 2023: full-year results 2022 (analysts' meeting).

The Investor Relations Manager is also available to meet individual shareholders, analysts, specialized journalists and institutional investors to enable them to see the JENSEN-GROUP's short and long-term potential, with respect to both the business as a whole and/or specific activities. Presentations, meetings and site visits are organized upon request.

The JENSEN-GROUP Annual Report, press releases and other information are available on the corporate website (http://www.jensen-group.com).

Shareholders wishing to convert registered shares into dematerialized shares can contact the Investor Relations Manager.

Shareholders and investors who want to receive the JENSEN-GROUP Annual Report, the financial statements of JENSEN-GROUP NV, press releases or other information with respect to the JENSEN-GROUP can also contact the Investor Relations Manager:

JENSEN-GROUP NV
Mrs. Veronique De Ridder
Neerhonderd 33
BE 9230 Wetteren, Belgium
Tel. +32.9.333.83.30
E-mail: investor@jensen-group.com

# Financial report 2021

# Report of the Board of Directors

## State of the business in 2021

JENSEN-GROUP's revenues for the year amount to 259.7 million euro compared to 245.2 million euro in 2020. The 5.9% increase demonstrates the JENSEN-GROUP's ability to take orders and see them through to completion in a challenging environment. Despite this progress, the overall level of activity remains lower than before the Covid-19 pandemic.

The ongoing limitations on travel and tourism resulting from Covid-19-related constraints still affect the Group's hospitality business, in particular with several customers having to temporarily close down or reduce their operations. These challenging market conditions could continue in view of potentially longer-lasting travel restrictions by large countries (China, Japan, India and others) and further pressure on the demand in the hospitality sector due to recurring lockdowns and changing government directives. Furthermore, scarcity in available electronic components and supply chain issues also play a role and might have a longer-term effect.

Occasionally, the JENSEN-GROUP grants buy-back guarantees to individual customers. To accommodate these customers, a few extensions of buy-back guarantees of up to 15 months were granted in the light of the closing of several laundries. In one particular case, where a laundry was forced to close down, an additional provision of 0.4 million euro was recorded.

Despite challenging market conditions, the EBIT of the JENSEN-GROUP grew by 66.7% in 2021 over 2020, amounting to 21.3 million euro in 2021 compared to 12.8 million euro in 2020. The large increase in the EBIT was the result of swift measures taken by the Group in decreasing the cost base and adjusting the capacity in several plants. The EBIT includes 3.6 million euro of costs (2.9 million euro in 2020) related to restructuring, reducing the workforce, and closing of activities. The EBIT also includes a margin of 2.5 million euro related to projects cancelled in 2020, which was recognized in November 2021.

JENSEN USA received Government support by means of a loan, in the form of a Promissory Note from the state of Florida amounting to 1.9 million US dollar in May 2020. On March 17, 2021, forgiveness was granted, and the amount is recorded as other income.

Other income also includes support from the authorities by means of compensation schemes, mostly related to payroll compensation and coverage of fixed costs in several countries (2.1 million euro in 2021 compared to 1.7 million euro in 2020).

In July 2020, JENSEN GmbH was granted an amortizing KfW (Kreditanstalt für Wiederaufbau) loan amounting to 10 million euro for a period of six years. The conditions of the loan give JENSEN GmbH the right to repay before final maturity date. JENSEN GmbH drew the full 10 million euro. At year-end 2021, the first quarterly pay-back of 0.5 million euro was made, and quarterly reimbursements of 0.5 million euro will follow until full repayment.

On the balance sheet, working capital at closing date was 90.7 million euro compared to 101.9 million euro at the end of last year, despite a higher activity level. The Group reports a net financial cash position of 41.0 million euro, including 4.5 million euro of leasing debt, compared to 28.3 million euro at end-2020. The Group's borrowing agreements include financial covenants with one of the financial institutions on solvency as well as a positive EBITDA on an annual basis and a maximum debt/EBITDA ratio. As per December 31, 2021, the JENSEN-GROUP was in full compliance with its bank covenants.

An impairment of the financial participations was not required as Tolon GLOBAL MAKINA Sanyi Ve Tikaret Sirketi A.S., Turkey, in which we have a 49% holding, performed according to expectations.

Based on the above, an analysis of our markets, order backlog, sales funnel, future revenues, various scenarios and cash projections, the Group is of the opinion that the consequences of Covid-19 and of the disruptions of the supply chains are manageable for the coming period with the knowledge as of today. Therefore, the EMT (Executive Management Team) has concluded, and the Board of Directors concurs, that the JENSEN-GROUP NV is able to continue as a going concern.

Net financial charges decreased from 2.9 million euro to 2.1 million euro, reflecting lower currency losses.

Higher activity and a more favorable cost base led to a 38% increase of taxes.

On March 26, 2021, the JENSEN-GROUP increased its shareholding in Inwatec ApS from 30% to 70%. Inwatec ApS is a Danish company, part of Europe's robotic hub Odense Robotics, which manufactures modern high-end solutions for industrial laundries. Inwatec's core competence lies in the field of software and mechanical development for laundry automation and robotics. Inwatec ApS announced a net income of 2.7 million euro in 2020. The Group does not expect a significant impact on the consolidated revenues as most of the sales are already included in the JENSEN Sales and Services Centers. The purchase price (14.9 million euro) allocation is disclosed in the notes of these financial statements.

The result from companies accounted for by the equity method decreased from 1.3 million euro (participations TOLON and Inwatec ApS) to 0.5 million euro (participation TOLON). As the Group increased its shareholding in Inwatec ApS to 70%, the participation in Inwatec ApS is fully consolidated and no longer accounted for by the equity method.

The above-mentioned factors together resulted in an increase in net profit from 7.6 million euro to 14.6 million euro (+91.7%).

## Outlook 2022

The JENSEN-GROUP received 345 million euro of orders in 2021, a 54% increase over last year's order intake and the second highest order intake in its history thanks to a very strong fourth quarter.

Considering the Covid-19-related risks of potentially recurring lockdowns and travel restrictions across the world, as well as the risks triggered by the potentially destabilizing impact of geo-political and military threats, the JENSEN-GROUP expects the investment climate in its markets to remain unpredictable and volatile in 2022.

The Group expects production costs and delivery schedules to be impacted in 2022 due to the increase in raw material and component prices, remunerations, as well as the effect of supply chain disruption and scarcity in available electronic components. Other risk factors include the duration and effect of the Covid-19 pandemic, the decline in demand, the access to financing for our customers, the fluctuating raw material, energy, and transportation prices, the exchange rate volatility, the uncertain political climate, and the competitive pressures.

Despite a challenging business environment, the Group remains confident in its ability to stay the course thanks to the restructuring measures we implemented last year, which allowed us to create a significant financial headroom. Our aim for 2022 is to maintain the Group's profitability level despite the volatility in demand and the uncertain impact of supply chain constraints, and the effect of price increases for raw materials and components on our order backlog and future business. While we will continue to focus on customer centricity and sustainable innovation through new product development in our factories and through our cooperation with and participation in Inwatec ApS, we will further step up the optimization and digitalization of our internal processes.

## Risks related to the JENSEN-GROUP's financial situation

Net profit depends on reaching a certain level of sales to absorb overhead costs.

Any major drop of activity has an immediate effect on operating profits.

The JENSEN-GROUP fully owns seven production sites, in the following countries:

- China
- Denmark
- Germany
- Sweden
- USA

Each production and engineering center ("PEC") is specialized in a specific part of the laundry operation (Washroom, Finishing Technology, Material Handling) or in a specific type of linen (flatwork, garment or special applications such as mats, continuous roller towels or wipers).

The JENSEN-GROUP has its own distribution channels ("SSC" Sales and Service Centers or Sales Support) in the most important markets:

- Australia
- Austria
- Benelux
- Brazil
- China
- Denmark
- France
- Germany
- Italy
- Japan (Sales Support)
- Sweden
- Middle East (Sales Support)
- New Zealand
- Norway
- Singapore
- Spain
- Switzerland
- UK
- USA

Alongside to the SSCs, the JENSEN-GROUP has sales representatives in:

- Czech Republic
- Poland

On top of that, the JENSEN-GROUP has an experienced distributor network in more than 50 countries.

Each SSC is staffed to handle turnkey projects and systems, single machine sales and after-sales services.

In each PEC and SSC we have the supporting functions needed to administer the legal entity. In order to absorb these overheads, sufficient volume is needed. The activity level determines production volume and can be influenced by factors beyond our control. Since our products are investment goods, the international investment climate in healthcare, hospitality (hotels and restaurants) and industrial clothing in particular can have a significant influence on the overall market demand and sales opportunities. The impact of a sudden decrease in turnover cannot be fully offset by a decrease in overheads and infrastructure costs and as such can have a negative impact on our activity level, financial condition and operating results.

Currency risks and the economic and political risks of selling products in foreign countries.

Sales of equipment and projects to international customers represent a major part of the net revenues. Demand for our products is and may be affected by economic and political conditions in each of the countries in which we sell our products and by certain other risks of doing business abroad, including fluctuations in the value of currencies. We do hedge exchange rate fluctuations between the major currencies used in our operations, these being the AUD, CHF, CNY, DKK, EUR, GBP, JPY, NOK, NZD, SEK, SGD and USD.

Interest rate fluctuations could have an adverse effect on our revenues and financial results.

The JENSEN-GROUP is exposed to market risk associated with adverse movements in interest rates. The Group maintains long-term interest rate hedges and loans with fixed interest rates in order to limit this risk, but a general increase in interest rates might have an unfavorable effect on the overall investment climate and as such on our business, financial condition and results of operations.

Negative interests have a negative impact on the cash position of the JENSEN-GROUP. The Group spread its cash position into different investments in order to reduce the impact of the negative interest and mitigate the bankruptcy risk of any bank with cash deposits.

The use of debt could adversely affect our financial health if covenants are not met.

The JENSEN-GROUP's major financial institution partners are Nordea, KBC and Nykredit. The Group's borrowing agreements include financial covenants with one of the financial institutions covering solvency, a positive EBITDA on an annual basis and a maximum debt/EBITDA ratio. These covenants could have a restricting effect on our financial capacity.

To service its debt, the JENSEN-GROUP will require a certain amount of cash flow. The ability to generate cash depends on many factors beyond our control.

The ability to make scheduled payments of principal and interest with respect to our debt, to fund our planned capital expenditures and our research and development efforts, and to finance our expansion in capacity, will depend on our ability to generate cash, on future financial results and on the development of the major financial institutions we work with. These institutions, to a certain extent, are subject to the risk factors mentioned above.

## Risks related to the JENSEN-GROUP's business activities and industry

JENSEN-GROUP's main customers are getting larger as they consolidate and become increasingly international.
An important part of the business is to deliver solutions and machines to the textile rental industry. The ongoing consolidation and internationalization in this industry is making a significantly greater part of the business dependent on relations with these larger groups.

Price fluctuations or shortages of raw materials, supply chain disruption and the possible loss of suppliers could adversely affect the operations.
The JENSEN-GROUP purchases a large number of different components as well as raw materials such as black iron, stainless steel, aluminum and electronic components. The price and availability of these raw materials and components are subject to changes in duties, market conditions affecting supply and demand, fluctuations and shortages. In a competitive market, there is no assurance that increases or decreases in raw material and other costs will be translated quickly into higher sales or lower purchase prices. Nor can there be any assurance that the loss of suppliers or components would not have a material adverse effect on our business, financial condition and results of operations. We currently do not undertake commodity hedging.

The JENSEN-GROUP operates in a competitive market.
Within the worldwide heavy-duty laundry market, the JENSEN-GROUP encounters several competitors, both small and large. There can be no assurance that significant new competitors or increased competition from existing competitors will not have an adverse effect on our business, financial condition and results of operations.

In addition, the Group may face competition from companies outside of the United States or Europe who have lower costs of production (including labor or raw materials). Such companies may pass on these lower production costs as price decreases to customers and as a result, our revenues and profits could be adversely affected.

Vendor financing.
Since the 2008 financial crisis, many customers have experienced difficulties in obtaining financing to invest in expansion or equipment renewal. Under certain specific conditions the JENSEN-GROUP is offering financing solutions to customers. This creates exposure for the Group in terms of having to take back machinery over the lifetime of the financing contract. We manage our exposure by aligning the take-back price to the second-hand market values as much as possible.

## Legal and regulatory risk

<u>Policy choices can affect the healthcare sector.</u>

The JENSEN-GROUP sells to industrial laundries which handle, amongst others, linen for the healthcare sector. Policy choices at country level can affect the standards of hygiene or the financial capability of hospitals. This may influence sales at specific points in time as well as product development in order to find solutions for the most stringent hygiene requirements**.**

<u>The JENSEN-GROUP may incur product liability expenses.</u>

The Group is exposed to potential product liability risks that arise from the sale of our products. In addition to direct expenditures for damages, settlements and defense costs, there is a possibility of adverse publicity as a result of product liability claims. We cannot be sure that our existing insurance or any additional insurance will provide adequate coverage against potential liabilities and any such liabilities could adversely affect our business, financial condition and results of operations.

<u>The JENSEN-GROUP is subject to risks of future legal proceedings.</u>

At any given time, the JENSEN-GROUP is a defendant in various legal proceedings and litigations arising in the ordinary course of business. Although we maintain insurance coverage, there is no guarantee that this insurance coverage will be adequate to protect us from all material expenses related to potential future claims for personal and property damage or that these levels of insurance coverage will be available in the future at economical prices or for that matter, available at all. A significant judgment against us, the loss of a significant permit or other approval, or the imposition of a significant fine or penalty could have an adverse effect on our business, financial condition and future prospects.

## Environmental, social and governance risks

<u>The JENSEN-GROUP is dependent on key personnel.</u>

The Group is dependent on the continued services and performance of the senior management team and certain other key employees. The employment agreements with senior management and key employees are for an indefinite period of time. The loss of or difficulties to find qualified personnel or to replace any key employee could have a material adverse effect on the business, financial condition and results of operations because of their experience and knowledge of our business and customer relationships.

The nature of the business exposes the JENSEN-GROUP to potential liability for environmental claims and adverse effects of new and more stringent environmental, health and safety requirements.

The Group is subject to comprehensive and frequently changing federal, state and local, environmental, health and safety laws and regulations, including laws and regulations governing emissions of air pollutants, discharges of waste and storm water and the disposal of hazardous wastes. We cannot predict the environmental liabilities that may result from legislation or regulations adopted in the future, the effect of which could be retroactive. The enactment of more stringent laws or stricter interpretation of existing laws could require additional expenditures by us, some of which could have an adverse effect on our business, financial condition and results of operations.

The Group is also subject to liability for environmental contamination (including historical contamination caused by other parties) at the sites that it owns or operates. As a result, the Group is involved, from time to time, in administrative and judicial proceedings and inquiries related to environmental matters. There can be no assurance that we will not be involved in such proceedings in the future, and we cannot be sure that our existing insurance or additional insurance will provide adequate coverage against potential liability resulting from any such administrative and judicial proceedings and inquiries. The aggregate amount of future clean-up costs and other environmental liabilities could have a material adverse effect on our business, financial condition and results of operations.

For the past several years, the JENSEN-GROUP has strictly followed an environmental remediation plan relating to our former Cissell manufacturing facility in the United States. A third-party indemnity for the remediation plan exists, with Cissell as the legal beneficiary. The most recent sampling tests, performed by a third party environmental-engineering company each year, together with an exhaustive review every five years, are in line with expectations. Considering the data collected since the 2018 exhaustive review, the original endpoint of 2025 appears optimistic and several more years are likely. The next exhaustive review is scheduled for 2023. The latest projected end date for this remediation plan is 2025. However, there is no guarantee that significant additional civil liability or other costs will not be incurred by us in the future with respect to the Cissell facility or other facilities.

The operations are also subject to various hazards incidental to the manufacturing, transportation and functioning of heavy-duty laundry equipment. These hazards can cause personal injury and damage to and destruction of property and equipment. There is no guarantee that as a result of past or future operations, there will not be injury claims by employees or third parties. Furthermore, we also have exposure to present and future claims with respect to worker safety, workers' compensation and other matters. There is no guarantee as to the actual amount of these liabilities or the timing of them. Regulatory developments requiring changes in operating practices or influencing demand for, and the cost of providing, our products and services or the occurrence of material operational problems, including but not limited to the above events, may also have an adverse effect on our business, financial condition and results of operations.

The JENSEN-GROUP operates in several locations and is subject to natural hazards.

The Group operates in 23 countries and is therefore exposed to natural hazards such as earthquakes, windstorms or floods. Insurance coverage is taken when possible and affordable and compliance with specific building codes is reviewed carefully. We noticed a decrease of insurance coverage in certain areas in the past years. The entities are required to have disaster recovery plans. Any severe natural disaster could affect our business, financial conditions and operational results.

Pandemic.

A pandemic has a direct impact on our customers serving the hospitality sector (travel and tourism) and healthcare sector as authorities can make decisions affecting both sectors that result in lower business and that influence investment possibilities and outlook. Any severe pandemic could affect our business, financial conditions, and operational results.

## Internal control risk

The JENSEN-GROUP operates with several information and communication technologies (ICT).

The Group uses for its worldwide operations several tools, devices and software in its ICT and machine operating environment. Digital technologies, devices and media bear manifest risks and opportunities. Machinery is more interconnected and prepared for IoT (Internet of Things). As a result, the Group faces cyber risks. Any ICT failure in the area of security and systems access or in machine operating environments might cause operational disruption, damage to reputation, and financial losses. The Group manages these risks by closely following the latest technological developments. Next to this, the Group selects the best suited suppliers for software and ICT. Cybersecurity is a major criterion when selecting these suppliers.

## Statement on non-financial information

In accordance with Directive 2014/95/EU (the "Directive") of the European Parliament and of the Council of 22 October 2014 and as required by the Belgian Companies and Associations Code (the “Companies and Associations Code”) art. 3:6 § 4 and art. 3:34, we have added this separate section containing non-financial information which is considered to be relevant for the JENSEN-GROUP stakeholders. We are on track with the implementation of the new CSRD (Corporate Sustainability Reporting Directive). The JENSEN-GROUP is not eligible for Taxonomy. Therefore, the KPI's are reported as zero.

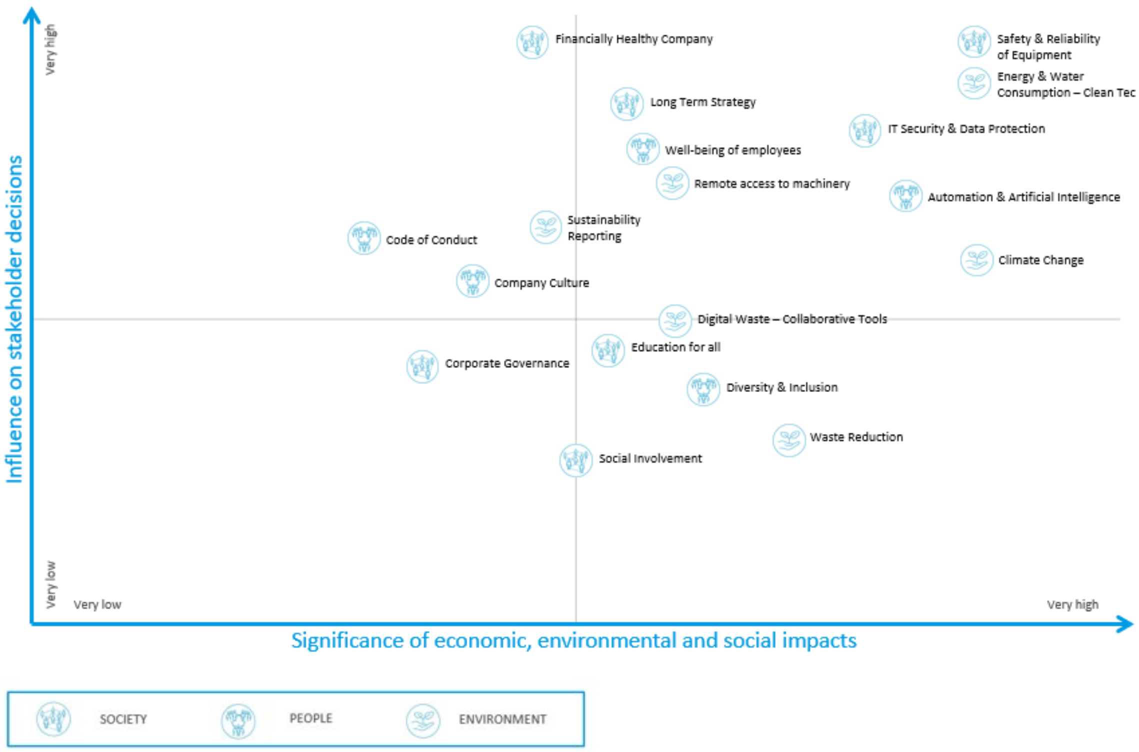
In providing this information, we have considered the requirements defined by the Directive and the Companies and Associations Code, while also drawing inspiration from the GRI Sustainability Reporting Standards: Core option.

Alongside the financial information on the JENSEN-GROUP (which can be found in the ‘Financial Report 2021’ section of this Annual Report), this section describes non-financial activities which are relevant to our stakeholders and by which we make a difference. We are on track with the implementation of the new CSRD.

# Materiality analysis

We updated the materiality analysis to identify and confirm sustainability topics that are most important to our business and stakeholders, and to further strengthen our sustainability and corporate responsibility policy and reporting, by prioritizing topics that matter the most.

We identified topics that are considered important for reflecting the Group's economic, environmental and social impact or that influence the decisions of JENSEN-GROUP stakeholders, such as our customers, suppliers, employees, governments and shareholders. During this analysis, both external and internal factors were taken into consideration, including the JENSEN-GROUP vision, mission, brand and long-term strategy. The result is illustrated in the materiality matrix below.




The upper right quadrant represents priority topics that are relevant for society, our stakeholders and our business. The JENSEN-GROUP sustainability approach focuses mainly on these areas. The upper left quadrant represents strategically significant topics, which are considered relevant from our stakeholders and our business point of view. The areas defined below are topics to be monitored closely and to be managed internally.

As from 2020 onwards, detailed monitoring of certain specific KPIs has been installed. We refer to the different dimensions of our sustainability approach mentioned below for the results of this monitoring process in 2021. This monitoring process will be maintained over the next years, which will allow us to have a full understanding of the different KPIs and hence reliable, fair and reachable objectives per KPI will be defined at that time. We expect to formally decide on KPI objective after a period of monitoring of 3 years (i.e., 2023).

## Covid-19 assessment

The global Covid-19 pandemic and its social and economic consequences have strongly impacted the everyday life of all people. Thanks to the dedication and cooperative spirit of everyone at the JENSEN-GROUP, we have successfully navigated these difficult times right from the start. Our digital alignment processes, initiated some years ago, already enabled a smooth transition from office work to home office in 2020, when the pandemic started. To some extent, 2021 was a year of stabilization: our customers and our staff managers got used to digital presentations and, lacking trade shows, to promoting our new products in alternative, innovative ways. We are continuously adapting our approaches to ensure best customer service, be it in severe lockdown conditions, be it in countries that are slowly returning to a new normal.

At the onset of the epidemic, we reacted swiftly, anticipating a prolonged period of economic setback and upheaval. We took the decision to secure our company while maintaining our long-term strategy of putting our customers first. Our local structures managed to implement structural changes while continuing to service our installed base with our sales and service companies throughout the world.

The challenges continue in these unprecedented times, and we continue to rely on the resilience demonstrated by all the JENSEN-GROUP staff so far.

## Sustainable business framework

The JENSEN-GROUP is known for always going above and beyond to meet the expectations of our customers. Also, the goal of creating sustainable innovation for a better world is deeply embedded in our DNA. The textile care service is the oldest circular economy in the world, with its roots going back to the late 19th century. Extending the life of textiles is key, and equally important is the lifetime of laundry equipment.

Our aim is to honor that legacy by developing our sustainability approach around the three ESG aspects:

Environmental

Social

Governance

In order to provide you with the broader sustainability context, we briefly elaborate on the JENSEN-GROUP business model. For more information, we also refer to other sections of the Annual Report.

# Business model

The aim of the JENSEN-GROUP is to lead by providing the best solutions to its worldwide customers in the heavy-duty laundry industry. Technical excellence, significant investment in product development and specialized industry knowledge enable the JENSEN-GROUP to plan, develop, manufacture, install and service everything from single machines to complete systems, turnkey solutions, and process automation.

We deem product development to be a key part of our business model, as scarcity of resources and a greater focus on ecology increase the need for sustainable laundry solutions. Sustainability goes beyond purely environmental aspects. The new bottom-line looks at the eco-social costs and benefits of having clean linen available. The well-being of the people using and processing the linen is key. As part of our total sustainability approach CleanTech, the JENSEN-GROUP develops machines and solutions that positively impact the financial success of the laundry as well as the working stations for its employees.

All products designed and manufactured by the JENSEN-GROUP fall under the responsibility of our factories, called Production and Engineering Centers ("PECs"). The PECs develop, manufacture, and deliver a full range of innovative and competitive JENSEN, ALPHA by JENSEN and Inwatec products to our customers through our worldwide network of Sales and Service Centers ("SSCs") and authorized local distributors, organized into six Business Regions. This worldwide distribution network together with our laundry manufacturing capability, project management expertise and after-sales service make the JENSEN-GROUP a credible one-stop supplier uniquely positioned to act locally, meeting our customer's requirements and expectations fast and reliably, whether for a single machine or a complete turnkey solution, anywhere in the world.

The relative share of sales through our own SSCs has increased in recent years. These SSCs operate in the most important heavy-duty markets: Australia, Austria, the Benelux, Brazil, China, Denmark, France, Germany, Italy, Japan, the Middle East, New Zealand, North America, Norway, Singapore, Spain, Sweden, Switzerland, and the United Kingdom.

The JENSEN-GROUP mission is "Creating the future in laundry automation", a one-liner that we also use in our marketing communication. The JENSEN-GROUP is committed to offering the best solutions to heavy-duty laundries worldwide. For this we are in a constant dialogue with our customers, through local presence, to identify the best solutions for them. Based on our global experience, these solutions consider the total cost of ownership and are aimed at continuously raising productivity and reducing the ecological impact of our equipment and our own processes. In recent years, we have particularly invested in further upgrading and expanding our product range in laundry robotics, AI, automation, new software applications for our industry and environmentally friendlier products. We are committed, engaged, dedicated and responsible every time we interact with our customers.

Our customers provide a broad range of textile care services in a variety of application areas:

- Healthcare laundries: A typical healthcare institution delivers a wide range of items to its laundry, including: surgical gowns and textiles, patient drapes, patient clothing, gowns for doctors and nurses, bed linen, towels, and more. Healthcare linen demands exceptionally high standards and flexibility in the choice of washing programs to ensure textiles are clean and not contaminated.

- Hospitality laundries: clean and perfectly folded linen is part of the overall experience of any visit to a restaurant or a hotel. Hospitality laundries process a wide variety of textiles: bedsheets, fitted sheets, duvet and pillow covers, mattress covers, tablecloths, napkins, placemats, aprons and fluffy items such as bathrobes and towels.

- Industrial laundries: both large corporations and small enterprises rely on textile care services for their workwear. Professional workwear has people covered for all situations at work and includes: shirts, uniform jackets and pants of every kind, overalls, military uniforms, reflective striping jackets and pants, safety vests, police and firefighter uniforms, and even flame-resistant jackets or pants. Professional garments ensure that their wearers are recognized, respected, and ultimately also protected.

- Mat laundries: dirt control mats are a calling card for every business and guarantee an excellent first impression. Shop owners and managers rely on them in all weather conditions – without mats in the entrance area, their buildings would require constant cleaning.

- Large on premises laundries: e.g., on cruise ships, where thousands of passengers and crew members live in a limited space for days or weeks. Both for consumption and emissions, the standards for hygiene and energy efficiency are unique in the cruise ship industry. Cruise companies are very concerned about the health and well-being of all people aboard the ship.

Our solutions cover all stages of sorting, washing, drying and finishing of linen, garments and mats.

The JENSEN equipment combines automation and high quality – while ensuring low energy, water, and chemicals consumption, saving both money and the planet.

Finally, our business model is highly scalable and serves as a platform to expand geographically. Expansion plans have been kept on hold in 2021. We aim to expand throughout the world in order to keep communication lines with our end-customers as short as possible. Local presence was already a key competitive advantage before the Covid-19 pandemic hit the world and continues to be a critical success factor.

# ENVIRONMENTAL PERSPECTIVE

All our stakeholders and, above all, customers, face a rapidly changing environment. The JENSEN-GROUP takes sustainability seriously and is pursuing a continuous energy reduction and environmental protection strategy. In particular, the increasing scarcity of water and energy calls for an increased focus on ecology.

We have implemented appropriate internal policies to help us identify both internal (arising during the manufacturing process) and external (created by the use of our equipment) environmental risks to our business. Such risks are identified and evaluated as part of the yearly risk mapping exercise. Three main environmental risks are included in the risk map, based on the probability of the risk occurring and based on its impact:

- Risk of damage due to a natural disaster;
- Risk of non-compliance with new local laws and regulations regarding environmental protection;
- Risk of being held responsible for environmental contamination without knowledge of having caused the contamination.

Risk mitigating measures are defined, implemented, and evaluated on a yearly basis by the Executive Management Team. A dedicated project has been introduced to ensure that the JENSEN-GROUP is fully compliant with local laws and regulations. For further information on environmental risks, we refer the reader to the 'Risk Factors' and 'Risk Management and Internal Control' sections in the 2021 Annual Report.

Continuous investment in product development, alignment of our core processes and in-depth market presence enable us to better meet our customers' needs. Many of these developments are targeted at reducing energy and water consumption as well as increasing the up-time of our equipment. In general, the JENSEN-GROUP invests in the range of 2% to 3% of its turnover in product development every year.

A major share of our product development work is directed at natural resource and energy savings and at reducing the environmental impact of our equipment. This includes continuously monitoring the performance of our equipment during the development phase. Many product developments that target natural resource and energy savings for our customers are grouped under our CleanTech concept.

CleanTech solutions

The JENSEN-GROUP takes sustainability and environmental protection seriously and is pursuing a continuous energy saving strategy to meet the challenges of the future, such as climate change and the finiteness of fossil fuels.

