

Here. We. Go.
Annual Report
2021

Beaulieu
International
Group



Dear reader,

This decade is slowly turning out to be the decade of unprecedented challenges. We had just started to put the pandemic in our rear-view mirror, only to find that the next major test was already in front of us: a military conflict in Eastern Europe. The foundations of our society and economy continue to shake. As always, our first concern are the people within B.I.G., our clients and the local communities, which we will keep on supporting with great determination.

We are confident that our resilient business model will also overcome this challenge. This second annual report already aptly illustrates how B.I.G. turns agility and a forward-thinking mindset into success. We'll take you on a journey that sheds light on our most remarkable achievements, gives insights into our key figures, pinpoints our strategic objectives and paints a picture of what we stand for.

As sustainability is now a cornerstone of our growth story, we've decided to integrate our sustainability roadmap 'Route 2030' into this annual report. Don't expect a monotonous list of contextless achievements and figures, but rather a mix of well-chosen paths to zero environmental footprint, illustrated by over 20 inspiring stories – all based on our own sustainability model.

Without the intention of spoiling all the pleasure of browsing through our story yourself, here's the bottom line: B.I.G. is in very good shape. We're ready to make a true difference in people's lives with innovative solutions for sustainable living.

Here. We. Go.

Board of Directors

Consolidated key figures

(in mio €)	2021	2020	2019
Income Statement			
Turnover	2.511,1	1.736,8	1.855,6
Operating profit before non-recurring items	400,5	145,0	135,0
EBITDA	450,8	204,6	197,2
EBIT	378,4	126,7	123,4
Net result	274,5	87,1	83,4
Balance Sheet			
Equity	781,5	881,6	849,2
Net cash position	22,2	198,4	46,2
Total assets	1.414,2	1.237,5	1.255,2
Capital expenditure	56,2	51,0	78,1
Working capital	373,8	284,8	370,5
Capital employed	805,8	719,5	839,1
Ratios			
EBITDA on sales	18,0%	11,8%	10,6%
Solvency - Equity ratio	55,3%	71,2%	67,6%
ROCE	47,0%	17,6%	14,7%

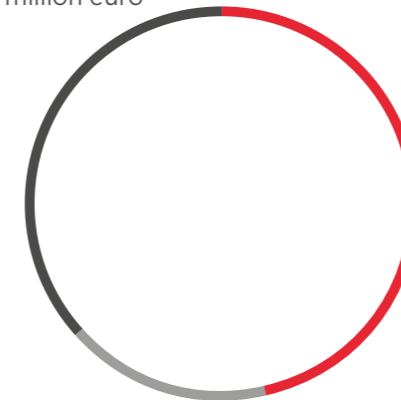
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B.I.G. at a glance

Sales

Polymers

1.239 million euro



Engineered Solutions

453 million euro

Flooring Solutions

968 million euro

Employees

Others

363

Polymers

306

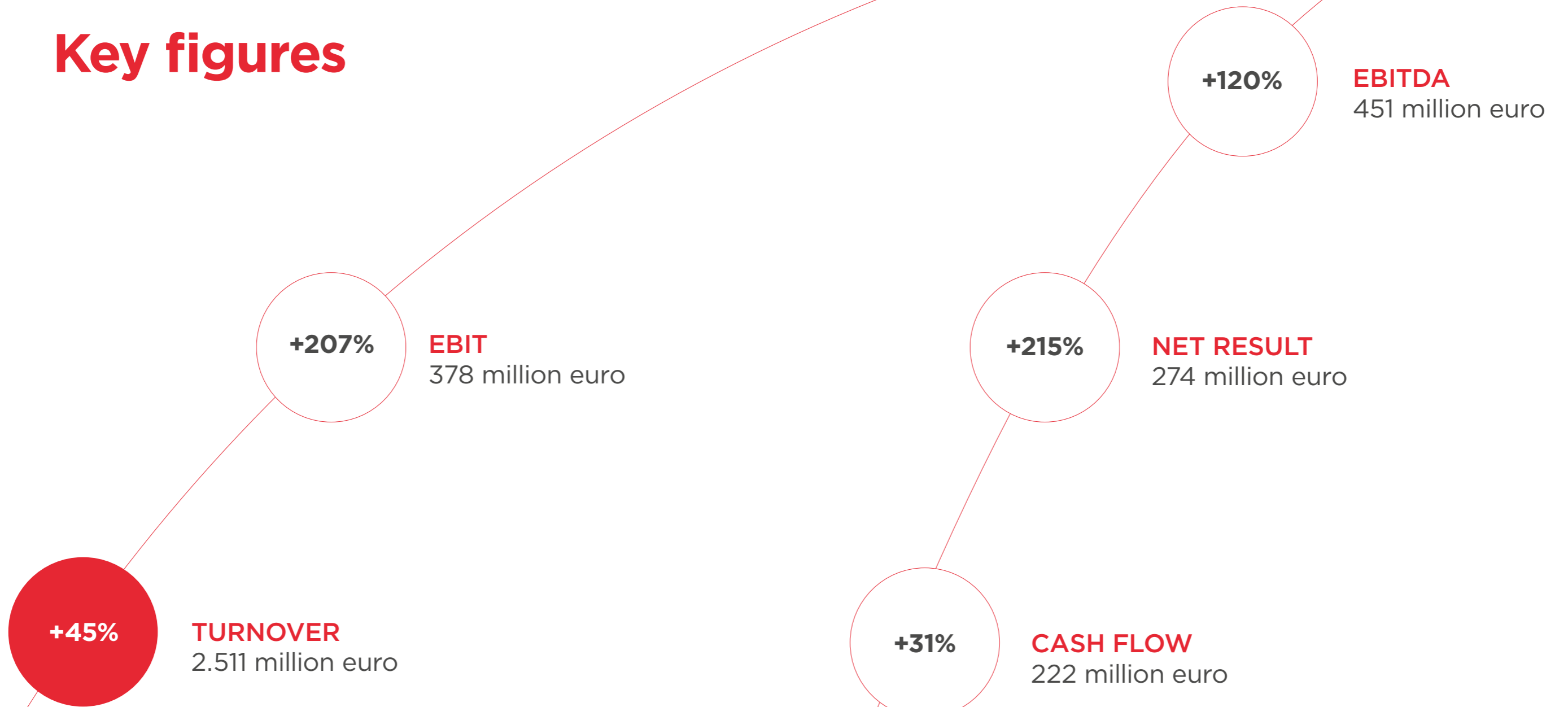
Engineered Solutions

1.001

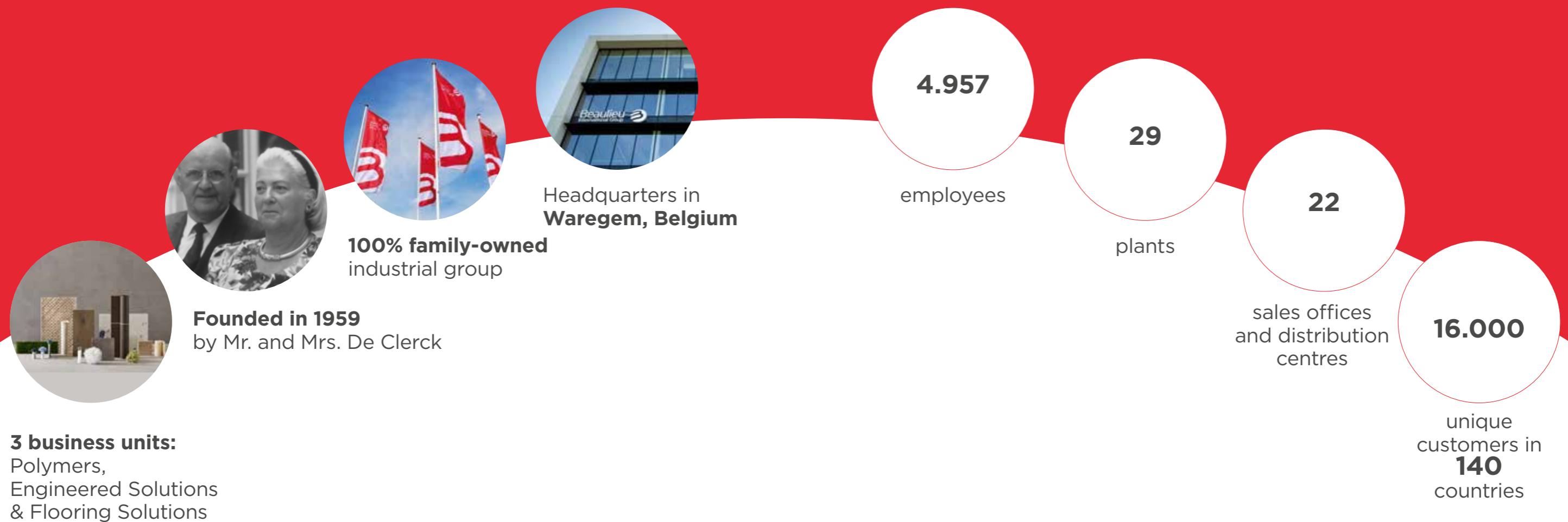
Flooring Solutions

3.287

Key figures



B.I.G. in numbers



A global and versatile industrial group





Our Purpose

Shaping sustainable living, together



Our Mission

As a global family business, Beaulieu International Group develops and co-creates - in an innovative, entrepreneurial and sustainable way - flooring and material solutions to enhance the quality of living and working for every generation.

Letter from our Executive Committee

Dear clients, business partners,
shareholders and employees,

At the beginning of 2021, most of us were convinced that we'd get our normal lives back in no time. But if 2020 was the year of disruption, 2021 turned out to be the year of acceptance. Normal isn't coming back. On the contrary, various economic trends will change our world fundamentally. While many companies still struggle to find their place in this new reality, B.I.G. has shown once again that it's ready for the future - however uncertain that future may be.

Adding to the gradual top-line growth of recent years, our Group can look back on an unprecedented financial boom. In 2021, we recorded a turnover of more than 2,5 billion euro (+45%) - a significant milestone. The driving forces: favourable market conditions, a revitalised strategy and a team of nearly 5.000 first-class employees.



Surfing the waves of change

It was a fruitful year for all 3 business units (more info in chapter 1), but our business unit Polymers really stood out. Exceptionally strong demand in Europe and North America, combined with raw material shortages and unplanned shutdowns of competitors, pushed prices and margins up to historical highs. Well aware that this combination of market conditions puts our overall figures into perspective, we've proven to be capable of going the extra mile. Our Polymers facilities ran at full capacity to meet our customers' needs and hit all-time profit records during several months.

Our business unit Flooring Solutions also fared well. Most divisions and regions outperformed amid surging energy prices, disrupted supply chains, cost volatility in transport and raw materials, and other challenges. Our sustained focus on innovation, design and product differentiation led to an improved operating result at the end of 2021, and we continue on the same track.

The achievements by Engineered Solutions echo those of the other two business units, from volume increases to budget increases. B.I.G. took big leaps forward in all its key markets, including the automotive sector, geotextiles and filtration.

Eyes on the prize

During our milestone year, the Group already laid the foundations of continued success in the years to come. With the saying 'where focus goes, energy flows' in mind, we got everyone on the same page. Where do we want to grow? Which investments do we prioritise? And what's our purpose? The answers to these and other questions were all formulated within our ONE B.I.G. global transformation strategy.

One of the main outcomes of that exercise is that sustainability will become increasingly important for our Group, next to innovation and digitalisation. We are aware of our social and environmental responsibility, so we'll be integrating a sustainable approach into all aspects of our business – from a

talent-first mindset to excelling in eco-friendly and circular solutions (more info in our Sustainability Report). The key to a more sustainable world lies in the hands of pioneering companies and we're determined to lead by example.

However, you can't use your business to do good in the world if you're not doing well. **Doing well** and **doing good** are intertwined, and that's why our business strategy includes both. For example, we aim to establish a healthy balance between organic growth and growth through acquisitions, while we'll be turning our recent integration efforts into operational, functional and commercial excellence. You can read all about it in chapter 2.

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“Come rain or shine, we’re ready to shape the future of sustainable living for the good of all.”

Here. We. Go.

In a world that evolves so quickly, the best way to predict the future is to create it. That idea is gradually becoming the core of our company DNA and it also means that we are much more agile than we were in previous times. Even more, today, we’re cruising at top speed. And by ‘we’, we mean the whole B.I.G. family. Together, we’re entering a bright future.

- We are ready to keep on challenging the benchmark across our 8 key markets.
- We are ready to expand beyond the 140 destinations we already serve.
- We are ready to add another 60 years to our B.I.G. history.
- We are ready to add more happy customers to our 16.000-strong client base.
- We are ready to let our 4.957 employees show you what they’re capable of.
- We are ready to make YOU excel with US by your side.

Here. We. Go.

Best regards,



Pol Deturck
CEO
On behalf of the Executive Committee

4.957 times thank you!

Strategy, mission and vision are just words on a piece of paper without the people to execute them. So, all credits for our milestone year should go to our 4.957 employees. From China across Spain to Canada, the teams in all our 51 locations were confronted with often very challenging circumstances – again – but somehow kept their B.I.G. spirit alive to offer our customers the service and quality they're used to. Your loyalty and perseverance won't be forgotten. In the coming years, we'll pull out all the stops to further create the conditions for all of you to do what you do best and what you love to do.

Together, we'll shape sustainable living.
Here. We. Go.

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“You sign up for an open, no-nonsense culture, where everyone is included.”

Joost Cabbeke, Operator (Belgium)

“B.I.G. actively supports knowledge-sharing between its facilities.”

Jan Štos, R&D technologist (Slovenia)

“What’s unique about B.I.G.? It’s a company where you can flourish and grow.”

Anthony Olivier, Commercial Engineer (France)

“Everyone gets a voice within the company.”

Marc Gunning, NSW State Manager (Australia)

“Internal mobility is a real prospect. Many of my co-workers moved on to leadership roles, including myself.”

