ANNUAL REPORT
2021

Tessenderlo Group
EVERY MOLECULE COUNTS

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Company profile

With a history that dates back to 1919, Tessenderlo Group has evolved over recent years from a chemical company into a diversified industrial group that focuses on agriculture, valorizing bio-residuals, energy, and providing industrial solutions with a focus on water.

With more than 4,800 people working at over one hundred locations across the globe, Tessenderlo Group is a leader in most of its markets. We primarily serve customers in agriculture, food, industry, construction and health and consumer goods end markets.

Tessenderlo Group's activities are subdivided into four operating segments:

The **Agro segment** combines our activities in the production, trading and marketing of crop nutrition (liquid crop fertilizers and potassium sulfate fertilizers based on sulfur) as well as crop protection products. The Agro segment includes the Crop Vitality™, Tessenderlo Kerley International and NovaSource® business units.

Our activities in animal by-product processing are combined in the **Bio-valorization segment**. This consists of PB Leiner (the production, trading and sales of gelatins and collagen peptides) and Akiolis (the rendering, production and sales of proteins and fats).

The **Industrial Solutions segment** includes products, systems and solutions for the processing and treatment of water, including flocculation and precipitation. The Industrial Solutions segment includes DYKA Group (with DYKA, JDP and BT Nyloplast), Kuhlmann Europe and moleko™.

The **T-Power segment** includes the activities of Tessenderlo Group regarding the generation of electricity, in particular, the 425 MW CCGT power plant (Combined Cycle Gas Turbine) of T-Power.

Tessenderlo Group is marketing its products and services worldwide, with branches all over the world, through its four segments.

Agro

Crop Vitality | NovaSource: 12 production plants and 1 scheduled for construction, and more than 100 terminals (US).

Tessenderlo Kerley International: production plants in Belgium (1), France (1), Turkey (1), and 1 scheduled for construction (the Netherlands), and 10 terminals in Europe and Mexico.

Bio-valorization

PB Leiner: 3 production plants in Europe (Belgium, Germany, UK), 1 in China and 3 in the Americas (US, Argentina, Brazil).

Akiolis (France): 3 production plants, 28 collection centers (C1/C2 categories) and 8 production plants, 20 collection centers (C3 category & food grade) and 1 production plant (Violleau).

Industrial Solutions

DYKA Group: 8 production plants (2 in the Netherlands, 1 in Belgium, 2 in France, 1 in Germany, 1 in Poland and 1 in Hungary) and more than 70 branches in Europe.

Kuhlmann Europe: 4 production plants (2 in Belgium, 1 in France and 1 in Switzerland).

moleko: 3 production plants (US).

T-Power

T-Power: 1 production plant (Belgium).

Tessenderlo Group realized a consolidated turnover of 2.1 billion EUR in 2021. The company is listed on Euronext Brussels and is part of the Next 150 and BEL Mid indices. Financial news sources: Bloomberg: TESB BB – Reuters: TesB.BR – Datastream: B:Tes.

2021

ACTIVITY REPORT

2021 highlights

In March 2021, Tessenderlo Kerley International (Agro segment) announced the construction of a new Thio-Sul® (ammonium thiosulfate) manufacturing plant in Geleen (the Netherlands). The plant is currently scheduled to be operational as from the third quarter of 2023.

In the first quarter of 2021, Tessenderlo Group created a new growth unit, “Violleau”, to support the growth of organic agricultural solutions in Europe. With effect from 2022, Violleau will be included in the Agro segment.

In August 2021, the group reached an agreement to divest the MPR and ECS activities (Industrial Solutions segment). The divestment comprises the main assets of these activities.

moleko™
TESSENDERLO GROUP

In the third quarter of 2021, the Mining & Industrial business unit changed its name to moleko (Industrial Solutions segment).

KUHLMANN Europe
part of Tessenderlo Group

In the fourth quarter of 2021, the Performance Chemicals business unit changed its name to Kuhlmann Europe (Industrial Solutions segment). Kuhlmann Europe terminated its operating agreement in 2021 for the production of sulfur derivatives in Tessenderlo, Belgium (Kuhlmann Belgium). The deteriorating market conditions, the continuing limited availability of raw materials, and increased electricity prices made the sulfur derivatives activity economically unfeasible. In the 2021 results, Tessenderlo Group recognized restructuring expenses in accordance with the termination clauses of the operating agreement, while the yearly contribution of sulfur derivatives to the group’s results was not significant.

At the end of 2021, Tessenderlo Kerley, Inc. (TKI) announced its plans to construct a new plant in Defiance, Ohio (US), serving the Eastern Great Lakes region. The new facility will focus on TKI's leading liquid sulfur-based crop nutrition brands Thio-Sul®, KTS®, K-Row 23®, as well as sulfite chemistries for the industrial markets. The plant is expected to become operational in the first quarter of 2024 (Agro and Industrial segments).

In December 2021, Tessenderlo Group agreed to acquire the assets of Fleuren Tankopslag B.V., a tank storage and transshipment company for liquid products in the Port of Cuijk (the Netherlands). The acquisition is expected to be completed in the second quarter of 2022. After completion of the acquisition, the group will integrate the Fleuren Tankopslag operations within the Tessenderlo Kerley International business unit. The transaction will have no material impact on the results of the group.

PB Shengda (Zhejiang) Biotechnology Co., Ltd, a 50% joint-venture between Tessenderlo Group and Zhejiang Shengda Ocean Co., Ltd., was established in June 2020 for the construction of a marine collagen peptides plant. Both partners agreed in 2021 to terminate the joint-venture agreement. This will have no material impact on the results of the group. PB Leiner however confirms its ambition to become active in the marine collagen market (Bio-valorization segment).

After the balance sheet date

- In February 2022, Tessenderlo Group announced that it intends to acquire the production plant and the associated business of Pipelife France in Gaillon (Eure, France). The Gaillon plant specializes in the manufacturing of pipes for gas, water, and cable protection. The transaction is expected to reach completion in the course of 2022. After completion of the acquisition, Tessenderlo Group intends to integrate the business within the DYKA Group business unit (Industrial Solutions segment). This transaction will not materially impact the results of Tessenderlo Group.
- The group also announced that its growth unit Violleau plans to construct a new production line for organic fertilizers in Vénérolles (Aisne, France). The new line will focus on the production of organic pellets, responding to the rising demand for organic fertilizers. It is scheduled to be operational from the first quarter of 2023 and it will be constructed on the site of Akiolis' manufacturing plant in Vénérolles.
- In February 2022, Tessenderlo Group repurchased 35.0 million EUR of its outstanding 2022 bonds at a price of 102.875%. This repurchase resulted in a cash-out of 36.0 million EUR and the remaining amount of outstanding "2022 bonds" maturing in July 2022 stands at 130.5 million EUR. Also in February 2022, the group agreed two term loan credit facilities for 30.0 million EUR each, with a maturity of 7 years (starting April 2022) and a maturity of 5 years (starting August 2022) respectively. These loans, with quarterly capital reimbursements, have a fixed interest rate of 1.16% and 0.94% respectively, and contain no financial covenants. Both transactions will further reduce the liquidity risk as well as the interest costs of the group.
- In early March 2022, Tessenderlo Group submitted a new permit application to the Flemish Region for the construction of a new 900 MW combined cycle steam and gas turbine (CCGT) power plant in Tessenderlo, Belgium. With a view to future auctions, Tessenderlo Group adjusted its previously submitted project (an investment of approximately 500 million EUR) to respond to the objections that led to the refusal of that application.
- The current conflict in Eastern Europe and the subsequent economic and financial sanctions imposed are negatively affecting the supply and the cost prices of both raw materials and energy. In particular, MOP (muriate of potash) is the key raw material used for the production of SOP (sulfate of potash) fertilizers that are produced at Tessenderlo Kerley Ham (Belgium). Tessenderlo Group currently sources MOP from Russia and Belarus, as well as some other countries. In this connection, the group is in the process of reviewing its sourcing mix, and it is therefore currently not possible to determine what the effect on the production would be, if any, although no significant impact is expected in the first half of 2022. At present, it is also difficult to estimate the impact on the other activities of the group.

Message from the CEO and the Chairman to the shareholders

Dear Shareholders,

2021 was another very challenging year for our employees, as we had to deal with the consequences of the global Coronavirus pandemic for the second year in a row. While the pandemic caused a great deal of disruption and uncertainty in our daily operations - which included an ongoing struggle to maintain our supply chain - the company and our employees managed to deliver strong results in what was a volatile year.

Tessenderlo Group generated consolidated revenue of 2,081.5 million EUR in 2021, compared to 1,737.3 million EUR in 2020, which represents a 19.8% increase in revenue (or +21.1%, excluding foreign exchange effects). The increase in revenue was achieved in all four segments: Agro +31.4%, Industrial Solutions +21.2%, Bio-valorization +12.8%, and T-Power +2.5%. The 2021 adjusted EBITDA amounts to 354.2 million EUR, compared to 314.6 million EUR in 2020 (+12.6%). Tessenderlo Group closed the 2021 financial year with a net profit of 188.3 million EUR, compared to 98.6 million EUR in 2020.

Despite the challenging conditions in our various markets, 2021 was another year in which progress was made on many fronts and we continued to build on our robust investment program. We remain fully committed to strengthening our areas of competence and expertise, based on our sincere belief in the value of our products for the future.

For example, we announced in 2021 that Tessenderlo Kerley International will build a new Thio-Sul® (ammonium thiosulfate) plant in Geleen (the Netherlands). And with a second European Thio-Sul® plant planned to be operational by the third quarter of 2023, we are further expanding our local presence in the precision agriculture liquid fertilizer market. In addition, we are continuing to explore significant Thio-Sul® investments in the Eastern European/CIS region to support agricultural quality and productivity improvements in that region.

We also reached an agreement in 2021 to acquire the assets of B.V. Fleuren Tankopslag, which is a tank storage and transshipment company for liquid products that is located in the Port of Cuijk (Netherlands). This acquisition will provide additional storage space for Tessenderlo Kerley International's liquid fertilizers, which include Thio-Sul®, KTS®, and APP (ammonium polyphosphate). Its location on the Maas river and its close proximity to the new plant in Geleen will result in more convenient and more sustainable connections for waterborne transport of Thio-Sul® to the Netherlands, Germany, and France.

In the United States, Tessenderlo Kerley, Inc. (TKI) will build a new plant in Defiance (Ohio, US) to serve the Eastern Great Lakes region. The new plant will produce our leading liquid fertilizers, Thio-Sul®, KTS®, and K-Row 23®, as well as sulfite chemicals for industrial markets. The plant is expected to be operational in the first quarter of 2024. This strategic project combines excellence in process technology with the diversification of our local market position while reinforcing our sustainability goals by locating us closer to our customers.

In 2021, we established a new growth unit, Violleau, to support the development of organic farming solutions in Europe. This growth unit will be part of our Agro segment with effect from 2022.

Following the announcement of the results of the first capacity remuneration mechanism (CRM) auction for the 2025-2026 delivery period by the grid manager Elia, in the fourth quarter of 2021, Tessenderlo Group was not selected for the construction of its proposed 900 MW gas power plant. The group had already been informed in October 2021 that it would not receive a permit for the construction of this plant. In early March 2022, Tessenderlo Group submitted a new permit application to the Flemish Region for the construction of a new 900 MW combined cycle steam and gas turbine (CCGT) power plant in Tessenderlo, Belgium. With a view to future auctions, Tessenderlo Group adjusted its previously submitted project to respond to the objections that led to the refusal of that application.

Our commitment to sustainability continued in 2021, focusing on our "Every Molecule Counts" philosophy. We are more than ever convinced that we have a process for making every flow more sustainable, and that new value can be discovered by applying these processes. Progress was made both in developing a CSR policy and in its implementation. In 2021, attention was also given to improving our processes, with the aim of further reducing our carbon footprint. More information can be found in our 2021 Sustainability Report, which forms part of this annual report.

With a view to assuring the future of our group, we continued to invest heavily in the further development of our employees' talents in 2021. Quality training and professional development are a must if we want to guarantee the group a sustainable future in an environment and a labor market that are becoming increasingly challenging.

In 2021, Tessenderlo Group continued on its path of further strengthening its innovation capabilities. This implied a sustained organizational focus on business development and innovative portfolio management in all our activities. At the end of 2021, Tessenderlo Group signed a cooperation agreement with Haarslev, the world's largest supplier of rendering solutions. This partnership will combine Haarslev's expertise in producing highly digestible feather meals and blood meals using gentle drying technologies, with Tessenderlo Group's patented know-how.

In conclusion, we remained focused in 2021 on increasing our logistical efficiency, debottlenecking factories, implementing coordinated procurement and sourcing activities and achieving operational excellence, profitable growth, and improved customer focus, in order to better serve the markets in which we operate. All of these initiatives, combined with our constant focus on operational excellence, will contribute to even better results in the future for Tessenderlo Group.

Dividend

At the Annual General Meeting of Shareholders on May 10, 2022, the Board of Directors will propose that no dividend be paid out for the 2021 financial year. The group remains convinced that, instead of paying a dividend, more shareholder value can be created by the further investment of available funds in the growth of the business.

Outlook

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

The group anticipates a continued high level of uncertainty in 2022 due to the current conflict in Eastern Europe, the difficult supply chain circumstances, and other challenges following the coronavirus pandemic. The development of customer demand and sales margin could come under pressure during the coming months. However, based on currently available market information, the group expects that the 2022 Adjusted EBITDA will be in line with the 2021 Adjusted EBITDA, taking into account the expected positive foreign exchange effect in 2022 following the strengthening of the USD. This guidance, however, does not include the risk of further deteriorating economic and financial market conditions.

On behalf of the Board of Directors, we would like to thank everyone who has contributed to the success of Tessenderlo Group in the past year - our employees for their commitment and dedication, and our shareholders, customers, and business partners for the confidence they have shown in our group.

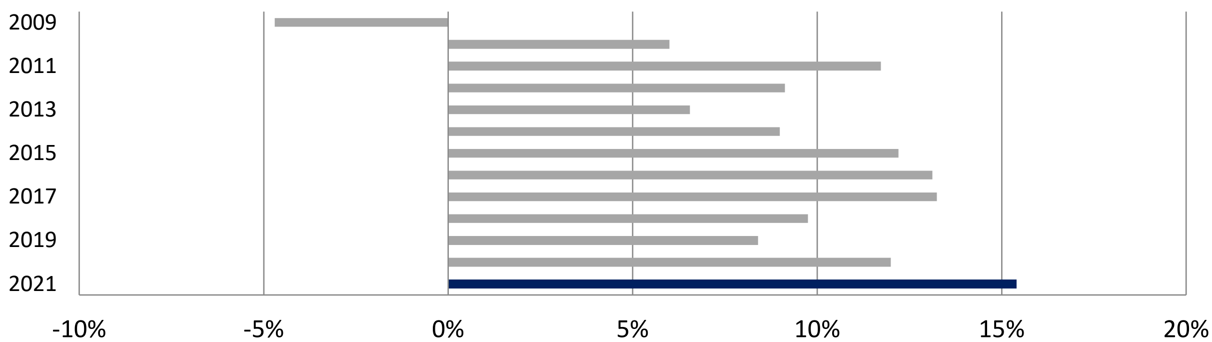
Tessenderlo Group will continue to grow, thanks to our more than 4,800 employees, who always give their best. “Every Molecule Counts” is and will remain our fundamental contribution to a sustainable and better society. And we will continue to strive to achieve this goal, every day.

Kind regards,

Luc Tack	Stefaan Haspeslagh
CEO	Chairman of the Board of Directors

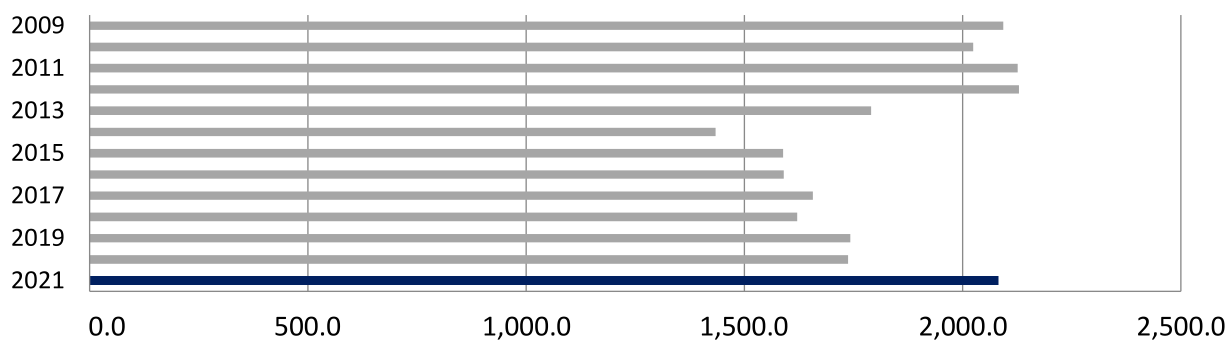
Key figures at a glance

ROCE (%)



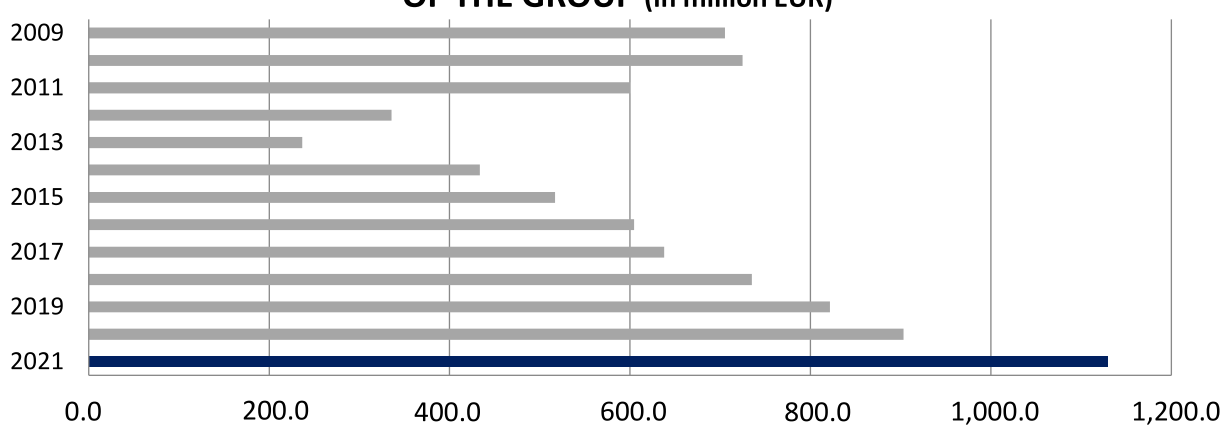
2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
15%	12%	8%	10%	13%	13%	12%	9%	7%	9%	12%	6%	-5%

REVENUE (in million EUR)



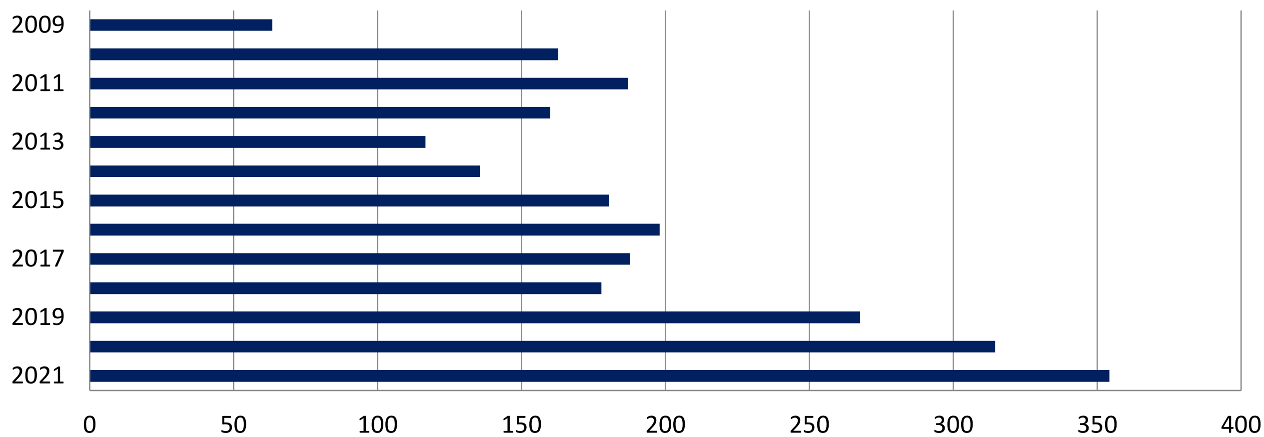
2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
2,081.5	1,737.3	1,742.9	1,620.9	1,657.3	1,590.1	1,589.0	1,434.2	1,790.1	2,129.0	2,126.0	2,024.0	2,093.0

EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE GROUP (in million EUR)



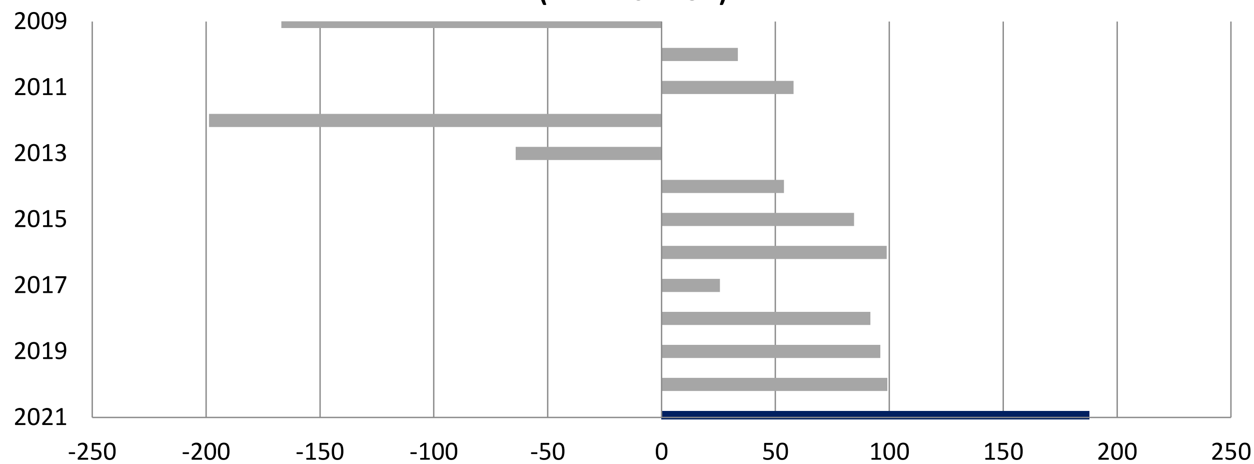
2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
1,130.0	903.0	821.7	735.0	637.7	604.7	516.8	433.5	236.6	335.5	600.3	724.5	705.2

ADJUSTED EBITDA (in million EUR)



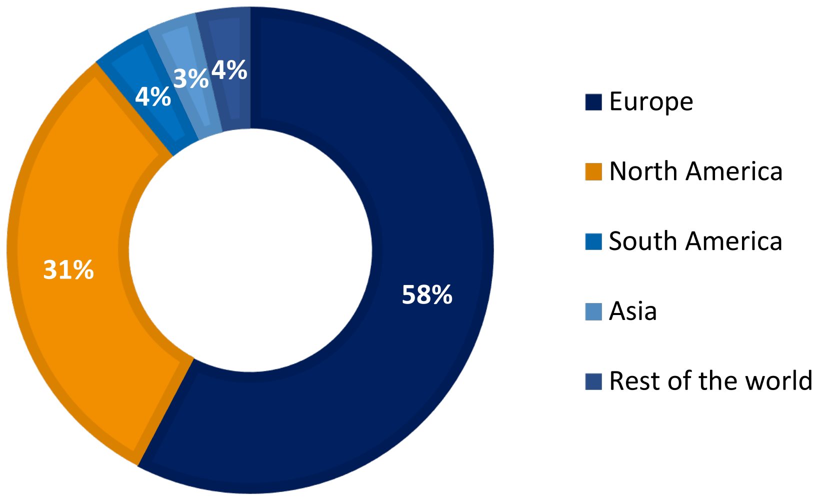
2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
354.2	314.6	267.7	177.8	187.8	198.0	180.4	135.6	116.6	160.0	187.0	162.8	63.4

PROFIT (+) / LOSS (-) TO EQUITY SHAREHOLDERS OF THE GROUP
(in million EUR)

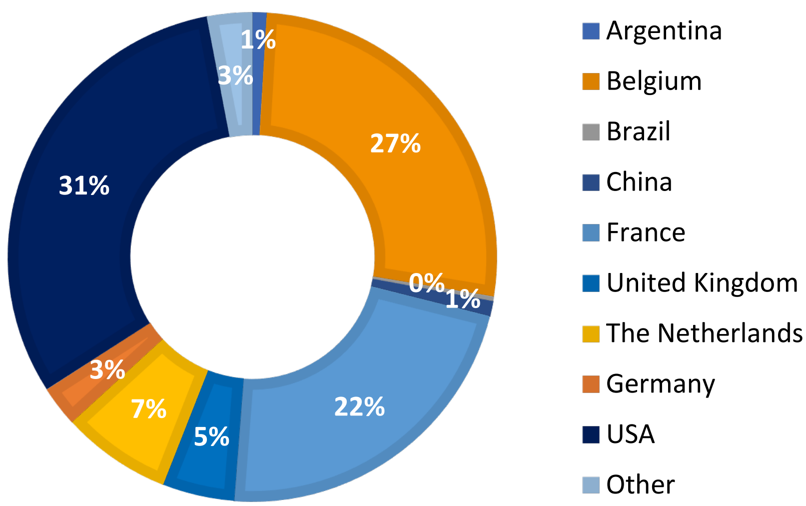


2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
187.8	99.1	96.1	91.7	25.6	98.8	84.5	53.7	-64.0	-198.7	58.0	33.5	-167.0

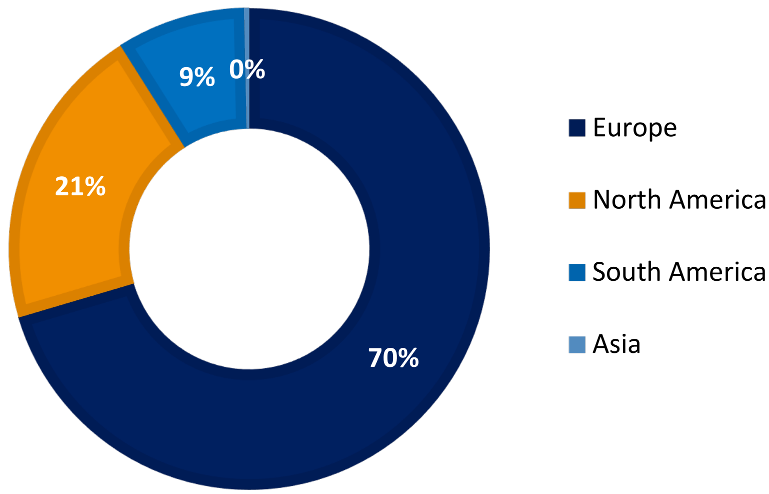
2021 REVENUE PER GEOGRAPHY (%)



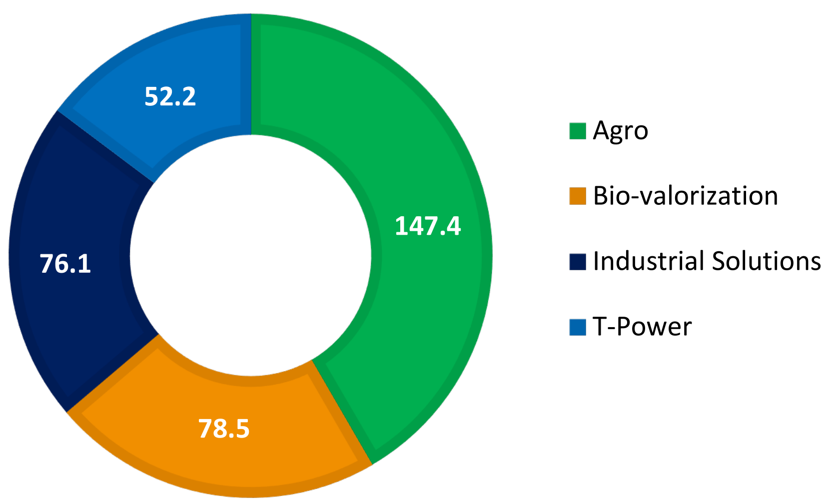
2021 REVENUE PER COUNTRY OF PRODUCTION (%)



2021 DISTRIBUTION OF THE CAPEX (%)



2021 ADJUSTED EBITDA PER SEGMENT (in million EUR)



Our Agro segment

Our Agro segment combines Tessenderlo Group’s activities in the production, trading and marketing of crop nutrients (liquid crop fertilizers and potassium sulfate fertilizers, based on sulfur) and crop protection products. We have three business units within this segment: Crop Vitality, NovaSource (both part of Tessenderlo Kerley, Inc.) and Tessenderlo Kerley International.

Production locations

Crop Vitality | NovaSource: 12 production plants and 1 scheduled for construction and more than 100 terminals (US).
Tessenderlo Kerley International: production plants in Belgium (1), France (1), Turkey (1) and 1 scheduled for construction (the Netherlands), and 10 terminals in Europe and Mexico.

Core markets

Agriculture

Area of activity

Value-added specialty liquid, solid and soluble fertilizers, and crop protection products with a focus on precision agriculture applications.

Business drivers

- Growing population.
- Increased demand for quality fertilizers for modern and sustainable precision agriculture and crop protection products.
- To support efficient water management.

Strategic focus

Crop Vitality | Tessenderlo Kerley International

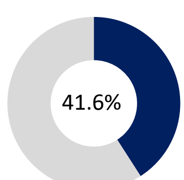
- To maintain our global leadership position in selective specialty liquid and soluble SOP fertilizers, while expanding further into key target markets in the Americas, Europe, Middle East and Australia.
- To expand the product portfolio and applications offerings to strengthen our position in specialty niche markets.
- To develop and provide sustainable organic agricultural solutions.
- To build a global network of connected technical experts and storage.
- To focus on expanding market share by providing continuous education throughout the value chain with a view to increasing food production in a sustainable manner.
- To continuously improve the cost efficiency of our production processes and supporting departments while optimizing our customer-centered supply chain.
- To optimize our energy footprint.

NovaSource

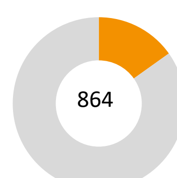
- To expand the product portfolio through acquisitions.
- To maintain product registrations, register and market our current and acquired products in additional countries.
- To identify, develop, register and market new uses of current and acquired products.

Key figures

Share of Adjusted EBITDA



Headcount (FTE)



Crop Vitality

Who are we?

Crop Vitality (www.cropvitality.com) provides world-class crop nutrient products and is the world's leading producer of sulfur-based crop nutrition products used in the agriculture industry. Crop Vitality offers a diverse portfolio of products that are vital to crop health, including Thio-Sul®, KTS®, K-Row 23®, CaTs®, GranuPotasse®, and SoluPotasse®. Our experienced team of agronomic experts and our comprehensive network of production and distribution facilities make us a preferred partner in the US and Canadian markets. Crop Vitality is operated by Tessenderlo Kerley, Inc.

Crop Vitality's product portfolio exemplifies how we help to nurture crop health by providing the essential nutrients that plants require. "Nurturing Crop Life" is not just our tagline, it signifies our passion to deliver vital elements for optimal plant and soil health. Our products represent our core competence – sulfur. This vital nutrient emphasizes our commitment to upholding sustainable agricultural practices that use science-based management plans, such as 4R Nutrient Stewardship, in order to minimize environmental impact. Our priority is to improve continually with the aim of realizing the highest quality, environmentally friendly, and sustainable products. Our Crop Vitality Learning Center, located in Dinuba, California (US), performs key research on crop nutrition, and it both develops and tests products to assure optimal plant health. These activities provide valuable insights and resources to crop growers.

Business in 2021

2021 was a year filled with opportunities and challenges. The demand for agricultural products and inputs showed incredible resilience. Supply chain constraints were faced throughout the industry and we were able to successfully navigate through these challenges. In addition, winter storms disrupted logistics networks, while surges in COVID-19 cases, droughts, and uncertainty all impacted the industry. However, thanks to the dedication and perseverance of our people, coupled with our robust end-to-end supply chain, we were able to deliver strong results.

Outlook for 2022

The purpose of agriculture – to feed the world – and the importance of food security are more apparent than ever. Looking at 2022, the outlook for our business is favorable, despite supply chain constraints and rising crop prices. Global food prices continue to climb, as does the demand for fertilizers. Our quality crop nutrition products have been integral in maintaining the ability of growers to optimize the health of their crops and keep delivering quality crops. We will continue to invest in our people and strategic infrastructure to support our customers' crop growing needs.

Tessenderlo Kerley International

Who are we?

Tessenderlo Kerley International (www.tessenderlokerley.com) supplies value-added liquid, soluble, and solid plant nutrition to support growers in realizing efficient and sustainable agriculture. Our global team of agronomists and commercial advisers is characterized by a dense local network, strong customer focus and has an outstanding heritage. This is because we are able to build on the 100 years of expertise at Tessenderlo (in solid and soluble potassium-based fertilizers) and the 70 years of expertise at Kerley (in liquid fertilizers). Our dedication to giving farmers the precise tools needed to optimize their crops is at the very heart of everything we do. Our portfolio consists of well-recognized specialty fertilizers such as SoluPotasse®, Thio-Sul®, KTS®, CaTs®, etc., and we continuously invest in these products in terms of innovation, product development, and support. This is how we can guarantee that all of our interactions - whether they involve our products, our experts, or our advisers – will create maximal output, i.e. a better yield for crops, more control for farmers, and a healthier planet for everyone.

Business in 2021

During 2021, Tessenderlo Kerley International continued to execute its long-term strategy and we made progress in driving top-line growth while strengthening our growth foundations. Recruiting commercial and agronomical talent in new markets, running a portfolio of trials, developing new customers /applications, expanding and upgrading our existing manufacturing facilities, and setting up new supply chains are just a few examples of how we are strengthening these growth foundations.

In addition, we launched the permit and engineering process for the new Thio-Sul® production facility in Geleen (the Netherlands) and agreed to acquire the storage and transshipment assets of B.V. Fleuren Tankopslag, which is located in the Port of Cuijk (the Netherlands).

For the sulfate of potash (SOP) product family, the market was challenging in 2021 as a result of the multiple frictions encountered on the supply and logistics side, including tightness and price increases of key raw materials and constraints on container availability. That said, we reconfirmed our leading position in the premium water-soluble SOP segment with our flagship product SoluPotasse®. We are continuing to progress in regard to even further strengthening our market position in the long-term, i.e. we are focusing on high-quality products and services that are well-recognized in terms of global market reach and our strong local connection with different stakeholders in the supply chain. 2021 also marked the first year of cooperation under our long-term partnership with Kemira, whereby Kemira produces premium SOP fertilizers at its plant in Helsingborg (Sweden) and Tessenderlo Kerley International markets these products.

Outlook for 2022

In 2022, Tessenderlo Kerley International will continue to execute its strategy of profitable growth, including expanding the frontline team, strengthening the go-to-market channels, building agronomical know-how, and driving excellence throughout the value chain. As the value proposition of the liquid fertilizers is increasingly being recognized and valorized by customers in the regions where we currently operate, additional prioritized markets will also be developed.

Upon receiving the necessary permits and approvals, we will begin the construction of the Thio-Sul® manufacturing plant in Geleen (the Netherlands). The plant is currently scheduled to start production in the third quarter of 2023. The B.V. Fleuren Tankopslag acquisition is expected to be completed in the second quarter of 2022. Tessenderlo Kerley International is also continuing to study major Thio-Sul® investments in the Eastern European/CIS region with the aim of supporting qualitative and productivity increases in agricultural production in that region.

With regard to the SOP products, we continue to strengthen our globally leading position in water-soluble fertilizers with our premium brand SoluPotasse®. Furthermore, we have added the new premium brand SoluKem® to our portfolio, which is dedicated to the water-soluble fertilizer sales from Kemira's production facility in Helsingborg (Sweden).

While the long-term outlook clearly suggests positive growth, we have observed over the last few years that swings can occur in the agro market over the short-term. However, we are conscious that our results will ultimately depend on the evolution of the agro market. We have a clear strategy for remaining at the forefront of the specialty SOP and liquid fertilizers market (based on sulfur). To this end, we will continue to consistently deliver high-quality products while improving our focus on customer service and applying the group's considerable experience in these industries.

NovaSource

Who are we?

NovaSource (www.novasource.com) delivers a portfolio of niche crop protection products to agriculture customers worldwide. Focusing on specialty crops, NovaSource brings value to the market using active ingredients that are proven to boost crop yields and quality. The team shares over 100 years of knowledge in heat stress, insecticides, herbicides, fungicides and soil amendment with the global agriculture community. This highly educated and experienced group is positioned in specific regions in order to provide growers with expert guidance and product knowledge that is specific to their location. Through a diverse array of superior crop protection products, NovaSource protects growers' crops from a variety of damaging weeds, insects, diseases, and solar damage, hence increasing the growers' yields, profitability, and predictability. NovaSource is operated by Tessenderlo Kerley, Inc.

Business in 2021

2021 was a challenging year for the crop protection industry due to the ongoing COVID-19 pandemic, transportation issues, raw material shortages, weather events, labor issues, etc., which resulted in an increasingly competitive market. NovaSource was able to successfully overcome nearly all of these challenges through forward planning with the supply chain, managing transportation, and superior customer service. These challenges led us to build deeper relationships with our customers and gave us a better understanding of their changing needs.

Outlook for 2022

NovaSource continues to focus on expanding label uses of the existing portfolio, extending products to different geographical regions, and growing the business through acquisitions, and developing bio-rational products. We are collaborating on several research trials, which involve testing variables of products and applications that will meet and exceed customer needs in key growth markets. In addition, NovaSource will continue its advocacy efforts towards further increasing the stewardship and proper use of its products, growing industry knowledge regarding pesticide use for maximizing crop yields, and supporting land conservation.

Our Bio-valorization segment

Our Bio-valorization segment, which covers Tessenderlo Group's activities in animal by-product processing, consists of PB Leiner (production, trading and sale of gelatin and collagen peptides) and Akiolis (rendering, production, trading and sale of proteins and fats).

Production locations	**PB Leiner**: 3 production plants in Europe (Belgium, Germany, UK), 1 in China and 3 in the Americas (US, Argentina, Brazil). **Akiolis** (France): 3 production plants, 28 collection centers (C1/C2 categories) and 8 production plants, 20 collection centers (C3 category & food grade) and 1 production plant (organic fertilizers, Violleau).
Core markets	Food, pharma, health & nutrition, pet food, agriculture, aqua feed, animal feed, energy, biodiesel, oleo-chemistry, and sanitary services.
Area of activity	Bio-resources, agriculture

Business drivers

- Growing demand for bio-based environmentally friendly offerings in feed, food, health & nutrition, fertilization, energy, and pharmaceutical and technical applications.
- Improved standards of living result in increased protein demand.
- Increased need for sanitary procedures to protect the food chain and the health of animals dedicated to human food.

Strategic focus

PB Leiner

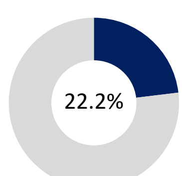
- To optimize efficiencies on existing assets.
- To focus on customer relationships and new product development.
- To vigorously focus on realizing manufacturing excellence and the improved valorization of access to raw materials.
- To increase the focus on health & nutrition(collagen peptides) and pharma.
- Valorization of fats.

Akiolis

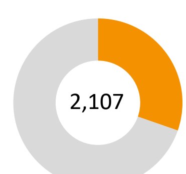
- To improve the valorization of finished products in organic fertilization, pet food and aquaculture markets.
- Valorization of fats.
- To strengthen our position in our core business on sourcing markets by pushing long-term and quality-based contracts.
- To focus on customer relationships and new product development.
- To improve efficiency in existing plants and logistics.
- To focus on sanitary service for breeders, and on quality control for slaughterhouses and butchers.

Key figures

Share of Adjusted EBITDA



Headcount (FTE)



PB Leiner

Who are we?

PB Leiner (www.pbleiner.com) supplies a complete range of high-quality gelatins and collagen peptides, tailoring solutions to customer applications. We are one of the top three players in the world in our industry. The gelatin process includes raw material (pre)treatment, collagen extraction, and gelatin purification. The overall production processes can take up to six months for specific qualities, and some fractions of the gelatin are further processed into collagen peptides for health and nutrition applications. Gelatins are used in multiple markets, including food, pharmaceuticals and photography. In most applications, gelatins are only added in small portions to the formulation, as a functional ingredient with superior characteristics. PB Leiner produces collagen and gelatin derived from pigskin, and beef hide and bone. Raw materials are mainly sourced regionally and competition for raw materials is not limited to other gelatin manufacturers, but also comprises other end-uses such as direct use as human food, pet food, and leather manufacturing. Fluctuations in the supply and demand of raw materials have an important impact on gelatin prices and availability. Securing sufficient raw material volumes is key to the business.

Business in 2021

After a drop in demand in the second half of 2020 due to the COVID-19 pandemic, the global market for gelatin and collagen recovered much faster than expected in 2021. At the same time, sea and land transport became scarcer, and a reduced demand for meat affected raw material availability. Nevertheless, our operations team pulled out all the stops to meet customer demand as adequately as possible. The cost increases for energy, transport, and raw materials had a significant impact on the contribution margin of our operations. The turbulent times notwithstanding, we continued the implementation of our strategy in 2021 by focusing on Sales Excellence (this involved further strengthening the cooperation with our key customers on supply optimization and product development) and Operational Excellence (by the debottlenecking of plants, improving quality systems, optimizing processes, and stimulating a culture of employee engagement).

Outlook for 2022

In 2022, PB Leiner will continue to develop close relationships with its customers and will keep creating specialties in order to meet the demands and challenges of the food, pharma, and health & nutrition sectors. Furthermore, we will continue to ensure quality and delivery reliability for our customers, and we will keep investing in upgrading all of our plants. Meanwhile, a number of debottlenecking projects that experienced some delays due to the pandemic will be commissioned in 2022. Variable costs such as raw materials, energy, and transport will be monitored closely.

The long-term outlook for the gelatin and collagen markets remains positive for several reasons: the growing global middle-class population, the increased consumption of medication in the developing world, and greater health and nutrition awareness and habits in all markets. The raw material supply remains a factor of potential instability, which is, among other things, linked to the evolution of the African swine flu.

Akiolis

Who are we?

Akiolis (www.akiolis.com) specializes in rendering activities and the production of high-value proteins and fats derived from animal by-products. Our links with partners from the sourcing (livestock sector, meat industry, butchers, and retailers) enable us to get access to a vast array of animal materials and our industrial processes allow us to valorize our ingredients in markets such as pet food and animal nutrition, aqua feed and oleo-chemistry, organic fertilization, gelatins, cement plants, and energy sectors. Our targets for each market are agility and service-minded operations, and a focus on our customers' needs and their business key success factors. This is a goal that translates into branded ingredients. This market-oriented approach will enable us to deliver products and services featuring a very high standard of quality and innovative solutions that meet the rate of development in our customers' own markets. It will also allow us to be and remain in the future a solid partner for breeders contributing to the sanitary protection of livestock and therefore the human food chain.

Business in 2021

In the context of the continuing global COVID-19 pandemic, Akiolis, as a key player in the human food chain and guarantor of the continuity of the meat supply to many of the French households, managed to both boost its results and launch a complete rebranding of its activities. Thanks to a strict collective application of measures and the individual commitment of the teams, all collection centers and plants went through the pandemic in 2021 without suffering a significant impact.

During this crisis period, Akiolis presented its new strategy of "Révelateur de valeur". This resulted in the launch of eight market and product brands as a promise of excellence and customer-oriented offers: Accuraks (oleochemistry), Biomaks (biofuel), Caloraks (bioenergy), Hydrofaks (aqua feed), Leveraks (animal feed), Regenaks (organic fertilization), Vivaks (pet food), and Atemax for the sanitary service of the dead animal collection sector. With this new positioning, Akiolis managed to take advantage of the favorable international context regarding the proteins and fats drivers and continued to focus on customer satisfaction, product quality, and service excellence, which allowed Akiolis' activities to reach an unexpected level. This was also the case for Violleau, which experienced a significant increase in demand.

In parallel, in-house performance in logistics and production contributed to further securing sustainable relationships with key customers in strategic markets (e.g. pet food, aqua feed, biofertilization, and biodiesel), while strategic investments aimed at specializing in the valorization of mono-species ingredients from feathers, blood, duck, and pork were confirmed. 2021 was a special year for Akiolis considering both the context and the results, not to mention the conclusion of a new three-year contract with the breeders' associations for the collection of dead animals that led to the extension of Akiolis' collection area with a slight increase in the volumes.

Outlook for 2022

Sustainability and customer satisfaction will continue to be the keywords for Akiolis in 2022 with the deployment of the new strategic plan promoting Akiolis as a “Révélateur de valeur” and focusing on action plans in three strategic areas: strengthening of the basis, specialization in ingredients and service solutions, and the development of activities (collection and transformation) in new, sustainable markets. In particular, a higher level of valorization in the pet food and aqua feed markets will be realized with investments and patented new processes for feather and blood meal. These will start in Javené and Rion (France) before mid-2022. Meanwhile, the complete revamping of the Pontivy site will soon enable Akiolis to develop a new offer with genuine pork ingredients and guarantee less environmental impact.

Our Industrial Solutions segment

Our Industrial Solutions segment includes products, systems and solutions for the handling, processing, and treatment of water. This segment includes the production, trading and sale of plastic pipe systems, water treatment chemicals and other industrial activities, such as the production and sale of mining and industrial auxiliaries.

Production locations	**DYKA Group**: 8 production plants (2 in the Netherlands, 1 in Belgium, 2 in France, 1 in Germany, 1 in Poland and 1 in Hungary) and more than 70 branches in Europe. **Kuhlmann Europe**: 4 production plants (2 in Belgium, 1 in France and 1 in Switzerland) **moleko**: 3 production plants (USA).
Core markets	Water, sewage, air and gas piping systems and services, water treatment, and mining services.
Area of activity	Building and installation, public infrastructure and utility works, industrial and municipal markets, industry, and mining.

Business drivers

- Clean water demand and hygiene - industry need for the sustainable purification of process water and valorization of water.
- Scarcity of natural resources and environmental footprint.
- Global warming, storm water (infiltration), energy neutral buildings, health and comfort.
- Base chemicals supply is driven by economic activity.

Strategic focus

DYKA Group

- To optimize our energy footprint. To further grow customer intimacy, to introduce innovative systems and services, and to strengthen our position in various sectors, product ranges and key geographies.

Kuhlmann Europe

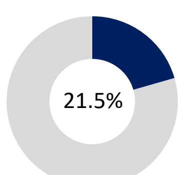
- To provide long-term and environmentally attractive solutions to industries and municipalities, turning by-products into value-added solutions

moleko

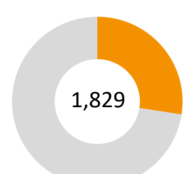
- To be the sustainable partner of choice for essential chemistry and technical solutions for mining and industrial applications.

Key figures

Share of Adjusted EBITDA



Headcount (FTE)



DYKA Group

Who are we?