CleanTech solutions consist of knowledge-based products and services that improve operational performance, productivity and efficiency while reducing $CO_2$ emission, energy and water consumption, waste, or pollution. The objective of the JENSEN-GROUP CleanTech concept is to increase the efficient use of primary energy and to ensure that such energy is consumed more economically in gas-heated laundry equipment.

In developing laundry machines, the JENSEN-GROUP focuses on high performance with as little energy and freshwater usage as possible. As well as the use of directly gas-heated equipment, this involves integrating water and energy recovery systems into machines.

Moreover, the JENSEN-GROUP does not just confine itself to reducing $CO_2$ emissions and energy and water consumption of its machines but also handles valuable resources and energy sources carefully at the production stage. Our factories apply concentrated production planning with annual closings to keep the output at a constant high level. All transportation paths within the factory and from our suppliers are kept as short as possible. As part of our lean management principles, these movements are constantly measured, monitored, and adjusted. Electrically powered vehicles (forklifts, vans) are being introduced. Technology also adds to our sustainability balance: a new computer program for the laser cutting system at one of our factories, enabled us to optimize the use of metal sheets, reducing the annual volume of scrap steel by 600 tons, equal to 15 large fully loaded trucks. All factories have implemented energy-saving measures and introduced air pollution-reducing equipment that we will be starting to align with KPIs as of 2022.

Our CleanTech technology has produced some remarkable resource and energy savings for our customers in recent years. Average water consumption of under 3 liters per kg linen processed, and energy consumption of under 1 KW/h per kg linen processed can be reached today with our products and solutions. Our advanced solutions offer energy savings of up to 60% per year, combined with lower investment and installation costs. Productivity is up to 25% higher thanks to shorter drying and finishing cycle times.

Recorded figures under ideal circumstances in CleanTech laundries:

- Senking Universal tunnel washer with a new heat exchanger that extracts heat energy from the wastewater that can be used for heating the process water. The heat exchanger reduces the wastewater temperature by 35°C (from 55°C to 20°C), resulting in an energy reduction of 27%. The open helix allows a transfer of the batch to the next compartment by switching from a 285° washing angle to a 360° washing angle in only four seconds, as against at least eight for other brands, increasing the average annual production by 4.5%.

- The gas-heated WR (water removal) dryer consumes only 0.95 kWh/l. Launched in 2014, this dryer is still the world's most energy-efficient dryer. A gas-heated WR dryer helps a laundry reduce its carbon footprint by 31 tons per year. A heat exchanger cools the extract air by 40°C (from 100-110°C to 60-65°C), with the energy reused for heating the fresh air, and cutting energy consumption by up to 15%.
- The design of the Kalor ironer increases evaporation capacity and enables fast temperature changes without heat loss. Our measurements confirm a 19% reduction in $CO_2$ footprint.

We are working to take the energy reduction program a step further through investments in software to ensure that the machines are operated efficiently without idling, and automatically stopped if not operated. A further step is taken by the on-site measurement of KPIs in heavy-duty laundries: Globe by Gotli Labs, a real-time production management tool, provides information for monitoring equipment, staff, utilities, and energy in a laundry.

Manufacturing process

The JENSEN-GROUP has a manufacturing platform of seven factories in five countries on three continents. Each manufacturing site focuses on specific technologies for the heavy-duty industry. We develop environmentally friendly equipment, manufactured in the most ecologically responsible way. Furthermore, we are continuously monitoring our factories to reduce their impact on the environment. Savings on electrical energy costs is the goal of each of our factories. In 2021, the production and assembly of all heavy-duty laundry equipment consumed a total of 6'464'703 kWh, or 0.02% kWh per euro revenue. The two factories with their own paint booths, namely Xuzhou/China and Rønne/Denmark, both meet high standards for emissions. These are constantly monitored, with each site employing a dedicated person in charge of environmental issues and hazardous waste.

The pollutant discharge from the paint booth consists of hazardous solid waste, liquid waste and waste acid from the pickling station. The hazardous solid waste is stored in a separate warehouse for collection by the supplier. Its correct disposal is supervised by the Chinese and the Danish governments. The wastewater is sent to official sewage plants. The waste acid is stored in separate warehouses, supervised by government installed cameras (in China) or locked (in Denmark), and collected by a government-appointed company. This ensures that the waste acid doesn't pollute the environment. None of the plants have had any spills into the environment. Both paint booths are thoroughly cleaned on a regular basis, depending on the activity.

The heating of both paint booths consumes approximately 261.8 tons of gas per year (49.2 tons in Denmark, 212.6 tons in China), i.e., 0.003 tons per euro revenue.

An environmentally-friendly manufacturing process starts with selecting the most appropriate suppliers. The JENSEN-GROUP is therefore constantly looking for partnerships with suppliers who can contribute resource- and energy-saving opportunities of any kind.

Climate-related risks, dependencies, and opportunities

As mentioned in the Risks factor section of this Annual Report the JENSEN-GROUP operates in 23 countries and is therefore exposed to natural hazards such as earthquakes, windstorms, or flood. It is reasonably accepted that in the long-term climate change could result in an average increase of the worldwide temperature, which could cause more frequent natural hazards. Because of this increased risk insurance coverage is taken when possible and compliance with specific building codes is reviewed carefully, this to reduce the impact on the Group's performance and financial results.

As indicated in our Mission Statement, the aim of the JENSEN-GROUP is to supply our customers with sustainable single machines, systems, turnkey solutions and laundry process automation. Sustainable solutions also imply that we want to limit the negative impact of our activities on the climate as much as possible. Apart from our strict monitoring of internal energy usage KPIs as mentioned above and the reduction of our internal travelling, we consider the reduced water usage of our solutions to be a key differentiator and opportunity, with public opinion attaching ever greater importance to climate change. Further, limiting the water usage of our solutions is a high priority. We also stress the importance of sustainability throughout our value chain, starting from selecting our suppliers right through to positioning our strategy towards our customers.

Like many companies, the JENSEN-GROUP is dependent on natural, human, and social capital for its operations. Water is becoming more and more scarce, leading us to prioritize the further reduction of water usage in developing new machines and solutions. Our employees and by extension all our stakeholders appreciate these initiatives, resulting in more highly motivated employees and a better brand image throughout the value chain.

# SOCIAL PERSPECTIVE

The social dimension of our ESG agenda is determined by the way that we deal with our people and embrace the interest of society.

## PEOPLE

At JENSEN-GROUP, the wellbeing of our employees is mission-critical. Our employees are the basis of our success and make the difference in serving our customers.

Health & Safety

At the JENSEN-GROUP, the wellbeing of our employees and customers is crucial.
We want our employees around the globe to work in safe and ergonomically sound environments. We encourage all employees to help build safe work environments by applying safety measures in their day-to-day activities. Health and safety are a priority at each JENSEN-GROUP location. At all our production sites, plant managers' performance evaluations include the prevention of work accidents and remedial initiatives taken.

Every JENSEN-GROUP factory employs a Health & Safety Manager, who is responsible for implementing health & safety measures in their respective factory, starting from local regulations and requirements. At JENSEN China, an equipment operation safety management system analyses the key safety points in the production process. Quarterly work environment committees, consisting of local management and employee representatives, are organized at different factories to discuss health & safety procedures and to review work accidents. Compliance with local health and safety laws and regulations is also part of the annual risk mapping exercise by the Executive Management Team. In total, 34 occupational accidents occurred, all factories combined.

Again in 2021, management and employees were tremendously challenged by Covid-19. Home-working solutions and sanitary guidelines are enforced wherever possible and needed, following the instructions of the national government of each individual country.

Our responsibility for safety continues after our equipment is manufactured and has left our premises. We consider the safety of our customers' operators and anyone using our equipment to be as important as that of our own employees. Our equipment complies with all European safety regulations (European Standards, ENs) and other local requirements. At the same time, we believe that machine safety has to go beyond regulations. Already during the product development phase, we focus on the ergonomics and overall safety of our equipment. Ergonomic solutions have been integrated in all sorting, handling and finishing processes, e.g. optimized sorting belt height to reduce stress and strain caused by bending, engineered sorting stations which bring the bin chutes closer to the operators and individually adjustable height loading stations. The JENSEN-GROUP development teams also pay attention to the noise emissions of our equipment, given the stress that noise pollution causes to the general health and well-being. Next to that, the JENSEN-GROUP is the only supplier of cornerless remote stations and systems.

We aim at automating all manual or semi-automated processes. With a handsfree operation, laundries also ensure top hygiene conditions. Our product offering includes robotics from our partner Inwatec ApS, which expand on this approach. When soiled linen is sorted automatically by a robot, operators do not risk getting hurt or even infected by potentially forgotten objects in the textiles (tweezers, scalpels, scissors, pens and even larger objects). The lifetime of textiles and equipment is also extended by not being damaged by these forgotten objects.

Removing this "dirty work" of sorting the linen is a process that was not automated until a very short while ago. Inwatec's automated soil sorting system, consisting of an X-ray machine and a learning system, minimizes the need for human interaction in quality control and surveillance. Robots pick up the laundry pieces from conveyor belts and transport them to the X-ray scanner, which detects unwanted objects. At the same time, an RFID chip reader registers the garment and determines further sorting in the system. All these tasks can now be performed by a few operators who have only to empty the pockets of the discarded garments. The challenge has been to make robots intelligent enough to replace human functions.

With this mindset we have been able to reduce work accidents to an absolute minimum; even so, we consider each occupational accident as one too many. Health and safety is and will therefore remain a cornerstone of our strategy.

Workforce composition

The JENSEN-GROUP is fully aware of its responsibility to its employees. Driven by what we call the JENSEN Spirit, our culture is open and international. We offer opportunities for achievement, recognize people's contributions, give each team member as much responsibility as possible, and offer training and development opportunities. This open culture results in job satisfaction for each employee and in long-term employment at the JENSEN-GROUP, as shown by the high average career lengths of 11 years and 11 months.

Especially for engineering companies that aim at building long-term relationships with its customers (often over generations), seniority is an important success factor. The longer someone has been with the organization, the better the contribution will be. Senior staff are valuable employees who become knowledge leaders in the organization. They are passing their experience and knowledge on to junior staff members, both in structured way as in our corporate JENSEN Academy trainings and on-the-job.

Opportunities for promotion are not preferentially offered to senior employees: The leadership team of the JENSEN-GROUP promotes colleagues based on their achievements, talents and ambitions, regardless of seniority.

The JENSEN-GROUP makes no distinction in terms of age, gender, culture, religion, origin or other diversity feature. We are committed to providing equal opportunity in employment and to respecting the rights and dignity of each employee. We also prohibit all forms of discrimination in recruitment and promotion. We have decided to drive the JENSEN-GROUP by culture. When we all live the JENSEN Spirit, we naturally do the right things.

We count 54 nationalities in the JENSEN-GROUP.

Female/male (total workforce 2021)

12% 88%

Female/male (management 2021)

13% 87%

As a direct consequence of our type of business, the percentage of women is rather low, though with a higher percentage in management. Furthermore, the Belgian Law of 28 July 2011 on gender diversification requires that at least one third of the Board of Directors be female. JENSEN-GROUP NV is in full compliance with this law.

People development

To fulfill our mission and to sustain our JENSEN Spirit, we need to attract and retain talented people and develop the skills of our current and future leaders. In recent years, the JENSEN-GROUP has invested heavily in the development of its employees, through corporate training, local training and individual initiatives. Training is given through the JENSEN Academy to all organizational levels, webinars and onboarding training for new employees, new managers and new project managers. Our factories also offer apprenticeships in a range of professions. Training programs include technical and function-specific training, as well as leadership modules that help our employees develop and cooperate in a global business environment. We believe that developing teamwork and collaboration is critical to our success.

In 2021, no training involving physical presence was conducted. The JENSEN-GROUP set up virtual systems to organize digital trainings also for service engineers. Office employees (sales, marketing, management, and back-office) have been participating in online training sessions since 2010 already. Based on these experiences, the Company could quickly develop similar approaches for staff that was originally trained on-site at our factories. Digital meetings cannot fully replace live training sessions either at a customer's site or at one of our factories. Once the travel restrictions have been loosened, we aim to introduce a hybrid solution, with a mix of live and online trainings.

Social dialogue

We want to further strengthen our open culture and to embed it throughout the JENSEN-GROUP. For this, we use a variety of communication channels and platforms to inform our employees about corporate targets, strategies and current developments. Jennet, the intranet of the JENSEN-GROUP, offers information on a wide range of subjects, including product information, HR information, and our Ethics Code, Principles and Guidelines. While Jennet is a valuable tool for disseminating information within the Group, we also encourage the use of internal social media, including an app on employees' smartphones, as a modern way of sharing news and interacting. The various departments then determine their own priorities using these general communication tools and implement action plans to achieve them. These collaborative tools support the exchange of new ideas and insights, and ultimately, personnel and organizational development.

In addition to this representative survey, the JENSEN-GROUP also measures how the JENSEN Spirit is experienced by our employees. A survey among 177 employees showed an average 6.6 points out of 10. The decline in satisfaction (2020: 7 out of 10) is attributed to job cutting in our factories when the workforce had to be reduced due to the effects of the pandemic.

With our 'we think globally, and act locally' approach, a lot of authority is shifted towards local management. This requires us to make sure that several rules are respected. At the JENSEN-GROUP, these are summarized in our 'Principles and Guidelines' which can be found on the JENSEN intranet. In addition, the JENSEN-GROUP has developed a whistleblowing procedure and set up a Whistleblowing Hotline. We further refer also to the paragraph below on social responsibility and also encourage managers to enter into a dialogue with their teams, putting transparency into practice.

Customer centricity

The JENSEN-GROUP culture does make the difference: by incorporating our past, our presence with the preferred values that we live by, and our future. We want to be able to deepen our corporate culture throughout the organization and we believe that this is a dynamic process that directly incorporates the needs of our customers. As our customers know the laundry business better than anybody else, we want to create partnerships with them. Constant dialogue with our customers, through local presence, results in long-term relationships. In this way we know their needs and can focus on efficiencies to provide sustainable laundry solutions and systems. Our CleanTech solutions are helping us gain new customers that require ecological processes to meet Corporate Social Responsibility guidelines or to obtain quality certificates.

With the JENSEN-GROUP, our customers have a strong partner that they can rely on as of the moment of the initial consultation, on to the planning stage, correct installation and start-up of the equipment and through to after-sales service. This includes regular technical inspections of the JENSEN equipment and customer training, both of which increase productivity and profitability by reducing maintenance costs for our customers and helping to avoid equipment downtime. We believe this strong business partnership between the JENSEN-GROUP and its customers places us in a win-win position.

# SOCIETY

At JENSEN-GROUP, we are truly committed to serving customers to the best of our abilities, to joining forces with business partners to develop mutually rewarding relationships and to supporting the communities where we provide employment and society at large.

## Strategy and brand

Our strategy is to fully leverage our global capabilities while reinforcing our local presence in every significant market. The JENSEN-GROUP brand portfolio represents tailor-made and high-quality solutions for our customers wherever they are. In that respect, our aim is to truly make a difference by entering into local level partnerships and respecting local habits and needs, as well as respecting the needs and requirements of the wider local by living up to the highest professional standards and complying with all legal requirements. Furthermore, the JENSEN-GROUP does not only stand for productivity and efficiency but also for energy-efficient and environmentally friendly value propositions.

See the Environment section of this report for further information on this topic. The JENSEN-GROUP brand portfolio includes the "JENSEN" brand, the “ALPHA by JENSEN” brand introduced in 2017, and the "INWATEC" brand through our participation in Inwatec ApS. In combination with our partner for stand-alone machines, TOLON, we also cater to the needs of smaller commercial laundries and large on-premise laundries through the OEM JENSEN machines, produced by TOLON.

## Changing markets

The Covid-19 pandemic and its adverse effects, both existing and unpredictable, call for immense agility and resilience. Management and staff have and will be forced to be flexible, as are our customers.

Regardless of the current pandemic, the world is becoming a global village, where people will continue to travel, both for business and for leisure, to traditional and new destinations (emerging markets). This offers opportunities for growth, with an increased need to process hotel and catering linen, and for increasing the JENSEN-GROUP’s positive social contribution by providing environmentally friendly equipment.

## Social responsibility initiatives

We strive to maintain an open culture throughout the organization. Our Code of Conduct outlines the responsibilities for proper practices of both individuals and the organization. These contribute to the welfare of and respect for all stakeholders. Next to this, we have created an environment in which personal initiatives are highly appreciated as we are strongly convinced that our employees are best placed to identify local needs in which the JENSEN-GROUP can make a difference. We believe that our people live our value statement ‘we think globally and act locally’ and this has resulted in many different initiatives and activities on company-wide and local levels.

Education and training are highly valued at JENSEN-GROUP. As a result, relationships with local schools and local student initiatives are strongly encouraged. Before Covid-19 hit the world, several activities were being organized by local JENSEN organizations, but this was unfortunately not possible in 2021.

The JENSEN-GROUP supported MSF/Doctors without Borders with a donation of a several thousand euro.
In addition, JENSEN Germany enables voluntary engagement of its employees in disaster control and firefighting and the company releases its employees for volunteer activities, such as for instance, emergency assistance during the flood disaster in the summer. A number of local activities and clubs, such as for instance a soccer club in Gothenburg, are supported by our offices as well.

## GOVERNANCE

Corporate governance

As the JENSEN-GROUP NV share is quoted on the Euronext Stock Exchange, the Company has adopted the 2020 Belgian Corporate Governance Code (the "2020 Code") as well as a risk management and internal control process. For more information on these, we refer to the separate Corporate Governance chapter in the Annual Report and to the Corporate Governance Charter on our website.

We acknowledge that adopting the 2020 Code positively contributes to a better society by inspiring greater trust among our investors and other stakeholders. As we consider trust in our brand and organization to be a crucial part of our strategy, we have also implemented a strict Policy to Prevent Insider Trading as well as a whistle-blowing procedure, both of which significantly reduce the risk of improper conduct or appearance thereof. We hereby also refer to page 61 of the Annual Report for more information on our insider trading policy and to the heading below on "Social responsibility initiatives" for more Information on our whistleblowing procedure.

The JENSEN-GROUP holds integrity, honest business practices and lawful conduct amongst its topmost priorities. No business requirement can justify an illegal, unethical or unprofessional act. Our success in business depends upon maintaining the trust of our employees, company directors, shareholders, customers, suppliers and other business partners, as well as government authorities and the public at large.

Against that background, the JENSEN-GROUP has developed an Ethical Business Policy Statement that reflects our values and the moral, legal and business expectations that we have towards our employees and stakeholders (the "Ethical Business Policy"). Any violation of the Ethical Business Policy might cause operational disruption, damage to reputation, and financial losses and appropriate disciplinary actions will be imposed against any officer, employee, supplier, customer or business partners, that fails to respect the Ethical Business Policy. In 2021, no violations of the Ethical Business Policy and Code of Conduct were recorded and, there was therefore no need for any disciplinary action in relation to a company officer or employee or for any remedial action in relation to a supplier, customer or business partner.

It is our aim to be compliant with all local tax rules. The JENSEN-GROUP maintains a transparent, honest and co-operative approach with all tax authorities.  The Group does not engage in aggressive tax planning practices.

To secure effective compliance with the Ethical Business Policy, the JENSEN-GROUP has developed a whistleblowing procedure and set up a Whistleblowing Hotline. The Whistleblowing Hotline is tested on a yearly basis and is available on our website: https://www.jensen-group.com/investor-relations/corporate-governance/whistleblowing-procedure.html. In the course of 2021, one issue was reported. After careful consideration including the advice of legal counsel, it was decided not to take immediate action as the subject raised was entirely related to a private matter beyond the scope of the whistleblowing procedure.

Finally, the JENSEN-GROUP developed an Internal Control Process. We refer to the Corporate Governance Chapter, Risk Management and Internal Control, for more Information about our Internal Control Process.

## Conflict of interest

Under the Companies and Associations Code, the members of the Board of Directors are required to give the Chairman prior notice of any agenda items in respect of which they have a conflict of interest with the Company, either direct or indirect, whether of a financial or other nature, and to refrain from participating in the discussions of and voting on those items. Conflict of interest is therefore also a standard item on the agenda of each Board of Directors meeting. In the course of 2021, two potential conflicts arose at the meetings of the Board of Directors that was held on March 4, 2021, during which the dividend proposal and the re-appointment of two Board members were discussed. In addition, a third potential conflict of interest arose at the meeting of the Board of Directors that was held on December 9, 2021, during which a possible share buy-back program was discussed.

The relevant excerpts from the minutes of the meetings are included below:

" *On March 4, 2021 at 11.30 a.m., the Board of Directors of Jensen-Group NV holds a meeting via videoconference by means of which all participants could see and hear one another.*

*The following directors are present:*

- *YquitY bv, represented by Mr. Rudy Provoost*
- *SWID AG, represented by Mr. Jesper Munch Jensen*
- *TTP bv, represented by Mr. Erik Vanderhaegen*
- *Inge Buyse bv, represented by Mrs. Inge Buyse*
- *Mr. Jobst Wagner*
- *Cross Culture Research LLc, represented by Mrs. Anne Munch Jensen*

*The following invitees are attending:*

- *Werner Vanderhaeghe bv, represented by Werner Vanderhaeghe, Esq.*
- *Mr. Markus Schalch*
- *Mrs. Scarlet Janssens (in part)*

*Mr. Provoost presides. Mr. Vanderhaeghe acts as Secretary. The Chairman points out that notice of the meeting had been given by email of March 2, 2021, that all of the directors are present and that the meeting is thus validly constituted. The Chairman then suggests that the meeting consider the following items of business.*

*Conflict of interest*

*The Chairman informs the members of the Board that by letters dated March 2, 2021 and addressed to him and to the Corporation's statutory auditor, SWID AG, Cross Culture Research LLc, TTP bv and Mr. Jobst Wagner had given notice of a conflict of interest in relation to the items proposal for dividend respectively proposal for re-election of directors. The letters are handed over to the Secretary for filing with the Board's records. Mrs. Anne Jensen and Messrs. Jesper Jensen and Jobst Wagner confirm that they would abstain from discussion and the vote relative to the proposal for dividend. Messrs. Jesper Jensen and Erik Vanderhaegen confirm that they would abstain from discussion and the vote relative to the proposal for re-election of directors. The other members of the Board then confirm that none of the items on the present agenda raise a conflict of interest.*

*Following a brief review of the items on the agenda by the Chairman and of the various documents relative to these items that were sent to the members of the Board, the Chairman then moved for a decision on the items that required approval of the Board and after discussion, the Board resolved as follows:*

*…*

*Report Board Committees – Review and approval proposal Nomination and Remuneration Committee of Remuneration Policy and Remuneration Report – Proposal delegation of powers – Proposal re-election directors*

*…*

*The Chairman then recalls for the members of the Board that the terms of office of SWID AG and of TTP bv as directors expire at this year's Annual meeting of Shareholders and that the Nomination and Remuneration Committee has made a proposal for their re-election as referred to earlier in the meeting. The Chairman confirmed that both SWID AG, represented by Mr. Jensen and TTP bv, represented by Mr. Vanderhaegen had expressed an intention to seek reelection and that under current law both directors would maintain the qualification as non-independent directors. Following a brief discussion of the Committee's assessment of the incumbent directors' credentials and track record on the Board and its Committees, the Chairman moves for a decision and the Committee adopts the following resolution:*

*"Upon a motion duly made, the Board of Directors resolves unanimously, with Messrs. Jensen and Vanderhaegen abstaining from the discussion and vote, to propose SWID AG and TTP bv for re-election by the shareholders to the Board of Directors for a term of 4 years and with the qualification as executive respectively non-executive, non-independent director; resolves further to submit such proposal for approval by the shareholders at its Annual Meeting to be held on May 18, 2021."*

*…*

*Presentation and approval Financial Statements 2020 JENSEN-GROUP NV and Consolidated Accounts 2020 JENSEN-GROUP – Preparation and approval of Report to Shareholders – Preparation and approval of Corporate Governance Statement - Proposal for dividend*

*The Chairman reviewed with the Board the draft financial statements and consolidated accounts of the Corporation for the year ended as at December 31, 2020, the proposal for the Report to the Shareholders on the Corporation's activities in the course of 2020 and the proposal for the payment of a dividend. The Chairman further reviewed with the Board the draft Corporate Governance Statement thereby noting, with the Board's concurrence, that the members are in receipt of the report by the Company Secretary on compliance as required by the 2020 Code Corporate Governance. Copies of the draft financial statements, the consolidated accounts, the Report to the Shareholders and the draft Corporate Governance Statement and the Company Secretary report dated February 23, 2021 are annexed to these minutes as Appendix 1. The Chairman then recalled for the Board the discussion* *within the Audit and Risk Committee, as reported earlier in the meeting, on the proposed dividend payout in view of t inter alia, the continuous impact of the ongoing COVID-19 crisis and the cash position as suggested by management. At the suggestion of the Chairman, the Board resolved to adopt the following resolution:*

*"Upon a motion duly made, the Board of Directors resolved unanimously to approve the financial statements of the Corporation for the year ended as at December 31, 2020 and the proposal for the Report to the Shareholders on the Corporation's activities and the Corporate Governance Statement, as presented at this meeting and as annexed to the minutes of this meeting; resolved further that the Chairman and the Managing Director are authorized to amend such financial statements, Report and Statement if and when such amendments are necessary and provided such amendments are not material; resolved further that the Chairman and the Managing Director are authorized and directed to finalize and formally file the Corporation's financial statements."*
*"Upon a motion duly made, the Board of Directors resolved unanimously to approve the consolidated accounts for the year ended as at December 31, 2020 including the explanatory notes, as presented at this meeting and as annexed to the minutes of this meeting; resolved further that the Chairman and the Managing Director are authorized and directed to finalize such consolidated accounts and to amend such notes if and when such amendments are necessary and provided such amendments are not material."*
*"Upon a motion duly made, the Board of Directors resolved unanimously, but with Mrs. Anne Jensen and Messrs. Jesper Jensen and Jobst Wagner abstaining from the deliberation and vote, to approve the proposal for the payment of a dividend to the Corporation's shareholders in the amount of 0.25 Euro per share, payable as of May 31, 2021."*

*……*

*There being no further business to discuss, the meeting was adjourned at 3. 00 p.m."*

*"On December 9, 2021, at 2 p.m. the Board of Directors of JENSEN-GROUP NV holds a meeting via video conference by means of which all persons participating can see and hear one another.*

*The following directors are present:*

- *YQUITY bvba, represented by Mr. Rudy Provoost, Chairman*
- *SWID AG, represented by Mr. Jesper Munch Jensen*
- *TTP bvba, represented by Mr. Erik Vanderhaegen*
- *Inge Buyse bvba, represented by Mrs. Inge Buyse*
- *Mr. Jobst Wagner*
- *Cross Culture Research LLc, represented by Mrs. Anne Munch Jensen*

*The following invitees are attending:*

- *Mr. Markus Schalch*
- *Werner Vanderhaeghe bv, represented by Werner Vanderhaeghe, Esq., Company Secretary*

*Mr. Provoost presides.  Mr. Vanderhaeghe acts as Secretary. The Chairman points out that notice of the meeting has been given by email of December 3, 2021, that all the directors are present and that the meeting is validly constituted. He then proposes that the meeting consider the following items of business.*

*Conflict of interest*

*The Chairman informs the members of the Board that by letters dated December 7, 2021, and addressed to him, SWID AG, Cross Culture Research LLc, and Mr. Jobst Wagner have given notice of a conflict of interest in relation to the item on the agenda referred to as share buy-back. The letters are handed over to the Secretary for filing with the Board's records. Mrs. Anne Jensen and Messrs. Jesper Jensen and Jobst Wagner confirm that they will abstain from the discussion and the vote, if any, relative to this item on the agenda. The other members of the Board then confirm that none of the items on the present agenda raise a conflict of interest.*

*…*

*Share buy-back*

*The Chair recalls for the Board that at the Annual Meeting in May 2021, the Company's shareholders approved a renewal of the Board's various mandates in connection with the use of authorized capital, including the Board's mandate to proceed with a share buy-back. The Chair further indicates that the Company's share currently trades, and has been trading for some time, at a level that points to an undervaluation of the Company by the market. The Chair then suggests that it may be in the best interest of both the Company and its shareholders to consider a share buy-back as one of the options to enhance total shareholder return going forward. At the invitation of the Chair, Mr. Vanderhaeghe briefly outlines for the Board the applicable rules and regulations for such operation, including the conflict-of-interest provisions referred to at the outset of the current meeting. After discussion with Mrs. Jensen and Messrs. Jensen and Wagner abstaining therefrom, the Board agrees with the suggestion by the Chair and requests management to make the necessary arrangements for the preparation and submission of a proposal for decision by the Board at its meeting scheduled in March 2022.*

*……*

*The Chairman concludes that there is no further business to discuss and adjourns the meeting at 5.15 p.m."*

## Human resources

The number of employees at year-end has developed as follows:

| | 2021 | 2020 |
|---|---|---|
| Number of employees | 1,384 | 1,239 |

## Investments and capital expenditures

Investments and capital expenditures in 2021 amounted to 22 million euro (2.8 million euro in 2020), consisting primarily of the purchase of land rights and buildings in China and the 40% increase in the shareholding in Inwatec ApS, Denmark.

Capital expenditures in 2020 consisted primarily of building repairs at JENSEN USA in the wake of hurricane Michael, the extension of the building in Sweden, and equipment and vehicles.

The JENSEN-GROUP expects capital expenditure in 2022 to be significantly lower than in 2021.

In 2021 the Group invested in China with the purchase of land rights and buildings. It also increased by 40% its participation in Inwatec ApS. In 2022, the main investments will be in the office building in Panama City destroyed by Hurricane Michael, and in machinery.

## Research and Development

The JENSEN-GROUP does not perform fundamental research but undertakes continuous product development. These expenses in respect of the continued operations amounted to 5.2 million euro in 2021 (5.5 million euro in 2020). Until the end of 2020, the Group did not capitalize development expenses but expensed them as incurred. The Group started to capitalize specific projects (like Inwatec) in 2021. For further information, we refer to Note 4 on Non-Current Assets (p.102). The depreciation period is evaluated continually, and the asset is reviewed annually for impairment.