Michael Tart, Shift Supervisor (USA)

“I joined as an apprentice and couldn’t bear to leave. Here is where you make a difference.”

Maxime Denimal, Technical and Method Assistant (France)

“The easy-going approach of a small company with the benefits of a big group.”

Eleni Buysse, Supply Chain Manager (Belgium)

“A group that’s on the move, propelled by passionate people.”

Ayzhan Badambayeva, Head of Warehouse (Kazakhstan)

“It’s a warm company, with approachable managers and genuine support in times of need.”

Shane Kelly, NSW Sales (Australia)

“Constant workplace improvements with the newest technologies give us a competitive edge.”

Andrej Ojsteršek, Assistant Purchasing Manager (Slovenia)

“It’s simply a place where people come first.”

David Durand, Responsible Maintenance (France)

“A warm welcome and continuous support soon make you feel part of the B.I.G. family.”

Stefaan Vinck, Safety Advisor (Belgium)

“A top-notch company. Never a dull day.”

Dorothy Pelletier, IT Systems Analyst (USA)

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Milestones

A selection of
the most remarkable
achievements in 2021

Group



New CEO to guide B.I.G.

In spring 2021, B.I.G. appointed Pol Deturck as its new CEO. He brings vast leadership experience and strong people management to the helm of our Group. From 2015 to 2020, Pol Deturck was CEO of the Fibrant Group, a global producer of caprolactam. Prior to Fibrant, he held various leadership roles over the course of 9 years at Tessenderlo Group. First, as Business Group Director Chemicals and later as Executive Vice-President Chemicals & Organic Specialties. He also acquired experience from senior management positions at Vandemoortele and Univeg. More importantly, Pol Deturck has high ambitions for the future of B.I.G., with sustainability, digitisation, innovation and consolidation as the key priorities.



All behind one purpose

Shaping sustainable living, together. Although this was always our unspoken purpose, we've now put it into words. People's living choices heavily impact the world around us and we want to make sure they have enough sustainable options to choose from. Even more, we want to make the sustainable choice the easy choice. This purpose will help us to maintain focus going forward and will be the glue to unify our international teams.



An all-time high turnover

Financially, 2021 will go down as our most productive year so far. Many pieces of the B.I.G. puzzle fell into place at the same time, leading to significant organic growth in all 3 business units. Meanwhile, various external market conditions provided strong tailwinds. It allowed us to exceed the 2,5 billion euro mark for the first time - a 45% rise in comparison to 2020. This achievement will enable us to further invest in our key priorities. Exciting times lay ahead!



ONE B.I.G.: from theory to practice

Our global transformation strategy ONE B.I.G. is gaining momentum across all business units and regions. Some of the more concrete initiatives that saw the light of day in 2021 were our new platform for customer relationship management, the acceleration of digital solutions into our operations and the launch of the B.I.G. University offering learning trajectories for our people.

Flooring Solutions

New hard flooring collections

Our hard flooring product range is now more complete than ever before. We have new collections in luxury vinyl tiles, such as our Live collection, as well as in wood. For example, our brand BerryAlloc launched Ocean+. This 100% water-resistant laminate collection consists of 30 distinct decors, available in a selection of natural wood and stone designs. At the National Flooring Innovation Awards 2021 in the UK, the jury rewarded the hydro+ technology behind Ocean+ with a gold medal in the category 'Smooths'. In 2008, we were the first to introduce water-resistant laminate on the market and we are still going strong.



Cushion vinyl ready to grow

Although we experienced a tough year for cushion vinyl, with challenges ranging from talent shortage to disrupted supply chains, our teams put in a motivating performance. More importantly, we've laid the groundwork for an even better performance in 2022. Production in the USA will rise by 20%, our digital printing capacity in Slovenia will double and we've opened two new regional branches.



Sustainable event carpet gains acclaim

More and more event organisations are making sustainability a top priority. That's good news for Rewind, the world's very first Cradle-to-Cradle Certified event carpet. Various prominent venues signed up for our sustainably made and fully recyclable carpet, including Ifema Madrid (Spain), Messe Frankfurt (Germany) and Jaarbeurs Utrecht (the Netherlands). We will also offer these venues end-of-life solutions to make sure we actually close the loop. Good to know, with the launch of our project Needlefelt In Action, we will further drive sustainability and cost efficiency to highlight our market leadership.



Promising year for artificial grass

We have seen tremendous growth in demand across all segments in the artificial grass market. With improved quality and efficiency, our production and logistics teams have been able to capture this demand and serve our customers with the service they are accustomed to. Moreover, we invested heavily in our commercial team to be able to unlock the huge potential in the coming years, particularly in the sports segment.



Recyclable products first

Under the umbrella Beaugreen, Beaulieu Mats is pioneering with sustainable solutions. To illustrate, we purchased a thermoplastic elastomer (TPE) finishing line. There are numerous advantages to the TPE backing, from lower energy and water consumption during production to a reduction in CO₂ emissions. Since it's latex-free, it also makes the mats recyclable. The new backing is now mainly used for bathmats, but we'll be looking into other applications as well, such as doormats and car mats.

Engineered Solutions

Fibres for premium hygiene products

During a record year for Beaulieu Fibres International, we took a big leap forward in the hygiene sector. It all started in 2019, when our facility in Terni (Italy) sent out the first PET/PE bi-component fibres for a new FemCare product for one of the world's leading hygiene brands. After passing safety regulations and a consumer test, we started shipping the first commercial volumes by the end of 2020. In 2021, the project was fully rolled out and we shipped substantial amounts of fibres in Europe and the USA. These volumes will increase in 2022 as the long-lasting performance of the fibres makes the product a success. Meanwhile, our fibres also qualified for baby diapers. To be continued!



Energising the future with technical textiles

The future of solar energy is bright. And thanks to the reflective ground covers by Beaulieu Technical Textiles it might become even brighter. Bi-facial solar installations depend heavily on the albedo value - or 'whiteness' - of the surface for energy gains. The higher this value, the more solar reflection, resulting in a better performance of the photovoltaic modules. In collaboration with KU Leuven and Energyville, we developed Magnifield, a bright white polymer textile which can be recycled after use. The results of the first field tests in Qatar and France look promising: an enhanced energy yield of 10% compared to a grass surface.



Trailblazing circular solutions

B.I.G. Yarns reinforced and completed its product offering with EqoCycle. This product family is mainly (up to 75%) made of recycled and regenerated polyamide 6-based polymers. This means we use fewer virgin materials, lower our energy consumption and reduce our CO₂ footprint. Equally important, the derived new EqoCycle yarns offer the same high quality and performance as virgin-based yarns. From now on, our clients have a valuable circular alternative.



Enabling unlimited designs

B.I.G. Yarns launched ColorMind to maximise its customers' design freedom for contract and automotive carpets. The innovative yarn technology is the business unit's first venture into a 2-step yarn collection, offering a unique solution for creating multi-colour PA6 yarns for any carpet design. Available in EqoCycle yarns (with up to 75% recycled content), the technology enables combinations of variable levels of twisting and air entanglement, using up to 6 colours at once.

Yarns for contract-commercial market on the rise

Substantial growth in the contract-commercial segment for B.I.G. Yarns resulted in this segment becoming the largest contributor for the first time ever. Now, we build on this promising performance by investing in our one-step 3Ply PA yarns technology in Europe and generating extra capacity in China to serve the Japanese and Australian markets.



Polymers

Polymers to enable recycling

When enjoying your next Ferrero Rocher, you'll probably be taking it out of an eco-designed box made with high-clarity polypropylene (PP) from Polychim Industrie. In 2021, our French facility supplied important volumes of the recently developed high clarity PP grade to converters in Europe. Once North American volume reaches a critical mass, we'll also start producing at Pinnacle, our polymers facility in Louisiana, USA. The new iconic box fits within Ferrero's commitment to make all packaging recyclable, compostable or reusable by 2025.



Improved logistics with new storage platform

Another milestone for Polychim Industries was the construction of a new storage platform. Packed products in 25 KT bags and on pallets will no longer have to be stored at external warehouses. This significantly reduces the need for freight transport, which in turn has a positive impact on our carbon footprint.



Record profits in challenging circumstances

2021 was by far the most profitable year in the history of Pinnacle. This is particularly remarkable because the region was hit by one of the most severe hurricanes in recent history on 29 August. Despite facing damage by hurricane Ida at home, our employees did absolutely everything they could to ensure the facility was back in production as soon as our raw material suppliers were able to supply.



Recycled content in technical sheets

Our business unit for polymers doubles down on sustainability. A telling example is Distriplast, our brand for technical sheets. In 2021, 50% of the product range incorporated recycled materials, and a striking 25% of raw materials came from reprocessed or recycled material. The outcome: an environmental footprint reduction of about 5.000 T CO₂.

Upholstery

B.I.G. up for Tessutica

Our stand-alone brand for upholstery fabrics stole the show at the Yearly International Furniture Fair in Brussels, Belgium: Tessutica won 2 out of 4 Balthazar awards for new trends and developments. A fan'tess'tic performance!



chapter 01

**Our
business
units**

Flooring Solutions

Engineered Solutions

Polymers

Flooring Solutions

We are a well-established international leader in residential flooring, offering tufted carpet, mats, vinyl rolls, parquet, luxury vinyl tiles and laminate collections. Moreover, we have acquired a prominent position in Needle Felt carpet for automotive and event applications as well as artificial grass for landscaping and sports. All of this was tested in 2021 by major supply chain disruptions, including material shortages, cost inflation and local lockdowns, but we passed with flying colours. With a great deal of agility and even more hard work, the business unit excelled in most divisions and regions.

From artificial grass for padel ...

.. to digitally printed cushion vinyl tiles.

Turnover share
38%

Employees
3.287

Locations

- Australia
- Belgium
- Canada
- China
- France
- Norway
- Poland
- Russia
- Slovenia
- Spain
- United States

Flooring Solutions is ready for the future



Planting new seeds

“From Canada to Australia, we’re planting the seeds for many more fruitful years to come. For example, we invested heavily in digital printing, raised capacity for premium high-pressure flooring and added new collections of luxury vinyl tiles. These and other initiatives will stimulate growth in high-value market segments.”

Wim Coppens, VP of Flooring Solutions

Top talent flowing in

“With our modular flooring solutions, we’ve outperformed the market in all product categories and key geographies, setting all-time records. To continue doing so, we’ll need to attract top talent in a very tight labour market. But with a series of bold recruiting initiatives, ranging from speed dating to exploring innovative advertising channels, we’re already on the right track. In a challenging year, we took on many new team members. Welcome to the family!”

Philippe Dehedin, GM BerryAlloc - Global Manager Wood/LVT

Soft flooring on the rise

“The future looks bright. Artificial grass – particularly for sports – is booming. To illustrate: we doubled the installation of padel courts in 2021 to become the European market leader. Moreover, in a tough year for the event sector, our sustainably produced and recyclable Rewind carpet is proving to be a gamechanger. Last but not least, our broadloom carpets show great potential for commercial applications.”

Frederik Bouteca, General Manager of Soft Flooring

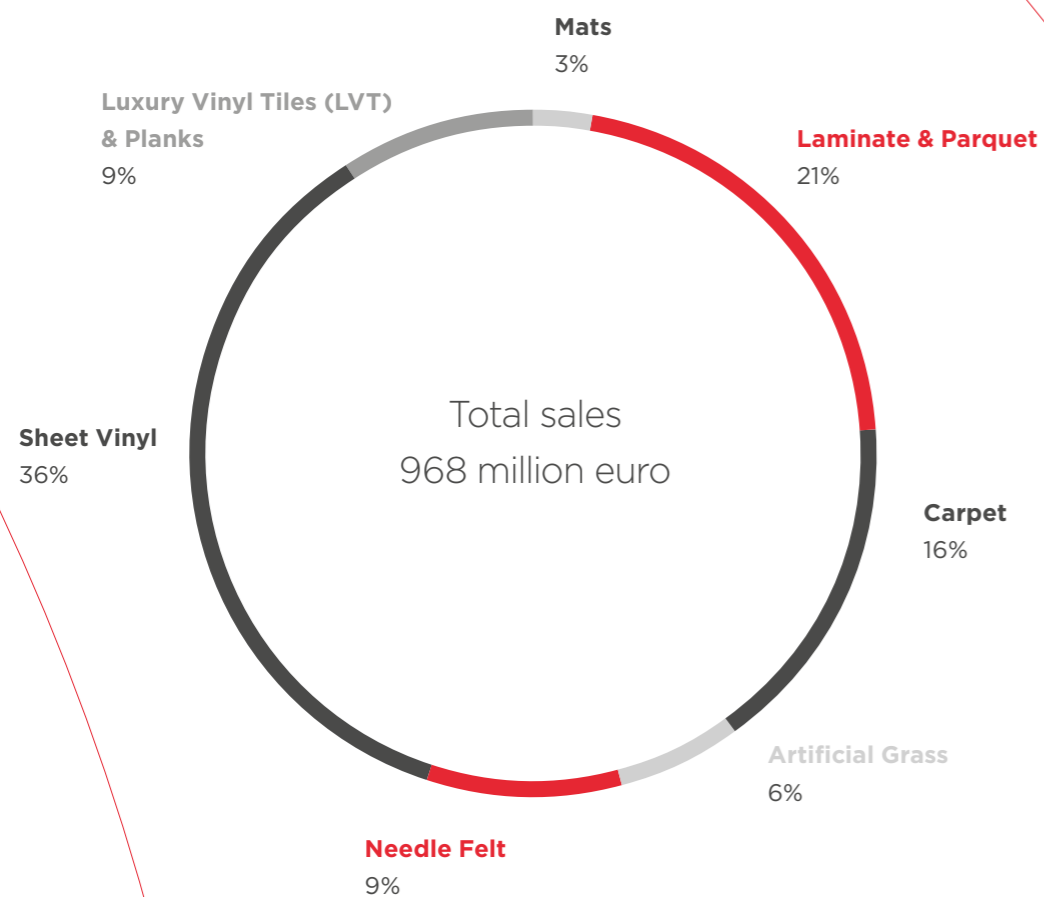
Can-do mentality pays off

“Expansion into the direct retail market, increased product penetration in specialty markets and new distribution customers will help us to realise our aggressive growth goals: \$500 million in sales and becoming a top player in the US flooring market. The fact that we successfully overcame an unprecedented labour war to increase production levels in the most difficult circumstances strengthens our can-do mentality. A big thanks to the whole team!”