DYKA Group (www.dyka.com) which is composed of the three entities DYKA, BT Nyloplast, and JDP, provides high quality, value-added piping solutions for utilities, agricultural, building, and civil engineering markets. We focus on achieving higher levels of customer satisfaction by offering pre-assembled piping kits, project consultancy services, engineering support for ventilation solutions, sewage and rainwater solutions, and siphonic roof drainage systems. We provide our solutions via our integrated sales and support network, our manufacturing and logistics professionals, and over 70 customer-oriented branches, as well as more than 2,000 points of sale in Europe.

Attenuating or infiltrating rainwater from more frequent and heavier showers, accommodating increasing requirements to move towards more energy-neutral buildings, preventing the leakage of valuable drinking water with better quality piping networks, and reducing costs in complex construction value chains are just a few challenges that our customers face. These are best managed by applying the range of systems and services from DYKA Group. In addition, increasingly more recycled material is being applied in the manufacturing of our products and systems, and thus optimizing the environmental footprint of our business. This gives new value to both post-industrial and post-consumer plastics and consequently reduces demands on finite resources.

Business in 2021

DYKA Group achieved excellent results in the challenging year that was 2021. These results were fueled by volume growth initiatives combined with positive demand in virtually all our markets, more specifically the “Building & Installation” markets. In addition, supply shortages and substantial raw material cost-push inflation were the main drivers behind the sales price evolution and proved to be a common theme throughout the year. DYKA Group managed unprecedented constraints in many areas, including, among other things, shortages in skilled personnel, raw materials, transport, and packaging. Nonetheless, we realized above-average growth in areas including DYKA AIR (ventilation), prefab solutions, and in-house products at JDP for the UK market. Finally, we strengthened our position in the French market with the successful integration and investment program at our La Chapelle-Saint-Ursin plant, which was acquired in 2020.

Outlook for 2022

In 2022, DYKA Group expects high volatility in the building and construction markets. On the one hand, economic forecasts are supportive with regard to overall market developments, especially the demand for new housing, combined with an increasing focus on sustainability and circularity, which falls in line with DYKA Group’s strategy. On the other hand, markets remain uncertain from the potential impact of a series of (ongoing) constraints in the value chain, in particular the availability of skilled personnel, various raw materials, and energy. We will expand our customer offering in both systems and services and make investments in order to improve the performance and capacity of production and logistics assets across all plants. In addition, we are aiming to increase our number of branches to deliver best-in-class service to our customers and make it easier to do business with us. In 2022, the production plant and the associated business of Pipelife France in Gaillon (France) will be integrated.

Kuhlmann Europe

Who are we?

Kuhlmann Europe (www.kuhlmann-europe.com) provides industrial and municipal markets with coagulants and other chemicals for either the treatment of wastewater or the purification of drinking water. We also produce industrial chemicals which are used by a broad spectrum of industries such as the pharmaceutical industry, petrochemical, steel, and fertilizer industries. Our other chemical products include bleach, sodium hydroxide, various grades of hydrochloric acid, sulfuric acid to meet the demands of many markets, and calcium chloride for food and industrial applications.

We are one of Europe's leading inorganic coagulant producers, operating four production sites that are located in Loos (France), Tessenderlo and Ham (Belgium), and Rekingen (Switzerland). We are continuously strengthening our leadership in the manufacture of ferric coagulants, building on our process expertise and contributing to resource conservation as a key player in the circular economy. Furthermore, we are ideally located to supply the largest municipal and industrial wastewater and drinking water treatment plants in Western Europe.

Business in 2021

Kuhlmann Europe increased its sales thanks to ferric coagulants following continuous investments in the Loos and Tessenderlo production plants, which allowed us to support stronger demand for inorganic coagulants in water potabilization and in the treatment of wastewater. Market demand for our hydrochloric acid was very dynamic in 2021 as supply disruption had affected many players across Europe.

Outlook for 2022

Following a robust 2021, we expect demand in 2022 to remain healthy across our entire product range. We are monitoring incremental logistic costs, energy costs, and raw material costs, and we will adjust our sales price accordingly.

moleko

Who are we?

Moleko (www.moleko.com) specializes in sulfur chemistry for mining and industrial markets. Our team serves customers across highly diverse sectors and in different continents. In mining, we serve both the base and precious metals segments. The industrial segments we serve include food processing, water treatment, remediation, oil and gas, pulp, paper & tanning. Our principal products are Thio-Gold® (thiosulfate-based lixiviants) and Cyntrol® (cyanide corrosion control). The moleko team is committed to providing unique solutions and services to our customers so they can obtain maximum value from their existing operations and explore new potential applications. Moleko is operated by Tessenderlo Kerley, Inc.

Business in 2021

Shifting market dynamics drove strong demand across multiple segments while increasing strains on an already tight supply landscape. Challenges ranged from the resurgence of COVID-19 cases, labor shortages, supply chain bottlenecks, and weather disruptions. These created cascading effects across the value chain, resulting in the significant cost increases and further imbalances for certain materials. By remaining connected with our partners and leveraging our flexible manufacturing/supply chain footprint, we were able to maintain market strength, despite the volatility. The precious metals market has proven resilient, while the base metals market has climbed to robust levels with continuing strong fundamentals. Other industrial markets are in various stages of recovery but are anticipated to strengthen as the pandemic is further controlled.

Outlook for 2022

The longer-term outlook remains bullish for the markets we serve, which are coupled to the macro drivers of sustainability for infrastructure, energy/electrification transformation, and food/water security. We will leverage our expertise to ensure that we understand the dynamically evolving needs of our partners and deliver innovative solutions centered on value creation. Our extensive manufacturing and supply chain will receive further investments and optimizations to help expand access to products, meeting our strategic intent to grow the market. Our technical specialists will continue to be the market stewards for the safe, effective, and efficient use of our products and solutions while focusing on fueling innovations in order to create the next generation of offerings.

Our T-Power segment

Our T-Power segment covers Tessenderlo Group's activities in the production of electricity by means of a combined cycle gas turbine (CCGT) with a 425 MW capacity.

Production locations 1 power plant: Tessenderlo (Belgium)

Core markets Energy

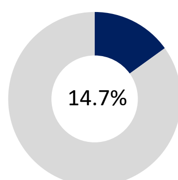
Area of activity Production of electricity in gas fired power plants

Business drivers Proper execution of the gas tolling agreement

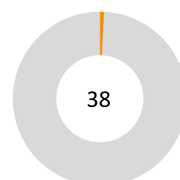
Strategic focus Focus on the efficiency and availability of the existing assets

Key figures

Share of Adjusted EBITDA



Headcount (FTE)



T-Power

Who are we?

T-Power was founded in 2005, with Tessenderlo Group as one of its original three shareholders. After completion of the development program, the T-Power 425 MW gas-fired combined cycle power plant (CCGT) located in Tessenderlo was built and commissioned in 2011. Thanks to its high efficiency and flexibility, the T-Power power plant is one of the most competitive gas-fired power plants in Belgium and the broader interconnected electricity trading area. T-Power operates as a project-financed Independent Power Producer and we get our revenues through a 15-year gas-to-electricity tolling agreement with the RWE group. After several changes in shareholding over the years, Tessenderlo Group acquired 100% of T-Power in October 2018 by purchasing the shares held by the remaining shareholders.

Business in 2021

The T-Power plant enjoyed a good running regime in 2021. Throughout the year, the plant maintained its excellent availability and health and safety records.

Following the publication of the results of the first capacity remuneration mechanism (CRM) auction for the 2025-2026 delivery year by the system operator Elia in the fourth quarter of 2021, Tessenderlo Group was not selected to build its proposed 900 MW gas-fired power station. The group had been informed in October 2021 that it would not be granted a permit for the construction of this power station.

Outlook for 2022

In 2022, T-Power will continue to focus further on the efficiency, flexibility, and availability of the existing assets. In early March 2022, Tessenderlo Group submitted a new permit application to the Flemish Region for the construction of a new 900 MW combined cycle steam and gas turbine (CCGT) power plant in Tessenderlo, Belgium. With a view to future auctions, Tessenderlo Group adjusted its previously submitted project (an investment of approximately 500 million EUR) to respond to the objections that led to the refusal of that application.

Tessenderlo Group will continue to closely monitor the evolution of the electricity market in Belgium. Based on the existing available production capacity and the expected evolution of electricity demand in Belgium, the group still sees a need for high-tech, controllable capacity in the energy transition.

Information for shareholders

Investor relations

Tessenderlo Group strives to provide accurate, qualitative and timely information to the global financial community. In order to discuss the group's results and future developments, Tessenderlo Group organizes conference calls to present and discuss the half-year and annual results.

Analyst coverage

At the end of 2021, Tessenderlo Group was covered by 5 sell-side analysts (for more information please visit www.tessenderlo.com).

Shareholder structure

On December 31, 2021 the shareholder structure of Tessenderlo Group was as follows:

Shareholder	Number of shares	Number of voting rights	% voting rights
Verbrugge nv (controlled by Picanol nv)	20,575,699	38,533,061	61.03%
Symphony Mills nv	2,532,200	4,346,200	6.88%
Norges Bank	1,287,899	1,287,899	2.04%
Carmignac Gestion SA	903,687	903,687	1.43%
Dimensional Fund Advisors L.P.	891,022	891,022	1.41%
Own shares	132,000	-	0.00%
Other	16,832,472	17,172,312	27.20%
Total	**43,154,979**	**63,134,181**	**100.00%**

Verbrugge nv is controlled by Picanol nv, which in turn is controlled by Artela nv. Artela nv and Symphony Mills nv are controlled by Mr. Luc Tack.

On December 31, 2021, there were no warrants outstanding. The total number of shares constituting the issued capital of Tessenderlo Group nv is 43,154,979. In accordance with article 7:53 of the Belgian Code of Companies and Associations, the extraordinary meeting of shareholders of July 10, 2019, has decided to introduce a loyalty voting right for each fully paid-up share that has continuously been registered in the share register on the name of the same shareholder for at least two years. The number of voting rights attached to the outstanding shares on December 31, 2021, is 63,134,181.

Tessenderlo group share

Tessenderlo Group shares are listed on the Euronext Brussels Stock Exchange under the code TESB. They are traded on the continuous market and are included in the following indexes: BEL Mid and Next 150.

Share price performance

The Tessenderlo Group nv share price increased by 2.1% in 2021, while the BEL 20 index increased by 19.0% and the European Chemicals index SX4P increased by 22.7%. The share reached its year-high closing price of 39.95 EUR on March 17, 2021. The year-low closing price of 31.10 EUR was reached on November 1, 2021. The share closed at 33.35 EUR on the last trading day of the year.

Dividend policy

The Board of Directors will propose to the shareholders, at the annual shareholders' meeting of May 10, 2022, not to pay out a dividend for the 2021 financial year. The group currently believes that more shareholder value can be created through further investing available funds in the growth of the company.

Financial calendar

- Annual shareholder's meeting — May 10, 2022
- Half year 2022 results — August 25, 2022

Management will continue to interact with investors and analysts in order to address strategic themes and discuss the progress towards the group's long-term ambitions.

Full financial and non-financial information regarding Tessenderlo Group is available on the website www.tessenderlo.com. Anyone wishing to receive Tessenderlo Group press releases by e-mail may register on the mailing list on the website.

The Tessenderlo Group share price is published on www.tessenderlo.com and on the Euronext Brussels website www.euronext.com.

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2021

MANAGEMENT REPORT

Business progress

Group performance

2021 revenue increased by +19.8% (or by +21.1% when excluding the foreign exchange effect). The revenue of all four segments increased (Agro: +31.4%, Industrial Solutions: +21.2%, Bio-valorization: +12.8% and T-Power: +2.5%).

The 2021 Adjusted EBITDA amounts to 354.2 million EUR, compared to 314.6 million EUR in 2020 (+12.6%). When excluding the foreign exchange effect, the Adjusted EBITDA has increased by +46.4 million EUR compared to 2020 (+14.7%). The negative foreign exchange effect of -6.7 million EUR is mainly caused by the weakening of the USD compared to one year ago (average EUR/USD rate of 1.18 in 2021 versus 1.14 in 2020). The Adjusted EBITDA of Agro (+21.1%) and Industrial Solutions (+43.9%) increased, while the contribution of Bio-valorization (-1.8%) and T-Power (-3.5%) to the Group Adjusted EBITDA was in line with prior year.

The 2021 operational free cash flow amounts to 188.9 million EUR, compared to 213.7 million EUR in 2020. This decrease, despite the increase of the Adjusted EBITDA (+39.7 million EUR), can be explained by the movement of trade working capital, which increased by +69.4 million EUR in 2021 while it remained stable in 2020 (+0.7 million EUR). This increase is impacted by the higher activity and increasing purchase and sales prices. Capital expenditure amounted to 95.9 million EUR in 2021, in line with prior year (100.2 million EUR). The operational free cash flow excluding the impact of IFRS 16 Leases amounts to 167.2 million EUR in 2021 compared to 190.0 million EUR in 2020.

As per year-end 2021, group net financial debt amounts to 74.8 million EUR, which implies a leverage of 0.2x (2020: 201.3 million EUR or a leverage of 0.6x). Short-term borrowings for 211.4 million EUR and 193.6 million EUR long-term borrowings are partially compensated by cash and cash equivalents (320.3 million EUR) and short-term investments (10.0 million EUR of short-term bank notes with maturity date in January 2022). The short-term borrowings include the bond, issued in 2015 with a maturity of 7 years, for an amount of 165.5 million EUR, which will mature in July 2022. Excluding the IFRS 16 lease liabilities, group net financial debt would have amounted to 20.8 million EUR compared to 147.8 million EUR as per year-end 2020.

The 2021 profit amounts to 188.3 million EUR compared to 98.6 million EUR in 2020. The profit (+) / loss (-) was impacted by exchange gains and losses, mainly on non-hedged intercompany loans and cash and cash equivalents in USD. Excluding these exchange gains and losses, the profit (+) / loss (-) for 2021 would have amounted to approximately 173 million EUR, while the 2020 result would have amounted to approximately 129 million EUR.

Reported operating segment performance

2021 Agro revenue increased by +31.4%, when excluding the foreign exchange effect. Revenue was impacted by higher volumes and an increase of sales prices, implemented in 2021 to compensate the higher raw material, energy and transportation costs. Also the start of the partnership agreement between Tessenderlo Kerley International and Kemira Oyj (Kemira), announced in 2020, under which Kemira produces premium SOP fertilizers (both standard and water-soluble grade) at its plant in Helsingborg (Sweden) and Tessenderlo Kerley International partially markets these products, positively impacted revenue.

When excluding the foreign exchange effect, the Adjusted EBITDA of Agro increased by +21.1% compared to prior year. The Adjusted EBITDA of Crop Vitality and Tessenderlo Kerley International increased thanks to favorable market circumstances, while the Adjusted EBITDA of NovaSource remained stable.

Bio-valorization revenue increased by +12.8% when excluding the foreign exchange effect, mainly thanks to an improved product mix and market prices for fats and proteins that increased substantially.

The 2021 Adjusted EBITDA of Bio-valorization remained stable compared to prior year (-1.8% when excluding the foreign exchange effect) as favorable market circumstances for fats and proteins were offset by lower margins of some gelatin products.

Industrial Solutions revenue, when excluding the foreign exchange effect, increased by +21.2% in 2021, mainly thanks to DYKA Group, where revenue was positively impacted by higher sales volumes and increased sales prices, implemented to compensate the higher raw material, energy and transportation costs. 2021 volumes were positively impacted by the full year contribution of the production plant in La Chapelle-Saint-Ursin in France, which was acquired in HY20. Also, the growth of the product portfolio positively impacted DYKA Group sales volumes, while HY20 DYKA Group volumes were negatively impacted by the corona pandemic.

The Adjusted EBITDA of Industrial Solutions increased to 76.1 million EUR or increased by +43.9% when excluding the foreign effect, being impacted by the increase of DYKA Group sales volumes, an improved product mix and a further increase of production efficiency based on investments made. The significant increase of raw material, energy and transportation costs was offset by timely pricing management.

The cessation of S8 Engineering had a positive impact on the 2021 evolution of the Adjusted EBITDA. The contribution of Kuhlmann Europe increased, offset by a decrease of the Adjusted EBITDA of moleko.

In 2021 T-Power contributed 71.2 million EUR to the revenue and 52.2 million EUR to the Adjusted EBITDA of the group. These results were in line with expectations, as T-Power nv fulfilled all tolling agreement requirements.

The T-Power Adjusted EBITDA decrease in 2021 was due to the development expenses incurred for the intended construction of a second gas-fired power station in the Belgian municipality of Tessenderlo.

Risk analysis

Analysis of the major risks for Tessenderlo Group nv – 2021

The Company analyzes on a regular basis the risks related to its activities worldwide. The Group Risk Manager coordinates the analysis and reports the various risks on the Group's radar to the Audit Committee annually. Each year, all business units are requested to identify and evaluate the significant risks related to their business units.

In 2021, the Group's focus was on the following activities:

- Dealing with the risks associated with COVID-19 and the impact on our business
- Cybersecurity
- The risks associated with the climate
- Compliance

Ethics and Compliance

Risks can arise from potential failure to comply with the Code of Conduct of Tessenderlo Group nv and the supporting internal procedures, as well as from changes to and application of the laws and regulations in the various jurisdictions in which Tessenderlo Group nv operate.

Tessenderlo Group has a Code of Conduct that is regularly updated and supplemented with more specific guidelines. The Code of Conduct includes a possibility to report rule violations to the hierarchical superior and, if necessary, the Compliance Officer.

In order to manage the risk, training is organized worldwide on the application of the Code of Conduct, handling of confidential information and compliance with competition rules.

Within the Company there is also a Compliance Committee, which devotes itself to coordinating compliance activities within the group, defining procedures and various training programs organized for the group.

In 2021, the Compliance Committee focused on reviewing and updating the existing compliance procedures and codes and the development and implementation of 4 training programs related to the following compliance areas: Anti-trust, Intellectual Property and handling confidential information, anti-bribery and corruption and Incoterms® 2020.

Safety

Safety at the workplace

A safety event which impacts the employees, sites, assets, environment or critical information could have negative consequences for the Company. In order to manage and prevent risks, Tessenderlo Group has a strict safety policy in order to protect the employees.

In order to guarantee a limitation of the safety risks there are various initiatives on local and site level, and on group level there is a Group Safety Working Group which primarily aims to evaluate and coordinate the various actions within the Company. It is the culture of the company to put safety in the workplace first and make each individual responsible for it.

Cybersecurity

In the Company there is a data protection policy in order to protect sensitive and confidential information within the group and programs are set up in order to manage security risks with regard to ICT and enhance cybersecurity within the group. A major cyber-attack could have a negative impact on the Company's operations and results. Therefore, within Tessenderlo Group, cyber defenses continue to improve to cope with the developments in cyber-attacks. Within the group, security risk management is carried out as follows:

- The group has appointed a Chief Information Security Officer;
- External experts carry out independent assessments of the risks. Based on this analysis, a plan is developed to better protect the company against cyber-attacks.

In 2021:

- End-user safety training will remain mandatory for all employees. To increase employee awareness, cybersecurity tips are published regularly and simulations of various phishing campaigns are carried out;
- The company has acquired several ICT tools that allow us to increase the cybersecurity of the group's systems;
- The cybersecurity team was reinforced with additional security specialists;
- Tessenderlo Group continues to improve its cybersecurity strategy and management, to further develop its corporate information security program, and to investigate other functions/ opportunities to improve the company's security status and response to cyber-attacks. Therefore a clear road map has been elaborated with several projects that will be carried out in the coming years.

Operational risks and risks with regard to supply chain

Industrial safety

A major accident such as fire, explosion or release of harmful substances may result in possible fatalities, life-altering injuries, harm to the environment or local communities. As explained hereabove, safety on the workplace is a top priority within the group. The group also has an insurance program to limit the financial impact of the risks.

Transport accidents

An accident with chemical substances may result in risk of injuries to neighbors or the public. Within the Company there are various transport safety programs in order to reinforce prevention and safety. Furthermore, the group has an insurance program to limit the financial consequences of the risks on transport accidents.

Usage of the Tessenderlo Group products

The usage risk stems from the possibility of third parties being injured, suffering an adverse health impact or property damage caused by the use of a Tessenderlo Group product or the inappropriate use of some Tessenderlo Group products for applications and/or markets for which the product is not designed or not in accordance with Tessenderlo Group’s instructions for use.

Possible consequences are exposure to liability for injury or damage and product recalls. Product liability risk is the highest for products used in crop protection, food and healthcare applications.

Apart from the various measures taken in order to inform third parties on the specifications and use of the product and to regularly assess and adjust product risks in line with regulations, the group has an insurance program in order to limit the financial impact of product liability risk.

Market risk and strategic risks

Volatility of certain raw materials and logistics costs

The Company is particularly sensitive to the fluctuations of the following raw materials: ammonia, potassium chloride and sulfur for the production of fertilizers, polyvinyl chloride for the production of plastic piping systems and pig and beef bones and hides for the gelatin production, and sensitive to the evolution of logistic costs.

The group's most important purchase contracts are centralized at group or business unit level. This method allows the Company to strengthen its negotiating position. To the extent possible, price fluctuations are, where possible, translated into its sales prices of the products.

The Company is often active in markets and activities that are highly regulated by, among other things, strict rules and environmental provisions. The Company cannot guarantee that in the future there will be no sudden or significant changes to, on the one hand, existing laws or regulations or, on the other hand, to trends where environmental awareness and sustainability requirements are central. Our Stakeholders may find that the Company and its subsidiaries have not responded adequately to these trends and that this may consequently have an impact on our business and financial results. These changes and the costs of adapting to them could have a significant impact on the activities.

The Company ensures that, in the case of new investments or expansions, it always takes into account the impact on the environment and the sustainability of the solution in the long term in its decision. Moreover, with its activities in the Bio-valorization and Industrial Solutions segments, Tessenderlo Group plays in a closed loop model by reusing and valorizing different sources of raw materials.

Tessenderlo Group plays an important role in the transition to a low-carbon future. We do this with materials that respond to global trends of clean air and e-mobility, while our closed loop model conserves resources.

Other risks

Climate change

Particularly in the Agro and the Industrial Solutions segments, exceptional weather conditions, such as sustained heat waves, flooding or natural disasters can have an important impact on the operational results.

Risks associated with climate change are increasing in frequency and severity, inducing challenges with rising input costs (energy, water, and materials…) and ultimately risks for our assets. This trend requires a more comprehensive approach to managing the risks relevant to the changing environment in which the company operates and which ensures our stakeholders that our future growth is sustainable.

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

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

In the context of the coronavirus outbreak, the Company has taken some specific health, travel and safety measures in order to protect the employees and other persons from the disease in accordance with the guidelines imposed by the local authorities. These measures include rules on working from home, wearing a mouth mask at work and also respecting distance rules.

In 2021 several continuity plans were updated to avoid any disruption of the supply chain due to the pandemic or any other crisis situation.

Political risk

The current conflict in Ukraine and the subsequent economic and financial sanctions imposed could negatively affect the supply of MOP (muriate of potash). MOP is the key raw material used for the production of SOP (sulfate of potash) fertilizers that are produced at Tessenderlo Kerley Ham (Belgium), within the Tessenderlo Group Agro segment. Tessenderlo Group currently sources MOP from Russia and Belarus, as well as some other countries.

In 2021 the group has started to review its sourcing form alternative sources.

Analysis of the financial risks[1]

Foreign currency risk

The group is exposed to fluctuations in exchange rates which may lead to profit or loss in currency transactions. The group's assets, earnings and cash flows are influenced by movements in foreign exchange rates. More in particular, the group incurs foreign currency risks on, amongst others, sales, purchases, investments and borrowings that are denominated in a currency other than the group's functional currency. The currency giving rise to this risk is primarily the USD (US dollar). Movements in foreign currency therefore may adversely affect the group's business, results of operation or financial condition.

Subsidiaries are required to submit information on their net foreign exchange positions when invoiced (customers, suppliers) to Tessenderlo Group nv, the parent company. All the positions are netted at the level of Tessenderlo Group nv and the net positions (long/short) are then sold or bought on the market. The main management tools are the spot purchases and sales of currencies followed by currency swaps.

Group borrowings are generally carried out by the group's holding and finance companies, which make the proceeds of these borrowings available to the operating entities. In principle, operating entities are financed in their functional currency. The group does not use currency swaps to hedge intragroup loans.

[1] *For a more detailed overview of the financial risks related to the situation in 2021 and the Tessenderlo Group policy regarding the management of such risks, please see the Financial Instruments section in the Financial Report (note 26 - Financial instruments).*

In emerging countries, it is not always possible to borrow in local currency because local financial markets are too narrow, funds are not available or because the financial conditions are too onerous. Those amounts are relatively small for the group.

Credit risk

The group is subject to the risk that the counterparties with whom it conducts its business (in particular its customers) and who have to make payments to the group, are unable to make such payments in a timely manner or at all. In order to manage its credit exposure, a credit committee per business unit has been created to determine a credit policy with credit limit requests, approval procedures, continuous monitoring of the credit exposure and dunning procedure in case of delays. The group has moreover globally elaborated a credit insurance program to protect accounts receivable from third party customers against non-payment. Every legal entity of the group is participating to this program and the insurance is provided by highly top rated international credit insurance companies. A large majority of the receivables (around 95%) is covered under this group credit insurance program. The contract protects the insured activities against non-payment with a deductible of 10% and foresees an indemnification cap at group level. The program foresees a pay-out of the insured claims within 6 months after due date.

The group has no significant concentration of credit risk. However, there can be no assurance that the group will be able to limit its potential loss of proceeds from counterparties who are unable to pay in a timely manner or at all. The liquidities available at year-end are deposited for a short term at highly rated international banks.

The maximum exposure to credit risk amounts to 726.1 million EUR as per December 31, 2021 (2020: 542.2 million EUR). This amount consists of current and non-current trade and other receivables (384.7 million EUR), the loans granted (10.5 million EUR), short term investments (10.0 million EUR) current derivative financial instruments (0.6 million EUR) and cash and cash equivalents (320.3 million EUR).

Interest risk

Changes in interest rates may cause variations in interest income and expenses resulting from interest-bearing assets and liabilities. In addition, they may affect the market value of certain financial assets, liabilities and instruments.

At the reporting date, the group's interest-bearing financial instruments were:

(Million EUR)	2021	2020
Fixed rate instruments		
Cash and cash equivalents	159.8	171.5
Short term investments	10.0	20.0
Loans and borrowings	288.5	289.9
Variable rate instruments		
Cash and cash equivalents	160.4	58.6
Loans and borrowings	116.5	161.4
Bank overdrafts	0.1	0.0

The loans and borrowings with a variable rate mainly relate to the long-term facility loan of T-Power nv. The decrease compared to prior year can be explained by the two half-yearly reimbursements (25.7 million EUR). The remaining outstanding capital of the T-Power nv long term facility loan amounts to 115.8 million EUR as per December 31, 2021 (2020: 141.5 million EUR).

Approximately 80% of the loan is hedged through a series of forward rate agreements (the EURIBOR was fixed at 5.6% per annum). Movements in interest rates would therefore not have a significant impact on the group's cash flow or result.

The remaining loans and borrowings with a variable rate in 2020 could be mainly explained by the commercial paper program (19.0 million EUR), while no balance was outstanding as per December 31, 2021.

Liquidity risk

Liquidity risk is defined as the risk that a company may have insufficient resources to fulfill its financial obligations at any time. Failure to meet financial obligations can result in significantly higher costs, and it can negatively affect reputation.

Liquidity risk for the group is monitored through the group's corporate treasury department which tracks the development of the actual cash flow position of the group and uses input from subsidiaries to project short and long-term forecasts in order to adapt financial means to forecasted needs. Surplus cash is invested in short-term deposits with appropriate maturities to ensure sufficient liquidity is available to meet liabilities when due.

In order to limit the liquidity risk, the group has access to:

- a factoring program, set up at the end of 2009, and which was put on hold since 2015.
- a Belgian commercial paper program of maximum 200.0 million EUR (no amount outstanding as per December 31, 2021, compared to an outstanding amount of 19.0 million EUR one year earlier).
- committed bi-lateral agreements till 2024 for a total amount of 142.5 million EUR (of which part can be drawn in USD) with four banks. These committed bi-lateral agreements have no financial covenants and ensure maximum flexibility for the different activities. As per December 31, 2021 none of these credit lines were used.

According to the decision of the extraordinary general meeting of June 6, 2017, the Board of Directors was also granted the authority to increase the share capital, in one or more times, up to an amount of 43.2 million EUR (authority till June 25, 2022).

Corporate Governance statement

Transparent management

Tessenderlo Group nv follows the Belgian legislation as reference code for Corporate Governance. In case that the Company does not comply with one or more provisions of this code, it shall indicate with which provision it is not complying and give justified reasons for this deviation. The Belgian Corporate Governance Code is available at: www.corporategovernancecommittee.be/en/home.

The Company's adherence to the principles of Corporate Governance is reflected in the Corporate Governance Charter (hereinafter referred to as the "Charter"). The Charter is available at https://www.tessenderlo.com/en/about-us/corporate-governance/corporate-governance-charter.

On October 27, 2020, the Board of Directors of the Company approved the new changes of the Corporate Governance Charter following the conversion of the European Shareholders' Directive II (SRDII) in the Belgian Code of Companies and Associations ('BCCA').

Capital & shares

Capital

The share capital of Tessenderlo Group nv at December 31, 2021, amounts to 216,231,862.15 EUR.

Shares

The share capital at December 31, 2021, is represented by 43,154,979 shares without par value, entitling the shareholder to one vote per share.

By decision of the extraordinary general meeting of shareholders of July 10, 2019, the loyalty voting right has been introduced. As a consequence, each share which has been fully paid up and which is registered in the name of the same shareholder in the register of registered shares since at least two uninterrupted years, gives right to a double vote in accordance with the BCCA. All Tessenderlo Group nv's shares are admitted for listing and trading on Euronext Brussels.

Pursuant to the decision of the extraordinary general meeting of June 6, 2017, the Board of Directors is authorized, for a period of 5 years from the publication of the authorization in the Annex of the Belgian Official Gazette, to repurchase, in accordance with the conditions set by law, the company's shares, profit-sharing certificates or certificates relating thereto for the account of the company, taking into account the conditions as determined during the extraordinary general meeting of June 6, 2017.

Pursuant to this decision the Board of Directors at its meeting on August 25, 2020, approved the proposal to purchase own shares up to a maximum amount of EUR 5 million during a period starting on September 14, 2020 and ending on April 30, 2022. At the meeting of the Board of Directors on July 7, 2021, the proposal to purchase own shares up to a maximum amount of EUR 25 million during a period ending on October 27, 2021 was approved. This buy-back program that closed on October 27, 2021, has not resulted in effective purchases.

At its meeting on October 27, 2021, the Board of Directors renewed the approval to purchase own shares up to a maximum amount of EUR 5 million.

The share buy-back is intended to provide for the pay out in shares of the Long Term Incentive plan. This authorization ends on the next general meeting of May 10, 2022.

The company owned on December 31, 2021, in total 132,000 company's shares or 0.306% of the total amount of issued shares (being 43,154,979).

Shareholders & shareholders structure

On the basis of the notifications provided to the Company, the status of the voting rights of the Company at December 31, 2021, is as follows:

Shareholder	Number of shares	Number of voting rights	% voting rights
Verbrugge nv (controlled by Picanol nv)	20,575,699	38,533,061	61.03%
Symphony Mills nv	2,532,200	4,346,200	6.88%
Norges Bank	1,287,899	1,287,899	2.04%
Carmignac Gestion SA	903,687	903,687	1.43%
Dimensional Fund Advisors L.P.	891,022	891,022	1.41%
Own shares	132,000	0	0.00%
Other	16,832,472	17,172,312	27.20%
Total	**43,154,979**	**63,134,181**	**100.00%**

Verbrugge nv is controlled by Picanol nv, which in turn is controlled by Artela nv. Artela nv and Symphony Mills nv are controlled by Mr. Luc Tack. At the date of this report, the Company has no knowledge of any agreements made between the shareholders.

Shareholders whose stake in Tessenderlo Group nv's capital surpasses the threshold of 1%, 3%, 5%, 7.5% and each multiple of 5%, in either direction, are required to notify the Belgian Financial Services and Markets Authority (FSMA) (TRP.Fin@fsma.be) and Tessenderlo Group nv (kurt.dejonckheere@tessenderlo.com).

Governance structure

The Company has opted for the monistic structure with a Board of Directors authorized to carry out all acts necessary or useful for the realization of the Company's objective, with the exception of those reserved by law to the general shareholders' meeting.

Board of directors

Composition

At December 31, 2021, the composition of the Board of Directors of Tessenderlo Group nv was as follows:

	Start of initial term	End of term
Non-Executive Directors		
Mr. Karel Vinck	March 17, 2005	May 9, 2023
Independent Non-Executive Directors		
Management Deprez bv represented by its permanent representative Mrs. Veerle Deprez	June 6, 2017	May 13, 2025
ANBA bv represented by its permanent representative Mrs. Anne-Marie Baeyaert	June 6, 2017	May 13, 2025
Mr. Wouter De Geest	11 May 2021	May 9, 2023
Executive Directors		
Mr. Luc Tack	November 13, 2013	May 9, 2023
Mr. Stefaan Haspeslagh – Chairman	November 13, 2013	May 10, 2022

The composition of the Board of Directors fulfils the objective of assembling complementary skills in terms of age, competencies, experience, and business knowledge.

On December 31, 2021, the Board of Directors was in full compliance with the Law of July 28, 2011, requiring that as of January 1, 2017, one-third of the members of the Board of Directors should be of a different gender. All meetings of the Board of Directors were attended by the Secretary of the Board of Directors and the Vice President Finance and Investor Relations.

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Activities

The Board of Directors convened according to a previously determined schedule. The Board of Directors met nine (9) times during 2021.

During 2021, the Board's main areas of discussion, review and decision were:

- the group's long-term strategy;
- the financial statements and reports;
- the 2021 budget;
- the financial communication and reporting by segment;
- proposals to the general shareholders' meeting;
- the approval of the proposal to (re)appoint directors, to (re)appoint members of the audit committee and of the nomination and remuneration committee and to appoint a new president of the audit committee;
- the remuneration policy and the remuneration of the members of the Executive Committee and directors (decision not to grant remuneration in the form of shares for the Non-Executive directors and the ExCom for 2021, and the decision not to fix a minimum threshold of the amount of shares to be held by the ExCom for 2021);
- the proposal to the general shareholders' meeting to adjust the remuneration of the directors and chairman of the board;
- the approval of the payout of the long-term incentive plan 2019-2021 for members of the ExCom and senior management as well as the approval of a new long-term incentive plan 2022-2024 for members of the ExCom and senior management;
- the effectiveness of the Enterprise Risk Management;
- the approval of various commercial agreements;
- the approval of important contracts, various new investments and acquisitions;
- related party transaction procedure;
- the approval of the 2022 budget;
- the approval of the proposals to repurchase own shares.

Evaluation of the Board of Directors

Evaluations of the functioning of the Board of Directors, the Nomination and Remuneration Committee and the Audit Committee are performed periodically. In the context of such evaluations, the members can give a scoring (from 1-5) on different subjects relating to the board and committee functioning and can share their views on areas for improvement.

Such evaluations are performed through the use of a self-assessment questionnaire developed by the Secretary of the Board of Directors. The exercise focuses primarily on the following domains: role, responsibilities and the composition of the Board of Directors and the committees, the interactions between Directors, the conduct of the meetings and evaluation of the training and resources used by the Board of Directors and/or the committees.

Where appropriate, the individual Directors also share their view on how the Board of Directors and the committees could improve their operation. The Chairman and the Secretary of the Board of Directors share the results of the evaluation with the Directors and formulate initiatives for improvement. The assessment of the Board of Directors was conducted in 2019 and of the committees in 2020 and will be performed again in 2023 and 2024, respectively.

Appointment of the members of the Board of Directors

In its selection process for members of the Board, the Board integrates criteria such as variety of competences, age and gender diversity.

Board Committees

General

On December 31, 2021, the following Committees were active within the Board of Directors of Tessenderlo Group:

- The Nomination and Remuneration Committee
- The Audit Committee

Please see the Charter for a description of the operations of the various Committees on www.tessenderlo.com.

Nomination and Remuneration Committee

On December 31, 2021, the Nomination and Remuneration Committee was constituted as follows:

- Mr. Karel Vinck (Chairman)
- Management Deprez bv represented by its permanent representative Mrs. Veerle Deprez (Independent)
- Mr. Wouter De Geest (Independent)

A majority of the members of the Nomination and Remuneration Committee meets the independence criteria set forth by Article 7:87 §1 of the BCCA and the Corporate Governance Charter and the committee demonstrates the skills and the expertise requested in matters of remuneration policies as required by Article 7:100 of the BCCA.

The Nomination and Remuneration Committee met three (3) times in 2021.

- Activities of the Nomination and Remuneration Committee

In 2021, the Nomination and Remuneration Committee discussed and made recommendations regarding the Executive Committee remuneration package. The Committee made recommendations regarding the pay-out of the long-term incentive plan 2019-2021 for the ExCom and senior management and for the establishment of a new long-term incentive plan 2022-2024 for members of the ExCom and senior management. The Committee also made recommendations with regard to the adjustment of the remuneration to the Directors and the Chairman of the Board of Directors and with regard to the allocation of remuneration to the Non-Executive Directors and the ExCom in the form of shares, and the determination of a minimum threshold of shares to be held by the ExCom. The Nomination and Remuneration Committee determined the remuneration policy and also prepared the remuneration report, as included in the 2021 annual report.

In compliance with the Corporate Governance Charter, the majority of the members of the Nomination and Remuneration Committee are independent.

- Evaluation of the Nomination and Remuneration Committee

For information on the evaluation process of the Nomination and Remuneration Committee, please refer to the section “Evaluation of the Board of Directors”.

Audit Committee

At December 31, 2021, the Audit Committee was constituted as follows:

- ANBA bv represented by its permanent representative
  Mrs. Anne-Marie Baeyaert (Independent) (Chairman)
- Mr. Karel Vinck
- Mr. Wouter De Geest (Independent)

The Audit Committee met according to a previously determined schedule; i.e. four (4) times during 2021.

The CEO, the COO-CFO, the Vice President Finance and Investor Relations, the Group Internal Auditor as well as the statutory auditor attended the meetings of the Audit Committee. The other Directors were invited to participate to the meetings of the Audit Committee without any voting rights.

As legally required, the Audit Committee has among its members at least one independent Director with the necessary accounting and auditing expertise.

The members of the Audit Committee fulfil the criterion of competence with their training and by the experience gathered during their previous functions. In compliance with the Charter, the majority of the members are independent Directors.

- Evaluation of the Audit Committee

For information on the evaluation process of the Audit Committee, please refer to the section "Evaluation of the Board of Directors".

- Activities of the Audit Committee

In addition to monitoring the integrity of the quarterly financial statements and financial results press releases per semester, including disclosures, consistent application of the valuation and accounting principles, consolidation scope, closing process quality and accounting estimates, the Audit Committee heard reports from the external auditors regarding the year-end audit scope, the internal control system, the key audit matters and the valuation and accounting treatment of certain exceptional items.

The Audit Committee also addressed specific topics such as monitoring the effectiveness of the Enterprise Risk Management and the cybersecurity. The Audit Committee made recommendations regarding the further follow-up of improvement actions. Further, the Audit Committee reviewed the status of the major pending litigations.

The Audit Committee also followed up on the findings and recommendations of the external auditors, reviewed their independence and approved requests for non-audit services.

The Audit Committee also heard the Group Internal Auditor on the Internal Audit program for 2021, the risk assessment analysis and the activity reports of the internal audits which had been carried out, as well as on the review of the follow-up actions taken by the Company to remedy certain weaknesses identified by the Internal Audit Department. The Audit Committee also approved the internal control plan for the year 2021 and heard reports from the Internal Control Department on its various findings.

Attendance rate for members of the Board of Directors meetings and members of the committee meetings in 2021:

	Board of Directors	Audit Committee	Nomination & Remuneration Committee
Number of meetings in 2021	**9**	**4**	**3**
Philium bv represented by its permanent representative Mr. Philippe Coens (until 11.05.2021)	1/9	1/4	1/3
Mr. Stefaan Haspeslagh	9/9		
Mr. Luc Tack	9/9		
Mr. Karel Vinck	9/9	4/4	3/3
Mr. Wouter De Geest (as of 11.5.2021)	8/9	3/4	1/3
Management Deprez bv represented by its permanent representative Mrs. Veerle Deprez	9/9		3/3
ANBA bv represented by its permanent representative Mrs. Anne-Marie Baeyaert	9/9	4/4	

Executive committee (ExCom)

Roles and responsibilities

As per December 31, 2021, the ExCom of Tessenderlo Group was constituted as follows:

- Mr. Luc Tack (CEO)
- Mr. Stefaan Haspeslagh, representative of Findar bv (COO-CFO)

Evaluation of the ExCom

At least once a year, the ExCom reviews its own performance.

Activities of the ExCom

The Board of Directors has empowered the ExCom to enable it to perform its responsibilities and duties. Taking into account the Company’s values, its risk appetite and key policies, the ExCom shall have sufficient latitude to propose and implement the corporate strategy.

The CEO chairs the ExCom and ensures its organization and proper operation. In principle, the ExCom meets every week, and additional meetings may be convened at any time by any of its members. On a monthly basis the ExCom meets with the company’s Business Units in order to review and discuss the strategic decisions and the operational performance of the Business Units. A comparable performance dialogue is organized with representatives of the supporting group functions.

The ExCom is responsible for:

- running the Company;
- overseeing the proper organization and operation of the Company, ensuring oversight of its activities, including the introduction of internal control processes for the identification, assessment, management and monitoring of financial and other risks;
- the appointment of senior executives of the Company and determination of the senior executives remuneration policies*;
- the main decisions and investments involving amounts under the thresholds as defined by the Board of Directors;
- preparing the proposals for decisions on those matters under the competence of the Board of Directors, including the complete, timely, reliable and accurate preparation of the Company's annual accounts, in accordance with the applicable accounting standards and policies of the Company, as well as the Company's required disclosure of the financial statements and other material financial and non-financial information;
- presenting to the Board of Directors a balanced and understandable assessment of the Company's financial situation;
- providing the Board of Directors in due time with all information necessary for the Board of Directors to carry out its duties;
- executing and implementing the decisions taken by the Board of Directors.

The ExCom tasks are further described in the ExCom terms of reference as set out in Exhibit G of the Corporate Governance Charter.

**The Senior Executives of the Company are those executives who together with the ExCom manage and determine the strategy of the Businesses as well as the Heads of the Functional departments.*

Remuneration report

The remuneration report provides an overview of how the remuneration philosophy and the policy of Tessenderlo Group for Executive and Non-Executive Directors are reflected and how the remuneration for Directors is determined taking into account the individual and business related performance. The Nomination and Remuneration Committee supervises the remuneration policy and the corresponding remuneration for Executive and Non-Executive Directors.

Remuneration Board members

By decision of the General Shareholders' Meeting of May 11, 2021, each Director receives a fixed annual fee of 27,500 EUR. This remuneration covers the activities as member of the Board of Directors, the Audit Committee and the Nomination and Remuneration Committee. Moreover, the following additional fees will be granted:

- an attendance fee of 1,000 EUR per half meeting day;
- an additional annual fee of 72,500 EUR for the chairman of the Board of Directors; and
- an additional annual fee of 3,000 EUR for the chairman of the Audit Committee.

These rules apply to fees which are granted as from January 1, 2021.

Remuneration is paid during the year in which the meetings were held. The attendance fee of 1,000 EUR is also attributed to the directors who attend the meeting as invitee.

In its meeting of March 23, 2021, the Board of Directors decided not to grant remuneration in shares for fees paid to the Non-Executive Directors for the year 2021.

Remuneration received

Member	2021	Earned fees (in EUR)
Philium bv, represented by its permanent representative Mr. Philippe Coens (Independent Non-Executive director) (director until the end of the general meeting of 11.5.2021)	Fixed annual fee	9,869
	Additional fixed fee for Chairman of AC	1,076
	Attendance fee per half day attended	2,000
	Total remuneration	**12,946**
Management Deprez bv, represented by its permanent representative Mrs. Veerle Deprez (Independent Non-Executive director)	Fixed annual fee	27,500
	Attendance fee per half day attended	9,000
	Total remuneration	**36,500**
ANBA bv, represented by its permanent representative Mrs. Anne-Marie Baeyaert (Independent Non-Executive director)	Fixed annual fee	27,500
	Additional fixed fee for Chair of AC	1,923
	Attendance fee per half day attended	9,000
	Total remuneration	**38,423**
Wouter De Geest (Independent Non-Executive director (director as of 11.5.2021)	Fixed annual fee	17,630
	Attendance fee per half day attended	7,000
	Total remuneration	**24,630**
Stefaan Haspeslagh (Executive Director)	Fixed annual fee	27,500
	Additional fixed annual fee for Chairman Board	72,500
	Attendance fee per half day attended	9,000
	Total remuneration	**109,000**
Luc Tack (Executive Director)	Fixed annual fee	27,500
	Attendance fee per half day attended	9,000
	Total remuneration	**36,500**
Karel Vinck (Non-Executive director)	Fixed annual fee	27,500
	Attendance fee per half day attended	9,000
	Total remuneration	**36,500**
General total		**294,500.00**

The Company does not grant any remuneration in the form of shares to the Non-Executive Directors for 2021, as it is of the opinion that a payment in shares does not have a positive impact on decisions of these Directors that support the long term vision of the Company, given the presence of a reference shareholder who aims to create sustainable value within the Company.

Remuneration Executive Committee (ExCom)

The ExCom remuneration package consists of the following items:

- Fixed compensation
- Variable compensation
- Other compensation items

Each year, the Nomination and Remuneration Committee evaluates the appropriate compensation of the ExCom. These recommendations result from objective third party market studies, to ensure the competitiveness of the compensation packages and to stay in line with market movements.

Compensation of the COO-CFO is reviewed on an annual basis by the Nomination and Remuneration Committee on the recommendation of the CEO, while compensation of the CEO is reviewed by the Nomination and Remuneration Committee on the recommendation of the Chairman of the Board of Directors.

The ExCom was composed of the following individuals in 2021:

- CEO: Luc Tack
- COO & CFO (combined position): Stefaan Haspeslagh/Findar BVBA, represented by Stefaan Haspeslagh

Application of the Remuneration Policy 2021 – remuneration outcome

All 2021 related remuneration decisions were taken in accordance with the approved remuneration policy. A key recommendation made to the Board of Directors by the Nomination and Remuneration Committee was the determination of the short and long term incentive payouts in reference to the performance indicators and the assessment by the Nomination and Remuneration Committee of the ExCom's level of performance. This resulted in a payment above target for both the short and long term incentives (see table). The Nomination and Remuneration Committee and the Board of Directors believe that these short & long term incentives outcomes truly reflect the overall performance of the year 2021 and the overall results of the years 2019, 2020 and 2021.

