

STATUTORY ANNUAL REPORT

2022



Tessenderlo Group
EVERY MOLECULE COUNTS

Tessenderlo Group nv
Rue du Trône 130
1050 Brussels
0412.101.728 (the “Company”)

**Statutory annual report of the Board of Directors relating to
the financial year 2022
(article 3.6 of the Code of Companies and Associations)**

In accordance with article 3.6 of the Code of Companies and Associations of the Companies’ Code, the Board of Directors reports on the activities of the Company with respect to the financial year 2022.

Operating result, financial situation and cash flows

Total operating income increased from 575,855,581 EUR in 2021 to 823,307,686 EUR in 2022. Turnover increased from 482,567,869 EUR in 2021 to 613,100,425 EUR in 2022, mainly thanks to higher sales prices (which had to compensate for increased raw material, energy and transportation costs) of fertilizers (Tessenderlo Kerley International activity) and gelatins (PB Leiner activity).

The other operating income, which mainly consists of intragroup recharging of services and the sale of electricity - related to energy from an electricity purchase agreement, which is no longer used internally - increased from 88,271,741 EUR in 2021 to 161,847,479 EUR in 2022, mainly as a result of increased energy prices (this positive impact however is partially compensated by the related higher operating costs).

The operating result increased from -7,099,096 EUR in 2021 to +30,612,233 EUR in 2022, thanks to positive circumstances in the market of the fertilizers (Tessenderlo Kerley International activity) as well as in the market of gelatins where margins were able to recover in 2022 (PB Leiner activity).

The financial result increased from +61,992,780 EUR in 2021 to +314,659,220 EUR in 2022. The 2022 results were positively impacted by a higher amount of dividends received from subsidiaries compared to 2021, as well as by the reversal of a previously recognized impairment on the investment in a subsidiary.

Tessenderlo Group nv recorded in 2022 a net profit of +340,968,415 EUR compared to a net profit of +52,685,636 EUR in 2021.

The bond, issued in 2015, with a maturity of 7 years and a fixed interest rate of 2.875% was reimbursed in 2022 for an amount of 191,851,000 EUR. Also in 2022, the group agreed two term loan credit facilities for 30.0 million EUR each, with a maturity of 7 years (started in April 2022) and a maturity of 5 years (starting August 2022) respectively. These loans, with quarterly capital reimbursements, have a fixed interest rate of 1.17% and 0.94% respectively, and contain no financial covenants. Both transactions will further reduce the liquidity risk as well as the interest costs of the group.

Next to these, Tessenderlo Group nv holds, as per December 31, 2022, “Cash Investments” and “Cash” for 143,015,753 EUR (2021: 158,060,741 EUR) and 16,956,230 EUR (2021: 134,708,098 EUR) respectively.

Proposal for appropriation of the result.

The board proposes to appropriate:

- | | |
|--|-----------------|
| - the profit of 2022, being | 340,968,415 EUR |
| - decreased by a transfer from untaxed reserves | 483,768 EUR |
| - increased by the result brought forward from previous year | 494,828,821 EUR |

Being a total of: 835,313,468 EUR

Increased by the change in other reserves 3,223,887 EUR

The change in the other reserves is the consequence of the additional purchase of own shares, as well as the use of the own shares as part of the senior management compensation plan (Long Term Incentive Plan).

Being a total of: 838,357,354 EUR

As follows:

- | | |
|--------------------------------|--------------------|
| - remuneration of the capital | 64,104,571.5 EUR |
| - profit to be carried forward | 774,432,782.78 EUR |

If this profit appropriation proposal is approved, the gross dividend would amount to 0.75 EUR/share.

In accordance with article 7.149 of the Code of Companies and Associations, we request to you to grant discharge for the exercise of our mandate as well as the mandate of the external auditor for the year closed on December 31, 2022.

Human resources

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

As at December 31, 2022, the total number of employees (FTE) working for Tessenderlo Group nv amounted to 743.8.

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.