Rich Runkel, General Manager of Beauflor USA



9 specialised brands in 7 product ranges



Carpet



Wall-to-wall tufted carpet for the residential market in innovative designs and colours.



Founded in 2009, Carus makes high-quality tufted wall-to-wall carpets for commercial use.



Needle Felt

Needle Felt products for the residential market as well as exhibition carpet and outdoor Needle Felt.



Durable Needle Felt for commercial environments, such as offices and public buildings, along with exhibition carpet, carpet tiles, runners and mats for residential use.



Artificial Grass

European-made, customisable artificial grass for landscaping, sports, decoration and other purposes.

Vinyl



An extensive collection of cushion vinyl rolls, guided by the latest market trends and technology.



Based in Slovenia and Russia as one of the largest regional cushion vinyl producers.

Luxury Vinyl Tiles (LVT) and Planks



Innovative, easy-to-install laminate and vinyl floors with lifetime warranties for residential use.



Laminate and Parquet

Interior solutions for residential and commercial projects, including parquet flooring as well as wooden panels.

Mats



Beaulieu Mats mainly produces bathroom mats, car mats and residential mats in Belgium, Poland and China.

Engineered Solutions

As a leading semi-finished products manufacturer, our business unit Engineered Solutions has built up a broad selection of advanced fibres, yarns, and technical textiles. These are often the focus of cross-disciplinary R&D projects to keep quality high, while various pilot lines and state-of-the-art equipment open the door to co-creation with both internal and external customers. In 2021, all 3 divisions closed the year above budget, despite major obstacles along the way. The cherry on the cake was a record year for Beaulieu Fibres. And we're ready for more.

From high-performing geotextiles ...

... to fine fibres for hygiene applications.

Turnover share
16%

Employees
1.001

Locations

- **Belgium**
- **China**
- **France**
- **Italy**



Engineered Solutions is ready for the future

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Major investments in new yarn technology

“We’ll further invest in our next-gen polyamide yarn technology to help global carpet tile manufacturers in meeting the evolving demands of the contract market. More concretely, we’ll add around 20% capacity for our one-step 3Ply PA yarns with new lines in France. On top of that, we’ll also be serving the automotive industry with PET yarns for more sustainable interiors. We’re confident that both investments will open up exciting new opportunities for our customers.”

Emmanuel Colchen, General Manager of B.I.G. Yarns & Technical Textiles

Sustainability charter marks the beginning

“The commitment of the whole team to turn another challenging year into a remarkable success was inspiring. In particular because they also found the time and energy to accelerate our sustainability efforts. With a data-driven approach, we implemented impactful changes and pinpointed opportunities for the future. As a recognition, our facilities in Wielsbeke, Kruisem and Terni received the Voka Charter Sustainable Business 2021. Mind you, this is just the beginning.”

Maria Teresa Tomaselli, General Manager of Beaulieu Fibres International

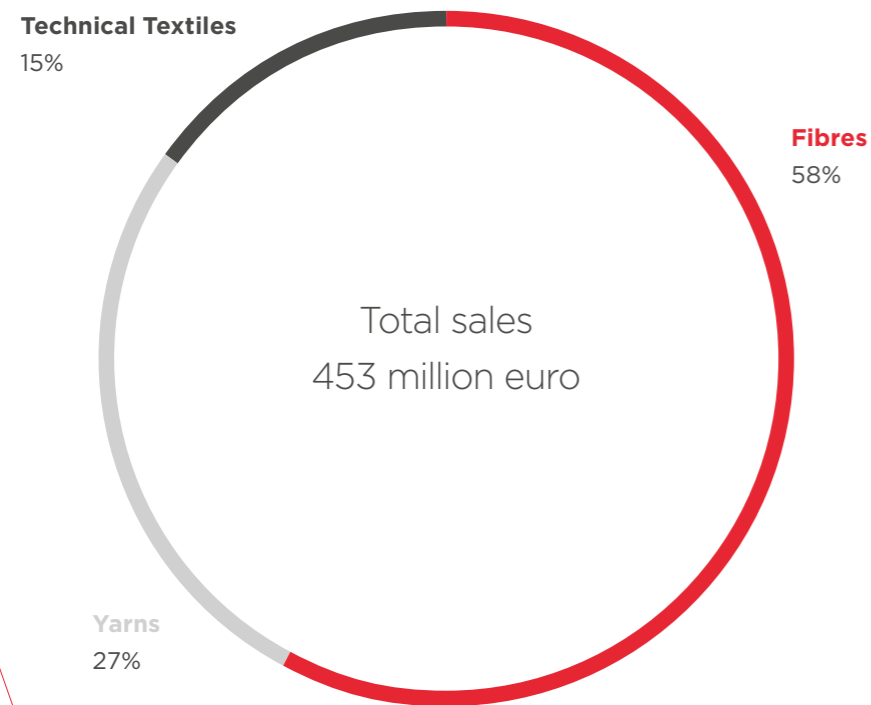
Solutions that benefit both our Group and our environment

“In line with our grow-from-your-core strategy, we successfully reinforced our focus to high-value agrotextiles and geotextiles in 2021. By allocating more resources towards these high-end industries and rapidly implementing initiatives for commercial and operational excellence, we want to become a market leader in both key markets.”

Roy Kerckhove, Sales & Marketing Director of Beaulieu Technical Textiles

”

3 specialised brands in 3 product ranges



Fibres

Beaulieu Fibres, Europe's largest and most differentiated producer of polyolefin and bicomponent fibres, has customers in many industries, including geotextiles, hygiene and wipes, flooring, automotive, upholstery, filtration, RTM and construction. Its production sites are situated in Belgium and Italy.



Yarns

B.I.G. Yarns specialises in high-performance polyamide and polypropylene yarns for the commercial, automotive and residential flooring market. This brand has two production facilities in Europe (Belgium and France) and one in China.



Technical Textiles

Beaulieu Technical Textiles is a producer of woven textiles, such as agrotiles, geotextiles, carpet backings and industrial fabrics. It has two production sites, one in Belgium and one in China.

Polymers

We transform propylene into polypropylene (PP) granules for a wide variety of applications, including garden furniture, cosmetic bottles, food containers, rugs and adhesive tape. In addition, we produce fully recyclable PP corrugated sheets for packaging, displays, building solutions, etc. Propelled by highly favourable market conditions, our Polymers business unit broke all records in 2021. Profitability soared. Although this lifts our spirits, we won't change our long-term strategy. Customer intimacy, short communication lines, vast expertise and co-development remain paramount.

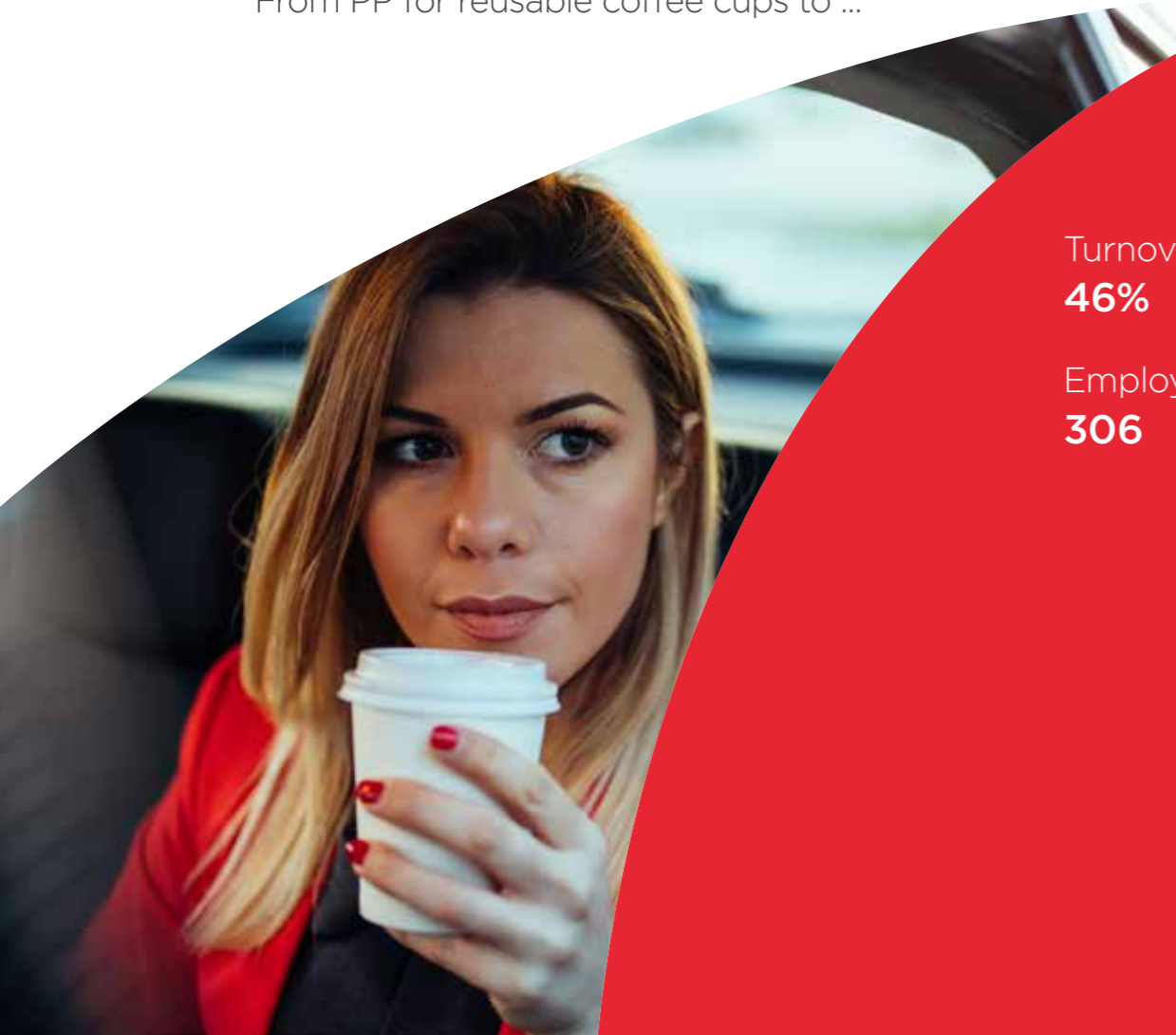
From PP for reusable coffee cups to ...

... technical sheets for reusable packaging.

Turnover share
46%

Employees
306

Locations
• **France**
• **United States**



Polymers is ready for the future

“

ISO 9001 certification next step to carbon neutrality

“During the most profitable year in Pinnacle’s history, we further finetuned our quality management, which resulted in ISO 9001 certification. Implementing the requirements from this international standard has allowed us to increase efficiency, productivity and profit. In combination with the undying fighting spirit of our employees and the creative ingenuity of new ones, the continuous improvement cycle that stems from ISO 9001 will also help us to become carbon neutral by 2030. We’re up for the challenge!”

Deneice Bercegeay, President of Pinnacle

Solutions that benefit both our Group and our environment

“B.I.G. is not the type of company that easily gets carried away by sudden ups or downs. We invest in what we believe will make a difference in the long run, whether we’re enjoying tailwinds or facing headwinds. Sustainability is such a gamechanger. To illustrate: for our Polychim facility in France, we’ve constructed an external storage platform. This means the end of our continuous trips to third-party warehouses, eliminating the need for 6.500 runs of heavy-duty trucks or 130.000 km of freight transport. Good for a carbon footprint reduction equivalent to about 120 tons of CO₂ emissions. We always look for solutions that benefit both our Group and our environment.”

Bo Oxfeldt, VP of Polymers and Engineered Solutions

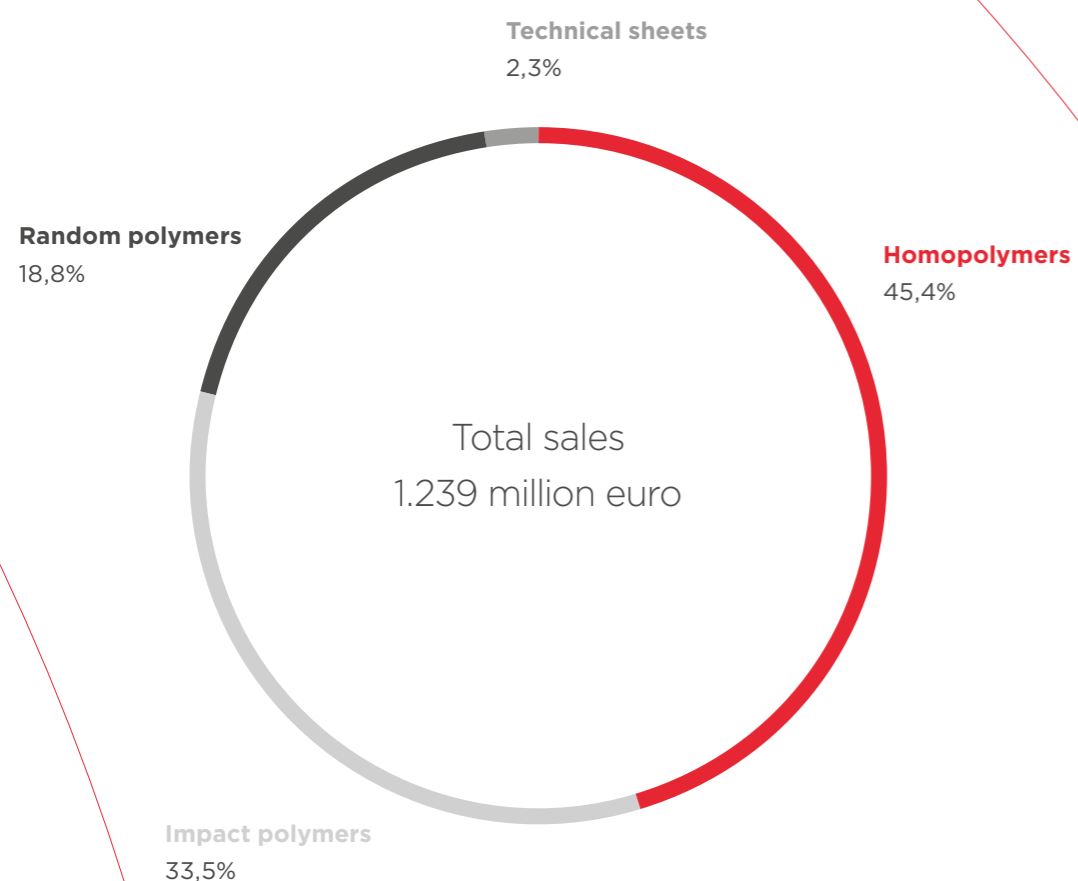
Recycled content in products up to 25%

“Surfing on records in sales and production volume, Distriplast is positioning itself as a green partner for technical sheets. For example, we managed to increase the share of recycled or reprocessed content in our products to 25% – up from 10% in 2020. The next goal: 33%. In other words, sustainable production will stay on top of the agenda. To establish stable, high-quality sourcing of recycled material in the upcoming years, we’re setting up close partnerships with several recycling companies.”