## Use of financial instruments

The JENSEN-GROUP uses derivative financial instruments to reduce its exposure to adverse fluctuations in interest rates and foreign exchange rates. It is the Group's policy not to hold derivative instruments for speculative and trading purposes.

At December 31, 2021, currency bought forward hedges existed in an amount of 5.5 million euro and currency sold forward hedges existed in an amount of 12.2 million euro. The Group also had an Interest Rate Swap (IRS) outstanding in amounts of 15.9 million DKK with maturity 2039 and a fixed rate of 0.4350%.

## Litigations

Provisions have been set up in respect of all claims that, based on prudent judgment, are reasonably accounted for. We keep track of all potential litigations and pending legal cases at JENSEN-GROUP level. In this chapter, we only cover cases against the Company or one of its subsidiaries. Pending issues per major category are:

- Product liability claims:
  6 claims in the USA
  1 claim in Australia
  6 claims in the EU

- Claims from employees:
  1 claim in the USA
  1 claim in the EU

- Commercial claims:
  2 claims in the EU

- Environmental risk:
  One ongoing case in the USA

Most of these claims are covered by insurance. Based on legal advice taken, management does not expect these claims to significantly impact the Group's financial position or profitability. Where management considers it probable that a liability will arise, the potential effect of the claim has been estimated and a provision has been made.

# Statement of Corporate Governance

JENSEN-GROUP NV has adopted the 2020 Corporate Governance Code, which is available on www.corporategovernancecommittee.be, as its reference code. The Company has implemented the Code since 2004, has consistently reviewed the major requirements and evolution thereof, and regularly evaluates the degree of compliance within the Group. To the best of our knowledge and belief and subject to the comments on exceptions as explained hereinafter, the Company has been and remains compliant with the 2020 Code.

The Company has adapted its Corporate Governance Charter in accordance with the 2020 Code, and the Board of Directors has thereby adopted and published the following revised documents:

- Charter of the Board of Directors, including standards of independence and requirements for Directors;
- Charter of the Nomination and Remuneration Committee;
- Charter of the Audit and Risk Committee;
- Communication Policy;
- Role and Responsibilities of the Chairperson of the Board of Directors; and
- Role and Responsibilities of the Executive Management.

The Corporate Governance Charter can be found on our website www.jensen-group.com under the heading "Investor Relations/Corporate Governance," and is regularly reviewed and evaluated by the Board of Directors. The Corporate Governance Charter is part of the day-to-day proceedings of the Company's Board of Directors and Board Committees and has been and remains to the best of our knowledge and belief compliant with the 2020 Code.

According to the "comply or explain" principle, the Company may deviate from the 2020 Code provided that it duly explains the reasons for such deviation, which could be linked to the Company's nature, organization and/or size. At present, the Company departs from Recommendation 4.14 of the 2020 Code by not having an internal audit staff and instead outsourcing the internal audit function to external parties. In particular, the Company's Audit and Risk Committee has concluded that an in-house internal audit function would not be an effective function because:

- The JENSEN-GROUP consists of multiple smaller entities with limited turnover that are closely monitored by local management teams;
- The management teams are further monitored by the JENSEN-GROUP headquarters through quarterly operational and financial reviews and through regular management visits to the headquarter site;
- All JENSEN-GROUP subsidiaries are aware of the JENSEN-GROUP policies and procedures, and the Group's relative size continues to allow for regular communication and face-to-face meetings with all local management teams; and
- All JENSEN-GROUP companies are audited by the same accounting firm and significant risk factors are consistently reviewed in the external audit scopes of the different subsidiaries.

For these reasons, the Board's Audit and Risk Committee develops internal audit priorities both through consultation with the external auditor and on the basis of a risk analysis, while also retaining an independent outside audit firm for specific internal audit projects. This approach is considered more effective than an in-house internal audit function as the Audit and Risk Committee can outsource the internal audit activity to a locally competent internal audit service provider.

The professional qualifications and duties of the Directors to be (re-)appointed were not stipulated in the invitation and notices for the next Annual Shareholders' Meeting. This is a departure from Recommendation 5.6 of the 2020 Code, which is explained by the fact that these qualifications and duties have already been specified in several press releases and annual reports as including both broad international experience and operational and financial knowledge that is adequate to function in an audit and risk committee or nomination and remuneration committee.

The Company further deviates from Recommendation 9.1 of the 2020 Code in that it has no formal arrangement for, and therefore does not regularly assess, the interaction between the non-executive Directors and the Executive Management. In practice, the CEO and CFO always attend the Board and Board Committee meetings, while the non-executive Directors can meet the executive managers at wish by visiting locations or requesting a separate meeting to discuss specific topics. In addition, the non-executive Directors have the opportunity to meet at least once a year in the absence of the CEO and the other executives.

The main terms and conditions of the contracts of the CEO and the other executives are approved by the Board of Directors further to the advice of the Nomination and Remuneration Committee. The Board of Directors may include provisions that would enable the Company, and that would specify where it would be appropriate, to recover or withhold the payment of variable remuneration, insofar as enforceable by law. Based on a comparison of market data that the JENSEN-GROUP believes reflect the current thinking about balanced compensation, the Nomination and Remuneration Committee hereby applies between 30% - 60% variable remuneration depending on the level of function. The contracts of the CEO and other executives also contain specific provisions relating to early termination.

Within the JENSEN-GROUP, neither the non-executive board members nor the executives receive any remuneration in the form of JENSEN-GROUP NV shares. This is a departure from Recommendations 7.6 and 7.9 of the 2020 Code, which is explained by the fact that the Company has had a long-standing practice of setting its remuneration policy on the basis of an alignment of annual objectives and actions with the long-term value creation and sustainability objectives of its shareholders and other stakeholders. The Board of Directors and the Nomination and Remuneration Committee have applied that policy consistently over the past ten years and with good result, as underscored by the performance record of the Company during that period. The Board of Directors has hereby concluded, further to the advice of the Nomination and Remuneration Committee, that the grant of JENSEN-GROUP shares would run counter to this policy and therefore decided against remuneration in such form.

For the same reason, the Board of Directors does not apply the requirement, as set out in article 14 of the Law of April 6, 2010 on corporate governance (the "Law of April 6, 2010") and article 7:91 of the Companies and

Associations Code, to spread targets and payment of variable compensation over multiple years. To that effect, the shareholders approved an exemption from this requirement for the first time in May 2014 and most recently renewed this exemption at the Annual Shareholders' Meeting of May 2020.

Last, there are no specific agreements or systems that give the Company the right to claw back paid variable compensation. This means that JENSEN-GROUP currently departs from Recommendation 7.12 of the 2020 Corporate Governance Code. This departure is explained by the fact that the Company applies a Remuneration Policy of setting performance targets and paying out variable compensation in line with achievement levels on an annual basis. If the Company were to opt for a long-term incentive scheme based on multi-year strategic objectives, the departure from Recommendation 7.12 will be revisited.

The information found in the Corporate Governance Charter is provided "as is" and is solely intended for clarification purposes. The recommendations and policies found in the Corporate Governance Charter are in addition to, and not intended to change or interpret, any law, regulation, or the Certificate of Incorporation or Bylaws of the Company. By adopting the revised documents included in the Corporate Governance Charter, the JENSEN-GROUP does not enter into any obligation or contractual or unilateral commitments whatsoever and these documents are instead intended as guidelines in the day-to-day operations. Competences and tasks attributed to the Board of Directors are to be seen as enabling clauses, not as mandatory rules or compelling lines of conduct.

## Risk management and internal control

In accordance with the relevant provisions of the Law of December 17, 2008 on the establishment of an Audit Committee and of the Law of April 6, 2010, the JENSEN-GROUP has adopted and implemented a risk management and internal control process.

The following description of this process is based on the Integrated Internal Control Framework and the Enterprise Risk Management Framework as published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The Board of Directors supervises the proper functioning of the risk management and internal control process through the Audit and Risk Committee. The Board of Directors has delegated to the Executive Management Team the tasks of implementing a risk management process and internal control system and of reporting back to the Board of Directors on both topics at regular intervals.

<u>Risk management</u>

Based on a framework model prepared by an external consultant, JENSEN-GROUP's Executive Management Team has developed a risk map describing the financial, operational, strategic and legal risks. Prepared for the first time in 2008 and reviewed on a regular basis, this map outlines and evaluates the probability of the different risks occurring, the impact of such occurrence on the results, and the measures to mitigate the risk exposure. The Executive Management Team presents the conclusions of this risk management exercise to the Audit and Risk

Committee and subsequently to the Board of Directors, which discusses the significant risks and changes in risks with management on an as needed basis but at least once a year.

The Executive Management Team discloses, on a quarterly basis, a certain number of risk areas as reported during the quarterly review process by the reporting entities. The Executive Management Team then re-examines those risks, formulates mitigation approaches, and looks at various ways to transfer, for areas of continuing material risk exposure to the Company, the risks to third parties.

## Internal control

### Definition

Internal control is a process that is defined and has to be followed by the Board of Directors, management, and other personnel, and that is designed to provide reasonable assurance regarding the achievement of objectives in the following categories: a) strategic – high-level goals, aligned with and supporting its mission; b) effectiveness and efficiency of operations; c) reliability of financial reporting; and d) compliance with laws and regulations.

### Control environment

The Board of Directors and the Executive Management Team have approved and adopted the JENSEN-GROUP Ethical Business Policy, which sets forth the JENSEN-GROUP's mission and ethical values, describes the JENSEN-GROUP's rules of conduct, and lists the transactions that are permissible between the JENSEN-GROUP and third parties to the extent that these transactions are not covered by the legal provisions on conflict of interest. Implementation and application of the Ethical Business Policy is mandatory for all companies of the JENSEN-GROUP and a review of its provisions is integrated into every training session that is organized. The Statement is updated on a regular basis. The Statement can be found on the corporate website www.jensen-group.com under the heading "Investor Relations/ Corporate Governance."

In addition, the JENSEN-GROUP has developed a whistleblowing procedure that is available to all stakeholders on the corporate website under the heading "JENSEN-GROUP Whistleblowing Procedure."

### Control activities and monitoring

The JENSEN-GROUP consists of several entities that are closely monitored by local management teams. The JENSEN-GROUP headquarters further monitors the local management teams through quarterly operational and financial reviews. In addition, the Company's Group Controlling and Reporting function reviews the different entities on a quarterly basis.

The JENSEN-GROUP monitors its business with a view towards achieving a certain level of Return on Capital Employed (ROCE).

The local management teams are responsible for implementing the JENSEN-GROUP Procedures and Guidelines.

### Conformity with reporting requirements

All applicable IFRS accounting principles, guidelines and interpretations are incorporated in the accounting manual, which is updated on a regular basis and which is part of the JENSEN-GROUP Procedures and Guidelines. The JENSEN-GROUP Procedures and Guidelines are available on JENSEN-GROUP's intranet and accessible to all local management and staff. Additional reporting is undertaken as requested by management and/or the Audit and Risk Committee and is, where appropriate, included in the accounting manual.

The Financial Managers of the JENSEN-GROUP meet at regular intervals and are on each of those occasions informed about the relevant changes in IFRS. Training is provided on an as-needed basis to ensure a correct implementation of such changes.

All JENSEN-GROUP companies are converting to the same ERP system over a set timeframe. All companies use the same software to report the financial data for consolidation purposes.

JENSEN-GROUP's management has introduced, after discussion with the Audit and Risk Committee, a set of key controls to provide reasonable assurance about the reliability of financial reporting and of the financial statements made available to external parties starting in 2009. Local management has implemented these key controls, which are reassessed from time to time and amended if necessary. Compliance with key controls at local level is also checked periodically.

### Financial Reviews

To ensure the accuracy of the reported data, the JENSEN-GROUP Controlling and Reporting function reviews on a quarterly basis the financial accuracy of all data submitted for consolidation, their consistency with the budget or forecast, the deviations from the budget, forecast or previous year, and the explanations of such deviations. JENSEN-GROUP's management then ensures proper follow-up on, and actions in response to, any deviations.

### Operational Reviews

Monitoring is performed during the quarterly Business Board Reviews, which include a financial review that specifically focuses on major changes in P&L and balance sheet items, deviations from budgets or forecasts, and consistency in applying IFRS rules. The internal control system is monitored on a quarterly basis.

Management’s monitoring of internal controls is performed on a continuous basis. The performance of the individual companies of JENSEN-GROUP is measured and compared to budgets or forecasts and to figures of previous years, which may identify anomalies indicative of a control failure. Failures are promptly remedied.

For consolidation purposes, all JENSEN-GROUP companies are audited or reviewed by the same accounting firm, and significant risk factors are reviewed consistently in the external audits of the different subsidiaries. The external auditor reports twice a year to the Audit and Risk Committee on the findings of such audits or reviews and on any significant issues.

Relevant findings by the Internal Audit (which is outsourced as described above) and/or the Statutory Auditor are reported to both the Audit and Risk Committee and to the management concerned. Periodic follow-up is performed to ensure that corrective action has been taken.

All relevant financial information is presented to the Audit and Risk Committee and to the Board of Directors so as to enable both to analyze the financial statements. Prior to any external reporting, all press releases and other financial information are subject to:

- Appropriate review and controls by the JENSEN-GROUP headquarters;
- Review by the Audit and Risk Committee; and
- Approval by the Board of Directors.

As reported above, the Audit and Risk Committee believes that an in-house internal audit function is not the most effective and efficient way to perform audit work within the JENSEN-GROUP. The Audit and Risk Committee has therefore developed, in consultation with the external auditor and on the basis of a risk analysis, an internal audit plan and retains an independent outside audit firm for specific internal audit projects. The Audit and Risk Committee outsources the internal audit activity to a locally competent audit service provider.

In 2021, an internal control was performed on (i) the Internal Control Framework with respect to the Shared Service Centers in Germany and in Denmark and on (ii) the Internal Control Framework with respect to Exflow (i.e. the digital processing of incoming invoices). In addition, a critical review on (iii) the Internal Control Framework with respect to increased electronic invoicing and an ICT security audit was performed on (iv) cloud services.

Significant results from prior internal audit reports are regularly reviewed with respect to progress until the related issues are fully resolved.

### Information and communication

The JENSEN-GROUP Controlling provides management with transparent and reliable management information in a form and timeframe that enables management to effectively carry out its responsibilities.

Every year, the JENSEN-GROUP Controlling prepares a financial reporting calendar in consultation with the Board of Directors and the Executive Management Team. This calendar is designed to allow accurate and timely reporting to external stakeholders.

Condensed consolidated half-year information is reported in August and the full Annual Report is published in March of the following year. Prior to any external reporting, all press releases and other financial information are subject to appropriate controls by the JENSEN-GROUP headquarters, to a review by the Audit and Risk Committee, and to approval by the Board of Directors.

# Composition of the Board of Directors

The members of the Board of Directors are appointed by a simple majority vote of the shareholders during the Annual Shareholders’ Meeting.

The Bylaws of the Company allow for appointment by cooptation, which is considered a transitional arrangement whereby the Director-elect completes the mandate of the outgoing Director as opposed to taking on a new mandate. For this reason, the transition period is not considered a mandate for the purpose of the independence rule review, where the Company looks at total years of service on the Board of Directors.

The Bylaws further require the Board of Directors to have at least three, but not more than eleven, members. Board members are elected for terms of office of no more than four years.

The Bylaws are supplemented by the Charter of the Board of Directors, which outlines and details the Board’s role and responsibilities. This Charter is revised from time to time and includes the following major chapters:

- “Functioning of the Board,” which addresses: Directors’ responsibilities; number of Board and Board Committee meetings; Company Secretary responsibilities; setting the agenda of Board meetings; Director compensation, orientation and training; CEO evaluation; management succession; Director access to officers and employees; and use of independent advisors.
- “Board Structure,” which addresses: size of the Board; selection of Directors; required qualifications including the criteria of independence; resignation from the Board; and term limits.
- “Committees of the Board,” which addresses the establishment of the Audit and Risk Committee and of the Nomination and Remuneration Committee.
- “Other Board practice,” which addresses: Directors’ roles and responsibilities; the terms of reference of the Board Chairman and of the Executive Management Team; interaction with institutional investors, analysts, media, customers and members of the public at large; limitation of liability; policy to prevent insider trading and market abuse; conflict of interest policy and code of conduct; and evaluation of Board performance.

For more details, please consult the corporate website www.jensen-group.com under the heading "Investor Relations/Corporate Governance."

As it has consistently done in the past, the Company selects its Board members in a manner that allows for a balance in the profiles of the different Directors. The Company hereby seeks to ensure a balance between, in particular, executive and non-executive Directors, Directors representing shareholders and independent Directors, and in respect of Directors’ professional backgrounds, experience and gender. A majority of the members of the Board of Directors is not related to the Company’s controlling shareholders.

The composition of the Board and the attendance records and remuneration packages of the individual Directors are as follows:

| Name | Function | Indep. | Term | Attendance | Committee | Attendance | Remuneration |
|---|---|---|---|---|---|---|---|
| YquitY bv[1] represented by Mr. Rudy Provoost | Chairman | V | 2024 | 100% | NRC | 100% | 100,000 |
| SWID AG[2] represented by Mr. Jesper Munch Jensen | Director | | 2025 | 100% | | | - |
| TTP bv[1] represented by Mr. Erik Vanderhaegen | Director | | 2025 | 100% | ARC<br>NRC | 100%<br>100% | 59,000 |
| Mr. Jobst Wagner [1] | Director | V | 2023 | 83% | NRC<br>ARC | 100%<br>50% | 53,000 |
| Inge Buyse bv[1] represented by Mrs. Inge Buyse | Director | V | 2023 | 100% | ARC | 75% | 47,000 |
| Cross Culture Research LLC[3] represented by Anne Munch Jensen | Director | | 2022 | 100% | | | 35,000 |
| **Total remuneration Board of Directors** | | | | | | | **294,000** |

[1]: Non-executive director
[2]: Executive director, CEO, representing the reference shareholder
[3]: Non-executive director, representing the reference shareholder
ARC: Audit and Risk committee
NRC: Nomination and Remuneration Committee

YquitY bv, represented by Mr. Rudy Provoost. Mr. Provoost holds a master in psychology from the university of Ghent and a master in management from Vlerick Business School. He has held senior leadership positions with Rexel in France, where he served as CEO and Chairman of the Board of Directors, and with Royal Philips in The Netherlands, where he was a member of the Executive Board and successively, CEO of Philips Consumer Electronics and CEO of Philips Lighting. He is currently a member of the Supervisory Board of Randstad, as well as a member of the Board of Directors of Elia Group, Pollet Water Group and Vlerick Business School. Mr. Provoost has been Chairman of the Board of JENSEN-GROUP since May 19, 2020.

SWID AG, represented by Mr. Jesper Munch Jensen. Mr. Jensen is the CEO of the JENSEN-GROUP.

TTP bv, represented by Mr. Erik Vanderhaegen. Mr. Vanderhaegen is the former CFO of the JENSEN-GROUP. He is currently CFO of Biobest Group. Before that, he was a certified auditor, M&A manager at Greenyard and corporate tax, audit and M&A manager at Bekaert NV.

Mr. Jobst Wagner. Mr. Wagner is Chairman and co-owner of the globally active Rehau Industrial Group. He holds several other positions such as Chairman and co-owner of Four W Holding and is the Founder and Chairman of LARIX Foundation. Mr. Wagner resides in Bern, Switzerland.

Inge Buyse bv, represented by Mrs. Inge Buyse. Mrs. Buyse is CEO of AZ Groeninge. Prior to assuming her current role, she held CEO positions in Sapa, Koramic Roof Tiles and Telindus. Mrs. Buyse is also a Board member of RealDolmen and of the Flemish Symphony Orchestra.

Cross Culture Research LLC, represented by Mrs. Anne Munch Jensen. Mrs. Jensen was raised in Europe and educated in the United States, where she studied cross-cultural communication. Mrs. Jensen began her career as a business analyst and later started her own wholesale and consulting company selling fine art for children and specializing in hospitals. Mrs. Jensen then returned to her original field of developing and teaching cross-cultural curricula and is currently an independent consultant offering qualitative market research with an emphasis on identifying culturally-patterned user behavior.

Werner Vanderhaeghe bv, represented by Werner Vanderhaeghe, Esq. Mr. Vanderhaeghe, a Senior Partner at the law firm Pierstone in Brussels, Belgium, is the Company Secretary and acts as General Counsel of the JENSEN-GROUP. Before that, Mr. Vanderhaeghe was a Partner at the international law firm White & Case LLP and held General Counsel positions at the Bekaert Group and the Agfa-Gevaert Group.

From left to right: Inge Buyse, Erik Vanderhaegen, Rudy Provoost, Jesper Munch Jensen, Anne Munch Jensen, Jobst Wagner and Werner Vanderhaeghe.

The Board of Directors held six meetings in 2021. The topics of discussion at these meetings included:

- JENSEN-GROUP's overall strategy, strategic plans, risk assessment, organization and budgets;
- Economic and market developments;
- JENSEN-GROUP's financial structure, financial performance and external reporting;
- Convening of the Annual and Extraordinary Shareholders' Meeting;
- Investment and M&A projects;
- Shareholder value creation and shareholder return;
- Impact Covid-19 on JENSEN-GROUP;
- Corporate governance and compliance;
- Self-evaluation of the Board;
- Insurances;
- Re-appointment of Directors; and
- Status of internal controls and risk management.

Depending on the items on the agenda, members of JENSEN-GROUP's Executive Management Team were invited to the meetings of the Board and of the Board Committees.

## Evaluation of the Board of Directors

The Board of Directors and the Board Committees conduct from time to time a self-evaluation exercise to determine their effective functioning. This exercise includes the completion by all Board and Board Committee members of a self-evaluation questionnaire, after which the Group General Counsel or an external party summarizes the results, trends and comments from the individual replies. The summaries focus on the contribution of the Board of Directors and the Board Committees to the Company and specifically on areas where the Board or the Executive Management believes that the Board or its Committees could improve. The results, trends and comments are then discussed within the Board of Directors, after which action points are derived and implemented.

In addition, informal individual assessments of the Board members are made on an ongoing basis during Board meetings. In 2021, the Board of Directors conducted a self-evaluation exercise, the results of which will be discussed during the Board meeting of March 2022.

## Committees established by the Board of Directors

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of YquitY bv, represented by Mr. Rudy Provoost, acting as Chairman of the Committee, of Mr. Jobst Wagner and of TTP bv, represented by Mr. Erik Vanderhaegen.

Two of the three members of the Committee qualify as independent Directors.

The Nomination and Remuneration Committee met two times in the course of 2021. The topics of discussion at these meetings included:

- Discussion and approval of the remuneration report and the remuneration policy;
- Remuneration and the bonuses of the Executive Management Team of JENSEN-GROUP;
- Fees of the Board of Directors;
- Self-evaluation of the Committee;
- Re-election of members of the Board;
- HR in view of the strategic process; and
- Corporate governance and compliance.

In 2021, the Nomination and Remuneration Committee conducted a self-evaluation exercise, the results of which will be discussed during the Nomination and Remuneration Committee meeting of March 2022.

The Nomination and Remuneration Committee uses its Charter as its terms of reference. The Charter can be found on the corporate website www.jensen-group.com under the heading "Investor Relations/Corporate Governance" and covers:

- Authority;
- Objectives;
- Composition;
- Role of the Chairperson;
- Responsibilities;
- Meetings;
- Attendance;
- Non-consensus;
- Objectivity;
- Access to members of management;
- Reporting and appraisal;
- Remuneration report; and
- Performance evaluation.

Audit and Risk Committee

The Audit and Risk Committee consists of TTP bv, represented by Mr. Erik Vanderhaegen, acting as Chairman of the Committee, of Inge Buyse bv, represented by Mrs. Inge Buyse, and of Mr. Jobst Wagner.

Two of the three members of the Committee qualify as independent Directors.

The Audit and Risk Committee met four times in the course of 2021. Two meetings were held in the presence of the external auditor PwC, represented by Mrs. Lien Winne. The topics of discussion at these meetings included:

- Findings of the external auditor on the financial statements as at December 31, 2020;
- Findings of the review procedures on the financial statements as at June 30, 2021;
- Financial statements including non-financial information and condensed financial statements;
- JENSEN-GROUP's financial structure;
- Cash management;
- Insurances;
- Corporate governance and compliance;
- Valuation rules;
- Investment and M&A projects including Purchase Price Allocation;
- Audit mandate;
- Tax audit and transfer pricing; and
- Risk Management and Internal Control System including Internal Audit.

In 2020, the Audit and Risk Committee conducted a self-evaluation exercise, the results of which were discussed during the Audit and Risk Committee meeting of March 4, 2021. The Committee hereby rated its overall performance at the "no improvement level", indicating firm agreement with the principal components of effective governance.

The Audit and Risk Committee uses its Charter as its terms of reference. The Charter can be found on the corporate website www.jensen-group.com under the heading “Investor Relations/Corporate Governance” and covers:

- Roles and responsibilities;
- Number of meetings;
- Composition of the Audit and Risk Committee;
- Role of the Chairperson;
- Presence of the external auditor; and
- Performance evaluation.

Senior management attends each Audit and Risk Committee meeting in part, with the remainder of the meeting reserved for an executive session with the external auditor for the Committee members only.

## Conflicts of interest within the Board of Directors

As required under the Companies and Associations Code, the members of the Board of Directors are expected to give the Board Chairman prior notice of agenda items on the agenda in respect of which they have a direct or an indirect conflict of interest with the Company, either of a financial or other nature, and to refrain from participating in the discussion and vote on those items. The Board of Directors and the Board Chairman constantly monitor potential conflicts of interest that do not fall within the definition as set forth by the Companies and Associations Code. The review of a potential conflict of interest is a standard item on the agenda of each meeting of the Board of Directors.

Three potential conflicts of interest arose in the course of 2021. Two of those potential conflicts arose at the meeting of the Board of Directors that was held on March 4, 2021, during which the dividend proposal and the re-appointment of two Board members were discussed. A third potential conflict of interest arose at the meeting of the Board of Directors that was held on December 9, 2021, during which a possible share buy-back program was discussed.

In case of doubt, written confirmation of the reasons for the absence of a conflict of interest as more broadly defined is sought from the Director or the senior executive involved.

## Policy to Prevent Insider Trading

The Company has had a longstanding policy on insider trading and the prevention of improper conduct or appearance in that regard. Following the recent introduction of new EU legislation and applicable regulations on market abuse, the Board of Directors has revised its guidelines on the subject as set forth in a Protocol to Prevent Market Abuse.

The purpose of this Protocol is, inter alia, to inform:

- any person who possesses inside information (either as a shareholder, Director, member of the Executive Management Team, employee, service provider or any other person by virtue of his function, duties or employment), of (i) their legal and regulatory duties regarding the prevention of insider dealing, tipping and the unlawful disclosure of inside information; and of (ii) the applicable sanctions;
- any person who has been identified as a Reference Shareholder, Key Manager, Person with Management Responsibility or Key Employee of the Company, of the fact that they and, by extension, their spouses, children of age living at home and advisors, may under no circumstances trade the Company's securities during a closed period, i.e:
  - the period of sixty (60) calendar days immediately preceding the announcement of the Company's annual results and extending through and including forty-eight (48) hours following such announcement; and
  - the period of thirty (30) calendar days immediately preceding the announcement of the Company's half-year results and extending through and including forty-eight (48) hours following such announcement.
- any person who has been identified as a Reference Shareholder, Key Manager, Person with Management Responsibility or Key Employee of the Company, of the fact that they and, by extension, their spouses, children of age living at home and advisors, must notify the Compliance Officer of the Company and the Belgian Regulator (i.e. the Financial Services and Market Authority or "FSMA") of every transaction in the Company's securities if and when the total amount of transactions has reached or exceeds the threshold of 5,000 euro within a given calendar year.

The Company requires a signed statement from all those concerned, acknowledging that they have read the Protocol to Prevent Market Abuse, that they understand its content and that they agree to comply with its provisions.

Notwithstanding the above, all trading in the Company's shares requires prior authorization from the Compliance Officer. In addition, all Directors and members of the Executive Management Team are required to inform the Compliance Officer on a quarterly basis of any trading respectively to confirm any non-trading in the Company's shares. Mrs. Scarlet Janssens is the Compliance Officer of JENSEN-GROUP NV. As of December 31, 2021, the members of the Board of Directors and the Executive Management Team jointly held 18,305 shares. Next to this, Mrs. Anne Munch Jensen and Mr. Jesper Munch Jensen indirectly own shares in JENSEN-GROUP NV, see Note 8 – Equity. No warrants are outstanding.

The Policy to Prevent Insider Trading and the relevant provisions of the Protocol to Prevent Market Abuse are included in the Charter of the Board of Directors. The Charter can be found on the corporate website www.jensen-group.com under the heading “Investor Relations/Corporate Governance."

## Executive Management

In 2005, the Bylaws of the Company were amended so as to authorize the Board of Directors to delegate its powers of day-to-day management to an executive committee in conformity with art. 7:104 (previously art. 524 bis) of the Companies and Associations Code. The Board of Directors has not acted on that authorization to date.

In the course of 2009, an Executive Management Team was appointed, which consists of the Chief Executive Officer (CEO), the Chief Financial Officer (CFO), the Chief Operating Officer (COO) and the Chief Digital Officer (CDO). The CEO chairs the Executive Management Team meetings.

The Executive Management Team is responsible for:

- Development of the overall JENSEN-GROUP strategy;
- Introduction and implementation of an internal control framework and risk management processes that are in line with the nature, organization and size of JENSEN-GROUP;
- Implementation and deployment of the Ethical Business Policy;
- Preparation of the financial statements and disclosures;
- Report of the CEO and CFO to the Board of Directors with respect to the financial situation of JENSEN-GROUP;
- Presentation at regular intervals to the Board of Directors of all information necessary for the Board to carry out its duties; and
- Evaluation of the manufacturing footprint.

The Executive Management Team meets at least every quarter and consists of:

- Mr. Jesper Munch Jensen, CEO;
- Mr. Fabian Lutz, CDO;
- Mr. Martin Rauch, COO; and
- Mr. Markus Schalch, CFO.

From left to right: Fabian Lutz, Martin Rauch, Markus Schalch, Jesper Munch Jensen.