Innovation

Investments in innovation and R&D activities remain a key element of the Tessengerlo Group strategy, and this investment continues to underpin our core philosophy that “Every Molecule Counts.” Our innovation activities are prioritized in alignment with our business strategies. In R&D and new business development, Tessengerlo Group continued to improve and develop product, process, and application technologies through a customer-centric approach, launching new products, exploring new applications for existing products and more efficient ways of producing them, thus enhancing their utility, sustainability, and environmental protection profile. We also further developed our collaborations with academia, customers, suppliers, and other relevant stakeholders.

In 2022, we continued our efforts to enhance the sustainability of our fertilizers and their production processes. Through dedicated lab, pot, and field trials, we are tailoring our products and their usage to help improve crop growth, yield, crop health, and soil health. This approach means we will continue to contribute to sustainable agriculture practices, translating the insights gained from these scientific trials into fertilizer use recommendations and new fertilizer developments. We strive to continuously improve our production processes through incremental and more disruptive process innovations, with the ambition of ensuring the economic and environmental sustainability of our operations.

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 precious natural resources.

In this regard, we continued to improve our portfolio of healthy collagen ingredients for humans, including making an investment in a research program to partner with internationally recognized experts in the field from the University of Maastricht. Furthermore, we are continuing to explore the effects of our collagen peptides in the area of sports nutrition via our scientific collaboration with Florida State University. We made good progress with our research program into collagen peptides with the aim of enabling us to expand our market for collagen and gelatin. PB Leiner’s gelwoRx™ Dsolve pharmaceutical gelatin portfolio has been extended with three new products: Dsolve B, Dsolve P, and Dsolve xTRA. The new variants have been specially designed to provide advanced solutions for reduced crosslinking and fast dissolution of soft capsules.

In a collaboration with Utrecht University, focusing on biofabrication in regenerative medicine, different promising cell viability results with our Claro™ bioinks have been obtained. We continue to market our IP-protected IDX and VDX technologies, yielding highly digestible blood meals and feather meals, and are starting to license the technologies to those customers that want to significantly upgrade their feather or blood meals, making sure that “Every Molecule Counts.”

For product and technology platforms that are applied across several business units, we rely on 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.

Health and Safety

Our continuous focus on improving safety and health performance remains the top priority for Tessenderlo Group. The year 2022 was again impacted by the global coronavirus pandemic and consequently employee safety and health risks and performance were heightened. 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 well-being of everyone. We strive to preserve, conserve, and protect the resources we use to conduct our business.

Group health and safety performance

During 2022, 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.

In 2022, we also 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 continue to achieve progress and realized SHE performance improvements, while some other business units reported lower accident levels. Compared with 2021, Tessenderlo Group achieved an improved Lost Time Incident Frequency Rate. However, despite a significantly better second half of the year, the severity rate of the recordable incidents ended up at a higher level in 2022. To further reinforce our Guiding Principle that “The Safety and Health of everyone in our business is more important than any other subject,” we are committed to placing more emphasis on leading safety indicators that have been initiated going into 2023.

Safety and health achievements

Agro segment

Tessengerlo Kerley International continued its focus on Health & Safety. However, last year did not lead to a reduction of accidents. Unfortunately, an increase in accidents took place. It was predominantly the site in Ham (Belgium) that experienced an increase in accidents compared to the previous year. To further improve the situation (in order to turn the tide), a review of the 5-year Health & Safety plan took place for the Ham site. An analysis of all incidents and accidents over the last 10 years was used as extra input in order to set the right focus. Meanwhile, the other international sites within Tessengerlo Kerley International continued to operate with an accident-free record.