Vincent Boggio, General Manager of Distriplast

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3 specialised brands in 4 product ranges



This American brand has the ability to produce over 500.000 tons of polypropylene a year. Pinnacle's homopolymers, impact copolymers and random copolymers are all proven performers for injection moulding, extrusion and other applications.



Since its foundation in 1990, Polychim Industrie in northern France has been specialising in the production of homopolymer polypropylene. Applications include BCF yarn, staple and spunbond fibres, stretched tape, carpet backing, and thin walled and general injection moulding.



Distriplast

Distriplast, located in Dunkirk (France), excels in the production of polypropylene technical sheets for packaging, signage and other applications. Continuous investments in product quality ensure that the products meet the highest standards.

chapter 02

**The I
in B.I.G.**

- Investing in the future
- Innovation-driven growth
- Intelligent diversification
- Intrapreneurial spirit
- Integrated workflows

Investing in the future

When the present is that shaky, it's easy to lose sight of what's important in the long run. However, as a 100% family-owned international Group with a clear long-term vision, we stayed true to our plans and kept on investing in all areas of our business. Just as our past investments allowed us to thrive in 2021, today's investments will make us even stronger in the years to come.

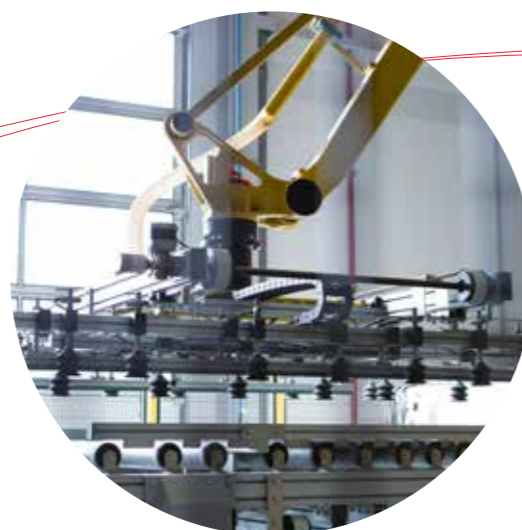
5 key areas of investment



Facilities



Machinery & equipment



Automation & digitalisation



Innovation & sustainability



People

Preparing for the new normal

Demand in some of our key markets dropped, raw material prices surged and COVID restrictions affected international supply chains, but we didn't stop to lick our wounds. On the contrary, we doubled down on what we believe will drive success in the future. We invested in extra capacity for premium and high-value products, sustainable production processes, digital workplaces, circular solutions and much more. In case you hadn't noticed, B.I.G. is ready to rumble.



“Truth be told, we wanted to invest over 100 million euro in 2021. But we were held back by external, unforeseen factors: from delays on quotes and execution to the lack of availability and resources due to the pandemic. If all goes as planned, we'll make up for it in 2022 with an investment budget well over 100 million euro. The main areas of interest will be sustainability, innovation and Industry 4.0.”

Pieter-Jan Sonck, Chief Financial Officer

A Group with sound financials ...

Turnover



... that's committed to investments with long-term impact.

Investments



Innovation-driven growth

Although innovation has been a cornerstone of our Group for a long time, 2021 marked a new beginning. As part of our global transformation strategy ONE B.I.G., we've sharpened our ambitions. This helped us to make clear-cut decisions as to which innovation projects get priority, how to add more business value and who's best assigned to key projects. This will give fresh impetus to our ultimate innovation goal: to provide the best solutions for a BIGger future.

All eyes in the same direction

Which innovation projects do we prioritise?



Keep
the (current) business
in good shape



Expand
the business by adding
incremental products
and assets



Transform
the business towards new
markets and breakthroughs

To achieve innovation-driven growth with a focus on sustainability, we'll be investing significantly more in expanding and transforming our key businesses. While 'core innovation' will still account for about half of our innovation efforts, this shift is needed to secure both short and long-term success.

How do we add more business value?

In 2021, we've said farewell to our dual innovation system, consisting of a centralised RED team and divisional R&D teams. As of now, we move ahead as one, in order to better face the future challenges. The new way of working is spearheaded by two Innovation Business Partners – one for Flooring Solutions and one for Polymers and Engineered Solutions. Together with the R&D managers and a vast talent pool, they ensure that our Innovation projects resonate on all levels, across all business units and in every region.

Who's best assigned to key projects?

Talent comes first in B.I.G. Consequently, we've created an innovation competence map for the future. We are now engaging with each of the 140 highly skilled employees who make up our innovation talent pool. We include their strengths, skills, competencies and ambitions. This allows us to swiftly assign the right person to the right project, detect learning and development opportunities, and look for new talent when necessary.



Keep, expand, transform

“To create competitive advantage, B.I.G. should do three things in parallel – always with sustainability as the driving factor. First, become better through continuous improvement. Something we call ‘keep innovation’. Second, expand by stretching our boundaries: innovating for adjacent markets and in adjacent technologies. And finally, transform ourselves with new strategies and unique offerings. Collaboration within B.I.G. and with partners in our value chain will be paramount to succeed. I’m sure our unified innovation team is ready to tackle all three objectives. Here. We. Go.”

Poï Lombaert, Group Innovation Director

B.I.G. Innovation Days spark new ideas

Our 8th annual Innovation Days welcomed over 125 of our company's finest minds. They interacted in 13 workshops, presentations and demonstrations on the growing need for transformative innovation and mechanisms to be successful at it.

One of the central topics? How megatrends will affect our business. Some of the challenges that were put on the table:

- millennials are tomorrow's decision-makers
- the move from a competitive to a collaborative, sharing society
- greater ethical and environmental awareness among customers
- people want simpler lives

The buzz these and other discussions generated is proof that the spirit of innovation at B.I.G. is more alive than ever.



Innovation at B.I.G. isn't just about creating economic value. It's also about solving customers' problems, the growth of people and making the world a better place.

Intelligent diversification

Over the years, B.I.G. has become a mature and diverse group that can easily absorb market volatility. Even during an extremely volatile year like 2021, we managed to thrive. Because we can swiftly change focus to well-performing product groups, geographical areas and industries, we're never cornered. There's always a way to keep our business units running at full speed.

Our diversification in numbers

15

Product portfolio

We offer 15 product groups spread over 3 complementary business units.

140

Geographical presence

Although Europe is our home market, we have clients in over 140 countries across the globe.

16.000

Client base

B.I.G. serves more than 16.000 unique customers.

8

Applications

Our 8 core markets are agriculture, automotive, commercial, construction, hygiene industrial, public and residential.



A steady ship

Sudden downswings in an industry or market, for whatever reason, don't easily destabilise us. In almost all cases, other industries and markets will provide a positive counterweight. Meanwhile, we have time to assess the right course for the long term. This type of risk mitigation is one of the strongest arguments for diversification.

“

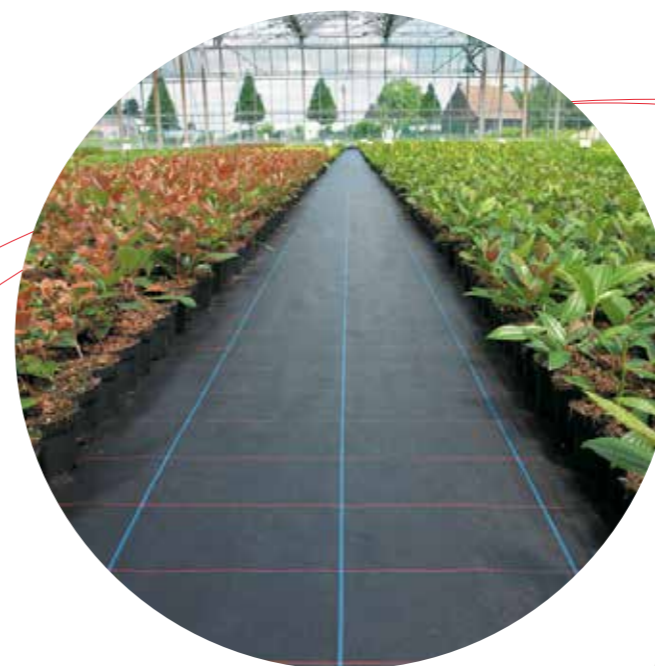
“It's not about having a large mix of product groups, industries, geographical markets and clients, the key is having the right mix. Sometimes you need to stop or slow down certain activities, while stepping up your efforts on new fronts. It's a constant work in progress, but our results show that we're on the right track.”

Michael Finelli, Corporate Development Director

New destinations

Diversification, however, isn't just a survival strategy. For example, developing new products enables B.I.G. to boost its sales, gain additional in-house expertise and explore operational synergies. With a close eye on consumer trends as well as megatrends, we try to stay one step ahead.

From technical textiles for
greenhouses ...



... to upholstery fabrics
for luxury furniture.



Intrapreneurial spirit

The eagerness and ability of people in a large company to take direct responsibility for turning ideas into profitable new products and businesses: the definition of intrapreneurship couldn't be more fitting to describe B.I.G.'s culture. Our employees are selected on their attitude and get every chance to live up to their potential. We provide the opportunities, they seize them. That unspoken deal has already sparked numerous success stories for all involved.

Moving on to the next level

Because our intrapreneurs are the lifeblood of our Group, we're determined to become a talent-first organisation in all 51 locations where people are employed. To do so, we've set up a new project to address the 3 most common talent pitfalls: our very own B.I.G. University.

Pitfall 1: top talent matters more

In many organisations, there is a tendency to focus on the top of the talent hierarchy, while hidden or underdeveloped talent might just be as valuable.

Pitfall 2: a gut-feel approach

Within talent management, qualities such as knowledge, skills, abilities and experiences should always outweigh personal opinions and hearsay.

Pitfall 3: one size fits all

Roles have become so complex and working environments so dynamic, that every successful talent strategy needs to allow for individual growth paths.

The in-house B.I.G. University counters these pitfalls by being open to all 4.957 employees, offering firsthand working experience and next-level knowledge sharing, and spreading its professional training over 7 academies.



“With an extensive offering of blended learning trajectories, we let employees take control of their own careers. They decide which strengths to develop and how to contribute to our goals. The idea is simple: we want everybody to do the job they like most and do best. Motivation and confidence are the two main ingredients of an intrapreneurial mindset.”

Pieter Lelieur, Chief Human Resources Officer

B.I.G. University is open for business: from leadership to technical skills

At any given moment, we employ between 15 and 30 young engineers in our dedicated development programme. They are selected based on their level of intrapreneurship and face a variety of challenges from day 1. With the objective of creating the technological leaders of tomorrow, we push them towards new horizons and enable them to sharpen their skills with on-going training and coaching.



Did you know...

...that we have an e-learning module on the automation of machinery? By adding this digital Siemens learning platform with exclusive expert knowledge to our B.I.G. University catalogue, we help our employees to build and maintain their expertise in machine control systems.

+3.000

e-books and podcasts are available in our university's eLibrary, covering a wide range of topics and supporting our employees with their professional and personal development.



"B.I.G. is like a box of chocolates, filled with interesting choices. Everyone gets the freedom to discover the flavour they prefer. And if you can't find the one you want, just create your own flavour."

Nancy Bertram, Operations Analyst & Technical Procurement Coordinator (Belgium)

"Life doesn't get better by chance, it gets better by change. B.I.G. cultivates that idea and supports everyone who wants to learn new skills and move between or within departments. All parties benefit from this encouraging attitude."

Greg Newman, Material Handling (Australia)



Integrated workflows

Since the pandemic shook various macro- and micro-economic systems to their foundations, our integrated business model has proven to be a great recipe for resilience. B.I.G. was able to mitigate major supply chain risks thanks to its strong vertical integration, while we also balanced out local market dynamics with our vast geographical presence. Meanwhile, we keep on leveraging our integrated workflows to achieve functional excellence.

Vertical integration

Controlling large parts of our supply chains in-house protected our Group from uncertainty and disruption to a certain extent. This gave us an important competitive edge. Vertical integration, however, is a win-win.

How it benefits our customers

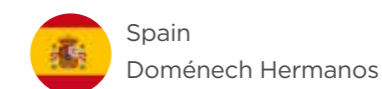
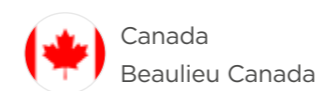
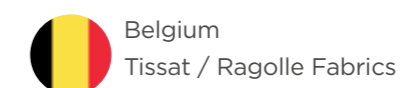
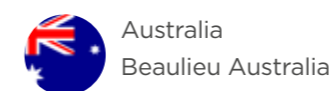
- ✓ **High quality** – By reducing our dependence on external suppliers, we acquire know-how and experience, while we also ensure the highest possible quality for our customers.
- ✓ **Customisable offering** – Because we master various manufacturing techniques and create effective synergies, we can quickly adjust certain products to meet specific customer needs.