The remuneration earned by the ExCom team in 2021 is detailed below:

Component	Amount CEO	Amount COO-CFO
Fixed compensation (excluding Director fees)	648,027 EUR	550,527 EUR
Variable compensation Short Term[1]	587,781 EUR	666,152 EUR
Variable compensation Long Term[2]	1,530,964 EUR	1,360,857 EUR
Pension[3]	56,710 EUR	123,717 EUR
Other benefits[4]	43,614 EUR	26,103 EUR
Total (cost to the company)	**2,867,096 EUR**	**2,727,356 EUR**
Proportion of fixed & variable remuneration	26% - 74%	26% - 74%

1. *Short term incentive realization as proposed by the Nomination and Remuneration Committee of March 22,2022.*
2. *Long term incentive realization for the years 2019, 2020 & 2021 (3 year plan) as approved by the Nomination and Remuneration Committee of March 22, 2022.*
3. *Combination of company pension plan and Individual Pension Contribution plan – annual service cost for 2021, as calculated by an actuary.*
4. *Other benefits include coverage for death, disability, work accident insurance, meal vouchers, company car - all under the same conditions applicable to other members of senior management and in accordance with the ruling approved by the Belgian tax authorities for representation allowance.*

Share base remuneration - Provision 7.9 of the Corporate Governance Code 2020

In line with previous years, Tessenderlo Group nv did not grant any remuneration in the form of shares or stock options to the ExCom in 2021. Only the payment of the Long Term Incentive with respect to the years 2019, 2020 & 2021 will be paid out in shares during the year 2022. It is of the opinion that a payment in shares does not have a positive impact on decisions of the ExCom that support the long term vision of the Company, given the presence of a reference shareholder who aims to create sustainable value within the Company.

Severance pay

Given the fact that there was no change to the composition of the ExCom, no severance payment was made in 2021 to any of the ExCom members .

Claw-back provision

Claw back provisions with respect to yearly variable compensation were included in the management agreements of the executive directors. These claw back mechanisms did not have to be used for the year 2021.

Evolution of Executive Pay & Company Performance

The below table is a summary of the evolution of the total remuneration of the ExCom & the average employee remuneration compared to the company's performance over the last five years, represented by a year on year growth of revenue and Adjusted EBITDA.

	2017	2018	2019	2020	2021
ExCom					
Total remuneration ExCom*	2,002,944 EUR	2,160,888 EUR	2,057,190 EUR	2,517,218 EUR	2,702,631 EUR
Change year to year	+49.5 %	+7.9%	-4.8%	+22.4%	+7.4%
Company performance					
Revenue (change year to year)	+4.2%	-2.2%	+7.5%	-0.3%	+19.8%
Adjusted EBITDA (change year to year)	-5.2%	-5.3%	+50.6%	+17.5%	+12.6%
Average FTE salary increase**	+3.6%	+3.4%	+3.6%	+1.5%	+4.9%

** Excluding LTI as only one payment every 3 year*
*** Only Tessenderlo Group nv employees considered (listed company in Belgium)*

Total Remuneration of CEO versus Lowest Remunerated Employee

The below table shows a comparison of the 2021 remuneration of the CEO to the 2021 remuneration of the lowest paid fulltime Tessenderlo Group NV employee. The remuneration includes base salary only. Variable remuneration, employee benefits & employer social security charges are not included.

	2021
Ratio remuneration CEO vs remuneration lowest Tessenderlo Group nv employee	1/17

Shareholders' approval

This 2021 remuneration report was approved by the Nomination and Remuneration Committee and by the Board of Directors on March 22, 2022. The remuneration report 2021 will be submitted for approval to the General Meeting of May 10, 2022. This remuneration report is also in line with the proposed remuneration policy 2021 which was approved by the General Meeting of May 11, 2021.

Main features of the group's internal control and risk management framework

Internal control framework

Responsibilities

The Board of Directors delegated the task of monitoring the effectiveness of the Internal Control System to the Audit Committee.

The ultimate responsibility for the implementation of the Internal Control System is delegated to the ExCom.

The daily management of each Business Unit is accountable for the implementation and maintenance of a reliable Internal Control System.

The Internal Audit & Control department assists the Business Units and the Tessenderlo Group Headquarters functions in the implementation and assessment of the effectiveness of the Internal Control System in their organization.

The levels of internal control are tailored to the residual risk that is acceptable to the management. The ultimate objective is to reduce possible misstatements of the financial statements as published by the group.

Scope of the Internal Control Framework

The Internal Control System is based on the COSO Internal Control – Integrated Framework with the main focus on the internal control over the financial reporting by mitigating risks through group level controls, entity level controls, process level controls, general IT controls and segregation of duties.

As far as cyber risks are concerned, a separate control program based on the NIST Cybersecurity Framework has been set up.

Internal control monitoring

The Audit Committee is in charge of monitoring the effectiveness of the internal control systems. This includes the supervision of the Internal Audit department about compliance monitoring.

The Internal Audit & Control department conducts a risk-based compliance audit program with the objective to validate the internal control effectiveness in the various processes at entity and group level. The ultimate goal of these reviews is to provide reasonable assurance on the reliability of the financial reporting.

The implementation of the cybersecurity program is being followed up by a specific committee which includes among others, the Group Audit Director and the Group Chief Information Security Officer.

The Group Audit Director is invited to the Audit Committee meetings. He informs the Audit Committee of the planning and the results of the internal audits and the proper implementation of the recommendations. A rating is used to indicate the severity of audit recommendations as well as to give an overall appreciation of the audited entity or process.

Preparation and processing of financial and accounting information

A centralized controlling and reporting department coordinates and controls the financial and accounting information.

Each Business Unit has a controlling department responsible for monitoring the performance of the operational units.

The Financial and Accounting Information System is based on consolidation software that allows the group to produce the required information.

Compliance

The Internal Audit & Control department is responsible for compliance testing of both the Internal Control Framework and the key control procedures on the preparation and processing of financial and accounting information and monitors compliance with internal policies and procedures as well as external laws and regulations.

The group has a Compliance Coordination Committee. This committee, composed of representatives of several headquarter functions, is responsible for the internal and external compliance program of Tessenderlo Group. The committee periodically reports to the Audit Committee.

Enterprise Risk Management (ERM) System

Risks are an essential and inherent aspect of conducting business. The group has developed some policies and procedures with the aim of managing and reducing risks to an acceptable level.

The Enterprise Risk Management policy applies to the Company and all of its affiliates worldwide. This policy describes the organization and goals of the ERM system including the responsibilities at all levels of management.

A risk management structure has been rolled out, both on group and on Business Unit levels in order for risk management to become an inherent part of daily operations.

The Group conducts a risk scan to identify all significant risks (financial and non-financial) and for each risk the potential impact, the probability, and the status of management or mitigation action are described in detail. For each risk a responsible party is identified, as well as its responsibility.

The main consequences that are considered when assessing risks relate to: the market and strategy, the impact on people, the disruption in the supply chain, the Company's operational activities, ethics and compliance, financial results and security (ICT and cybersecurity).

The identified risks are assessed and monitored in the various business units and supporting functions. The various risk management activities are reported on a regular basis to the ExCom and once a year to the Audit Committee.

The aim of the implemented ‘Group Crisis Management policy’ is to standardize crisis management across the group and all affiliates. The Risk Management department is the owner of this policy and responsible for the coordination at group level and providing assistance and guidance to the various entities in the development of a harmonized crisis plan, clarifying the responsibilities at all levels and establishing the reporting channels.

Policy on inside information and market manipulation

The Company has issued a Dealing Code including a set of rules regulating the declaration and conduct obligations regarding transactions in shares or other financial instruments of the Company carried out by Directors, ExCom members and other designated persons for their own account. Such Dealing Code is included in Exhibit I. of the Charter.

According to the Market Abuse Regulation, the Company has to take all reasonable steps to ensure that any person on its insider list acknowledges in writing the obligations and its awareness of the sanctions applicable to insider trading and the unlawful disclosure of inside information.

In accordance with the Dealing Code, the Board of Directors has appointed a Compliance Officer. The Compliance Officer is responsible for supervising compliance with the Dealing Code. He/she is also the point of contact for questions about the application of the Dealing Code. Mr. John Van Essche, Legal Counsel, holds the title of Compliance Officer.

External audit

KPMG Réviseurs d'Entreprises/Bedrijfsrevisoren bv/srl, represented by Patrick De Schutter, was appointed statutory auditor by the shareholders' meeting on 14 May 2019, following an audit tender bid process.

The fees paid by the group to its auditor amounted to:

	2021			
(Million EUR)	Audit	Audit related	Other	Total
KPMG (Belgium)	0.2	-	0.0	0.2
KPMG (Outside Belgium)	0.6	-	0.1	0.7
Total	**0.9**	**0.0**	**0.1**	**0.9**

	2020			
(Million EUR)	Audit	Audit related	Other	Total
KPMG (Belgium)	0.2	0.0	0.1	0.3
KPMG (Outside Belgium)	0.7	-	0.0	0.7
Total	**0.9**	**0.0**	**0.1**	**1.0**

Subsequent events

- In February 2022, Tessenderlo Group announced that it intends to acquire the production plant and the associated business of Pipelife France in Gaillon (Eure, France). The Gaillon plant specializes in the manufacturing of pipes for gas, water, and cable protection. The transaction is expected to reach completion in the course of 2022. After completion of the acquisition, Tessenderlo Group intends to integrate the business within the DYKA Group business unit (Industrial Solutions segment). This transaction will not materially impact the results of Tessenderlo Group.

- The group also announced that its growth unit Violleau plans to construct a new production line for organic fertilizers in Vénérolles (Aisne, France). The new line will focus on the production of organic pellets, responding to the rising demand for organic fertilizers. It is scheduled to be operational from the first quarter of 2023 and it will be constructed on the site of Akiolis' manufacturing plant in Vénérolles. With effect from 2022, Violleau will be included in the Agro segment.

- In February 2022, Tessenderlo Group repurchased 35.0 million EUR of its outstanding 2022 bonds at a price of 102.875%. This repurchase resulted in a cash-out of 36.0 million EUR and the remaining amount of outstanding "2022 bonds" maturing in July 2022 stands at 130.5 million EUR. Also in February 2022, the group agreed two term loan credit facilities for 30.0 million EUR each, with a maturity of 7 years (starting April 2022) and a maturity of 5 years (starting August 2022) respectively. These loans, with quarterly capital reimbursements, have a fixed interest rate of 1.16% and 0.94% respectively, and contain no financial covenants. Both transactions will further reduce the liquidity risk as well as the interest costs of the group.

- In early March 2022, Tessenderlo Group submitted a new permit application to the Flemish Region for the construction of a new 900 MW combined cycle steam and gas turbine (CCGT) power plant in Tessenderlo, Belgium. With a view to future auctions, Tessenderlo Group adjusted its previously submitted project (an investment of approximately 500 million EUR) to respond to the objections that led to the refusal of that application.

- The current conflict in Eastern Europe and the subsequent economic and financial sanctions imposed are negatively affecting the supply and the cost prices of both raw materials and energy. In particular, MOP (muriate of potash) is the key raw material used for the production of SOP (sulfate of potash) fertilizers that are produced at Tessenderlo Kerley Ham (Belgium). Tessenderlo Group currently sources MOP from Russia and Belarus, as well as some other countries. In this connection, the group is in the process of reviewing its sourcing mix, and it is therefore currently not possible to determine what the effect on the production would be, if any, although no significant impact is expected in the first half of 2022. At present, it is also difficult to estimate the impact on the other activities of the group.

Application of art. 7:96 and 7:97 of the Belgian code of companies and associations (BCCA) (previously art. 523/524 of the Belgian code of companies)

In the meeting of the Board of Directors held on March 23, 2021, a conflict of interest was recorded in respect of the ExCom members, who are part of the Board of Directors, in connection with the determination of the short-term incentive for 2020 and the remuneration package for 2021 and the targets of the long-term incentive. An extract of the minutes of this meeting is included in the statutory annual report.

In the meeting of the Board of Directors held on October 27, 2021, a conflict of interest was recorded on behalf of the ExCom members, who are part of the Board of Directors, in connection with the setting of the incentive plan 2022-2024. An extract of the minutes of this meeting is included in the statutory annual report. In 2021, no circumstances triggered the application of article 7:97 of the BCCA. However, in compliance with the internal conflict of interest procedure, the Board of Directors was informed of a standard market transaction relating to the rent out by Tessenderlo Kerley, Inc. of part of the HQ building in Phoenix to Talalay Global, a company owned by the Tack family.

Information required by art. 34 of the royal decree of November 14, 2007

The share capital of the Company is represented by ordinary shares.

The extraordinary shareholders' meeting of 6 June 2017 decided to authorize the Board of Directors, for a period of 5 years from the publication of the authorization in the Annex to the Belgian State Gazette, to increase the share capital, in one or more times, up to an amount of EUR 43.160.095 (forty three million one hundred and sixty thousand ninety-five euros), in accordance with the provisions set out in the BCCA and the articles of association of the company. The Board of Directors is allowed to use the authorized capital to take protective measures for the Company through capital increases, with or without limitation or withdrawal of preferential rights, even outside the context of a possible public takeover bid, to the extent that the Company has not yet received a notification of the FSMA with respect to a public takeover bid on its securities.

The Board of Directors is also authorized, with right of substitution, to amend the company's articles of association in accordance with the capital increase that was decided within the scope of the authorized capital.

By decision of the extraordinary general meeting of shareholders of July 10, 2019 the loyalty voting right has been introduced. As a consequence, each share which has been fully paid up and which is registered in the name of the same shareholder in the register of registered shares since at least two uninterrupted years, gives right to a double vote in accordance with the BCCA.

Each other share gives right to one vote at the general meeting.

The articles of association of the Company do not contain any restriction on the transfer of the shares.

The rules with respect to the appointment and resignation of Directors and amendments to the articles of association of the Company as set forth in the articles of association of the Company do not deviate from the applicable rules set forth in the BCCA.

The Company may, in accordance with the conditions set by law, acquire its own shares, profit-sharing certificates, or certificates relating thereto, by way of a purchase or an exchange, directly or through the intermediary of a person acting in its own name but for the account of the company, following a decision of the shareholders' meeting taken in accordance with the applicable requirements on quorum and majority. Such decision in particular determines the maximum number of shares, profit-sharing certificates or certificates relating thereto that can be acquired, the term for which the authorization is granted and which may not exceed five years, as well as the minimum and maximum value of the compensation.

Pursuant to the decision of the extraordinary general meeting of 6 June 2017, the Board of Directors is authorized, for a period of 5 years from the publication of the authorization in the Annex of the Belgian Official Gazette, to repurchase, in accordance with the conditions set by law, the company's shares, profit-sharing certificates or certificates relating thereto for the account of the company of which the accounting par value, including the securities previously acquired by the company and held by it, is not higher than 10% (ten per cent) of the issued capital and at a price ranging between minimum 20% (twenty per cent) below the average of the closing price of the company's share during the last 30 trading days preceding the Board's resolution to acquire such securities, and maximum 20% (twenty per cent) above the average of the closing price of the company's share during the last 30 trading days preceding the Board's resolution to acquire such securities, it being understood that the price will never be lower than EUR 15 (fifteen euro) or exceed EUR 50 (fifty euro).

In its meeting on August 25, 2020, the Board of Directors approved the proposal to purchase own shares up to a maximum amount of 5 million EUR during a period starting on September 14, 2020, and ending on April 30, 2022.

In its meeting on July 7, 2021, the Board of Directors approved the proposal to purchase own shares up to a maximum amount of 25 million EUR during a period ending on October 27, 2021.

In its meeting on October 27, 2021, the Board of Directors approved the proposal to purchase own shares up to a maximum amount of 5 million EUR during a period ending on the next General Meeting of May 10, 2022.

The Board of Directors is explicitly authorized according to the resolution of the extraordinary general meeting of 6 June 2017 to dispose of the acquired securities that are listed, on or outside the stock exchange, without the need for a prior consent or other intervention by the general meeting, without prejudice to the fact that the disposal possibilities of the Board of Directors are further mandatory organized under the new BCCA and these shall thus have to be respected in parallel by the Company for the remaining period of the authorization granted by the general meeting within the framework of the acquisition of own securities.

The aforementioned provisions equally apply to the acquisition or transfer of the Company's securities by the Company's directly controlled subsidiaries or through the intermediary of a person acting in its own name but for the account of these subsidiaries, in accordance with articles 7:221 and 7:222 of the BCCA.

Tessenderlo Group nv is a party to the following contracts which become effective, undergo changes or terminate in case of a change of control over Tessenderlo Group nv after a public takeover bid:

- the bilateral revolving facilities agreements entered into on December 4, 2019, for a total amount of 142.5 million EUR with the Company and Tessenderlo USA Inc. as borrowers and KBC Bank NV, ING NV, Belfius Bank NV and BNP Paribas Fortis NV as lenders: according to the terms of these agreements, a “change of control” over Tessenderlo Group nv will entitle each lender to ask for termination of the bilateral facility agreement. For purposes of the change of control clause described above, a “change of control” shall occur if a third party (i.e. any party other than Verbrugge nv or any person acting in concert with Verbrugge nv) acquires 30% or more of the voting rights of the Company (unless Verbrugge nv (alone or together with any person acting in concert) holds more voting rights than such third party);
- the prospectus dated June 15, 2015, of Tessenderlo Group nv regarding the issue of and public offer of two series of bonds with a maturity of 7 years (the “2022 Bonds”) and 10 years (the “2025 Bonds”, and together with the 2022 Bonds, the “Bonds”) for an expected minimum amount of 75.0 million EUR for the 2022 Bonds and an expected minimum amount of 25.0 million EUR for the 2025 Bonds and for a combined maximum amount of 250 million EUR: according to the terms and conditions of these Bonds, the Bonds will be redeemable at the option of the bondholders prior to maturity in the case of a change of control. Only the Bonds held by the bondholders who submit put option notices shall be immediately due and repayable in case of a change of control, with exception of all other bonds. If bondholders submit put option notices in respect of at least 85 percent of the aggregate nominal amount of the outstanding 2022 bonds, all (but not some only) of the 2022 bonds may be redeemed at the option of the Company prior to maturity. If bondholders submit put option notices for at least 85 percent of the aggregate nominal amount of the outstanding 2025 Bonds, all (but not some only) of the 2025 Bonds may be redeemed at the option of the issuer prior to maturity.

  A “change of control” shall occur if a third party (i.e. any party other than Verbrugge nv or any person acting in concert with Verbrugge nv) acquires 30% or more of the voting rights of the Company (unless Verbrugge nv (alone or together with any person acting in concert) holds more voting rights than such third party).

Dividend policy

In 2021 Tessenderlo Group nv has not declared or paid dividends for the financial year ending on December 31, 2020. The Company’s dividend policy may be amended from time to time, and each dividend distribution remains subject to the Company’s earnings, financial condition, share capital requirements and other important factors subject to proposal and approval by the competent corporate body of the Company and subject to the availability of distributable reserves as required by the BCCA and the articles of association. Any distributable reserves of the Company have to be computed in respect of its statutory balance sheet prepared in accordance with Belgian GAAP, which may differ from the consolidated financial statements in IFRS reported by the Company.

Information required by art. 3:6 Belgian code of companies and associations

Provision 3.12 of the Corporate Governance Code 2020

The current Chairman of the Company is an executive Director. The Company has carefully considered the positive and negative aspects in favor of such a decision and has concluded that such appointment is in the best interest of the Company given his extensive experience, expertise, in-depth knowledge and proven track-record in relevant business environments. The Board of Directors furthermore clarifies that Exhibit H of the Corporate Governance Charter provides additional conflict of interest procedures in case any material transaction is being considered by the Company with a company in which Directors are also a Director or Executive Director.

Provision 7.6 of the Corporate Governance Code 2020 with respect to remuneration of Non-Executive Directors

The Company does not grant any remuneration in the form of shares to the Non-Executive Directors for 2021, as it is of the opinion that a payment in shares does not have a positive impact on decisions of these Directors that support the long term vision of the Company, given the presence of a reference shareholder who aims to create sustainable value within the Company.

Only the payment of the Long Term Incentive with respect to the years 2019, 2020 & 2021 will be paid out in shares during the year 2022.

Provision 7.9 of the Corporate Governance Code 2020 with respect to remuneration of Executive Directors

The Company does not grant any minimum threshold of remuneration in the form of shares to the ExCom in 2021 nor a payment of the bonuses in shares, as it is of the opinion that a payment in shares does not have a positive impact on decisions of the ExCom that support the long term vision of the Company, given the presence of a reference shareholder who aims to create sustainable value within the Company.

Provision 8.7 of the Corporate Governance Code 2020 with respect to the conclusion of a relationship agreement with its reference shareholder

The Company has not concluded an agreement with its reference shareholder Picanol nv due to its representation in the Board of Directors of Tessenderlo Group.

Brussels, March 22, 2022
On behalf of the Board of Directors

Luc Tack Director and CEO	Stefaan Haspeslagh Chairman of the Board of Directors

2021

SUSTAINABILITY REPORT

Sustainability & corporate social responsibility at Tessenderlo Group

Sustainability and a long-term focus have been a recurring theme in our story for more than 100 years. Whether it is in the products and solutions we supply or the way in which we produce them, the care we show towards our planet and its resources is at the very heart of all of our businesses. We are aiming at developing successful businesses in attractive global markets, with growth potential and where we can help in developing solutions to mega-challenges. This is because we believe that Every Molecule Counts.

It is our ambition to continue our efforts in the future towards remaining a responsible and sustainable company that further strengthens our relationship with our stakeholders. Our key stakeholders are our employees, customers, shareholders, neighboring communities, governments and regulators, trade unions, and suppliers. With the publication of this sustainability report we want to make our sustainability efforts for 2021 more transparent for our environment.

We are therefore building our group with a clear focus on agriculture, food, water management, the upcycling of by-products, and a carefully selected choice of specialty industrial applications where our expertise enables us to make an improved use of resources. We are optimistic about our value creation options in this new era for food, energy, and recycling.

Sustainability and corporate social responsibility (CSR) are inextricably part of the strategy and daily activities of Tessenderlo Group. This includes continuously deciding, acting, and investing with the future in mind. We are convinced that sustainability efforts help us to establish strong relationships with our stakeholders. These efforts enable us to attract and retain new talent, while at the same time also providing a strong impetus for innovation. Within Tessenderlo Group, we want to act according to the expectations of our current and future stakeholders and create value for our company in the long term.

Tessenderlo Group resolutely chooses a sustainable production process that shows maximum respect for people, the planet, and the community. This is why Tessenderlo Group is focusing on the following three important pillars in this report:

Our employees
At Tessenderlo Group we continuously invest in our employees.

Our planet
Tessenderlo Group makes every effort to limit the impact of our activities on our planet by thinking, deciding and acting in a sustainable way.

Our community
From Tessenderlo Group, we work actively together with the environment in which we live and strive to meet the expectations of our stakeholders in the communities and environments where we work and live.

Reporting method and period

In this sustainability report, we are providing an overview of the most relevant objectives, efforts, and results in terms of sustainability for 2021.

This sustainability part is based on the GRI (Global Reporting Initiative) Standards: “Core option”. This report was not subject to an external audit. The GRI indicators used in this report are indicated for each theme. Tessenderlo Group will continue to publish an annual update of this report.

This sustainability report constitutes the declaration of non-financial information of the group and meets the requirements of art. 3:6 § 4 and 3:32 § 2 of the Belgian Code of Companies and Associations.

For any questions, please do not hesitate to contact us by writing to sustainability@tessenderlo.com.

Granularity

Reporting granularity is subdivided according to the social category and the environmental category. This is because these two categories will be addressed in different ways, e.g. concerning the application of boundaries. To this end, each category will be reported as follows:

- **The social topics**
  These are reported on a Tessenderlo Group level unless mentioned otherwise in the definition of the associated material part of the topic. Several KPIs have been added compared with last year, and this is also the case for procurement (see tables on page 102).
- **The environmental topics**
  These are reported separately for each of the following operating segments: Bio-valorization, Agro, and Industrial Solutions. As this division is somewhat different from financial reporting requirements, please note that all Tessenderlo Kerley, Inc. (TKI)-produced products are reported under the Agro segment (the energy and water consumption of TKI is fully included in the Agro segment). Tessenderlo Kerley, Inc. comprises the Crop Vitality, NovaSource, and moleko business units of Tessenderlo Group.

  Furthermore, with regard to T-Power, we have chosen to consider this segment separately due to the nature of the energy production aspect of the T-Power operating segment. If we added this figure to our total, it would potentially create a misleading picture.

The reference year for social and environmental topics is 2020 unless otherwise stated.

Reporting boundaries

Guided by the GHG Protocol, for the company boundary, we take the equity share approach. This means, among other things, that we take our joint venture Jupiter Sulphur (part of TKI) into account for 50% and T-Power at a full 100%, even though we are operating under a tolling agreement.

This year, we also included the vehicles either in our own possession or on a long-term lease (as well as company cars - Scope 1). This results in higher energy and energy intensity overall. This is certainly material for the Bio-valorization segment and also Industrial Solutions. The tables at the end of the CSR report show energy figures with and without these aforementioned vehicles, so the comparison with the previous year can be made on the same basis.

For the water calculations, we calculate according to each source of water: ground water, surface water, and third-party water. The “produced water” in line with the GRI definition 303-3 a iv is not taken into account.

For the volume calculations, we have changed the scope for Akiolis, which is part of Bio-valorization, over all the years from upstream to downstream volumes according to the definition: “product to be sold” for intensity calculations. This also increases the intensity calculations for this segment.

For the total employees at our company, we consider the total internal full-time equivalents. Therefore, no temporary employees are included.

Almost all disclosures are based on measured parameters or calculations (the calculations of one liter or kilogram of fuel into MWh are based on local conversion factors according to GRI 302-1); only in exceptional cases are these based on well-defined estimations.

The energy calculations are made according to GRI 302-1, where we deduct the electricity sold.

Furthermore, we will not be taking into consideration small energy consumers that account for less than 5% of their relevant business units. Therefore, the following businesses and/or locations will not be included in our reporting:

- DYKA s.r.o. (Czech Republic)
- Maramba S.R.L. (Paraguay)
- Kuhlmann Switzerland AG (Switzerland)
- Etablissements Violleau SAS (France)
- Tessenderlo Kerley Turkey Tarim Ve Kimya Sanayi Ve. Tic. Ltd. STI (Turkey)
- Tessenderlo Kerley Mexico SA de CV (Mexico)
- Tessenderlo Innovation Center (Belgium)
- Outside storage locations

Taxonomy

This year, we will also provide further disclosure on the Taxonomy regulation (EU) 2020/852 that applies with effect from January 1, 2022, in relation to the climate objectives. This is because we are in the scope of the Non-Financial Reporting Directive and we are preparing in the near future of the Corporate Sustainability Reporting Directive (CSRD).

The Taxonomy Regulation creates a unified framework that determines to what extent economic activities can be regarded as sustainable, within those criteria, definitions, and approaches. In relation to this, additional reporting requirements for certain listed companies are established: they need to provide information on the proportion of their revenue, capital expenditures (CapEx), and operating expenditure (OpEx) related to sustainable economic activities. The fact that a company does not have activities aligned with taxonomy does not lead to definitive conclusions with regard to the environmental performance of these companies. Not all activities that can make a substantial contribution to the environmental objectives are listed in the Climate Delegated Regulation.

The below table shows the % turnover, CapEx, OpEx (non-)eligible with the current Taxonomy. As some definitions of economic activities in the related Taxonomy are subject to interpretation, specifically regarding the production of chlorine, we reserve the right to review our reporting on this topic.

	Total 2021 (in million EUR)	Proportion of Taxonomy eligible economic activities (%)	Proportion of Taxonomy non-eligible economic activities (%)
Group Turnover	2,081.5	0.00%	100.00%
Group CapEx	115.8 *	0.00%	100.00%
Group OpEx	127.7 **	0.00%	100.00%

**Intangible & PPE CapEx and incl. IFRS16 Leasing CapEx*
***Maintenance & R&D OpEx (OpEx as defined under the Taxonomy regulation)*

Materiality analysis

Materiality assessments

Materiality assessments were implemented to define which material topics are most important and impactful to Tessenderlo Group. Furthermore, these assessments enabled us to consider how we would prioritize the material topics. Materiality assessments are the backbone of any sustainability reporting. Regarding GRI (Global Reporting Initiative) reporting by Tessenderlo Group, the material topics not only reflect the environmental, economic, social, and governance impact we make but they also highlight how the decision-making and assessments of our stakeholders might be influenced.

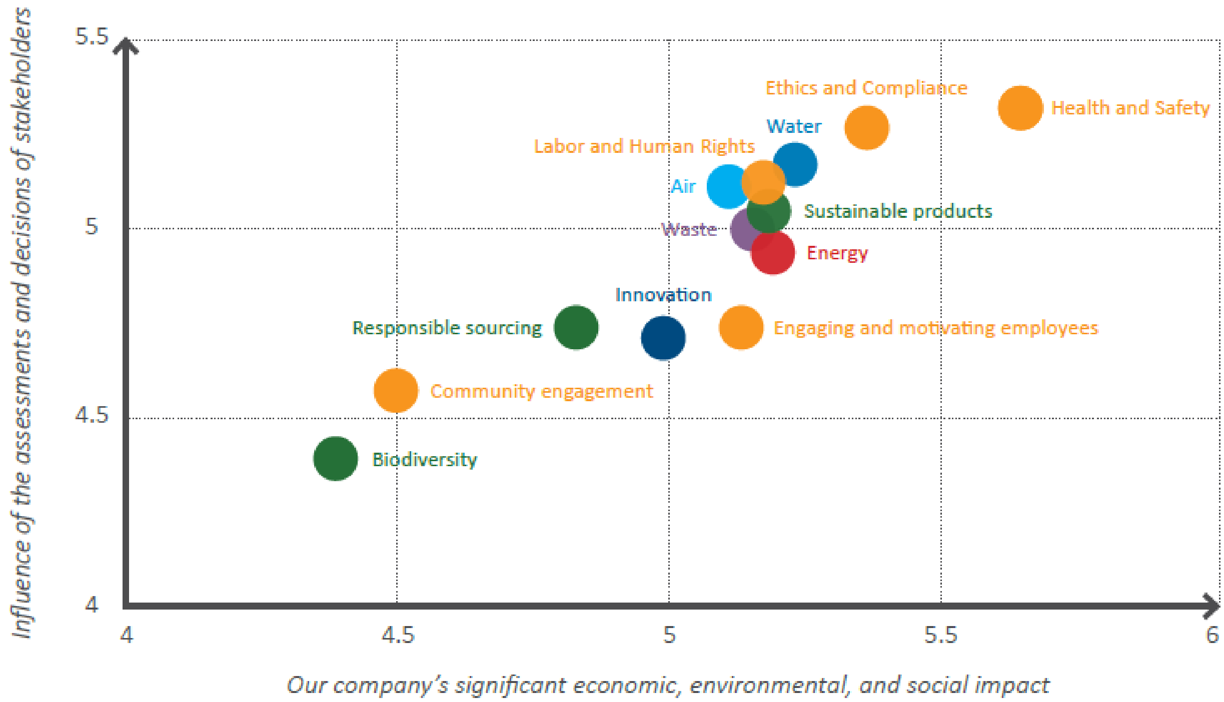
Our methodology

The methodology behind the materiality assessment involved inviting all colleagues at leadership levels within Tessenderlo Group as well as the CSR Execution Teams. Following this, we carried out a benchmarking process of the industry sectors that are relevant to each of our business units in relation to various material topics. Finally, we put together an online questionnaire that enabled us to select and plot the order of importance for each of the topics. This is done from the position of Tessenderlo Group and also from the perspective of our stakeholders.

Our results

We received a 100% response rate from our stakeholder representatives regarding the questionnaire. Furthermore, this initiative had the full backing of our ExCom and the Board of Directors. This is absolutely crucial because materiality is not only a very useful tool in terms of reporting, but it also enables us to create focus and align our strategy. After analyzing the completed questionnaires, we produced the below CSR Materiality Matrix. The selected topics have been plotted on the X-axis of the matrix to reflect the order of importance for Tessenderlo Group, and on the Y-axis to reflect the order of importance for the stakeholder representatives.

During the scoring process, the possibility was given to the participants of scoring between 0 and 6 on the X-axis and on the Y-axis, with 0 being "not important at all" and 6 being "very important." The result shows all topics were ranked above 4 (between "important" and "very important"), meaning that they are all considered impactful and important, but some more than others. The size of the circles has no importance. The warm orange colors refer to the topics selected under "social topics." The colors of the "environmental topics": water and air are indicated in blue; energy in red; waste in purple; sustainable products, responsible sourcing, and biodiversity in green. We started the process by placing the most important topics situated at the top right, with other topics to follow.



Moving forward

We then linked the materiality topics that we had identified as being most important to the GRI reporting standards. Once this was done, we were able to start measuring the materiality topics regarding the selected GRI standards for each topic. In this connection, we refer to the tables at the end of the report which link each topic to the GRI standards and links the social and environmental topics to the Sustainable Development Goals (SDGs) that we selected as being most important to Tessenderlo Group.

In 2021, we further built on social topics (health and safety, labor and human rights, motivating employees, ethics and compliance, and communities), responsible sourcing-related topics, as well as environmental topics regarding energy and water.

From the materiality matrix, for each topic, a selection of KPIs and targets has been made in order to execute the CSR strategy. All Tessenderlo Group employees have their role to play. Dynamic materiality is applied: at certain intervals, the materiality matrix will be updated to reflect the evolution of CSR in general and it will be related to the development of CSR at Tessenderlo Group specifically.

Tessenderlo Group is also aligned with the 10 principles of the UN Global Compact.

Governance of CSR

The Tessenderlo Group CSR governance structure allows us to implement, drive and steer the CSR strategy and policies and integrate and coordinate between group functions and the different business units (BUs) for social as well as environmental topics. CSR is promoted, supported, and validated at the highest level of the company: the ExCom and the Board.

Separate monthly meetings are set with the ExCom, the Procurement Director, and the Execution Team Environment, which are supplemented with many one-on-one meetings. Regular meetings are set with the Execution Team Social, the various Group (S)VPs ((Senior) Vice Presidents), and the Data Team.

Tessenderlo Group also aims to steer and monitor the results on KPIs, compared to targets. In order to drive CSR, the targets, are linked to the LTIs (long-term incentives) for the SVPs and the BU Management Teams, and also STIs (short-term incentives) for our E-level (Expert level of Managers) and L-level (Leadership level of Managers) population. Gathering data for the KPIs is done at BU level with the Execution Teams of Environment and Social in cooperation with the Data Team. Our data are integrated and secured on our group's corporate reporting platform.

Reporting of CSR KPIs and targets is performed on a quarterly basis and it is regularly communicated via Q-calls by the ExCom (calls for all L-levels). Yearly results for the KPIs can also be found in the Tessenderlo Group annual report.

Both internal and external communication is key in CSR as it ensures the right message is sent regarding what we do and what we aim to do. Regular meetings are taking place with the Communication Team to plan and execute CSR communication via the Tessenderlo Group website, InSider (our internal platform), newsletters, as well as through presentations and reports.

The CSR progression is also scored yearly by an external assessor, Ecovadis, which is one of the world's most trusted business sustainability rating companies. Ecovadis scores more than 85,000 companies in over 200 different industries. Ecovadis scores the group on Environment, Labor & Human Rights, Ethics, and Procurement. Detailed feedback allows us to better monitor and manage our progression, and to focus and improve our path going forward.

Besides the scoring of Ecovadis, which resulted in us being awarded a bronze medal in 2021, we will have a statutory audit according to the new CSRD (Corporate Sustainability Reporting Directive), starting from the 2023 reporting year onwards.

Sustainable Development Goals of the United Nations

Sustainable Development Goals

The United Nations General Assembly created the Sustainable Development Goals (SDGs) in 2015. These goals define the world that the United Nations wants to create. They are intended to apply throughout the world and the intention is to ensure that no country is left behind. The 17 SDGs represent the 2030 Agenda and specifically the more positive map of the world that the United Nations seeks. From the 17 global goals, a total of 169 targets were defined by the United Nations.

Adoption of SDGs

The SDGs have received considerable backing from the international business community. With regard to sustainability reporting, 95% of reporting reviewed by the World Business Council for Sustainable Development (WBCSD) in 2019 acknowledged SDGs while 86% of reporting gave priority to specific SDGs. This is a clear recognition of the intent of businesses across the globe to realizing the SDGs.

We chose to publish the SDGs that we are focusing on in our CSR report and on our website; they act as a compass for our strategy, our employees, and also for our stakeholders.

Our approach

We started by identifying what we aspire to achieve and following this, we worked on completing and finalizing our materiality on Environmental, Social, and Governance (ESG) or CSR (Corporate Social Responsibility) topics. This involved identifying and assessing the various potential topics that are most important from the perspective of our business and our stakeholders.

Our aim here is to create a clear and effective tool to indicate the directions we must take in terms of the deployment of our CSR strategy. We want to make our contribution to the bigger goals authentic through our materiality assessment.

We focused on adopting the SDGs of the United Nations that are easily recognizable and to which all of our employees and relevant stakeholders can relate.

Our methodology

We selected the goals in line with the materiality study that we carried out in 2020. From there, we focused on linking the material topics with the Global Reporting Initiative (GRI). Following this, we work at both the measurement and monitoring of targets by using Key Performance Indicators (KPIs). This shows us areas where there is potential room to make a difference. The KPIs and targets are also linked to the policies and management approaches.

Our SDGs (Sustainable Development Goals of the United Nations)

Ultimately, Tessenderlo Group selected the following ten SDGs out of the 17 Goals:

2. **ZERO HUNGER** – Achieve food security and improved nutrition and promote sustainable agriculture. This is realized via our activities in Agro, Bio-valorization, and Industrial Solutions, with a focus on water. Our contribution to target 2.1 is to reduce hunger and increase access to safe, nutritious, and sufficient food all year round.
3. **GOOD HEALTH AND WELL-BEING** – Ensure healthy lives and promote well-being for all at all ages. Tessenderlo Group takes health and safety very seriously and this is rated with the highest score in our materiality matrix. We want to make sure that our people leave our factories and offices in the same health condition as when they arrived. We have already tracked and monitored relevant data related to this topic for a long time. We also steer on health and safety through our KPIs linked to remuneration. Our Safety and Health policy clearly expresses the importance we as a group place on this subject.
4. **QUALITY EDUCATION** – Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. In order to boost employee motivation, this is also referenced in our materiality matrix and training sessions are very important. We are now building in LMS (our learning management system) several programs that are also related to training sessions and are linked with curricula according to each function, as well as being aligned with our Learning & Development policy.
6. **CLEAN WATER AND SANITATION** – Ensure availability and sustainable management of water and sanitation for all. Through our DYKA Group activities, which are linked to water management systems and the work of Kuhlmann Europe, we are active in water treatment, and this can be linked to targets 6.1 and 6.2: achieving universal and equitable access to safe and affordable drinking water and increase water-use efficiency and ensure sustainable withdrawals and the supply of freshwater to address water scarcity.
8. **DECENT WORK AND ECONOMIC GROWTH** – Promote sustained, inclusive, and sustainable economic growth, full and productive employment and decent work for all. Tessenderlo Group is focusing on the following targets, which are also expressed via the policies we have in this context: Labor & Human rights, Diversity & Inclusion, our Code of Conduct, and the Supplier Code of Conduct.
9. **INDUSTRY, INNOVATION AND INFRASTRUCTURE** – Build resilient infrastructure, promote inclusive and sustainable industrialization. DYKA Group's activities in piping for buildings and infrastructure, and also irrigation and sustainable water management, which are driven by innovation, support target 9.1. This is realized by developing quality, reliable, sustainable, and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access. They also support 9.4 by upgrading infrastructure and retrofit industries to make them more sustainable, with increased resource-use efficiency and the greater adoption of clean and environmentally sound technologies and industrial processes.
10. **REDUCED INEQUALITIES** – Reduced inequality within and among countries. Tessenderlo Group contributes by empowering and promoting the social, economic, and political inclusion of all, irrespective of age, gender, disability, race, ethnicity, origin, religion or economic or other status (10.2). Our approach is also supported by our Code of Conduct and our Diversity & Inclusion policy.

11. **SUSTAINABLE CITIES AND COMMUNITIES** – Make cities and human settlements inclusive, safe, resilient, and sustainable. In particular, at Kuhlmann Europe, with its wastewater treatment products, and DYKA Group with its water management systems, contributions can be made to reduce the adverse per capita environmental impact of cities, which also includes paying special attention to air quality and municipal and other waste management (11.6).
12. **RESPONSIBLE CONSUMPTION AND PRODUCTION** – Ensure sustainable consumption and production patterns. Our Bio-valorization segment, which includes Akiolis as well as PB Leiner, contributes to target 12.3 by reducing food waste at the retail and consumer levels and reducing food losses along production and supply chains by valorizing by-products of the meat industry and upcycling residues of restaurants into highly valuable products. In line with the "Every Molecule Counts" philosophy, Tessenderlo Group focuses on target 12.3 by substantially reducing "waste" generation through prevention, reduction, recycling, and reuse. We prefer to focus on upcycling as we turn these side streams into valuable products. Our contribution to target 12.6 is translated in our sustainability reporting and in our Supplier Code of Conduct: "Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle."
13. **CLIMATE ACTION** – Target urgent action to combat climate change and its impacts. Strengthening the resilience and adaptive capacity to climate-related hazards and natural disasters as mentioned in target 13.1 is incorporated in our risk prevention systems in general, specifically our own ERM (Enterprise Risk Management) system and the AXA Climate Risk assessment.

Our employees

Tessenderlo Group was founded more than 100 years ago. Our founders demonstrated a vision and leadership that is still tangible in our DNA. Our success today relies on the continuation of their legacy: daring to start small and never quitting, not allowing any of our resources to go to waste, and persistently adding value to everything we do through imaginative process thinking and rethinking, and research and development. Our founders also taught us to do business with integrity, and this is a commitment that we unwaveringly maintain as we continue to expand into new businesses areas and regions.

Over the years, Tessenderlo Group has grown into a diversified industrial group with operations and a commercial presence in more than 100 locations across 21 countries around the globe. Each company in the group serves different markets (inter)nationally with products and services that enjoy an excellent reputation. Our various business units and companies represent the beating heart of the group, each with its own identity and culture, the sum of which is more than the parts.

The attitudes we share, as a group

The various different business units and companies of Tessenderlo Group are not all involved in the same activities. Nevertheless, we speak one language and are united by the attitudes we share. These attitudes have been key in creating a strong company culture that focuses on excellence and sustainable growth:

- BE POSITIVE - We believe in the potential within and around us: we seize our opportunities with optimism.
- BE CURIOUS - We are open-minded and eager to learn: we want to get better at everything we do and discover even more about the world we live in.
- BE CONNECTED - We are connected internally and externally: we work closely together to share our knowledge and best practices.
- BE COURAGEOUS – We don’t shy away from obstacles. And we believe that having the courage to challenge each other is a good thing.
- BE DECISIVE – We take and execute decisions and we make sure things happen quickly.
- BE FOCUSED – We set priorities and we pursue results together.

Our 6 attitudes indicate what we consider to be most important as a group. However, whilst these attitudes act as a source of inspiration, they only really exist to the extent that we practice them. This is why we are committed to actively applying our attitudes in our everyday work. Because it reflects positively on our colleagues, customers, and other stakeholders. As a result, they clearly see our entrepreneurial spirit and job satisfaction, and our value-driven, “can-do” mentality.

The guiding principles we share, as a group

Tessenderlo Group has a positive and pragmatic outlook regarding how we can keep growing our business in a sustainable way: we believe that Every Molecule Counts. Creative, well-considered usage of our resources and a long-term focus are a common thread in our story. It is our ambition to strengthen our leading market position in each business unit and company of our group and to ensure enduring profitability. From a strongly anchored family shareholder base, Tessenderlo Group is further committed to creating shareholder value through the execution of a sustainable long-term industrial strategy.

The following principles guide our relationships with our employees, customers, shareholders, and local communities:

Our guiding principles

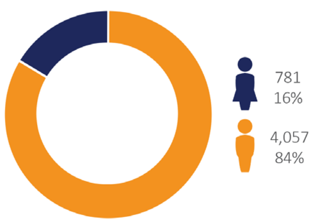
- We believe that Every Molecule Counts: we continually strive to valorize our products and processes to the maximum and to add value to everything we do.
- Our main focus is our business, and we do everything we can to get better at what we do.
- The safety and health of everyone in our business comes first. This is non-negotiable.
- Our people are the beating heart of Tessenderlo Group. We respect, enthuse, challenge, develop, and recognize the achievements of our colleagues.
- The customer is our priority, and this means operational excellence is essential.
- We continuously improve our competitiveness. That is why we optimize our spending and keep overheads to a minimum.
- We are driven by our entrepreneurial spirit: challenge and execution are key. We fight and win the battle in the market by assuming our responsibilities and taking the right actions at all levels.
- We ensure the sum is more than the parts. We leverage our very diverse skills and share best practices within our group through centers of excellence and services.
- We continuously practice our 6 attitudes, and we are fully committed to performing our jobs with integrity.

Total number of employees

As at December 31, 2021, the total number of employees (FTE) working for the group amounted to 4,838. Out of this total, 864 employees were active in the Agro segment, 2,107 employees were active in the Bio-valorization business, 1,829 employees were active in the Industrial Solutions segment and 38 employees were active in T-Power.

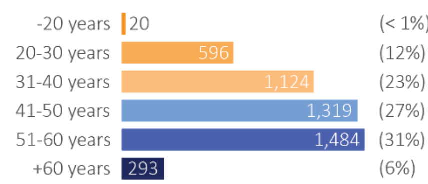
Meanwhile, 3,721 of the group's total personnel are employed in Europe, 907 are employed in the Americas and 210 are employed in Asia, Africa, and Australia.

Gender distribution of global employees



Total number of global employees

Global employees per age group



Gender diversity

In 2020, we launched a new policy regarding Diversity & Inclusion, aimed at further improving diversity and inclusion in our workplace. As shown in the figure above and the KPIs in the tables, we measure and monitor a number of different gender-related metrics in the different levels (general, expert level (E), leadership level (L), Board of Directors, and other governance bodies (see table on the next page)). Also, the salary levels between genders are measured in the different groups. The diversity of our employees can also be seen in the geographical spread.

On December 31, 2021, two out of six members of the Board of Directors were female. The Board of Directors was therefore in full compliance with the Law of July 28, 2011, requiring that as of January 1, 2017, one-third of the members of the Board of Directors should be of a different gender than the other members of the Board. In its selection procedure for the appointment of new directors, the Board of Directors has integrated criteria with regard to diversity of competencies, age and gender diversity.

Employees and employment – Labor and Human Rights

Tessenderlo Group ensures respect for all basic human rights throughout the world. We do not tolerate any discrimination or harassment on the grounds of race, color, gender, religion, origin, civil status, family circumstances, feelings or sexual orientation, disability or age. Tessenderlo Group expressly does not permit the use of child labor through the company and its suppliers.

We consider all qualified applicants for employment regardless of race, color, gender, religion, age, national origin, sexual orientation, disability status or protected veteran status. In this connection, the group implemented a diversity and inclusion policy in 2020.

In 2020, we also launched a new policy relating to Human and Labor Rights within Tessenderlo Group. The purpose of the policy is to clarify Tessenderlo Group's view that respect for human rights and the observance of labor rights are integral to our business practices and that we, therefore, comply with the UN Global Compact principles.

Any concern our employees might have regarding human rights and labor rights at Tessenderlo Group can be raised either directly with their line managers or with their local senior leaders. This, together with training sessions that are being implemented on this subject, is how we aim to cover our internal risk related to labor and human rights. In case employees have the impression that their concerns have not received sufficient attention, or that the response provided was inadequate, then the matter can be confidentially brought to the attention of the Compliance Officer by writing to: codeofconduct@tessenderlo.com. Our external risk is also referred to in our Supplier Code of Conduct and sustainable procurement policy.

In 2021, the Compliance Officer was informed about three cases on labor rights, which have been resolved. Furthermore, Tessenderlo Group did not receive any formal complaints regarding human rights or diversity and inclusion in 2021.