Mr. Jesper Munch Jensen, permanent representative of SWID AG, started his career at Swiss Bank Corporation and worked as a stockbroker on the Swiss Stock Exchange (1984-1987). After obtaining an MBA degree from Lausanne Business School, he joined JENSEN-GROUP as an Assistant General Manager of JENSEN Holding (1991). Mr. Jensen became CEO of the JENSEN-GROUP in 1996.

Mr. Fabian Lutz holds graduate degrees in Project Management and Telematics/Information as well as a certificate of advanced studies in Business Intelligence from the Bern University of Applied Sciences. Following his practical training as federally qualified mechanic and automation engineer at Landis & Gyr (now Siemens) in Zug/Switzerland, Mr. Lutz joined the JENSEN-GROUP in 1999 as IT manager for its operations in Switzerland. Mr. Lutz was appointed Head of ICT for the JENSEN-GROUP in 2008. He has been acting as CIO of the JENSEN-GROUP since January 2020 and was nominated Chief Digital Officer in 2021.

Mr. Martin Rauch holds a Bachelor of Science degree in Electrical Engineering. After his studies in 1989, he joined JENSEN AG Burgdorf and held various positions in the technical and commercial areas. Mr. Rauch became General Manager of JENSEN AG Burgdorf in 2003 and Managing Director of JENSEN SWEDEN AB following the formation of the Garment Technology Business Unit in 2006. Mr. Rauch joined the Executive Management Team in 2009 and held various functions. He was nominated as Chief Operating Officer in 2021.

Mr. Markus Schalch holds a Master of Arts in Finance and Accounting from the Hochschule St. Gallen. He started his career in an audit firm, where he worked for two years prior to joining the Alstom Group in various finance positions. In 2000, Mr. Schalch joined a leading Swiss telecommunication firm where he became CFO of Swisscom Systems Ltd. (2002-2004) and was then appointed CFO of Swisscom Solutions AG (2005 till August 2007). Mr. Schalch joined the JENSEN-GROUP in September 2007 as CFO.

## Remuneration Policy

The remuneration policy of the Company is intended to attract and retain the qualified and talented employees that are needed to support the long-term development and growth of the JENSEN-GROUP.

By offering a competitive compensation package, the Company seeks to stimulate individual performance and to align the individual interests of its employees with those of the shareholders and other stakeholders.

The JENSEN-GROUP applies a remuneration policy of setting performance targets and paying out variable compensation in line with achievement levels on an annual basis. The definition of the performance measures and goals is part of the annual budgeting process, whereby the budget for the year is validated in the context of the Company's long-term strategic plan. To that effect, the Company's shareholders approved and extended an exemption from the Law of April 6, 2010, and its requirement to spread objectives and variable compensation payments over several years.  If the JENSEN-GROUP were to opt for a long-term incentive scheme based on multi-year strategic objectives in the future, the departure from Recommendation 7.12 will be revisited.

The compensation packages of the Board of Directors, the CEO and the Executive Management Team are reviewed by the Nomination and Remuneration Committee and approved by the Board. The shareholders approved the remuneration policy by unanimous vote at the Annual Shareholders' Meeting held on May 18, 2021.

The market conformity of the compensation packages of the Board of Directors and the Executive Management Team is periodically checked with the support of external, independent advisors.

# Remuneration Report

## Remuneration of the Board of Directors

The remuneration of the non-executive Directors is based on their responsibilities and their specific tasks within the Board. With the exception of the Board Chairman, the fees for the non-executive Directors consist of a fixed remuneration of 17,000 euro and an attendance fee of 3,000 euro per Board meeting or 1,000 euro if the meeting is by telephone. Members of Board Committees receive a fixed fee of 7,500 euro per year and an attendance fee of 1,500 euro per meeting. The Board Chairman in turn receives a fixed fee of 100,000 euro per year, which is deemed to correspond to the actual services to be rendered. Directors do not receive any variable compensation and the CEO does not receive any compensation as a member of the Board. The Nomination and Remuneration Committee reviewed the compensation of the Board of Directors at its meeting on December 2, 2021, and found the compensation package to conform to market practice.

In 2021, the total fees paid to Board members and members of the Board Committees amounted to 294,000 euro, which is within the amount of 400,000 euro approved by the shareholders.

| Name | Function | Indep. | Term | Attendance | Committee | Attendance | Remuneration |
|---|---|---|---|---|---|---|---|
| YquitY bv[1]<br>represented by Mr. Rudy Provoost | Chairman | V | 2024 | 100% | NRC | 100% | 100,000 |
| SWID AG[2]<br>represented by Mr. Jesper Munch Jensen | Director | | 2025 | 100% | | | - |
| TTP bv[1]<br>represented by Mr. Erik Vanderhaegen | Director | | 2025 | 100% | ARC<br>NRC | 100%<br>100% | 59,000 |
| Mr. Jobst Wagner [1] | Director | V | 2023 | 83% | NRC<br>ARC | 100%<br>50% | 53,000 |
| Inge Buyse bv[1]<br>represented by Mrs. Inge Buyse | Director | V | 2023 | 100% | ARC | 75% | 47,000 |
| Cross Culture Research LLC[3]<br>represented by Anne Munch Jensen | Director | | 2022 | 100% | | | 35,000 |
| **Total remuneration Board of Directors** | | | | | | | **294,000** |

[1]: Non-executive director
[2]: Executive director, CEO, representing the reference shareholder
[3]: Non-executive director, representing the reference shareholder
ARC: Audit and Risk committee
NRC: Nomination and Remuneration Committee

Mr. Jobst Wagner owns 16,805 shares. Mrs. Anne Munch Jensen and Mr. Jesper Munch Jensen indirectly own shares in JENSEN-GROUP NV, see Note 8 – Equity.

No warrants are outstanding and there are no stock option plans for the non-executive Board members.

## Remuneration of the Executive Management Team

The Nomination and Remuneration Committee prepares all recommendations relating to the appointment and the remuneration of the Executive Management Team based on proposals by the CEO. The Committee discusses in detail the remuneration policy, the pay levels and the individual performance evaluations of members of the Executive Management Team. The Committee thereby takes into account whether the remuneration paid is in line with market conditions and periodically checks the market conformity of compensation packages with the assistance of external, independent advisors. The Nomination and Remuneration Committee reviewed the remuneration of the Executive Management Team at its December 2, 2021 meeting, and found the compensation packages to conform to market practice. The Committee refers to the relevant sections in the Annual Report for a detailed description of the operating results that have affected the different divisions of the JENSEN-GROUP, and consequently the remuneration of the Executive Management Team.

The external auditor reviews the conformity of the remuneration paid to the Executive Management Team with the amounts proposed by the Nomination and Remuneration Committee and approved by the Board. The shareholders approved the remuneration report by unanimous vote at the Annual Shareholders' Meeting held on May 18, 2021.

The remuneration of the Executive Management Team is composed of a base salary and of variable compensation that is paid out in cash or used for pension plan contributions depending on the managers' country of residence, life insurance, other customary insurances, and benefits. Appointments of certain subsidiaries to the Board of Directors can also be remunerated. Executive managers are provided with all resources necessary to perform their duties.

Where pension plans are customary, the Executive Management Team participates in such pension plans.

As set forth in the above section on Remuneration of the Board of Directors, the CEO does not receive any compensation as a Board member.

Total gross salaries paid to the Executive Management Team, including the CEO, in the course of 2021 amounted to 1,579,442 euro. As required by the Companies and Associations Code, salaries of the members of the Executive Management Team are disclosed on an individual basis. The total amount is composed as follows:

| | 2021 | 2021 | 2021 | 2021 | 2020 | 2020 | 2020 | 2020 |
|---|---|---|---|---|---|---|---|---|
| **In euro** | **CEO** | **CFO** | **CDO** | **COO** | **CEO** | **CFO** | **CIO** | **CSO** |
| Basic remuneration | | 304,651 | 162,012 | 304,651 | | 301,551 | 159,029 | 301,551 |
| Invoiced services | 746,185 | | | | 743,197 | | | |
| One-year variable remuneration | 0 | 0 | 0 | 0 | 0 | 29,431 | 15,883 | 20,602 |
| Fixed expenses | | 11,097 | 4,439 | 11,097 | | 11,212 | 4,485 | 11,212 |
| Fringe benefits | | 4,494 | 4,616 | 4,883 | | 4,541 | 4,664 | 4,933 |
| Pension plan | | 10,621 | 0 | 10,696 | | 10,668 | 0 | 10,745 |
| **Total** | **746,185** | **330,863** | **171,067** | **331,327** | **743,197** | **357,403** | **184,061** | **349,043** |
| Proportion fixed and variable: Fixed | 100% | 100% | 100% | 100% | 100% | 92% | 91% | 94% |
| Proportion fixed and variable: Variable | 0% | 0% | 0% | 0% | 0% | 8% | 9% | 6% |

The basic remuneration includes the salaries of the members of the Executive Management Team and represents their total fixed compensation before local taxes and obligatory pension contributions. The basic remuneration includes the remuneration received for appointments to the Board of certain subsidiaries.

The CEO invoices his services through the separate company SWID AG. The amounts disclosed above consist of the amounts, totaling 746,185 euro (743,197 euro in 2020), that SWID AG invoiced to the Company. Invoiced services include basic remuneration, variable remuneration, fixed expenses, fringe benefits and pension plans.

The variable compensation part of the remuneration of the Executive Management Team members is targeted at 30% to 50% of the annual base salary, except in the case of the CEO, for whom the variable compensation is targeted at up to 60% of the annual base salary. No variable compensation is paid below a minimum performance threshold of 85% while in case of overperformance, variable compensation is capped at 130%. The variable remuneration of the CEO and the Executive Management Team is based on performance against the following objectives:

- Individual, qualitative objectives for 20% to 50% of the total target amount. Qualitative objectives focus on important projects and actions to be realized during the year;
- Quantitative objectives for 50% to 80% of the total, divided between:
    - The financial results against JENSEN-GROUP's targets in terms of profitability, capital employed, specific elements of capital employed and/or cash flow; and
    - The financial results against the target of the unit for which the individual manager is accountable.

The JENSEN-GROUP targets are defined by the Board of Directors following review and discussion in the Nomination and Remuneration Committee. The targets are defined as part of the annual budget review process, in which the budget is evaluated in the context of the strategic plan. Depending on the applicable legislation and on the employee's preferences, the variable remuneration is paid out in cash, into the employees' pension plan, or in the form of other benefits.

As the amount to be paid in 2021 was based on the performances of 2020, the Nomination and Remuneration Committee decided in 2021 not to pay a bonus under the 2020 variable compensation plan to the Executive Management Team, the Business Region Directors and the Production and Engineering Companies managers. As explained above, the Group results on operating profit and working capital were too low to justify bonus payments.

For 2021, the JENSEN-GROUP targets were set on the basis of the operating profit and working capital as percentage of turnover.

During the Annual Shareholders' Meeting held on May 19, 2020, the shareholders approved an extension of the exemption from the Law of April 6, 2010 and in particular from its requirement to spread objectives and variable compensation payments over several years during a term of five years expiring at the Annual Shareholders' Meeting of May 2024.

Fixed expenses relate primarily to representation allowances.

The fringe benefits include the value of the employees' company cars and of the related car insurance premiums.

The pension plan is the contribution of the employer to a pension plan above contributions required by law. Three managers participate in a defined benefit plan.

No warrants are outstanding and there are currently no stock option plans.

The agreements with respect to termination of senior managers vary from country to country, subject to the locally applicable legislation. Legal regulations apply in countries where there is a legal framework, while a severance payment of up to, but not exceeding, two years' salary is granted for countries where there is no legal framework. Mr. Jesper Munch Jensen has a severance pay arrangement of 18 months, which is deemed in line with current market practice based on periodic reviews by the Nomination and Remuneration Committee of the market conformity of the compensation packages of the Executive Management Team.

There has been no termination of a senior manager in 2021.

There are no change of control clauses included in the management contracts. Two managers have a two-year non-compete clause exercisable at the request of the Company. No special compensation is given in the event of voluntary departure.

No loans have been granted to members of the Executive Management Team. No unusual transactions or conflicts of interest have occurred.

The Executive Management Team holds a total of 1,500 shares in the following manner:

- Mr. Jesper Munch Jensen indirectly owns shares in the JENSEN-GROUP NV, see Note 8 – Equity;
- Mr. Fabian Lutz: no shares;
- Mr. Martin Rauch: 1,500 shares;
- Mr. Markus Schalch: no shares

### Claw back clause

There are no specific agreements or systems that give the Company the right to claw back paid variable compensation. This means the Company currently departs from Recommendation 7.12 of the 2020 Code. This departure is explained by the fact that the Company applies a Remuneration Policy of setting performance targets and paying out variable compensation in line with achievement levels on an annual basis. If the Company were to opt for a long-term incentive scheme based on multi-year strategic objectives, the departure from Recommendation 7.12 will be revisited.

There are no deviations from the Remuneration Policy to report.

The annual change of remuneration, of the performance of the Company and of the average remuneration on an average full-time equivalent basis of employees (excluding Board of Directors and Executive Management Team) over the five last years is as follows:

| (in thousands of euro) | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Total remuneration excluding BoD and EMT | 81,209 | 82,280 | 103,344 | 105,046 | 106,929 |
| Average number of employees | 1,306 | 1,411 | 1,712 | 1,717 | 1,650 |
| Avg remun. on an average FTE basis of the employees (excl. BoD, EMT) | 62 | 58 | 61 | 61 | 65 |
| Revenue | 259,716 | 245,238 | 332,178 | 343,782 | 338,088 |
| EBIT | 21,329 | 12,795 | 23,016 | 26,936 | 29,882 |
| Working Capital | 90,686 | 101,934 | 126,723 | 132,743 | 105,526 |

Figures in the above table have been adjusted, showing now the average number of employees (previously, the number of employees at year-end).

The ratio between the highest remunerated executive and the least remunerated employee, expressed on a full-time equivalent basis, within the Company is 1% with the caveat that the basis for calculating this ratio is global and includes many different countries, functions and roles and that overall, the Company has embedded the Social Corporate Responsibility principles in its business model.

The shareholders approved the remuneration report at the Annual Shareholders' Meeting held on May 18, 2021.

## Policy with respect to appropriation of the result

Based on the result of the past year and on the current financial situation, the Board of Directors will propose an appropriate dividend.

## Shareholding structure

The following are the major shareholders of the Company:

JENSEN INVEST A/S: 54.4%

Lazard Frères Gestion SAS: 5.2%

Free float: 40.4%

The voting rights are described in note 8 - Equity.

## Acquisition of own shares

The Bylaws of the Company allow the purchase of own shares. At its meeting held on March 10, 2022, the Board of Directors decided to implement a program to buy back a maximum of 781,900 or 10% of its own shares. The shares will be bought at the stock exchange by an investment bank mandated by the Board. The buy-back mandate expires on May 18, 2026.

As per December 31, 2021, the Company did not hold own treasury shares.

## Relationship among shareholders

There is no agreement between the reference shareholders listed above.

## Statutory Auditor

The Statutory Auditor is PwC Bedrijfsrevisoren bv, represented by Mrs. Lien Winne.

The Statutory Auditor received worldwide fees of 438,259 euro (excl. VAT) for auditing the statutory accounts of the various legal entities and the consolidated accounts of the JENSEN-GROUP. Apart from its mandate, the Statutory Auditor received during 2021 additional fees of 94,232.70 euro (excl. VAT), of which 5,300 euro was invoiced to JENSEN-GROUP NV. The Company has appointed a single firm for the audit of the consolidated financial statements.

## Issued capital

As at December 31, 2021, the issued share capital of the Company was 30.7 million euro, represented by 7,818,999 ordinary shares without nominal value.

There are no preference shares.

Pursuant to article 74, §6 of the Law of April 1, 2007 on Takeover Bids, JENSEN INVEST A/S disclosed to both the FSMA and JENSEN-GROUP NV that, as at September 1, 2007, it held in concert more than 30% of the shares with voting rights in JENSEN-GROUP NV.

Further details of the shareholders' notification are disclosed in note 8 – equity.

## Dividend proposal

The Board of Directors proposes to the Annual Shareholders' Meeting to approve a dividend of 0.50 euro per share. The dividend proposal is based on the strong financial position at year-end. The dividend pay-out will amount to 3,909,499.50 euro, based on the number of shares outstanding as at December 31, 2021.

## Appropriation of the result

JENSEN-GROUP NV reported in its statutory accounts a net profit of 2,6 million euro. The Board of Directors proposes to appropriate this result as follows:

| In euro | |
|---|---|
| Result of the year | 2,562,811.69 |
| Dividend | -3,909,499.50 |
| Appropriation to retained earnings | -1,346,687.81 |

This brings the total amount of retained earnings to 60,4 million euro.

## Significant post-balance sheet events

At its meeting held on March 10, 2022, the Board of Directors decided to implement a share repurchase program to buy back a maximum of 781,900 or 10% of the Company's own shares. The shares will be bought at the stock exchange by an investment bank mandated by the Board. The buy-back mandate expires on May 18, 2026.

On 24 February 2022, Russian troops started invading Ukraine. As a consequence, economic sanctions have been taken by the international community against Russia. As the JENSEN-GROUP has very little exposure in Russia and Ukraine, the Group doesn't expect significant financial impacts on its 2021 financial statements. However, as stated in the outlook, the JENSEN-GROUP does expect the investment climate in its markets to remain unpredictable and volatile in 2022 based on the risks triggered by the potentially destabilizing impact of geo-political and military threats.

Ghent, March 10, 2022

YquitY bv
Represented by Mr. R. Provoost
Chairman

SWID AG
Represented by Mr. J. Jensen
Director

## Statement of responsible persons

We hereby certify, to the best of our knowledge, that the consolidated financial statements as of December 31, 2021, prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, and with the legal requirements applicable in Belgium, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the entities included in the consolidation taken as a whole, and that the management report includes a fair review of the development and performance of the business and the position of the Company and the entities included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Jesper M. Jensen
Chief Executive Officer

Markus Schalch
Chief Financial Officer

# Statutory Auditor's Report to the General Shareholders' Meeting of the Company JENSEN-GROUP NV on the consolidated financial statements for the year ended 31 December 2021

We present to you our statutory auditor's report in the context of our statutory audit of the consolidated accounts of JENSEN-GROUP NV (the "Company") and its subsidiaries (jointly "the Group"). This report includes our report on the consolidated accounts, as well as the other legal and regulatory requirements. This forms part of an integrated whole and is indivisible.

We have been appointed as statutory auditor by the general meeting d.d. 19 May 2020, following the proposal formulated by the board of directors and following the recommendation by the audit committee. Our mandate will expire on the date of the general meeting which will deliberate on the annual accounts for the year ended 31 December 2022. We have performed the statutory audit of the Company's consolidated accounts for 20 consecutive years.

## Report on the consolidated financial statements

**Unqualified opinion**

We have performed the statutory audit of the Group's consolidated accounts, which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated accounts, including a summary of significant accounting policies and other explanatory information, and which is characterised by a consolidated statement of financial position total of EUR '000 329,596 and a consolidated result attributable to equity holders of EUR '000 14,575.

In our opinion, the consolidated accounts give a true and fair view of the Group's net equity and consolidated financial position as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

**Basis for unqualified opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Belgium. Furthermore, we have applied the International Standards on Auditing as approved by the IAASB which are applicable to the year-end and which are not yet approved at the national level. Our responsibilities under those standards are further described in the "Statutory auditor's responsibilities for the audit of the consolidated accounts" section of our report. We have fulfilled our ethical responsibilities in accordance with the ethical requirements that are relevant to our audit of the consolidated accounts in Belgium, including the requirements related to independence.

We have obtained from the board of directors and Company officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated accounts of the current period. These matters were addressed in the context of our audit of the consolidated accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter 1: revenue recognition of construction contracts

Description of the key audit matter

We focused on revenue recognition on construction contracts because JENSEN-GROUP substantially generates its revenue from projects which qualifies as construction contracts under IFRS. The recognition of revenue and the estimation of the outcome of fixed price construction contracts is complex and requires significant management judgement, in particular with respect to estimation of the cost incurred and the cost to complete the contracts. For these reasons, we identified revenue from construction contracts as a key audit matter.

Reference is made to Note 1: Summary of significant accounting policies: Revenue Recognition and Note 6 Contract assets and contract liabilities. At December 31, 2021 contract assets included EUR 10,5 million of accrued profits.

How our audit addressed the key audit matter

Our testing of revenue recognition of construction contracts included both tests of the design and operating effectiveness of controls, as well as substantive procedures. We tested the controls that the company has put in place over its process to record contract costs and contract revenues and the determination of the stage of completion. Our audit procedures included considering the appropriateness of the Group's revenue recognition accounting policies. We also included an evaluation of the significant judgements made by management based on an examination of the associated project documentation and discussion on the status of projects under construction with finance and technical staff of the company for specific individual transactions/projects. In addition, in order to evaluate the reliability of management's estimates, we performed a rundown of subsequent costs incurred for closed projects. We also performed testing over manual journals posted to revenue to identify unusual or irregular items. We found no material misstatements from our testing.

***Responsibilities of the board of directors for the preparation of the consolidated financial statements***

The board of directors is responsible for the preparation of consolidated accounts that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated accounts, the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

***Statutory auditor's responsibilities for the audit of the consolidated financial statements***

Our objectives are to obtain reasonable assurance about whether the consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated accounts.

In performing our audit, we comply with the legal, regulatory and normative framework applicable to the audit of the consolidated accounts in Belgium. A statutory audit does not provide any assurance as to the Group's future viability nor as to the efficiency or effectiveness of the board of directors' current or future business management at Group level. Our responsibilities in respect of the use of the going concern basis of accounting by the board of directors are described below.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;

- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the consolidated accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the consolidated accounts, including the disclosures, and whether the consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation;

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated accounts of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

## Other legal and regulatory requirements

### *Responsibilities of the board of directors*

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated accounts, the separate report on non-financial information and the other information included in the annual report on the consolidated accounts.

### *Statutory auditor's responsibilities*

In the context of our engagement and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, the directors' report on the consolidated accounts, the separate report on non-financial information and the other information included in the annual report on the consolidated accounts and to report on these matters.

### *Aspects related to the directors' report on the consolidated financial statements and to the other information included in the annual report on the consolidated financial statements*

In our opinion, after having performed specific procedures in relation to the directors' report on the consolidated accounts, this directors' report is consistent with the consolidated accounts for the year under audit and is prepared in accordance with article 3:32 of the Companies' and Associations' Code.

In the context of our audit of the consolidated accounts, we are also responsible for considering, in particular based on the knowledge acquired resulting from the audit, whether the directors' report on the consolidated accounts is materially misstated or contains information which is inadequately disclosed or otherwise misleading. In light of the procedures we have performed, there are no material misstatements we have to report to you.

The non-financial information required by virtue of article 3:32, §2 of the Companies' and Associations' Code is included in the directors' report on the consolidated accounts. The Company has prepared the non-financial information, based on the Global Reporting Initiative Standards. However, in accordance with article 3:80, §1, 5° of the Companies' and Associations' Code, we do not express an opinion as to whether the non-financial information has been prepared in accordance with the Global Reporting Initiative Standards as disclosed in the directors' report on the consolidated accounts.

### *Statement related to independence*

- Our registered audit firm and our network did not provide services which are incompatible with the statutory audit of the consolidated financial statements, and our registered audit firm remained independent of the Group in the course of our mandate.
- The fees for additional services which are compatible with the statutory audit of the consolidated financial statements referred to in article 3:65 of the Companies' and Associations' Code are correctly disclosed and

itemized in the notes to the consolidated financial statements.

***European Uniform Electronic Format (ESEF)***

We have also verified, in accordance with the draft standard on the verification of the compliance of the financial statements with the European Uniform Electronic Format (hereinafter “ESEF”), the compliance of the ESEF format with the regulatory technical standards established by the European Delegate Regulation No. 2019/815 of 17 December 2018 (hereinafter: “Delegated Regulation”).

The board of directors is responsible for the preparation, in accordance with ESEF requirements, of the consolidated financial statements in the form of an electronic file in ESEF format (hereinafter “consolidated financial statements”) included in the annual financial report.

Our responsibility is to obtain sufficient appropriate evidence to conclude that the format and marking language of the digital consolidated financial statements comply in all material respects with the ESEF requirements under the Delegated Regulation.

Based on the work we have performed, we believe that the format of and marking of information in the digital consolidated financial statements included in the annual financial report of JENSEN-GROUP NV per 31 December 2021 comply in all material respects with the ESEF requirements under the Delegated Regulation.

***Other statements***

This report is consistent with the additional report to the audit committee referred to in article 11 of the Regulation (EU) N° 537/2014.

Ghent, 24 March 2022

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

Lien Winne
Réviseur d’Entreprises / Bedrijfsrevisor

## Consolidated statement of financial position – Assets

| (in thousands of euro) | Notes | December 31 2021 | December 31 2020 |
|---|---|---|---|
| **Total Non-Current Assets** | | **110,968** | **72,923** |
| Goodwill | 4 | 22,960 | 6,879 |
| Intangible assets | 4 | 4,379 | 46 |
| Land and buildings | | 15,301 | 15,820 |
| Machinery and equipment | | 4,633 | 5,268 |
| Furniture and vehicles | | 2,145 | 3,000 |
| Right of use assets | | 12,289 | 10,018 |
| Other tangible fixed assets | | - | - |
| Assets under construction and advance payments | | 677 | 158 |
| Property, plant and equipment | 4 | 35,045 | 34,264 |
| Companies accounted for under equity method | 23 | 4,829 | 8,184 |
| Financial Assets at amortized cost | 21 | 5,745 | 6,095 |
| Financial Assets at fair value through OCI | 21 | 28,857 | 8,986 |
| Trade receivables | | 3,751 | 3,241 |
| Other amounts receivable | | 911 | 757 |
| Deferred taxes | 5 | 4,491 | 4,471 |
| **Total Current Assets** | | **218,628** | **205,466** |
| Raw materials and consumables | | 35,048 | 29,535 |
| Goods purchased for resale | | 13,068 | 14,215 |
| Inventory | | 48,116 | 43,750 |
| Advance payments | | 2,902 | 616 |
| Trade receivables | 7 | 61,226 | 52,336 |
| Other amounts receivable | 7 | 6,508 | 4,373 |
| Contract assets | 6 | 33,805 | 33,159 |
| Derivative Financial Instruments | 7, 21 | 12 | 50 |
| Cash and cash equivalents | 19 | 65,618 | 70,775 |
| Assets held for sale | 22 | 441 | 407 |
| **TOTAL ASSETS** | | **329,596** | **278,389** |

The notes on pages 86-140 are an integral part of these consolidated financial statements.

## Consolidated statement of financial position – Liabilities

| (in thousands of euro) | Notes | December 31 2021 | December 31 2020 |
|---|---|---|---|
| **Equity** | **8** | **155,417** | **136,044** |
| Share Capital | | 30,710 | 30,710 |
| Share premium | | 5,814 | 5,814 |
| Other reserves | | -6,500 | -10,222 |
| Retained earnings | | 123,742 | 111,096 |
| Non-Controlling Interest | 23 | 1,651 | -1,354 |
| **Non-Current Liabilities** | | **65,248** | **65,947** |
| Government grants | 9 | - | 1,539 |
| Borrowings | 10 | 48,460 | 46,682 |
| Deferred income tax liabilities | 5 | 2,491 | 973 |
| Provisions for employee benefit obligations | 11 | 14,309 | 16,654 |
| Derivative financial instruments | 21 | -12 | 99 |
| **Current Liabilities** | | **108,931** | **76,398** |
| Borrowings | 10 | 10,800 | 9,295 |
| Provisions for other liabilities and charges | 12 | 12,806 | 10,267 |
| Trade payables | 13 | 20,080 | 17,031 |
| Contract liabilities | 6/13 | 35,283 | 10,896 |
| Remuneration and social security | 13 | 13,115 | 13,321 |
| Accrued expenses and other payables | 13 | 11,680 | 9,025 |
| Derivative financial instruments | 13/21 | 269 | 172 |
| Current income tax liabilities | | 4,898 | 6,391 |
| **TOTAL EQUITY AND LIABILITIES** | | **329,596** | **278,389** |

The notes on pages 86-140 are an integral part of these consolidated financial statements.

## Consolidated statement of comprehensive income

| (in thousands of euro) | Notes | December 31 2021 | December 31 2020 |
|---|---|---|---|
| **Revenue** | **6** | **259,716** | **245,238** |
| Trade goods | | -120,713 | -118,007 |
| Services and other goods | | -29,050 | -26,674 |
| Remuneration, social sec. costs and pensions | | -82,043 | -83,170 |
| Depreciation, amortisation, write downs of assets, impairments | 14 | -7,533 | -6,998 |
| Total expenses | | -239,339 | -234,848 |
| Other Income / ( Expense) | 15 | 950 | 2,406 |
| **Operating profit before tax and finance (cost)/ income (EBIT)** | | **21,327** | **12,795** |
| Interest income | | 513 | 738 |
| Other financial income | | 1,250 | 1,549 |
| Financial income | 16 | 1,763 | 2,287 |
| Interest charges | | -1,787 | -1,939 |
| Other financial charges | | -2,053 | -3,214 |
| Financial charges | 16 | -3,840 | -5,153 |
| Share in result of associates and companies accounted for using the equity method | | 543 | 1,251 |
| **Profit before tax** | | **19,793** | **11,181** |
| Income tax expense | 17 | -5,515 | -4,004 |
| **Profit for the period from continuing operations** | | **14,278** | **7,178** |
| Result from assets held for sale | 22 | -65 | -54 |
| **Consolidated profit for the year** | | **14,213** | **7,124** |
| Result attributable to Non-Controlling Interest | 23 | -362 | -479 |
| **Consolidated result attributable to equity holders** | | **14,575** | **7,602** |

The notes on pages 86-140 are an integral part of these consolidated financial statements.