Bio-valorization segment

PB Leiner continued to make long-term improvements at its sites, maintaining a downward 5-year trend in accident rates. A particular focus was placed on further facilitating safety processes and standardization, among other things, with the global implementation of a safety app. This user-friendly mobile application makes it considerably easier to report incidents, initiate actions, follow up, and give feedback on incidents. Enhancing contractor safety was another focal point in 2022 with several actions being put in place to increase awareness and prevention. The implemented measures are already bearing fruit: the construction of the new wastewater facility in our Argentinian plant, which amounted to a total of 160,000 working hours and involved almost 200 project workers, was achieved without any accident or even any incident. In 2023, we will be taking the next steps in our maturity model by installing safety cross audits, where we will learn from each other and go to the next safety level.

Risk analysis

Analysis of the major risks for Tessengerlo Group nv – 2022

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 2022, the group focused on the following activities:

- Ethics and Compliance
- Health and Safety
- Cybersecurity
- (Limited) Availability of energy and volatility of energy prices
- The risks associated with climate change
- Sustainability
- Operational and supply chain risks and price volatility

Ethics and compliance

Risks can arise from potential failure to comply with the Code of Conduct of Tessengerlo 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 Tessengerlo Group nv operates.

Tessengerlo 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 2022, the Compliance Committee focused on reviewing and updating the existing compliance procedures and codes and the development and implementation of various training programs related to the following compliance areas: Anti-trust, Intellectual Property and handling confidential information, anti-bribery and corruption and the internal Code of Conduct.

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, Tessengerlo 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.

Safety performance results are monitored on a monthly basis by the ExCom and workplace inspections are carried out on a regular basis by the different management teams.

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 cyberattack could have a negative impact on the Company's operations and results. Therefore, within Tessengerlo Group, cyber defenses continue to improve to cope with the developments in cyberattacks. Within the group, security risk management is carried out as follows:

- The group employs several specialists to monitor cybersecurity.
- External experts carry out independent assessments of the risks. Based on this analysis, a plan is developed to better protect the company against cyberattacks.

In 2022:

- End-user safety training remains 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.
- Tessengerlo 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 cyberattacks.

Operational and supply chain risks

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 Tessengerlo 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 Tessengerlo Group product or the inappropriate use of some Tessengerlo Group products for applications and/or markets for which the product is not designed or not in accordance with Tessengerlo 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.

Moreover, in 2022, the company successfully entered into contracts with quarterly price adjustments based on agreed indices to manage price volatility.

(Limited) Availability of energy and volatile energy prices

The company's results may be impacted by volatile energy prices and by no or limited availability to energy.

These issues mostly affect the group's European companies.

In 2022, this risk was managed through the following activities:

- Closely monitoring of energy markets by the Group Energy Team.
- Developing a business continuity plan.
- Requiring a minimum delivery rate or consumption per hour.
- Using and adapting different energy sources to a particular process in the event of limited or no availability of energy.
- Analysing and developing programs which will enable the transition from fossil fuels to hydrogen or electricity.
- Implementing a fail-safe protocol to avoid safety incidents in the event of breakdowns.

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, Tessengerlo Group plays in a closed loop model by reusing and valorizing different sources of raw materials.

Tessengerlo 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.

In 2022, a third party expert, specialized in climate risk, conducted a detailed assessment of the various production plants and storage locations operated by the group, as well of some key industrial locations of major suppliers and customers. This assessment was done in accordance with the scenarios developed by the Intergovernmental Panel on Climate Change/United Nations (IPCC), whereby two scenarios (RCP 4.5 and RCP 8.5) and two horizons (2030-2050) versus baseline 2022 were withheld.

The results of this study are included in the sustainability report.

Risk of an outbreak of an epidemic with a wide geographical scope 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.

In 2021 and 2022 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 sourced MOP from Russia and Belarus before the introduction of sanctions.

In 2022, the supply of MOP was provided by alternative sources, while also the production capacity was adjusted.

Analysis of the financial risks¹

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.

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 643.8 million EUR as per December 31, 2022 (2021: 726.1 million EUR). This amount consists of current and non-current trade and other receivables (427.4 million EUR), the loans granted (9.7 million EUR), long term investments (50.0 million EUR), current derivative financial instruments (0.6 million EUR) and cash and cash equivalents (156.1 million EUR).