Labor and Human Rights		
ASSOCIATED MATERIAL ASPECT (GRI)	**Score 2020**	**Score 2021**
Diversity of gender in governance bodies (BU Leadership Teams, Group Leadership Team and the Board of Directors)	New in 2021	18% female 82% male
Diversity of governance bodies (gender % of L level, E level and board)	11% female at L level* 24% female at E level* 33% at Board level	12% female at L level* 24% female at E level* 33% at Board level
Diversity of gender (all permanent employees)	New in 2021	16.6% female 83.4% male
Diversity of employees (per region, per gender, and per age category expressed in total numbers)	See Sustainability report 2020	See page 75
% of employees compliant in training Labor and Human Rights	-	New in 2022
Equal opportunity-ratio of basic salary and remuneration of females to males at L level	Female 6% higher than male	Female 5% higher than male
Equal opportunity-ratio of basic salary and remuneration of males to females at E level	Male 3% higher than female	Male 2% higher than female
Operations in which the right to freedom of association and collective bargaining may be at risk	0	0
Total new hires	New in 2021	673 new hires
Employee turnover for 2021	6.5%	12.9%

**E level = Expert level of Managers at the company; L level = Leadership level of Managers at the company.*

Developing Human Resources for sustainable growth

Tessenderlo Group relies on a team of experienced professionals and this contributes towards our realization of the business and strategic objectives across all areas.

With our tagline “Every Molecule Counts” we strongly believe that our people are the most important drivers behind our success of creating sustainable growth. As we are making important strategic shifts across our business units, HR has a crucial role to play in driving people and culture development, business growth, and company agility.

We are convinced that our employees are the most important factor in our success. In a global business where knowledge and expertise are essential, we build on our experienced and motivated employees, who have an in-depth knowledge and understanding of both the group and our products. Our HR managers, who make up part of each of the different management teams in the group, are focused on rolling out the updated business strategies, shaping the organization, defining clear roles and responsibilities, as well as attracting, retaining, and developing the right people, and building motivated teams that will realize the objectives of the group. They also guide each company through the cultural changes that are necessary for the successful implementation of the strategic plans. Professional tools and processes for Talent and Reward, sharing best practices, and automation of transactional work are supporting these common goals.

Within our annual performance cycle, clear objectives that are in line with our strategy execution are defined internally in each of the different business units. Each business unit has a communication plan to cascade these objectives of management down to the shop floor and to communicate them into the minds, hearts, and hands of our team members.

Talent management is a key process within our organization. As our business is constantly growing, we offer challenging yet rewarding jobs for enthusiastic people with backgrounds in Engineering, Sales, and Business Development, as well as Operations Management and General Management. We offer many great opportunities in terms of personal development and we strive to have in place a personal development plan for each individual employee. On-the-job training and a permanent feedback culture are essential, but we also organize learning and training programs for all levels of employees. We build on the strengths of one another, and we deploy our people in a complementary manner.

Within our Talent Review Process, we prepare career paths and carefully develop our talent for the future. In addition, we have invested in platforms to facilitate these processes. HR is also responsible for solid remuneration systems and benchmarked and competitive salary packages. The goal behind our remuneration strategy is payment according to performance, in which we strive to stimulate the entrepreneurial spirit of our employees.

We must ensure that our employees, as individuals, are fully prepared at all times in order to respond to both the short-term and long-term challenges we face, as well as to work productively in result-driven teams.

It is for this reason that we have defined the following seven HR pillars for sustainable growth:

FIRST PILLAR

Shaping the right and lean organizations that will be able to provide the most effective support to the different business models.

SECOND PILLAR

Attracting the right employees for the right jobs.

THIRD PILLAR

Engaging our people as regards the ways in which they can make even better contributions to the execution of our strategy. This can be realized by developing annual performance cycles, continuous feedback, the development of recognition plans, and clear communication.

FOURTH PILLAR

Seeking to further empower our employees and create motivated teams through a smart combination of dedicated coaching and teambuilding. This will ensure that we have flexible and agile employees.

FIFTH PILLAR

Training and developing all of the talent in our group. The concept of talent management is considered to be a key process within our organization, and it is therefore the responsibility of every leader and manager in the organization to commit to this objective. In this respect, on-the-job training and a permanent feedback culture are fundamental elements.

SIXTH PILLAR

Offering a solid reward system with benchmarked and competitive salary packages and benefits. Benchmarking is undertaken via professional salary surveys and we also provide medical insurance for our employees and pension schemes in every country in which we operate.

SEVENTH PILLAR

Following the Group Code of Conduct and compliance policies at all times.

Tessenderlo Group's strategy could be undermined by the company's inability to attract or retain employees in key positions, or by the unexpected loss of experienced employees. Tessenderlo Group will continue its efforts to recruit, retain, and develop a competent workforce and manage key talent throughout its global organization.

Training and Talent Management

We cherish talent and actively help our employees to grow and flourish. Through dedicated training programs and coaching, we seek to empower our employees, ensuring that they are flexible and agile, while simultaneously encouraging them to consider how they want to contribute to Tessenderlo Group - both today and tomorrow.

We train and develop our employees because they are critical to our success and our ability to execute our business strategy better than our competitors. Our culture includes having high expectations for the personal growth of our employees, and we encourage continuous learning via job-specific, in-person, and online training.

All employees receive on-the-job training, a permanent feedback culture, and training programs. We build on the strengths of one another, and our Talent Review Process aims at preparing career paths and developing our talent for the future.

In 2021, Tessenderlo Group launched a global new learning management system (LMS). This is a standard system work tool for Learning & Development and it allows us to organize and manage learning within the group. It is also to be a "one-stop-shop" ensuring all learning activities are organized more efficiently. Our LMS is just a first step in a series of HR digitalization projects aimed at being future-proof.

Motivating employees		
ASSOCIATED MATERIAL ASPECT (GRI)	**Score 2020**	**Score 2021**
Average number of hours of training per employee per year, excluding training on the job/machine	16	14.8
Employees receiving regular signed performance and career development reviews expressed in % of E and L grades	95%	96%
Average years of seniority/company service	11.06	13.21*
% of L and E grade employees in performance-related incentive plans	New in 2021	100%
% of all employees in performance-related incentive plans	New in 2021	66%
E grade employees in formal coaching or mentoring programs	New in 2021	3.24%
% of employees active in LMS (learning management system)	New in 2021	39%
Hiring by source - internal/external	New in 2021	12% internal 88% external

** Given that we progressively induce more systemization for the gathering of data, some data from 2020 could be slightly less accurate, and consequently, compared to 2021, might not show the complete accurate evolution.*

Safety and health

Tessenderlo Group is committed to protecting and improving the safety, health and general well-being of its employees, customers, suppliers, and neighbors by preventing or limiting its activities and products from affecting people and the environment.

It is our responsibility to ensure that our employees can work in a safe work environment and we are responsible for clearly communicating expectations regarding how to work safely via awareness programs, audits and improvement measures. Tessenderlo Group works to achieve a “zero fatality rate” globally.

Tessenderlo Group’s Safety and Health Policy is integrated into company processes, operations, and systems. The protection of employees, customers, suppliers, visitors, and neighbors against unacceptable risks overrides economic considerations and must not be compromised. In the event of any doubts, the overriding principle of precaution must apply.

Safety and health policy of Tessenderlo Group

Tessenderlo Group and all of its subsidiaries embrace and comply with its legal, ethical, and moral responsibilities, in terms of protecting the safety and health of employees, contractors, customers, and the communities in which we operate. We will always conduct our business to the highest practicable standards.

Tessenderlo Group’s leadership, management, and all employees will act at all times to safeguard the safety and health of all. No business goal, target, or job is more important than ensuring the safety and health of everyone.

To fulfill those responsibilities, Tessenderlo Group ensures that the appropriate level of resources is made available, together with the commitment to continuously improve safety and health performance. It is the role of Senior Leadership to determine, deploy, and manage the required resources to meet Tessenderlo Group’s responsibilities.

All employees and others engaged by Tessenderlo Group are expected at all times to fully comply with applicable regulations and local processes that are determined necessary to protect safety and health. Every incident and life-threatening accident is thoroughly investigated to determine and implement the improvement actions required to prevent any repeat event. All employees are expected to report all such events to local management so that the appropriate procedures can be followed.

Safety and health will always be a fundamental value of Tessenderlo Group.

Our continuous focus on improving safety and health performance remains the top priority for Tessenderlo Group. The year was dominated by the continuing impact of the global COVID-19 pandemic and consequently employee safety and health risks and performance were heightened. Many business activities continued to be classified as “essential” and, as a result, many of our employees continued operating from our factories and offices in accordance with local legislation. This understandably posed significant organizational and logistical challenges. We reinforced vigorous monitoring and hygiene regimes to safeguard the health of those employees. Our measures were broadly successful and have remained in place to meet national and local statutory obligations. However, our foremost objective remains to ensure that our employees remain safe and healthy and understand, behave, and participate with our commitment to the wellbeing of everyone. We strive to preserve, conserve, and protect the resources we use to conduct our business.

Group health and safety performance

During 2021, we continued to focus on sustained improvements from safety and health performance within each business unit. Management has made this the number one priority and utilizes skilled and qualified internal and external resources. Regular management and employee auditing and workplace inspections are conducted, and thorough investigation and follow-up is conducted on injuries and events that have or could have resulted in accidents and harm. Safety and health performance is reviewed each month with the ExCom and the Senior Management of each business unit and, consequently, revised targets are set each year in terms of realizing a continued reduction in accidents and incidents.

Also in 2021, we made further progress in the implementation of a group-wide learning management system, which will enhance our ability to deliver and record systemic safety and health training for all employees and contractors. This major multi-year project will underpin our continuing commitment to training as the key factor in terms of setting standards and expectations for safe behavior in all the locations where we conduct business.

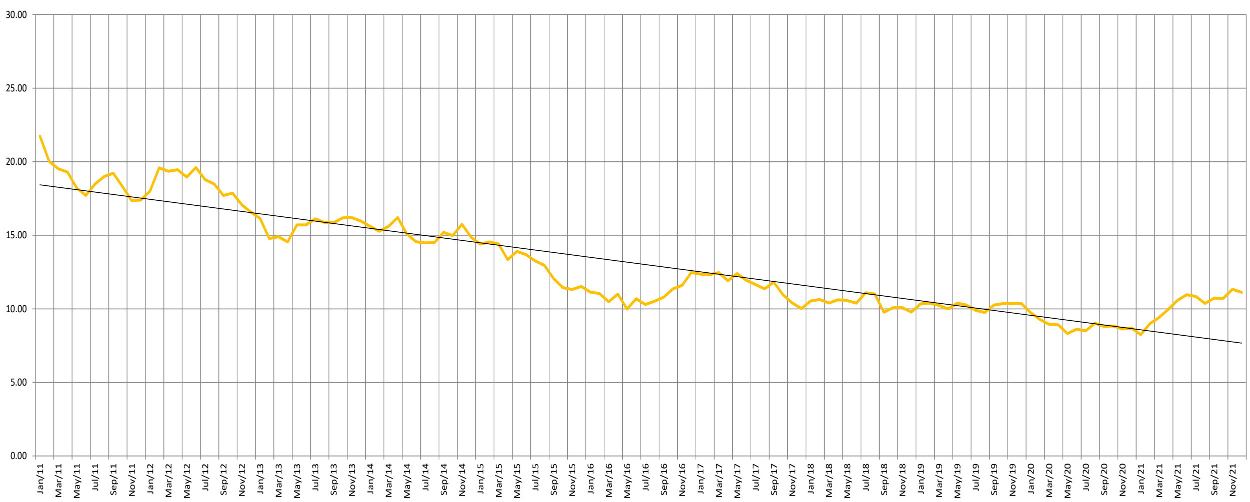
Several business units consistently achieve levels of SHE performance that are significantly below industry benchmarks, whilst other business units continue to make progress towards meeting such levels. However, compared with 2020, a number of business units experienced significant increases in their Lost Time Incident Frequency Rates, and this consequently led to an increase in the group frequency rate. This disappointing increase, which followed many years of improved results has led us to further emphasize to our Guiding Principle that “The Safety and Health of everyone in our business is more important than any other subject.”

Health and Safety		
ASSOCIATED MATERIAL ASPECT (GRI)	**Score 2020**	**Score 2021**
Lost Time Incident (LTI) frequency ratio[1] (all employees and contractors)	8.34	11.12
Near misses frequency ratio[2] (all employees and contractors, expressed as number of hours worked)	New in 2021	829.76
Workers representation in formal joint management/employee H&S committee	95%	96%
Accident severity rate[3] (all employees)	New in 2021	0.56
Total safety performance[4] (all employees and contractors)	New in 2021	10.84
Group insurance percentage coverage/Life Assurance coverage	97%	98%

1. *LTI (Lost Time Incident) frequency rate is a rolling annual calculation based on the formula "LTIs x 1 million/total hours worked"*
2. *Near misses frequency ratio (all near miss reports x 1 million/ total hours worked)*
3. *Accident severity rate (severity of lost time injuries to employees defined as total days absent/1,000 hours worked)*
4. *Total safety performance (all LTIs + medical treatments x severity rate/total hours worked)*

Tessenderlo Group lost time incident frequency rate

(number of lost time incidents per million hours worked)



Safety and health achievements

Agro segment

Tessenderlo Kerley, Inc. has a total of 9 facilities that have achieved more than 5 years without a lost time incident. In addition, five of those locations have gone more than 20 years without a lost time incident! To support the employee engagement and workplace culture that leads to this type of performance, Tessenderlo Kerley, Inc. maintains a robust behavioral-based safety award program at all its operational facilities. The program is designed to recognize employee activities that help ensure everyone goes home unharmed every day. The focus areas of the program include safety meetings participation, completion of safety inspections, hazard identification, and involvement in the task observation process. During the past year, more than 97% of employees at our process plants actively participated in the Safety Award Program.

Tessenderlo Kerley International continued its focus on H&S (health and safety) and this also applied to its site in Ham, Belgium. The progressive reduction seen in previous years was not sustained. As a result, the second-year implementation of a 5-year action plan for occupational and process safety did not achieve its goals. A thorough review of the reasons behind the increases will result in a fresh impetus towards more sustained reductions. Meanwhile, various other international sites within Tessenderlo Kerley International continued to operate with an accident-free record.

Bio-valorization segment

PB Leiner continued to make long-term improvements at the majority of its sites, which are located on 4 continents. At the end of 2021, the Lost Time Incident frequency rate was at an historic low of 1.74 and this achievement reflected the commitment from management to rigorously implement new initiatives, new procedures, and behavioral safety practices. A 10% increase in the reporting of “near miss incidents” also led to the ability to further eliminate unsafe conditions and reduce the number of first aid injuries by 9.7%. This core process has also been extended to cover environmental issues with a corresponding increased focus.

At Akiolis, health and safety at work has remained a key area for management. Akiolis employees are faced with many challenging work environments and the number of lost time incidents in 2021 sharply increased from the previous year. However, despite this, 10 sites have gone more than 1,000 days without a lost time incident and 17 sites have gone more than one year without such an incident. Akiolis continues to devote additional resources to realizing further improvements and involving all members of the workforce. In particular, BU and site management have started a program of behavioral safety training to assist them in highlighting where employees can make personal improvements to their own safety and that of colleagues and others they work with. An important initiative resulted in a substantial increase in employee reports of hazard spotting and near misses. This increasing trend will significantly contribute to future reductions in employee lost time incidents.

Industrial Solutions segment

Within DYKA Group, we experienced a deterioration in the lost time incident frequency rate but only a marginal change in the severity rate of those injuries. The introduction of a safety improvement plan in the second half of the year realized a 50% reduction in the safety issues experienced . The “SCOT” personal safety program included 10 mandatory ”lifesaving” rules for each site to adopt. The focus on behavioral, technical, and organizational aspects of health and safety are at the heart of the new program. Amongst the DYKA Group sites, BT Nyloplast in Hungary extended its accident performance-free record to 2,417 days. DYKA Group is transferring its best practices and management standards to the sites where further improvements are still required and this “levelling up” process should realize success in 2022. The 2020 acquisition of DYKA Tube SAS in France has now been integrated into the SHEQ policies and procedures of DYKA Group and Tessenderlo Group.

The Kuhlmann Europe site in Loos (Kuhlmann France) had a marginally worse safety performance in 2021 but has continued to focus on a range of site infrastructure investments, which is contributing to the improvement of overall working conditions. The site maintained its ISO 14001 registration.

T-Power segment

T-Power reported two lost time incidents in its operations during 2021.

Social activities

Tessenderlo Group firmly believes in the importance of the recognition of teams based on positive reinforcement. This can be linked not only to achieving certain results to help growth, but also to life events. Our employees spend a lot of their time at work and often “go the extra mile” for the company. Therefore, we believe they should be celebrated and respected for these efforts. We use various occasions like company anniversaries to organize get-togethers for our teams as well as family and friends. Our aim is to ensure our employees can share the pride they have in their work and what we do as a company with those from their personal lives. Social activities are important in contributing to the wellness of each of our employees and building a positive company environment and culture.

Unfortunately, most social activities in the group were either cancelled or postponed due to COVID-19.

Tessenderlo Group Strava club

In light of the Coronavirus restrictions, organizing any group sporting events proved difficult in 2021. In this connection, we launched a Tessenderlo Group club on Strava to allow us to continue with sport and exercise, but in a Corona-proof way. In 2021, 292 colleagues joined our club, 63 of whom achieved our Strava targets of 50 km swimming, 500 km walking or hiking, or 5,000 km cycling.

Our planet

The challenges that the world faces - from climate change and population growth to food shortages and economic crises - are the basis for our search for products and processes that create value for all of our stakeholders.

There is no need to debate the fact that our planet is warming up. Overwhelming scientific consensus argues that humans are causing this warming through the emission of greenhouse gasses, mostly from the burning of fossil fuels. A warmer planet creates the effect of changing weather patterns. These changes have an impact on freshwater availability. Climate change also affects our ability to produce sufficient food in a reliable manner. It influences our ecosystems and biodiversity, as well as the spread of diseases. Overall, severely changing weather patterns are increasingly having a profound effect on our lives, our economies and our societies. Climate change is the single most important factor that will define our future market environment.

Growing population

We live on an increasingly crowded planet. According to a United Nations report published in 2019, the current world population of 7.7 billion is expected to reach 9.7 billion by 2050. With approximately 83 million people being added to the world's population every year, the upward trend in population size is expected to continue. Such an increase will inevitably have an impact on climate change and our natural resources, ecosystems, raw materials and land availability.

Improving standards of living

The global population is not only growing in terms of numbers. Global affluence is also increasing on average. Whilst not every region or country of the world is benefiting from this development, China, Brazil, and India are making big strides forward. Notwithstanding the fact that wider affluence has many positive aspects, it will create a market environment with more people consuming more goods. And this means it will be more difficult for supply to keep up with demand. Improved standards of living are also linked to increasing urbanization; more people are now living in cities than ever before.

Every Molecule Counts

Every human being has the right to food, and we believe that it is our responsibility to help make this possible through more efficient and sustainable agriculture. As demand outstrips nature's capacity to provide fresh water, and due to a lack of infrastructure, one billion people in the world lack access to sufficient clean water. We offer solutions that promise a reduction of water use in agriculture and improve water management and quality - these represent important steps towards conservation and wider access. The earth's natural resources are being squandered by some who think that supplies are endless. Indeed, many such resources are either burned or dumped as waste after use. The reality is that these resources can never be replenished. Therefore, in order to avoid depleting resources that should be available to future generations as well as our own, we provide solutions to further reuse and recycle materials, hence adding value to them.

Our challenge is to contribute to making a significant improvement in the efficient use of raw materials, especially residuals or by-products from natural origin. This will mean we are making the most of the resources. For this reason, we are 100% committed to finding new and more sustainable ways in order to successfully address the following mega-challenges:

- Maximizing food production
- Optimizing the use of water
- Using our resources more responsibly
- Making better use of bio-residuals
- Reducing our energy footprint

Environment

Tessenderlo Group is aware of the impact our production operations have on the planet. We want to take our share of responsibility and minimize the impact of our operations. We will continue to explore ways of reducing our environmental footprint in every aspect of our activities.

“Every Molecule Counts” is at the heart of our strategy and this is expressed by the numerous business activities and projects we deploy in terms of circularity. At the same time, our activities are subject to environmental regulations that could create substantial costs and lead to disputes regarding environmental matters. National and local authorities might even impose “no-fault liability”, leading to a negative impact on our activities. Meanwhile, the environmental regulations in the markets where we operate are becoming stricter, with a growing emphasis on compliance.

We offer various products and environmentally friendly solutions, in which we typically reclaim and transform by-products from our own or other industries.

Based on the outcome of the materiality analyses and taking the assessments of our employees and stakeholder representatives into account, we decided to focus on the topics of water and energy. Both topics represent areas of major importance with regard to helping preserve the natural resources of our planet, and are at the same time material to our business. As production volumes are subject to change, we have also calculated the intensity ratios of water and energy, which represent a more tangible steering metric.

There are two approaches regarding environmental sustainability:

1. Reduce the impact of our own operations on the environment, related to climate change mitigation
2. Reduce the impact of the environment on our operations, related to climate change adaptation

Reducing the impact of our own operations on the environment:

Going back to the subject of materiality we see that there is a whole cluster relating to sustainable products: energy, water, air, and by-products. “By-products” is our preferred terminology instead of “waste” because we see by-products as being value products that fit into our “Every Molecule Counts” philosophy. Energy and water are tackled as the first topics at group level to report on in our step-by-step approach. Energy and CO2 relate to climate change mitigation and both energy and water are seen as very important environmental topics, where our company also has an impact. We work continuously on energy efficiency. Of course, next to these material topics, other parameters will follow such as monitoring of the upcycling of by-products and the use of recyclates (non-virgin raw materials) in our strategy towards the circular economy.

At present we have two main approaches for environmental topics:

- Circularity (Every Molecule Counts), see narratives of each BU
- Optimization (energy and water), see tables with metrics and evolution

The tables on the next page show how energy and water are monitored by our KPIs. In order to reach our targets, many projects are planned or at the execution stage across the different BUs. These projects can be product-related or process-related. Operational Excellence programs also help in this context. Apart from the Tessenderlo Group CSR policy, several BU environmental policies are currently being implemented, such as energy and energy efficiency policies, e.g. at some of our Belgian plants we have Energie Beleidsovereenkomsten (energy policy agreements); some other BUs have their own environmental policies and might be monitoring some additional CSR related KPIs and targets, but they are always integrated into the Tessenderlo Group CSR approach.

Neither our emissions nor our carbon footprint are currently reported. As there are various different approaches for calculating the carbon footprint, which result in rather different outcomes (e.g. mass allocation, economic allocation, etc.), we would like to see further progress regarding a regulated standardization in this context. Carbon footprints can only be compared on a comparable basis.

Reducing the impact of the environment on our operations:

Climate change adaptation, which is seen as the process to adjust to the effects of climate change, is now also monitored by us with the support of our Axa Climate project, which gives us a clear view of our actual and future exposure related to climate change. We screen all our own sites, rented terminals, consignment stocks, tolling sites, and our key business supply chains for natural hazards and the possible exposure to climate change. Extreme weather events and droughts pose additional risks through damage to assets and/or adverse consequences on operations, supply chains, and insurance costs. In the broader picture, we also refer to our Enterprise Risk Management Policy where CSR risk is taken up in the screening and the planning.

As can be seen on the next page featuring tables on energy and water, we realized reductions in 2021 compared to 2020, in both cases for the entire group excluding T-Power (where we are operating under a tolling agreement):

- Total energy: reduction of 1.7%
- Energy intensity: reduction of 5%
- Total water: reduction of 0.7%
- Water intensity: reduction of 3.6%

We also refer you to the financial part of the annual report, pages 36 to 41, which elaborates on CSR risks; ethics and compliance, safety, industrial safety, transport accidents, climate risks, cybersecurity risks, usage of Tessenderlo Group products, and market and strategic risks.

ASSOCIATED MATERIAL ASPECT (GRI)	**Energy** (MWh/y)	**Energy intensity** (MWh/t)			
	Total energy consumption within the organization, in MWh, and per operating segment	Total energy intensity ratio for theorganization, and peroperating segment	Organization-specific metric (the denominator) to calculate the ratio	Types of energy included in the intensity ratio	The ratio uses energy consumption within the organization, outside of it, or both
	Energy in 2020				
Group (minus T-Power)	2,061,018	0.79	The denominator is in metric tons of year product produced to be sold; by-products included	Hydrogen, electricity, liquid light fuel, liquid heavy fuel, natural gas, coal, wood, steam	The ratio is based on energy consumed within the organization
Agro	364,890	0.23			
Bio-valorization	1,480,030	3.02			
Industrial Solutions	216,098	0.43			
T-Power	2,350,652	NA			
	Energy in 2021				
Group (minus T-Power)	2,025,833 2,121,075*	0.76 0.79*	The denominator is in metric tons of year product produced to be sold; by-products included	Hydrogen, electricity, liquid light fuel, liquid heavy fuel, natural gas, coal, wood, steam	The ratio is based on energy consumed within the organization
Agro	338,041 347,281*	0.20 0.20*			
Bio-valorization	1,457,025 1,534,323*	3.14 3.31*			
Industrial Solutions	230,767 239,472*	0.45 0.46*			
T-Power	1,531,225	NA			

***See also boundaries**: *vehicles are included from 2021 onwards, impacting the overall energy and energy intensity. To enable comparisons with 2020, the data without vehicles are mentioned (this is the first number).*

ASSOCIATED MATERIAL ASPECT (GRI)	**Water withdrawal** (m^3/y)					**Water intensity** (m^3/t)	
	Total water withdrawal from all sources	Water withdrawal by source			Information necessary to understand how the data have been compiled	Water intensity	Organization-specific metric (the denominator) to calculate the ratio
		Surface water	Ground water	Third-party water including city water			
	Water in 2020						
Group (minus T-Power)	17,368,681	10,404,045	4,517,606	2,447,031	See separate information on granularity & boundaries	6.67	The denominator is in metric tons of year product produced to be sold; by-products included
Agro	3,531,125	2,204,027	670,042	657,056		2.18	
Bio-valorization	10,747,657	6,445,389	2,555,499	1,746,770		21.93	
Industrial Solutions	3,089,898	1,754,629	1,292,065	43,205		6.21	
T-Power	2,224,721	2,168,545	0	56,177		NA	
	Water in 2021						
Group (minus T-Power)	17,254,251	10,304,877	4,058,152	2,891,221	See separate information on granularity & boundaries	6.43	The denominator is in metric tons of year product produced to be sold; by-products included
Agro	3,440,318	2,162,367	522,591	755,360		2.02	
Bio-valorization	10,583,725	6,227,104	2,311,726	2,044,895		22.84	
Industrial Solutions	3,230,207	1,915,406	1,223,835	90,965		6.26	
T-Power	1,362,781	1,306,227	0	56,555		NA	

Innovation

We were able to successfully continue our innovation and R&D activities in 2021. Our innovation choices continue to be driven by the belief that "Every Molecule Counts" and they are prioritized in alignment with our business strategies. In R&D and new business development, Tessenderlo Group continued to improve and develop product, process, and application technologies through a customer-centric approach, exploring new applications for existing products, as well as enhancing sustainability and environmental protection. We also further developed our collaborations with academia, customers, suppliers, and other relevant stakeholders.

Our Agro segment

In 2021, we further assessed and enhanced the positive agronomic impact of our fertilizers through dedicated lab, pot, and field trials, focusing on the fertilizer aspect, crop growth, crop health, and the effect on soil health and the environment, both in the short-term and the long-term. We will continue to contribute to sustainable agriculture, translating the insights gained from these scientific trials into fertilizer use recommendations and new fertilizer developments.

Our Bio-valorization segment

We are passionate about improving the lives and well-being of humans and animals and - in that context - our product innovations focus on the valorizing and upcycling of by-products from other industries or making the most out of our natural resources. In this regard, we continued to improve our portfolio of healthy collagen ingredients for humans and we started a research program with the University of Maastricht. Furthermore, we published a white paper regarding the positive effects of our collagen peptides in the area of sports nutrition, based on a scientific collaboration with Florida State University. We also continued our research program into collagen peptides with the aim of enabling us to expand our market for collagen and gelatin.

Following the release of our first gelatin bio-ink in the Claro™ series of tissue-engineering products, Tessenderlo Group continued on the path of making further investments, working on scientific developments, and setting up partnerships. In 2021, the group joined forces with bioprinter companies to expand the commercialization of its gelatin bio-ink product line. Besides extrusion-based technologies, the group has recently developed ready-to-use gelatin-based crosslinkable gels for volumetric bioprinting. In 2021, the group also started a collaboration with Utrecht University focusing on biofabrication in regenerative medicine.

Our Industrial Solutions segment

Together with various academic partners, we continued our research to develop sustainable solutions for the recovery of critical minerals, such as copper, which is essential for electromobility, as well as gold for electronics.

In addition, DYKA Group continues to develop innovative solutions in response to megatrends such as urbanization, climate change, water scarcity, and the energy transition. Improving on sustainability is an integral element of the DYKA Group innovation strategy, which is realized by, among other things, increasing the recycled content in products and improving the energy efficiency of the processes used.

For product and technology platforms that are applied across several business units, we rely on our Innovation & Learning Center in Dinuba (California, USA), the Phoenix Innovation Center (USA), and the Tessenderlo Innovation Center (Belgium). We also rely on our R&D expertise across a broad area of organic and inorganic chemistries at lab and pilot scale, which support several innovation projects in Agro, Bio-valorization, and Industrial Solutions. Furthermore, our R&D teams partner with our operations groups to constantly improve and optimize our products and processes with the aim of ensuring operational excellence.

We continue to invest in innovation at our R&D sites, including commissioning state-of-the-art pilot equipment, which facilitates the development of new sustainability concepts for next-generation products, and improves the "from concept to commercialization" timeframe. Innovation teams at Tessenderlo Group collaborate directly with our customers to support the adoption and use of our products at their sites and in their processes.

Finally, at the end of 2021, Tessenderlo Group signed a partnership agreement with Haarslev, which is the largest supplier of rendering and processing solutions in the world. Haarslev is partnering with Tessenderlo Group to combine their respective experience in the field of the production of highly digestible feather meals and blood meals via gentle drying technologies, with Tessenderlo Group's patented know-how.

Innovation and CAPEX CSR screening tool

We worked together as part of the 14th Interdisciplinary Assessment Project (IAP) with Agoria, Alimento, Flanders' FOOD, and KU Leuven (Faculty of Economics and Business, Brussels campus, and Faculty of Industrial Engineering, Ghent campus), with 3 students from the Industrial Engineering, Environment and Prevention Management and Commercial Engineering/Commercial Science/Business Administration/ Business Economics & Business Policy Master's programs.

From October to December 2021, the interdisciplinary team of Master's students from these fields developed together with us the basis for a simple, robust, and logical CSR screening tool for all our innovation and CapEx projects. The tool allows "accounting" of the sustainability for our projects in light of the CSR-related upcoming regulations. The scoring tool is now further refined to allow our company to measure the CSR progress in innovation-related and CapEx CSR-related projects on a project and portfolio level.

Crop Vitality and Tessenderlo Kerley International

Precision agriculture

In agriculture, our crop nutrition and crop protection companies support growers in meeting the global demand for food production.

Producing sufficient food for a growing population is the driving force behind the progress of agricultural production and sustainability initiatives. A potential global population of nearly 10 billion by 2050 means advances in food production technologies will be needed.

Our agricultural activities support our vision of building a safe, smart, and sustainable world. By upcycling by-products from refineries into safe, non-hazardous fertilizers that become a valuable resource for growers, we contribute to creating sustainable agriculture. We help growers around the world meet the challenges of global food production. This is achieved with our high-efficiency fertilizers that are used in conjunction with precision agricultural practices, which reduce the amount of nutrients lost to air or runoff to waterways. Precision agricultural practices can lower water use with drip irrigation and placing fertilizer in the exact location where the plant requires it as opposed to simple broadcast methods. By providing growers with training based on our research, we give them the tools and resources to improve their soil and crop health. By working continuously with the authorities, crop advisors, and growers, we believe that contributing to the goal of feeding 10 billion people is achievable.

For developing economies, population growth and land availability are some of the main problems agriculture is facing today. Proper use of crop nutrition and crop protection products make the available farmland more effective and limits the need to clear more land for additional crop production.

Every time a crop is grown and harvested, nutrients are taken from the soil and these nutrients must be replaced in order to continue producing food, feed, fuel, and fiber crops. Sulfur, nitrogen, potassium, calcium, and magnesium fertilizers make a vital contribution to healthy, productive soils by providing the nutrients that plants need for their growth.

NovaSource

Crop protection

As long as agriculture has existed, pests, weeds, and diseases have diminished the yield of crops. The responsible use of our NovaSource crop protection products, which include insecticides, herbicides, and fungicides, enables growers to overcome these challenges and continue to provide the world with nutritious, abundant, and affordable food. Our crop protection line includes organic and naturally sourced products that combat fungus and mildews, and provide protection from sun damage.

PB Leiner

We valorize animal by-products better, creating mutual value, close to our stakeholders

We produce gelatin and collagen peptides that are used for valuable applications in the food, pharmaceutical, and health & nutrition sectors. The raw material we use, which is the remains of animals slaughtered for the meat and fish industry, might otherwise simply have been discarded: pig skins, beef hide, and bones are products that, in most countries, are only used for human consumption in limited quantities, or even not at all. By upcycling these materials, we make the most of our planet's resources.

As part of Tessenderlo Group, we adhere to the group's motto: "Every Molecule Counts." This motto represents the unique attitude we have towards sustainability and innovation. In everything we do, we seek to further valorize the resources at our disposal. This counts just as much for the end products we make, which we constantly optimize, as it does for the by-products from our processes, which we consistently seek to repurpose as best we can.

The application potential of gelatin and collagen is astonishingly broad. In food, for example, gelatin can make your croissants fluffier, your mousses airier, and it gives gummies that nice chewy bite. Moreover, gelatin can extend the shelf life of certain foods, hence limiting food waste. Gelatin is also the most widely used ingredient to make medical capsules, on account of its almost universal body tolerance, combined with the fact that it melts at body temperature and displays useful elasticity and clarity features. Collagen peptides in turn can enhance bone and joint health and are used as part of patients' recovery nutrition.

And that is not all. We also produce dicalcium phosphate (DCP) from animal origin, which is suitable for animal feed. This phosphor source replaces phosphorus from mining in the feed sector, thus counteracting a depletion of our natural resources. Furthermore, DCP from animal origin is better absorbed by chickens, which leads to less phosphorus pollution of open waters. And the sludge sediment that remains after the treatment of our wastewater contains nutrients like phosphorus and nitrogen that help plants grow. Those nutrients actually come from the plant feed given to the cows and pigs that are our source of raw material. And so today we are working on closing the loop: at several locations across the globe, we are working on ways to transform our sludge into a soil enhancer.

Whilst meat consumption in the Western world is slightly declining, the worldwide consumption of meat is still increasing due to the growth of global GDP. By continuously looking at how we can optimize our processes, we not only increase the yield but are also able to upgrade the characteristics of our finished products. This results in higher value creation of the consumed raw materials.

When it comes to our processes, we also actively apply our "Every Molecule Counts" philosophy. We are continuously working to improve every segment of our organization. For example, while our production process uses large quantities of water, we take great care to minimize our water consumption and to make sure it is properly treated before discharge so it has no negative impact on the receiving water body. When it comes to energy, we continuously strive to optimize and reduce our consumption of electricity and heat.

This being said, continuous improvement will only get us so far. A dedicated workgroup is setting out the beacons and how we will get there, and we are committed to making the necessary investments.

Akiolis

At Akiolis, we help to create a more sustainable world through our operations. This means adding value to animal materials generated in the production of, but not included in, food for human consumption. In doing so, we are a link in an intelligent chain based on the recovery of co-products and by-products. Processed animal protein (PAP) and animal fats generated from these materials allow us to conserve fossil fuels and food sources. As a core element of the circular economy, the recovery of animal materials enables us to directly address the question of sustainable development.

Our business model is naturally aligned with the circular economy. As part of our service, we collect animal co-products and by-products in the meat industry (e.g. slaughterhouses, butchers, and cutting plants) and in distribution (e.g. large retailers). Through appropriate treatment, we are able to harness the nutritional or technological potential of these animal proteins and fats, which we then provide to manufacturers in various sectors that require renewable materials for their own processes.

Some examples:

- Our PAP and animal fats are a substitute for fossil fuels in generating green electricity or steam used in industrial furnaces, or indeed as a building heating source.
- Our proteins can be used to feed farmed fish. They are also a substitute for fishmeal, which helps to protect and conserve maritime wildlife.
- Our animal proteins can also be used to fertilize soil or be applied as a fertilizer to vines, fruit trees, vegetable crops, and green spaces, and they conform to organic agricultural standards.
- Our animal fats are an ingredient in soaps and detergents, as a substitute for palm oil.
- Our fats and proteins are also an ingredient in food for dogs and cats.
- By collecting bones from slaughterhouses, we are also able to extract bone minerals, resulting in ossein, used in gelatin production.

DYKA Group

Sustainable water & air management, energy transport and building systems

DYKA Group's long-life plastic pipe systems reduce water leakages in drinking water supply and wastewater discharge networks. The electrical cable ducting systems and gas piping systems support the energy transition towards renewable energy sources. Incorporating recycled materials into our piping systems reduces the need for finite resources and landfill.

Catastrophes relating to climate change have increased significantly in recent years and will continue to occur more frequently. Unpredictable levels of rainfall often exceed retention capacities, create flood damage, and overrun water treatment facilities. Although we realize that no system is equipped to completely manage all flooding, our solutions for drainage, attenuation, and infiltration, as well as our stormwater management systems, work effectively against the negative impacts of increasingly frequent rainstorms. These solutions reduce flooding and collect, store, and manage sudden rainfall, which prevents it from immediately spilling into rivers and retaining its capacity for reuse.

Throughout the world, too much clean drinking water goes to waste. This is not only the case in the developing world. Poor quality pipework and leakages in distribution infrastructure result in the loss of one-third of all drinking water. Our solution to this major problem is to supply high-performance, long-life plastic pipe systems that will reduce water loss in the pressure supply network. Our objective is to significantly reduce this staggering level of waste.

The trend of urbanization represents a massive challenge regarding water supply and treatment. Key environmental issues, such as sustainable urban drainage, green infrastructure, and the increasing use of brownfield sites are causing the house building market to change. The growing population also means the market for construction materials is experiencing high levels of demand.

The increasing demographic movement of people to cities has led to the increase in wastewater drainage requirements with a wide network of connections. Pipes and fittings are the prerequisites for housing. We are constantly diversifying our product range to ensure that we can respond to these changes.

Drinking water will become the world's most valuable product over time. We currently face a mega-challenge in providing drinking water to everyone. In the future, we need to become smarter in terms of managing our water supplies. Our plastic pipes will ensure the safe transportation of all different kinds of water; not only drinking water but also rain and wastewater.

Practical innovation also means the creative use of our systems to support other challenges. Just as water pipe systems have clearly contributed to the health and well-being of people for decades, legislation is now focusing on additional building standards with respect to air treatment. Fortunately for the environment and energy consumption, the insulation of our houses has improved dramatically in recent times. However, this brings with it the risk of a decrease in the inflow of oxygen in houses that can, in turn, result in the retention of humidity and poor air quality that endangers the health of the nearby residents. Based on our considerable expertise in water treatment systems we are now converting this knowledge into air ventilation and treatment solutions that will contribute to a healthy climate inside houses.

In the production of the intermediate layer of our PVC pipes, we increasingly incorporate recycled PVC material, giving new value to post-consumer PVC material and reducing demands on finite resources whilst maintaining high-quality levels. Also, the use of recycled PP materials in injection molded products has increased in recent years (e.g. Rainbox infiltration boxes and inspection chamber bases).

Kuhlmann Europe

Water treatment, cleaner water, and much more

We bring solutions to treat and recycle dirty water with quick, cost-effective concepts and we develop sustainable processes for resource conservation.

In the water treatment market, we are the number three supplier in Europe of inorganic chemicals that act as coagulants for customers in municipal or industrial waste and drinking water plants. We serve some of the major cities in Europe, including Paris and Brussels. Too frequently, contaminated wastewater from industrial processes is simply thrown away and many decontamination methods employ finite raw materials, which create additional waste and environmental problems. We help our customers take dirty water and deliver clean water through the use of recycled chemicals that coagulate phosphates and other contaminants both quickly and in a cost-effective way.

The Kuhlmann Europe business unit offers alternative reuse opportunities for the by-product HCl from SOP (sulfate of potash) and waste pickle liquor from the steel industry by converting them into coagulants used for the treatment of municipal and industrial wastewater, as well as for the production of drinking water.

The circular business model for water treatment products allows for the use of a by-product from the sulfate of potash fertilizer production present in our Group as a raw material for the steel industry. Once used by the latter in their pickling operations, Kuhlmann Europe recuperates the pickling liquor from our customers, which is in turn used to produce coagulants for water treatment. These coagulants then enable phosphorus to be extracted from wastewater and in doing so prevent the eutrophication of surface waters.

moleko

Sustainability in industrial businesses

Through the creation of environmentally aware chemistries for mining and industrial applications, the moleko business unit is creating a safer workspace for customers and plant production processes.

Our innovative and alternative chemistries such as Thio-Gold®, which can replace cyanide (CN) lixiviants, are allowing for extended mine life and gold recovery with less environmental impact and a safer working environment.

Our cyanide detoxification chemistry and applications help to eliminate the discharge of noxious chemicals to mine tailings, which protects both local communities and wildlife from exposure to this hazard.

Our polysulfide line of products including Calmet® and Cyntrol ® provide a safe and effective method of remediating heavy metals in contaminated soil and groundwater applications, as well as converting corrosive cyanides in refining applications into nonhazardous chemistry, protecting equipment, and reducing potential environmental emissions.

Our Captor® product provides safe, nonhazardous dechlorination and deozonation chemistry in municipal water treatment facilities, which replaces the use of more hazardous chemicals.

Moleko integrates at either its customer's sites or where it can upcycle by-product gases from refineries and convert them into value-added chemistry, all while ensuring world-class environmental performance. This optimizes logistics, thus reducing our carbon footprint.

Our value proposition is founded on making Every Molecule Count and it is backed by a product stewardship program that focuses on the safe and effective use of our products.

Moleko is focused on macro drivers of sustainability where our products play an essential role in enabling the production of copper, water purification, remediation of contaminated soils/water, food processing, and biofuel production.

T-Power

Gas power plants in the energy mix of the future

Since June 2011, T-Power has been operating a CCGT plant (Combined Cycle Gas Turbine, steam, and gas power plant) on the Tessenderlo Group sites in the Belgian municipality of Tessenderlo. This gas plant combines a gas turbine with a steam turbine to produce electricity. The natural gas is first burned in the gas turbine, thus driving it, and the combustion gases then enter the recovery boiler, which produces steam. The steam is then fed into the steam turbine. As a result, approximately two-thirds of the combustion heat is recovered. The plant provides 425 megawatts of electricity and it meets the latest environmental standards.

The gas-fired power plant is very flexible, and this flexibility is becoming increasingly important due to the rising share of fluctuating energy sources in the power grid, such as wind power and solar energy. A gas power plant has lower emissions than lignite and coal-fired power plants and it also has a different risk profile to that of nuclear power stations. This modern power plant enables Tessenderlo Group to respond to developments in the Belgian energy market.

The CSR infographics for each business unit are available on the Tessenderlo Group website (www.tessenderlo.com/en/csr-infographics).

Some initiatives within the group

Tessenderlo Group continually strives to find more sustainable solutions. We aim to minimize our ecological footprint and to maximize the contribution of our products in the transition to a green economy. We offer various products and environmentally friendly solutions, in which we typically reclaim and transform by-products from our own or other industries.

In 2021, we took many initiatives with regard to sustainability on a group and BU level to help to create a world that makes the most of its resources. We aim to fully understand what is happening in the world to determine how we can build the business of tomorrow by successfully addressing those issues.

For example, **Tessenderlo Kerley International** continued the conversion of its furnaces, which are used to produce sulfate of potash, a key fertilizer in the agriculture sector. They are converted to a more sustainable energy source, which results in a significant reduction of energy, a lower carbon footprint, and a strong reduction of emissions. 14% of the capacity was converted in 2021, which is an equivalent CO2 reduction of 6.5% and 43% of the capacity has been converted overall, which is an equivalent CO2 reduction of 20% for the total SOP production so far. In the coming years, the program will continue until all our furnaces have been converted.

We are also improving our furnace efficiency at **Kuhlmann Europe** with the Mersen loop of the HCl furnace that has been put into operation. This system is based on the concept of cooling the furnace indirectly with a closed-loop and recovery of the furnace energy to preheat the brine. In addition to making the furnace more reliable, it reduces the amount of steam used to heat the brine. This represents a significant energy gain thanks to the reduction of the gas consumption of the steam boiler and the production of CO2.

In our eco-responsible approach, we are also starting to recover our hydrogen at Kuhlmann France, which is burned instead of using natural gas.

Tessenderlo Kerley, Inc. also ran the East Dubuque Air Cooler Expansion project, which installed a fin fan air cooler to cool the product from the production unit during the recent Thio-Sul® expansion project. The installation of the air-cooled system reduces the amount of water consumed and lost to evaporation and blowdown in the cooling tower.

At **DYKA Group**, with the aim of contributing to our sustainability targets in regard to transportation, energy-efficient PP and PVC injection molding machines were installed in 2021 in the DYKA Tube SAS plant in France. DYKA BV in the Netherlands also received the CO2 performance ladder certificate. DYKA's PE gas transportation pipes are KIWA certified for the transportation of hydrogen gas to stimulate the transition towards the use of renewable energy.

All of our injection molding and extrusion plants joined the OCS (Operation Clean Sweep) initiative to reduce the spill of plastic pellets throughout the entire plastic value chain. We also participated in the DI-Plast project to boost the uptake of plastics recyclates in the plastics value chain.

At **T-Power**, we succeeded in the implementation of the SP7 project in 2021. The SP7 upgrade is a full-service package solution that is specifically designed to bring older version machines up to the latest specifications and help to improve performance and flexibility in line with the Belgian energy market. Thanks to this intervention, the flexibility of the plant has increased as it can now provide stable power to the grid from 190 MW, where previously it was only from 240 MW.

Our community

Sustainability and corporate social responsibility also mean that we as a group must be aware of what is going on outside of our company walls. Tessenderlo Group plays an important role in society. We want to make a positive contribution to society and help to create a society that is characterized by more prosperity and a higher level of well-being for all of our stakeholders. In our daily activities and objectives, we continuously consider our stakeholders, who include our employees, customers, suppliers, partners, shareholders, media, and local residents in the areas in which we operate.

We also care about the community around us and we therefore participate and actively promote the participation of our teams in social and charity events. Some of our companies also have active partnerships with learning institutions and are a recognized partner for development purposes. This is an investment in the future of education, as well as in future generations.

We organize and participate in various initiatives. For instance, we organize on-site plant tours, invite guest speakers at courses, and participate in job fairs; this often results in internships, which in turn can lead to fixed employment over time. Failure to successfully manage relationships with local communities could adversely affect the group’s reputation. Tessenderlo Group will continue its efforts to make a positive contribution to the local communities it is part of.