# Consolidated statement of comprehensive income – Other comprehensive income

| (in thousands of euro) | Note s | December 31 2021 | December 31 2020 |
|---|---|---|---|
| **Other comprehensive income (OCI):** | | | |
| Items that may be subsequently reclassified to Profit and Loss | | | |
| Financial instruments | | -182 | -125 |
| Currency translation differences related to associates and companies accounted for using the equity method | | -894 | -642 |
| Currency translation differences | | 3,509 | -2,297 |
| Items that will not be reclassified to Profit and Loss | | | |
| Actual gains/(losses) on Defined Benefit Plans | | 1,697 | -561 |
| Tax on OCI | | -379 | 172 |
| **Other comprehensive income for the year** | | **3,752** | **-3,454** |
| | | | |
| OCI attributable to Non-Controlling Interest | | 3 | - |
| OCI attributable to the equity holders | | 3,749 | -3,454 |
| | | | |
| **Total comprehensive income for the year** | | **17,965** | **3,670** |
| | | | |
| Profit attributable to: | | | |
| Non-Controlling Interest | | -362 | -479 |
| Equity holders of the company | | 14,575 | 7,602 |
| | | | |
| Total comprehensive income attributable to: | | | |
| Non-Controlling Interest | | -359 | -479 |
| Equity holders of the company | | 18,324 | 4,148 |
| | | | |
| Basic and diluted earnings per share (in euro) | 18 | 1.86 | 0.97 |
| Weighted average number of shares | | 7,818,999 | 7,818,999 |

The notes on pages 86-140 are an integral part of these consolidated financial statements.

# Consolidated statement of changes in equity

## Prior year

| (In thousands of euro) | Capital | Share premium | Total Share Capital | Translation differences | Hedging Reserves | Actuarial gains and losses on FI | Actuarial gains and losses on Defined Benefit Plans | Total other Reserves | Retained earnings | Equity attributable to equity holders of the Company | Non-Controlling Interest | Total Equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **December 31 2019** | **30,710** | **5,814** | **36,524** | **1,362** | **-2** | **-** | **-8,136** | **-6,776** | **103,501** | **133,249** | **-875** | **132,374** |
| Result of the period | - | - | - | - | - | - | - | - | 7,602 | **7,602** | -479 | **7,124** |
| **Other comprehensive income** | | | | | | | | | | | | |
| Currency Translation Difference related to associates and companies accounted for using the equity method | - | - | - | -642 | - | - | - | -642 | - | **-642** | - | **-642** |
| Currency Translation Difference | - | - | - | -2,289 | - | - | - | -2,289 | -8 | **-2,297** | - | **-2,297** |
| Financial instruments | - | - | - | - | -125 | - | - | -125 | - | **-125** | - | **-125** |
| Defined Benefit Plans | - | - | - | - | - | - | -561 | -561 | - | **-561** | - | **-561** |
| Tax on OCI | - | - | - | - | 31 | - | 140 | 172 | - | **172** | - | **172** |
| **Total other comprehensive income/(loss) for the year, net of tax** | **-** | **-** | **-** | **-2,931** | **-94** | **-** | **-421** | **-3,446** | **-8** | **-3,454** | **-** | **-3,454** |
| Dividend paid out | - | - | - | - | - | - | - | - | - | **-** | - | **-** |
| **December 31 2020** | **30,710** | **5,814** | **36,524** | **-1,569** | **-96** | **-** | **-8,557** | **-10,222** | **111,095** | **137,397** | **-1,354** | **136,044** |

Current year

| (In thousands of euro) | Capital | Share premium | Total Share Capital | Translation differences | Hedging Reserves | Actuarial gains and losses on FI | Actuarial gains and losses on Defined Benefit Plans | Total other Reserves | Retained earnings | Equity attributable to equity holders of the Company | Non-Controlling Interest | Total Equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **December 31 2020** | **30,710** | **5,814** | **36,524** | **-1,569** | **-96** | **-** | **-8,557** | **-10,222** | **111,095** | **137,397** | **-1,354** | **136,044** |
| Result of the period | - | - | - | - | - | - | - | - | 14,575 | **14,575** | -362 | 14,213 |
| **Other comprehensive income** | | | | | | | | | | | | |
| Currency Translation Difference related to associates and companies accounted for using the equity method | - | - | - | -894 | - | - | - | -894 | - | **-894** | - | -894 |
| Currency Translation Difference | - | - | - | 3,480 | - | - | - | 3,480 | 26 | **3,506** | 3 | 3,509 |
| Financial instruments | - | - | - | - | 36 | -219 | - | -182 | - | **-182** | - | -182 |
| Defined Benefit Plans | - | - | - | - | - | - | 1,697 | 1,697 | - | **1,697** | - | 1,697 |
| Tax on OCI | - | - | - | - | -9 | 55 | -424 | -379 | - | **-379** | - | -379 |
| **Total other comprehensive income/(loss) for the year, net of tax** | **-** | **-** | **-** | **2,586** | **27** | **-164** | **1,273** | **3,722** | **26** | **3,748** | **3** | **3,752** |
| Capital increase | - | - | - | - | - | - | - | - | - | **-** | 242 | 242 |
| Acquisition of subsidiaries | - | - | - | - | - | - | - | - | - | **-** | 3,597 | 3,597 |
| Dividend paid out | - | - | - | - | - | - | - | - | -1,954 | **-1,954** | -472 | -2,426 |
| **December 31 2021** | **30,710** | **5,814** | **36,524** | **1,018** | **-68** | **-164** | **-7,284** | **-6,499** | **123,741** | **153,767** | **1,654** | **155,417** |

The notes on pages 86-140 are an integral part of these consolidated financial statements.

# Consolidated cash flow statement

| (in thousands of euro) | Notes | December 31 2021 | December 31 2020 |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Consolidated result attributable to equity holders | | 14,575 | 7,602 |
| Result attributable to non-controlling interest | 23 | -362 | -479 |
| Adjusted for | | | |
| - Current and deferred tax | 17 | 5,515 | 4,004 |
| - Interest and other financial income and expenses | 16 | 2,077 | 2,866 |
| - Depreciation, amortization and impairments | 14 | 6,778 | 6,811 |
| - Write down on trade receivables | 14 | -475 | 772 |
| - Write down on inventory | 14, 15 | 621 | 1,615 |
| - Write down on contract assets | 14 | 948 | 2,985 |
| - Changes in provisions | 11, 12 | 1,588 | -2,330 |
| - Gain/loss on the sale of tangible fixed assets | | 26 | - |
| - Income from government grants | 9 | -1,555 | - |
| - Companies accounted for using equity method | 23 | -543 | -1,251 |
| Interest received | 16 | 513 | 738 |
| | | | |
| **Changes in working capital increase (-), decrease (+)** | | **9,770** | **18,133** |
| Changes in advance payments | 6 | -2,212 | 858 |
| Changes in inventory | 6 | -2,979 | 2,810 |
| Changes in long- and short-term amounts receivable | 7 | -21,944 | 22,136 |
| Changes in trade and other payables | 13 | 36,905 | -7,671 |
| | | | |
| **Corporate income tax paid** | | **-6,794** | **-2,380** |
| Corporate income tax paid | | -6,794 | -2,380 |
| | | | |
| **Net cash generated from operating activities - continuing operations** | | **32,682** | **39,086** |
| Net cash generated from operating activities - Result from assets held for sale | | - | 38 |
| | | | |
| **Net cash generated from operating activities - total** | | **32,682** | **39,124** |
| | | | |
| **Net cash used in investing activities** | | **-21,979** | **-2,778** |
| Purchases of intangible and tangible fixed assets | 4 | -9,815 | -2,952 |
| Sales of intangible and tangible fixed assets | 4 | 83 | 174 |
| Acquisition of subsidiaries and participations (net of cash acquired) | 24 | -12,247 | - |
| | | | |
| **Cash flow before financing** | | **10,703** | **36,346** |
| | | | |
| **Net cash used in financing activities** | | **-18,402** | **-6,464** |
| Other financial charges and currency losses | 16 | -883 | -983 |
| Other financial income and currency gains | 16 | 78 | - |
| Dividend | 8 | -2,425 | 37 |
| Purchase of financial instruments | | -19,689 | -15,081 |
| Proceeds of government grants | 9 | - | 1,732 |
| Proceeds/repayments of borrowings | 10 | 6,304 | 9,770 |
| Interest paid | 16 | -1,787 | -1,939 |
| | | | |
| **Net Change in cash and cash equivalents** | | **-7,699** | **29,882** |
| | | | |
| Cash, cash equivalent and bank overdrafts at the beginning of the year | | 66,430 | 37,499 |
| Exchange gains/(losses) on cash and bank overdrafts | | 1,951 | -951 |
| | | | |
| **Cash, cash equivalent and bank overdrafts at the end of the year** | **19** | **60,683** | **66,430** |

The notes on pages 86-140 are an integral part of these consolidated financial statements.

# Notes to the Consolidated Financial Statements

## Note 1: Summary of significant accounting policies

### Basis of preparation

The JENSEN-GROUP (hereafter "the Group") is one of the major suppliers to the heavy-duty laundry industry. The Group markets its products and services under the JENSEN, 'ALPHA by JENSEN' and Inwatec brands and is one of the leading suppliers to the heavy-duty market. The product range varies from transportation and handling systems, tunnel washers, separators, feeders, ironers and folders to complete project management for fully equipped and professionally managed industrial laundries. The JENSEN-GROUP has operations in 23 countries and distributes its products in more than 50 countries. Worldwide, the JENSEN-GROUP employs 1,384 people.

JENSEN-GROUP NV (hereafter "the Company") is incorporated in Belgium. Its registered office is at Neerhonderd 33, 9230 Wetteren, Belgium.

The JENSEN-GROUP shares are quoted on the Euronext Stock Exchange.

The Board of Directors approved the present consolidated financial statements for issue on March 10, 2022.

These consolidated financial statements are for the 12 months ended December 31, 2021 and are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. These annual financial statements have been prepared in accordance with those IFRS standards and IFRIC interpretations issued and effective as at December 31, 2021 and which have been adopted by the European Union.

These consolidated financial statements have been prepared under the historical cost convention, with financial assets and financial liabilities (including derivative instruments), assets held for sale and defined benefit plans stated at fair value through profit or loss or OCI or at amortized cost.

These consolidated financial statements are prepared on an accrual basis and on the assumption that the Group is a going concern and will continue in operation for the foreseeable future.

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the consolidated financial statements, are disclosed in the accounting policies.

Based on the information described in the Report of the Board of Directors, p. 18 and 19, the analysis of the markets, valuation of the order backlog, the analysis of the sales funnel, the future revenues, various scenarios and cash projections, the Group is of the opinion that the consequences of Covid-19 are manageable for the coming period with the knowledge as of today. Therefore, the EMT has concluded, and the Board concurs, that the JENSEN-GROUP is able to continue as a going concern.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2021 and have been endorsed by the European Union:

- Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9 (effective 01/01/2021).
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (effective 01/01/2021).
- Amendment to IFRS 16 Leases Covid 19-Related Rent Concessions (effective 01/06/2020, with early application permitted).

The following new amendments have been issued, is not mandatory for the first time for the financial year beginning 1 January 2021 but have been endorsed by the European Union: IFRS 17 'Insurance contracts' (effective 1 January 2023).

- IFRS 17 'Insurance contracts' (effective 1 January 2023). This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.
- Amendment to IFRS 16 Leases Covid 19-Related Rent Concessions beyond 30 June 2021 (effective 01/04/2021, with early application permitted).
- Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements (effective 1 January 2022).

Annual Improvements 2018-2020 make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases.

The following new standards and amendments have been issued, but are not mandatory for the first time for the financial year beginning 1 January 2020 and have not been endorsed by the European Union:

- Amendments to IAS 1 'Presentation of Financial Statements: Classification of Liabilities as current or non-current' (effective 01/01/2023).
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (effective 1 January 2023).
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (effective 1 January 2023).
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1 January 2023).

- Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (issued on 9 December 2021, effective 1 January 2023).

The following standard is mandatory since the financial year beginning 1 January 2016 (however not yet subjected to EU endorsement). The European Commission has decided not to launch the endorsement process of this interim standard but to wait for the final standard:

- IFRS 14, 'Regulatory deferral accounts' (effective 1 January 2016).

The Group is currently assessing the impact of these standards.

The main accounting policies defined by the Group are as follows:

### Consolidation Methods

The consolidated financial statements are presented in euro and rounded to the nearest thousand.

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognizes any non-controlling interest in any acquired company on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest’s proportionate share of the recognized amounts of the acquiree’s identifiable net assets.

Acquisition-related costs are expensed as incurred.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group’s accounting policies.

Investments in associates and joint ventures are accounted for under the equity method set out in IAS28, subject to certain exceptions. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investors’ share in the profit or loss of the investee after the date of acquisition. Associates are those investments where the investor has significant influence. A joint venture is a joint arrangement where the investor has joint control but does not have direct rights to assets or obligation for liabilities. For entities where the Group holds 20% or more of the voting power of another entity, either directly or indirectly, the Group is presumed to have significant influence over that entity. The presumption of significant influence from a 20% or more investment can be rebutted where the Group can demonstrate that it has or does not have significant influence. Likewise, significant influence could be demonstrated for an investment of less than 20%. The existence of a substantial or majority ownership by another entity does not necessarily preclude the Group from having significant influence.

### Use of estimates

The preparation of the financial statements involves the use of estimates and assumptions, which may have an impact on the reported values of assets and liabilities at the end of the period as well as on certain items of income and expense for the period. Estimates are based on economic data, which are likely to vary over time, and are subject to a degree of uncertainty. These mainly relate to non-current assets - right to use, contracts in progress (percentage of completion method), pension liabilities, provisions for other liabilities and charges and expected credit loss model. We refer to note 4 – Non-current assets, note 6 – Contracts assets and contract liabilities, note 11 – Provision for employee benefit obligations, note 12 – Provision for other liabilities and charges and note 21 - Financial instruments - market and other risks.

### Translation of Foreign Currency - Transactions

The conversion of assets, liabilities and commitments which are denominated in foreign currencies is based on the following guidelines:

- monetary assets and liabilities are translated at closing rates;
- transactions in foreign currencies are converted at the foreign exchange rate prevailing at the date of the transaction;
- foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges;
- non-monetary assets and liabilities are translated at the foreign exchange rate prevailing at the date of the transaction.

### Translation of Foreign currency - Operations

Translation

The results and financial positions of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this

average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rates of the dates of the transactions); and

- all resulting translation differences are recognized as a separate component of equity.

Initial Recognition

On consolidation, exchange differences arising from the translation of the net investment in foreign operations and of borrowings are taken to shareholders' equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on sale.
Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

### Revenue Recognition

The JENSEN-GROUP has developed a five-step model for recognizing revenue from contracts with customers:

Step 1. Identifying the customer contracts

A contract creates enforceable rights and obligations. The contract may be written, oral or implied by customary business practice. A contract contains a promise (or promises) to transfer goods or services to a customer.

When identifying the customer contracts, first the customer should be determined and then it should be assessed whether a contract exists. JENSEN-GROUP defines a "customer" and a "contract" as follows:

- Customer: a party that has contracted to obtain goods or services that are an output of ordinary activities in exchange for consideration;
- Contract: an agreement between two or more parties that creates enforceable rights and obligations.

Contracts shall be combined when they are entered into at or near the same time and are negotiated as a package, payment of one depends on the other, or goods/services promised are a single performance obligation.

A contract modification or change order is accounted for as a separate contract or as a continuation of the original contract prospectively or with cumulative catch-up, depending on facts and circumstances.

Step 2. Identifying performance obligations

The second step in accounting for a contract with a customer is identifying the performance obligations.

Performance obligations are the unit of account for the purposes of applying the revenue standard and therefore determine when and how revenue is recognized. A performance obligation is a promise to provide a distinct good or service or a series of distinct goods or services, including those a customer can resell or provide to its customers.

Step 3. Determining the transaction price

The transaction price in a contract reflects the amount of consideration to which the Company expects to be entitled from a customer in exchange for goods or services transferred to that customer.

The transaction price includes only those amounts to which the Company is entitled under the present contract.

Step 4. Allocating the transaction price

The transaction price is allocated to the performance obligation in the contract based on relative standalone selling prices of the goods or services being provided to the customer.

Step 5. Recognizing revenue

Revenue is recognized when (or as) the performance obligations are satisfied. Revenue is allocated to the individual performance obligations when or as the customer obtains control over the products to be delivered or services to be performed under the customer contract.

The Group has identified one performance obligation within its contracts: the installation of a heavy duty laundry system. Revenue related to this performance obligation is recognized over time as both the JENSEN-GROUP does not create an asset with an alternative use (not practically possible to direct or transfer the constructed asset in its completed state to another customer as the installations are typically designed around the specific needs and requirements of the customer) and its contracts provides the JENSEN-GROUP an enforceable right to payment for performance completed to date. This enforceable right to payment represents an amount that at least compensates JENSEN for performance completed to date if the contract is terminated by the customer or another party for reasons other than JENSEN's failure to perform as promised.

The JENSEN-GROUP recognizes revenue over time by measuring the progress toward complete satisfaction of the performance obligation. The JENSEN-GROUP uses the input method (costs incurred up to the balance sheet date as compared to the total estimated costs to incur to complete the project) recognizing the revenue based on the Group's effort to satisfy the performance obligation. Any costs linked to uninstalled materials or costs incurred that relate to future activities are excluded from measuring progress towards satisfying a performance obligation.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable.

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognized over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the total expected loss is recognized as an expense immediately.

The JENSEN-GROUP presents a contract as a contract asset, excluding any amounts already received by means of progress billings, if the Group has performed by transferring goods or services to a customer before the customer pays consideration or before payment is due. A contract asset is an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer.

The JENSEN-GROUP presents a contract as a contract liability when the payment is made or the payment is due (whichever is earlier), if the customer has paid a consideration before the Group transfers a good or service to the customer. A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or an amount of consideration is due) from the customer.

The timing of invoicing and the payment terms are discussed case by case. The billing schedule and the typical timing of the payment does not materially differentiate from the pattern of revenue recognition.

The process wherein an order is produced, installed, commissioned and handed over, normally lasts a year or less.

Royalties and rentals are recognized as income when it is probable that the economic benefits associated with the transaction can be sufficiently measured and will flow to the Group. The income is recognized on an accrual basis in accordance with the substance of the relevant agreement.

Spare parts revenue is recognized at a point in time.

### Other income and other expenses

Other income and other expenses relate primarily to income received from the insurance company, support from authorities, deductible tax charges, restructuring measures or other income or expenses arising from events or transactions that are clearly distinct from the ordinary business activities of the Group.

### Goodwill

On the acquisition of a new subsidiary or participation, the difference between the acquisition price and the Group share of the identifiable assets, liabilities and contingent liabilities of the consolidated subsidiary or participation, after adjustments to reflect fair value, is recorded in the consolidated balance sheet under assets as goodwill. Goodwill is not amortized but tested for impairment annually, or more frequently, if events or changes in circumstances indicate a possible impairment. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to a cash-generating unit for the purpose of impairment testing.

## Intangible assets

Research and development expenses

Research costs are charged to the income statement in the year in which they are incurred.

Until the end of 2020, JENSEN-GROUP did not capitalize development expenses but expensed them as incurred. The expenses then mainly concerned product enhancements.
For specific projects (like Inwatec), development expenses are only capitalized if they are probable to yield future economic benefits. The capitalized development expenses are depreciated on a straight-line basis over the estimated useful life, which is normally to be considered no longer than 20 years. The depreciation period is evaluated continually, and the asset is reviewed annually for impairment.

Concessions, patents, licenses, know-how and other similar rights etc.

Investments in licenses, trademarks, etc. are capitalized from 50,000 euro upwards and amortized over 5 to 10 years. Investments in licenses, trademarks below 50,000 euro are deemed to be not material and are not capitalized but are expensed as incurred.

## Property, plant and equipment

Property, plant and equipment are recorded at their acquisition value or construction cost less accumulated depreciation and impairment losses and increased, where appropriate, by ancillary costs.

The Group has broken down the cost of property, plant and equipment into major components. These major components, which are replaced at regular intervals, are depreciated over their useful lives.

Tangible fixed assets are depreciated on a straight-line basis over their estimated useful lives from the month of acquisition onwards. If necessary, tangible fixed assets are considered as a combination of various units with separate useful lives.

The annual depreciation rates are as follows:

Annual Depreciation rates:

| | | |
|---|---|---|
| Buildings | 3.33% | 30y |
| Infrastructure | 10% - 20% | 5y - 10y |
| Roof | 10% | 10y |
| Installations, plant and machinery | 10% - 33% | 3y - 10y |
| Office equipment and furnishings | 10% - 20% | 5y - 10y |
| Computer | 20% - 33% | 3y - 5y |
| Vehicles | 20% - 33% | 3y - 5y |

Leases where the Group is acting as a lessee – Right of use assets

The Group recognizes on the balance sheet nearly all leases reflecting the right to use an asset over the lease term as well as the associated lease liability for payments required to be made by the lessee to the lessor over the lease term.

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period in which the event or condition that triggers the payment occurs.

The Group presents interest paid on its lease liabilities as financing activities in the cashflow statement. Variable payments as well as amounts paid for short-term and low-value leases are presented in the 'operating activities' line.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the intention to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below 5,000 euro). Lease payments on short-term leases and leases of low-value assets are recognized as expenses on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

### Impairment of assets

Assets other than inventories, deferred tax assets, employee benefits and derivative financial instruments and assets arising from construction contracts are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

Whenever the carrying amount of an asset exceeds its recoverable amount (being the higher of its fair value less cost to sell and its value in use), an impairment loss is recognized in the profit and loss statement. The value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Recoverable amounts are estimated for individual assets or, if this is not possible, for the cash-generating unit to which the assets belong.

Reversals of impairment losses recognized are recorded in income up to the initial amount of the impairment loss. Goodwill is tested for impairment at least once a year. Impairment on goodwill can never be reversed at a later date.

### Inventories and contracts in progress

Inventories are valued at the lower of cost or net realizable value. Depending on the different ERP systems, cost is determined by the first-in, first-out (FIFO) method or by the weighted average method. For produced inventories, cost means the full cost including all direct and indirect production costs required to bring the inventory items to the stage of completion at the balance sheet date. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and variable selling expenses.

### Provisions for liabilities and charges

A provision is recognized in the balance sheet when the Group has a present obligation (legal or constructive) as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount of the provision is the best estimate of the expenditure required to settle the present value of the obligation at the balance sheet date. The provisions are discounted when the impact of the time value of money is material.

Provisions for take-back obligations are recorded when JENSEN-GROUP sells equipment to a customer for which the customer wants to enter into a leasing contract with a leasing company. In case of customer default, the leasing company can request JENSEN-GROUP to take back the machine in certain situations (see 'Vendor financing, p.23). Based on historical data an appropriate percentage of the outstanding receivable is recorded and reversed a rato of the repayment by the customer.

### Employee benefits

Some of the Group's employees are eligible for retirement benefits under defined contribution and defined benefit plans.

The provision for employee benefit plans is based on the calculation of an external, independent actuary. The calculation is based on the projected unit credit method.

Defined contribution plans

Contributions to defined contribution plans are recognized as an expense in the income statement as incurred.

Defined benefit plans

For defined benefit plans, the amount recorded in the balance sheet is determined as the present value of the benefit obligation less the fair value of any plan assets. All past service costs are recognized in P&L.

The actuarial gains and losses are recognized in the period in which they occur outside profit and loss, in the consolidated statement of comprehensive income.

### Deferred Taxes

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the value of assets and liabilities for tax purposes and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### Current taxes

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

### Accrued charges and deferred income

Accrued charges are costs that have been charged against income but not yet disbursed at balance sheet date. Deferred income is revenue that will be recognized in future periods.

### Financial instruments

Financial instruments are recorded at trade date. The fair value of the financial instruments is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date.

#### Accounts and notes receivable

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The JENSEN-GROUP applies the lifetime expected credit loss model. For specific cases, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, default or delinquency in payments as well as forward-looking information such as economic forecasts, regulatory environment, GDP, employment, politics or other external market indicators are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between

the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. This policy of credit risk management is applied throughout the JENSEN-GROUP by the individual entities based on the local historical data and forward-looking information.
The simplified approach is applied.

Cash and cash equivalent

Cash and cash equivalent includes cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Payables (after one year and within one year)

Amounts payable are carried at nominal value at the balance sheet date.

Derivative financial instruments

The Company uses derivative financial instruments to reduce the exposure to adverse fluctuations in interest rates and foreign exchange rates. It is the Company's policy not to hold derivative financial instruments for speculative or trading purposes.

Derivative financial instruments are recognized initially at fair value. Subsequent to initial recognition, derivative financial instruments are stated at fair value. Recognition of any resulting gain or loss depends on the nature of the item being hedged. Derivative financial instruments that are either hedging instruments that are not designated or do not qualify as hedges are carried at fair value, with changes in value included in the income statement.

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognized asset or liability, a firm commitment or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognized directly in other comprehensive income. When the firm commitment or forecasted transaction results in the recognition of an asset or liability, the cumulative gain or loss is removed from other comprehensive income and included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability.

Otherwise the cumulative gain or loss is removed from other comprehensive income and recognized in the income statement at the same time as the hedged transaction. The ineffective part of any gain or loss is recognized in the income statement immediately. Any gain or loss arising from changes in the time value of the derivative financial instrument is excluded from the measurement of hedge effectiveness and is recognized in the income statement immediately.

When a hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative gain or loss at that point remains in other comprehensive income and is recognized in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer probable, the cumulative unrealized gain or loss recognized in other comprehensive income is recognized in the income statement immediately.

Financial assets at amortized cost

All movements in financial assets at amortized cost are accounted for at trade date. Financial assets at amortized cost are carried at purchase price.

Financial assets at fair value through OCI (Other Comprehensive Income)

All movements in financial assets at fair value through OCI are accounted for at trade date. Financial assets at fair value through OCI are carried at fair value. Unrealized gains and losses from changes in the fair value of such assets are recognized in equity as financial assets at fair value through OCI reserves. When the assets are sold or impaired, the accumulated fair value adjustments are also included in the OCI. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

## Government Grants

The government grants received by the JENSEN-GROUP are recognized in profit or loss as other income on a systematic basis over the period in which the entities recognize the expenses for the related costs for which the grants are intended to compensate. The income of the government grants is only recognized if all the conditions are met and there is 100% certainty that no repayment can be claimed by the government. As long as not all the conditions are met, the government grant received is presented as a debt.

## Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

## Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through a continuing use.

## Consolidated statement of cash flows

The consolidated cash flow statement reports the cash flow during the period classified by analyzing the cash flow from operating, investing and financing activities.

### Business combination

On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

### Segment reporting

The Company is operating in a single business segment: Heavy-Duty Laundry.

### Closing date and length of accounting period

All accounting periods presented represent 12 months of operations starting on January 1 of each year.

### Change in valuation rules

There are no changes in the accounting policies compared with the accounting policies used in the preparation of the consolidated financial statements as per December 31, 2020.

## Note 2: Scope of consolidation

The parent Company, JENSEN-GROUP NV, and all the subsidiaries that it controls are included in the consolidation.

On January 2, 2018 JENSEN-GROUP acquired a participation of 30% in Inwatec, ApS. JENSEN-GROUP has the option to increase its shareholding between 2020 and 2023. On March 26, 2021, the JENSEN-GROUP increased its shareholding in Inwatec ApS from 30% to 70%. As the JENSEN-GROUP holds 70%, the participation is consolidated by the full consolidation method as from March 26, 2021. Before that date, it was consolidated by the equity method.

## Note 3: Segment reporting

The Board of Directors has examined the Group's performance and has identified a single business segment. The total laundry industry can be split up into Consumer, Commercial and Heavy-Duty laundry. The JENSEN-GROUP entities serve end-customers only in the Heavy-Duty laundry segment. Most of these laundries range from large on premises laundries to large international textile rental groups. Basically, all JENSEN-GROUP customers follow the same processes. The JENSEN-GROUP sells its products and services under the 'JENSEN', 'ALPHA by JENSEN' and Inwatec names through own sales and service companies and independent distributors worldwide. In this way the JENSEN-GROUP operates only in a single segment.

The following table presents revenue and certain asset information based on the Group's geographical areas. The basis for attributing revenues is based on the location of the customer:

| | Europe + CIS | | America | | Middle East, Far East and Australia | | TOTAL | | Attributable to Belgium | |
|---|---|---|---|---|---|---|---|---|---|---|
| **(in thousands of euro)** | **2021** | **2020** | **2021** | **2020** | **2021** | **2020** | **2021** | **2020** | **2021** | **2020** |
| Revenue from external customers | 149,254 | 148,694 | 62,907 | 56,025 | 47,555 | 40,519 | **259,716** | **245,238** | 18,262 | 12,972 |
| Other segment information | | | | | | | | | | |
| Non-current assets | 90,629 | 57,473 | 4,118 | 3,534 | 11,730 | 7,445 | **106,477** | **68,452** | 96,938 | 96,842 |
| Non allocated assets | | | | | | | **223,119** | **209,937** | | |
| Total assets | | | | | | | **329,596** | **278,389** | | |
| Capital expenditure | -13,834 | -1,744 | -634 | -115 | -7,511 | -122 | **-21,979** | **-1,981** | | |

The difference between non-current assets in the table above (106.5 million euro) and the non-current assets as per the consolidated statement of financial position (111.0 million euro) relates to the deferred tax assets (4.5 million euro).

## Note 4: Non-current assets

### Goodwill

| (in thousands of euro) | Goodwill |
|---|---|
| **Gross carrying amount January 1, 2020** | **8,842** |
| Translation differences | 18 |
| **Gross carrying amount December 31, 2020** | **8,860** |
| Translation differences | 17 |
| **Gross carrying amount December 31, 2021** | **24,945** |
| **Accumulated impairment January 1, 2020** | **1,981** |
| Additions | 0 |
| **Accumulated impairment December 31, 2020** | **1,981** |
| Additions | 4 |
| **Accumulated impairments December 31, 2021** | **1,985** |
| **Net carrying amount December 31, 2020** | **6,879** |
| **Net carrying amount December 31, 2021** | **22,960** |

The goodwill arises mainly from the acquisitions of JENSEN Australia, JENSEN Austria, JENSEN Benelux, JENSEN France, JENSEN Italia, JENSEN Norway, JENSEN Spain, JENSEN Sverige (Sweden) and JENSEN Switzerland.