¹ For a more detailed overview of the financial risks related to the situation in 2022 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).

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)	2022	2021
Fixed rate instruments		
Cash and cash equivalents	92.0	159.8
Short term investments	-	10.0
Long term investments	50.0	-
Loans and borrowings	175.4	288.5
Variable rate instruments		
Cash and cash equivalents	64.1	160.4
Loans and borrowings	90.1	116.5
Bank overdrafts	0.1	0.1

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 yearly reimbursement (25.7 million EUR). The remaining outstanding capital of the T-Power nv long term facility loan amounts to 90.1 million EUR as per December 31, 2022 (2021: 115.8 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 decrease in loans and borrowings with a fixed rate can be mainly explained by the repayment of the "2022 bond" in 2022 for an amount of 165.5 million EUR, partially compensated by two new loans within Tessengerlo Group nv (30.0 million EUR each).

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 deposits with appropriate maturities to ensure sufficient liquidity is available to meet liabilities when due.

The group limits the liquidity risk through a series of actions:

- a factoring program, set up at the end of 2009, and which was put on hold since 2015.
- a Belgian commercial paper program of maximum 200.0 million EUR (no amount outstanding as per December 31, 2022, nor at December 31, 2021).
- committed bi-lateral agreements, which have been renewed in 2022 to a total amount of 250.0 million EUR (2021: 142.5 million EUR), while the term has been extended till July 2027. These committed bi-lateral agreements have no financial covenants and ensure maximum flexibility for the different activities. As per December 31, 2022, none of these credit lines were used.
- 2 new credit facilities have been drawn in 2022, each of 30.0 million EUR, with a maturity of 5 years (February 2027) and 7 years (April 2029). These loans contain no financial covenants.

Corporate Governance statement

Transparent management

Tessengerlo 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: <https://corporategovernancecommittee.be/en>.

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.tessengerlo.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 Tessengerlo Group nv at December 31, 2022, amounts to 216,231,862.15 EUR.

Shares

The share capital at December 31, 2022, is represented by 43,154,979 shares without par value, entitling the shareholder to one vote per share.

By decision of the company's extraordinary general meeting of shareholders on July 10, 2019, the loyalty voting right was introduced. As a consequence, every fully paid-up share that has been continuously registered in the name of the same shareholder in the register of registered shares for at least two years entitles the shareholder to a double vote in accordance with the BCCA. All Tessengerlo 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. The authorization to acquire securities granted at the extraordinary general meeting held on June 6, 2017 expired on June 25, 2022.

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 5 million EUR 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 5 million EUR. 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.

Pursuant to the resolution of the extraordinary general meeting held on May 10, 2022, the Board of Directors is authorized, subject to the conditions laid down by law, for a period of five years from the publication of the authorization resolution in the Annexes to the Belgian State Gazette, to acquire own shares, profit-sharing certificates or certificates relating thereto on behalf of the company subject to the conditions laid down at the extraordinary general meeting held on May 10, 2022. This authorization is valid until May 19, 2027.

At its meeting held on December 20, 2022, the Board of Directors approved the buy-back of its own shares for a maximum amount of 20 million EUR. This authorization is valid until March 31, 2023.

The company owned on December 31, 2022, in total 31,503 company's shares or 0.07% of the total amount of issued shares (being 43,154,979).

Voluntary and conditional public offer of exchange for all shares issued by Picanol nv

On July 8, 2022, Tessenderlo Group and Picanol Group issued a joint press release announcing their intention to simplify the group structure of both companies and combine their activities.

In this context, Tessenderlo Group nv issued a voluntary and conditional public offer of exchange for all shares issued by Picanol Group. More specifically, all Picanol Group shareholders have been offered the possibility to exchange their Picanol Group shares for new shares in Tessenderlo Group. The exchange ratio was 2.36 new Tessenderlo Group shares per contributed Picanol Group share.