Horizontal integration

Over the years, our Group has acquired several businesses across the globe. This means we now offer products in over 140 countries. So, when a market temporarily underperforms, there's always another one which is on the rise. Horizontal integration is also in the interest of our customers.

How it benefits our customers

- ✓ **Proximity** – Taking over facilities in new locations brings B.I.G. closer to its (potential) customers, while it reduces the need for long-distance freight transport.
- ✓ **Trust** – Expanding in size helped us to set up economies of scale and to become a market leader in multiple key markets, thus creating a trustworthy business.
- ✓ **Cross-selling** – With targeted tactics, we succeed in offering our customers products and system solutions that add great value for them.
- ✓ **New opportunities** – Adding products, facilities, manufacturing techniques, synergies, etc. to our portfolio means customers can count on us to accompany them in their own growth strategies.



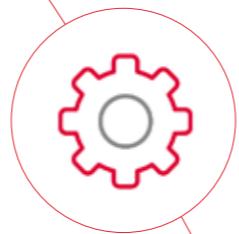
Turning integration into excellence

Looking back on a fruitful year:

We finalised our corporate strategy to give guidance and direction for the strategic initiatives within the ONE B.I.G. program.



We strengthened our Operational Excellence Program, increasingly focusing on operator involvement for continuous improvement, implementing common metrics to maximise the sharing of our in-depth and longstanding technical expertise as well as best practices across the Group.



We launched new digital solutions. Examples include advanced analytics and machine learning enabled process optimisation as well as our new CRM platform.



We implemented our Procurement organisation to maximise the availability of raw materials for our factories.



We implemented a cascaded performance management system with leading KPIs guiding our drive for performance.



We made progress in our people development strategy, with the launch of our B.I.G. University.



All of these achievements have resulted in a significant outperformance of our ONE B.I.G. financial improvement targets, with a strong rollover of sustainable benefits for 2022.



We kept focus on our working capital to support future capital expenditure (CAPEX) investment opportunities.



“Integration is not a goal in itself. The idea is to put our integrated value chains to work. Steered by our ONE B.I.G. global transformation strategy, aligned to our corporate strategy and development efforts, we are accelerating our journey towards functional excellence. In 2021, building on the collective knowledge and intelligence of our employees, we already took big steps and there’s much more to come.”

Danny Van D’huynslager, Chief Transformation Officer

chapter 03

Governance

Corporate governance statement	_____
Board of directors	_____
Risk and audit committee	_____
Renumeration and nomination committee	_____
Executive committee	_____
Statement of business ethics	_____
External audit & control	_____

Corporate governance statement

The Board of Directors provides a strong governance framework for the Group, recognising that good corporate governance is an essential component to support management in their delivery of B.I.G.'s strategic objectives. Moreover, a solid governance framework is the starting point to operate a sustainable business for the benefit of all internal and external stakeholders.

It's important to note that the process of identifying, developing and maintaining excellent standards of corporate governance is a continuous and dynamic process. This allows for changes in the Group and its business, the composition of the Board of Directors and other developments to be reflected appropriately.

B.I.G. is committed to the principles of good corporate governance and employs a sound approach to managing and steering the Group in line with the best interests of our internal and external stakeholders. Our management structure and processes are designed to optimise the performance of the Group, while reducing the possible risks and impact of our activities. The operational management of B.I.G has been delegated by the Board of Directors to the Executive Committee (ExCom).



Board of Directors

Our Board of Directors sets the overall Group strategy, decides on major investments and monitors all corporate activities for the Group. Other duties include:

- providing direction for the Group (vision, mission and goals)
- establishing a policy-based governance system
- controlling the execution of the Group strategy by management
- being a sounding board for management during the execution of the strategy

Towards more balance

In 2019, the professionalism of B.I.G. took a big leap by appointing 4 external directors, all with substantial experience in business operations. They supplement the 4 family representatives in defining the course for our Group during regular meetings. At least once a year, they organise a dedicated session to reflect on the Group's strategy.

The task of the 8 directors is clear: to pinpoint a vision to empower the business and install adequate control mechanisms.

Composition of the Board of Directors (January 2022)



Peter Vandekerckhove

Chairman

As a former CEO of KBL and Board member at BNP Paribas Fortis (among other top management positions), Peter Vandekerckhove is a tried and tested executive with vast experience in strategy and turnarounds, as well as people management. He joined the B.I.G. Board of Directors in 2019.



Luc De Clerck

Family representative

Luc De Clerck started his career in 1976 in France after his studies and was the former head of the Berry Floor Group. He has been a B.I.G. Board member since 2005.



Caroline De Clerck

Family representative

Caroline De Clerck holds a Master's degree in Commercial Sciences and has been active in Ideal Group since 2010. She worked in Germany for the automotive division of the Group and later became director of Ideal Group. In 2021, Caroline De Clerck became a Board member at B.I.G.



Stephan Colle

Family representative

Stephan Colle, a Master in International Hotel Management, is married to Ann De Clerck and has been living in South Africa since 1983. He represents the Belgotex International Group and has a seat on the Board of B.I.G. for over 15 years.



Johan Lambrecht

Johan Lambrecht is a doctor in Economics and professor at the KU Leuven. Furthermore, he is director of the Studiecentrum voor Ondernemerschap (SVO) at Odisee Brussels and has written over 300 publications in Belgium and abroad (books, articles in scientific and popular magazines, papers, etc.).



Bart Deconinck

Bart Deconinck, a Master in Applied Economics and Master in Accountancy, started his career at EY and became Managing Director at Mees Pierson. He has an extensive track record in the start-up and management of international groups, particularly in the domain of mergers and acquisitions.



Jan Vander Stichele

Family representative

Jan Vander Stichele, a Master of Science in Electromechanical Engineering, has international experience in operational excellence, innovation, strategic management and sustainability. He is a board member in different companies, ranging from stock-listed companies and federations (Fevia) to smaller businesses.



Barbara De Saedeleer

Barbara De Saedeleer is a Master in Business and Financial Sciences and holds a Degree in Marketing. Her career started in Corporate Banking with Paribas Bank Belgium, after which she became Regional Director Corporate Banking for East Flanders. In 2004, she joined Omega Pharma as Group Treasury Manager. She was appointed CFO of Omega Pharma and Member of the Executive Committee from 2007 until 2016. In 2017, she became Chief Investments and Operations Officer at Ghelamco until March 2021. She joined the B.I.G. Risk and Audit Committee in 2017.

Risk and audit committee

The Board of Directors created the risk and audit committee to assist and advise them on specific matters – a task that is executed according to the audit committee charter. For example, the committee monitors internal risk and control management systems, and reviews the Group's financial reporting and its statutory accounts. Above all, it ensures the consistency and reliability of the Group's accounts and all other financial information submitted to the Board of Directors.

The internal audit approach for B.I.G. consists of 4 pillars:

- strategic risk assessment
- process risk assessment
- internal audits
- follow-up of audit recommendations from the internal and external auditors

The risk and audit committee also meets on a regular basis with its statutory auditor, KPMG, to review and assess the conclusions and observations of the Group's statutory audit.

Composition of the risk and audit committee (January 2022)



Barbara De Saedeleer,
Chair of the committee



Bart Deconinck

Remuneration and nomination committee

The remuneration and nomination committee prepares the decisions, submits proposals and provides advice and recommendations to the Board of Directors in all remuneration matters for all top-level professionals at B.I.G. The remuneration and nomination committee meets at least 4 times a year and whenever the performance of its duties requires.

The 8 responsibilities of the remuneration and nomination committee:

#1 Developing a transparent, fair and equilibrated remuneration policy for B.I.G. top-level professionals, that allows B.I.G. to attract, retain and motivate people with the right expertise and experience.

#2 Establishing comparable remuneration packages per level to facilitate possible rotation of top-level professionals within B.I.G.

#3 Optimising the external costs of the remuneration of top-level professionals, in particular by pooling certain employee benefits, insurances, etc.

#4 Supporting and reinforcing the company's long-term strategic goals in view of the companies' overall economic situation.

#5 Advising the CEO both on the operations and performance of all executive managers. The CEO, however, isn't present during his/her own evaluation.

#6 Nominating, for approval by the Board of Directors, candidates to fill vacancies if and when they arise.

#7 Performing a thorough analysis of the aspects related to succession planning.

#8 Assisting the Board of Directors in the appointment of the members of executive management upon recommendation by the CEO, unless otherwise decided by the Board of Directors.

Composition of the remuneration and nomination committee (January 2022)

The chairman of the committee, who is appointed by the members, presides over the committee. At least one member of the remuneration and nomination committee is also a member of the Board of Directors.



Jan Vander Stichele



Annie Coppens

Executive Committee

The ExCom is responsible for the day-to-day management of the Group and for implementing and achieving the Group strategy and policies. Its members include the CEO, the Chief Financial Officer (CFO), the Chief HR Officer (CHRO), the Vice-Presidents of our Business Units and the Chief Transformation Officer (CTO).

Composition of the Executive Committee (January 2022)



Pol Deturck
Chief Executive Officer



Pieter-Jan Sonck
Chief Financial Officer



Pieter Lelieur
Chief HR Officer



Danny Van D'huynslager
Chief Transformation Officer



Wim Coppens
Vice President
Flooring Solutions



Bo Oxfeldt
Vice President Polymers
and Engineered Solutions



Statement of Business Ethics

B.I.G. is committed to conducting its business in accordance with all applicable laws, rules and regulations, and the highest ethical standards. This strong commitment is embodied in our Code of Business Conduct and Ethics and our Anti-Bribery Compliance Policy.

Both policies apply to all employees, directors, officers and internal consultants working for entities into which Beaulieu International Group NV has a controlling shareholding – either directly or indirectly. Moreover, all third parties working on behalf of B.I.G., such as agents, distributors and other representatives, are vetted pursuant to the provisions of these policies.

All B.I.G. policies and procedures are accessible by all employees on B.I.G.'s intranet portal. Also, during the on-boarding process, relevant policies and procedures are explained to new employees.

B.I.G. is committed to acting with integrity, and in compliance with all applicable national and international anticorruption and anti-bribery laws, including all relevant provisions of the Belgian Criminal Code, and as applicable, the U.S. Foreign Corrupt Practices Act, the UK Bribery Act and any other applicable anti-bribery laws in place in the countries in which B.I.G. operates.

The purpose of the Group's Code of Business Conduct and Ethics is to help employees in making ethical and legal decisions when conducting B.I.G.'s business and performing their day-to-day duties. To that end, we also organise a yearly training, including a test, for all our white-collar employees.

The Board of Directors is responsible for administering the policies, although it has delegated the day-to-day responsibility to the Group Legal Director. In addition, senior leadership confirms on a yearly basis that the business has been conducted with respect to our policies.

Code of Conduct for Suppliers

Since 2021, B.I.G. has been operating a Code of Conduct for Suppliers. In this document, we share the standards and principles we expect our suppliers to adhere to.

Conflicts of interest

Directors and members of the Executive Committee will cherish their independence of judgment at all times and will always act in the best interest of B.I.G. They will also, as much as possible, ensure that they have no conflict of interests.

If a director or a member of the Executive Committee has a direct or indirect conflicting pecuniary interest, the relevant director or member of the Executive Committee will respectively inform the Chairman of the Board of Directors or the CEO of the Executive Committee. He or she will also abstain from participating in discussions of the Board of Directors or the Executive Committee and in the voting process.

As disclosed in the statutory accounts, the Board of Directors applies the procedure defined by article 7:96 of the Belgian Code of Companies and Associations.

External audit and control

In 2020, KPMG was nominated as the statutory auditor for B.I.G. and its subsidiaries as well as for the Group's consolidated accounts. KPMG has issued an unqualified audit opinion on the statutory and consolidated financial statements of B.I.G. NV as of and for the year ended December 31, 2021.

chapter 4

**Financial
report**

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1. Financial review

1.1. Key Figures 2021

“Our 2021 financial performance has been exceptional. We have more than doubled our EBITDA performance, tripled our net result and grew our sales to 2,5 billion euro. Our polymers activities had an outstanding year, boosting our consolidated results to an all-time high. But also our other activities performed well and showed significant growth in another year impacted by COVID, supply chain disruptions and continuously rising cost base. On a global level, construction market has still continued to perform well in the course of 2021. We managed to cope with the inflationary challenges (COVID, raw materials, energy, supply chain issues, tight labour market...) and for a large part were able to pass these through in our sales prices. These dynamics on the other hand led to an increased need for working capital of around 90 million euro. In 2021, we have invested for a total amount of 56 million euro, substantially lower than the average 100 million euro over the past years. This was mainly driven by external factors, from delays on quotes and execution to lack of availability and resources due to the pandemic. Combined this resulted in a strong free cash flow of 220 million euro. For the first time B.I.G. distributed a dividend to its shareholders. This resulted in a drop of our net cash position to 22 million euro from 198 million euro last year. With this unleveraged position and a solvency ratio of 55,3% we maintain our strong balance sheet. A sound basis to grow and fund our future ambitions and strategy.”