On March 26, 2021, the JENSEN-GROUP increased its shareholding in Inwatec from 30% to 70%. This led to a 16.1 million euro increase in goodwill. For more information, we refer to Note 24 - Acquisitions.

The JENSEN-GROUP identifies the cash flow-generating units (CGU) as being the Group. JENSEN-GROUP assists the heavy-duty laundry industry worldwide by designing and supplying sustainable single machines as well as systems and integrated solutions. The success of JENSEN-GROUP results from combining the global skills with the local presence. The non-current assets of the plants are managed together, and the cash flows generated by the usage of these plants come from one group of local, regional or global customers that are approached with same deliverable, being the optimization of the heavy-duty laundry activity. Therefore, the non-current assets of the plants are allocated to one CGU for impairment testing purposes.

Goodwill is subject to a yearly impairment test, close to year-end, that is based on a number of critical judgments, estimates and assumptions, based on value in use and applying a discounted free cash flow approach. JENSEN-GROUP believes that its estimates are very reasonable; they are based on the past experience, external sources of information (such as long-term growth rate and discount rate) and reflect the best estimates by management. The goodwill is assessed closed to year-end. The recoverable amount of the goodwill is determined based on a calculation of its value in use to the cash-generating unit to which it is allocated.

The main judgments, assumptions and estimates for the cash-generating unit are:

- The first year of the model is based on management’s best estimate of the free cash flow outlook for the coming year;
- For the second, third, fourth and fifth years of the model, cash flows are based on our LT plan;
- Cash flows beyond the first five years are extrapolated, usually with a growth rate of 0% of free cash flows;

- Projections are discounted at the weighted average cost of capital (WACC), which lies between 5% and 9%;
- This calculated enterprise value is compared to the book value.

The test includes a sensitivity analysis on key assumptions used, among them the WACC, free cash flow and long-term growth percentage: the occurrence of any of the following individual less favorable assumptions would not lead to an impairment of goodwill: WACC of 10%, free cash flow of 95% of the projections of free cash flows used for the calculation of the impairment test and a long-term growth of 1%. JENSEN-GROUP has completed its annual impairment test on goodwill and concluded from this that no impairment allowance is necessary.

Although JENSEN-GROUP believes that its judgments, assumptions and estimates are appropriate, actual results may differ from these estimates under different assumptions or conditions.

## Intangible Fixed Assets

| (in thousands of euro) | Know how and Product Development | Other intangibles | Licenses | TOTAL |
|---|---|---|---|---|
| **Gross carrying amount January 1, 2020** | **343** | **432** | **848** | **1,623** |
| Additions | 0 | 0 | 27 | **27** |
| **Gross carrying amount December 31, 2020** | **343** | **432** | **875** | **1,650** |
| Acquisition of subsidiaries | 4,101 | 0 | 1,641 | **5,742** |
| Additions | 642 | 0 | 0 | **642** |
| **Gross carrying amount December 31, 2021** | **5,088** | **432** | **2,516** | **8,036** |
| **Accumulated depreciation, write down and impairment January 1, 2020** | **343** | **432** | **810** | **1,585** |
| Additions | 0 | 0 | 19 | **19** |
| **Accumulated depreciation, write down and impairment December 31, 2020** | **343** | **432** | **829** | **1,604** |
| Acquisition of subsidiaries | 972 | 0 | 108 | **1,080** |
| Additions | 490 | 0 | 485 | **974** |
| Disposals | -2 | 0 | 0 | **-2** |
| **Accumulated depreciation, write down and impairment December 31, 2020** | **1,803** | **432** | **1,421** | **3,656** |
| **Net carrying amount December 31, 2020** | **0** | **0** | **46** | **46** |
| **Net carrying amount December 31, 2021** | **3,285** | **0** | **1,095** | **4,380** |

Licenses relate to the capitalization of the license costs of the ERP system and for other IT tools.

Know how and Product Development: until the end of 2020, JENSEN-GROUP did not capitalize development expenses but expensed them as incurred. The expenses then mainly concerned product enhancements.
For specific projects (like Inwatec), development expenses are only capitalized if they are probable to yield future economic benefits. The capitalized development expenses are depreciated on a straight-line basis over the estimated useful life, which is normally to be considered no longer than 20 years. The depreciation period is evaluated continually, and the asset is reviewed annually for impairment.

Acquisition of subsidiaries: On March 26, 2021, the JENSEN-GROUP increased its shareholding in Inwatec ApS from 30% to 70%. As the JENSEN-GROUP holds 70%, the participation is consolidated by the full consolidation method as from March 26, 2021. Before that date, it was consolidated by the equity method.

Development costs of 5.2 million euro (5.5 million euro in 2020) were expensed during the year. These costs are accounted for in the lines ‘services and other goods’, ‘employee compensations and benefit expense’ and ‘depreciation, amortization, write-down of assets’.

## Property plant and equipment

| (in thousands of euro) | Land & Buildings | Machinery and equipment | Furniture and vehicules | Right to use assets | Other tangible assets | Assets under construction | TOTAL |
|---|---|---|---|---|---|---|---|
| **Gross carrying amount January 1, 2020** | **33,640** | **29,241** | **12,951** | **16,328** | **3** | **3,698** | **95,862** |
| Translation differences | -422 | -343 | -99 | -351 | -1 | -51 | **-1,266** |
| Additions | 52 | 618 | 599 | 1,202 | 0 | 1,655 | **4,127** |
| Disposals | -3,430 | -210 | -1,097 | -2,571 | -2 | -33 | **-7,343** |
| Transfers | 5,071 | 39 | 0 | 0 | 0 | -5,111 | **0** |
| **Gross carrying amount December 31, 2020** | **34,912** | **29,346** | **12,354** | **14,609** | **0** | **158** | **91,379** |
| Translation differences | 534 | 979 | 271 | 918 | -1 | 35 | **2,735** |
| Acquisition of subsidiaries | 18 | 206 | 0 | 0 | 0 | 0 | **225** |
| Additions | 226 | 462 | 455 | 8,702 | 0 | 606 | **10,451** |
| Disposals | -45 | -802 | -950 | -6,677 | 0 | 0 | **-8,473** |
| Transfers | 123 | 0 | 0 | | 0 | -123 | **0** |
| **Gross carrying amount December 31, 2021** | **35,767** | **30,191** | **12,130** | **17,553** | **-1** | **677** | **96,316** |
| **Accumulated depreciation, write down and impairment January 1, 2020** | **22,020** | **22,872** | **8,883** | **2,802** | **3** | **0** | **56,580** |
| Translation differences | -683 | -234 | -95 | -75 | -1 | 0 | **-1,088** |
| Depreciation | 1,186 | 1,658 | 1,509 | 2,439 | 0 | 0 | **6,792** |
| Disposals | -3,432 | -217 | -944 | -576 | -2 | 0 | **-5,171** |
| Transfers | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| **Accumulated depreciation, write down and impairment December 31, 2020** | **19,091** | **24,078** | **9,353** | **4,591** | **0** | **0** | **57,114** |
| Translation differences | 389 | 681 | 245 | 226 | -1 | 0 | **1,540** |
| Acquisition of subsidiaries | 10 | 147 | 0 | 0 | 0 | 0 | **157** |
| Depreciation | 1,012 | 1,451 | 1,263 | 2,239 | 0 | 0 | **5,965** |
| Disposals | -36 | -798 | -877 | -1,793 | 0 | 0 | **-3,504** |
| Transfers | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| **Accumulated depreciation, write down and impairment December 31, 2020** | **20,466** | **25,558** | **9,984** | **5,264** | **-1** | **0** | **61,271** |
| **Net carrying amount December 31, 2020** | **15,821** | **5,268** | **3,001** | **10,018** | **0** | **158** | **34,265** |
| **Net carrying amount December 31, 2021** | **15,302** | **4,632** | **2,145** | **12,289** | **0** | **677** | **35,045** |

During 2021, the net carrying amount of tangible fixed assets increased by 0.8 million euro. Excluding the depreciation charges of 6 million euro, tangible fixed assets increased by 6.7 million euro. The investments in 2021 related mainly to the purchase of land rights and buildings in China, building repairs at JENSEN USA in the wake of hurricane Michael and equipment and vehicles.

Acquisition of subsidiaries: On March 26, 2021, the JENSEN-GROUP increased its shareholding in Inwatec ApS from 30% to 70%. As the JENSEN-GROUP holds 70%, the participation is consolidated by the full consolidation method as from March 26, 2021. Before that date, it was consolidated by the equity method.

The net book value of the property, plant and equipment pledged as security for liabilities amounts to 6.0 million euro (6.4 million euro at December 2020).

## Note 5: Deferred Taxes

Deferred tax assets and liabilities are attributable to the following items:

| (in thousands of euro) | December 31, 2019 | Charged/credited to the income statement | Charged/credited to OCI | Exchange differences | December 31 2020 | December 31, 2020 Deferred Tax Assets | December 31, 2020 Deferred Tax Liabilities |
|---|---|---|---|---|---|---|---|
| Inventories | -581 | 1,023 | 0 | 0 | **442** | -241 | 683 |
| Fixed assets | 433 | -862 | 0 | 0 | **-429** | 573 | -1,002 |
| Provisions | 4,514 | -366 | 140 | 0 | **4,288** | 3,828 | 460 |
| Tax losses | 123 | 37 | 0 | 0 | **160** | 156 | 4 |
| Deferred taxes on differences between tax and local books | 443 | -572 | 0 | -78 | **-207** | 138 | -345 |
| Currency result in permanent financing | -772 | -1 | 0 | 0 | **-773** | 0 | -773 |
| Financial instruments | 22 | -36 | 31 | 0 | **17** | 17 | 0 |
| **Total deferred tax assets (net)** | **4,182** | **-778** | **171** | **-78** | **3,498** | 4,471 | -973 |

| (in thousands of euro) | December 31 2020 | Acquisition of subsidiaries | Charged/credited to the income statement | Charged/credited to OCI | Exchange differences | December 31 2021 | December 31, 2021 Deferred Tax Assets | December 31, 2021 Deferred Tax Liabilities |
|---|---|---|---|---|---|---|---|---|
| Inventories | 442 | -169 | -94 | 0 | 0 | **179** | -435 | 614 |
| Fixed assets | -429 | -1,044 | -420 | 0 | -7 | **-1,900** | 68 | -1,968 |
| Provisions | 4,288 | 35 | 710 | -424 | 0 | **4,609** | 4,196 | 413 |
| Tax losses | 160 | 0 | -54 | 0 | 0 | **106** | 102 | 4 |
| Deferred taxes on other differences between tax and local books | -207 | 0 | -446 | 55 | 349 | **-250** | 495 | -745 |
| Currency result in permanent financing | -773 | 0 | -37 | 0 | 0 | **-810** | 0 | -810 |
| Financial instruments | 17 | 0 | 58 | -9 | 0 | **66** | 65 | 1 |
| **Total deferred tax assets (net)** | **3,498** | **-1,178** | **-284** | **-379** | **343** | **2,000** | 4,491 | -2,491 |

Acquisition of subsidiaries: On March 26, 2021, the JENSEN-GROUP increased its shareholding in Inwatec ApS from 30% to 70%. As the JENSEN-GROUP holds 70%, the participation is consolidated by the full consolidation method as from March 26, 2021. Before that date, it was consolidated by the equity method.

The split between long-term and short-term deferred taxes is as follows:

| (in thousands of euro) | Deferred taxes |
|---|---|
| Long-term | -97 |
| Short-term | 2,097 |
| **Total Deferred Tax Assets (net)** | **2,000** |

The deferred tax assets originate mainly from JENSEN GmbH (1.5 million euro), JENSEN Italia (0.5 million euro) and JENSEN AG Burgdorf (0.5 million euro).

Deferred tax assets have been recorded because management and the Board are convinced that, in accordance with the Company's valuation rules, the assets can be realized within a reasonable time frame. The Group is prudent in recognizing deferred tax assets on tax losses carried forward especially with a view to the tax losses realized during the Covid-19 crisis.

The decrease relates to the change in consolidation scope and to the deferred tax assets recognized on the timing differences between group books and tax books.

## Note 6: Contract assets and contract liabilities

| (in thousands of euro) | December 31 2021 | December 31 2020 |
|---|---|---|
| Contract revenue | 259,716 | 245,238 |
| Contract assets | 33,805 | 33,159 |
| Contract liabilities | 35,283 | 10,896 |

The above contract assets represent the Group's right to consideration in exchange for goods or services that it has transferred to a customer. Amounts could however not already be invoiced as the right to consideration is not yet unconditional because additional obligations remain to be delivered to the customer.

Contract assets are higher due to higher activities.

Construction contracts are valued based on the percentage of completion method. On December 31, 2021 contract assets included 10.5 million euro of accrued profit (6.3 million euro at December 31, 2020). This increase is related to the increase of activity in our factories in the last quarter of 2021.

Contract liabilities are high at year-end because of higher activities and high invoicing at year-end.

The revenue is related to sales contracts. The payment conditions are negotiated per sales contract individually. The billing schedule and the typical timing of the payment do not materially differ from the pattern of revenue recognition. The aim is that the payments reflect the timing of the satisfaction of the performance obligation.

End 2021, we have for 18,7 million euro of outstanding performance obligations resulting from current contracts that will be performed after 2022 (14.8 million euro at December 31, 2020). These performance obligations are mainly related to shipyards.  There are no performance obligations that last longer than 12 months between the start of the production and the handover. For cruise yards, the installation of the laundry takes less than 12 months. There can, however, be a gap up to 24 months between the installation of the laundry and the final completion of the vessel. For this period, the JENSEN-GROUP signs performance bonds.

The reconciliation of contract assets and liabilities is as follows:

| (in thousands of euro) | Contract assets | Contract liabilities |
|---|---|---|
| December 31 2020 | 33,159 | 10,896 |
| Revenue recognised that was included in the contract liability balance at the beginning of the period | 0 | -10,250 |
| Increase due to cash received, excluding amounts recognised as revenue during the period | 0 | 33,783 |
| Write down recognized during the year | 948 | 0 |
| Transfer from contract assets recognised at the beginning of the period to receivables | -32,201 | 0 |
| Increases as a result of changes in the measure of progress | 30,327 | 0 |
| Acquisition of subsidiaries | 812 | 0 |
| Translation Differences | 760 | 854 |
| December 31 2021 | **33,805** | **35,283** |

The write down recognized during the year relates to the start of the bankruptcy procedure of a German customer.

## Note 7: Trade and other receivables

| (in thousands of euro) | December 31 2021 | December 31 2020 |
|---|---|---|
| Trade receivables | 67,942 | 58,922 |
| Provision for doubtful debtors | -2,965 | -3,346 |
| Taxes | 2,332 | 761 |
| Other amounts receivable | 2,386 | 2,253 |
| Contract assets | 33,805 | 33,159 |
| Deferred charges and accrued income | 2,701 | 2,116 |
| Derivative financial instruments | 12 | 50 |
| **Total trade and other receivables** | **106,213** | **93,916** |
| **Less non-current portion** | | |
| Trade receivables | 3,751 | 3,241 |
| Other amount receivable | 911 | 757 |
| **Non-current portion** | **4,663** | **3,998** |
| **Current portion** | **101,551** | **89,917** |

Taxes increased mainly because of the VAT relating to the purchase of land rights and buildings at JENSEN China.

### Non-current portion

The other amounts receivable includes cash guarantees in an amount of 0.9 million euro. The increase in the non-current receivables relate to the factored trade receivables. As control is not substantially transferred to the third party, the factoring arrangement does not result in the de-recognition of any amount from the balance sheet.

## Current portion

Trade receivables and contract assets increased due to higher activities in 2021 compared to 2020.

Advances received from customers, mainly on project activities, are recognized in “Contract liabilities” in accordance with the accounting principle whereby receivables and payables may not be netted against each other.

## Note 8: Equity

### Issued capital

As at December 31, 2021, the issued share capital was 30.7 million euro, represented by 7,818,999 ordinary shares without nominal value. There were no preference shares. All shares are fully paid.

As at December 31, 2020, the issued share capital was 30.7 million euro, represented by 7,818,999 ordinary shares without nominal value. There are no preference shares. All shares are fully paid.

Detailed information on the capital statement as per December 31, 2021 and 2020 is set out below.

| Capital statement (position as at December 31, 2021) | Amounts (in thousands of euro) | Number of shares |
|---|---|---|
| A. Capital | | |
| 1. Issued capital | | |
| - At the end of the previous year | 30,710 | |
| - Changes during the year | 0 | |
| - At the end of this year | 30,710 | |
| 2. Capital representation | | |
| 2.1 Shares without nominal value | 30,710 | 7,818,999 |
| 2.2 Registered or bearer shares | | |
| - Registered | | 4,314,057 |
| - dematerialized | | 3,504,942 |
| B. Own shares held by | | |
| - the company or one of its subsidiaries | 0 | 0 |
| C. Commitments to issue shares | | |
| 1. As a result of the exercise of conversion rights | 0 | 0 |
| 2. As a result of the exercise of subscription right | 0 | 0 |
| D. Authorized capital not issued | 30,710 | |

The following notifications have been received of holdings in the company's share capital during 2021:

JENSEN Invest A/S, JF Tenura ApS, the heirs of Mr. Jørn M. Jensen, Mr. Jesper M. Jensen, The Jørn M. Jensen and Lise M. Jensen Family Trust, Mrs. Anne M. Jensen and Mrs. Karine Munk Finser

JENSEN INVEST A/S, Ejnar Jensen Vej 1, 3700 Rønne, Denmark

| | Number of shares | Total shares | % |
|---|---|---|---|
| - Number of shares | 4,253,781 | 7,818,999 | 54.40% |
| - Voting rights | 4,253,781 | 7,818,999 | 54.40% |

The chain of control is as follows: 54% of the shares in JENSEN-GROUP NV are held by JENSEN Invest A/S and 0,03% by the heirs of Mr. Jørn M. Jensen. JF Tenura Aps holds 100% of the shares in Jensen Invest A/S. SWID AG, represented by Mr. Jesper M. Jensen holds and controls 51% of the shares in JF Tenura Aps. The other 49% of the shares in JF Tenura Aps are held by Mrs Anne Munch Jensen and Mrs Karine Munk Finser as the ultimate beneficial owners of the Jørn Munch Jensen and Lise Munch Jensen Family Trust.

Lazard Frères Gestion SAS

25, rue de Courcelles 75008 PARIS France

| | Number of shares | Total shares | % |
|---|---|---|---|
| - Number of shares | 403,429 | 7,818,999 | 5.16% |
| - Voting rights | 403,429 | 7,818,999 | 5.16% |

The chain of control is as follows: Compagnie Financière Lazard Frères SAS controls Lazard Frères Gestion SAS, Lazard Group LLC controls Compagnie Financière Lazard Frères SAS, Lazard Ltd controls Lazard Group LLC. Lazard Frères Gestion SAS acts independently from Compagnie Financière Lazard Frères, Lazard Group LLC, Lazard Ltd and from the rest of the Lazard Group, including Lazard Asset Management, a Company under American law.

| Capital statement (position as at December 31, 2020) | Amounts (in thousands of euro) | Number of shares |
|---|---|---|
| A. Capital | | |
| 1. Issued capital | | |
| - At the end of the previous year | 30,710 | |
| - Changes during the year | 0 | |
| - At the end of this year | 30,710 | |
| 2. Capital representation | | |
| 2.1 Shares without nominal value | 30,710 | 7,818,999 |
| 2.2 Registered or bearer shares | | |
| - Registered | | 4,313,257 |
| - dematerialized | | 3,505,742 |
| B. Own shares held by | | |
| - the company or one of its subsidiaries | 0 | 0 |
| C. Commitments to issue shares | | |
| 1. As a result of the exercise of conversion rights | 0 | 0 |
| 2. As a result of the exercise of subscription rights | 0 | 0 |
| D. Authorized capital not issued | 30,710 | |

The following notifications have been received of holdings in the company's share capital during 2020:

JENSEN Invest A/S, JF Tenura ApS, the heirs of Mr. Jørn M. Jensen, Mr. Jesper M. Jensen, The Jørn M. Jensen and Lise M. Jensen Family Trust, Mrs. Anne M. Jensen and Mrs. Karine Munk Finser

JENSEN INVEST A/S, Ejnar Jensen Vej 1, 3700 Rønne, Denmark

| | Number of shares | Total shares | % |
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Each share has one vote. The voting rights are in line with the Companies' and Associations' Code. The articles of association do not include other regulations with respect to voting rights.

The regulations with respect to transfer of shares are in line with the Companies' and Associations' Code. The articles of association do not include other regulations with respect to transfer of shares.

## Share premium

The share premium results primarily from the merger of LSG, which then took the name of JENSEN-GROUP NV.

The closing balance of the share premium is 5.8 million euro.

### Treasury shares

The Bylaws (art. 11) allow the Board of Directors to buy back own shares.

As per December 31, 2021, the JENSEN-GROUP does not own treasury shares, nor is there any repurchase program.

### Translation differences

In this annual report the consolidated financial statements are expressed in thousands of euro. All balance sheet captions of foreign companies are translated into euro, which is the Company's functional and presentation currency, using closing rates at the end of the accounting year, except for capital and reserves, which are translated at historical rates. The income statement is translated at average rates for the year. The resulting translation difference, arising from the translation of capital and reserves and the income statement, is shown in a separate category of other comprehensive income under the caption 'translation differences'.

The translation differences increased with 2.6 million euro especially thanks to the USD who strengthened from 1.23 by the end of 2020 to 1.13 by the end of 2021.

The exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. In total, 0.2 million euro of currency loss are transferred from financial result to other comprehensive income.

The exchange rates used for the translation were as follows:

| Currency | Average rate | | Closing rate | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| AED | 4.3453 | 4.1909 | 4.2481 | 4.4908 |
| AUD | 1.5747 | 1.6554 | 1.5615 | 1.5896 |
| BRL | 6.3814 | 5.8900 | 6.3101 | 6.3735 |
| CHF | 1.0814 | 1.0703 | 1.0331 | 1.0802 |
| CNY | 7.6340 | 7.8708 | 7.1947 | 8.0225 |
| DKK | 7.4371 | 7.4544 | 7.4364 | 7.4409 |
| EUR | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| GBP | 0.8600 | 0.8892 | 0.8403 | 0.8990 |
| JPY | 129.8575 | 121.7758 | 130.3800 | 126.4900 |
| NOK | 10.1634 | 10.7248 | 9.9888 | 10.4703 |
| NZD | 1.6725 | 1.7565 | 1.6579 | 1.6984 |
| SEK | 10.1449 | 10.4881 | 10.2503 | 10.0343 |
| SGD | 1.5897 | 1.5736 | 1.5279 | 1.6218 |
| TRY | 10.4670 | 8.0436 | 15.2335 | 9.1131 |
| USD | 1.1835 | 1.1413 | 1.1326 | 1.2271 |

### Hedging reserves

The Group designates foreign exchange contracts and interest rate swaps as 'cash flow hedges' of its foreign currency and interest exposure. Any change in fair value of the hedging instrument and the hedged item (attributable to the hedged risk), as of inception of the hedge, is deferred in OCI if the hedge is deemed effective (note 21).

At year-end, an amount of 0.07 million euro was deferred in other comprehensive income.

Gains and losses recognized in the hedging reserve in OCI (Other Comprehensive Income) on forward foreign exchange contracts as of December 31, 2021 will be released to the income statement at various dates between one and six months.

Gains and losses recognized in the hedging reserve in other comprehensive income on interest rate swap contracts as of December 31, 2021 will be continuously released to the income statement until the repayment of the bank borrowings.

### Actuarial gains and losses on Defined Benefit Plans

JENSEN-GROUP has four defined benefit plans. In line with prior years, the Group adopted the amended IAS 19 'Employee Benefits' and to recognize all actuarial gains and losses directly in OCI. The accumulated loss of the four plans amounts to 7.3 million euro.

### Dividend

The Board proposes to the Annual Shareholders' meeting to approve a dividend of 0.50 euro per share. The dividend proposal is based on the strong financial position at year-end. The dividend pay-out will amount to 3,909,499.50 euro, based on the number of shares outstanding as at December 31, 2021.

In respect of the prior year, the Board proposed, and the Shareholders approved, a dividend payment of 0.25 euro per share. The dividend proposal was based on the strong financial position at year-end.

### Capital risk management

JENSEN-GROUP's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal structure to minimize the cost of capital.

## Note 9: Government grant

| (in thousands of euro) | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Government grants | 0 | 1,539 |

JENSEN USA received a Promissory Note from the state of Florida amounting to 1.9 million USD in May 2020. On March 17, 2021, forgiveness was granted, and the amount is recorded as other income.

## Note 10: Financial debt

The non-current and current borrowings can be summarized as follows:

| (in thousands of euro) | December 31, 2020 | Proceeds | Repayments | Reclass from LT to ST | CTA | December 31, 2021 |
|---|---|---|---|---|---|---|
| LT loans with credit institutions | 34,759 | 9,978 | -850 | -2,418 | 393 | 41,862 |
| LT loans other | 1,225 | 0 | -196 | 0 | 0 | 1,029 |
| LT factoring | 2,779 | 0 | 0 | -21 | 0 | 2,758 |
| **Sub-Total** | **38,763** | **9,978** | **-1,046** | **-2,439** | **393** | **45,649** |
| LT loans - Operating lease liabilities | 7,919 | | | | | 2,811 |
| **Total non-current borrowings** | **46,682** | | | | | **48,460** |

| (in thousands of euro) | December 31, 2020 | Proceeds | Repayments | Reclass from LT to ST or to another BS account | CTA | December 31, 2021 |
|---|---|---|---|---|---|---|
| Current portion of LT borrowings | 533 | 0 | -191 | 2,418 | 34 | 2,794 |
| Credit institutions | 4,345 | 170 | 0 | -82 | 503 | 4,936 |
| Payments received (factoring) | 2,101 | 0 | 0 | -872 | 97 | 1,326 |
| **Sub-Total** | **6,979** | **170** | **-191** | **1,464** | **635** | **9,056** |
| Operating lease liabilities - ST | 2,316 | | | | | 1,744 |
| **Total current borrowings** | **9,295** | | | | | **10,800** |
| | | | | | | |
| **Total borrowings** | **55,977** | | | | | **59,260** |

Total borrowings increased from 56.0 million euro at December 31, 2020 to 59.2 million euro at December 31, 2021. To finance investments in China, the Group has taken out a new investment loan of 38 million CNY or 5.3 million euro. In July 2020, JENSEN GmbH was granted an amortizing KfW (Kreditanstalt für Wiederaufbau) loan amounting to 10 million euro for a period of six years. Of this loan, 5 million euro were drawn as per December 31, 2020 and another 5 million euro were drawn during 2021. 0.5 million euro was repaid in December 2021, with 0.5 million euro repayable quarterly till September 2026.

At the other hand, operating lease liabilities decreased from 10.2 million euro to 4.4 million euro. The decrease is especially related to JENSEN China where the lease liability is extinguished and replaced by the bank borrowing as explained above.

The Group factored trade receivables in a total amount of 4.1 million euro (2.8 million euro long-term and 1.3 million euro short-term). As control is not substantially transferred to the third party, the factoring arrangement does not result in the de-recognition of any amount from the balance sheet.

The slow-down in activities resulted in a further increase of cash. The working capital needs decreased, and the Group was able to cash its receivables. In order to reduce the risk on cash, the Group invested in financial assets for a total amount of 34.6 million euro compared to 15 million euro last year. We refer to note 21, Financial instruments - market and other risks, for more details. Cash and cash equivalents decreased from 70.8 million euro to 65.6 million euro. All this together resulted in an increase of the net cash position from 28.3 million euro net cash to 41.0 million euro net cash.

The following table gives the maturities of the non-current debt:

| (in thousands of euro) | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Between 1 and 2 years | 15,588 | 3,423 |
| Between 2 and 5 years | 27,242 | 32,080 |
| > 5 years | 5,630 | 11,179 |
| **Total non-current borrowings** | **48,460** | **46,682** |

The exposure of the Group's borrowings to interest rate changes and the contractual re-pricing dates before and after the effect of the IRS (interest rate swaps) at balance sheet date are as follows:

| (in thousands of euro) | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | > 5 years | TOTAL |
|---|---|---|---|---|---|
| Credit institutions | 7,731 | 13,018 | 24,243 | 4,601 | 49,593 |
| Other | 0 | 0 | 0 | 1,029 | 1,029 |
| Payments received (factoring) | 1,326 | 889 | 1,869 | 0 | 4,084 |
| Operating lease liabilities | 1,744 | 1,681 | 1,130 | 0 | 4,555 |
| **Total** | **10,801** | **15,588** | **27,242** | **5,630** | **59,261** |
| IRS covered | 0 | 119 | 356 | 1,661 | 2,136 |
| **Total non-covered** | **10,801** | **15,469** | **26,886** | **3,969** | **57,125** |

Management believes that the carrying value of the loans at fixed rate approximates to the fair value.

For details on the IRS we refer to note 21, Financial Instruments - Market and other risks.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

| (in thousands of euro) | December 31, 2021 | December 31, 2020 |
|---|---|---|
| EUR | 39,128 | 36,576 |
| DKK | 6,369 | 6,795 |
| CNY | 9,208 | 2,371 |
| **Total** | **54,705** | **45,742** |
| Operating lease liabilities | 4,555 | 10,235 |
| **Total borrowings** | **59,260** | **55,977** |

With respect to the Group's borrowings, debt covenants are in place (solvency, positive EBITDA on an annual basis and a maximum debt/EBITDA ratio). During the year, there were no breaches of these covenants.

### Debt covered by guarantees

| (in thousands of euro) | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Mortgages | 6,369 | 6,201 |
| Letter of Intent | 13,725 | 7,831 |
| **Total** | **20,094** | **14,032** |

The carrying value of the property, plant and equipment pledged as security for liabilities amounts to 6.0 million euro.

## Note 11: Provision for employee benefit obligations

| (in thousands of euro) | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Provisions for Defined Benefit Plan | 14,090 | 16,198 |
| Provisions for other employee benefits | 219 | 456 |
| **Total provisions for employee benefit obligations** | **14,309** | **16,654** |

The provision for other employee benefits relates to defined contribution plans in Austria and Germany.