The initial acceptance period of the exchange offer commenced on November 2, 2022, and ended on December 14, 2022. Given that Tessenderlo Group nv held more than 90% of the shares in Picanol Group after expiry of the initial acceptance period of the exchange offer, Tessenderlo Group nv reopened a mandatory acceptance period for the exchange offer on January 2, 2023. This additional acceptance period ended on January 20, 2023. During this reopening, an additional 255,735 Picanol Group shares were contributed to the exchange offer. Consequently, Tessenderlo Group nv held 99.32% of the shares in Picanol Group.

Given that Tessenderlo Group nv now held over 95% of the shares in Picanol Group and had acquired at least 90% of the shares subject to the exchange offer, Tessenderlo Group nv was able to oblige the remaining Picanol shareholders to exchange their shares at the offered price. For that reason, Tessenderlo Group nv therefore decided to proceed with a final reopening of the exchange offer for acceptance.

Tessenderlo Group nv reopened the final acceptance period for the exchange offer on February 13, 2023, and this ended on March 3, 2023.

The results of the final acceptance period were announced on March 10, 2023 and Tessenderlo Group nv now holds 100% of the shares in Picanol Group. The payment of the bid price consisting of the new shares in Tessenderlo Group nv and compensation for the fractions of the new shares in cash took place on March 17, 2023.

On March 3, 2023, Euronext proceeded to delist Picanol Group after market close.

Shareholders & shareholders structure

Based on transparency notifications received by the company, the company's shareholding and voting rights as of December 31, 2022, were as follows:

Shareholder	Number of shares	Number of voting rights	% voting rights
Verbrugge nv (controlled by Picanol nv)	21,860,003	41,992,812	63.40%
Oostiep Group bv	2,607,200	5,139,400	7.76%
Norges Bank	1,287,899	1,287,899	1.94%
Carmignac Gestion SA	903,687	903,687	1.36%
Dimensional Fund Advisors L.P.	891,022	891,022	1.35%
Own shares	31,503	0	0.00%
Other	15,573,665	16,020,508	24.19%
Total	43,154,979	66,235,328	100.00%

Verbrugge nv is controlled by Picanol nv, which in turn is controlled by Oostiep Group bv, which is controlled by Mr. Luc Tack.

Mr. Luc Tack, Mr. Patrick Steverlynck and Manuco International nv (the company through which Patrick Steverlynck holds his shares in Tessenderlo Group nv) entered into a shareholder agreement on July 7, 2022, with regard to the shares in Tessenderlo Group nv held directly or indirectly by the aforementioned parties following the closing of the exchange offer. This shareholder agreement is in place, as of January 1, 2022, for a period of 10 years. It will automatically renewed for another period of 10 years thereafter, unless one or more of the parties give notice of termination to the other parties no later than one year before the termination of the initial or applicable renewal period.

In the shareholder agreement, the parties agreed on a number of transfer restrictions (in the form of a standstill, pre-emption right, tag-along right and tracking obligation) as well as put and call options with regard to the shares held of the Company. Also, Manuco International nv is entitled to propose a candidate for one member in the Board of Directors of Tessenderlo Group nv, without impacting the governance structure of Tessenderlo Group nv.

Shareholders whose participation in the capital of Tessenderlo Group nv exceeds the threshold of 1%, 3%, 5%, 7.5% and any multiple of 5%, up or down, are obliged to report this to 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, 2022, 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 12, 2026

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, 2022, 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.

Activities

The Board of Directors convened according to a previously determined schedule. The Board of Directors met twelve (12) times during 2022.