Pieter-Jan Sonck, Chief Financial Officer

Consolidated key figures

(in mio €)	2021	2020	2019
Income Statement			
Turnover	2.511,1	1.736,8	1.855,6
Operating profit before non-recurring items	400,5	145,0	135,0
EBITDA	450,8	204,6	197,2
EBIT	378,4	126,7	123,4
Net result	274,5	87,1	83,4
Balance Sheet			
Equity	781,5	881,6	849,2
Net cash position	22,2	198,4	46,2
Total assets	1.414,2	1.237,5	1.255,2
Capital expenditure	56,2	51,0	78,1
Working capital	373,8	284,8	370,5
Capital employed	805,8	719,5	839,1
Ratios			
EBITDA on sales	18,0%	11,8%	10,6%
Solvency - Equity ratio	55,3%	71,2%	67,6%
ROCE	47,0%	17,6%	14,7%

Definitions (non-GAAP measures):

- EBIT = Profit before tax + interests + income from financial assets + non-recurring result
- EBITDA = EBIT + depreciations + write downs on stock/trade receivables + changes in provisions
- Net financial position = financial debts - cash and cash equivalents
- Working capital = inventories + trade receivables + other receivables + deferrals - trade payables - employee benefit obligations & tax payables - other current liabilities - accruals
- Capital Employed (CE) = Working capital + non-current assets
- Solvency - Equity ratio = Equity / Total Liabilities
- ROCE = EBIT / Capital Employed (CE) at balance sheet date end of year

1.2. Financial Highlights

Income statement

Our **consolidated sales** for 2021 amounts to 2,5 billion, which represents an increase of 45% compared to last year. The very strong increase was driven by an overall organic sales growth of +15% in all our three segments, and the remaining increase of +30% was mainly related to the higher raw material prices in our Polymer division, fully passed through and reflected in the sales prices.

Operating result of the Group before non-recurring items amounted to 400 million, improving by 176% or 255 million compared to 2020.

- Significant profitability uplift, with Polymers & Engineered Solutions leading the way. The strong market dynamic turned into a record operating result for the Group.

The organic growth in all our 3 segments, impacted as well our cost base structure combined with the overall cost inflation:

- Purchases increased by 60%, from 1 billion in 2020 to 1,55 billion in 2021, mainly driven by the higher underlying propylene raw material prices in our Polymers segment and the raw material price inflation in the Flooring Solutions & Engineered Solutions segment.
- Services & other goods expenses increased by 52,4 million mainly due to higher transportation costs, driven by the increased rates and the significantly higher activity level. Furthermore, energy prices increased very substantially in H2.
- The remuneration expenses increased by 25,8 million, reflecting the higher activity level in 2021.
- The depreciations on our (in)tangible fixed assets remained stable on 66,9 million in 2021.
- In 2020, 5 million write-offs on our inventory & receivables were booked, while in 2021 the amount was limited to 0,4 million.

The **non-recurring operating result** had a net cost impact of 7 million, mainly related to expenses driven by our ONE B.I.G. strategy.

Interest income and expenses amounted to a net cost of 1,8 million, improved by 1 million compared to 2020, mainly due to the lower interests costs on our lower cash position.

The net **non-recurring financial result** for 2021 shows a net loss of 4,3 million, caused by an unfavorable foreign currency impact on an intercompany dividend repatriation.

Income taxes increased by 42,6 million mainly due to the higher operational result.

The **net result** for the period thus totaled to 274,5 million, up by 187,4 million compared to 87,1 million in 2020.

Consolidated Balance sheet

The balance sheet total increased by 14% at the end of 2021 amounting to 1.414,2 million compared to 1.237,5 million at the end of 2020.

One of the largest asset classes in value, the tangible fixed assets at the end of 2021 amounted to 402,3 million compared to 400,8 million at the end of 2020. All companies of the Group together invested 51,4 million in tangible fixed assets in 2021.

Working capital increased substantially by 31% towards 373,8 million at the end of 2021 compared to 284,8 million at the end of 2020 which showed unusual low level reflecting the very strong market dynamic and supply chain disruptions at that time. On top of that, the strong increase of our cost base (raw materials, energy, ...) further pushed our working capital level up. This is also reflected in the increase of our inventories, trade receivables and trade payables. Our inventories increased by 166 million or 67%, mainly due to that strong increase of our cost base on the one hand, but also due to increased volumes to more normal (pre-COVID) year-end levels. Our trade receivables increased significantly by 62 million towards 325,4 million at the end of 2021 compared to 263,2 million at the end of 2020 triggered by higher activity level and cost inflation. Same dynamic for trade payables with an increase of 101 million, compensating for a part this working capital increase. Despite the strong increase in absolute numbers, in relative terms our working capital improved from 16,4% on sales end 2020 to 14,9% end 2021.

Our shareholders' equity decreased by 100,0 million towards 781,5 million at the end of 2021. The positive contribution to our equity consists out of our net result of 274,5 million together with a positive impact from the currency translation adjustment (strengthening of Ruble and US Dollar) for an amount of 35,3 million. This positive contribution was more than off-set by a dividend distribution of 400 million in the course of 2021 resulting in an equity position being 100 million lower.

As a result our net financial cash position went down from 198,4 million at the end of 2020 to 22,2 million at the end of 2021. Nevertheless, we remain in a unleveraged position and have ample liquidity headroom to further invest and support our growth strategy.

Consolidated Cash Flow

In 2021 we continued our strong focus on managing cash and preserving liquidity, resulting a positive free cash flow of 220 million (excluding currency impact).

The exceptionally strong EBITDA performance of 450,8 million was partly offset by the upswing in our working capital by 80,9 million, resulting in a strong cash flow from operations off 272,8 million euro.

Our capital expenditure for the year 2021 amounts to 56,1 million. The capex level in 2021 of 56,1 million euro shows to be significantly below our 5 year average, driven by supply chain restrictions and availability and resource issues.

Our strong financial performance in 2021 resulted in a cash balance on hand of 203 million at the end 2021 and solvency of 55,3%.

Segment information

Polymers

Very favorable market conditions in both Europe (EU) and North America (N.A.) drives prices and margins up to a historical high

- Overall sales volumes 6% lower than prior year, due to the impact of Hurricane Ida on our N.A. facility.
- High raw material prices driving sales prices up resulting in 83% sales increase.
- In N.A., demand for polypropylene was strong amid an ongoing expansion of US manufacturing activity, with a tight PP market due to propylene shortage and unplanned shutdowns of competitors, with very strong margins as a result.
- In the EU, high demand for polypropylene combined with a lack of propylene, limited arbitrage options due to container shortage and consequently tight supply, pushed prices and margins to unprecedented level.

Engineered Solutions

Strong demand, raw material pricing conditions and operational performance resulted in strong sales and EBITDA performance

- Demand upswing in all our major segments, +16% compared to prior year, with the exception of fibers for event carpet. Demand was benefiting from the post-COVID rebound.
- High raw material prices driving sales prices up resulting in 53% sales increase.
- In addition to higher volumes, results are further supported by raw material pricing conditions, commercial efforts in the North-American market and productivity improvements.
- In H2 cost inflation from raw materials, transportation and energy costs impacted our margin negatively.
- Nevertheless, over the full year 2021 a significant profitability uplift was realized.

Flooring Solutions

Flooring showing a continued growth for 2021

- Strong topline growth driven by a continued strong growth in the resilient and hard flooring segment combined with overall sales price increases.
- Continued price increases in raw materials with in addition the overall inflation, required challenging sales price increases for margin containment purposes.
- Event and contract market still affected by COVID-restrictions.
- Growth and demand in the residential segments remained high but gradually slowed down in 2nd half of the year.
- Market growth and volume growth limited due to raw material scarcity and container availability.
- Focus on cost containment despite overall inflation.
- Continued focus on uplifting our sales mix through investments in innovation, design and product differentiation.

1.3. Outlook

After our outstanding performance of 2021, we expect this positive momentum still to continue in Q1 2022. Given the huge uncertainties and instability facing the world today, our visibility on full 2022 performance and market dynamics is very limited. We expect global supply chain disruptions to continue together with a challenging labor market and further inflation of our cost base.

The evolution of the Group's results will also depend, amongst other things, on the following factors:

- Uncertain geopolitics and global economic evolution;
- Market conditions in some of our key segments, especially the polypropylene market conditions;
- Evolution and volatility of raw material prices (propylene, latex, PVC etc.);
- The evolution of the euro against mainly the US Dollar, Russian Ruble and British Pound.

The conflict in Ukraine will affect the Company's operational and financial performance, but future developments are unpredictable. The Company continues to analyze the potential impacts to its business operations.

Despite this challenging environment, we remain confident for 2022 and confirm our growth ambitions. The Board of Directors is convinced that the financial strength of the Group and the access to credit facilities is sufficient to face these circumstances and support our internal and external growth strategy.

1.4. Consolidated income statement

In thousand EUR	Notes	2021	2020
Turnover	3.4.	2.511.145	1.736.796
Raw materials, consumables and trade goods		-1.463.160	-1.018.048
Changes in inventory		161.207	-54.641
Services and other goods		-336.483	-284.029
Remuneration, social sec. costs and pensions		-261.402	-235.629
Depreciations		-66.948	-67.920
Write downs stock and trade debtors		-363	-4.972
Provisions for liabilities and charges		-1.074	-965
Other operating income		31.057	27.763
Other operating expenses		-12.273	-8.030
Operating profit before non-recurring items		400.499	144.965
Interest and other debt expenses		-3.401	-4.891
Income from financial assets		1.623	2.021
Depreciation goodwill		-4.055	-4.055
Other financial income		38.829	44.670
Other financial expense		-56.912	-58.922
Financial result before non-recurring items		-23.916	-21.177
Non-recurring operating income and expense	3.5.8.	-6.999	502
Non-recurring financial income and expense	3.5.8.	-4.328	9.793
Non-recurring results		-11.326	10.295
Profit before taxes		365.257	134.084
Income taxes (current and deferred)	3.5.9	-90.776	-46.976
Result for the period		274.481	87.108
Result for the period: attributable to		274.481	87.108
Share of the Group		264.468	84.076
Share of non-controlling interest		10.013	3.032

Note for the reader: The official BGAAP income statement has been represented to bring its presentation more in line with the Group's internal management reporting by clustering items of income and expenses by its nature. As a result all non-recurring income and expenses (both operating and financial) are presented under a separate heading. In addition operating income line item 'changes in inventories of finished goods and work in progress' (91,2 million euro) has been presented under 'Raw materials, consumables, trade goods, finished goods and work in progress'; operating income line items 'fixed assets - own construction' (5 million euro) has been presented under 'other operating income'.

Additional information with regards to non-GAAP measures (EBIT and EBITDA):

In thousand EUR	Notes	2021	2020
Profit before taxes		365.257	134.084
+ Interest and other debt expenses		3.401	4.891
+ Income from financial assets		-1.623	-2.021
+ Non recurring operating income and expenses		6.999	-502
+ Non recurring financial income and expenses		4.328	-9.793
EBIT		378.361	126.659
+ Depreciations		66.948	67.920
+ Depreciation goodwill		4.055	4.055
+ Write downs stock and trade debtors		363	4.972
+ Provisions for liabilities and charges		1.074	965
EBITDA		450.801	204.571

1.5. Consolidated balance sheet

In thousand EUR	Notes	2021	2020
Goodwill and intangible fixed assets	3.5.1.	27.890	32.071
Tangible fixed assets	3.5.2.	402.292	400.785
Financial fixed assets		1.774	1.778
Total Fixed Assets		431.957	434.634
Inventories		415.750	249.548
Trade receivables	3.5.3.	325.368	263.246
Other receivables	3.5.3.	15.764	16.193
Cash and cash equivalents		202.913	253.662
Deferred expenses and accrued income		22.445	20.187
Total Current Assets		982.240	802.837
TOTAL ASSETS		1.414.197	1.237.471
In thousand EUR	Notes	2021	2020
Share capital		227.002	227.002
Retained earnings and Reserves		575.766	711.148
Translation Differences		-21.260	-56.588
Total Equity	3.5.4.	781.508	881.563
Non-controlling interest		11.162	8.241
Provisions for liabilities	3.5.5.	16.380	13.768
Deferred taxes		18.492	14.059
Total provisions and deferred taxes		34.871	27.827
Financial debts	3.5.6.	11.693	12.717
Other non-current liabilities	3.5.7.	425	189
Total non-current liabilities		12.118	12.906
Financial debts	3.5.6.	169.012	42.578
Trade payables	3.5.7.	290.817	189.893
Employee benefit obligations and Tax payables	3.5.7.	96.186	54.646
Other current liabilities	3.5.7.	2.598	1.706
Accrued charges and deferred income		15.924	18.111
Total current liabilities		574.537	306.934
TOTAL LIABILITIES		1.414.197	1.237.471

1.6. Consolidated cash flow

In thousand EUR	2021	2020
Net result	274.481	87.108
Non cash Movements	79.306	69.072
Increase(-) / decrease (+) in working capital	-80.943	62.889
Cash flow from operating activities	272.844	219.069
Additions of (in)tangible fixed assets (-)	-56.168	-51.007
Disposals of (in)tangible fixed assets (+)	3.209	2.356
Disposals of Financial fixed assets (+)	0	0
Cash flow from investing activities	-52.959	-48.651
Consolidated free cash flow	219.885	170.418
Dividends received / paid (+/-)	-407.332	-5.097
Net debt movements	-2.607	-64.825
Cash flow from financing activities	-409.939	-69.921
Net change in cash and cash equivalents	-190.053	100.497
Cash and cash equivalents at the beginning of the year	221.000	169.772
Conversion difference on net cash	13.014	-16.607
Cash and cash equivalents at the end of the year	43.961	253.662

2. Notes to the selected financial information

2.1. General

Beaulieu International Group NV (the “Company” or “Group”) is a company headquartered in Belgium. The Company has its registered office at Kalkhoevestraat 16, 8790 Waregem with registration number 0442.824.497.

The total consolidated equity of the Company is 781,5 million in 2021 compared to 881,5 million euro in 2020. This includes a share capital of 227 million euro, represented by 774.133 capital shares. The consolidated financial statements for the period beginning on January 1st, 2021 and ending on December 31st, 2021, from which the selected financial information has been derived, are subject to approval by the Shareholders meeting of the Company on May 24th, 2022.

2.2. Basis of Accounting

The consolidated financial statements have been prepared in accordance with BGAAP, the Belgian Generally Accepted Accounting Principles. According to BGAAP, the historical cost principle is applied as measurement basis and the accounting policies have been applied consistently from year to year.