Business ethics

All employees and subsidiaries of Tessenderlo Group worldwide aim to comply with the applicable laws and regulations of the countries in which they operate, with the Tessenderlo Group Code of Conduct and are expected and required to comply with the contents of the Code of Conduct.

Tessenderlo Group requires honesty and integrity from all employees in the application of the Code of Conduct and in all aspects of its business and expects the same of all its partners. Tessenderlo Group complies with generally accepted international standards for business practices, which form the basis for its activities and relations worldwide. For those also in a position of leadership and management at Tessenderlo Group, this means, among other things, that they show “zero tolerance” towards violations of local/international laws and all infringements of The Code of Conduct, other company rules, and regulations. The protection and care of people and the environment represents a significant part of Tessenderlo Group company policy.

Code of Conduct

In 2017, a Code of Conduct was drafted and incorporated into our organizational DNA. Our Code of Conduct builds upon the Guiding Principles of Tessenderlo Group, together with our 6 Attitudes. Fundamentally, the Code of Conduct sets out how we intend to continue to fully comply with the laws and regulations in all regions where our organization is operating.

Due diligence procedures have been built into various business processes to ensure compliance with Tessenderlo Group’s Code of Conduct across all of our segments. Verification of the operation of these procedures is included in the audit program of the company’s Internal Audit Department. The Code of Conduct describes the procedure to be followed for reporting and investigating violations of the Code.

Procurement & Supplier Code of Conduct

Looking from a social, ethical, or environmental perspective, the area of Procurement is a very important area in terms of sustainability. We look to our own impact for the material topics in Scope 1 and Scope 2, but the impact from the supply chain is as important, or sometimes even more important in terms of emissions or impact on the environment. At Tessenderlo Group, we have a Group Procurement Sustainability Policy that was published in 2021. The purpose of this policy is to solidify sustainability and CSR within Procurement and our suppliers' communities.

In addition to our Group Procurement Sustainability Policy, we also have our Tessenderlo Group Supplier Code of Conduct. This lists for our suppliers our requirements with respect to business ethics, social, safety, health, and environmental performance, which are in line with Tessenderlo Group's guiding principles. We expect all our suppliers, subcontractors, joint venture partners, and agents to comply with these requirements. The Supplier Code of Conduct is an integral part of the business contracts and it is a prerequisite for business partners to be selected to do business with our group. We are in contact with our supply base to have this document integrated and signed. The Code of Conduct and the Supplier Code of Conduct are available on the Tessenderlo Group website (www.tessenderlo.com/en/sustainability-development).

On a regular basis, training sessions on sustainability topics are provided to the Procurement Community of the group. Every training session is registered on LMS and is available for new employees, in the onboarding program. KPIs and targets for Procurement that we monitor are shown in the table below.

Procurement		
ASSOCIATED MATERIAL ASPECT (GRI)	**Score 2020**	**Score 2021**
Procurement training in CSR	New in 2021	100%
% of the spend with Supplier Code of Conduct signature, measured against the spent of the previous year	New in 2021	61.38% *

** Result of calendar year 2021 - as this KPI started in the course of 2021, the score is continuing to increase.*

Anti-bribery and anti-corruption

Tessenderlo Group complies with all applicable anti-bribery laws, including the US Foreign Corrupt Practices Act ("FCPA"), the UK Bribery Act, and the local laws in every country in which we do business (for example, European, federal, regional, provincial, and state laws and directives). No employee of Tessenderlo Group must ever offer, provide or receive any financial or other inducements in order to obtain, retain, or alter business contracts, or for the purpose of influencing decisions.

In this context, we created a new anti-bribery and anti-corruption policy in 2020, and we launched the policy throughout the group. In the course of 2021, we also started a series of recurrent online training courses relating to this policy.

Any breach of laws and regulations, or of Tessenderlo Group's policies – such as the Code of Conduct – regarding fraud, anti-trust, corruption, conflict of interests, and other similar areas could have serious repercussions for the group. Potential impacts include prosecution, fines, penalties, and contractual, financial, and reputational damage.

Risks could arise from possible non-compliance with Tessenderlo Group's Code of Conduct and the associated internal procedures, as well as from the amendment or application of laws and regulations in the various jurisdictions in which Tessenderlo Group nv operates. In order to manage the risk, training courses on the application of the Code of Conduct and anti-trust code are organized worldwide, including the possibility of reporting violations of rules to various individuals in the organization, such as the hierarchical superior, the site leader, and HR and, if necessary, the Compliance Officer. There is also a Compliance Committee active within the group that is dedicated to the coordination of the compliance activities within the group, which includes the definition of the various training programs that are organized.

In both 2020 and 2021, we had a zero score for the alerts to the Compliance Officer at the whistleblowing level, as well as for anti-bribery and anti-corruption.

We also refer you to the financial part of the annual report, pages 36 to 41, which elaborates further on CSR risks; ethics and compliance, safety, industrial safety, transport accidents, climate risks, cybersecurity, usage of Tessenderlo Group products, and market and strategic risks.

Ethics and Compliance		
ASSOCIATED MATERIAL ASPECT (GRI)	**Score 2020**	**Score 2021**
Anti-trust training – current rate of compliance in line with the defined schedule	86.3%	85.1%
ABC (anti-bribery and anti-corruption) training – current rate of compliance in line with the defined schedule	New in 2021	62.3%
Code of Conduct training – current rate of compliance in line with defined schedule	100%	95.1%
IP and confidential information training – current rate of compliance in line with defined schedule	91%	73.4%
New hires receiving Compliance training in line with the agreed schedule (by job category) within 90 days of being hired	New in 2021	95%
Training on harassment and discrimination in the workplace (TKI)	100%	100%

KPIs

Our CSR strategy is inter-connected at the different levels of our group. The materiality topics (Labor and Human rights, Motivating employees, etc.), with its current metrics (associated material aspect) and KPIs (GRI), are linked to the higher level goals of the United Nations (SDGs) and also to our policies and management approaches at Tessenderlo Group. Below are the CSR metrics, with several new KPIs for 2021, and also the associated targets for social topics.

Social metrics

Labor and Human Rights						
ASSOCIATED MATERIAL ASPECT (GRI)	**GRI**	**SDG**	**Score 2020**	**Score 2021**	**Targets**	**Group policies**
Diversity of gender in governance bodies (BU Leadership Teams, Group Leadership Team and the Board of Directors)	405-1 a	8 10	New in 2021	18% female 82% male		Diversity and Inclusion policy
Diversity of governance bodies (gender % of L level, E level and board)			11% female at L level* 24% female at E level* 33% at Board level	12% female at L level* 24% female at E level* 33% at Board level		
Diversity of gender (all permanent employees)			New in 2021	16.6% female 83.4% male		
Diversity of employees (per region, per gender, and per age category expressed in total numbers)	405-1 b 102-8		See Sustainability report 2020	See page 75		
% of employees compliant in training Labor and Human Rights	412-2 b		-	New in 2022	95%	Labor and Human rights policy
Equal opportunity-ratio of basic salary and remuneration of females to males at L level	405-2		Female 6% higher than male	Female 5% higher than male		
Equal opportunity-ratio of basic salary and remuneration of males to females at E level			Male 3% higher than female	Male 2% higher than female		
Operations in which the right to freedom of association and collective bargaining may be at risk	407-1	8	0	0	100%	
Total new hires			New in 2021	673 new hires		
Employee turnover for 2021	401-1, b	8 10	6.5%	12.9%		

**E level = Expert level of Managers at the company; L level = Leadership level of Managers at the company.*

Motivating employees						
ASSOCIATED MATERIAL ASPECT (GRI)	**GRI**	**SDG**	**Score 2020**	**Score 2021**	**Targets**	**Group policies**
Average of hours of training per employee per year, excluding training on the job/machine	404-1	8 10	16	14.8		Learning & Development policy
Employees receiving regular signed performance and career development reviews expressed in % of E and L grades	404-3		95%	96%	> 90%	Group talent strategy policy
Average years of seniority/company service	(401-1, b)	10	11.06	13.21*		
% of L and E grade employees in performance-related incentive plans			New in 2021	100%	> 75%	
% of all employees in performance-related incentive plans			New in 2021	66%	> 90%	
E grade employees in formal coaching or mentoring programs	404-2		New in 2021	3.24%	> 5%	
% of employees active in LMS			New in 2021	39%	> 75%	
Hiring by source - internal/external	401-2, v	8 10	New in 2021	12% internal 88% external	> 20% internal	

** Given that we progressively induce more systemization for data mining, some data from 2020 could be slightly less accurate, and consequently, compared to 2021, might not show the complete accurate evolution.*

Health and Safety						
ASSOCIATED MATERIAL ASPECT (GRI)	**GRI**	**SDG**	**Score 2020**	**Score 2021**	**Targets**	**Group policies**
Lost Time Incident (LTI) frequency ratio[1] (all employees and contractors)	403-2-9-10	3 8	8.34	11.12	By BU and Tessenderlo Group	Health and Safety policy
Near misses frequency ratio[2] (all employees and contractors, expressed as number of hours worked)			New in 2021	829.76	By BU	
Workers representation in formal joint management/employee H&S committee	403-1 102-41		95%	96%	By BU	
Accident severity rate[3] (all employees)			New in 2021	0.56	By BU	
Total safety performance[4] (all employees and contractors)			New in 2021	10.84	By BU and Tessenderlo Group	
Group insurance percentage coverage/Life Assurance coverage	401-2, i, iii	3	97%	98%	95%	

1. *LTI (Lost Time Incident) frequency rate is a rolling annual calculation based on the formula "LTIs x 1 million/total hours worked"*
2. *Near misses frequency ratio (all near miss reports x 1 million/ total hours worked)*
3. *Accident severity rate (severity of lost time injuries to employees defined as total days absent/1,000 hours worked)*
4. *Total safety performance (all LTIs + medical treatments x severity rate/total hours worked)*

Ethics and Compliance						
ASSOCIATED MATERIAL ASPECT (GRI)	**GRI**	**SDG**	**Score 2020**	**Score 2021**	**Targets**	**Group policies**
Anti-trust training – current rate of compliance in line with defined schedule	205-2	4	86.3%	85.1%	95%	Anti Bribery and - corruption policy & Anti-trust Competition policy
ABC (anti-bribery and anti-corruption) training – current rate of compliance in line with defined schedule			New in 2021	62.3%		
Code of Conduct training – current rate of compliance in line with defined schedule	205-2, 102-16-17, (410-1)		100%	95.1%		Code of Conduct policy
IP and confidential information training – current rate of compliance in line with defined schedule	(418-1)		91%	73.4%		Group IP policy
New hires receiving Compliance training in line with the agreed schedule (by job category) within 90 days of being hired	404-2		New in 2021	95%		Code of Conduct policy
Harassment and discrimination in the workplace (TKI)	(410-1)	4	100%	100%		Diversity and Inclusion policy

Procurement						
ASSOCIATED MATERIAL ASPECT (GRI)	**GRI**	**SDG**	**Score 2020**	**Score 2021**	**Targets**	**Group policies**
Procurement training in CSR	404-2	4 8 11	New in 2021	100%	95%	Procurement Sustainability policy
% of the spent with Supplier Code of Conduct signature, measured against the spent of the year before	414-2 a	11	New in 2021	61.38% *	75% **	

** Result of calendar year 2021 as this KPI started in the course of 2021, the result is further increasing.*
*** Moving target: the target is increasing over time*

Environmental metrics

ASSOCIATED MATERIAL ASPECT (GRI)	**Energy** (MWh/y)	**Energy intensity** (MWh/t)			
	Total energy consumption within the organization, in MWh, and per operating segment	Total energy intensity ratio for theorganization, and peroperating segment	Organization-specific metric (the denominator) to calculate the ratio	Types of energy included in the intensity ratio	The ratio uses energy consumption within the organization, outside of it, or both
GRI	**302-1 e**	**302-3 a**	**302-3 b**	**302-3 c**	**302-3 d**
SDG	**12, 13**				
Group policies	**Corporate Social Responsibility policy**				
	Energy in 2020				
Group (minus T-Power)	2,061,018	0.79	The denominator is in metric tons of year product produced to be sold; by-products included	Hydrogen, electricity, liquid light fuel, liquid heavy fuel, natural gas, coal, wood, steam	The ratio is based on energy consumed within the organization
Agro	364,890	0.23			
Bio-valorization	1,480,030	3.02			
Industrial Solutions	216,098	0.43			
T-Power	2,350,652	NA			
	Energy in 2021				
Group (minus T-Power)	2,025,833 2,121,075*	0.76 0.79*	The denominator is in metric tons of year product produced to be sold; by-products included	Hydrogen, electricity, liquid light fuel, liquid heavy fuel, natural gas, coal, wood, steam	The ratio is based on energy consumed within the organization
Agro	338,041 347,281*	0.20 0.20*			
Bio-valorization	1,457,025 1,534,323*	3.14 3.31*			
Industrial Solutions	230,767 239,472*	0.45 0.46*			
T-Power	1,531,225	NA			

***See also boundaries**: *vehicles are included from 2021 onwards, impacting the overall energy and energy intensity. To enable comparisons with 2020, the data without vehicles are mentioned (this is the first number).*

ASSOCIATED MATERIAL ASPECT (GRI)	Water withdrawal (m³/y)					Water intensity (m³/t)	
	Total water withdrawal from all sources	Water withdrawal by source			Information necessary to understand how the data have been compiled	Water intensity	Organization-specific metric (the denominator) to calculate the ratio
		Surface water	Ground water	Third-party water including city water			
GRI	303-3 a	303-3 a i	303-3 a ii	303-3 a v	303-3 d	NA	NA
SDG	6, 9, 11, 12, 13						
Group policies	Corporate Social Responsibility policy						
	Water in 2020						
Group (minus T-Power)	17,368,681	10,404,045	4,517,606	2,447,031	See separate information on granularity & boundaries	6.67	The denominator is in metric tons of year product produced to be sold; by-products included
Agro	3,531,125	2,204,027	670,042	657,056		2.18	
Bio-valorization	10,747,657	6,445,389	2,555,499	1,746,770		21.93	
Industrial Solutions	3,089,898	1,754,629	1,292,065	43,205		6.21	
T-Power	2,224,721	2,168,545	0	56,177		NA	
	Water in 2021						
Group (minus T-Power)	17,254,251	10,304,877	4,058,152	2,891,221	See separate information on granularity & boundaries	6.43	The denominator is in metric tons of year product produced to be sold; by-products included
Agro	3,440,318	2,162,367	522,591	755,360		2.02	
Bio-valorization	10,583,725	6,227,104	2,311,726	2,044,895		22.84	
Industrial Solutions	3,230,207	1,915,406	1,223,835	90,965		6.26	
T-Power	1,362,781	1,306,227	0	56,555		NA	

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2021

FINANCIAL REPORT

Consolidated financial statements

Consolidated income statement

(Million EUR)	note	For the year ended December 31 2021	For the year ended December 31 2020
Revenue	3	2,081.5	1,737.3
Cost of sales		-1,534.5	-1,255.8
Gross profit		**546.9**	**481.4**
Distribution expenses		-120.2	-105.6
Sales and marketing expenses		-62.2	-58.5
Administrative expenses		-124.2	-112.3
Other operating income and expenses	5	-16.5	-20.9
Adjusted EBIT[2]	**3**	**223.8**	**184.0**
EBIT adjusting items	6	1.9	-8.1
EBIT (Profit (+) / loss (-) from operations)		**225.7**	**175.9**
Finance costs	9	-15.1	-42.2
Finance income	9	19.6	1.8
Finance (costs) / income - net	**9**	**4.5**	**-40.5**
Share of result of equity accounted investees, net of income tax	14	0.7	-1.9
Profit (+) / loss (-) before tax		**230.9**	**133.6**
Income tax expense	10	-42.6	-34.9
Profit (+) / loss (-) for the period		**188.3**	**98.6**
Attributable to:			
- Equity holders of the company		**187.8**	**99.1**
- Non-controlling interest		**0.5**	**-0.5**
Basic earnings per share (EUR)	20	4.36	2.30
Diluted earnings per share (EUR)	20	4.36	2.30

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

[2] *Adjusted EBIT is considered by the group to be a relevant performance measure in order to compare results over the period 2020-2021, as it excludes adjusting items from the EBIT (Earnings before interest and taxes). EBIT adjusting items principally relate to restructuring, impairment losses, provisions, gains or losses on significant disposals of assets or subsidiaries and the effect of the electricity purchase agreement.*

Consolidated statement of comprehensive income

(Million EUR)	note	For the year ended December 31 2021	2020
Profit (+) / loss (-) for the period		**188.3**	**98.6**
Translation differences[3]		21.0	-13.8
Net change in fair value of derivative financial instruments, before tax	26	1.9	-0.2
Share in other comprehensive income of joint-ventures accounted for using the equity method		-	-0.0
Other movements		0.2	-0.2
Income tax on other comprehensive income	15	-0.5	0.1
Items of other comprehensive income that are or may be reclassified subsequently to profit or loss		**22.6**	**-14.2**
Remeasurements of the net defined benefit liability, before tax	23	18.2	-0.7
Income tax on other comprehensive income	15	-1.2	1.1
Items of other comprehensive income that will not be reclassified subsequently to profit or loss		**17.0**	**0.4**
Other comprehensive income, net of income tax		**39.5**	**-13.9**
Total comprehensive income		**227.8**	**84.8**
Attributable to:			
- Equity holders of the company		227.0	85.6
- Non-controlling interest		0.8	-0.8

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

[3] *The 2021 translation differences are mainly impacted by the weakening of the EUR against the USD (-8%), while the 2020 translation differences were impacted by the strengthening of the EUR against the USD (+9%).*

Consolidated statement of financial position

(Million EUR)	note	As per December 31 2021	As per December 31 2020
Assets			
Total non-current assets		**1,105.4**	**1,105.9**
Property, plant and equipment	11	886.6	862.2
Goodwill	12	32.3	33.4
Intangible assets	13	109.2	135.6
Investments accounted for using the equity method	14	19.2	20.0
Other investments and guarantees	14	11.8	10.3
Deferred tax assets	15	33.5	32.2
Trade and other receivables	16	12.9	12.3
Total current assets		**1,101.6**	**860.5**
Inventories	17	393.4	332.1
Trade and other receivables	16	371.8	270.8
Current tax assets	10	5.5	7.5
Derivative financial instruments	26	0.6	0.0
Short term investments	18/22	10.0	20.0
Cash and cash equivalents	18/22	320.3	230.1
Total assets		**2,207.0**	**1,966.4**
Equity and Liabilities			
Equity			
Equity attributable to equity holders of the company		**1,130.0**	**903.0**
Issued capital		216.2	216.2
Share premium		238.0	238.0
Reserves and retained earnings		675.8	448.8
Non-controlling interest		**1.3**	**1.1**
Total equity		**1,131.4**	**904.1**
Liabilities			
Total non-current liabilities		**477.9**	**700.6**
Loans and borrowings	22	193.6	385.1
Employee benefits	23	55.8	67.6
Provisions	24	138.3	141.8
Trade and other payables	25	4.1	14.5
Derivative financial instruments	26	20.7	25.3
Deferred tax liabilities	15	65.4	66.3
Total current liabilities		**597.7**	**361.6**
Bank overdrafts	18/22	0.1	0.0
Loans and borrowings	22	211.4	66.2
Trade and other payables	25	365.9	269.9
Derivative financial instruments	26	8.6	11.8
Current tax liabilities	10	1.6	2.4
Employee benefits	23	0.7	0.9
Provisions	24	9.5	10.4
Total liabilities		**1,075.6**	**1,062.3**
Total equity and liabilities		**2,207.0**	**1,966.4**

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

Consolidated statement of changes in equity

(Million EUR)	Issued capital	Share premium	Legal reserves	Translation reserves	Hedging reserves	Retained earnings	Equity attributable to equity holders of the company	Non-controlling interest	Total equity
Balance at January 1, 2021	**216.2**	**238.0**	**21.6**	**-102.1**	**-3.0**	**532.4**	**903.0**	**1.1**	**904.1**
Profit (+) / loss (-) for the period	-	-	-	-	-	187.8	187.8	0.5	188.3
Other comprehensive income									
- Translation differences	-	-	-	20.9	-	-	20.9	0.1	21.0
- Remeasurements of the net defined benefit liability, net of tax	-	-	-	-	-	17.0	17.0	-	17.0
- Net change in fair value of derivative financial instruments, net of tax	-	-	-	-	1.4	-	1.4	-	1.4
- Other movements	-	-	-	-	-	-	0.0	0.2	0.2
Comprehensive income, net of income taxes	**0.0**	**0.0**	**0.0**	**20.9**	**1.4**	**204.7**	**227.0**	**0.8**	**227.8**
Transactions with owners, recorded directly in equity									
- Dividends paid to shareholders	-	-	-	-	-	-	0.0	-0.6	-0.6
Total contributions by and distributions to owners	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**-0.6**	**-0.6**
Balance at December 31, 2021	**216.2**	**238.0**	**21.6**	**-81.2**	**-1.6**	**737.1**	**1,130.0**	**1.3**	**1,131.4**

(Million EUR)	note	Issued capital	Share premium	Legal reserves	Translation reserves	Hedging reserves	Retained earnings	Equity attributable to equity holders of the company	Non-controlling interest	Total equity
Balance at January 1, 2020		**216.2**	**238.0**	**21.6**	**-88.4**	**-2.8**	**437.1**	**821.7**	**1.9**	**823.6**
Profit (+) / loss (-) for the period		-	-	-	-	-	99.1	99.1	-0.5	98.6
Other comprehensive income										
- Translation differences		-	-	-	-13.7	-	-	-13.7	-0.1	-13.8
- Remeasurements of the net defined benefit liability, net of tax		-	-	-	-	-	0.4	0.4	-	0.4
- Net change in fair value of derivative financial instruments, net of tax		-	-	-	-	-0.2	-	-0.2	-	-0.2
- Share in other comprehensive income of joint-ventures accounted for using the equity method		-	-	-	-	-0.0	-	-0.0	-	-0.0
- Other movements		-	-	-	-	-	-	0.0	-0.2	-0.2
Comprehensive income, net of income taxes		**0.0**	**0.0**	**0.0**	**-13.7**	**-0.2**	**99.5**	**85.6**	**-0.8**	**84.8**
Transactions with owners, recorded directly in equity										
- Repurchase of own shares	19	-	-	-	-	-	-4.2	-4.2	-	-4.2
- Dividends paid to shareholders		-	-	-	-	-	-	0.0	-0.0	-0.0
Total contributions by and distributions to owners		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**-4.2**	**-4.2**	**-0.0**	**-4.3**
Balance at December 31, 2020		**216.2**	**238.0**	**21.6**	**-102.1**	**-3.0**	**532.4**	**903.0**	**1.1**	**904.1**

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

Consolidated statement of cash flows

(Million EUR)	note	For the year ended December 31 2021	For the year ended December 31 2020
Operating activities			
Profit (+) / loss (-) for the period		188.3	98.6
Depreciation, amortization and impairment losses on tangible assets and intangible assets	8	132.3	133.6
Changes in provisions		-3.5	10.0
Finance costs	9	15.1	42.2
Finance income	9	-19.6	-1.8
Loss / (profit) on sale of non-current assets		-3.6	-5.0
Share of result of equity accounted investees, net of income tax		-0.7	1.9
Income tax expense	10	42.6	34.9
Other non-cash items		2.3	-3.1
Changes in inventories		-50.5	-27.7
Changes in trade and other receivables		-94.7	-2.0
Changes in trade and other payables		83.9	33.2
Change in accounting estimates - inventory write off	3/17	2.5	10.7
Net change in emission allowances recognized within intangible assets		1.1	-0.3
Revaluation electricity forward contracts		-0.8	-0.4
Bargain purchase recognized following the acquisition of the activities of DYKA Tube SAS		-	-2.4
Cash generated from operations		**294.7**	**322.5**
Income tax paid	10	-46.6	-40.3
Dividends received		0.1	0.1
Cash flow from operating activities		**248.1**	**282.3**
Investing activities			
Acquisition of property, plant and equipment	11	-95.7	-99.5
Acquisition of intangible assets	13	-0.3	-0.7
Acquisition of investments accounted for using the equity method	14	-	-2.0
Acquisition of subsidiary, net of cash acquired	4	-	-5.7
Proceeds from the sale of property, plant and equipment		7.0	5.8
Proceeds from the sale of subsidiaries, net of cash disposed of		-	-0.1
Cash deposit paid for prequalification CRM auction (T-Power)		-16.3	-
Cash deposit reimbursed for prequalification CRM auction (T-Power)		16.3	-
Acquisition of short term investments[4]	18/22	-40.0	-20.0
Proceeds from sale of short term investments[4]	18/22	50.0	-
Cash flow from investing activities		**-79.0**	**-122.2**
Financing activities			
Repurchase of own shares	19	-	-4.2
Payment of lease liabilities	11/22	-20.6	-22.6
Proceeds from new borrowings		1.3	7.5
Reimbursement of borrowings		-48.7	-47.2
Interest paid	9	-15.1	-16.3
Interest received		0.4	0.5
Other finance costs paid		-1.0	-1.5
Decrease/(increase) of long term receivables		4.2	0.2
Dividends paid to non-controlling interest		-0.6	-0.0
Cash flow from financing activities		**-80.1**	**-83.6**
Net increase / (decrease) in cash and cash equivalents		**89.1**	**76.5**
Effect of exchange rate differences		1.1	-0.8
Cash and cash eq. less bank overdrafts at the beginning of the period	18/22	230.0	154.4
Cash and cash eq. less bank overdrafts at the end of the period	18/22	320.2	230.0

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

[4] *As per cashflow statement of December 31, 2020, the short term investments were included in the "Cashflow from financing activities". In 2021, these short term investments were included in "Cashflow from investing activities". The cashflow statement of December 31, 2020 has therefore been restated to present short term notes consistently within investing activities.*

The cash flow from operating activities decreased from 282.3 million EUR in 2020 to 248.1 million EUR as per December 31, 2021. The increase of the 2021 operational result (increase of Adjusted EBITDA by +39.7 million EUR), mainly within Agro and Industrial Solutions (note 3 - Segment reporting), was more than offset by an increase of the working capital. The changes in working capital led to a cash outflow of -61.3 million EUR in 2021 mainly impacted by higher inventories, due to increased raw material prices and energy costs (-50.5 million EUR). The net impact of the variance in trade and other receivables and trade and other payables was limited to -10.9 million EUR. The increase in taxable result, resulted in higher income taxes paid (-46.6 million EUR in 2021 compared to only -40.3 million EUR in 2020).

The cash flow from investing activities increased from -122.2 million EUR to -79.0 million EUR. Total capital expenditure amounts to -95.9 million EUR (2020: -100.2 million EUR) (note 3 - Segment reporting). The proceeds from the sale of property, plant and equipment for an amount of 7.0 million EUR mainly relate to the sale of the assets of the MPR and ECS activities (note 6 - EBIT adjusting items). In 2020 a cash consideration was paid for the acquisition of a production plant in La Chapelle-Saint-Ursin (France) by DYKA Tube SAS (operating segment Industrial Solutions), while there were no acquisitions in 2021 (note 4 - Acquisitions and disposals). A financial guarantee, through a cash deposit of 16.3 million EUR, was paid to Elia (the Belgian transmission system operator) as part of the prequalification file leading to the participation in the Belgian CRM auction in September 2021 for the construction of a second gas-fired power station in Tessenderlo (Belgium). As the group was not successful in the CRM auction, the guarantee was reimbursed before year-end 2021. As per year end 2021, an investment in a short term bank note is outstanding (included within Short term investments in the consolidated statement of financial position) for -10.0 million EUR compared to -20.0 million EUR per year-end 2020. The counterparty is a highly rated international bank. The outstanding note has an original duration of 9 months (maturing in January 2022) (note 18 - Cash and cash equivalents).

The cash flow from financing activities amounts to -80.1 million EUR as per year-end 2021 (2020: -83.6 million EUR). The reimbursement of borrowings (-48.7 million EUR) mainly relates to the reimbursement in 2021 of the outstanding amount of the commercial paper program (-19.0 million EUR as per December 31, 2020) and the half yearly reimbursements of the T-Power credit facility (-25.7 million EUR). In 2020, a new loan (+7.5 million EUR) was drawn by Tessenderlo Group nv to finance the purchase of vehicles within the operating segment Bio-valorization, while no significant new borrowings were drawn in 2021 (note 22 - Loans and borrowings). Also in 2020, the group bought 132,000 of its own shares at 32 EUR per share for a total amount of -4.2 million EUR (note 19 - Equity), while no further purchases were made in 2021. The decrease of the long term receivables is mainly explained by the use of tax credits in France to offset 2021 current tax expenses (note 16 - Trade and other receivables).

As a result, cash and cash equivalents less bank overdrafts increased from 230.0 million EUR in 2020 to 320.2 million EUR as per December 31, 2021 (note 18 - Cash and cash equivalents).

Consequences and impact of the COVID-19 pandemic

In light of the latest developments concerning the corona pandemic, Tessenderlo Group continues to take all the necessary steps to ensure that we keep our people safe and keep our various plants and businesses running. All of the plants and activities are currently running in line with expectations and the impact of the COVID-19 pandemic on the consolidated financial statements of the group in 2020 and 2021 was not significant. Activities could be further impacted in 2022 if too many employees are affected by COVID-19 and/or if access to raw materials and auxiliary materials or means of transportation becomes more complicated, or if our customers are no longer able to process our products.

Notes to the consolidated financial statements

1. Summary of significant accounting policies

Tessenderlo Group nv (hereafter referred to as the "company"), the parent company, is domiciled in Belgium. The consolidated financial statements for the year ended December 31, 2021 comprise the company and its subsidiaries (together referred to as the "group") and the group's interests in jointly controlled entities.

The IFRS financial statements were authorized for issue by the Board of Directors of Tessenderlo Group nv on Tuesday March 22, 2022.

(A) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Union.

(B) Basis of preparation

The financial statements are presented in euro, which is the company's functional currency, rounded to the nearest million which may not add up due to rounding. They are prepared on the historical cost basis except for derivative financial instruments and net defined benefit (liabilities)/assets, which are stated at fair value.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised (if the revision affects only that period) or in the period of the revision and future periods (if the revision affects both current and future periods).

Judgments made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 33 - Critical accounting estimates and judgments.

The consolidated financial statements are presented before the effect of the profit appropriation of the company proposed to the General Assembly of shareholders.

The accounting policies set out below have been applied consistently by the company and all consolidated companies to all periods presented in these consolidated financial statements.

(C) Principles of consolidation

Subsidiaries are entities controlled by the group. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. If the group no longer has control over a subsidiary all assets and liabilities of the subsidiary, any non-controlling interests and other equity components with regard to the subsidiary are derecognized. The gains or losses arising on the loss of control are recognized in the income statement.

Non-controlling interests are presented separately from equity attributable to equity holders of the company. Losses realized by subsidiaries with non-controlling interests are proportionally allocated to the non-controlling interests in these subsidiaries, even if this means that the non-controlling interests display a negative balance.

Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognized in the income statement.

Investments in associates and joint-ventures are included in the consolidated financial statements using the equity method. The investments in associates are those in which the group has significant influence over the financial and operating policies, but which it does not control. In general, it is the case when the group holds between 20% and 50% of the voting rights. The group applies IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint-ventures depending on the contractual rights and obligations of each investor. All joint arrangements are determined to be joint-ventures, whereby the group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The equity method is used as from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the group's share of losses exceeds its interest in an associate or joint-venture, the group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the group has incurred legal or constructive obligations in respect of the associate or joint-venture.

All intercompany transactions, balances and unrealized gains and losses on transactions between group companies have been eliminated. Unrealized gains arising from transactions with associates and joint arrangements are eliminated to the extent of the group's interest in the entity. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(D) Foreign currency

Foreign currency transactions

Foreign currency transactions are accounted for at exchange rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at balance sheet date rate.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at historical cost are translated to the functional currency at foreign exchange rates of the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. For available-for-sale non-monetary assets, foreign exchange gains and losses are not separated from the total fair value changes.

Foreign currency differences are recognized in profit or loss and presented within finance costs.

Foreign currency translation

Assets and liabilities of foreign entities included in the consolidation are translated to euro at the foreign exchange rates applicable at the balance sheet date. The income statement of foreign entities is translated to euro at the annual average foreign exchange rates (approximating the foreign exchange rates prevailing at the dates of the transactions). The components of equity attributable to equity holders of the company are translated at historical rates.

Exchange differences arising from the translation of the equity attributable to the equity holders of the company to euro at year-end exchange rates are recognized in other comprehensive income and presented within “Translation reserves” in Equity. In case of non-wholly owned subsidiaries, the relevant proportion of the translation difference is allocated to non-controlling interest.

When a foreign operation is disposed of, such that control, significant influence or joint control is lost, the cumulative amount in the translation reserves related to that foreign operation is reclassified to the income statement as part of the gain or loss on disposal of the foreign operation.

When the group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount in the translation reserves is reattributed to non-controlling interests. When the group disposes of only part of its investment in an associate or joint-venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to the income statement.

Exchange rates

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

	Closing rate		Average rate	
1 EUR equals :	2021	2020	2021	2020
Brazilian real	6.3101	6.3735	6.3779	5.8943
Chinese yuan	7.1947	8.0225	7.6282	7.8747
Costa Rican colón	725.5900	743.8900	732.0314	665.4463
Czech crown	24.8580	26.2420	25.6405	26.4551
Hungarian forint	369.1900	363.8900	358.5161	351.2494
Indian Rupee	84.2292	89.6605	87.4392	84.6392
Polish zloty	4.5969	4.5597	4.5652	4.4430
Pound sterling	0.8403	0.8990	0.8596	0.8897
Romanian leu	4.9490	4.8683	4.9215	4.8383
Swiss franc	1.0331	1.0802	1.0811	1.0705
Turkisch lira	15.2335	9.1131	10.5124	8.0547
US dollar	1.1326	1.2271	1.1827	1.1422

(E) Intangible assets

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in the income statement as an expense as incurred.

Expenditure resulting from development activities, whereby research findings are applied to a plan or design for production of new or substantially improved products and processes, is capitalized if all of the following conditions are met:

- It is technically feasible to complete the asset so that it will be available for sale or use;
- Management intends to complete the development of the asset;
- It is demonstrated how the asset will generate probable future economic benefits. The market potential or the usefulness of the intangible asset have been clearly demonstrated;
- Adequate technical, financial and other resources to complete the development are available; and
- The expenditures related to the process or product can be clearly identified and reliably measured.

Other development expenditure is recognized in the income statement as an expense as incurred.

The capitalized expenditure includes the cost of materials and direct labor. Capitalized development is stated at cost less accumulated amortization (see below) and impairment losses (see accounting policy J).

Borrowing costs

Borrowing costs directly attributable to the acquisition, or production of an intangible asset, requiring a long preparation, are included in the cost of the intangible asset.

Emission allowances

The cost of acquiring emission allowances is recognized as intangible asset, whether they have been purchased or received free of charge (in the latter case the acquisition cost is zero). Emission allowances are not amortized but subject to impairment testing. A provision is set up to cover obligations to refund allowances depending on emissions if, during a given period, the number of allowances required exceeds the total number of allowances acquired. This provision is measured at the estimated amount of the expenditure required to settle the obligation.

The fair value of forward purchase and sale contracts of emission allowance certificates is based on quoted market prices for futures of EU allowances (EUAs) and Certified Emission Reductions (CERs)[5].

Intangible assets

Intangible assets, acquired by the group, are stated at cost less accumulated amortization (see below) and impairment losses (see accounting policy J).

Subsequent expenditure

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

[5] *The group did not have any such contracts during 2020 and 2021.*

Amortization

Intangible assets with a finite life are amortized using the straight-line method over their estimated useful lives.

The estimated useful lives of the respective asset categories are as follows:

Development	5 years
Software	3 to 5 years
Customer list	3 to 10 years
Concessions, licenses, patents and other	10 to 20 years

Useful lives and residual values, if significant, are re-assessed annually and adjusted if appropriate.

(F) Goodwill

Business combination

All business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which the group obtained control.

The group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in the income statement after re-assessment of the fair values.

Goodwill is expressed in the currency of the subsidiary to which it relates.

Transaction costs, other than those associated with the issue of debt or equity securities, that the group incurs, are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in the income statement.

Subsequent measurement of goodwill

Goodwill is measured at cost less accumulated impairment losses.

Goodwill is tested at least annually for impairment and whenever there is an indicator that the cash-generating unit to which the goodwill has been allocated may be impaired (see accounting policy J).

(G) Property, plant and equipment

Owned assets

Items of property, plant and equipment (further also "PPE") are stated at cost less accumulated depreciation and impairment losses. Cost includes the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management (e.g. non-refundable tax, transport and the costs of dismantling and removing the items and restoring the site on which they are located, if applicable). The cost of a self-constructed asset is determined using the same principles as for an acquired asset and includes the cost of materials, direct labor and other directly attributable expenses. Borrowing costs directly attributable to the acquisition, construction or production of an asset, requiring a long preparation, are included in the cost of the asset.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent expenditure

Subsequent expenditure incurred in replacing or renewing components of some items of property, plant and equipment is accounted for as the acquisition of a separate asset and the replaced asset is written off. Capitalization of subsequent expenditure is only done when it increases the future economic benefits embodied in the item of property, plant and equipment and significantly increases production capacity. Repair and maintenance, which do not increase the future economic benefits of the asset to which they relate, are expensed as incurred.

Depreciation

Depreciation is charged to the income statement as from the date the asset is available for use, on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives of the respective asset categories are as follows:

Land infrastructure[6]	10 to 20 years
Buildings	20 to 40 years
Building improvements	10 to 20 years
Plant installations	6 to 20 years
Machinery and equipment	5 to 15 years
Furniture and office equipment	4 to 10 years
Extrusion and tooling equipment	3 to 7 years
Laboratory and research – infrastructure	3 to 5 years
Vehicles	4 to 10 years
Computer equipment	3 to 5 years

Land is not depreciated as it is deemed to have an indefinite life.

Useful lives and residual values, if significant, are re-assessed annually and adjusted if appropriate.

[6] *Land infrastructure mainly includes access roads, fencing and lighting.*

Government grants

Government grants relating to the purchase of property, plant and equipment are deducted from the carrying amount of the related asset when there is reasonable assurance that they will be received and the group will comply with the conditions attached to it. They are deducted in the income statement from the related depreciation charges on a straight-line basis over the estimated useful life of the related asset.

Grants that compensate the group for expenses incurred are recognized as deduction of the related expense on a systematic basis in the same periods in which the expenses are incurred.

The accounting policy for emission allowances is discussed in section (E) Intangible assets.

(H) Leased assets

The Group has applied in 2019 IFRS 16 *Leases* using the modified retrospective approach, under which comparative information is not restated.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Assets, representing the rights to use the underlying leased asset, are capitalized as property, plant and equipment at cost, comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs
- restoration costs.

The corresponding lease liabilities, representing the net present value of the lease payments, are recognized as long-term or current liabilities depending on the period in which they are due.

The lease payments are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group’s incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Generally, the group uses its incremental borrowing rate as the discount rate.

Leased assets and liabilities are not recognized for low-value items and short term leases. Short-term leases are leases with an initial lease term of 12 months or less. The lease payments associated with these low-value items and short term leases are recognized on a straight-line basis as an expense over the lease term.

Lease interest is charged to the income statement as an interest expense.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The group has applied judgement in evaluating whether it is reasonably certain to exercise the option to renew by considering all relevant factors that create an economic incentive for it to exercise the renewal.

(I) Other and short term investments

Each category of investment is accounted for at trade date.

Investments in equity securities

Investments in equity securities are undertakings in which the group does not have significant influence or control. This is generally evidenced by ownership of less than 20% of the voting rights. Such investments are designated as equity investments at fair value through other comprehensive income and are recorded at their fair value on the balance sheet, unless the fair value cannot be reliably determined in which case they are carried at cost less impairment losses. The fair value is the quoted bid price at balance sheet date. Changes in fair value are directly recognized in other comprehensive income. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. If investments in equity securities are disposed, the cumulative gain or loss previously recognized in other comprehensive income remains in other comprehensive income and is never reclassified to profit or loss.

Other investments

Other investments mainly include cash guarantees. They are initially measured at fair value. Subsequently other investments are measured at amortized cost.

Short term investments

Short term investments include cash deposits and short term bank notes with a maturity at inception in excess of three months and are intended to be held to maturity less than one year (solely payment of principle and interest). They are recognized at their fair value, with the associated revenue in interest income.

(J) Impairment

The carrying amounts of property, plant and equipment, and intangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated for an individual asset or for a cash-generating unit. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. An impairment loss is recognized whenever the carrying amount of an asset or the related cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement.

Goodwill and intangible assets not yet available for use are tested for impairment at least annually, and when an indication of impairment exists. An impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit to which the goodwill relates.

Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then, to reduce the carrying amount of other assets in the cash-generating unit on a pro rata basis.

Calculation of recoverable amount

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. The value in use is the net present value of the estimated future cash flows from the use of an asset or cash-generating unit. In assessing the value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, to the business etc .... In determining the fair value less costs to sell, recent market transactions are taken into account, if these are available.

If an impairment is a consequence of classifying the assets as non-current assets classified as held for sale, then management's best estimate is used as a basis for the determination of the fair value of the assets (also based on knowledge of previous transactions with similar assets).

Reversal of impairment

An impairment loss, in respect of the group's assets other than goodwill, recognized in prior periods, is assessed at each balance sheet date for any indication that the impairment loss has decreased or no longer exists. If there has been a change in the estimates used to determine the recoverable amount on assets other than goodwill, the previously recognized impairment loss is reversed through the EBIT adjusting items in the income statement, to the extent that the asset's carrying amount does not exceed its recoverable amount, nor the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

An impairment loss in respect of goodwill cannot be reversed.

Financial assets

In accordance with IFRS 9, the group recognizes expected credit losses on trade receivables following the simplified approach. Lifetime expected losses are recognized for the trade receivables, excluding recoverable VAT amounts. A provision matrix is used in order to calculate the lifetime expected credit losses for trade receivables, which is based on the overdue amounts at the reporting date and uses historical information on defaults. The group considers a financial asset in default when contractual payments are 60 days past due. For all receivables in excess of 60 days past due, the provision matrix calculates an allowance between 20% and 100%. However, in specific cases, the group may also consider a financial asset in default when specific objective evidence of an impairment is obtained as a result of one or more events, which occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence of impairment includes debtor experiencing significant financial difficulty, default or delinquency by a debtor, indications that a debtor will enter bankruptcy, or economic conditions that correlate with defaults. Impairment losses are recognized in the consolidated income statement.

(K) Inventories

Inventories are stated at the lower of cost and net realizable value. The cost is determined by the weighted average cost method.

The cost of finished goods and work in progress comprises raw materials, other production materials, direct labor, other direct costs and an allocation of fixed and variable production overhead based on normal operating capacity. Cost of inventories includes the purchase, conversion and other costs incurred to bring the inventories to their present location and condition. Net realizable value represents the estimated selling price, less all estimated costs of making the product ready for sale.

(L) Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently stated at amortized cost less appropriate allowances for impairment losses (see accounting policy J).

(M) Cash and cash equivalents

Cash includes cash in hand and cash with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash, have a maturity date of three months or less from the date of inception and are subject to an insignificant risk of change in value. Cash and cash equivalents are recognized at their fair value.

(N) Issued capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a reduction from equity, net of any tax effects.

Repurchase of issued capital

When share capital recognized as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognized as a change in equity. Repurchased shares are classified as treasury shares and presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

Dividends

Dividends are recognized as a liability in the period in which they are declared.

(O) Non-derivative financial liabilities

Non-derivative financial liabilities are recognized initially at fair value, less attributable transaction costs. Subsequent to initial recognition, interest-bearing loans and borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of borrowings on an effective interest basis.

(P) Provisions

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

If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is presented as a component of finance costs.

Restructuring

A provision for restructuring is recognized when the group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced to those affected by it. Future operating costs are not provided for.

Environmental obligations and dismantlement obligations

These provisions are based on legal and constructive obligations from past events, in accordance with applicable legal requirements.

Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. Such provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the group recognizes an impairment loss on the assets associated with that contract.

(Q) Employee benefits

Post-employment benefits

Post-employment benefits include pensions and medical benefits. The group operates a number of defined benefits and defined contribution plans throughout the world, of which the assets are generally held in separate pension funds. Separate trusts and insurers generally hold the pension plans.

- *Defined contribution plans:*

A defined contribution plan is a pension plan under which the group pays fixed contributions into a fund. There is no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions to defined contribution pension plans are recognized as an expense in the income statement as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

- *Defined benefit plans:*

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement.

For defined benefit plans, the pension accounting costs are assessed separately for each plan using the projected unit credit method. Under this method, the cost of providing pensions is charged to the income statement in order to spread the regular cost over the service lives of employees in accordance with the advice of qualified independent actuaries who carry out annually a full valuation of the plans.

The pension obligation recognized in the balance sheet is determined as the present value of the defined benefit obligation, using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and which have terms to maturity approximating the terms of the related liability, less the fair value of the plan assets. In countries where there is no deep market in such bonds, the market rates on government bonds are used for discounting.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss. Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, and the effect of the asset ceiling (if any), are charged or credited to equity in other comprehensive income in the period in which they arise.

Where the calculation results in a potential asset for the group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Past service costs and gain or loss on curtailment are recognized immediately in the income statement.

Termination benefits (pre-retirement plans, other termination obligations)

These benefits arise as a result of the group's decision to terminate the employment of an employee or group of employees before the normal retirement date or of an employee's decision to accept voluntary redundancy in exchange for those benefits.

These benefits are recognized as a liability and an expense at the earlier of the following dates: when the group can no longer withdraw the offer of those benefits, or when the group recognizes costs for a restructuring that is within the scope of IAS 37 *Provisions* and involves termination benefits. If benefits are conditional on future service, they are not treated as termination benefits but as post-employment benefits.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(R) Income tax

Income tax expense comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly to equity or other comprehensive income, in which case it is recognized in equity or other comprehensive income or it relates to a business combination, in which case it is recognized against goodwill.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax is provided using the balance sheet liability method, for temporary differences arising between the carrying values of assets and liabilities for financial reporting purposes and the basis used for taxation purposes. The following temporary differences are not provided for: taxable temporary differences arising on the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that these will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date, and reflects uncertainty related to income taxes, if any.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and credits can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that related tax benefit will be realized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related benefit.

(S) Trade and other payables

Trade and other payables are stated at fair value at initial recognition and subsequently at amortized cost.

(T) Income

Revenue

The five-step model to account for revenue arising from contracts with customers is used. Revenue is recognized at an amount that reflects the consideration to which the group expects to be entitled in exchange for transferring goods or services to a customer.

(1) Sale of goods

The majority of the group's revenue consists of the sale of goods. Products are generally sold directly or through distributors to the customers. Revenue is recognized based on the transfer of control of ownership. The point of recognition is dependent on the contract sales terms, known as the International Commercial terms (Incoterms). The timing of the revenue recognition is not significantly different from the transfer from risk and rewards. The sale of goods, including transportation, qualifies as a separate performance obligation. The related costs of transportation are incurred as part of the performance obligation to transfer goods to the customer.

(2) Rendering of services

The amount of revenue from services is not presented separately in the income statement because it represents currently an insignificant portion of total revenue for the group.

The sale of services qualifies as a separate performance obligation, of which revenue is recognized when a customer obtains control of the services, which can be at a point in time or over time. For each performance obligation satisfied over time, revenue is recognized by measuring the progress towards complete satisfaction of that performance obligation at the end of each reporting period.