During 2022, the Board's main areas of discussion, review and decision were:

- the group's long-term strategy;
- the financial statements and the report;
- the 2022 budget and approval of the 2023 budget;
- the financial communication and reporting by segment;
- proposals to the general and extraordinary shareholders' meeting;
- the approval of the proposal to (re)appoint directors, the chairman of the Board of Directors and to (re)appoint the auditor;
- the remuneration policy and the remuneration of the members of the Executive Committee members and directors (the decision not to grant remuneration in the form of shares for the Non-Executive directors and the ExCom for 2022, and the decision not to fix a minimum threshold of the amount of shares held by the ExCom for 2022);
- the effectiveness of the Enterprise Risk Management;
- the approval of various commercial agreements;
- approval of important contracts, various new investments and acquisitions;
- the related party transaction procedure;
- approval of the launch of the voluntary and conditional public exchange offer for all of Picanol's shares and establishment of the exchange ratio;
- the approval of the prospectus and the exemption document of the public exchange offer for all shares of Picanol Group;
- 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 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

As of December 31, 2022, the following committees were active within the Board of Directors of Tessenderlo Group:

- The Nomination and Remuneration Committee
- The Audit Committee

In the context of Tessenderlo Group nv's voluntary and public exchange offer for the Picanol nv shares, ad-hoc committees (including the committee of independent directors in the sense of article 7:97 BCCA) of the Board of Directors were convened. These ad-hoc committees took place 10 times.

Please refer to the Charter for a description of the operations of the various committees using the following link: www.tessenderlo.com

Nomination and Remuneration Committee

On December 31, 2022, 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 two (2) times in 2022.

1. Nomination and Remuneration Committee operations

In 2022, the Nomination and Remuneration Committee discussed and made recommendations on the Executive Committee's remuneration package. The Committee made recommendations regarding the reappointment of a director and the pay-out of the long-term incentive plan 2022-2024 for the members of ExCom and senior management. The Committee also made recommendations with regard to the allocation of remuneration to the Non-Executive directors 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 2022 annual report.

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

2. Nomination and Remuneration Committee evaluation

More information on the evaluation process of the Nomination and Remuneration Committee can be found in the section 'Evaluation of the Board of Directors'.

The Audit Committee

On December 31, 2022, the Audit Committee was constituted as follows:

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

The Audit Committee met according to a previously determined schedule; i.e. four (4) times during 2022.

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.

1. 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".

2. Operation 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 the impact of the crisis in Ukraine on supplies of raw materials from Russia and Belarus and the review of the effectiveness of the Enterprise Risk Management program. 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 2022, 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 2023 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 2022:

	Board of Directors	Audit Committee	Nomination & Remuneration Committee
Number of meetings in 2022	12	4	2
Mr. Stefaan Haspeslagh	12/12		
Mr. Luc Tack	12/12		
Mr. Karel Vinck	10/12	4/4	2/2
Mr. Wouter De Geest	11/12	4/4	2/2
Management Deprez bv represented by its permanent representative Mrs. Veerle Deprez	12/12		2/2
ANBA bv represented by its permanent representative Mrs. Anne-Marie Baeyaert	12/12	4/4	

Executive committee (ExCom)

Roles and responsibilities

On December 31, 2022, the ExCom of Tessengerlo 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.

Operation 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 Tessengerlo 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.

Board members

By decision of the General Shareholders' Meeting of May 10, 2022, 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
- 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, 2022.

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 22, 2022, the Board of Directors decided not to grant remuneration in shares for fees paid to the Non-Executive Directors for the year 2022.

Remuneration received

Member	2022	Earned fees (in EUR)
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	23,000
	Total remuneration	50,500
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	3,000
	Attendance fee per half day attended	23,000
	Total remuneration	53,500
Wouter De Geest (Independent Non-Executive director)	Fixed annual fee	27,500
	Attendance fee per half day attended	22,000
	Total remuneration	49,500
Stefaan Haspeslagh (Executive Director)	Fixed annual fee	27,500
	Additional fixed annual fee for Chairman Board	72,500
	Attendance fee per half day attended	15,000
	Total remuneration	115,000
Luc Tack (Executive Director)	Fixed annual fee	27,500
	Attendance fee per half day attended	15,000
	Total remuneration	42,500
Karel Vinck (Non-Executive director)	Fixed annual fee	27,500
	Attendance fee per half day attended	15,500
	Total remuneration	43,000
General total		354,000.00

The Company does not grant any remuneration in the form of shares to the Non-Executive Directors for 2022, 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.