2.3. Functional and presentation currency

The consolidated financial statements are presented in euro, which is the Company’s functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

According to BGAAP, the historical cost principle is applied as measurement basis and the accounting policies have been applied consistently from year to year.

2.4. Use of judgements and estimates

In preparing the consolidated financial statements, management has made judgements and estimates that affect the application of the Group’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

2.5. Significant Accounting Policies

2.5.1. Foreign currencies

Foreign currency translation

Each entity of the Group reports in its individual functional currency, i.e. the currency of the economic environment in which the entity operates. Therefore, the financial statements of foreign subsidiaries, with a financial currency different from EURO (USD, RUB, NOK, etc.), need to be converted in euro, as follows:

- Assets and liabilities, except for shareholders’ equity, are translated at the official closing rate at the end of the period;
- Income and expenses are converted at an average rate for the year;
- Shareholders’ equity items are carried at their historical rates.

Translation gains and losses resulting from the difference between the average rates and the closing rates at the end of the year/period are incorporated in the shareholders’ equity under the heading “translation differences”.

Foreign currency transactions

Foreign currency transactions (amounts receivables and payables in foreign currencies) are recognized in the functional currency of each entity at a certain exchange rate during a certain period (i.e. different from the functional currency of the company). The exchange rate is applicable at the transaction date, meaning the date when the actual transaction is recognized. Gains and losses as a consequence from the settlement of foreign currency transactions and from the translation of monetary assets (see foreign currency translation) are reported in the income statement as a financial result.

2.5.2. Goodwill

The definition of goodwill entails the positive difference between the purchase price of a new participating interest and the net book value of the net assets obtained upon the acquisition. The positive consolidation differences are amortized on a straight-line basis over a period of 10 years. Positive consolidation differences are subject to impairment reviews, if economic conditions or technological developments have a negative impact on the future business value of the entity.

2.5.3. Intangible fixed assets

Intangible fixed assets comprise development costs; concessions, patents, licenses, know-how, trademarks and other similar rights; advance payments in respect of intangible fixed assets. The intangible assets are measured at acquisition cost. Intangible assets are amortized over their useful estimated economic life. Depreciation charges are calculated on a straight-line basis. Annual depreciation rates for intangible assets are as follows:

- Development costs of R&D projects: 20%
- Software: 20%
- Patents, licenses and other similar rights: useful life of the asset

An impairment loss will be recorded if the carrying amount of the intangible asset surpasses its recoverable amount.

2.5.4. Tangible fixed assets

The tangible fixed assets are carried at cost less any accumulated depreciation. Costs include all direct costs and costs incurred to bring the asset to its working conditions. On the other hand, borrowing costs (i.e. interests) are not included in the acquisition cost of the tangible fixed assets.

Tangible assets with a limited useful life are reduced to its estimated residual value by the systematic allocation of depreciation over the asset's useful life. The depreciation percentages are calculated on a straight-line basis. The Group has determined appropriate annual depreciation rules per type of asset. Annual depreciation rates for tangible fixed assets:

- Land: 0%
- Buildings: 5%
- Plant, machinery and equipment: 5%-10%
- Rail cars: 4%
- Vehicles and furniture: 20%
- Assets under construction & advance payments: 0%

Extraordinary depreciations are recorded on tangible fixed assets when for economical or technical reasons the carrying value is higher than the useful value of the asset for the company.

2.5.5. Inventories

Inventories are measured at the lower of cost and net realizable value ("LOCOM") at balance sheet date. In determining the cost, the FIFO principle is used (First-In, First-Out). For manufactured inventories, cost means the full cost including direct and indirect production costs.

The net realizable value is equal to the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.5.6. Trade receivables

Trade receivables are measured at amortised cost, less the appropriate impairments for the unrecoverable amounts. At each reporting date, the Group assesses whether there exist receivables that need to be impaired. A trade receivable is impaired if it is possible that the entity will not, or will only partially, collect the amounts due.

2.5.7. Amounts payable within one year

The amount payables are recorded at amortised cost.

2.5.8. Deferred income/charges & accrued income/charges

Accruals and deferrals are used to assign income and charges to a correct period, i.e. the period where the accrual and deferral refers to. For instance, it comprises prepaid/accrued interests, rent, insurance premiums, commercial entrance fees, fair fees, etc.

2.5.9. Deferred taxes

Deferred taxes are the amount of income tax recoverable or payable in future periods. Furthermore, the Group does not recognize deferred tax assets in accordance with the prudence principle from BGAAP.

2.5.10. Provisions for liabilities and charges

Provisions are recognized if the following three conditions are met:

- It has a current legal or constructive obligation as a result of a past event;
- It is possible that an outflow of resources will be required to settle the obligation;
- A reliable estimate can be made of the amount that potentially have to be paid.

2.5.11. Revenue recognition

Revenue represent the net amounts invoiced to external customers of goods and services, excluding value added and sales taxes, and after deducting any volume discounts and rebates.

In case the customer has a right of return (e.g. buy back obligation in case of inadequate sales to end customer) adequate provisions for the estimated (future) costs involved should be accounted for (e.g. based on historical data).

2.5.12. Non-recurring income & expenses

Income and expenses that are not related to the ordinary course of operations or business are classified as non-recurring income and expenses in the consolidated income statement. Income and expenses to which this classification applies are (non-exhaustive):

- Income from the sale of land or business divisions;
- Costs of acquiring new entities;
- Income or expenses that are non-recurring by nature, such as settlements paid to non-business-related disputes, restructuring costs.

2.5.13. Non-controlling interest

Non-controlling interest are the shares of minority or non-controlling shareholders in the equity of subsidiaries, which are not fully owned by the Company.

3.4. Turnover By Segment

In thousand EUR	Consolidated third party sales	Consolidated sales
Polymers	1.110.428	1.243.536
Engineered solutions	402.136	453.648
Flooring solutions	976.156	977.633
Other	22.425	18.152
Intersegment	-	-181.823
CONSOLIDATED	2.511.145	2.511.145
TURNOVER 2021		

In thousand EUR	Consolidated third party sales	Consolidated sales
Polymers	612.849	680.749
Engineered solutions	258.480	294.938
Flooring solutions	845.094	845.154
Other	20.373	17.318
Intersegment	-	-101.363
CONSOLIDATED	1.736.796	1.736.796
TURNOVER 2020		

3.5. Balance Sheet Items

3.5.1. Goodwill & Intangibles

In thousand EUR	R&D	Concessions, patents and similar rights	Goodwill	Assets under construction	Consolidation Goodwill	Other	Total intangible fixed assets
Acquisition value							
Balance on 1 January 2020	16.975	79.993	1.528	0	107.910	4	206.410
Additions	1.066	3.861					4.927
Disposals and retirements (-)		24			607		631
Transfer to other asset categories		84					84
Effect of foreign currency exchange differences (+/-)		-2.388					-2.388
Other movements							0
Balance on 31 December 2020	18.041	81.526	1.528	0	107.303	4	208.402
Additions	998	3.561	0				4.559
Disposals and retirements (-)	0	168	0		0		168
Transfer to other asset categories	0	1.745	0				1.745
Effect of foreign currency exchange differences (+/-)	0	2.197	0				2.197
Other movements							0
Balance on 31 December 2021	19.039	88.861	1.528	0	107.303	4	216.735
Accumulated depreciation and impairment losses							
Balance on 1 January 2020	14.329	65.093	1.236	0	86.607	0	167.265
Depreciations recorded	1.244	6.451	97		4.055	3	11.850
Disposals and retirements (-)		24			607		631
Transfer to other asset categories							0
Effect of foreign currency exchange differences (+/-)		-2.155	3				-2.152
Other movements							0
Balance on 31 December 2020	15.573	69.365	1.336	0	90.054	3	176.331
Depreciations recorded	1.316	5.222	57		4.055		10.649
Disposals and retirements (-)		168					168
Transfer to other asset categories		0					0
Effect of foreign currency exchange differences (+/-)		2.028	-2				2.025
Other movements							0
Balance on 31 December 2021	16.889	76.447	1.390	0	94.109	3	188.839
Carrying Amount							
Balance on 31 December 2020	2.468	12.161	192	0	17.248	1	32.070
Balance on 31 December 2021	2.150	12.414	138	0	13.193	1	27.896

3.5.2. Tangible Assets

In thousand EUR	Land & buildings	Plant machinery & equipment	Furniture & vehicles	Leasing, oth. similar rights	Oth. tangible assets	Assets under construction	Total tangible fixed assets
Acquisition value							
Balance on 1 January 2020	368.105	1.169.665	67.000	423	6.024	35.032	1.646.249
Additions	4.296	18.865	1.733		607	20.797	46.298
Disposals and retirements (-)	121	15.668	1.402	110	39	353	17.693
Transfer to other asset categories	8.139	28.125	1.127		6	-37.481	-84
Effect of foreign currency exchange differences (+/-)	-11.318	-28.302	-3.351	-3	-8	-3.412	-46.394
Other movements							0
Balance on 31 December 2020	369.101	1.172.685	65.107	310	6.590	14.583	1.628.376
Additions	4.901	10.927	2.256	-0	305	33.148	51.537
Disposals and retirements (-)	1.488	13.478	719	151	9	7	15.853
Transfer to other asset categories	5.829	14.529	1.022	0	0	-23.126	-1.745
Effect of foreign currency exchange differences (+/-)	10.712	24.089	2.577	2	0	677	38.058
Other movements							0
Balance on 31 December 2021	389.055	1.208.752	70.243	161	6.886	25.275	1.732.079

Accumulated depreciation and impairment losses

Balance on 1 January 2020	214.930	954.078	47.081	260	2.297	2	1.218.648
Depreciations recorded	9.951	36.838	4.642	49	513		51.993
Disposals and retirements (-)	120	14.705	1.413	68	39		16.345
Transfer to other asset categories							0
Effect of foreign currency exchange differences (+/-)	-4.121	-20.732	-1.851		-1		-26.705
Other movements							0
Balance on 31 December 2020	220.640	955.479	48.459	241	2.770	2	1.227.591
Depreciations recorded	10.968	44.277	4.632	31	537		60.444
Disposals and retirements (-)	526	12.974	672	122	6		14.300
Transfer to other asset categories	-1	1	1	0	0		0
Effect of foreign currency exchange differences (+/-)	4.212	18.549	1.580	2	0		24.344
Other movements							0
Balance on 31 December 2021	235.294	1.005.332	54.000	151	3.301	2	1.298.079

Carrying Amount

Balance on 31 December 2020	148.461	217.206	16.648	69	3.820	14.581	400.785
Balance on 31 December 2021	153.761	203.421	16.243	10	3.586	25.273	402.294

In 2021, the tangible fixed assets carrying amount increased by 1,5 million euro due to a higher investment level compared to the investments level in the year 2020. Assets under constructions increased to 25,2 million euro, the result of the continuing new capex projects. The biggest category of the tangible assets contains plant, machinery and equipment, with a share of approx. 50% of the total tangible assets.

3.5.3. Trade & Other Receivables

In thousand EUR	2021	2020
Trade receivables	306.171	245.281
Bills receivable	2.119	2.730
Income receivable	5.573	7.478
Advance payments	11.722	8.087
Write down / Advance payments (-)	-286	-316
Doubtful receivables	13.441	16.210
Write down / Doubtful receivables (-)	-13.371	-16.224
Total trade receivables	325.368	263.246
VAT and other tax receivables		
Other amounts receivable more than 1 year	130	159
Other amounts receivable within 1 year	15.633	16.034
Total other amounts receivable	15.764	16.193
Total	341.132	279.439

The carrying amount of our trade & other receivables increased by 22% or 61,7 million euro in 2021 compared to 2020. The increase is mainly due to the higher activity level in Q4 2021 compared to Q4 2020, which resulted in higher trade receivables. The decrease of 3 million euro on write downs on doubtful receivables is mainly due to the final settlement of old irrecoverable receivables.

3.5.4. Statement Changes in Equity

In thousand EUR	Capital	Reserves	Translation Differences	Total equity
Balance on 1 January 2020	227.002	627.073	-5.003	849.071
Profit of the period		3.032		3.032
Change in translation differences			-51.585	-51.585
Dividends				0
Changes in consolidation scope				0
Other movements		81.044		81.044
Balance on 31 December 2020	227.002	711.148	-56.588	881.563
Profit of the period		264.468		264.468
Change in translation differences			35.328	35.328
Dividends		-400.000		-400.000
Changes in consolidation scope				0
Other movements		150		150
Balance on 31 January 2021	227.002	575.766	-21.260	781.508

In 2021, the total equity decreased by 100 million euro or 11,3% to an amount of 781,5 million euro. The evolution is mainly caused by the dividend distribution of 400 million euro and net result of 264,5 million euro. The positive impact on translation differences 35,3 million euro is mainly related to the strengthening of the USD and RUB.

3.5.5. Provision for Liabilities and Charges

In thousand EUR	2021	2020
Pensions and similar obligations	4.540	4.422
Taxes	5.851	4.246
Environmental liabilities	1.272	372
Other liabilities and charges	4.717	4.727
Provisions for liabilities	16.380	13.768

The overall provisions increased by 2,6 million euro in 2021. An addition of 0,9 million euro in the category “Environmental liabilities” and an increase of 1.6 million euro in “Taxes”.

3.5.6. Financial debt

In thousand EUR	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total
Leasing and similar obligations	71	24	0	95
Credit institutions	40.423	11.876	0	52.299
Other loans	2.084	817	0	2.901
Balance on 31 December 2020	42.578	12.717	0	55.295
Leasing and similar obligations	0	18		18
Credit institutions	169.012	11.594		180.606
Other loans		81		81
Balance on 31 December 2021	169.012	11.693	0	180.705

The total financial debt in 2021 increased by 126 million euro compared to 2020, which is in line with the corresponding increase in the short term liabilities.

The financial debt within one year, more specifically debt towards credit institutions, increased with 126 million euro as the result of the withdrawal of 100 million of the syndicated loan facility.