(3) Projects

For revenue out of projects, the amount of revenue is measured by reference to the progress made towards complete satisfaction of the performance obligation. These projects generally have a lifetime of less than one year.

Customer contracts might include trade discounts or volume rebates, which are granted to the customer if the delivered quantities exceed a certain threshold. In these cases, the transaction price includes a variable consideration. The effect of the variable consideration, recognized at fair value, on the transaction price is taken into account in revenue recognition by estimating the probability of the realization of the discount or rebate for each contract.

Customer contracts might contain consignment arrangements. The products are shipped and stored in owned or rented tanks at the customer's premises. The revenue is only recognized at the moment the product is actually withdrawn by the customer. The sales price will be the applicable market price at that moment.

Finance income

Finance income comprises interest receivable on funds invested, dividend income, foreign exchange gains and gains on derivative financial instruments.

Interest income is recognized in the income statement as it accrues, taking into account the effective yield on the asset.

Dividend income is recognized in the income statement on the date the entity's right to receive payments is established.

(U) Expenses

Finance costs

Finance costs comprise interest payable on loans and borrowings, unwinding of the discount on provisions, foreign exchange losses and losses on derivative financial instruments.

Interest expense is recognized as it accrues, taking into account the effective interest rate.

All finance costs (borrowing costs) directly attributable to the acquisition, construction or production of a qualifying asset that form part of the cost of that asset are capitalized. All other borrowing costs are expensed as incurred and are recognized as finance costs.

(V) Derivative financial instruments

The group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational activities. In accordance with its treasury policy, the group does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are recognized initially at fair value. The determination of fair values for each type of financial and non-financial assets and liabilities are further discussed in note 2 - Determination of fair values. Subsequent to initial recognition, derivative financial instruments are stated at their fair value at balance sheet date. Depending on whether cash flow hedge accounting (see below) is applied or not, any gain or loss on this remeasurement is either recognized directly in other comprehensive income or in the income statement.

Cash flow hedges

The group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction that could affect income statement, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income (hedging reserves in equity). Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the income statement.

When the hedged item is a non-financial asset, the amount accumulated in equity is included in the carrying amount of the asset when the asset is recognized. In any other case, the amount accumulated in equity is reclassified to income statement in the same period that the hedged item affects the income statement.

If the hedging instrument no longer meets the criteria for hedge accounting, or when the hedging instrument is expired, sold or terminated, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the income statement. If the forecast transaction is no longer expected to occur, then the cumulative gain or loss recognized in other comprehensive income is reclassified immediately to finance costs and income.

(W) Earnings per share

The group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

The diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to the management.

(X) Segment reporting

Operating segments are components of the group that engage in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group’s other components. Discrete financial information is available and evaluated regularly by the Executive Committee in deciding how to allocate resources and in assessing performance. The Executive Committee has been identified as the chief operating decision maker.

Aggregation of segments has been done in accordance with IFRS 8 *Operating segments* and only when the segments have similar economic characteristics based upon their nature of products and services, nature of the production process, type or class of customer, methods used to distribute products or provide services and the nature of the regulatory environment.

The segment information reported to the Executive Committee (including the measurement of segment profit or loss, segment assets and liabilities) is prepared in conformity with the same accounting policies as those described in the summary of significant accounting policies.

Revenues, expenses and assets are allocated to the operating segments to the extent that items of revenue, expenses and assets can be directly attributed or reasonably allocated to the operating segments. Transfer prices between operating segments are in a similar way to transactions with third parties.

(Y) Changes in accounting policy and disclosures

The following amendments and annual improvements to standards are mandatory for the first time for the financial year beginning January 1, 2021 and have been endorsed by the European Union. These did not have a significant impact on the financial statements of the group:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 *Interest Rate Benchmark Reform – Phase 2*
- Amendments to IFRS 4 *Insurance Contracts – deferral of IFRS*
- Amendments to IFRS 16 *Leases: Covid-19-Related Rent Concessions*

The following new standards, amendments and interpretation to standards have been issued, have been endorsed by the European Union, and are effective for the first time for the financial year beginning on or January 1, 2022 and:

- Amendments to IFRS 3 *Business Combinations*
- Amendments to IAS 16 *Property, Plant and Equipment*
- Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*
- Annual Improvements to IFRS Standards 2018–2020

The group has not applied these new standards or amended standards in preparing the 2021 consolidated financial statements. The group is currently assessing the new rules, and at this stage, is not expecting any of these new rules to have a significant impact on the financial statements of the group.

The following new standards, amendments and interpretation to standards have been issued, and are effective for the first time for the financial year beginning January 1, 2023 and have not yet been endorsed by the European Union:

- Amendments to IAS 1 *Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies*
- Amendments to IAS 8 A*ccounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates*
- Amendments to IAS 12 *Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

2. Determination of fair values

A number of the group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and disclosure purposes based on the methods described below. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring the fair value of an asset or a liability, the group uses market observable data as far as possible, or valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

For the purpose of fair value disclosures, the group has determined classes of assets and liabilities on the basis of the nature, characteristics and risk of the asset or liability and the level of the fair value hierarchy as explained above.

Further information about the assumptions made in measuring fair values is included in note 4 - Acquisitions and disposals and note 26 - Financial instruments.

Property, plant and equipment

The fair value of property, recognized as a result of a business combination or used in impairment testing, is based on the estimated amount for which a property could be exchanged on the date of valuation in an arm's length transaction. The result is benchmarked with market values, if available. If no significant and active market exists, the replacement cost is used.

The fair value of items of plant and equipment is based on the market or cost approach using quoted market prices for similar items when available and replacement costs when appropriate. The replacement cost is the combined result of the cost of a new plant and equipment with the same capacity and the value in use considering the business activity.

The measurement of the fair value of property, plant and equipment is based on valuation studies which are performed internally as well as outsourced to external, independent valuation companies having appropriate qualifications and experience.

Intangible assets

The fair value of intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets and on valuation studies performed internally.

Inventories

The fair value of inventories is based on the current market price for raw materials and the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale for finished products including a margin.

Derivative financial instruments

The fair value of forward contracts is calculated as the discounted value of the difference between the contract rate and the forward rate at closing date.

The fair value of these instruments generally reflects the estimated amounts that the group would receive on settlement of favorable contracts or be required to pay to terminate unfavorable contracts at the reporting date, and thereby takes into account the current unrealized gains or losses on open contracts.

Other financial instruments

The fair value of an electricity supply agreement has been estimated using a discounted cash flow method, making certain assumptions about the model inputs, including risk-adjusted discount rate, and commodities market price. The fair value is categorized as level 3 as it is partly based on unobservable market data.

3. Segment reporting

The group has 4 operating segments based on the principal business activities, economic environments and value chains in which they operate, as defined under IFRS 8 *Operating Segments*, and relate to agriculture, animal by-product valorization, products, systems and solutions for handling, processing and treatment of water including flocculation and depressants, as well as energy. The information provided below is consistent with the information that is available and evaluated regularly by the Chief Operating Decision Maker (the Executive Committee).

The following summary describes the operations in each of the group's reportable segments:

- "Agro" - includes production, trading and distribution of crop nutrients and crop protection products and includes the following businesses: Crop Vitality, Tessenderlo Kerley International and NovaSource. These activities individually meet the definition of a business segment and were aggregated under the operating segment "Agro" in line with the stipulations under IFRS 8.12. This aggregation was possible because these activities sell the same or similar products, their production process is similar and these activities have the same or the same type of customers, while the distribution method of the products is also similar. In addition, there is close cooperation between these activities and management makes decisions that simultaneously have an impact on the various activities.
- "Bio-valorization" - includes collecting and processing of animal by-products; production and distribution of gelatins and collagen peptides and rendering, production and sales of proteins and fats and includes the following businesses: PB Leiner and Akiolis. These activities individually meet the definition of a business segment and were aggregated under the segment "Bio-valorization" in line with the stipulations under IFRS 8.12. This aggregation was possible because these activities sell the same or similar products, their production process is similar and these activities have the same or the same type of customers, while the distribution method of the products is also similar.

In addition, there is close cooperation between these activities and management makes decisions that simultaneously have an impact on the various activities.

- "Industrial Solutions" - includes all possible water related applications (water transport, water treatment and leaching). This segment includes the following distinguishable commercial names: DYKA Group (with DYKA, JDP and BT Nyloplast), Moleko (former Mining and Industrial) and Kuhlmann Europe (former Performance Chemicals). These components are not considered to be separate operating segments.
- "T-Power" - includes a gas-fired 425 MW power plant in Tessenderlo (Belgium). A tolling agreement was concluded with RWE group for a period of 15 years (until 2026) for the full capacity of the plant, with an optional 5-year extension thereafter.

Industrial Solutions also included the MPR/ECS activities until their sale in 2021 (note 4 - Acquisitions and disposals). Also within the operating segment Industrial Solutions, S8 Engineering ceased to exist in 2020 and the engineering and construction activities were integrated into Tessenderlo Kerley, Inc..

The costs included within Adjusted EBIT, related to the corporate activities, are allocated to the different operating segments they support.

Transfer prices between operating segments are similar to transactions with third parties.

The measure of segment profit/loss is Adjusted EBIT, which is consistent with information that is monitored by the chief operating decision maker.

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

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

The major line items of the income statement and statement of financial position are shown per operating segment in the table on the next page.

(Million EUR)	note	Agro 2021	Agro 2020	Bio-valorization 2021	Bio-valorization 2020	Industrial Solutions 2021	Industrial Solutions 2020	T-Power 2021	T-Power 2020	Non-allocated 2021	Non-allocated 2020	Tessenderlo Group 2021	Tessenderlo Group 2020
Revenue (internal and external)		750.3	583.8	643.2	575.7	618.4	509.5	71.2	69.5	-	-	2,083.1	1,738.5
Less: Revenue (internal)		1.0	0.8	-	-	0.6	0.4	-	-	-	-	1.6	1.2
Revenue		**749.3**	**582.9**	**643.2**	**575.7**	**617.8**	**509.1**	**71.2**	**69.5**	-	**-**	**2,081.5**	**1,737.3**
Of which:													
- At a point in time		749.3	582.9	643.2	575.7	617.8	508.1	71.2	69.5	-	-	2,081.5	1,736.2
- Over time		-	-	-	-	-	1.0	-	-	-	-	0.0	1.0
Adjusted EBIT		**116.4**	**95.8**	**43.8**	**47.1**	**49.1**	**24.5**	**14.5**	**16.6**	-	-	**223.8**	**184.0**
Adjusted EBITDA		**147.4**	**125.6**	**78.5**	**81.9**	**76.1**	**53.0**	**52.2**	**54.1**	-	-	**354.2**	**314.6**
Return on revenue (Adjusted EBITDA/revenue)		**19.7%**	**21.5%**	**12.2%**	**14.2%**	**12.3%**	**10.4%**	**73.3%**	**77.8%**	-	-	**17.0%**	**18.1%**
Non-current segment assets (property, plant and equipment, goodwill and intangible assets)		249.0	240.4	261.1	242.7	183.6	177.6	319.5	353.7	14.9	16.7	1,028.0	1,031.2
Other segment assets		341.7	248.1	237.4	206.2	177.6	144.5	4.5	2.6	22.4	21.4	783.6	622.8
Derivative financial instruments	26	-	-	-	-	-	-	-	-	0.6	0.0	0.6	0.0
Investments accounted for using the equity method	14	17.1	14.2	2.1	5.7	-	-	-	-	-	-	19.2	20.0
Other investments and guarantees	14	-	-	-	-	-	-	-	-	11.8	10.3	11.8	10.3
Deferred tax assets	15	-	-	-	-	-	-	-	-	33.5	32.2	33.5	32.2
Short term investments	18/22	-	-	-	-	-	-	-	-	10.0	20.0	10.0	20.0
Cash and cash equivalents	18/22	-	-	-	-	-	-	-	-	320.3	230.1	320.3	230.1
Total assets		**607.9**	**502.7**	**500.6**	**454.7**	**361.2**	**322.1**	**324.0**	**356.3**	**413.4**	**330.7**	**2,207.0**	**1,966.4**
Segment liabilities		136.0	78.2	165.5	156.3	95.6	87.2	11.6	8.9	167.2	177.0	575.8	507.6
Derivative financial instruments	26	-	-	-	-	-	-	-	-	29.3	37.1	29.3	37.1
Loans and borrowings	22	-	-	-	-	-	-	-	-	405.0	451.3	405.0	451.3
Bank overdrafts	18/22	-	-	-	-	-	-	-	-	0.1	0.0	0.1	0.0
Deferred tax liabilities	15	-	-	-	-	-	-	-	-	65.4	66.3	65.4	66.3
Total equity		-	-	-	-	-	-	-	-	1,131.4	904.1	1,131.4	904.1
Total Equity and Liabilities		**136.0**	**78.2**	**165.5**	**156.3**	**95.6**	**87.2**	**11.6**	**8.9**	**1,798.3**	**1,635.8**	**2,207.0**	**1,966.4**
Capital expenditures: property, plant and equipment and intangible assets	11/13	25.9	29.9	43.0	46.4	23.1	15.7	3.3	6.7	0.7	1.4	95.9	100.2
Depreciation, amortization and impairment losses on tangible assets and intangible assets	8	-31.0	-29.8	-34.7	-34.8	-28.9	-31.6	-37.6	-37.4	-	-	-132.3	-133.6
Reversal/(additional) inventory write-offs	17	0.9	-1.8	-1.2	-8.2	-2.3	-0.7	-	-	-	-	-2.5	-10.7

The increase of the other segment assets and segment liabilities in Agro and Industrial Solutions is mainly linked to the increase of trade receivables and payables, which are impacted by a higher activity, timing and price inflation.

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

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

	Revenue by market		Non-current segment assets	
(Million EUR)	2021	2020	2021	2020
Belgium	188.4	169.4	467.0	499.8
The Netherlands	226.6	179.9	42.8	34.3
France	357.6	301.6	238.1	239.6
Germany	53.3	48.6	22.7	20.4
Spain	92.8	68.5	-	-
United Kingdom	108.1	76.3	19.4	18.0
Poland	31.6	24.5	7.1	5.3
Other European countries	140.6	121.2	5.8	5.3
United States	583.2	504.4	179.1	168.3
Mexico	44.5	33.4	2.8	2.0
China	17.5	13.8	6.5	7.2
Rest of the world	237.3	195.6	36.7	31.1
Tessenderlo Group	**2,081.5**	**1,737.3**	**1,028.0**	**1,031.2**

The decrease of the non-current segment assets in Belgium is mainly due to the amortization and depreciation of the fair value adjustments within T-Power nv, fully acquired in 2018. The purchase price allocation resulted in the recognition of a customer list for an amount of 163.7 million EUR and represented the fair value of a tolling agreement which was concluded with RWE group for a period of 15 years (until June 2026) for the full capacity of the plant. This customer list is being amortized over the remaining duration of the tolling agreement.

The increase of the non-current segment assets in the United States is impacted by the strengthening of the USD (The USD/EUR 2020 closing rate was 1.2271 compared to 1.1326 as per year-end 2021).

4. Acquisition and disposals

There were no acquisitions in 2021.

In the first semester 2020, the group completed the acquisition of a production plant in La Chapelle-Saint-Ursin (France). On May 1, 2020, the group obtained 100% control over these activities through a new created company DYKA Tube SAS and integrated the plant within the DYKA Group activity (operating segment Industrial Solutions). As of the acquisition date, the group recognized the fair value of the identifiable assets acquired and the liabilities assumed. Fair value adjustments, on which deferred tax assets and liabilities were recognized, mainly related to property, plant and equipment and inventories. The group did not obtain, within one year to the acquisition, new information about facts and circumstances that existed at the date of acquisition, which would have resulted in a revision of the acquisition accounting.

In August 2021, the group reached an agreement to divest the MPR and ECS activities (operating segment Industrial Solutions). The main assets of this disposal group included property, plant and equipment (0.6 million EUR) and goodwill (2.2 million EUR). The yearly contribution of MPR/ECS to the group's results was not significant. The sale was completed in the second half of 2021 and the result was included within EBIT adjusting items (note 6 - EBIT adjusting items).

5. Other operating income and expenses

Other operating income and expenses are shown in the table below:

(Million EUR)	note	2021	2020
Additions to provisions		-1.4	-0.9
Research and development cost		-10.4	-11.9
Taxes other than income taxes		-4.0	-5.1
Expenses related to defined benefit plans	23	-2.0	-1.5
Gains on disposal of property, plant and equipment and intangible assets		0.7	0.2
Reversal/(recognition) of impairment losses on trade receivables		-0.2	-0.6
Other		0.7	-1.2
Total		**-16.5**	**-20.9**

Costs arising from the research phase of an internal project are expensed as incurred. The major part of research and development costs relates to salaries paid for an amount of -4.7 million EUR (2020: -6.3 million EUR) and depreciation charges for an amount of -0.5 million EUR (2020: -0.5 million EUR). In 2021 and 2020, no significant development costs were capitalized.

The other operating income and expenses are mainly explained by the cost of consumed emission allowances and various individually insignificant items within several subsidiaries of the group.

6. Ebit adjusting items

The EBIT adjusting items for 2021 show a net income of +1.9 million EUR (2020: -8.1 million EUR).

(Million EUR)	note	2021	2020
Gains and losses on disposals		2.8	4.8
Restructuring		-1.7	-0.5
Impairment losses	8/11	-1.9	-3.0
Provisions and claims		4.0	-5.0
Other income and expenses		-1.4	-4.3
Total		**1.9**	**-8.1**

The gains and losses on disposals (+2.8 million EUR) mainly relate to the divestments of the MPR and ECS activities in August 2021 (operating segment Industrial Solutions) and the sale of several land and buildings, mainly within Bio-valorization.

Restructuring expenses (-1.7 million EUR) include several, individual insignificant, restructuring expenses within the operating segment Industrial Solutions (DYKA Group and Kuhlmann Europe). Kuhlmann Europe terminated its operating agreement in November 2021 for the production of sulfur derivatives in Tessenderlo, Belgium (Kuhlmann Belgium). The deteriorating market conditions, the continuing limited availability of raw materials, and increased electricity prices made the sulfur derivatives activity economically unfeasible. The group recognized, following this announcement, restructuring expenses in accordance with the termination clauses of the operating agreement.

Impairment losses (-1.9 million EUR) relate to assets, which will not be used anymore following changes in market conditions (within the operating segment Industrial Solutions).

Provisions and claims (+4.0 million EUR) mainly relate to the reversal of an asset retirement obligation following the sale of the ECS activity, as well as to the impact of the increase of the discount rate applied to the environmental provisions to cover the cost, over the period 2022-2054, for the remediation of historical soil and ground contamination of the factory sites in Belgium (Ham, Tessenderlo and Vilvoorde) and France (Loos). The discount rate as per December 31, 2021 varied between 0% and 1% (year end 2020: between 0% and 1%).

Other income and expenses (-1.4 million EUR) include the impact of an electricity purchase agreement, for which the own-use exemption under IAS 39 is not applicable anymore and several other individually insignificant items.

7. Payroll and related benefits

The payroll and related benefits costs, excluding restructuring costs, are shown in the table below:

(Million EUR)	note	2021	2020
Wages and salaries		-254.5	-241.0
Employer's social security contributions		-53.9	-52.6
Other personnel costs		-21.7	-20.1
Contributions to defined contribution plans		-9.3	-8.9
Expenses related to defined benefit plans	23	-7.3	-6.2
Total		**-346.6**	**-328.9**

The number of FTE's at year-end 2021 amounts to 4,838 (2020: 4,793).

8. Additional information on operating expenses by nature

Depreciation and amortization on property, plant and equipment (PPE) and intangible assets are included in the following line items in the income statement:

(Million EUR)	note	Depreciation on PPE		Amortization on intangible assets		Total	
		2021	2020	2021	2020	2021	2020
Cost of sales		-98.1	-97.0	-21.9	-22.1	-119.9	-119.1
Administrative expenses		-5.5	-5.2	-0.6	-1.2	-6.1	-6.4
Sales and marketing expenses		-0.7	-0.8	-3.3	-3.8	-4.0	-4.6
Other operating income and expenses		-0.5	-0.5	-	-	-0.5	-0.5
Total	**11/13**	**-104.7**	**-103.4**	**-25.7**	**-27.1**	**-130.4**	**-130.6**

Impairment losses on property, plant and equipment, intangible assets and goodwill are included in the following line items in the income statement:

(Million EUR)	note	Property, plant and equipment		Intangible assets		Goodwill		Total	
		2021	2020	2021	2020	2021	2020	2021	2020
Impairment losses	6/11	-1.9	-3.0	-	-	-	-	-1.9	-3.0
Total	**6/11**	**-1.9**	**-3.0**	**0.0**	**0.0**	**0.0**	**0.0**	**-1.9**	**-3.0**

Total depreciation, amortization and impairment losses in 2021 amount to -132.3 million EUR compared to -133.6 million EUR in 2020 (note 11 - Property, plant and equipment and note 13 - Intangible assets).

9. Finance costs and income

Net finance costs and income amount to +4.5 million EUR in 2021, compared to -40.5 million EUR in 2020 and are detailed below:

(Million EUR)	2021			2020		
	Finance costs	Finance income	Total	Finance costs	Finance income	Total
Interest expense on loans and borrowings measured at amortized cost	-9.4	-	-9.4	-9.3	-	-9.3
Dividend income from other investments	-	-	-	-	0.1	0.1
Interest income from cash and cash equivalents	-	0.4	0.4	-	0.3	0.3
Expense for the unwinding of discounted provisions	-0.2	-	-0.2	-0.4	-	-0.4
Net interest (expense)/income on pension asset/(liability)	-0.2	0.1	-0.1	-0.4	0.0	-0.3
Net foreign exchange gains/(losses) (including revaluation to fair value and realization of derivative financial instruments)	-4.2	18.9	14.7	-31.2	1.4	-29.8
Net other finance (costs)/income	-1.1	0.2	-0.8	-1.0	0.0	-1.0
Total	**-15.1**	**19.6**	**4.5**	**-42.2**	**1.8**	**-40.5**

The interest expenses on loans and borrowings amount to -9.4 million EUR (2020: -9.3 million EUR) and mainly consist of:

The interest charges on the bonds (-6.7 million EUR), issued in 2015, with a maturity of 7 years (the “2022 bonds”) and 10 years (the “2025 bonds”) with a fixed rate of 2.875% and 3.375% respectively.

The interest charge on the term loan facility of T-Power nv, which equals the EURIBOR plus a spread. For 80% of the outstanding loan, the EURIBOR was fixed at 5.6% per annum through a series of forward agreements. The fair value of these forward agreements amounted to -38.1 million EUR at acquisition date (recognized as derivative financial instruments in the statement of financial position, see also note 26 - Financial instruments). The 2021 interest paid for this long term facility loan resulted in a cash out of -7.0 million EUR (2020: -8.2 million EUR), of which -1.4 million EUR was recognized as interest expenses, while the remaining amount of -5.7 million EUR relates to the half yearly payments for forward rate agreements reaching their maturity date.

The interest expenses on lease liabilities (in accordance with IFRS 16 *Leases*) for -1.1 million EUR (2020: -1.1 million EUR).

Total cash-out related to interest payments therefore amounts to -15.1 million EUR (interest expenses for -9.4 million EUR and payments for forward rate agreements reaching their maturity date for -5.7 million EUR).

The net foreign exchange gain (+14.7 million EUR) can mainly be explained by unrealized foreign exchange gains on intercompany loans and cash and cash equivalents (mainly in USD), which are not hedged. The strengthening of the USD against the EUR (+8%) impacted this result. We refer to note 26 - Financial instruments for more information of the group’s exposure to foreign currency risk.

The table below provides the reconciliation between the interest expense recognized in the consolidated income statement and the interest paid in the consolidated statement of cash flows:

(Million EUR)	2021	2020
Interest expenses on loans and borrowings measured at amortized cost	**-9.4**	**-9.3**
Reconciliation with consolidated statement of cash flows		
Interest expense on other loans and borrowings	-9.4	-9.3
Changes in accrued interest charges	0.0	-0.0
Payment for forward rate agreements at maturity date (recognized at T-Power nv acquisition date)	-5.7	-6.9
Interest paid	**-15.1**	**-16.3**

10.Income tax expense

The reconciliation between the theoretical tax rate and the effective tax rate for the total income tax expense is as follows:

(Million EUR)	2021	2020
Recognized in the income statement		
Current tax expense	-47.2	-44.6
Adjustment current tax expense previous periods	-0.8	-0.2
Deferred tax - due to changes in temporary differences	2.9	9.8
Deferred tax - due to changes in tax rate	0.1	-0.5
Deferred taxes - recognition (derecognition) of tax losses	2.4	0.5
Total income tax expense in the income statement	**-42.6**	**-34.9**
Profit (+) / loss (-) before tax	230.9	133.6
Less share of result of equity accounted investees, net of income tax	0.7	-1.9
Profit (+) / loss (-) before tax and before result from equity accounted investees	**230.2**	**135.4**
Effective tax rate	**18.5%**	**25.8%**
Reconciliation of effective tax rate		
Profit (+) / loss (-) before tax and before result from equity accounted investees	**230.2**	**135.4**
Theoretical tax rate	26.0%	28.3%
Expected income tax at the theoretical tax rate	**-59.8**	**-38.3**
Difference between theoretical and effective tax expenses	**17.2**	**3.3**
Adjustment on deferred taxes	**2.5**	**-0.0**
Change in tax rates	0.1	-0.5
Recognition (derecognition) of tax losses	2.4	0.5
Adjustment on tax expenses	**14.7**	**3.4**
Expenses not deductible for tax purposes	-1.6	-1.7
Non-taxable income	1.3	1.5
Tax incentives	2.1	2.0
Use of tax losses / tax credits	10.9	6.6
Tax losses / temporary differences for which no deferred tax asset has been recorded	-0.4	-13.7
Adjustment current tax expense previous periods	-0.8	-0.2
Other	3.2	8.7

The theoretical aggregated weighted tax rate amounted to 26.0% in 2021 compared to 28.3% in 2020. This variance can be explained by the change in the relative weight of the result of each subsidiary, with different individual theoretical tax rates, in the total group result.

There have been no corporate income tax reforms impacting significantly the 2021 tax expense. The majority of the current tax expense is related to the activities in the United States and the activities of T-Power nv in Belgium. The total current tax expense amounts to -47.2 million EUR. As per December 2021, the group has a current tax receivable outstanding of 5.5 million EUR (2020: 7.5 million EUR), mainly due to advance payments made by Belgian subsidiaries and a current tax payable of -1.6 million EUR (2020: -2.4 million EUR). The income tax paid in 2021 amounts to -46.6 million EUR (2020: -40.3 million EUR).

The recognition of deferred tax assets on tax losses in 2021 (2.4 million EUR) is the result of a year-end 2021 review of the future taxable profits.

The expenses not deductible for tax purposes include permanent differences such as expenses which are non-deductible under local tax laws (e.g. car expenses and meal expenses). Non-taxable income mainly includes credits for research.

Tax incentives in 2021 and 2020 include deductions claimed for capital expenditures in France, as well the foreign-derived intangible income (FDII) deduction in the United States.

The 2021 use of tax losses/tax credits mainly relates to the use of Belgian and French fiscal losses.

The tax losses and temporary differences for which no deferred tax asset was recognized in 2020 mainly related to tax losses within Belgium, the United Kingdom and China.

The 2020 items included in "Other" mainly related to statutory results on intragroup transactions, which were eliminated for consolidation purposes. These were less significant in 2021.

11.Property, plant and equipment

(Million EUR)	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Assets under construction	Total
Cost					
At January 1, 2021	**511.3**	**1,463.5**	**185.6**	**60.2**	**2,220.6**
- dismantlement provision	0.3	0.2	-	-	0.5
- capital expenditure	2.7	16.2	1.3	75.5	95.7
- IFRS 16 new leases and lease modifications	8.4	2.2	9.4	-	20.0
- sales and disposals	-10.3	-24.9	-25.8	-	-60.9
- transfers	11.1	36.0	20.9	-67.1	0.8
- translation differences	13.3	20.2	3.6	1.4	38.6
At December 31, 2021	**536.8**	**1,513.4**	**195.1**	**69.9**	**2,315.2**
Depreciation and impairment losses					
At January 1, 2021	**-293.8**	**-940.7**	**-123.8**	**0.0**	**-1,358.4**
- depreciation (note 8)	-21.7	-61.6	-21.4	-	-104.7
- impairment losses (note 6/8)	-0.5	-1.4	-	-	-1.9
- sales and disposals	9.8	23.6	25.7	-	59.0
- transfers	-0.3	0.5	-0.3	-	-0.2
- translation differences	-6.7	-13.4	-2.5	-	-22.6
At December 31, 2021	**-313.2**	**-993.0**	**-122.5**	**0.0**	**-1,428.7**
Carrying amounts					
At January 1, 2021	**217.5**	**522.8**	**61.8**	**60.2**	**862.2**
At December 31, 2021	**223.6**	**520.4**	**72.6**	**69.9**	**886.6**

(Million EUR)	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Assets under construction	Total
Cost					
At January 1, 2020	**517.5**	**1,446.6**	**183.0**	**54.1**	**2,201.1**
- change in consolidation scope (disposal)	-	-	-0.1	-	-0.1
- change in consolidation scope (acquisitions)	3.7	0.7	0.2	-	4.7
- dismantlement provision	0.4	0.5	-	-	0.8
- capital expenditure	1.5	19.3	1.9	76.7	99.5
- IFRS 16 new leases and lease modifications	2.9	0.6	9.8	-	13.3
- sales and disposals	-9.4	-14.7	-22.9	-	-47.0
- transfers	11.4	39.1	18.2	-69.3	-0.6
- translation differences	-16.7	-28.5	-4.5	-1.4	-51.0
At December 31, 2020	**511.3**	**1,463.5**	**185.6**	**60.2**	**2,220.6**
Depreciation and impairment losses					
At January 1, 2020	**-286.9**	**-912.1**	**-129.2**	**0.0**	**-1,328.2**
- change in consolidation scope (disposal)	-	-	0.1	-	0.1
- depreciation (note 8)	-23.2	-59.8	-20.4	-	-103.4
- impairment losses (note 6/8)	-	-3.0	-	-	-3.0
- sales and disposals	9.0	14.3	22.8	-	46.1
- transfers	0.0	-0.0	0.0	-	0.0
- translation differences	7.2	19.9	2.9	-	30.1
At December 31, 2020	**-293.8**	**-940.7**	**-123.8**	**0.0**	**-1,358.4**
Carrying amounts					
At January 1, 2020	**230.6**	**534.4**	**53.8**	**54.1**	**872.9**
At December 31, 2020	**217.5**	**522.8**	**61.8**	**60.2**	**862.2**

The capital expenditure on property, plant and equipment amounts to 95.7 million EUR (2020: 99.5 million EUR) and is presented per operating segment in note 3 - Segment reporting.

The majority of the capital expenditure relates to:

- investments in the valuation of gelatin side streams and in the optimization of the valorization of animal by-products (operating segment Bio-valorization);
- investments in additional storage capacity within the operating segment Agro. The increased storage capacity guarantees a better service to farmers, as well as enables more flexibility and improved delivery times;
- investments in production efficiency improvements within DYKA Group (operating segment Industrial Solutions);
- investments in the expansion of the production capacity of water treatment coagulants at the site in Loos (France) within Kuhlmann Europe (operating segment Industrial Solutions) to meet the increasing demand for coagulants for wastewater treatment and drinking water production in Western Europe;
- a major maintenance outage and upgrade of the T-Power 425 MW gas-fired combined cycle power plant (CCGT);

- investments in the construction of a new Thio-Sul manufacturing plant in Geleen (the Netherlands). The factory is scheduled to be operational from the second quarter of 2023;
- the replacement of equipment and vehicles, which were previously leased, through purchase.

The 2021 sales and disposals mainly relate to the expiration of lease contracts, for which a right-of-use asset was recognized and fully depreciated in accordance with IFRS 16 *Leases*. In the second half of 2021, the group also completed the sale of the main assets of the activities MPR and ECS (note 4 -Acquisitions and disposals). The result on the sale of these assets was recognized in EBIT adjusting items (note 6 - EBIT Adjusting items).

For the line items of the income statement in which depreciation, impairment losses and reversal of impairment losses have been recorded, refer to note 8 - Additional information on operating expenses by nature.

No amounts of borrowing costs were capitalized in 2021 and 2020.

The property, plant and equipment of T-Power nv (Tessenderlo, Belgium), as well as the headquarters of Tessenderlo Kerley, Inc. in Phoenix (Arizona, United States), are pledged as securities for liabilities, with a carrying amount as per year-end 2021 of 221.5 million EUR and 12.6 million EUR respectively.

The carrying amount and depreciation charges related to the right-of-use assets, per asset category, is shown in table below:

(Million EUR)	Carrying amount right-of-use assets		Depreciation charges on right-of-use assets	
	2021	2020	2021	2020
Land and buildings	21.8	18.2	5.1	5.2
Plant, machinery and equipment	3.3	2.7	1.7	1.9
Furniture and vehicles	25.8	29.2	13.4	15.0
Total	**50.9**	**50.1**	**20.3**	**22.2**

The carrying amount of the right-of-use assets per operating segment is shown in table below:

(Million EUR)	2021	2020
Agro	9.4	8.3
Bio-valorization	11.1	12.3
Industrial Solutions	25.8	24.6
T-Power	0.0	0.0
Non-allocated	4.6	4.9
Tessenderlo Group	**50.9**	**50.1**

The leases consist mainly of land and buildings (mostly sales branches within Industrial Solutions, the Akiolis headquarters in Le Mans (France) within Bio-valorization and the Brussels (Belgium) headquarters office within Non-allocated), a large number of trucks and railcars (mainly within Agro and Bio-valorization), as well as company cars.

The group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The group has applied judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, the group considered all relevant factors that create an economic incentive for it to exercise the renewal. The main leases with an estimated remaining lease term of more than 5 years mainly relate to the sales branches within Industrial Solutions (a weighted average lease term of 11 years), the Akiolis headquarters office (remaining lease term of 9 years), the Brussels headquarters office (remaining lease term of 7 years) and the lease of a barge within Industrial Solutions (remaining lease term of 8 years). See note 26 - Financial instruments for the contractual maturities of the lease liabilities, including interest payments. Gross lease payments in 2021 amount to -21.7 million EUR (2020: -23.7 million EUR), which include interest charges for -1.1 million EUR (2020: -1.1 million EUR) (note 9 - Finance costs and income).

The depreciation charges recognized, on a straight-line basis over the shorter of the asset's useful life and its lease term, amount to -20.3 million EUR, in comparison to -22.2 million EUR in 2020.

The group chose not to recognize right-of-use assets and lease liabilities for low value items, mainly IT equipment and small items of office furniture, and short-term liabilities. The expense of these low value items and short-term leases is not significant.

12.Goodwill

Goodwill accounts for approximately 1.5% of the group's total assets as per December 31, 2021, or 32.3 million EUR (2020: 1.7% or 33.4 million EUR).

The carrying amount of goodwill per operating segment and per cash-generating unit, is shown in the table below:

(Million EUR)	2021	2020
Agro	**0.7**	**0.6**
Bio-valorization	**25.7**	**24.9**
Group Akiolis	15.0	15.0
PB Leiner America	10.7	9.9
Industrial Solutions	**5.4**	**7.3**
John Davidson Pipes	2.3	2.2
BT Nyloplast BV	3.0	3.0
MPR	-	2.1
T-Power	**0.6**	**0.6**
Total	**32.3**	**33.4**

Following the sale of the main assets of the MPR activity, the group derecognized the goodwill related to MPR. The gain on the result of the sale of the MPR assets, including the derecognition of the goodwill, was included within EBIT adjusting items (note 6 - EBIT adjusting items). The yearly contribution of MPR to the group's result was also not significant.

All movements related to the carrying amount of goodwill are shown in the table below:

(Million EUR)	note	2021	2020
At January 1		**33.4**	**34.6**
- sales and disposals	4	-2.2	-
- translation differences		1.1	-1.3
At December 31		**32.3**	**33.4**

The group cannot foresee whether an event that triggers impairment will occur, when it will occur or how it will affect the asset values reported. The group believes that all of its estimates are reasonable. They are consistent with the internal reporting and reflect management's best estimates.

The impairment testing on goodwill relies on a number of critical judgments, estimates and assumptions. Goodwill is tested for impairment on the level of its cash-generating unit and is based on value-in-use calculations. There have been no significant changes in the assets and liabilities of these cash generating units compared to prior year. In accordance with IAS 36 *Impairment of assets*, the group relied on the recoverable amount calculation of the 2020 impairment testings, which resulted in an amount that exceeded the carrying amount of all cash generating units by a substantial margin. The actual performance of the cash generating units in 2021 was in line or above their financial budget. Based on an analysis of events that have occurred and circumstances that have changed since the most recent recoverable amount calculation, the likelihood that a current recoverable amount determination would be less than the current carrying amount of the unit is considered to be remote.

The key judgments, estimates and assumptions used in the 2020 calculations were as follows:

- The cash flow projection of the first year was based on the 2021 financial budget approved by the Board of Directors. The forecasted cash flows were based on the following expectations, taking into account internal and external sources.
    - Estimated revenue was derived from estimated sales volumes and estimated sales prices. Sales volumes were based on past performance and management's expectation of market development. New product lines or product developments were only included when it was technically feasible to produce with the current assets. Sales prices were based on current market trends, also taking into account inflation and pricing power in the market.
    - Gross profit margins were based on current sales margin levels, future product mix and estimated evolution of the main raw material prices.
    - Indirect costs, which do not vary significantly with sales volumes or prices, were based on the current cost structure, including long term inflation forecasts and excluding unrealized future restructuring or cost saving measures.
    - Capital expenditures only included the cash outflows required to keep the assets in their current condition and did not include future capital expenditures significantly improving or enhancing the assets in excess of their originally assessed standard performance.
- In order to calculate the terminal value, the data of the fifth year were extrapolated by using simplified assumptions such as constant volumes, combined with constant costs. The growth rate was assumed to be 1%.
- Projections were made in the functional currency of the cash-generating unit and were discounted at the after-tax Weighted Average Cost of Capital (WACC) at the level of the cash-generating unit. The latter ranged between 5.0% and 6.9%. Since after-tax cash flows were incorporated into the calculation of the "value in use" of the cash-generating units, a post-tax discount rate was used in order to remain consistent.

An increase of the WACC's by 1% and a simultaneous reduction of total projected future cash flow by 10% would not have resulted in the carrying amounts of these significant cash-generating units exceeding their recoverable amount.

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

13.Intangible assets

	2021				
	Useful life				
	Finite				
(Million EUR)	Concessions, patents, licenses	Software	Customer lists	Other intangible assets	Total
Cost					
At January 1, 2021	**68.1**	**17.9**	**200.4**	**27.0**	**313.3**
- capital expenditure	0.0	0.3	-	-	0.3
- net change in emission allowances	-	-	-	-1.1	-1.1
- sales and disposals	-0.6	-	-	-	-0.6
- transfers	0.1	-0.9	-	-	-0.9
- translation differences	4.0	0.2	1.3	1.7	7.1
At December 31, 2021	**71.6**	**17.4**	**201.6**	**27.6**	**318.2**
Amortization and impairment losses					
At January 1, 2021	**-59.0**	**-15.7**	**-83.5**	**-19.5**	**-177.7**
- amortization (note 8)	-3.2	-0.7	-21.4	-0.4	-25.7
- sales and disposals	0.6	-	-	-	0.6
- transfers	-	0.2	-	-	0.2
- translation differences	-3.4	-0.1	-1.2	-1.6	-6.4
At December 31, 2021	**-65.0**	**-16.4**	**-106.1**	**-21.5**	**-209.0**
Carrying amounts					
At January 1, 2021	**9.0**	**2.1**	**116.9**	**7.5**	**135.6**
At December 31, 2021	**6.6**	**1.0**	**95.6**	**6.1**	**109.2**

(Million EUR)	2020 Useful life Finite Concessions, patents, licenses	Software	Customer lists	Other intangible assets	Total
Cost					
At January 1, 2020	**72.3**	**17.1**	**201.8**	**28.5**	**319.7**
- change in consolidation scope (disposal)	-	-0.0	-	-	-0.0
- capital expenditure	-	0.7	-	0.0	0.7
- net change in emission allowances	-	-	-	0.3	0.3
- sales and disposals	-0.2	-	-	-0.0	-0.2
- transfers	0.3	0.3	-	0.0	0.7
- translation differences	-4.4	-0.3	-1.4	-1.8	-7.9
At December 31, 2020	**68.1**	**17.9**	**200.4**	**27.0**	**313.3**
Amortization and impairment losses					
At January 1, 2020	**-59.3**	**-14.6**	**-63.4**	**-20.3**	**-157.7**
- change in consolidation scope (disposal)	-	0.0	-	-	0.0
- amortization (note 8)	-3.5	-1.3	-21.4	-0.9	-27.1
- sales and disposals	0.2	-	-	0.0	0.2
- transfers	-	0.0	-	-0.0	0.0
- translation differences	3.6	0.2	1.3	1.7	6.9
At December 31, 2020	**-59.0**	**-15.7**	**-83.5**	**-19.5**	**-177.7**
Carrying amounts					
At January 1, 2020	**13.0**	**2.5**	**138.4**	**8.2**	**162.1**
At December 31, 2020	**9.0**	**2.1**	**116.9**	**7.5**	**135.6**

The capital expenditure on intangible assets is presented per operating segment in note 3 - Segment reporting.

The decrease of the customer lists is mainly explained by the yearly amortization charge (-21.1 million EUR) of the customer list of T-Power nv. This customer list was recognized in 2018, after the acquisition of T-Power nv, for an amount of 163.7 million EUR and represents the fair value of a tolling agreement which was concluded with RWE group for a period of 15 years (until June 2026) for the full capacity of the plant. This customer list is amortized over the remaining duration of the tolling agreement and has been pledged as security for liabilities.

No borrowing costs were capitalized during 2021 and 2020.

The other intangible assets with finite useful lives mainly consist of emission allowances purchased for own use, know-how, product labels, trademarks and land-use rights. The product labels and the know-how are amortized on a straight-line basis over 10 to 20 years.

The net change in emission allowances for -1.1 million EUR (2020: +0.3 million EUR) mainly relates to emission allowances acquired and used to cover operational emissions for products exposed to carbon leakage. As per December 31, 2021, the carrying amount of emission allowances included in intangible assets amounts to 2.1 million EUR (2020: 3.2 million EUR).

See note 8 - Additional information on operating expenses by nature for the line items of the income statement in which amortization, impairment losses and reversal of impairment losses have been recorded.

14.Investments accounted for using the equity method

Investments accounted for using the equity method consist of joint-ventures.

The joint-ventures of the group are:

		Ownership	
	Country	2021	2020
Jupiter Sulphur LLC	US	50%	50%
PB Shengda (Zhejiang) Biotechnology Co., Ltd	China	50%	50%
Établissements Michel SAS	France	50%	50%

Jupiter Sulphur LLC is a joint-venture between Phillips 66 Inc. and Tessenderlo Kerley, Inc.. The joint-venture performs sulfur recovery and manufactures sulfur-based products, which are sold to Tessenderlo Kerley, Inc. Currently Jupiter Sulphur LLC owns and manages two facilities in the United States, located in Ponca City (Oklahoma) and Billings (Montana).

PB Shengda (Zhejiang) Biotechnology Co., Ltd, a 50% joint-venture between Tessenderlo Group and Zhejiang Shengda Ocean Co., Ltd, a Chinese state-owned company was established in June 2020 for the construction of a marine collagen peptides plant. Both partners agreed in 2021 to terminate the joint-venture agreement. The total issued capital of the joint-venture was expected to amount to 10.0 million EUR. The group made a cash contribution of 2.0 million EUR in 2020, while the group's share in unpaid share capital (3.0 million EUR) was included in current trade and other payables in the consolidated statement of financial position as per December 31, 2020. Following the agreement to terminate the joint-venture, the current payable of 3.0 million EUR was reversed in 2021, while an insignificant write-off was recognized in the line item "other income and expenses" within EBIT adjusting items. The group expects to recover the remaining carrying amount of its investment (1.4 million EUR).

The carrying amount of the investments accounted for using the equity method is as follows:

(Million EUR)	2021	2020
Jupiter Sulphur LLC	17.1	14.2
PB Shengda (Zhejiang) Biotechnology Co., Ltd	1.4	5.0
Établissements Michel SAS	0.8	0.8
Total	**19.2**	**20.0**

The "Other investments and guarantees" (11.8 million EUR) mainly relate to a loan granted by Tessenderlo Kerley, Inc.. The loan of 11.0 million USD loan was granted to the joint-venture Jupiter Sulphur LLC, which was fully drawn in the period over 2017 and 2018, and which remains outstanding for 10.4 million USD (9.2 million EUR). Jupiter Sulphur LLC obtained the same amount from the other joint-venture partner. The loan is interest bearing (3.0%) and outstanding till December 2026 at the latest, whereby the cash needs in Jupiter Sulphur LLC will be taken into account.

The granted loan is included in “Other investments” in the group’s consolidated statement of financial position. The related interest income is considered to be insignificant and is not eliminated.

None of the group’s equity-accounted investees are publicly listed entities and consequentially they do not have published price quotations.

Summary of financial information on investments accounted for using the equity method at 100% at December 31:

(Million EUR)	2021	2020
Non-current assets	103.8	98.4
Current assets	15.9	23.2
Total assets	**119.7**	**121.6**
Equity	39.0	39.9
Non-current liabilities	18.6	18.5
Current liabilities	62.1	63.2
Total equity and liabilities	**119.7**	**121.6**
Revenue	55.3	40.6
Cost of sales	-50.3	-43.6
Gross profit	4.9	-3.0
EBIT (Profit (+) / loss (-) from operations)	2.9	-4.0
Finance (costs) / income - net	-0.6	-1.0
Profit (+) / loss (-) before tax	2.3	-5.0
Profit (+) / loss (-) for the period	1.4	-3.7
Total comprehensive income for the period	1.4	-3.8

15.Differed tax assets and liabilities

	Assets		Liabilities		Net	
(Million EUR)	2021	2020	2021	2020	2021	2020
Property, plant and equipment	2.9	2.6	-43.8	-42.0	-40.9	-39.4
Intangible assets	4.9	5.0	-26.5	-31.6	-21.6	-26.5
Inventories	9.0	8.8	-2.1	-0.4	6.9	8.4
Employee benefits	10.2	12.1	-0.1	-0.3	10.1	11.8
Derivative financial instruments	3.4	5.3	-	-	3.4	5.3
Provisions	7.4	7.6	-13.7	-13.4	-6.3	-5.9
Other items	8.0	8.7	-10.9	-13.4	-2.9	-4.7
Losses carried forward	19.4	17.0	-	-	19.4	17.0
Gross deferred tax assets / (liabilities)	**65.3**	**67.0**	**-97.2**	**-101.1**	**-31.9**	**-34.1**
Set-off of tax	**-31.8**	**-34.8**	**31.8**	**34.8**		
Net deferred tax assets / (liabilities)	**33.5**	**32.2**	**-65.4**	**-66.3**	**-31.9**	**-34.1**

The net deferred tax liability on intangible assets is mainly related to the customer list (operating segment T-Power), representing the fair value of the tolling agreement which was concluded with RWE group for a period of 15 years (until June 2026). The yearly amortization of this customer list resulted in a decrease of the recognized deferred tax liability by 5.3 million EUR.