### Benefit plan

JENSEN GmbH, JENSEN France, JENSEN Italia and JENSEN AG Burgdorf maintain defined retirement benefit plans. These plans generally provide benefits that are related to an employee's remuneration and years of service.

The liabilities for Jensen-Group in respect of the defined benefit schemes are calculated by independent actuaries, taking into consideration projected final salaries and using assumption such as discount rate, mortality, turnover, salary evolution, inflation.

The weighted average duration of the defined benefit obligation at year-end 2021 is 16.71 years (2020: 17.96).

At December 31, 2021, the total net liability amounted to 14.1 million euro. The net liability decreased because of changes in the assumptions and because of experience effects. Overall, the increase of the discount rate resulted in a gain of 1.1 million euro, while the increase of the inflation rate led to a loss of 0.5 million euro. The change In Switzerland from BVG2015 tables to BVG2020 tables explains the gain on demographic assumptions of 0.5 million euro. Experience gains of 0.6 million euro are linked to full valuations performed in Switzerland, Germany and France and reflect mainly the changes in population and salary increase rate.

For the defined benefit plans, the net cost for 2021 was -0.1 million euro (2020: -0.6 million euro).

| (in thousands of euro) | December 31 2021 | December 31 2020 |
|---|---|---|
| Current service cost | -27 | 460 |
| Interest cost | 84 | 130 |
| Interest income on plan assets | -3 | -12 |
| Administrative expenses and taxes | 20 | 20 |
| **Pension expenses** | **74** | **598** |

The change in net liability recognized during 2021 and 2020 is set out in the table below:

| (in thousands of euro) | December 31 2021 | December 31 2020 |
|---|---|---|
| Net (liability)/assets at the start of the year | | |
| Unfunded status | **-16,198** | **-15,760** |
| Pension expenses recognized in the income statement | -74 | -599 |
| Employer contribution or benefits paid by employer | 615 | 710 |
| Amounts recognised in OCI | 1,689 | -531 |
| Translation differences | -122 | -18 |
| **Net (liability) at December 31** | **-14,090** | **-16,198** |

The changes in defined benefit obligations and plan assets can be summarized as follows:

| (in thousands of euro) | December 31 2021 | December 31 2020 |
|---|---|---|
| Change in Defined Benefit Obligation (DBO) | | |
| DBO at January 1 | 21,815 | 21,631 |
| Current service costs | -27 | 460 |
| Interest cost | 84 | 130 |
| Benefits paid | -110 | -1,262 |
| Participants' contribution | 178 | 214 |
| Effect of changes in demographic assumptions | -492 | -4 |
| Effect of changes in financial assumptions | -618 | 693 |
| Effect of experience adjustments | -563 | -96 |
| Exchange rate differences | 408 | 49 |
| **DBO at December 31** | **20,675** | **21,815** |

| (in thousands of euro) | December 31 2021 | December 31 2020 |
|---|---|---|
| Change in Plan Assets | | |
| Fair value of plan assets at January 1 | 5,617 | 5,871 |
| Contributions | 793 | 925 |
| Return on plan assets | 14 | 61 |
| Interest income on plan assets | 3 | 12 |
| Benefits paid | -110 | -1,262 |
| Administrative expenses | -20 | -20 |
| Translation differences | 288 | 30 |
| **Fair value of plan asset at December 31** | **6,585** | **5,617** |

| (in thousands of euro) | December 31 2021 | December 31 2020 |
|---|---|---|
| Defined Benefit Obligation at the end of the period | -20,675 | -21,815 |
| Fair value of plan assets at the end of the period | 6,585 | 5,617 |
| **Unfunded status** | **-14,090** | **-16,198** |

The major assumptions made in calculating the provisions can be summarized as follows:

| | Discount rate | | Rate of price inflation | | Expected rates of salary increase | |
|---|---|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Switzerland | 0.35% | 0.05% | 1.00% | 1.00% | 1.50% | 1.50% |
| France | 0.86% | 0.5% | N/A | N/A | 2.00% | 2.00% |
| Germany | 1.01% | 0.76% | 1.75% | 1.22% | 3.00% | 3.00% |
| Italy | 0.90% | 0.5% | 2.00% | 1.10% | N/A | N/A |

Discount rates increased over 2021, as a result of Increasing yields on international bonds. This trend Is observed for both the Eurozone and Switzerland.

With regard to the inflation rate in the Eurozone, we calculated with a price inflation of 1.75% for Germany and 2.00% for Italy (respectively 1.22% and 1.10% used last year) applying the inflation curve to the cashflows for these plans. In France, inflation has no Impact on the benefit.

The expected rates of salary increase remained unchanged.

Through its defined benefit plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

- Asset volatility: Investment instruments other than bonds, are expected to outperform (corporate) bonds in the long term but create volatility and risk in the short term. The allocation of the plan assets is monitored to ensure this is appropriate in respect of the lifetime of the plan.
- Changes in bond yields: The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. The rate used to discount post-employment benefit obligations is determined by reference to market yields at the end of the reporting period on high quality corporate bonds, as required by IAS 19.83. A decrease in corporate bond yields will increase the plans' liabilities. For funded schemes, this will be partially offset by an increase in the fair value of the plan's assets.

The sensitivity of the defined benefit obligation to changes in the assumptions is:

| (in thousands of euro) | Change in assumption | Impact on DBO |
|---|---|---|
| Discount rate | -25bp | 880 |
| | +25bp | -823 |
| Weighted avg duration (in years) | -25bp | 19 |
| | +25bp | 17 |

The above sensitivity analyses are based on a change in assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated.

The percentage of plan assets by asset allocation is as follows:

- Equity securities: 4.7%
- Debt securities: 56.1%
- Real estate: 21.4%
- Other: 17.8%

The contributions expected to be paid to the plan and to direct payments during the annual period beginning after the reporting period is estimated at 0.7 million euro.

There is one pension plan in place in Belgium that is legally structured as a Defined Contributions plan. The cost of this plan for JENSEN-GROUP NV amounted to 0.06 million euro for accounting year 2021 (2020: 0.06 million euro).

Because of the Belgian legislation applicable to 2nd pillar pension plans (so-called "Vandenbroucke Law"), all Belgian Defined Contribution plans have to be considered under IFRS as Defined Benefit plans. The Vandenbroucke Law states that in the context of defined contribution plans, the employer must guarantee a minimum of 1.75% annual return on contributions as of 2016, and a minimum of 3.75% on contributions made before 2016.

Because of this minimum guaranteed return for Defined Contributions plans in Belgium, the employer is exposed to a financial risk (there is a legal obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods). These plans should therefore be classified and accounted for as Defined Benefit plans under IAS 19.

In the past the Company did not apply the Defined Benefit accounting for these plans because higher discount rates were applicable and the return on plan assets provided by insurance companies was sufficient to cover the minimum guaranteed return. As a result of the continuously low interest rates offered by the European financial markets, employers in Belgium effectively assumed a higher financial risk related to the pension plans with a minimum fixed guaranteed return than in the past, requiring them to measure the potential impact of Defined Benefit accounting for these plans.

We asked an external party to estimate the potential additional liabilities and they concluded that no potential additional liabilities exist as at December 31, 2021.

## Note 12: Provisions for other liabilities and charges

| (in thousands of euro) | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Provisons for warranties | 7,423 | 7,382 |
| Provisions for take-back obligations | 893 | 499 |
| Other provisions | 4,490 | 2,385 |
| **Provisions for other liabilities and charges** | **12,806** | **10,267** |

Changes in provisions can be analyzed as follows:

| (in thousands of euro) | December 31, 2020 | Additions | Reversals (Utilizations) | Translation Differences | Acquisition of subsidiaries | December 31, 2021 |
|---|---|---|---|---|---|---|
| Provisions for warranties | 7,382 | 4,849 | -5,040 | 166 | 65 | **7,422** |
| Provisions for take-back obligations | 499 | 433 | -39 | 0 | 0 | **893** |
| Other provisions | 2,385 | 3,145 | -1,049 | 9 | 0 | **4,490** |
| **Total provisions** | **10,267** | **8,427** | **-6,128** | **175** | **65** | **12,806** |

### Warranties

A provision is recorded for expected warranty claims on products sold during the year. Assumptions used to calculate the provision for warranty claims are based on current sales levels and current information on warranty calls under the standard warranty period (up to 18 months) for the main products. The warranty provision at the end of 2021 is in line with the provision at the end of 2020.

Acquisition of subsidiaries: On March 26, 2021, the JENSEN-GROUP increased its shareholding in Inwatec ApS from 30% to 70%. As the JENSEN-GROUP holds 70%, the participation is consolidated by the full consolidation method as from March 26, 2021. Before that date, the participation was consolidated by the equity method.

### Take-back obligations

A provision for take-back obligations is recorded when JENSEN-GROUP sells equipment to a customer for which the customer wants to enter into a leasing contract with a leasing company. In some cases, the leasing company requires a take-back clause. In case of customer default, the leasing company can request JENSEN-GROUP to take back the machine. This creates exposure for the Company in terms of having to take back machinery over the lifetime of the financing contract.

In 2021, one particular case, in an area where the hospitality sector was directed to close down temporarily, led to additional provisions of 0.4 MEUR.

### Other provisions

The other provisions are set up for legal claims that, based on prudent judgment, are reasonably accounted for. Most of these claims are covered by insurance. Based on legal advice taken, management does not expect these claims to significantly impact the Group’s financial position or profitability. In 2021, additional provisions were set up for restructuring and closing of activities.

## Note 13: Trade and other payables

| (in thousands of euro) | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Trade payables | 20,080 | 17,031 |
| Contract liabilities | 35,283 | 10,896 |
| Remuneration and social security | 13,115 | 13,321 |
| Other amounts payable | 2,550 | 883 |
| Accrued expenses and deferred | 9,130 | 8,142 |
| Derivative financial instruments | 269 | 172 |
| **Total trade and other payables** | **80,427** | **50,445** |

Because of higher activities in 2021 compared to the previous year, the trade payables and contract liabilities increased. Contract liabilities are also high at year-end 2021 because of high invoicing.

## Note 14: Depreciation, amortization, write-downs of assets, impairments

| (in thousands of euro) | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Depreciation, amortization | 6,778 | 6,811 |
| Write down on trade receivables | -475 | 772 |
| Write down on contract assets | 948 | 0 |
| Write down on inventory | 621 | 831 |
| Change in provisions | -339 | -1,416 |
| **Total depreciation, amortization, write downs of assets** | **7,533** | **6,998** |

During 2021, impairments on trade receivables were reversed as payments from customers were received. We also refer to note 21, Financial Instruments - Market and other risks, for more information on the credit loss model of the Group.

A write down on contract assets of 0,9 million euro has been recognized relating to the start of the bankruptcy proceedings of a German customer.

## Note 15: Other operating result

| (in thousands of euro) | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Other Income / ( Expense) | 950 | 2,406 |

The other operating result mainly includes:

JENSEN USA received Government support by means of a loan, being a Promissory Note from the state of Florida amounting to 1.9 million USD in May 2020. On March 17, 2021, forgiveness was granted, and the amount is recorded as other income.

Other income also includes support from the authorities by means of compensation schemes, mostly related to payroll compensation and coverage of fixed costs in several countries (2.1 million euro in 2021 compared to 1.7 million euro in 2020). For these compensations, management is virtually certain as to its entitlement and that there are no unfulfilled conditions.

The worldwide pandemic had a significant impact on the activities of the Group. In order to limit the impact on the profitability, restructuring was necessary. The operating result includes 3.6 million euro one-off restructuring costs, especially related to the reduction of workforce and closing of activities.

## Note 16: Financial income and financial charges

| (in thousands of euro) | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Financial income | **1,763** | **2,287** |
| Interest income | 513 | 738 |
| Other financial income | 78 | 37 |
| Currency gains | 1,172 | 1,512 |
| Financial cost | **-3,841** | **-5,153** |
| Interest charges | -1,787 | -1,939 |
| Other financial charges | -884 | -983 |
| Currency losses | -1,170 | -2,231 |
| **Total net finance cost** | **-2,077** | **-2,866** |

The interest income especially relates to the income from the cash pool.

The revaluation of balance sheet positions and hedging contracts at closing rate results in a currency gain or loss.

Depending on the nature of the currency result, it is recorded in operating or financial result.

The other financial charges relate especially to bank charges and to financial discounts granted to customers.

## Note 17: Income tax expense

Income tax expenses can be analyzed as follows:

| (in thousands of euro) | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Current taxes | -5,231 | -3,226 |
| Deferred taxes | -284 | -777 |
| **Total income tax expense** | **-5,515** | **-4,003** |

Tax expenses increased as the result before taxes are higher.

For the disaggregation of the deferred taxes, we refer to the table in note 5 – Deferred taxes.

Relationship between tax expense and accounting profit as per December 31, 2021 and December 31, 2020:

Reconciliation of effective tax rate:

| (in thousands of euro) | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Accounting profit before taxes | 19,793 | 11,181 |
| Theoretical income tax expense | 4,242 | 2,628 |
| Theoretical tax rate | 21.43% | 23.50% |
| Tax effect of disallowed expenses | 1,068 | 848 |
| Tax effect of tax losses | 567 | 822 |
| Income not subject to taxes | -362 | -294 |
| Actual tax expenses | 5,515 | 4,003 |
| Effective tax rate | 27.86% | 35.80% |

The effective tax rate is higher than the theoretical tax rate due to the decrease in deferred tax assets. We refer to the table in note 5 – Deferred taxes.

During 2021, five tax audits took place in five different entities. Two tax audits are still ongoing. The Group has accounted for the necessary provisions based on the best estimate of the expected outcome of these audits.

The theoretical tax rate is the weighted average of the theoretical tax rates of the different entities.

## Note 18: Earnings per share

Basic earnings per share are calculated by dividing the Group share in the profit for the year of 14.6 million euro (7.6 million euro in 2020) by the weighted average number of ordinary shares outstanding during the years ended December 31, 2021 and 2020.

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Basic earnings per share (in euro) | 1.86 | 0.97 |
| Weighted avg shares outstanding | 7,818,999 | 7,818,999 |

## Note 19: Statement of cash flows

Cash, cash equivalents and bank overdrafts include the following for the purpose of the cash flow statement:

| (in thousands of euro) | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Cash and cash equivalent | 65,618 | 70,775 |
| Overdraft | -4,936 | -4,345 |
| **Net cash and cash equivalents** | **60,682** | **66,430** |

Due to the lower activities, working capital requirements decreased and the Group was able to cash outstanding receivables. This resulted in higher cash that was partly invested in other financial assets like bonds (see Note 21 - Financial instruments).

## Note 20: Commitments and contingencies

JENSEN-GROUP has given the following commitments:

| (in thousands of euro) | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Letters of intent | 13,725 | 7,831 |
| Bank guarantees | 13,750 | 10,233 |
| Mortgages | 6,369 | 6,201 |
| Repurchase commitments | 8,930 | 4,990 |

Management does not expect these contingencies to significantly impact the Group's financial position or profitability.

## Note 21: Financial instruments – Market and other risks

The table below gives an overview of the Group's financial instruments. The carrying amounts are assumed to be close to the fair value.

| (in thousands of euro) | December 31 2021 | | December 31 2020 | |
|---|---|---|---|---|
| | Carrying amount | Fair value amount | Carrying amount | Fair value amount |
| Financial assets | | | | |
| Financial Assets at amortized cost | 5,745 | 5,571 | 6,095 | 6,126 |
| Financial Assets at fair value through OCI | 28,857 | 28,857 | 8,986 | 8,986 |
| Trade receivables | 64,977 | 64,977 | 55,577 | 55,577 |
| Derivative Financial Instruments - FX contracts | 12 | 12 | 50 | 50 |
| Cash and cash equivalent | 65,618 | 65,618 | 70,775 | 70,775 |
| **Total** | **165,209** | **165,036** | **141,482** | **141,513** |
| Financial Liabilities | | | | |
| Government grant | 0 | 0 | 1,539 | 1,539 |
| Financial debts | 50,621 | 50,674 | 40,863 | 40,875 |
| Financial debts - factoring | 4,084 | 4,084 | 4,879 | 4,879 |
| Trade Payables | 20,080 | 20,080 | 17,031 | 17,031 |
| Derrivative Financial Instruments - FX contracts | 269 | 269 | 171 | 171 |
| Derrivative Financial Instruments -IRS | -12 | -12 | 100 | 100 |
| **Total** | **75,042** | **75,095** | **64,583** | **64,595** |

The following methods and assumptions were used to estimate the fair values:

- Financial assets at amortized cost: in order to reduce the risk on cash, the Group decided to invest part of its cash into financial assets. Part of the cash is invested in bonds. These are classified as financial assets at amortized cost as the asset is held within a business model whose objective is to collect the contractual cash flow and the contractual terms give rise to cash flows that are solely payments of principal and interest.
- Another part of the cash is invested in bonds that are classified as financial assets at fair value through OCI. These bonds are not held for trading and the Group has irrevocably elected at initial recognition to recognize in this category. The Group considers this classification to be more relevant.
- Trade receivables, cash and cash equivalent and trade payables approximate to their carrying amounts due to the short-term maturities of these instruments.
- Trade receivables are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are made to account for expected losses on these receivables. As at December 31, 2021, we believe the carrying amounts of such receivables, net of allowances, are not to be materially different from their calculated fair value;
- Government grants approximate to their carrying amounts due to the short-term maturity of this instrument.
- The fair value of the financial debts is estimated by discounting future cash flows using the effective interest rates currently available for debt on similar terms, credit risk and remaining maturities. As of December 31, 2021, the effective interest rate is not materially different from the nominal interest rate of the financial obligation.
- The Group enters into derivative financial transactions with financial institutions. Derivatives valued using valuation techniques with market observable input are mainly interest rate swaps and foreign exchange forward contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including foreign exchange spot and forward rates and interest rate curves.

Exposure to foreign currency, interest rate and credit risk arises in the normal course of the JENSEN-GROUP business. The Company analyzes each of these risks individually and defines strategies to manage the economic impact on the JENSEN-GROUP's performance in line with its internal policies.

Derivative financial instruments are valued by an independent financial institution, based on the interest and currency rates on the liquid markets. The financial instruments are measured at fair value in the level 2 category.

## Reconciliation of assets and liabilities

| (in thousands of euro) | December 31 2021 | December 31 2020 |
|---|---|---|
| Assets: Derivative Financial Instruments | 12 | 50 |
| Long-term liabilities: Derivative Financial Instruments | 12 | -99 |
| Short-term liabilities: Derivative Financial Instruments | -269 | -172 |
| **Total** | **-245** | **-221** |
| Fair value forex contracts | -256 | -120 |
| Fair value Interest Rate Swaps | 12 | -100 |
| **Total** | **-245** | **-220** |

## Foreign currency risk

JENSEN-GROUP incurs currency risks on borrowings, investments, (forecasted) sales, (forecasted) purchases whenever they are denominated in a currency other than the functional currency of the subsidiary. The currencies giving rise to risk are primarily the US Dollar, Swiss Franc, Swedish Krona, Danish Krone, British Pound, Chinese Yuan, Australian Dollar and New Zealand Dollar.

The main derivative financial instruments used to manage foreign currency risk are forward exchange contracts.

It is the Company's policy not to hold derivative instruments for speculative or trading purposes.

With respect to currencies, JENSEN-GROUP adopts the policy of:

- Having hedges on all firm commitments in foreign currencies on a rolling 12 months basis;
- All deviations from the policy need to be approved by the Audit and Risk Committee.

As such these hedges are considered as cash flow hedges. They are contracted as a matter of procedure regardless of any expectations regarding foreign currency developments. The objective is to lock in the margin at the time of signing a project contract with a customer.

All foreign exchange contracts are centralized within the JENSEN-GROUP treasury department and are contracted purely based on the input of the different subsidiaries.

The currency risks resulting from translations of the financial statements of non-euro-based companies are not hedged (note 8 – Equity).

The table below provides an indication of the company's net foreign currency positions per December 31, 2021 and December 31, 2020 for firm commitments and forecasted transactions. Negative exposure means that we will sell foreign currency, buy euro. Positive exposure means that we will buy foreign currency, sell euro. The open positions are the result of the application of JENSEN-GROUP risk management policy.

2021:

| (in thousands of euro) | Total exposure | Total derivatives | Open position |
|---|---|---|---|
| EUR/USD | -2,376 | 2,500 | 124 |
| EUR/GBP | -2,314 | 1,459 | -855 |
| EUR/AUD | -4,494 | 6,521 | 2,027 |
| EUR/SEK | 5,952 | -3,509 | 2,443 |
| EUR/CHF | 1,599 | -2,014 | -415 |

2020:

| (in thousands of euro) | Total exposure | Total derivatives | Open position |
|---|---|---|---|
| EUR/USD | -1,138 | 0 | -1,138 |
| EUR/GBP | -357 | 814 | 457 |
| EUR/AUD | -686 | 850 | 164 |
| EUR/SEK | 1,594 | -998 | 596 |
| EUR/CHF | 1,806 | -741 | 1,065 |

Production is generated:

- in European subsidiaries, which conduct their activities in euro, Danish Krone and in Swedish Krone;
- in the USA, where activities are conducted in USD; and
- in China, where activities are conducted in CNY.

The table below gives an overview of the sensitivity analysis for 2021:

| (in thousands of euro) | Change in currency | Impact net profit[1] | Impact on equity |
|---|---|---|---|
| USD | -7.67% | -620 | -2,279 |
| | 7.67% | 1,056 | -11 |
| GBP | -5.40% | -106 | -234 |
| | 5.40% | 45 | 261 |
| AUD | -4.36% | -293 | -137 |
| | 4.36% | 250 | 150 |
| NZD | -4.20% | -16 | -15 |
| | 4.20% | 35 | 17 |
| CAD | -8.05% | -48 | 0 |
| | 8.05% | 39 | 0 |
| CNY | -9.36% | 83 | -566 |
| | 9.36% | -165 | 683 |
| SEK | -2.26% | 130 | -157 |
| | 2.26% | -103 | 164 |
| CHF | -6.31% | 76 | -444 |
| | 6.31% | -132 | 504 |
| DKK | -0.05% | 20 | -609 |
| | 0.05% | -7 | 64 |
| SGD | -4.87% | | -98 |
| | 4.87% | | 108 |
| JPY | -5.00% | | -8 |
| | 5.00% | | 0 |
| BRL | -10.80% | | -13 |
| | 10.80% | | 17 |
| AED | -7.70% | | -13 |
| | 7.70% | | 15 |
| NOK | -6.17% | -8 | -25 |
| | 6.17% | 11 | 28 |

[1]: The estimation is based on the standard deviation of daily volatilities of the foreign exchange rates during the past 360 days at December 31, 2021 and using a 95% confidence interval.

These calculations are a purely theoretical calculation and do not take into account the gain or loss of sales resulting from the increased relative weakness or strength of currencies.

At December 31, 2021, the Group held the following foreign exchange contracts. Balances due within 12 months equal their carrying balances as the impact of the discount is not significant.

| Curr | Sell | Avg exchange rate | Maturity | Fair value (in thousands of euro) |
|---|---|---|---|---|
| EUR/GBP | 1,248,742 | 0.86 | 31-1-2022 | -27 |
| EUR/AUD | 10,389,080 | 1.59 | 18-5-2022 | -96 |
| EUR/USD | 2,840,486 | 1.14 | 3-2-2022 | -3 |
| DKK/SEK | 18,069,997 | 1.42 | 30-12-2024 | -66 |

| Curr | Buy | Avg exchange rate | Maturity | Fair value (in thousands of euro) |
|---|---|---|---|---|
| EUR/CHF | 2,100,000 | 1.04 | 28-1-2022 | 12 |
| EUR/SEK | 35,344,322 | 10.07 | 31-1-2022 | -76 |

All of these foreign exchange contracts are designated and effective as cash flow hedges. The changes in fair value during 2021 amounting to 0.1 million euro after taxes have been deferred in equity. No ineffectiveness has been recorded.

At December 31, 2020, the Group held the following foreign exchange contracts. Balances due within 12 months equal their carrying balances as the impact of the discount is not significant.

| Curr | Sell | Avg exchange rate | Maturity | Fair value (in thousands of euro) |
|---|---|---|---|---|
| EUR/GBP | 741,742 | 0.91 | 29-6-2021 | -9 |
| EUR/AUD | 1,405,159 | 1.65 | 25-2-2021 | -34 |
| DKK/SEK | 23,416,734 | 1.42 | 30-12-2024 | -125 |

| Curr | Buy | Avg exchange rate | Maturity | Fair value (in thousands of euro) |
|---|---|---|---|---|
| EUR/CHF | 800,000 | 1.08 | 1-2-2021 | -1 |
| EUR/SEK | 10,348,316 | 10.37 | 14-2-2021 | 49 |

All of these foreign exchange contracts were designated and effective as cash flow hedges. The changes in fair value during 2020 amounting to 0.02 million euro after taxes were deferred in equity. No ineffectiveness was recorded.

## Interest rate risk

The Company uses derivative financial instruments to reduce exposure to adverse fluctuations in interest rates. It is the Company's policy not to hold derivative instruments for speculative or trading purposes.

All financing within the JENSEN-GROUP is centralized in the treasury department. This makes it easier for the JENSEN-GROUP to respect its policy of hedging using IRS.

In respect of interest-bearing financial liabilities, the table below indicates their effective interest rates at balance sheet date as well as the periods in which they roll over. Balances due within 12 months equal their carrying balances as the impact of the discount is not significant.

2021:

| (in thousands of euro) | Effective interest rate | Carrying amount | < 1 month | > 1 month < 3 months | > 3 months< 12 months | 1-5 years | > 5 years |
|---|---|---|---|---|---|---|---|
| Floating rate | | | | | | | |
| EUR | 1.15% | 4,953 | 2,453 | 0 | 0 | 2,500 | 0 |
| CNY | 4.26%-5.72% | 8,772 | 2,482 | 110 | 329 | 5,852 | 0 |
| **Total floating** | | **13,725** | **4,935** | **110** | **329** | **8,352** | **0** |
| Fixed rate | | | | | | | |
| EUR | 1.22% - 2.0% | 30,535 | 0 | 500 | 1,501 | 27,505 | 1,029 |
| DKK[1] | 0.44% -1.5% | 6,362 | 30 | 60 | 268 | 1,404 | 4,601 |
| **Total Fixed** | | **36,897** | **30** | **560** | **1,769** | **28,909** | **5,630** |
| Factoring | | | | | | | |
| EUR | | **4,084** | **110** | **221** | **994** | **2,758** | **0** |
| **Total** | | **54,706** | **5,075** | **890** | **3,092** | **40,019** | **5,630** |

[1]: Includes both loans at fixed rates and loans at floating rate covered by IRS.

2020:

| (in thousands of euro) | Effective interest rate | Carrying amount | < 1 month | > 1 month < 3 months | > 3 months< 12 months | 1-5 years | > 5 years |
|---|---|---|---|---|---|---|---|
| Floating rate | | | | | | | |
| EUR | 1.15% | 5,543 | 3,254 | 0 | 0 | 2,289 | 0 |
| CNY | 4,14%-5,59% | 2,371 | 1,297 | 22 | 65 | 987 | 0 |
| **Total floating** | | **7,914** | **4,551** | **22** | **65** | **3,276** | **0** |
| Fixed rate | | | | | | | |
| EUR | 1,22% - 1,5% | 26,240 | 1 | 2 | 6 | 20,006 | 6,225 |
| DKK[1] | 0,44% -1,5% | 6,709 | 29 | 59 | 263 | 1,404 | 4,954 |
| **Total Fixed** | | **32,949** | **30** | **61** | **269** | **21,410** | **11,179** |
| Factoring | | | | | | | |
| EUR | | **4,879** | **175** | **350** | **1,575** | **2,779** | **0** |
| **Total** | | **45,742** | **4,756** | **433** | **1,909** | **27,465** | **11,179** |

1: Includes both loans at fixed rates and loans at floating rate covered by IRS.

The following table sets out the conditions of the interest rate swaps:

2021:

| Curr | SWAP amount | Fixed interest | Maturity | Fair value (in thousands of euro) |
|---|---|---|---|---|
| DKK | 15,882,483 | 0.44% | 30-12-2039 | 12 |
| **TOTAL in EUR** | **2,135,776** | | | **12** |

The interest rate swaps are designated and effective as cash flow hedges. The changes in fair value during 2021 amounting to 0.07 million euro after taxes have been deferred in equity. No ineffectiveness has been recorded.

2020:

| Curr | SWAP amount | Fixed interest | Maturity | Fair value (in thousands of euro) |
|---|---|---|---|---|
| DKK | 16,805,993 | 0.44% | 30-12-2039 | -100 |
| **TOTAL in EUR** | **2,258,597** | | | **-100** |

The interest rate swaps were designated and effective as cash flow hedges. The changes in fair value during 2020 amounting to 0.08 million euro after taxes were deferred in equity. No ineffectiveness was recorded.

As disclosed in the above table, 13.7 million euro of the Company's interest-bearing financial liabilities bear a variable interest rate. This amount does not include the 2.1 million EUR loan that is covered by an Interest Rate Swap. The Company estimates that the reasonably possible change of the market interest rates applicable to its floating rate debt is as follows:

| (in thousands of euro) | Carrying amount | Effective interest rate | Possible rates at December 31, 2021 |
|---|---|---|---|
| EUR | 4,953 | 1.15% | 1.25%-1.05% |
| CNY | 8,772 | 4.26%-5.72% | 4.26%-5.72% |
| **Total in EUR** | **13,725** | | |

Applying the reasonably possible increase/decrease in the market interest rate mentioned above to our floating rate debt at December 31, 2021, with all other variables held constant, 2021 profit would have been 0.1 million euro lower/higher.

### Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

As part of the credit risk policy historical data about trade receivables overdue is used. As explained in the valuation policies additional forward-looking information is used.

Under the Group's credit policy, project customers are required to either provide an advance payment or to provide a guarantee (ex. L/C, bank guarantees). We examine the creditworthiness of each new customer and of existing customers that start buying higher amounts.

The consolidated ageing schedule of the trade receivables is as follows.