As a general principle, loans are entered into by Group companies in their local currency to avoid currency risk. If funding is in another currency without an offsetting position on the balance sheet, the companies hedge the currency risk through derivatives (cross-currency interest-rate swaps or forward exchange contracts).

Debt towards credit institutions is partially secured.

3.5.7. Trade and Other Payables

In thousand EUR	2021	2020
Trade payables	290.817	189.893
Trade Payables	290.817	189.893
Remuneration and social security costs	43.336	37.592
Taxes & VAT payable	52.850	17.054
Employee benefit obligations and Tax payables	96.186	54.646
Other non-current liabilities	425	189
Other current liabilities	2.598	1.706
Other liabilities	3.024	1.895
Total	390.027	246.435

In 2021, the total trade and other payables increased by 143,6 million euro to the total level of 390 million euro. The main drivers are trade payables (increase of 101 million euro) taxes & VAT payables (increase of 41,5 million euro).

3.5.8. Non-Recurring income and expenses

In thousand EUR	2021	2020
Non recurring operating income	3.120	9.142
Reversal of depreciation and impairments of (in)tangible fixed assets	-	8.100
Reversal of provisions for extraordinary liabilities and charges	-	-
Gains on disposal of intangible and tangible fixed assets	2.195	-
Other non-recurrent operating income	925	1.042
Non recurring operational charges	10.119	8.640
Depreciation and amortisation of (in)tangible fixed assets	92	89
Provisions for extraordinary liabilities and charges (additions)	699	367
Losses on realisation of intangible and tangible fixed assets	780	77
Other non recurring operational charges	8.548	8.107
Non-recurring financial income	-	13.259
Gains on disposal of financial fixed assets	-	1
Other non-recurring financial income	-	13.258
Non-recurring financial charges	4.328	3.466
Gains on disposal of financial fixed assets	-0	0
Other non-recurring financial income	4.328	3.466
Total	-11.326	10.295

In 2021, the non-recurring operational and financial loss amounts to 11,3 million euro compared to the a net profit of 10,3 million euro in 2020.

The non-recurring operational result had a net loss impact of +7 million euro, being the combined impact of non-recurring operating income for 3,1 million euro, related to the gain on sales fo intangible fixed assets and non-recurring operating costs for 8,6 million euro, mainly driven by restructuring costs of 1,2 million euro and expenses related to our Forward 2025 strategy 6,4 million euro.

The net non-recurring financial result for 2021 shows a net loss 4,3 million euro, caused by a negative foreign currency impact on an intercompany dividend repatriation.

3.5.9. Deferred and Income tax

In thousand EUR	2021	2020
Deferred taxes	-4.262	-3.044
Income Taxes	-86.514	-43.932
Income taxes	-88.434	-45.393
Adjustments of income taxes and WB of tax provisions	1.920	1.461
Total	-90.776	-46.976

Our tax cost increased by 42,6 million euro in 2021, reflecting the higher operational result.

3.6. Risks, uncertainties and contingencies

Like any other company, the Group is exposed to market operational and financial risks, that affect its assets and liabilities. The main market risks that the Group faces relate to variations in exchange rates (currency risk), interest rates, the accessibility of funds in order to operate (liquidity risk), the risk of default (credit risk) by third parties and variations in commodity prices (commodity risk). These risks are mitigated by business controls, organizational structure, management methods, and internal control systems of the Group. The Group mainly hedges the risks that affect the Group's cash flow.

3.6.1. Exchange rate risk (currency risk)

Due to international operations that the different affiliates carry out, the Group is subject to exchange rate risk. It is exposed to both translational and transactional foreign exchange risk.

A translational currency risk arises when the financials of the foreign subsidiaries are converted into the Group's presentation currency, the Euro. The main currencies are US Dollar, Russian Ruble and Norwegian Crown. Since there is no impact on the cash flows, the Group normally does not hedge against such risk.

The Group is further exposed to transactional currency exposure resulting from its investing (acquisitions, dividend payments), financing (financial liabilities in foreign currency) and operating activities (commercial activities with sales and purchases in foreign currencies):

- Currency risk resulting from investing activities is hedged if a material exposure arises.
- It is the Group's policy that each entity needs to be financed in its functional currency. Any currency risk resulting from financing activities should therefore be fully hedged if market situation allows.

For the currency risk resulting from commercial activities, the Group has a hedging policy in place whereby following principles apply: firm commitments (transactions recorded on the balance sheet) need to be fully hedged, highly probable forecasted exposure (based on sales or purchase orders) needs to be hedged between 75 and 80%.

3.6.2. Interest rate risk

Interest rate risk arises from the fluctuation of short term and long term interest rates which may impact future cashflows of the Group. Given the current debt situation of the Group, the main interest rate risk on debt relates to the Chinese Renminbi denominated debt which is short term and at floating interest. The other material debt is denominated in US Dollar of which the long term portion (78% of the total USD denominated debt) is at fixed rate.

3.6.3. Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its short-term financial obligations as they come due. The Group is monitoring these obligations on an ongoing basis. To ensure liquidity and financial flexibility at all times, the Group has several uncommitted short-term credit lines at its disposal in the major

currencies (Euro, Russian Ruble, Chinese Renminbi). These facilities are generally of the mixed type and may be used for advances, overdrafts, discounting. The Group has also a committed syndicated credit facility at its disposal of 200 million euro with maturity May 2026 (100 million euro drawn end of 2021). The Group also set up a 20 million euro Commercial Paper program in December 2021, to be launched beginning 2022.

3.6.4. Credit risk

The Group is exposed to credit risk from its operating activities. The company's bad debt exposure depends on solvability of its clients, which is consequently dependent on the economic environment in which its customers operate. More than 90% of our outstanding receivables are covered by our external credit insurance agreements. In case the customer is not (sufficient) insured, the Group uses a credit policy which considers the risk profiles of the customers in terms of the market segment to which they belong. Based on different characteristics (e.g. product sector, geographical area), a credit risk analysis is made of the different customers. An assessment is made regarding the coverage of the existing risk, which is being monitored on an ongoing basis. We believe the risk of non-recoverability to be small in view of the reputation and solvency of our clients, the diversification of our client portfolio, and the constant monitoring of our outstanding receivables.

3.6.5. Commodity risk

Commodity risk is the risk that future income fluctuates due to changes in the prices of commodities. The Group's main commodity risks are linked to the price evolution. When possible, the commodity risk is mitigated through contractual agreements with suppliers. For Polymers, the Group is exposed to price fluctuations in the spread between propylene and polypropylene.

3.7. Financial Instruments

The Group only enters into financial derivatives when there exists either an underlying transaction or a forecasted exposure. Speculative positions are not allowed. At period end, the mark-to-market of the financial instruments is offset against the revaluation of the underlying transactions. In line with the prudence principle, any remaining unrealized loss is taken into result, unrealized gains are kept on the balance sheet.

Following table summarizes the situation end 2020:

Instrument	Notional volume	MtoM	Maturity
FX Forward	53,8 Mio EUR	-0,2 Mio EUR	Up to 1 year
FX Swaps	62,0 Mio EUR	-0,4 Mio EUR	Up to 1 year
Commodity Swaps	-	-	

3.8. Commitments

In our polymers segment, we have significant purchase agreements for our raw materials: Polychim Industrie has an agreement for the annual purchase of minimum 160 thousand tons of propylene until the end of 2022. Pinnacle Polymers has an agreement for the annual purchase of minimum 397 thousand tons of propylene until the end of 2029. We have also entered into certain operating leases to finance certain buildings, fleet, rail cars etc. which are recorded off-balance sheet. Key differences between BGAAP and IFRS Financial statements prepared under the Belgian accounting framework have a mandatory predefined tabular presentation format, which comprises a balance sheet, income statement, and a limited number of disclosure notes. Under BGAAP, the consolidated financial statements do not include a cash flow statement. On the other hand, IFRS requires a complete set of financial statements, i.e. balance sheet, statement of profit or loss and other comprehensive income, statement of changes in equity, cash flow statement and more extensive disclosure notes than the notes under BGAAP. Furthermore, the classification of certain items within the balance sheet or income statement can vary between BGAAP and IFRS. For instance, under BGAAP expenses are always presented by nature whereas under IFRS these could be classified by function.

Leases (from the perspective of the lessee)

Under BGAAP, leases are required to be classified as either finance lease (on-balance) or operating leases (off-balance). A finance lease is deemed to exist when the sum of the minimum lease payments is equal to or greater than the lessor's investment in the leased asset, including related interest and other transaction costs.

IFRS does not make a distinction between finance and operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to finance lease accounting under BGAAP.

Deferred taxes

Under IFRS, deferred tax assets are recognized but only to the extent that it is probable that future taxable profits will be available against which deductible temporary differences, unused tax losses and credits can be utilized. Under BGAAP the Company only recognizes deferred tax assets to the extent of the deferred tax liabilities.

3.9. Auditor's Report – KPMG

Beaulieu International Group NV has prepared its consolidated financial statements in compliance with the accounting principles applicable in Belgium ("BGAAP"). The financial information contained within this annual report has been derived from the audited consolidated financial statements of Beaulieu International Group NV for the fiscal year ending 31 December 2021 and supplemented with selected relevant financial information. The statutory auditor is KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises, represented by Filip De Bock, has issued an unqualified audit opinion on the consolidated financial statements. The audited consolidated financial statements will be filed within one month after the shareholders meeting on May 24th, 2022 and will be available on the website of the National Bank (www.balanscentrale.be).

3.10. List of entities

Beaulieu International Group entity	Country of incorporation	% of ownership in 2021	% of ownership in 2020	Consolidation method
B.I.G. Finance Australia PTY LTD	Australia	100%	100%	I
B.I.G. Invest Australia PTY LTD	Australia	100%	100%	I
Beaulieu of Australia	Australia	100%	100%	I
Sterling Mill	Australia	100%	100%	I
B.I.G. Coördination Center NV	Belgium	100%	100%	I
B.I.G. Floorcoverings NV	Belgium	100%	100%	I
Beaulieu Fabrics NV	Belgium	100%	100%	I
Beaulieu Fibres International NV	Belgium	100%	100%	I
Beaulieu ICT NV	Belgium	100%	100%	I
Beaulieu Maintenance Services NV	Belgium	100%	100%	I
Beaulieu Services NV	Belgium	0%	100%	I
Beaulieu Technical Textiles NV	Belgium	100%	100%	I
Bercolease NV	Belgium	100%	100%	I
Berry Finance NV	Belgium	100%	100%	I
BerryAlloc NV	Belgium	100%	100%	I
BFS Europe NV	Belgium	100%	100%	I
Burchtdam NV	Belgium	100%	100%	I
Goed Ter Lembeek NV	Belgium	100%	100%	I
Ideal Fibres & Fabrics Wielsbeke NV	Belgium	100%	100%	I
Ideal Floorcoverings Wielsbeke NV	Belgium	100%	100%	I
Industrial Wood Flooring NV	Belgium	0%	100%	I
Interdeko NV	Belgium	100%	100%	I
Oostimmo NV	Belgium	100%	100%	I
Tessutica NV	Belgium	100%	100%	I
Beaulieu Canada LTD	Canada	100%	100%	I
Beaulieu Fibres & Yarns Weihai Co	China	100%	100%	I
Beaulieu Management Consulting (Shanghai) Co	China	100%	100%	I
Beaulieu Rihzao Floorcoverings Ltd	China	100%	100%	I
Beaulieu Technical Textiles Weihai Ltd. Co	China	100%	100%	I
Ke Lai Materials Testing Technology Shanghai CO LTD	China	100%	100%	I
Shanghai Baoliyou Trading CO LTD	China	100%	100%	I
B.I.G. Floorcoverings France SAS	France	100%	100%	I
Beaulieu Finance France SA	France	100%	100%	I
Berry Wood SAS	France	99,48%	99,48%	I
Distriplast Flandre SAS	France	99,46%	99,46%	I
Ideal Fibres & Fabrics Comines SAS	France	99,48%	99,48%	I
Polychim Industrie SAS	France	99,00%	99,00%	I
Polychim SAS	France	99,00%	99,00%	I
B.I.G. Floorcoverings GMBH	Germany	100%	100%	I
Beaulieu Investment Asia Co Limited	Hong-Kong	100%	100%	I

Beaulieu International Group entity	Country of incorporation	% of ownership in 2021	% of ownership in 2020	Consolidation method
Tiane Holding LTD	Hong-Kong	100%	100%	I
Beaulieu Fibres International Terni SRL	Italy	100%	100%	I
Beaulieu Immobiliare Italia SRL	Italy	100%	100%	I
B.I.G. Flooring Kazakhstan LLP	Kazakhstan	100%	100%	I
Alloc A.S.	Norway	100%	100%	I
Fiboveien 26 AS	Norway	100%	100%	I
Beaulieu Polska	Poland	100%	100%	I
Tessutica Romania	Romania	100%	100%	I
OOO Juteks Russia	Russia	100%	100%	I
Opus TD OOO	Russia	100%	100%	I
Juteks d.o.o. Slovenia	Slovenia	100%	100%	I
Berry Iberica SA	Spain	100%	100%	I
Berry Tuft SAS	Spain	100%	100%	I
Doménech Hermanos	Spain	100%	100%	I
BerryAlloc AB	Sweden	100%	100%	I
Beaulieu Turkey Flooring Trading	Turkey	100%	100%	A
B.I.G. Floorcoverings UK Ltd.	UK	100%	100%	I
B.I.G. Floorin Ukraine	Ukraine	100%	0%	I
Beauflor USA LLC	USA	100%	100%	I
BIG USA Inc	USA	100%	100%	I
BIG USA Real Estate LLC	USA	100%	100%	I
Pinnacle Polymers LLC	USA	95,79%	95,79%	I
Polychim USA Inc	USA	99,00%	99,00%	I

I = Integral consolidation method

A = Acquisition value



Beulieu
International
Group



Beulieu International Group

Kalkhoevestraat 16 box 0.1

BE-8790 Waregem

T. +32 56 62 59 00

www.bintg.com