Deferred tax assets on fiscal losses carried forward recognized on the Belgian parent company, Tessenderlo Group nv, amount to 7.5 million EUR (total tax losses and tax credits carried forward in Tessenderlo Group nv amount to 188 million EUR) as per year-end 2021. The other deferred tax assets on fiscal losses carried forward recognized amount to 11.9 million EUR and mainly relate to French fiscal losses carried forward (42 million EUR) which were fully recognized.

Deferred tax assets were recognized following a review of the future taxable profits as per year-end 2021. The 2021 fiscal results of the subsidiaries, for which deferred tax assets on fiscal losses carried forward were recognized, were positive.

A deferred tax liability relating to undistributed reserves within the subsidiaries of the group has not been recognized because management believes that this liability will not incur in the foreseeable future. The deferred tax liability is not significant as the majority of dividends received by the company (Tessenderlo Group nv) is tax exempt.

Tax losses and tax credits carried forward on which no deferred tax asset is recognized amount to 242.5 million EUR (2020: 239.1 million EUR). Of these tax credits, 15.5 million EUR have a finite life (they expire mainly in the period 2022-2026). Deferred tax assets are only recognized based on the probability assessment whether future taxable profits (within the next 5 years) will be available, against which the unused tax losses and credits can be utilized.

The movements in the deferred tax balances during the year can be summarized as follows[7]:

(Million EUR)	Balance at January 1, 2021	Recognized in the income statement	Recognized in other comprehensive income	Translation differences	Balance at December 31, 2021
Property, plant and equipment	-39.4	0.3	-	-1.8	-40.9
Intangible assets	-26.5	4.8	-	0.1	-21.6
Inventories	8.4	-1.7	-	0.2	6.9
Employee benefits	11.8	-0.4	-1.2	-0.0	10.1
Derivative financial instruments	5.3	-1.4	-0.5	-	3.4
Provisions	-5.9	-0.4	-	-0.0	-6.3
Other items	-4.7	1.8	-	-0.0	-2.9
Losses carried forward	17.0	2.4	-	0.0	19.4
Total	**-34.1**	**5.4**	**-1.7**	**-1.6**	**-31.9**

16.Trade and other receivables

(Million EUR)	note	2021	2020
Non-current trade and other receivables			
Other receivables		3.8	6.4
Receivables from related parties		0.0	0.9
Assets related to employee benefit schemes	23	9.1	5.1
Total		**12.9**	**12.3**

[7] *Deferred tax liabilities and deferred tax expenses are presented as negative amounts; deferred tax assets and deferred tax income are presented as positive amounts.*

(Million EUR)	note	2021	2020
Current trade and other receivables			
Trade receivables	26	332.4	237.5
- Gross trade receivables	26	335.9	241.4
- Amounts written off	26	-3.5	-4.0
Other receivables		38.0	31.7
Prepayments		0.4	0.9
Receivables from related parties		1.0	0.8
Total		**371.8**	**270.8**

The 2020 non-current other receivables mainly included a French tax receivable of 2.7 million EUR related to credits for competitiveness, employment and research. In 2021, these receivables were used to offset French corporate income taxes. The outstanding amounts per December 31, 2021, relate to several, individually insignificant items.

Receivables from related parties mainly concern receivables from joint-ventures (note 29 - Related parties).

The assets related to employee benefit schemes concern the net pension asset of the UK pension fund where the pension assets are higher than the pension liabilities.

The ageing of the gross trade receivables and amounts written off is disclosed in the section "Credit risk" of note 26 - Financial instruments.

The current other receivables mainly relate to other tax and VAT receivables for 25.4 million EUR (2020: 15.0 million EUR). The increase is mainly the result of the higher business activity. As per December 2020, the current other receivables also included an expected insurance reimbursement (7.2 million EUR) which was recognized following a fire incident at the plant of Environmentally Clean Systems LLC. The majority of the insurance reimbursement was received in 2021.

The non-recourse factoring program is suspended since 2015. There was no cash received under non-recourse factoring agreements, whereby trade receivables were sold at their nominal value minus a discount in exchange for cash.

17. Inventories

(Million EUR)	2021	2020
Raw materials	83.7	52.3
Work in progress	11.3	10.8
Finished goods	255.9	222.5
Goods purchased for resale	31.3	36.2
Spare parts	11.2	10.5
Total	**393.4**	**332.1**

The increase of inventories can be mainly explained by the impact of increased raw material prices and higher energy costs, mainly within the operating segments Agro and Industrial Solutions.

There are no inventories pledged as security.

In 2021 inventories for 1,477.2 million EUR (2020: 1,205.8 million EUR) were recognized as an expense during the year and included in the line item cost of sales within the income statement.

Inventories are stated at the lower of cost and net realizable value. The calculation of a potential write-off is based on experience and on the assessment of market circumstances. The write down, included in cost of sales, amounts to -2.5 million EUR in 2021 (2020: -10.7 million EUR). The COVID-19 pandemic impacted the ageing of inventories as well as the demand in 2020, explaining the higher write-off amount compared to 2021.

The group expects to recover or settle the inventory, available as per December 31, 2021, within the next twelve months, except for the inventory of non-strategic spare parts. These spare parts will be used whenever deemed necessary.

18.Cash and cash equivalents

(Million EUR)	note	2021	2020
Term accounts	26	159.8	171.5
Current accounts	26	160.4	58.6
Cash and cash equivalents		**320.3**	**230.1**
Bank overdrafts	22/26	-0.1	-0.0
Cash and cash equivalents in the statement of cash flows		**320.2**	**230.0**

The term accounts have a maximum maturity of 1 month. As per December 31, 2021, the cash and cash equivalents include 43.2 million USD or 38.1 million EUR (2020: 32.1 million USD or 26.2 million EUR).

As per year end 2021, an investment in a short term bank note for a total of 10.0 million EUR is outstanding. The counterparty is a highly rated international bank. The note has an original duration of 9 months (maturing in January 2022). As this note has an initial maturity of more than three months, it is not included within “Cash and cash equivalents”, but in “Short term investments”.

19.Equity

Issued capital and share premium

	Shares	
	2021	2020
On issue at January 1	43,154,979	43,154,979
On issue at December 31 - fully paid	**43,154,979**	**43,154,979**

The number of shares comprised 24,927,811 registered shares (2020: 23,298,789) and 18,227,168 ordinary shares (2020: 19,856,190). The shares are without nominal value. The holders of Tessenderlo Group nv shares are entitled to receive dividends as declared. In accordance with article 7:53 of the Belgian Code of Companies and Associations, the extraordinary meeting of shareholders of July 10, 2019 has decided to introduce a loyalty voting right for each fully paid-up share that has continuously been registered in the share register on the name of the same shareholder for at least two years. The number of voting rights amounted to 63,134,181 as per December 31, 2021 (2020: 61,005,915).

On the annual shareholders' meeting of Tessenderlo Group nv on May 11, 2021, the shareholders of Tessenderlo Group nv approved the proposal of the Board of Directors not to pay out a dividend for the 2020 financial year.

No new offering of shares to be subscribed by staff took place in 2021.

Authorized capital

According to the decision of the extraordinary general meeting of June 6, 2017, the Board of Directors was granted the authority, for a period of 5 years from the publication of the authorization in the Annex to the Belgian State Gazette, to increase the share capital, in one or more times, up to an amount of 43,160,095 EUR, in accordance with the provisions set out in the Belgian Companies Code and the articles of association of the company. The Board of Directors is allowed to use the authorized capital to take protective measures for the company through capital increases, with or without limitation or withdrawal of preferential rights, even outside the context of a possible public takeover bid, to the extent that the company has not yet received a notification of the FSMA with respect to a public takeover bid on its securities.

Without prejudice to the possibility to realize the commitments that were validly entered into before receipt of the notification of the FSMA pursuant to article 7:202, paragraph 2, 1° of the Belgian Code on Companies and Associations, the Board of Directors was authorized, for a period of 3 years from the authorization by the extraordinary general meeting of June 6, 2017, to proceed to a capital increase within the framework of authorized capital, with or without limitation or withdrawal of preferential rights as the case may be in favour of one or more persons, following receipt of a notification of the FSMA with respect to a public takeover bid on the company's securities, in accordance with the conditions set out in article 7:202, paragraph 2, 2° of the Belgian Code on Companies and Associations and the articles of association of the company.

The Board of Directors is also authorized, with right of substitution, to amend the company's articles of association in accordance with the capital increase that was decided within the scope of the authorized capital.

The authority to increase the capital by the Board of Directors will expire on June 25, 2022.

Repurchase of own shares

With reference to Article 7:215 § 1 of the Companies and Associations Code and Article 8:4 of the Royal Decree of April 29, 2019 in execution of the Companies and Associations Code, a program was started for the purchase of its own shares for an amount of up to 5 million EUR. These shares will be used as part of the senior management compensation plan (Long Term Incentive Plan), as the intention exists to grant beneficiaries the option to receive their bonus partially through shares (representing the same value as a cash bonus). On September 28, 2020, the group bought 132,000 of its own shares at 32 EUR per share for a total amount of 4.2 million EUR. The purchase was made on the Euronext Brussels regulated market. The board of directors of Tessenderlo Group made this purchase as authorized by the Extraordinary General Meeting on June 6, 2017. As a result of the aforementioned transaction the company owns a total of 132,000 of its own shares or 0.306% of the total number of 43,154,979 issued shares, as at December 31, 2021. In accordance with art 7:217 §1 of the Companies and Associations Code, the voting rights attached to the treasury shares held by the company or its subsidiaries are suspended.

As per December 31, 2021, the share price of Tessenderlo Group nv amounted to 33.35 EUR.

Legal reserves

According to Belgian law, 5% of the statutory net income of a Belgian company must be transferred each year to a legal reserve until the legal reserve reaches 10% of the issued capital. At balance sheet date, the legal reserve of the company amounts to 21.6 million EUR. Generally, this reserve cannot be distributed to the shareholders other than upon liquidation.

The amount of dividends payable to Tessenderlo Group nv by its operating subsidiaries is subject to general limitations imposed by the corporate laws, capital transfer restrictions and exchange control restrictions of the respective jurisdictions where those subsidiaries are organized and operate. There are no other significant restrictions. Dividends paid to the company by certain of its subsidiaries are also subject to withholding taxes.

Translation reserves

The translation reserves comprise all foreign exchange differences arising from the translation of the financial statements of foreign operations.

Hedging reserves

The hedging reserves comprise the effective portion of the cumulative net change in the fair value of cash flow hedges to the extent the hedged risk has not yet impacted the income statement.

Dividends

The Board of Directors will propose to the shareholders, at the annual shareholders' meeting of May 10, 2022, not to pay out a dividend for the 2021 financial year.

Capital Management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of the issued capital, share premium and reserves. The Board of Directors seeks to maintain a balance between the higher returns that might be possible with borrowings and the advantages and security afforded by a strong capital position. The gearing ratio[8] at the end of 2021 is 6.2% (2020: 18.2%). The gearing is calculated as the net financial debt divided by the sum of the net financial debt and equity attributable to equity holders of the company.

[8] *Refer to Alternative Performance Measures for the calculation of the gearing ratio.*

20.Earnings per share

Basic earnings per share

The calculation of the basic earnings per share is based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the year.

The weighted average number of ordinary shares and the earnings per share are calculated as follows:

	2021	2020
Number of ordinary shares at January 1	43,154,979	43,154,979
Effect of own shares[1]	-132,000	-33,902
Adjusted weighted average number of ordinary shares at December 31[2]	**43,022,979**	**43,121,077**
Profit (+) / loss (-) attributable to equity holders of the company (million EUR)	187.8	99.1
Basic earnings per share (in EUR)	**4.36**	**2.30**

[1] *Weighted average of own shares following the repurchase of 132,000 own shares on September 28, 2020.*

[2] *Takes into account the effect of shares issued, which is based on the weighted average number of issued shares during the accounting period.*

Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders and the diluted weighted average number of ordinary shares outstanding during the year.

Potential ordinary shares are treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share.

As there are no warrants outstanding, there is no dilution of the shares.

21.Non-controlling interest

The detail of the non-controlling interest in subsidiaries of the group is as follows:

		Non-controlling interest percentage	
	Country	2021	2020
Environmentally Clean Systems LLC	US	30.99%	30.99%
ECS Myton, LLC	US	49.00%	49.00%

Summary financial information of subsidiaries with a non-controlling interest at 100% as per December 31:

(Million EUR)	2021	2020
Non-current assets	0.6	-
Current assets	8.2	13.7
Total assets	**8.8**	**13.7**
Equity	1.1	-0.0
Non-current liabilities	0.6	1.6
Current liabilities	7.1	12.1
Total equity and liabilities	**8.8**	**13.7**
Revenue	0.0	0.2
Cost of sales	-0.1	-0.7
Gross profit	-0.0	-0.5
Adjusted EBIT	-0.1	-0.6
EBIT (Profit (+) / loss (-) from operations)	2.3	-2.1
Finance (costs) / income - net	-0.0	-0.0
Profit (+) / loss (-) before tax	2.3	-2.1
Profit (+) / loss (-) for the period	1.7	-1.6

In 2021, the group sold the main assets of the subsidiary Environmentally Clean Systems LLC. The carrying amount of the production assets was already fully impaired in 2020, following a fire incident caused by a lightning. The proceeds and the result on the sale were insignificant and this result was, together with the reversal of a dismantlement provision, recognized in EBIT adjusting items (note 6 - EBIT Adjusting items).

The remaining assets and liabilities per December 31, 2021 mainly relate to intragroup loans and borrowings.

The group intends to liquidate the two legal entities after settlement of all outstanding obligations.

22. Loans and borrowing

(Million EUR)	note	2021	2020
Non-current loans and borrowings		193.6	385.1
Current loans and borrowings		211.4	66.2
Total loans and borrowings		**405.0**	**451.3**
Cash and cash equivalents	18	-320.3	-230.1
Bank overdrafts[1]	18	0.1	0.0
Short term investments[2]	18	-10.0	-20.0
Net loans and borrowings		**74.8**	**201.3**

[1] *A bank overdraft is a flexible borrowing facility on a bank current account, which is repayable on demand.*
[2] *The 2021 amount relates to one short term bank note outstanding (10.0 million EUR, maturity date January 2022), while the 2020 amount related to two short term bank notes outstanding, of 10.0 million EUR each, having a maturity date in February and April 2021 (note 18 - Cash and cash equivalents).*

As per year-end 2021, the group net financial debt amounted to 74.8 million EUR, implying a leverage[9] of 0.2x, and included a lease liability, in accordance with IFRS 16 *Leases*, for an amount of 54.1 million EUR. Excluding the impact of IFRS 16 *Leases*, the net financial debt would have amounted to 20.8 million EUR as per year-end 2021, compared to 147.8 million EUR as per year-end 2020.

[9] *Refer to Alternative Performance Measures for the calculation of the leverage ratio.*

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

	Bank overdrafts	Cash and cash equivalents	Short term investments	Current lease liabilities	Non-current lease liabilities	Other current loans and borrowings	Other non-current loans and borrowings	Total
Net financial debt as per January 1, 2020	**-0.1**	**154.5**	**0.0**	**-21.1**	**-42.6**	**-65.7**	**-372.5**	**-347.5**
Cash flows, net	0.1	82.1	20.0	22.6	-	45.3	-5.6	164.5
Acquisitions through business combinations	-	-5.7	-	-0.1	-0.1	-	-	-5.8
IFRS 16 new leases and lease modifications	-	-	-	-2.1	-11.7	-	-	-13.7
Transfers	-	-	-	-18.2	18.2	-27.8	27.8	0.0
Effect of exchange rate differences	-0.0	-0.8	-	0.6	0.9	0.1	0.5	1.3
Net financial debt as per December 31, 2020	**-0.0**	**230.1**	**20.0**	**-18.2**	**-35.2**	**-48.0**	**-349.8**	**-201.3**
Net financial debt as per January 1, 2021	**-0.0**	**230.1**	**20.0**	**-18.2**	**-35.2**	**-48.0**	**-349.8**	**-201.3**
Cash flows, net	-0.0	89.2	-10.0	20.6	-	47.4	-	147.1
IFRS 16 new leases and lease modifications	-	-	-	-2.0	-18.0	-	-	-20.0
Transfers	-	-	-	-17.0	17.0	-193.7	193.7	0.0
Effect of exchange rate differences	-	1.1	-	-0.5	-0.8	-0.1	-0.4	-0.7
Net financial debt as per December 31, 2021	**-0.1**	**320.3**	**10.0**	**-17.0**	**-37.1**	**-194.4**	**-156.6**	**-74.8**

Non-current and current loans and borrowings:

(Million EUR)	note	2021	2020
Non-current loans and borrowings			
Non-current lease liabilities		37.1	35.2
Bonds		58.0	223.5
Credit facility T-Power nv		90.1	115.8
Credit institutions		8.5	10.6
Total		**193.6**	**385.1**
Current loans and borrowings			
Current lease liabilities		17.0	18.2
Bonds		165.5	-
Current portion credit facility T-Power nv		25.7	25.7
Credit institutions		3.2	3.3
Commercial paper		-	19.0
Total		**211.4**	**66.2**
Total non-current and current loans and borrowings	26	**405.0**	**451.3**

The non-current loans and borrowings include a bond, issued in July 2015, with a maturity of 10 years (the "2025 bonds"), with a fixed rate of 3.375%. The other bond, also issued in July 2015, with a maturity of 7 years (the "2022 bonds"), with a fixed rate of 2.875%, is included in the current loans and borrowings. The group repurchased "2022 bonds" for a nominal amount of 0.1 million EUR at a price of 101.5% in 2020. In February 2022, the group repurchased 35.0 million EUR of the "2022 bonds" at a price of 102.875% in order to reduce the liquidity risk as well as the interest costs (note 31 - Subsequent events).

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

Tessenderlo Kerley Inc. has a loan outstanding of 5.6 million EUR, of which 0.9 million EUR is current. The loan has a maturity of 10 years (2018-2028) at a fixed rate of 3.95%. The financed Phoenix headquarters building (Arizona, United States) is serving as guarantee for the loan.

Tessenderlo Group nv has a loan outstanding of 5.4 million EUR, of which 1.7 million EUR is current. The loan has a maturity of 5 years (2020-2025) at a fixed rate of 0.33%. The loan was drawn to finance the purchase of vehicles within the operating segment Bio-valorization, which were previously leased, and has no financial covenants.

The lease liability, in accordance with IFRS 16 *Leases*, amounts to 54.1 million EUR (December 31, 2020: 53.4 million EUR), of which 37.1 million EUR is included in non-current and 17.0 million EUR in current loans and borrowings (note 26 - Financial instruments).

The weighted average borrowing rate applied to lease liabilities was 2.2% in 2021 (2020: 2.0%). See note 26 - Financial instruments for the contractual maturities of the lease liabilities, including interest payments.

The group has access to a Belgian commercial paper program of 200.0 million EUR which remained unused at the end of December 2021 (December 31, 2020: 19.0 million EUR). These were previously issued by Tessenderlo Group nv, the parent company, and included in current loans and borrowings.

There has been no drawdown as per December 31, 2021 on the 5 year committed bi-lateral credit lines, which were renewed for 5 years in December 2019. The committed bi-lateral credit lines amount to 142.5 million EUR (of which part can be drawn in USD).

Non-current and current loans and borrowings by currency

Analysis of non-current and current loans and borrowings by currency, expressed in EUR (2021):

(Million EUR)	EUR	USD	Other	Total
Current lease liabilities	9.7	4.7	2.6	**17.0**
Other current loans and borrowings	192.9	0.9	0.7	**194.4**
Non-current lease liabilities	24.5	6.1	6.4	**37.1**
Other non-current loans and borrowings	151.8	4.7	-	**156.6**
Total loans and borrowings	**378.9**	**16.4**	**9.7**	**405.0**
In percentage of total loans and borrowings	**93.5%**	**4.1%**	**2.4%**	**100.0%**

Analysis of non-current and current loans and borrowings by currency, expressed in EUR (2020):

(Million EUR)	EUR	USD	Other	Total
Current lease liabilities	10.9	4.7	2.5	**18.2**
Other current loans and borrowings	47.2	0.8	-	**48.0**
Non-current lease liabilities	24.5	4.0	6.8	**35.2**
Other non-current loans and borrowings	344.7	5.2	-	**349.8**
Total loans and borrowings	**427.4**	**14.7**	**9.2**	**451.3**
In percentage of total loans and borrowings	**94.7%**	**3.3%**	**2.0%**	**100.0%**

23.Employee benefits

The provisions for employee benefits recognized in the balance sheet as of December 31 are as follows:

(Million EUR)	2021				2020			
	Early retirement provision	Defined benefit liability	Other employee benefits	Total	Early retirement provision	Defined benefit liability	Other employee benefits	Total
Non-current	0.8	49.4	5.6	55.8	1.1	60.6	5.9	67.6
Current	0.4	-	0.3	0.7	0.6	-	0.3	0.9
Total	**1.2**	**49.4**	**5.8**	**56.4**	**1.7**	**60.6**	**6.2**	**68.5**

(Million EUR)	2021			
	Early retirement provision	Defined benefit liability	Other employee benefits	Total
Balance at January 1, 2021	**1.7**	**60.6**	**6.2**	**68.5**
Additions	0.5	7.7	0.4	8.5
Use of provision	-0.5	-4.6	-0.2	-5.3
Reversal of provisions	-0.4	-14.5	-0.4	-15.4
Translation differences	-	0.1	-0.1	0.0
Balance at December 31, 2021	**1.2**	**49.4**	**5.8**	**56.4**

The provisions for other employee benefits include long-service benefits (e.g. medal of honor of labor, jubilee premiums,…).

General description of the type of plan

Post-employment benefits

These liabilities are recorded to cover the post-employment benefits and cover the pension plans and other benefits in accordance with local practices and conditions, following an actuarial calculation taking into account the financing of insurance companies and other pension funds. The most important pension plans are located in Belgium, the Netherlands, the United Kingdom and Germany.

Defined contribution pension plans

Defined contribution pension plans are plans for which the group pays pre-determined contributions to a legal entity or a separate fund, in accordance with the settings of the plan. The group's legal or constructive obligation is limited to the amount contributed. The contributions are recognized as an expense in the income statement as incurred and are included in note 7 - Payroll and related benefits.

Defined benefit pension plans

The defined benefit pension plans provide benefits related to the level of salaries and the years of service. These plans are financed externally by pension funds or insurance companies. Independent actuaries perform an actuarial valuation on an annual basis for the most important pension plans.

The defined benefit pension plans in Belgium are all final salary pension plans which provide benefits to members in the form of a guaranteed pension capital (payable either as capital or pension for life). These plans are covered by a trustee administered pension fund and group insurance contracts. The level of benefits provided depends on members' length of service and the average salary in the final 3 years leading up to retirement, or the average salary of the best 3 consecutive years, if higher.

The defined contribution plans in Belgium are legally subject to a minimum guaranteed return (the legal minimum guaranteed return as from January 1, 2016 is 1.75%, while before it was 3.25% for employer contributions). If the legal minimum guaranteed return is sufficiently covered, the group has no obligation to pay further contributions than those that are recognized as an expense in the income statement as the related service is provided. The Belgian defined contribution pension plans are to be treated as defined benefit pension plans under IAS 19 as they do not meet the definition of a defined contribution pension plan under IFRS. The group follows the prescribed methodology for measurement and accounting for defined benefit pension plans in line with IAS 19 § 57.(a), meaning the projected unit credit method, without adding expected future contributions. The group recognizes the difference between the defined benefit obligation and the fair value of plan assets (IAS 19 § 57.(a) (iii)) on the balance sheet.

The plan assets of the Belgian defined contribution plans are included in the Belgian pension fund "OFP Pensioenfonds" or are insured externally through insurance contracts. For the plans financed with insurance contracts, several rates are guaranteed by insurance companies on the reserves and on different levels of the premiums depending on the levels reached at certain dates:

- For the contributions paid until January 1, 2001, the guaranteed interest rate equals 4.75%;
- For the contributions paid during the period from January 1, 2001 until January 1, 2013, the guaranteed interest rate equals 3.25%;
- For the contributions paid as from January 1, 2013 until April 1, 2015, the guaranteed interest rate equals 1.75%;
- For the contributions paid during the period from April 1, 2015 until October 1, 2015, the guaranteed interest rate equals 0.75%;
- For the contributions paid as from October 1, 2015 until October 1, 2016, the guaranteed interest rate equals 0.50%;
- For the contributions paid as from October 1, 2016 until January 1, 2020, the guaranteed interest rate equals 0.10%.
- For the contributions paid as from January 1, 2020, the guaranteed interest rate equals 0.00%.

The UK and German pension plans are final salary pension plans providing a guaranteed pension payable for life. The UK plan is covered by a trustee administered pension fund and the German plan is covered by recognized provisions in the consolidated statement of financial position.

For the UK and Belgian plans covered by trustee administered pension funds, the board of trustees must consist of representatives of the company and plan participants in accordance with the plan regulations. The governance responsibility for these plans rests with the board of trustees.

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

- Asset volatility: The group performs on a regular basis asset-liability studies for the trustee administered pension funds to ensure an accurate match between plan assets and liabilities. The plans hold significant investments in investment funds, which include quoted equity shares, and are thus exposed to equity market risks.

- Inflation, interest rate and life expectancy: The pensions in most of the plans are linked to inflation, therefore the pension plans are exposed to risks linked to inflation, interest rate and life expectancy of pensioners.

The group considers all defined benefit pension plans as having similar characteristics and risks.

Defined benefit pension plans

The amounts recognized in the statement of financial position are as follows:

(Million EUR)	note	2021	2020
Present value of wholly funded obligations		-51.1	-49.8
Present value of partially funded obligations		-103.9	-104.5
Present value of wholly unfunded obligations		-28.6	-32.3
Total present value of obligations		**-183.6**	**-186.7**
Fair value of plan assets		**143.4**	**131.1**
Net defined benefit (liability)/asset		**-40.3**	**-55.6**
Amounts in the statement of financial position:			
Liabilities		-49.4	-60.6
Assets	16	9.1	5.1
Net defined benefit (liability)/asset		**-40.3**	**-55.6**

The following table shows a reconciliation of the net defined benefit (liability)/asset and its components.

(Million EUR)	2021			2020		
	Present value of obligations	Fair value of plan assets	Net defined benefit (liability)/asset	Present value of obligations	Fair value of plan assets	Net defined benefit (liability)/asset
Balance at January 1	**-186.7**	**131.1**	**-55.6**	**-178.7**	**127.0**	**-51.7**
Included in profit or loss						
Current service cost	-6.3	-	-6.3	-5.9	-	-5.9
Past service (cost)/benefit	-0.9	-	-0.9	-	-	0.0
Current service cost - Employee contribution	-	0.4	0.4	-	0.4	0.4
Interest (cost)/income	-1.1	0.9	-0.1	-1.7	1.4	-0.3
Administrative expenses	-	-0.4	-0.4	-	-0.4	-0.4
Total included in profit or loss (note 7)	**-8.2**	**1.0**	**-7.3**	**-7.7**	**1.4**	**-6.2**
Included in other comprehensive income						
Remeasurements:						
- Gain/(loss) from change in demographic assumptions	0.5	-	0.5	1.6	-	1.6
- Gain/(loss) from change in financial assumptions	6.6	-	6.6	-12.1	-	-12.1
- Experience gains/(losses)	2.5	8.5	11.1	1.0	8.7	9.7
Total included in other comprehensive income that will not be reclassified subsequently to profit or loss in subsequent periods	**9.7**	**8.5**	**18.2**	**-9.5**	**8.7**	**-0.7**
Other						
Exchange differences on foreign plans	-4.1	4.4	0.3	3.4	-3.4	0.0
Contributions by employer	-	4.1	4.1	-	3.9	3.9
Benefits paid	5.6	-5.6	0.0	6.7	-6.7	0.0
Change in consolidation scope (acquisitions)	-	-	0.0	-0.8	-	-0.8
Total other	**1.6**	**2.8**	**4.4**	**9.2**	**-6.1**	**3.1**
Balance at December 31	**-183.6**	**143.4**	**-40.3**	**-186.7**	**131.1**	**-55.6**

The 2021 gain from change in financial assumptions, included in other comprehensive income that will not be reclassified subsequently to profit or loss in subsequent periods, is mainly the result of the increase of the discount rate used to calculate the present value of the defined benefit obligations (2021 weighted average discount rate of 1.1%, compared to 0.7% in 2020).

The 2021 experience gains, included in other comprehensive income that will not be reclassified subsequently to profit or loss in subsequent periods, are mainly the result of a higher than expected return on plan assets.

The net periodic pension cost is included in the following line items of the income statement:

(Million EUR)	note	2021	2020
Cost of sales		-1.0	-1.0
Distribution expenses		-0.1	-0.1
Sales and marketing expenses		-0.1	-0.2
Administrative expenses		-3.9	-3.2
Other operating income and expenses	5	-2.0	-1.5
Finance (costs) / income - net	9	-0.1	-0.3
Total		**-7.3**	**-6.2**

The actual return on plan assets in 2021 was 9.5 million EUR (2020: 10.1 million EUR).

The group expects to contribute 4.1 million EUR to its defined benefit pension plans in 2022.

The fair value of the major categories of plan assets is as follows:

	2021				2020			
(Million EUR)	Quoted	Unquoted	Total	%	Quoted	Unquoted	Total	%
Property	-	4.0	4.0	2.8%	-	4.0	4.0	3.1%
Qualifying insurance policies	-	24.1	24.1	16.8%	-	22.2	22.2	16.9%
Cash and cash equivalents	-	26.6	26.6	18.5%	-	4.4	4.4	3.4%
Investment funds	86.6	-	86.6	60.4%	98.4	-	98.4	75.0%
Tessenderlo Group bond with maturity date July 15, 2022	2.1	-	2.1	1.4%	2.1	-	2.1	1.6%
Total	**88.7**	**54.7**	**143.4**	**100.0%**	**100.4**	**30.7**	**131.1**	**100.0%**

The plan assets include no property occupied by the group and no shares of the parent company nor of subsidiaries.

The investment funds include a portfolio of investments in equity, fixed interest investments and other financial assets. This diversification reduces the portfolio risk to a minimum.

A part of the investment funds (equity invested) of the UK pension plan was divested in 2021 and transferred into cash. The intention exists to move this cash in 2022 into assets that more closely match the fund’s liabilities. This transfer further reduced the fund’s overall risk exposure and safeguarded the previous achieved return on assets.

The principal actuarial assumptions used in determining pension benefit obligations for the group’s plans at the balance sheet date (expressed as weighted averages) are:

	2021	2020
Discount rate at 31 December	1.1%	0.7%
Future salary increases	1.9%	1.4%
Inflation	2.3%	2.0%

Assumptions regarding future mortality are based on published statistics and mortality tables, and are the following:

	Mortality table
Belgium	MR/FR - 5 (2020: MR/FR - 3)
United Kingdom	110% S3PMA, 105% S3PFA, CMI_2020 [1.50% M, 1.25% F] [S-kappa=7, A=0.25%, w2020=0%] from 2016
Germany	© RICHTTAFELN 2018 G von Klaus Heubeck - Lizenz Heubeck-Richttafeln-GmbH, Köln

For the UK and Belgian plans covered by trustee administered pension funds, an asset-liability matching exercise is performed at least every 3 years, in line with the Statements of Investment Principles (SIP) of the funds. The trustees ensure that the investment strategy as outlined in the SIP is in line with the assets and liabilities management (ALM) strategy and is closely followed by the investment managers.

For the UK plan the next triennial funding valuation will be completed as at January 1, 2023. For the Belgian plan a funding valuation is completed every year. The group does not expect the regular contributions to increase significantly.

The weighted average duration of the defined benefit obligation is 12 years for the pension plans in the euro zone. The duration of the UK pension plan is 18 years.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions, as per December 31, 2021, is:

	Change in assumption	Impact on defined benefit obligation*	Change in assumption	Impact on defined benefit obligation*
Discount rate	+0.5%	-6.1%	-0.5%	6.8%
Salary growth rate	+0.5%	0.9%	-0.5%	-0.8%
Pension growth/inflation rate	+0.5%	4.1%	-0.5%	-3.8%
Life expectancy	+ 1 year	2.0%	- 1 year	-2.0%

**A positive percentage indicates an increase of the defined benefit obligation, while a negative percentage indicates a decrease of the defined benefit obligation.*

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

Share-based payments

There were no warrants outstanding as per December 31, 2021 nor per December 31, 2020. No new offering of warrants to the group's senior management took place in 2020 and 2021.

24.Provisions

(Million EUR)	note	2021 Current	2021 Non-current	2021 Total	2020 Current	2020 Non-current	2020 Total
Environment	28	4.9	108.5	113.4	7.8	111.9	119.7
Dismantlement		-	22.1	22.1	-	23.2	23.2
Restructuring		1.6	-	1.6	0.6	-	0.6
Other		3.0	7.7	10.7	2.0	6.7	8.7
Total		**9.5**	**138.3**	**147.8**	**10.4**	**141.8**	**152.3**

	Environment	Dismantlement	Restructuring	Other	Total
Balance at January 1, 2021	**119.7**	**23.2**	**0.6**	**8.7**	**152.3**
Additions	-	0.5	1.7	3.7	6.0
Use of provisions	-5.7	-0.0	-0.8	-0.5	-6.9
Reversal of provisions	-	-1.9	-	-1.2	-3.1
Effect of discounting	-0.8	-	-	-	-0.8
Translation differences	0.2	0.3	-	0.0	0.5
Balance at December 31, 2021	**113.4**	**22.1**	**1.6**	**10.7**	**147.8**

The environmental provisions amount to 113.4 million EUR and mainly relate to environmental provisions to cover the cost for the remediation of historical soil and ground contamination of the factory sites in Belgium (Ham, Tessenderlo and Vilvoorde) and France (Loos). A reliable estimate of the amount of outflow of resources to settle this obligation was made, but a change in assumptions was made by increasing the discount rate applied. The outstanding environmental provisions reflect the discounted value of the expected future cash out, spread over the period 2022-2054. The discount rate, derived from the yield curve of Belgian and French government bonds, varied between 0% and 1% in 2021 (between 0% and 1% at year-end 2020). An increase of the discount rate by 1% would lower the environmental provisions by approximately -9 million EUR.

The use of environmental provisions amounts to -5.7 million EUR in 2021 (2020: -6.5 million EUR), while the effect of unwinding the discount amounts to -0.2 million EUR in 2021 (2020: -0.4 million EUR), which is included in finance costs (note 9 - Finance costs and income). The impact on environmental provisions, following an adjustment of the timing and discounting of future cash outs, amounts to +1.0 million EUR (2020: -5.5 million EUR) and was recognized in EBIT adjusting items.

The amounts recognized reflect management's best estimate of the expected expenditures required to settle the present obligation at balance sheet date and are based on the current knowledge on the potential exposure. These provisions are reviewed periodically and will be adjusted, if necessary, when additional information would become available. These provisions could change in the future due to the emergence of additional information on the nature or extent of the contamination, a change in legislation or other factors of a similar nature.

In France, some facilities are subject to regulations pertaining to environmentally regulated facilities (Classified Facilities for the Protection of the Environment "ICPE"). This legislation requires to dismantle the classified facilities. The dismantlement provision is included in the cost basis of the related property, plant and equipment, which cost is depreciated accordingly. The total provision recognized on those French facilities amounts to 18.7 million EUR as per December 31, 2021 (2020: 18.5 million EUR). The amounts recognized are based on an internal assessment and on the gross book value of the related assets. They reflect management's best estimate of the expected expenditures.

The expected timing of the cash outflow is not yet known. However, no significant cash outflow is expected to take place within the foreseeable future.

The restructuring provisions (1.6 million EUR) include several, individual insignificant, restructuring provisions within the operating segment Industrial Solutions (DYKA Group and Kuhlmann Europe). They reflect management's best estimate of the expected expenditures of the expected cash outflows required to settle the present obligation at balance sheet date.

The other provisions include provisions for onerous contracts, claims and several, individually less significant amounts. These provisions are reviewed regularly and, if necessary, adjusted based upon new available information or changes in circumstances. They reflect management's best estimate of the expected expenditures of the expected cash outflows required to settle the present obligation at balance sheet date.

Except for the remaining balance of an insurance receivable following a fire incident in 2020 at Environmentally Clean Systems LLC, no other assets have been recognized as all expected reimbursements, if any are deemed immaterial (e.g. resulting from the execution of environmental and dismantlement plans).

25.Trade and other payables

(Million EUR)	2021	2020
Non-current trade and other payables		
Accrued charges and deferred income	3.5	3.8
Remuneration and social security	-	8.9
Other amounts payable	0.6	1.8
Total	**4.1**	**14.5**
Current trade and other payables		
Trade payables	243.9	172.7
Remuneration and social security	91.9	65.8
VAT and other taxes	10.9	11.6
Accrued charges and deferred income	6.3	7.5
Trade and other payables from related parties	4.0	4.0
Other amounts payable	9.0	8.5
Total	**365.9**	**269.9**

The amount of non-current remuneration and social security as per December 31, 2020 (8.9 million EUR) related to the accrued charges for a long-term incentive plan for members of senior management. This long-term incentive plan covered a 3 year period (calendar years 2019-2021) based on pre-set performance metrics of the group, and will be paid out in 2022. The accrued amount as per December 31, 2021 (12.9 million EUR) is therefore included within current remuneration and social security.

The increase of the outstanding amount of current remuneration and social security compared to prior year can furthermore be explained by higher accrued charges for the 2021 short-term incentive plan for employees, based on pre-set group, business and individual performance metrics, with pay-out foreseen in 2022. These accrued charges increased in line with the evolution of the operational performance of the group.

The non-current other payables mainly relate to prepayments made in the execution of a long-term third party maintenance contract (within the operating segment T-Power).

Trade payables increased, impacted by timing, the higher business activity as well as the increase of raw material, energy and transport costs, mainly within the operating segments Agro and Industrial Solutions.

The trade and other payables from related parties relate to trade payables outstanding with the joint-venture Jupiter Sulphur LLC as per December 31, 2021.

26.Financial instruments

Foreign currency risk

The group is exposed to fluctuations in exchange rates which may lead to profit or loss in currency transactions. The group's assets, earnings and cash flows are influenced by movements in foreign exchange rates. More in particular, the group incurs foreign currency risks on, amongst others, sales, purchases, investments and borrowings that are denominated in a currency other than the group's functional currency. The currency giving rise to this risk is primarily the USD (US dollar). Movements in foreign currency therefore may adversely affect the group's business, results of operation or financial condition.

Subsidiaries are required to submit information on their net foreign exchange positions when invoiced (customers, suppliers) to Tessenderlo Group nv, the parent company. All the positions are netted at the level of Tessenderlo Group nv and the net positions (long/short), are then sold or bought on the market. The main management tools are the spot purchases and sales of currencies followed by currency swaps.

Group borrowings are generally carried out by the group's holding and finance companies, which make the proceeds of these borrowings available to the operating entities. In principle, operating entities are financed in their functional currency. The group does not use currency swaps to hedge intragroup loans.

In emerging countries, it is not always possible to borrow in local currency because local financial markets are too narrow, funds are not available or because the financial conditions are too onerous. Those amounts are relatively small for the group.

The group's exposure to foreign currency risk was as follows based on nominal amounts (for the exchange rates used, please refer to note 1 - Summary of significant accounting policies):

(Million EUR)	2021		2020		
	EUR*	USD	EUR*	USD	GBP
Assets	27.9	451.8	12.9	391.0	2.4
Liabilities	-24.1	-271.3	-17.6	-148.4	-4.6
Gross exposure	**3.7**	**180.5**	**-4.6**	**242.6**	**-2.2**
Foreign currency swaps	-11.2		-5.5		-1.0
Net exposure	**-7.5**	**180.5**	**-10.1**	**242.6**	**-3.2**
Net exposure (in EUR)	**-7.5**	**159.4**	**-10.1**	**197.7**	**-3.6**

**EUR includes the exposure to foreign currency risk in EUR and several, individual insignificant foreign currencies expressed in EUR.*

The USD exposure is mainly due to intragroup loans which are no longer hedged since March 2015.

In 2021, the GBP exposure is no longer significant. This evolution can be explained by the conversion of intragroup loans in GBP, granted by Tessenderlo Group nv to Tessenderlo Holding UK Ltd., into equity at year-end 2020.

If the euro had strengthened or weakened by 10% against following currencies with all other variables being held constant, the impact on equity and post-tax profit for the year would have been as follows:

(Million EUR)	Change in rate	Impact on the income statement: loss(-)/gain(+)	Impact on equity: loss(-)/gain(+)
At December 31, 2021			
USD	+10%	-24.1	-48.6
	-10%	29.5	59.4
At December 31, 2020			
USD	+10%	-30.0	-44.0
	-10%	36.7	53.8
GBP	+10%	-5.0	-8.5
	-10%	6.1	10.4

Credit risk

The group is subject to the risk that the counterparties with whom it conducts its business (in particular its customers) and who have to make payments to the group, are unable to make such payments in a timely manner or at all. In order to manage its credit exposure, a credit committee per business unit has been created to determine a credit policy with credit limit requests, approval procedures, continuous monitoring of the credit exposure and dunning procedure in case of delays. The group has moreover globally elaborated a credit insurance program to protect accounts receivable from third party customers against non-payment. Every legal entity of the group is participating to this program and the insurance is provided by highly top rated international credit insurance companies. A large majority of the receivables (around 95%) is covered under this group credit insurance program. The contract protects the insured activities against non-payment with a deductible of 10% and foresees an indemnification cap at group level. The program foresees a pay-out of the insured claims within 6 months after due date.

The group has no significant concentration of credit risk. However, there can be no assurance that the group will be able to limit its potential loss of proceeds from counterparties who are unable to pay in a timely manner or at all. The liquidities available at year-end are deposited for a short term at highly rated international banks.

The maximum exposure to credit risk amounts to 726.1 million EUR as per December 31, 2021 (2020: 542.2 million EUR). This amount consists of current and non-current trade and other receivables (384.7 million EUR, note 16 - Trade and other receivables), the loans granted (10.5 million EUR), short term investments (10.0 million EUR), current derivative financial instruments (0.6 million EUR) and cash and cash equivalents (320.3 million EUR, note 18 - Cash and cash equivalents).

The maximum exposure to credit risk for trade receivables at the reporting date by operating segment was (note 16 - Trade and other receivables):

(Million EUR)	note	2021	2020
Agro		153.0	94.3
Bio-valorization		99.7	79.7
Industrial Solutions		77.8	63.3
T-Power		1.8	0.2
Non-allocated		0.1	0.0
Total	**16**	**332.4**	**237.5**

The ageing of trade receivables at the reporting date was:

(Million EUR)	note	2021		2020	
		Gross	Amounts written off	Gross	Amounts written off
Not past due		298.3	-	210.6	-
Past due 0-30 days		27.4	-0.0	21.8	-0.0
Past due 31-120 days		4.8	-0.1	4.3	-0.1
Past due 121-365 days		2.7	-0.8	1.2	-0.3
More than one year		2.7	-2.6	3.7	-3.6
Total	**16**	**335.9**	**-3.5**	**241.4**	**-4.0**

The group estimates that the amounts that are past due are still collectible, following an expected credit loss assessment based on historic payment behavior and extensive analysis of customer credit risk.

Based on the group's monitoring of customer credit risk, the group estimates that, except for the amounts mentioned in the table above, no impairment allowance is necessary in respect of trade receivables not past due.

The movement in the allowance for impairment in respect to trade receivables during the year was as follows:

(Million EUR)	note	2021	2020
Balance at January 1		**-4.0**	**-3.7**
Use of impairment loss		0.7	0.4
Reversal / (recognition) of impairment losses	5	-0.2	-0.6
Other movements		0.0	0.0
Balance at December 31	**16**	**-3.5**	**-4.0**

Interest risk

Changes in interest rates may cause variations in interest income and expenses resulting from interest-bearing assets and liabilities. In addition, they may affect the market value of certain financial assets, liabilities and instruments.

At the reporting date, the group's interest-bearing financial instruments were:

(Million EUR)	note	2021	2020
Fixed rate instruments			
Cash and cash equivalents	18	159.8	171.5
Short term investments	18	10.0	20.0
Loans and borrowings	22	288.5	289.9
Variable rate instruments			
Cash and cash equivalents	18	160.4	58.6
Loans and borrowings	22	116.5	161.4
Bank overdrafts	22	0.1	0.0

The loans and borrowings with a variable rate mainly relate to the long term facility loan of T-Power nv. The decrease compared to prior year can be explained by the two half-yearly reimbursements (25.7 million EUR). The remaining outstanding capital of the T-Power nv long term facility loan amounts to 115.8 million EUR as per December 31, 2021 (2020: 141.5 million EUR). Approximately 80% of the loan is hedged through a series of forward rate agreements (the EURIBOR was fixed at 5.6% per annum). Movements in interest rates would therefore not have a significant impact on the group's cash flow or result.

The remaining loans and borrowings with a variable rate in 2020 could be mainly explained by the commercial paper program (19.0 million EUR), while no balance was outstanding as per December 31, 2021.

Liquidity risk

Liquidity risk is defined as the risk that a company may have insufficient resources to fulfill its financial obligations at any time. Failure to meet financial obligations can result in significantly higher costs, and it can negatively affect reputation.

Liquidity risk for the group is monitored through the group's corporate treasury department which tracks the development of the actual cash flow position of the group and uses input from subsidiaries to project short and long-term forecasts in order to adapt financial means to forecasted needs. Surplus cash is invested in short-term deposits with appropriate maturities to ensure sufficient liquidity is available to meet liabilities when due.

In order to limit the liquidity risk, the group has access to:

- a factoring program, set up at the end of 2009, and which was put on hold since 2015.
- a Belgian commercial paper program of maximum 200.0 million EUR (no amount outstanding as per December 31, 2021, compared to an outstanding amount of 19.0 million EUR one year earlier).
- committed bi-lateral agreements till 2024 for a total amount of 142.5 million EUR (of which part can be drawn in USD) with four banks. These committed bi-lateral agreements have no financial covenants and ensure maximum flexibility for the different activities. As per December 31, 2021 none of these credit lines were used.

According to the decision of the extraordinary general meeting of June 6, 2017, the Board of Directors was also granted the authority to increase the share capital, in one or more times, up to an amount of 43.2 million EUR (authority till June 25, 2022) (note 19 - Equity).