2021:

| (in thousands of euro) | Current | < 60 days | > 60 days < 90 days overdue | > 90 days < 120 days overdue | > 120 days overdue | Total |
|---|---|---|---|---|---|---|
| Outstanding trade receivables | 41,271 | 13,648 | 2,446 | 2,045 | 4,781 | **64,191** |
| Collateral held as security | -792 | | | | | **-792** |
| **Net exposure** | **40,479** | **13,648** | **2,446** | **2,045** | **4,781** | **63,399** |
| Provisions accounted for | | | | | | **-2,965** |
| **Total** | | | | | | **60,434** |

2020:

| (in thousands of euro) | Current | < 60 days | > 60 days < 90 days overdue | > 90 days < 120 days overdue | > 120 days overdue | Total |
|---|---|---|---|---|---|---|
| Outstanding trade receivables | 29,804 | 15,666 | 1,904 | 2,706 | 5,602 | **55,681** |
| Collateral held as security | 0 | | | | | **0** |
| **Net exposure** | **29,804** | **15,666** | **1,904** | **2,706** | **5,602** | **55,682** |
| Provisions accounted for | | | | | | **-3,346** |
| **Total** | | | | | | **52,336** |

Balances due within 12 months equal their carrying balances as the impact of the discounting is not significant.

Trade debtors and other amounts receivable are shown on the balance sheet at amortized cost (in general, the original amount invoiced) less an amount for expected credit losses.

Given the nature of our activities, being project business, and seen the significant concentration of the accounts receivable/contract assets relating to individually significant projects within the Group, allowances that cover both incurred and future expected losses are calculated on an individual basis, however taking into account aggregated data about the past experience with similar clients.

In applying IFRS 9, the Group makes significant judgements in determining the realizable value in respect to trade receivables. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the lifetime expected credit losses, the Group takes into account the assessment of the probability of default and the exposure at default (including estimated coverage by credit insurance and other forms of collateral).

The historical credit loss experience of individual customers is reviewed on a regular basis and adjusted if necessary to reflect the differences in the current and expected economic conditions versus the historical conditions.

In addition to the ECL (Expected Credit Loss) provisions based on the historical experience and future expectation, the Group recognizes individually managed exposures on a case-by-case basis, to the extent not covered by the ECL model.

The roll forward of the provision for doubtful debtors is set out below:

| (in thousands of euro) | |
|---|---|
| Impairment Doubtful Debtors - Opening balance | 3,346 |
| Additions | 203 |
| Reversals | -626 |
| Exchange difference | 42 |
| Impairment Doubtful Debtors - Closing balance | 2,965 |

During 2021, impairments on trade receivables were reversed as payments from customers were received.

There are no customers with concentration of more than 10% of the total outstanding receivables.

The bank credit ratings (S&P) as per December 31, 2021 are as follows:

- Nordea: AA-
- KBC: A+
- Nykredit: AA-

## Note 22: Assets held for sale

The assets held for sale amounting to 0.4 million euro relate to the former Cissell building in Kentucky (former CLD activities). The costs related to the building (0.1 million euro) are presented as result from assets held for sale.

## Note 23: Related party transactions

The shareholders of the Company as per December 2021 are:

| | |
|---|---|
| JENSEN INVEST A/S: | 54.4% |
| Lazard Frères Gestion SAS: | 5.2% |
| Free float: | 40.4% |

Key management compensation can be summarized as follows:

| (in thousands of euro) | December 31 2021 | December 31 2020 |
|---|---|---|
| Fees paid to Board members | 294 | 322 |
| Gross salaries paid to senior managers | 1,579 | 1,634 |

For more details on the remuneration of senior management, we refer to the Remuneration Report included in the Report of the Board of Directors.

### Companies accounted for using the equity method

On January 29, 2016 JENSEN-GROUP acquired an equity stake of 30% in TOLON GLOBAL MAKINA Sanyi Ve Tikaret Sirketi A.S., Turkey and agreed to acquire in total an additional 19% of the shares over the coming three years. In 2017, the JENSEN-GROUP increased its shareholding by 6.33% to 36.33%, in 2018 by another 6.33% to 42.66% and finally in 2019 by 6.34% to 49%.

As the JENSEN-GROUP holds less than 50% of TOLON, this participation is consolidated by the equity method.

| (in thousands of euro) | December 31 2021 | December 31 2020 |
|---|---|---|
| Companies accounted for using the equity method | 4,829 | 8,184 |

Last year, this item included also Inwatec ApS (Denmark). On January 2, 2018, JENSEN-GROUP acquired an equity stake of 30% in Inwatec ApS (Denmark), with the option to increase its shareholding between 2020 and 2023. On March 26, 2021, the JENSEN-GROUP increased its shareholding in Inwatec ApS from 30% to 70%. As the JENSEN-GROUP holds 70%, the participation is consolidated by the full consolidation method as from March 26, 2021. Before that date, it was consolidated by the equity method.

### Non-Controlling Interest

The JENSEN-GROUP and ABS Laundry Business Solutions joined forces to form a new company, Gotli Labs AG. As the JENSEN-GROUP has de jure control over Gotli Labs AG (over 50% of the shares), this participation is fully consolidated. Contractually, JENSEN-GROUP is entitled to 40% of the results, with the other 60% shown in the income statement as “income attributable to non-controlling interest”.

On January 2, 2018, JENSEN-GROUP acquired an equity stake of 30% in Inwatec ApS (Denmark), with the option to increase its shareholding between 2020 and 2023. On March 26, 2021, the JENSEN-GROUP increased its shareholding in Inwatec ApS from 30% to 70%. As the JENSEN-GROUP holds 70, the participation is consolidated by the full consolidation method as from March 26, 2021. Before that date, the participation was consolidated by the equity method.

| **(in thousands of euro)** | **December 31 2021** | **December 31 2020** |
|---|---|---|
| Result attributable to Non-Controlling Interest | -362 | -479 |
| Equity part of NCI | 1,654 | -1,354 |

For the legal structure, we refer to note 27.

## Note 24: Acquisitions

On March 26, 2021, the JENSEN-GROUP increased its shareholding in Inwatec from 30% to 70%. Inwatec ApS is a Danish company, part of Europe's robotic hub Odense Robotics, manufacturing modern high-end solutions for industrial laundries. Inwatec's core competence lies in the field of software and mechanical development for laundry automation and robotics. Inwatec ApS announced a net income of 2.7 MEUR in 2020. The JENSEN-GROUP does not expect a significant impact on the Group's consolidated revenues as most of the sales are already included in the JENSEN Sales and Services Centers.

The initial shareholding of 30% acquired in 2018 is re-valued at fair value based on a discounted free cash flow valuation of Inwatec ApS as per March 26, 2021. This revaluation results in an increase of 0.6 million euro. The amount is recognized in comprehensive income, other income.

Next to that, the Non-controlling Interest is revalued at fair value and amounts to 3.6 million euro.

We have produced a DCF-valuation in order to estimate the value of the company, without taking the value generated through the use of the JENSEN-GROUP's sales network. The DCF-analysis is based on management's budget/forecast for the period 2021-2025, where the revenue is mostly generated by the use of the JENSEN-GROUP's sales network. We have projected that the revenue growth will fall in the following years (2026-2029) and reach a steady state.

The main inputs used by the Group in the discounted free cash flow fair value are derived and evaluated as follows:

- Discount rates are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific of the asset.
- Estimated free cash flows reflect the best estimates by management.

The table below gives an overview of the acquisition-date fair value of the total consideration transferred and the remaining amount of goodwill recognized for the acquisition:

| **(in thousands of euro)** | **March 26, 2021** |
|---|---|
| OBL | 351 |
| Brand name | 526 |
| R&D | 1,217 |
| Distribution channel | 607 |
| Other non-current assets | 2,046 |
| Current assets | 4,748 |
| Non-current liabilities | -1,484 |
| Current liabilities | -2,026 |
| Net assets acquired | 5,985 |
| | |
| Previously held interest | 3,595 |
| Non-controlling interest | 3,595 |
| Goodwill | 16,068 |
| | |
| Purchase price | 14,863 |
| **Net cash out for acquisitions of subsidiaries** | **14,863** |

The goodwill is attributable to the highly developed products, the innovation potential and the future developments.
The fair value of the assets and liabilities acquired in the above transaction is determined on a provisional basis. Any adjustment to the provisional amounts will be recorded within twelve months of acquisition date.

## Note 25: Non-audit fees

The statutory Auditor is PwC Bedrijfsrevisoren bv, represented by Mrs. Lien Winne.

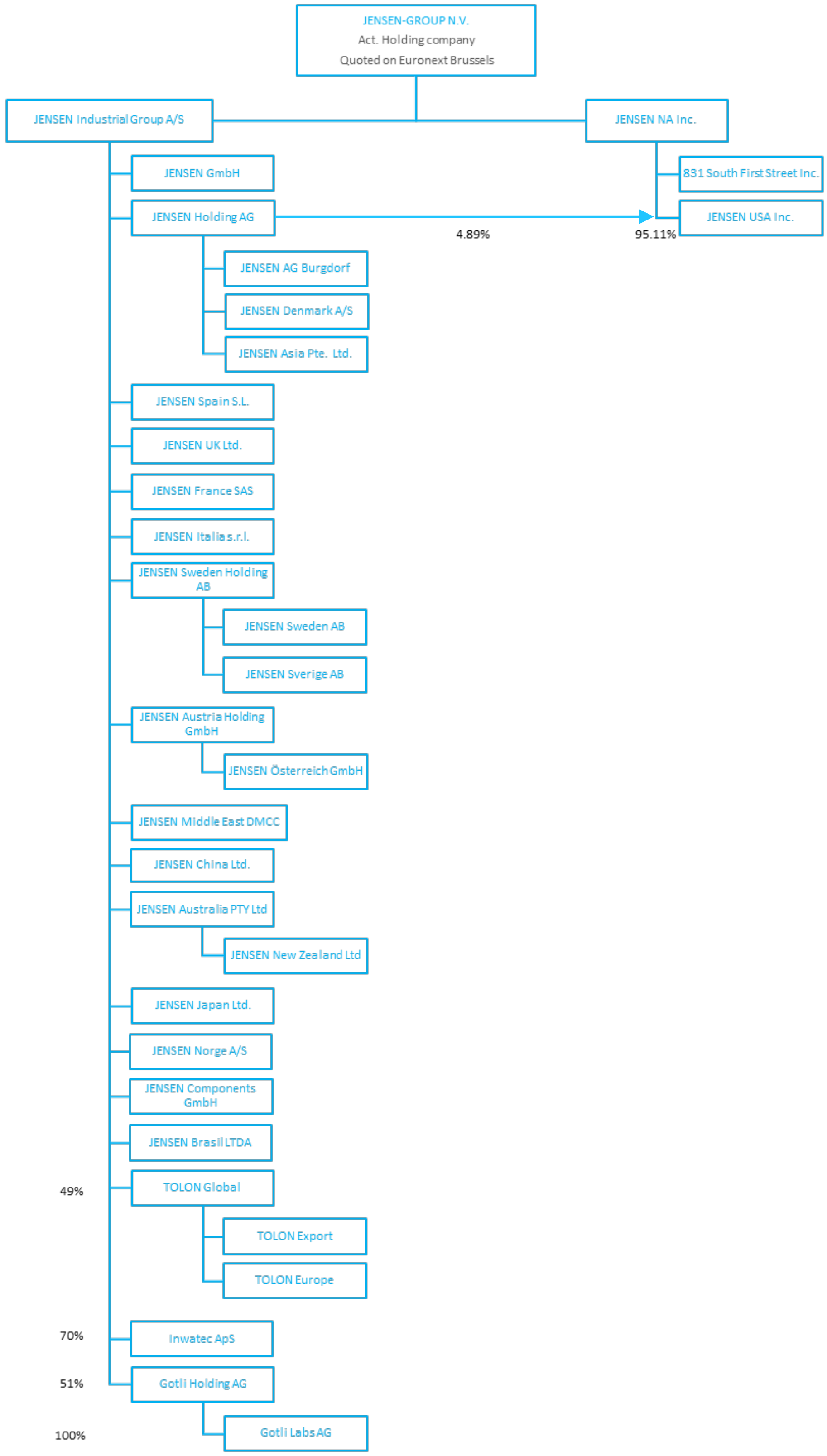
The Statutory Auditor received worldwide fees of 438,259 euro (excl. VAT) for auditing the statutory accounts of the various legal entities and the consolidated accounts of the JENSEN-GROUP. Apart from its mandate, the Statutory Auditor received during 2021 additional fees of 94,232.70 euro (excl. VAT), of which 5,300 euro was invoiced to JENSEN-GROUP NV. The JENSEN-GROUP has appointed a single audit firm for the audit of the consolidated financial statements.

## Note 26: Events after the Balance Sheet date

The Board of Directors of March 10, 2022 decided to implement a share repurchase program to buy back maximum 781,900 or 10% of its shares. The shares will be bought at the stock exchange by an investment bank mandated by the Board of Directors. The buy-back mandate expires on May 18, 2026.

On 24 February 2022, Russian troops started invading Ukraine. As a consequence, economic sanctions have been taken by the international community against Russia. As the JENSEN-GROUP has very little exposure in Russia and Ukraine, the Group doesn't expect significant financial impacts on its 2021 financial statements. However, as stated in the outlook, the JENSEN-GROUP does expect the investment climate in its markets to remain unpredictable and volatile in 2022 based on the risks triggered by the potentially destabilizing impact of geo-political and military threats.

## Note 27: Legal structure



## Note 28: Consolidation scope as at December 31, 2021

| Consolidated companies | Registered office | Participation percentage |
|---|---|---|
| **Belgium** | | |
| JENSEN-GROUP NV | Neerhonderd 33<br>9230 Wetteren | Parent Company |
| TOLON Europe BV (Associate) | Neerhonderd 33<br>9230 Wetteren | 49% |
| **Australia**<br>JENSEN Laundry Systems Australia PTY Ltd. | Unit 16, 38-46 South Street<br>Rydalmere NSW 2116 | 100% |
| **Austria** | | |
| JENSEN Austria Holding GmbH | Reinhartsdorfgasse 9<br>2324 Schwechat-Rannersdorf | 100% |
| JENSEN ÖSTERREICH GmbH | Reinhartsdorfgasse 9<br>A-2324 Schwechat-Rannersdorf | 100% |
| **Brazil** | | |
| JENSEN-GROUP BRASIL COMERCIO E SERVICOS DE EQUIPAMENTOS DE LAVANDERIA LTDA | Rua Aparecida Jose Nunes de Campos 19<br>CEP 18087-089, Jardim do Paço, Sorocaba-SP | 100% |
| **China** | | |
| JENSEN Industrial Laundry Technology (Xuzhou) Co., Ltd | Phoenix Avenue,<br>Xuzhou Clean Technology Zone<br>221121 Xuzhou,<br>Jiangsu Province,<br>P.R. China | 100% |
| **Denmark** | | |
| JENSEN Industrial Group A/S | Industrivej 2<br>3700 Rønne | 100% |
| JENSEN Denmark A/S | Industrivej 2<br>3700 Rønne | 100% |

| | | |
|---|---|---|
| Inwatec ApS (Associate) | Hvidkærvej 30<br>5250 Odense SV | 70% |
| **France** | | |
| JENSEN France SASU | 2 “Village d’entreprises”<br>ZA de la Couronne des Près<br>Avenue de la Mauldre<br>78680 Epône | 100% |
| **Germany** | | |
| JENSEN GmbH | Jörn-Jensen-Stra β e 1<br>31177 Harsum | 100% |
| JENSEN Components GmbH | Ludwig-Erhard-Strasse 18<br>30982 Pattensen | 100% |
| **Italy** | | |
| JENSEN Italia s.r.l. | Strada Provinciale Novedratese 46<br>22060 Novedrate | 100% |
| **Japan** | | |
| JENSEN Japan Co., Ltd. | 4-9-1-203 Imagawa, Urayasu-city<br>279-0022 Japan | 100% |
| **Middle East** | | |
| JENSEN Industrial Laundry Systems M.E. DMCC | JENSEN Industrial Laundry Systems<br>M.E. DMEE<br>Unit No: 204 Fortune Tower Plot<br>No: JLT-PH1-C1A Jumeirah Lakes<br>Towers<br>Dubai<br>UAE | 100% |
| **Norway** | | |
| JENSEN NORGE AS | Østensjøveien 36<br>0667 OSLO | 100% |
| **New Zealand** | | |
| JENSEN New Zealand Ltd | C/- MinterEllisonRuddWatts<br>15 Customs Street<br>Auckland  Central 1010 | 100% |

| | | |
|---|---|---|
| **Singapore** | | |
| JENSEN Asia PTE Ltd. | No. 6 Jalan Kilang #02-01<br>Dadlani Industrial House<br>Singapore 159406 | 100% |
| **Spain** | | |
| JENSEN Spain S.L. | Calle Energia, 34<br>Poligono Famades<br>ES-08940 Cornella de Llobregat<br>(Barcelona) | 100% |
| **Sweden** | | |
| JENSEN Sweden AB | Företagsgatan 68<br>504 94 Borås | 100% |
| JENSEN SVERIGE AB | P.O. Box 1088<br>171 22 Solna | 100% |
| JENSEN Sweden Holding AB | Box 363<br>503 12 Borås | 100% |
| **Switzerland** | | |
| JENSEN AG Burgdorf | Buchmattstrasse 8<br>3400 Burgdorf | 100% |
| JENSEN Holding AG | Buchmattstrasse 8<br>3400 Burgdorf | 100% |
| GOTLI Holding | Industriestrasse 51<br>6312 Steinhausen | 51% |
| GOTLI Labs AG | Industriestrasse 51<br>6312 Steinhausen | 51% |
| **Turkey** | | |
| TOLON GLOBAL MAKINA Sanyi Ve Tikaret Sirketi A.S. (Associate) | A.O.S.B. 10007. Sk. No:9 Çiğli, İzmir | 49% |
| TOLON EXPORT MAKİNE TİCARET A.Ş. (Associate) | 10007 SOK. NO:9 AOSB ÇİĞLİ İzmir | 49% |
| **United Kingdom** | | |
| JENSEN UK Ltd. | Unit 5, Network 11<br>Thorpe Way Industrial Estate<br>Banbury, Oxfordshire OX16 4XS | 100% |
| **US** | | |
| JENSEN NA Inc. | Corporation Trust Center<br>Orange Street 1209<br>Wilmington - Delaware | 100% |

| | | |
|---|---|---|
| JENSEN USA, Inc. | Aberdeen loop 99<br>Panama City, FL 32405 | 100% |
| 831 South 1st Street, Inc. | 831 South 1st Street<br>Louisville, KY 40203 | 100% |

# SUMMARY STATUTORY FINANCIAL STATEMENTS

# JENSEN-GROUP NV

# Summary balance sheet of JENSEN-GROUP NV

| (in thousands of euro) | 31 December 2021 | 31 December 2020 |
|---|---|---|
| **Fixed assets** | **96,938** | **96,842** |
| Tangible fixed assets | 280 | 186 |
| Financial fixed assets | 96,658 | 96,656 |
| **Current assets** | **37,035** | **34,117** |
| Stocks and contracts in progress | 3,608 | 4,635 |
| Amounts receivable within one year | 3,064 | 2,455 |
| Deposits | 0 | 5,000 |
| Cash at bank and on hand | 30,341 | 21,965 |
| Deferred charges and accrued income | 22 | 62 |
| **TOTAL ASSETS** | **133,973** | **130,959** |

| (in thousands of euro) | 31 December 2021 | 31 December 2020 |
|---|---|---|
| **Capital and reserves** | **99,955** | **101,301** |
| Capital | 30,710 | 30,710 |
| Share premium account | 5,814 | 5,814 |
| Reserves | 3,071 | 3,071 |
| Accumulated profits | 60,360 | 61,707 |
| **Provisions and deferred taxes** | **733** | **997** |
| Provisions for liabilities and charges | 733 | 997 |
| **Long-term debts** | **20,000** | **20,000** |
| Bank loans | 20,000 | 20,000 |
| **Short-term debts** | **13,285** | **8,661** |
| Financial debts | 0 | 0 |
| Amounts payable within one year | 12,749 | 8,499 |
| Accrued charges and deferred income | 536 | 164 |
| **TOTAL LIABILITIES** | **133,973** | **130,959** |

# Summary income statement of JENSEN-GROUP NV

| Financial year ended (in thousands of euro) | 31 December 2021 | 31 December 2020 |
|---|---|---|
| **Operating income** | **19,157** | **13,515** |
| Turnover | 19,284 | 11,196 |
| Finished goods and contracts in progress | -1,022 | 1,776 |
| Other operating income | 895 | 542 |
| **Operating charges** | **-18,350** | **-13,803** |
| Raw materials, consumables and goods for | 10,013 | 6,936 |
| Services and other goods | 6,271 | 4,491 |
| Remuneration, social security and pensions | 2,133 | 2,040 |
| Depreciation | 75 | 101 |
| Write-downs | 51 | 169 |
| Provisions for liabilities and charges | -263 | 0 |
| Other operating charges | 70 | 65 |
| **Operating profit** | **807** | **-288** |
| **Financial result** | **1,802** | **-171** |
| Financial income | 2,114 | 162 |
| Financial charges | -312 | -333 |
| **Result for the year before taxes** | **2,609** | **-459** |
| Income taxes | -46 | 44 |
| **Result for the year** | **2,563** | **-415** |

# Appropriation result JENSEN-GROUP NV

| Financial year ended (in thousands of euro) | 31 December 2021 | 31 December 2020 |
|---|---|---|
| **Profit to be appropriated** | **64,269** | **63,661** |
| Profit (loss) for the period available for appropri | 2,563 | -415 |
| Profit (loss) brought forward | 61,706 | 64,076 |
| **Appropriations to capital and reserves** | **0** | **0** |
| **Result to be carried forward** | **-60,360** | **-61,707** |
| Profit to be carried forward | 60,360 | 61,707 |
| **Distribution of profit** | **-3,909** | **-1,955** |
| Dividends | -3,909 | -1,955 |

| (in euro) | 2021 (12 months) | 2020 (12 months) |
|---|---|---|
| Current profit per share after taxes [1] | 0.33 | -0.05 |
| Number of shares outstanding (average) | 7,818,999 | 7,818,999 |
| Number of shares outstanding (yearend) | 7,818,999 | 7,818,999 |

[1] The current profit after tax is the same as the net profit excluding extraordinary gains and losses (both adjusted for taxes).

## Statutory financial statements of JENSEN-GROUP NV

In accordance with article of the Belgian Companies' and Associations' Code, a summary version of the statutory financial statements of JENSEN-GROUP NV is presented. These have been prepared in accordance with Belgian Accounting Standards. The management report and statutory financial statements of JENSEN-GROUP NV and the report of the Statutory Auditor thereon are filed with the appropriate authorities and are also available at the Company's registered offices.

The Statutory Auditor has issued an unqualified opinion on the statutory financial statements of JENSEN-GROUP NV.

JENSEN-GROUP NV has both a holding function and a commercial function as the sales and service company for the Benelux area.

The Board of Directors proposes to the Annual Shareholders' Meeting to approve a dividend of 0.50 euro per share. The dividend proposal is based on the strong financial position at year-end. The dividend pay-out will amount to 3,909,499.50 euro, based on the number of shares outstanding as at December 31, 2021.

In 2021, JENSEN-GROUP NV moved from Sint-Denijs-Westrem to Wetteren.

During 2020, 5 million euro of the cash was invested in a short-term deposit.

To support the long-term growth, JENSEN-GROUP NV has taken out a new 5 year bullet loan of 10 million euro. The existing 6 million euro bullet loan was repaid at due date in November 2020.

The full version of the statutory financial statements of JENSEN-GROUP NV is available on the corporate website www.JENSEN-GROUP.com.

## Valuation rules

The valuation rules are in accordance with the Royal Decree of April 29, 2019.

### Financial fixed assets

Since JENSEN-GROUP NV has a holding function, we emphasize that, in accordance with our valuation rules and accounting legislation in Belgium, financial fixed assets are valued at their initial acquisition price or paid-in capital. Write-offs on the financial fixed assets are taken when they are deemed to be of a permanent nature. If it appears that write-offs taken previously are no longer needed, they are reversed. Financial fixed assets are never valued above acquisition price or paid-in capital.

### Intangible fixed assets

The intangible fixed assets consist of goodwill that arises from the acquisitions of the distribution activity in the Benelux. For statutory purposes, goodwill is amortized over a period of five years.

### Tangible fixed assets

Tangible fixed assets are recorded at their acquisition value or construction cost, increased, where appropriate, by ancillary costs. Tangible fixed assets are depreciated on a straight-line basis over their estimated useful life from the month of acquisition onwards.

On tangible fixed assets, the depreciation rules are:

| Caption | Method | Rate |
|---|---|---|
| Infrastructure | Straight line | 10% - 20% |
| Installations, machinery and equipment | Straight line | 20% |
| Office equipment and furniture | Straight line | 20% |
| Vehicles | Straight line | 20% |

### Inventories and contracts in progress

Inventories are valued at the lower of cost or net realizable value. Cost is determined by the first-in, first-out (FIFO) method. For produced inventories, cost means the full cost including all direct and indirect production costs required to bring the inventory items to the stage of completion at the balance sheet date. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and variable selling expenses.

The Company uses the ‘percentage of completion method’ to determine the appropriate amount to recognize in a given period. The stage of completion is measured by reference to the contract costs incurred up to the balance sheet date as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

### Amounts receivable

Trade amounts receivable and other amounts receivable are carried at nominal value. Allowances are made to amounts receivable where uncertainty exists as to the receipt or payment dates of the whole or a part of the balance. Supplementary write-offs are also recorded where the realizable value at the balance sheet date is lower than the carrying value.

### Investments and cash at bank and in hand

Deposits with financial institutions are carried at nominal value. Write-downs are applied where the realizable value at the balance sheet date is lower than the historical cost.

### Provisions for liabilities and charges

Provisions for liabilities and charges are assessed on an individual basis to address the risks and future costs which they are intended to cover. They are maintained only to the extent that they are required following an updated assessment of the liabilities and charges for which they were created.

### Amounts payable (after one year and within one year)

Amounts payable are carried at nominal value at the balance sheet date. The only elements which are recorded in the accrued charges and deferred income accounts are charges payable at the balance sheet date in respect of past or prior years.

### Financial instruments

The Company uses derivative financial instruments to reduce its exposure to adverse fluctuations in interest rates and foreign exchange rates. It is the Company's policy not to hold derivative instruments for speculative or trading purposes.

Derivative financial instruments are recognized initially at cost, their premium is amortized pro rata temporis. At year-end, the financial instruments are measured at market value using the mark-to-market mechanism. The unrealized losses are recognized in the income statement whereas the unrealized gains are deferred.

The hedged balance sheet positions (outstanding receivables and payables) are recorded at the hedging rate.

## General information

1. Identification

- Name: JENSEN-GROUP NV
- Registered office: Neerhonderd 33, 9230 Wetteren.
- The Company was incorporated on April 23, 1990 and exists for an unlimited period of time.
- The Company has the legal form of a “naamloze vennootschap/société anonyme” and operates under Belgian Company Law.
- The statutory purpose of the Company consists in the following, both in Belgium and abroad, on its own behalf or in the name of third parties, for its own account or for the account of third parties:
  - Any and all operations related directly or indirectly or connected with the engineering, production, purchase and sale, distribution, import, export and representation of laundry machines and systems and the manufacture thereof;
  - Providing technical, commercial, financial and other services for affiliated businesses, including commercial and industrial activities in support;
  - Obtaining an interest, in any manner, in any and all businesses that pursue the same, a similar or related purpose or that are likely to further its own business or facilitate the sale of its products or services, also cooperating or merging with these businesses and, in general, investing, subscribing, purchasing, selling and negotiating financial instruments issued by Belgian or foreign businesses;
  - Managing investments and participations in Belgian or foreign businesses, including the standing of sureties, guaranteeing bills, making payments in advance, loans, personal or material sureties for the benefit of these businesses and acting as their proxy holder or representative;
  - Acting in the capacity of director, providing advice, management and other services for the benefit of the management and other services for the benefit of other Belgian or foreign businesses, by virtue of contractual relations or statutory appointment and in the capacity of external consultant or governing body of any such business.

The Company may undertake both in Belgium and abroad, any and all industrial, trade, financial, bonds and stocks and real property transactions that are likely to extend or further its business directly or indirectly or that are related therewith. It may acquire any and all movable and real property items, even if these are related neither directly nor indirectly to the Purpose of the Company.

It may obtain, in any manner, an interest in any and all associations, ventures, businesses or companies that pursue the same, a similar or related purpose or that are likely to further its business or facilitate the sale of its products or services, and it may cooperate or merge therewith.

- The Company is registered in the Commercial Register of Ghent, section Dendermonde and is subject to VAT under the number BE 0440.449.284
- The Bylaws of the Company can be consulted at the registered office of the Company and on its corporate

website www.jensen-group.com. The annual accounts are filed with the National Bank of Belgium. Financial reports of the Company are published in the financial press and are also available on the website www.jensen-group.com. Other documents that are publicly available and that are mentioned in the reference document can be consulted at the registered office of the Company or on its corporate website www.jensen-group.com. The Annual Report of the Company is sent every year to the holders of registered shares as well as to any shareholder who wish to receive it.

2. Share Capital

- The registered share capital amounts to 30,710,108 euro and is represented by 7,818,999 shares without nominal value. There are no shares that do not represent the share capital. All shares are ordinary shares; there are no preference shares. The shares are dematerialized or registered shares, depending on the shareholder's preference. The dematerialized shares have been issued either by way of an increase of capital or by exchanging existing registered or bearer shares for dematerialized shares. Each shareholder may request the exchange of his/her shares either into registered shares or into dematerialized shares. At least two directors will sign a share certificate. Signature stamps may replace the signatures.

- Evolution of the share capital:

| Date | Share capital | Currency | Number of shares |
|---|---|---|---|
| 24/05/2002 | 42,714,560 | euro | 8,264,842 |
| 20/05/2008 | 42,714,560 | euro | 8,252,604 |
| 13/01/2009 | 42,714,560 | euro | 8,039,842 |
| 30/11/2011 | 42,714,560 | euro | 8,002,968 |
| 04/10/2012 | 30,710,108 | euro | 8,002,968 |
| 12/05/2016 | 30,710,108 | euro | 7,818,999 |

www.jensen-group.com

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