The following are the contractual maturities of loans and borrowings, including interest payments:

(Million EUR)	note	2021				
		Carrying amount	Contractual cash flows	Less than one year	Between 1 and 5 years	More than 5 years
Non-derivative loans and borrowings						
Bond with maturity date July 15, 2022		165.5	167.9	167.9	-	-
Bond with maturity date July 15, 2025		58.0	64.9	2.0	63.0	-
Credit facility T-Power nv		115.8	117.6	26.1	91.5	-
Credit institutions		11.7	12.5	3.5	7.7	1.3
Bank overdrafts*		0.1	0.1	0.1	-	-
Lease liabilities		54.1	59.1	17.6	30.9	10.6
Total	**22**	**405.1**	**422.1**	**217.1**	**193.1**	**12.0**
Derivatives						
Foreign currency swaps		0.1				
Inflow			11.3	11.3	-	-
Outflow			-11.2	-11.2	-	-
Interest rate swaps		-13.5				
Inflow			0.2	-	0.2	-
Outflow			-13.6	-5.3	-8.3	-
Total		**-13.4**	**-13.4**	**-5.2**	**-8.1**	**0.0**

(Million EUR)	note	2020				
		Carrying amount	Contractual cash flows	Less than one year	Between 1 and 5 years	More than 5 years
Non-derivative loans and borrowings						
Bond with maturity date July 15, 2022		165.5	172.7	4.8	167.9	-
Bond with maturity date July 15, 2025		58.0	66.9	2.0	64.9	-
Credit facility T-Power nv		141.5	142.7	26.0	103.7	12.9
Commercial paper		19.0	19.0	19.0	-	-
Credit institutions		13.9	14.9	3.5	9.2	2.1
Bank overdrafts*		0.0	0.0	0.0	-	-
Lease liabilities		53.4	58.2	18.3	29.3	10.5
Total	**22**	**451.3**	**474.3**	**73.7**	**375.1**	**25.5**
Derivatives						
Foreign currency swaps		-0.0				
Inflow			6.5	6.5	-	-
Outflow			-6.6	-6.6	-	-
Interest rate swaps		-21.0				
Inflow			0.0	-	-	-
Outflow			-20.8	-6.6	-13.8	-0.3
Total		**-21.0**	**-20.8**	**-6.7**	**-13.8**	**-0.3**

**A bank overdraft is a flexible borrowing facility on a bank current account, which is repayable on demand.*

Estimation of fair value of financial assets and liabilities

The fair value of non-derivative loans and borrowings is calculated based on the net present value of future principal and interest cash flows discounted at market rate. These are based on market inputs from reliable financial information providers. Therefore, the fair value of the fixed interest-bearing loans and borrowings is within level 2 of the fair value hierarchy.

The fair value of the non-current loans and borrowings at fixed interest rate, measured at amortized cost in the statement of financial position as per December 31 is presented below:

(Million EUR)	note	2021		2020	
		Carrying amount	Fair value	Carrying amount	Fair value
Non-current loans and borrowings					
Lease liabilities	22	-37.1	-38.2	-35.2	-36.3
Credit institutions	22	-8.5	-8.8	-10.6	-11.8
Bonds (maturity date in 2022* and 2025)	22	-58.0	-60.5	-223.5	-230.7

** Only applicable for the 2020 figures*

The bond issued in 2015 with a maturity of 10 years (the "2025 bonds") was quoted at 104.3% as per December 31, 2021.

The fair value of the following financial assets and liabilities approximates their carrying amount:

- Trade and other receivables
- Other investments
- Short term investments
- Cash and cash equivalents
- Current loans and borrowings
- Trade and other payables

Fair value of derivative financial instruments

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

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

(Million EUR)	2020							
	Carrying amount balance sheet				Fair value hierarchy			
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Level 1	Level 2	Level 3	Total
Foreign currency swaps	0.0	-	-0.0	-	-	-0.0	-	-0.0
Interest rate swaps	-	-	-6.7	-14.3	-	-21.0	-	-21.0
Electricity forward contracts	-	-	-5.1	-11.0	-	-	-16.1	-16.1
Total	**0.0**	**0.0**	**-11.8**	**-25.3**	**0.0**	**-21.0**	**-16.1**	**-37.1**

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of forward contracts is calculated as the discounted value of the difference between the contract rate and the current forward rate.

The fair value of these instruments generally reflects the estimated amounts that the group would receive on settlement of favorable contracts or be required to pay to terminate unfavorable contracts at the reporting date, and thereby taking into account the current unrealized gains or losses on open contracts.

The following table indicates the fair values of all outstanding derivative and other financial instruments at year-end:

(Million EUR)	2021		2020	
	Contractual amount	Fair value	Contractual amount	Fair value
Foreign currency swaps	11.3	0.1	6.5	-0.0
Interest rate swaps	-13.4	-13.5	-20.8	-21.0
Electricity and gas forward contracts	N/A	-15.3	N/A	-16.1
Total	**-2.2**	**-28.7**	**-14.2**	**-37.1**

The contractual amount indicates the volume of outstanding derivatives at the balance sheet date and therefore does not reflect the group's exposure to risks from such transactions.

The total fair value of the derivative financial instruments at December 31, 2021 amounts to -28.7 million EUR (2020: -37.1 million EUR) and consists of:

- forward interest rate agreements at T-Power nv, with maturity date in the period 2022-2026
- foreign currency swaps, with maturity date in January 2022
- an electricity forward contract, with maturity date in June 2026 (-15.8 million EUR)
- electricity and gas forward contracts, with maturity date in the first quarter of 2022 (+0.5 million EUR)

The outstanding interest rate swaps of T-Power nv (which fixed the 6 months EURIBOR at 5.6% per annum for approximately 80% of the outstanding loan with maturity dates till 2026) are, in accordance with the requirements of IFRS 9, designated as hedging instruments in a cash flow relationship as per December 31, 2021. The effective portion of the change in fair value is therefore recognized in the hedging reserves (Other comprehensive income). A level 2 fair value measurement is applied for the fair value measurement of these agreements.

The table below indicates the underlying contractual amount of the outstanding foreign currency contracts per currency at year-end (selling of foreign currencies):

(Million EUR)	2021		2020	
	Amount in foreign currency	Amount in EUR	Amount in foreign currency	Amount in EUR
GBP	2.6	3.1	1.0	1.1
JPY	579.6	4.5	443.2	3.5
Other		3.7		2.0
Total		**11.3**		**6.5**

The group sold the majority of its PVC/Chlor-Alkali activities in the third quarter of 2011. The electricity purchase agreement relating to that activity was not part of the sale transaction and therefore the group is still under an obligation to purchase certain quantities of electricity. As the group no longer needs the electricity for its own use, it needs to sell the electricity on the market until the end of the contract. Because of significant unobservable inputs, a level 3 fair value measurement is applied for the fair value measurement of the electricity purchase agreement ('PPA' - Purchase Power Agreement), for which the own-use exemption under IFRS 9 is not applicable anymore. The value of the contract is depending on the current and future difference between market electricity prices and the generation cost based on market gas prices (the "spark spread"), and on the effect of the hourly pricing optimization as foreseen in the contract. Forward prices are only available for a 3-year period and for a base load product. The uncertainty beyond that period is higher on different important parameters (including also the regulatory environment), however based on more favourable market and regulatory condition assumptions, the fair value of the PPA contract is set to zero beyond the initial 3 years. The used base load future prices are calculated based on the 2021 average daily Zeebrugge Gas Yearly forward prices and on the 2021 average daily Endex Yearly forward electricity prices for Belgium. The future hourly optimization effect is calculated as an extrapolation of the trend since the start of the contract.

As per December 31, 2021 the inputs above lead to a net fair value of -15.8 million EUR compared to a net fair value of -16.1 million EUR as per December 31, 2020. The change in net fair value for an amount of +0.3 million EUR has been recognized as an EBIT adjusting item (note 6 - EBIT adjusting items).

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

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

The key assumptions used in the valuation as per December 31, 2020 are:

		2021	2022	2023
Gas forward price	EUR/MWh	13.5	14.9	15.4
Electricity forward price	EUR/MWh	40.7	43.4	45.4
Discount rate	0.0%			

The sensitivity of the valuation to changes in the principal assumptions is the following:

Change in assumption		Impact fair value (Million EUR)	
		2021	2020
Gas price	+1 EUR/MWh	-2.6	-2.5
Electricity price	+1 EUR/MWh	1.3	1.3
Spark spread optimization	+1 EUR/MWh	1.3	1.3
Discount rate	+1%	0.3	0.3
Running hours T-Power nv	+10%	-1.8	-0.9

The above sensitivity analyses are based on a change in one assumption while holding all other assumptions stable. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. If the key assumptions of 2024 would also have been applied for the period 2025-June 2026, a period for which no market data is available, the fair value of the contract (2022-June 2026) would have amounted to -26.0 million EUR.

In the fourth quarter of 2021, the group also concluded some additional electricity and gas forward agreements with maturity in the first quarter of 2022. These agreements have been concluded in order to partially fix the “clean spark spread” revenue of the Purchase Power Agreement for the first quarter of 2022 by selling the electricity and locking in the generation costs via forward transactions. The fair value of these instruments amounts to +0.5 million EUR as per December 31, 2021 and has been recognized as an EBIT adjusting item (note 6 - EBIT adjusting items).

The net change in fair value of derivative financial instruments before tax, as included in the other comprehensive income, amounts to +1.9 million EUR, and can be explained by the change in fair value of the interest rate swaps of the subsidiary T-Power nv.

27.Guarantees and commitments

(Million EUR)	2021	2020
Guarantees given by third parties on behalf of the group	30.8	26.8
Guarantees given on behalf of third parties	1.5	1.7
Guarantees received from third parties	6.0	3.5
Commitments related to capital expenditures	53.4	24.5

Guarantees given by third parties on behalf of the group mainly relate to the fulfillment of environmental obligations for 21.0 million EUR (2020: 20.8 million EUR) of Tessenderlo Group nv. The remaining balance consists of numerous other guarantees to secure custom and other obligations.

Guarantees given on behalf of third parties mainly relate to guarantees given for the fulfillment of lease obligations.

The guarantees received from third parties concern guarantees, which suppliers grant to the group as guarantee for the proper execution of investment projects (mainly the construction of a new Thio-Sul plant in Geleen, The Netherlands).

Capital expenditure contracted for at the end of the reporting period, but not yet incurred, amounts to 53.4 million EUR (2020: 24.5 million EUR). These commitments mainly include the capital expenditure related to the construction of a new Thio-Sul manufacturing plant in Geleen, The Netherlands (operating segment Agro), capital expenditure to facilitate an improved valorization of animal by-products (operating segment Bio-valorization), as well as the purchase of trucks which were previously leased.

The shares of T-Power nv are pledged in first degree to guarantee the liabilities in respect of a "facility agreement" of 440.0 million EUR signed on December 18, 2008 between T-Power nv and a syndicate of banks as amended and restated for the last time pursuant to an amendment and restatement deed on March 25, 2019 (with one remaining bank). The T-Power nv shares are pledged in second degree to guarantee the "tolling agreement" for the entire 425 MW capacity signed on August 13, 2008 between T-Power nv and RWE group. The tolling agreement has a 15 years duration with an optional 5-year extension thereafter.

The group and its subsidiaries have certain other contingent liabilities relating to long-term purchase obligations and commitments. The agreements typically concern strategic raw materials and goods and services, such as electricity and gas.

28.Contingencies

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

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

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

As stated in note 24 - Provisions, the environmental provisions in accordance with the above policies aggregated to 113.4 million EUR at December 31, 2021 (December 31, 2020: 119.7 million EUR).

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

Acquisition, investment and joint-venture agreements as well as divestments may contain habitual provisions leading to price adjustments. In addition, for divestments, proper consideration has been given to provisions for possible indemnifications payable to the acquirer, if any, including matters in the area of health, environment, tax, product liability, restructuring, competition, pensions and share incentives.

Based on information currently available, the possibility of any significant cash outflow is considered to be remote.

Some plants of the group need to comply with the European regulations to cover operational emissions for products exposed to carbon leakage. In a case of a deficit, additional emission allowances will be purchased. The cost of additional emission allowances purchased during 2021 was insignificant. The surplus or deficit of emission allowances over the next year may vary, depending on several factors such as future production volumes, process optimizations and energy efficiency improvements. The carrying amount of emission allowances included in intangible assets amounts to 2.1 million EUR as per December 31, 2021 (2020: 3.2 million EUR).

29.Related parties

The company has a related party relationship with its subsidiaries, joint-ventures and with its controlling shareholder (Verbrugge nv, controlled by Picanol nv, and its affiliated company Symphony Mills), directors and its Executive Committee. The Belgian pension fund “OFP Pensioenfonds”, which covers the post-employment benefit obligation of the employees of Tessenderlo Group nv and Tessenderlo Chemie International nv, is also considered to be a related party.

As per last transparency notification, received on January 27, 2022, Verbrugge nv, controlled by Picanol nv, is holding 21,860,003 shares (50.7% of the company) and its affiliated company Symphony Mills nv is holding 2,607,200 shares (6.0%). Picanol Group is a listed Belgian industrial company and specialized in the development, production and sale of weaving machines, engineered casting solutions and custom-made controllers. Picanol Group fully consolidates Tessenderlo Group nv as from January 1, 2019. Picanol Group is represented in the Board of Directors through two members: Mr. Stefaan Haspeslagh (Chairman Picanol Group) and Mr. Luc Tack (Managing Director Picanol Group).

In accordance with article 7:53 of the Belgian Code of Companies and Associations, the extraordinary meeting of shareholders of July 10, 2019 has decided to introduce a loyalty voting right for each fully paid-up share that has continuously been registered in the share register on the name of the same shareholder for at least two years. As per December 31, 2021 Verbrugge nv was holding 38,533,061 voting rights (61.0% of the total voting rights), while Symphony Mills nv was holding 4,346,200 voting rights (6.9 % of the total voting rights). As per last transparency notification, received on January 27, 2022, Verbrugge nv was holding 39,817,365 voting rights (63.1% of the total voting rights), while Symphony Mills nv was holding 4,421,200 voting rights (7.0 % of the total voting rights).

The group purchased and sold goods and services to various related parties in which the group holds a 50% or less equity interest (note 14 - Investments accounted for using the equity method). Such transactions were conducted at terms comparable to transactions with third parties.

Premiums for an amount of 1.8 million EUR were paid to the Belgian pension fund, “OFP Pensioenfonds” (2020: 1.7 million EUR). Liabilities related to employee benefit schemes as per December 31, 2021 include 8.1 million EUR related to the “OFP Pensioenfonds” (2020: 13.1 million EUR).

Transactions only have taken place with the main shareholder, joint-ventures, the members of the Executive Committee and the Board of Directors.

Transactions with the main shareholder:

The 2021 transactions mainly relate to legal, internal audit, and ICT services which are provided by the group through a service level agreement to the main shareholder. These are not considered to be significant.

Transactions with joint-ventures[10]:

(Million EUR)	2021	2020
Transactions with joint-ventures - Sales	-	0.8
Transactions with joint-ventures - Purchases	-33.9	-19.0
Non-current assets	9.2	9.9
Current assets	1.0	0.7
Current liabilities	4.0	4.0

The higher amount of purchases with joint-ventures (33.9 million EUR in 2021 compared to 19.0 million EUR in 2020) can be explained by an increase of volumes, combined with higher purchase prices.

Tessenderlo Kerley Inc. has granted a 11.0 million USD loan to the joint-venture Jupiter Sulphur LLC, which was fully drawn in the period over 2017 and 2018, and which remains outstanding for 10.4 million USD (9.2 million EUR). Jupiter Sulphur LLC obtained the same amount from the other joint-venture partner. The loan is interest bearing (3.0%) and was originally reimbursable to Tessenderlo Kerley, Inc. in the period 2020-2023. In 2020, the duration of the loan was extended till December 2026 at the latest, whereby the cash needs in Jupiter Sulphur LLC will be taken into account. The granted loan is included in "Other investments" in the group's consolidated statement of financial position. The related interest income is considered to be insignificant and is not eliminated.

Transactions with the members of the Executive Committee[11]:

(Million EUR)	2021	2020
Short-term employee benefits	5.4	2.5
Post-employment benefits	0.2	0.1
Total	**5.6**	**2.6**

Short-term employee benefits include salaries and accrued bonuses over 2021 (including social security contributions), car leases and other allowances where applicable.

The short-term employee benefits include 1.3 million EUR fix and 4.1 million EUR variable employee benefits (2020: 1.4 million EUR and 1.1 million EUR respectively). The variable employee benefits consist of 1.3 million EUR short term variable compensation (2020: 1.1 million EUR), while the long-term variable compensation amounts to 2.9 million EUR (2020: nil), both are payable within 12 months after the end of the period.

The post-employment benefits include the periodic pension costs of the pension plan, calculated by an actuary.

[10] *We refer to note 14 - Investments accounted for using the equity method for more information on the group's joint-ventures.*

[11] *As per December 31, 2021, the Executive Committee consists of Luc Tack (CEO) and Stefaan Haspeslagh (COO/CFO) and did not change compared to last year.*

There was no new emission of warrants in 2021 and no warrants were exercised by members of the Executive Committee during 2021.

Starting in 2021, Tessenderlo Kerley, Inc. rents office space of the Phoenix (United States) headquarters building to Talalay Global (United States), a company owned by Luc Tack. The contract, which is insignificant, was concluded at arm's length conditions and was approved by the Board of Directors.

No transactions, except for those mentioned above, have occurred with the members of the Executive Committee.

Transactions with the members of the Board of Directors:

Members	Remuneration in EUR	2021	2020
Philium bvba, represented by its permanent representative Mr. Phillippe Coens (independent non-executive director until 11/05/2021)	Fixed annual fee	9,870	25,000
	Additional fixed fee for chairman of Audit Committee	1,077	3,000
	Variable fee per half day attended	2,000	12,000
	Total remuneration	**12,947**	**40,000**
Management Deprez bvba, represented by its permanent representative Ms. Veerle Deprez (independent non-executive director). Member of the Board of Directors since June 6, 2017	Fixed annual fee	27,500	25,000
	Variable fee per half day attended	9,000	12,000
	Total remuneration	**36,500**	**37,000**
ANBA bvba, represented by its permanent representative Ms. Anne-Marie Baeyaert (independent non-executive director). Member of the Board of Directors since June 6, 2017	Fixed annual fee	27,500	25,000
	Additional fixed fee for chairman of Audit Committee	1,923	-
	Variable fee per half day attended	9,000	12,000
	Total remuneration	**38,423**	**37,000**
Stefaan Haspeslagh (executive director)	Fixed annual fee	27,500	25,000
	Additional fixed fee for chairman of Board of Directors	72,500	30,000
	Variable fee per half day attended	9,000	12,000
	Total remuneration	**109,000**	**67,000**
Luc Tack (executive director)	Fixed annual fee	27,500	25,000
	Variable fee per half day attended	9,000	12,000
	Total remuneration	**36,500**	**37,000**
Karel Vinck (non-executive director)	Fixed annual fee	27,500	25,000
	Variable fee per half day attended	9,000	12,000
	Total remuneration	**36,500**	**37,000**
Wouter De Geest (independent non-executive director as from 11/05/2021 onwards)	Fixed annual fee	17,630	-
	Variable fee per half day attended	7,000	-
	Total remuneration	**24,630**	**-**
Total		**294,500**	**255,000**

30.Auditor’s fee

KPMG Réviseurs d'Entreprises/Bedrijfsrevisoren BV/SRL represented by Patrick De Schutter was appointed as group statutory auditor by the shareholders meeting of the company on May 14, 2019, following an audit tender.

The fees paid by the group to its auditor amounted to:

(Million EUR)	2021			
	Audit	Audit related	Other	Total
KPMG (Belgium)	0.2	-	0.0	0.2
KPMG (Outside Belgium)	0.6	-	0.1	0.7
Total	**0.9**	**0.0**	**0.1**	**0.9**

(Million EUR)	2020			
	Audit	Audit related	Other	Total
KPMG (Belgium)	0.2	0.0	0.0	0.3
KPMG (Outside Belgium)	0.7	-	0.0	0.7
Total	**0.9**	**0.0**	**0.1**	**1.0**

31.Subsequent events

- In February 2022, Tessenderlo Group announced that it intends to acquire the production plant and the associated business of Pipelife France in Gaillon (Eure, France). The Gaillon plant specializes in the manufacturing of pipes for gas, water, and cable protection. The transaction is expected to reach completion in the course of 2022. After completion of the acquisition, Tessenderlo Group intends to integrate the business within the DYKA Group business unit (Industrial Solutions segment). This transaction will not materially impact the results of Tessenderlo Group.
- The group also announced that its growth unit Violleau plans to construct a new production line for organic fertilizers in Vénérolles (Aisne, France). The new line will focus on the production of organic pellets, responding to the rising demand for organic fertilizers. It is scheduled to be operational from the first quarter of 2023 and it will be constructed on the site of Akiolis' manufacturing plant in Vénérolles. With effect from 2022, Violleau will be included in the Agro segment.
- In February 2022, Tessenderlo Group repurchased 35.0 million EUR of its outstanding 2022 bonds at a price of 102.875%. This repurchase resulted in a cash-out of 36.0 million EUR and the remaining amount of outstanding "2022 bonds" maturing in July 2022 stands at 130.5 million EUR. Also in February 2022, the group agreed two term loan credit facilities for 30.0 million EUR each, with a maturity of 7 years (starting April 2022) and a maturity of 5 years (starting August 2022) respectively. These loans, with quarterly capital reimbursements, have a fixed interest rate of 1.16% and 0.94% respectively, and contain no financial covenants. Both transactions will further reduce the liquidity risk as well as the interest costs of the group.
- In early March 2022, Tessenderlo Group submitted a new permit application to the Flemish Region for the construction of a new 900 MW combined cycle steam and gas turbine (CCGT) power plant in Tessenderlo, Belgium. With a view to future auctions, Tessenderlo Group adjusted its previously submitted project (an investment of approximately 500 million EUR) to respond to the objections that led to the refusal of that application.
- The current conflict in Eastern Europe and the subsequent economic and financial sanctions imposed are negatively affecting the supply and the cost prices of both raw materials and energy. In particular, MOP (muriate of potash) is the key raw material used for the production of SOP (sulfate of potash) fertilizers that are produced at Tessenderlo Kerley Ham (Belgium). Tessenderlo Group currently sources MOP from Russia and Belarus, as well as some other countries. In this connection, the group is in the process of reviewing its sourcing mix, and it is therefore currently not possible to determine what the effect on the production would be, if any, although no significant impact is expected in the first half of 2022. At present, it is also difficult to estimate the impact on the other activities of the group.

32. Group companies

Listed below are all the group companies. The total number of consolidated companies is 60[12].

List of the consolidated companies on December 31, 2021, accounted for by the full consolidation method:

	Entity	Address	Belgian company number	Ownership
Europe				
Belgium	DYKA Plastics nv	3900 Pelt	0414467340	100%
Belgium	Limburgse Rubber Produkten nv	1050 Brussels	0415296392	100%
Belgium	Tessenderlo Chemie International nv	1050 Brussels	0407247372	100%
Belgium	Tessenderlo Group nv	1050 Brussels	0412101728	Parent company
Belgium	Tessenderlo Development Services nv	1050 Brussels	0724619989	100%
Belgium	T-Power Energy Services bv	1050 Brussels	0838489378	100%
Belgium	T-Power nv	1050 Brussels	0875650771	100%
Czech Republic	DYKA s.r.o.	27361 Velka Dobra		100%
France	Akiolis Group SAS	72100 Le Mans		100%
France	Atemax France SAS	72100 Le Mans		100%
France	DYKA SAS	62140 Sainte Austreberthe		100%
France	DYKA Tube SAS	18570 La Chapelle-Saint-Ursin		100%
France	DYKA Réseaux SAS	72100 Le Mans		100%
France	Etablissements Charvet Père et Fils SAS	91490 Milly-La-Forêt		100%
France	Etablissements Violleau SAS	79380 La Forêt sur Sèvre		100%
France	Kuhlmann France SAS	59120 Loos		100%
France	Tefipar SAS	59120 Loos		100%
France	Tessenderlo Kerley France SAS	59120 Loos		100%
France	Tessenderlo Services SARL	59120 Loos		100%
France	SCI Les Violettes	79380 La Forêt sur Sèvre		100%
France	Soleval France SAS	72100 Le Mans		100%
Germany	BT Nyloplast GmbH	86551 Aichach		100%
Germany	PB Gelatins GmbH	31582 Nienburg		100%
Hungary	BT Nyloplast Kft	3636 Vadna		100%
Luxembourg	Terelux SA	2163 Luxembourg		100%
Poland	DYKA Sp.z.o.o.	55-221 Jelcz-Laskowice		100%
Romania	DYKA Plastic Pipe Systems S.R.L.	76100 Bucarest, sector 1		100%
Slovakia	DYKA SK s.r.o.	82109 Bratislava		100%
Switzerland	Kuhlmann Switzerland AG	5332 Rekingen		100%
The Netherlands	BT Nyloplast B.V.	3295 KG 's Gravendeel		100%
The Netherlands	DYKA B.V.	8331 LJ Steenwijk		100%
The Netherlands	Tessenderlo Kerley Netherlands B.V.	4825 AV Breda		100%
The Netherlands	Tessenderlo NL Holding B.V.	4825 AV Breda		100%

[12] *DYKA Réseaux SAS and Tessenderlo Kerley Netherlands B.V. are new created companies in 2021. Tessenderlo Kerley Australia PTY LTD was liquidated in 2021. Names of Kuhlmann France SAS (before Produits Chimiques de Loos SAS) and Kuhlmann Switzerland AG (before Tessenderlo Schweiz AG) have changed in 2021.*

United Kingdom	DYKA UK Ltd.	Longtown-Carlisle Cumbria CA6 5LY	100%
United Kingdom	John Davidson Holdings Ltd.	Edinburgh EH3 8UL	100%
United Kingdom	John Davidson Pipes Ltd.	Edinburgh EH3 8UL	100%
United Kingdom	PB Gelatins UK Ltd.	Pontypridd CF 375 SQ	100%
United Kingdom	Tessenderlo Holding UK Ltd.	Pontypridd CF 375 SQ	100%

United States			
US	Environmentally Clean Systems LLC	Dover, DE 19904	69.01%
US	ECS Myton, LLC	Dover, DE 19904	51.00%
US	Kerley Trading Inc.	Wilmington, DE 19801	100%
US	MPR Services Inc.	Wilmington, DE 19801	100%
US	PB Leiner USA Corporation	Davenport, Iowa 52806	100%
US	Tessenderlo Kerley Inc.	Dover, DE 19904	100%
US	Tessenderlo USA Inc.	Dover, DE 19904	100%

Rest of the world			
Argentina	PB Leiner Argentina SA	Ciudad Autónoma de Buenos Aires	100%
Belarus	Tessenderlo Kerley Bela LLC	220036 Minsk	100%
Brazil	PB Brasil Industria e Comercio de Gelatinas Ltda	Acorizal, Mato Grosso CEP 78480-000	100%
Chile	Kerley Latinoamericana Comercializadora Limitada	9358 Santiago	100%
China	PB Gelatins (Heilongjiang) Co. Ltd.	Xinyi Village, Kongguo County, Nehe City, Qiqihaer City, Heilongjiang Province	100%
Costa Rica	Tessenderlo Kerley Costa Rica SA	La Union Tres Rios - Cartago	100%
India	Tessenderlo Kerley India Private Ltd.	9the Floor, Regus I-Tech Business Centra, Spaze Itech Park, A1-Tower, sector 49, Gurgaon, Haryana, 122018, in the state of Haryana	100%
Japan	TKI Japan KK	Tokyo - Chiyoda-ku	100%
Mexico	Tessenderlo Kerley Mexico SA de CV	Ciudad Obregon, Estado de Sonora	100%
Paraguay	Maramba S.R.L.	Chacoi Villa Hayes - Asuncion del Paraguay	100%
Peru	TKP Peru S.A.C.	Ciudad de Lima - Provincia de Lima	100%
Turkey	Tessenderlo Kerley Turkey Tarim Ve Kimya Sanayi Ve. Tic. Ltd. STI	35730 Kemalpasa - Izmir	100%

List of the consolidated companies on December 31, 2021 accounted for by the equity method:

Europe			
France	Etablissements Michel SAS	31800 Villeneuve de Rivière	50.00%

Rest of the world			
China	PB Shengda (Zhejiang) Biotechnology Co., Ltd	Zhoushan City, Zhejiang Province	50.00%
US	Jupiter Sulphur LLC	Wilmington, DE 19801	50.00%

33.Critical accounting estimates and judgements

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

Estimates and assumptions are reviewed periodically and the effects of revisions, if needed, are reflected in the financial statements.

The areas of judgments, estimates and assumptions used in preparing the consolidated financial statements as per December 31, 2021, are the same as those applied and disclosed in the consolidated financial statements at December 31, 2020.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are addressed below:

- Impairments. The carrying amount of property, plant and equipment, goodwill and intangible assets is reviewed at each balance sheet date to determine whether an indication of impairment exits. If any such indication exists, the asset's recoverable amount is estimated (note 11 - Property, plant and equipment, note 12 - Goodwill and note 13 - Intangible assets).
- Leases. The company leases various items of Property, plant and equipment, mainly including real estate and vehicles. Some leases contain extension options, allowing operational flexibility, exercisable by the group. The group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The group has applied judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, the group considered all relevant factors that create an economic incentive for it to exercise the renewal (note 11 - Property, plant and equipment).
- Inventory obsolescence and lower of cost or net realizable value adjustments, which are determined based on experience and the assessment of market circumstances (note 17 - Inventories).
- Employee benefits. The calculation of defined benefit obligations is based on actuarial assumptions such as future salary increases, inflation and through the use of a discount rate (note 23 - Employee benefits).
- Deferred taxes. Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and credits can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. In making its judgment, management takes into account the long term business strategy (note 15 - Deferred tax assets and liabilities).

- Provisions and contingencies. The amounts recognized reflect management's best estimate of the expected expenditures required to settle the present obligation at balance sheet date. If the effect is material, provisions are determined by discounting the expected future cash flows. Provisions can change substantially due to the emergence of additional information on the nature or extent of the contamination, a change in legislation, a change in best practices for sanitation, a change in timing of cash outflows, a change in agreement with authorities on the treatment of the polluted site or other factors of a similar nature (note 24 - Provisions).
- Financial instruments (note 26 - Financial instruments). These are measured at fair value in the statement of financial position based on:
  - inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices) or
  - inputs for the asset or liability that are not based on observable market data.

Statement on the true and fair view of the consolidated financial statements and the fair overview of the management report

Mr. Luc Tack (CEO) and Mr. Stefaan Haspeslagh, representative of Findar BV (COO/CFO), certify, on behalf and for the account of the company, that, to his/their knowledge,

a) the consolidated financial statements which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position, the income statement of the company, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows, and the entities included in the consolidation as a whole,

b) the consolidated management report includes a fair overview of the development and performance of the business and the position of the company, and the entities included in the consolidation, together with a description of the principal risks and uncertainties which they are exposed to.

Statutory auditor’s report

Statutory auditor’s report to the general meeting of Tessenderlo Group NV on the consolidated financial statements as of and for the year ended December 31, 2021.

In the context of the statutory audit of the consolidated financial statements of Tessenderlo Group NV (“the Company”) and its subsidiaries (jointly “the Group”), we provide you with our statutory auditor’s report. This includes our report on the consolidated financial statements for the year ended 31 December 2021 as well as other legal and regulatory requirements. Our report is one and indivisible.

We were appointed as statutory auditor by the general meeting of 14 May 2019, in accordance with the proposal of the board of directors issued on the recommendation of the audit committee and as presented by the workers’ council. Our mandate will expire on the date of the general meeting deliberating on the annual accounts for the year ended 31 December 2021. We have performed the statutory audit of the consolidated financial statements of the Group for three consecutive financial years.

Report on the consolidated financial statements

Unqualified opinion

We have audited the consolidated financial statements of the Group as of and for the year ended 31 December 2021, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2021, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information. The total of the consolidated statement of financial position amounts to EUR 2.207,0 million and the consolidated income statement shows a profit for the year of EUR 188,3 million.

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

Basis for our unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”) as adopted in Belgium. In addition, we have applied the ISAs as issued by the IAASB and applicable for the current accounting year while these have not been adopted in Belgium yet. Our responsibilities under those standards are further described in the “Statutory auditors’ responsibility for the audit of the consolidated financial statements” section of our report. We have complied with the ethical requirements that are relevant to our audit of the consolidated financial statements in Belgium, including the independence requirements.

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

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

Key audit matters

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

Impairment of property, plant and equipment, goodwill and intangible assets

We refer to Notes 11, 12 and 13 being respectively 'Property, plant and equipment', 'Goodwill' and 'Intangible assets' of the consolidated financial statements.

— Description

Property plant and equipment, goodwill and intangible assets amount to EUR 1.028,1 million as at 31 December 2021 and represent 46,6 % of the Group's total assets as at 31 December 2021.

The Group evaluates on an annual basis the need for impairment for property plant and equipment ('PPE'), goodwill and intangible assets. For goodwill, and in case of impairment triggers for PPE and intangible assets, this assessment is performed for each smallest group of assets that generate largely independent cash flows (the cash generating unit or 'CGU'). Per CGU, Management determines the value-in-use, which is calculated by discounting future cash flow projections, in order to assess whether an impairment at the reporting date is to be recognized.

Impairment of PPE, goodwill and intangible assets is identified as a key audit matter due its significance to the balance sheet total (46,6%) and the level of judgement required by Management, which principally related to the inputs used in both forecasting and discounting future cash flows to determine the value-in-use.

— Our audit procedures

Our audit procedures included:

- Challenging Management's assessment of potential indicators of impairment based on our own expectations developed from our knowledge of the Group and our understanding of internal and external factors relevant to the Group;
- Challenging Management's identification of CGUs with reference to our understanding of the Group's business and the requirements of the prevailing accounting standards;
- Evaluating the process by which Management's cash flow forecasts were prepared, including testing the underlying calculations and reconciling them to the latest board of directors approved financial targets;
- Analyzing the Group's previous ability to forecast cash flows accurately by comparing key assumptions to historical results. We also challenged key inputs and data used to develop the forecasted cash flows based on our knowledge of the business;
- Assessing the appropriateness of the Group's valuation methodology and its determination of discount rates and other key assumptions by involving our own valuation specialists;
- Testing the mathematical accuracy of the discounted cash flow models;

- Performing sensitivity analyses around the key assumptions used for the determination and discounting of cash flow forecasts, in particular EBIT, weighted average cost of capital and growth rates used by the Group
- Assessing whether the conditions required by International Financial Reporting Standards as adopted by the European Union for the use of the most recent detailed calculation made in a preceding period of the value-in-use of a cash-generating unit in the current period are met (i.e. paragraph 99 of IAS 36 Impairment of Assets);
- Verifying the appropriateness of the Group's disclosures in respect of impairment of PPE, goodwill and intangible assets as included in respectively Note 11, 12 and 13 to the consolidated financial statements.

Post-employment benefit provisions

We refer to Note 23 section 'Employee benefits' of the consolidated financial statements.

— Description

The Group provides retirement benefits predominantly in Belgium, Germany and the UK. Retirement benefits are organized through defined contributions plans as well as defined benefit plans. As described in Note 23, the Group sponsors defined benefit pension plans in Belgium, Germany and the UK and defined contribution plans in Belgium.

Post – employment benefits are considered as a key audit matter due to the complexity and judgment involved in determining the key assumptions used in the determination of the Group's obligations as well as the assumptions used in determining the fair value of the plan assets. In addition, changes in assumptions and estimates used to value the Group's net post-employment benefit liability would have a significant effect on the Group's financial position.

— Our audit procedures

- Obtaining an understanding of the Group's valuation process;
- Evaluating the competence, objectivity and capabilities of the external actuarial experts engaged by Management;
- Challenging Management's key actuarial assumptions, being the discount rates, inflation rates, mortality expectations, future salary increases and personnel turnover underlying the valuation of the Group's post-employment benefit obligations with the assistance of our actuarial specialists. This includes a comparison of key assumptions used against externally derived data;
- Reconciling, with the assistance of our own financial instrument specialist, the fair value of the plan assets with direct external confirmations and verifying the correctness of the fair value of the plan assets, most of which are Level 1 fair values;
- Assessing the overall reasonableness of the valuation outcome;
- Verifying the appropriateness of the Group's disclosures in respect of employee benefits, which are included in Note 23 to the consolidated financial statements.

Board of directors’ responsibilities for the preparation of the consolidated financial statements

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

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

Statutory auditor’s responsibilities for the audit of the consolidated financial statements

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

When performing our audit we comply with the legal, regulatory and professional requirements applicable to audits of the consolidated financial statements in Belgium. The scope of the statutory audit of the consolidated financial statements does not extend to providing assurance on the future viability of the Group nor on the efficiency or effectivity of how the board of directors has conducted or will conduct the business of the Group. Our responsibilities regarding the going concern basis of accounting applied by the board of directors are described below.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by board of directors;

- Conclude on the appropriateness of board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Other legal and regulatory requirements

Responsibilities of the Board of directors

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

Statutory auditor's responsibilities

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

Aspects concerning the board of directors' annual report on the consolidated financial statements and other information included in the annual report

Based on specific work performed on the board of directors' annual report on the consolidated financial statements, we are of the opinion that this report is consistent with the consolidated financial statements for the same period and has been prepared in accordance with article 3:32 of the Companies' and Associations' Code.

In the context of our audit of the consolidated financial statements, we are also responsible for considering, in particular based on the knowledge gained throughout the audit, whether the board of directors' annual report on the consolidated financial statements and other information included in the annual report:

- Activity report 2021
- Management report 2021

contain material misstatements, or information that is incorrectly stated or misleading. In the context of the procedures carried out, we did not identify any material misstatements that we have to report to you.

The non-financial information required by article 3:32 §2 of the Companies' and Associations' Code has been included in a separate report referred to as the "Sustainability report" included in section three of the annual report. This report on the non-financial information contains the information required by article 3:32 §2 of the Companies' and Associations' Code and is consistent with the consolidated financial statements for the same period. The Company has prepared this non-financial information based on Global Reporting Initiative (GRI) framework. In accordance with art 3:80 §1, 1st paragraph, 5° of the Companies' and Associations' Code, we do not comment on whether this non-financial information has been prepared in accordance with the GRI framework mentioned in the "Sustainability Report" as included in the annual report.

Information about the independence

- Our audit firm and our network have not performed any engagement which is incompatible with the statutory audit of the consolidated accounts and our audit firm remained independent of the Group during the term of our mandate.
- The fees for the additional engagements which are compatible with the statutory audit referred to in article 3:65 of the Companies' and Associations' Code were correctly stated and disclosed in the notes to the consolidated financial statements.

European Single Electronic Format (ESEF)

In accordance with the draft standard on the audit of compliance of the Financial Statements with the European Single Electronic Format (hereafter "ESEF"), we have audited as well whether the ESEF-format is in accordance with the regulatory technical standards as laid down in the EU Delegated Regulation nr. 2019/815 of 17 December 2018 (hereafter "Delegated Regulation").

The Board of Directors is responsible for the preparation, in accordance with the ESEF requirements, of the consolidated financial statements in the form of an electronic file in ESEF format (hereafter "digital consolidated financial statements") included in the annual financial report.

It is our responsibility to obtain sufficient and appropriate information to conclude whether the format and the tagging of the digital consolidated financial statements comply, in all material respects, with the ESEF requirements under the Delegated Regulation.

In our opinion, based on our work performed, the format of and the tagging of information in the official Dutch version of the digital consolidated financial statements as per 31 December 2021, included in the annual financial report of Tessenderlo Group NV are, in all material respects, prepared in compliance with the ESEF requirements under the Delegated Regulation.

Other aspect

This report is consistent with our additional report to the audit committee on the basis of Article 11 of Regulation (EU) No 537/2014.

Zaventem, 24 March 2022
KPMG Bedrijfsrevisoren - Réviseurs d’Entreprises
Statutory Auditor
represented by

Patrick De Schutter
Bedrijfsrevisor / Réviseur d’Entreprises

Statutory financial report

Balance sheet of Tessenderlo Group nv

(Million EUR)	2021	2020
Total assets		
Non-current assets	**791.3**	**1,061.4**
Intangible assets	0.2	0.2
Property, plant and equipment	116.3	119.4
Financial assets	674.9	941.8
Current assets	**1,004.9**	**533.4**
Non-current trade and other receivables	0.7	0.7
Inventories	122.1	94.4
Current trade and other receivables	582.7	223.9
Other investments	158.1	169.7
Cash and cash equivalents	134.7	37.2
Prepaid expenses and accrued income	6.6	7.5
Total assets	**1,796.2**	**1,594.8**

(Million EUR)	2021	2020
Total liabilities		
Shareholders' equity	**979.3**	**926.8**
Issued capital	216.2	216.2
Share premium	238.0	238.0
Reserves	29.7	28.9
Retained earnings	494.8	442.9
Capital grants	0.6	0.7
Provisions and deferred taxes	**118.5**	**117.0**
Provisions	118.5	117.0
Deferred taxes	-	-
Liabilities	**698.4**	**551.0**
Liabilities due in more than one year	74.4	266.3
Liabilities due within one year	610.7	270.9
Accrued expenses and deferred income	13.4	13.8
Total liabilities	**1,796.2**	**1,594.8**

Profit and loss statement of Tessenderlo Group nv

(Million EUR)	2021	2020
Total operating income	**575.9**	**424.7**
Sales	482.6	372.1
Change in work in progress, finished goods and orders in progress (increase+/decrease-)	3.0	0.9
Production capitalized	1.2	1.4
Other operating income	88.3	46.0
Non-recurring operating income	0.8	4.3
Total operating charges	**-583.0**	**-429.6**
Raw materials and goods purchased for resale	-284.9	-194.5
Services and other goods	-191.7	-144.7
Wages, salaries, social charges and pensions	-75.4	-72.5
Depreciations and amortizations on formation expenses, tangible and intangible assets	-14.8	-12.7
Amounts written-off stocks and trade receivable (charges (-) / write-back (+))	-1.0	-0.4
Provision for liabilities and charges (utilisations and write-backs less charges)	-1.5	1.6
Other operating charges	-13.6	-6.0
Non-recurring operating charges	-0.1	-0.3
Operating result	**-7.1**	**-4.9**
Finance income	90.8	52.8
Finance costs	-28.9	-80.7
Profit before taxes	**54.9**	**-32.7**
Income taxes	-2.2	-0.1
Deferred taxes	-	0.2
Profit (+) / losses (-)	**52.7**	**-32.7**
Untaxed reserves	-0.8	0.2
Profit (+) / losses (-) for the year to be allocated	**51.9**	**-32.4**

Allocations and distributions

(Million EUR)	2021	2020
The Tessenderlo Group nv Board of Directors proposes to allocate the		
- Profits, being	51.9	-32.4
- Increased by prior years' retained earnings	442.9	479.6
Totaling	**494.8**	**447.2**
In the following manner:		
- Reserves	-	-4.2
- Dividends	-	-
- Retained earnings	494.8	442.9
Totaling	**494.8**	**442.9**

Extract from the Tessenderlo Group nv separate (non-consolidated) financial statements prepared in accordance with Belgian GAAP

The preceding information is extracted from the separate Belgian GAAP financial statements of Tessenderlo Group nv. These separate financial statements, together with the management report of the Board of Directors to the general assembly of shareholders as well as the auditors' report, will be filed with the National Bank of Belgium within the legally foreseen time limits. These documents are also available on request at Tessenderlo Group nv, Troonstraat 130, 1050 Brussel.

It should be noted that only the consolidated financial statements present a true and fair view of the financial position and performance of the group.

Since Tessenderlo Group nv is also a holding company, which recognizes its investments at cost in its non-consolidated financial statements, these separate financial statements present no more than a limited view of the financial position of Tessenderlo Group nv. For this reason, the Board of Directors deemed it appropriate to publish only an abbreviated version of the non-consolidated balance sheet and income statement prepared in accordance with Belgian GAAP as at, and for the year ended December 31, 2021.

The statutory auditor's report is unqualified and certifies that the non-consolidated financial statements of Tessenderlo Group nv prepared in accordance with Belgian GAAP give a true and fair view of the financial position as per December 31, 2021 and results of Tessenderlo Group nv for the year-ended December 31, 2021 in accordance with all legal and regulatory dispositions.

Financial glossary

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

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

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

Capital employed (CE)
The carrying amount of property, plant and equipment (PP&E), intangible assets and goodwill together with trade working capital.

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

Dividend per share (gross)
Total amount paid as dividend divided by the number of shares issued at closing date.

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

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

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

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

Gearing
Net financial debt divided by the sum of net financial debt and equity attributable to equity holders of the company.

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

Market capitalization
Number of shares issued (at the end of the period) multiplied by the market price per share (at the end of the period).

Net financial debt
Non-current and current loans and borrowings and bank overdrafts, minus cash and cash equivalents and short term investments.

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

Return on capital employed (ROCE)
Adjusted EBIT (last 12 months) divided by the average capital employed (last 12 months).

Theoretical aggregated weighted tax rate
Calculated by applying the statutory tax rate of each country on the profit before tax of each entity and by dividing the resulting tax charge by the total profit before tax of the group.

Trade working capital
The sum of inventories and trade receivables minus trade payables.

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

Alternative performance measures

The following alternative performance measures are considered to be relevant in order to compare the results over the period 2020 - 2021 and can be reconciled to the consolidated financial statements as follows:

Reconciliation from Adjusted EBIT to EBIT

(Million EUR)	Note	2021	2020
Adjusted EBIT	**3**	**223.8**	**184.0**
Gains and losses on disposals	6	2.8	4.8
Restructuring	6	-1.7	-0.5
Impairment losses	6	-1.9	-3.0
Provisions and claims	6	4.0	-5.0
Other income and expenses	6	-1.4	-4.3
EBIT (Profit (+) / loss (-) from operations)		**225.7**	**175.9**

Reconciliation from Adjusted EBITDA to EBIT

(Million EUR)	Note	2021	2020
Adjusted EBITDA	**3**	**354.2**	**314.6**
Gains and losses on disposals	6	2.8	4.8
Restructuring	6	-1.7	-0.5
Provisions and claims	6	4.0	-5.0
Other income and expenses	6	-1.4	-4.3
EBITDA		**358.0**	**309.5**
Depreciation and amortization	8	-130.4	-130.6
Impairment losses	8	-1.9	-3.0
EBIT (Profit (+) / loss (-) from operations)		**225.7**	**175.9**

Reconciliation gearing

(Million EUR)	Note	2021	2020
Non-current loans and borrowings	22	193.6	385.1
Bank overdrafts	22	0.1	0.0
Current loans and borrowings	22	211.4	66.2
Cash and cash equivalents	18/22	-320.3	-230.1
Short term investments	18/22	-10.0	-20.0
Net financial debt	**22**	**74.8**	**201.3**
Equity attributable to equity holders of the company		1,130.0	903.0
Gearing (net financial debt / (equity + net financial debt))	**19**	**6.2%**	**18.2%**

Reconciliation leverage

(Million EUR)	Note	For the year ended December 31 2021	2020
Non-current loans and borrowings	22	193.6	385.1
Bank overdrafts	22	0.1	0.0
Current loans and borrowings	22	211.4	66.2
Cash and cash equivalents	18/22	-320.3	-230.1
Short term investments	18/22	-10.0	-20.0
Net financial debt	**22**	**74.8**	**201.3**
Adjusted EBITDA	3	354.2	314.6
Leverage (net financial debt / Adjusted EBITDA last 12 months)	**22**	**0.2**	**0.6**

Reconciliation capital employed

(Million EUR)	Note	As per December 31 2021	2020
Inventories	17	393.4	332.1
Trade receivables - 1 year	16	335.9	241.4
Trade receivables - 1 year: amounts written off	16	-3.5	-4.0
Trade receivables from related parties	16	1.0	0.8
Trade payables -1 year	25	-243.9	-172.7
Trade payables from related parties	25	-4.0	-1.0
Trade working capital		**479.0**	**396.7**
Property, plant and equipment	11	886.6	862.2
Goodwill	12	32.3	33.4
Intangible assets	13	109.2	135.6
Net assets		**1,028.0**	**1,031.2**
Capital employed		**1,507.0**	**1,427.9**

Reconciliation return on capital employed (ROCE)

(Million EUR)	2021	2020
EBIT last 12 months	225.7	175.9
Average capital employed last 12 months	1,462.0	1,462.8
ROCE (return on capital employed)	**15.4%**	**12.0%**

Tessenderlo Group
EVERY MOLECULE COUNTS