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 2022:

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

Application of the Remuneration Policy 2022 – remuneration outcome

All 2022 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 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 the short term incentives (see below). The Nomination and Remuneration Committee and the Board of Directors believe that these short term incentives outcomes truly reflect the overall performance of the year 2022.

The remuneration earned by the ExCom team in 2022 is detailed below:

Remuneration component		CEO	COO & CFO
Fixed remuneration	Base salary	673,948 EUR	673,948 EUR
	Pension ¹	57,384 EUR	28,844 EUR
Variable remuneration	Short-term Incentive One year variable ²	773,261 EUR	1,181,517 EUR
	Long-term Incentive Multiple year variable ³	252,731 EUR	240,094 EUR
Other benefits ⁴		44,915 EUR	26,547 EUR
Total remuneration		1,802,239 EUR	2,150,950 EUR
Proportion of fixed & variable remuneration		43% - 57%	34% - 66%

All amounts are excluding employer social contributions and VAT

1. Company pension plan – annual service cost for 2022, as calculated by an actuary.
2. Short term incentive realization as proposed by the Nomination and Remuneration Committee of March 22, 2023.
3. Long term incentive realization for the years 2019, 2020 & 2021 (3 year plan) was paid in 2022 but reported in the remuneration report of 2021. Long term incentive realization for the years 2022, 2023 & 2024: advanced payment of 25% of the target amount of the long term incentive target in 2023 as approved by the Nomination and Remuneration Committee of March 22, 2023.
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, Tessengerlo Group nv did not grant any remuneration in the form of shares or stock options to the Directors & ExCom in 2022. Only the payment of the Long Term Incentive with respect to the years 2019, 2020 & 2021 was 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 Directors & 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 2022 to any of the ExCom members or executive directors.

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 2022.

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.

	2022	2021	2020	2019	2018
ExCom					
Total remuneration ExCom*	3,460,364 EUR	2,702,631 EUR	2,517,218 EUR	2,057,190 EUR	2,160,888 EUR
Change year to year	+28%	+7.4%	+22.4%	-4.8%	+7.9%
Company performance					
Revenue (change year to year)	+24.4%	+19.8%	-0.3%	+7.5%	-2.2%
Adjusted EBITDA (change year to year)	+22.8%	+12.6%	+17.5%	+50.6%	-5.3%
Average FTE salary increase**	+10.1%	+4.9%	+1.5%	+3.6%	+3.4%

* 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 2022 remuneration of the CEO to the 2022 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.

	2022
Ratio remuneration CEO vs remuneration lowest Tessenderlo Group nv employee	1/16

Shareholders' vote

This Remuneration Report 2022 was approved by the Nomination and Remuneration Committee on March 22, 2023, and approved by the Board of Directors on the same day. The Remuneration Report 2022 is to be submitted for approval at the General Meeting of Shareholders on May 9, 2023. This remuneration report is also in line with the proposed Remuneration Policy 2022 which was approved at the General Meeting of Shareholders on May 10, 2022.

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

Internal control framework

Responsibilities

The Board of Directors delegated to the Audit Committee the task of monitoring the efficient functioning of the internal control system.

Ultimate responsibility for implementing the internal control system is delegated to the ExCom.

Everyday management of each business unit is responsible for implementing and maintaining a reliable internal control system.

The Internal Audit and Control Department helps the business units and headquarters functions of Tessengerlo Group to implement and assess the effectiveness of the internal control system in their organization.

The levels of internal control are aligned with the residual risks deemed acceptable by management. The ultimate objective is to avoid any misstatements in the group's financial statements.

Scope of internal control

The internal control system is based on the COSO Internal Control - Integrated Framework, with a main focus on internal control of financial reporting through risk mitigation using group, entity and process level controls, general IT controls and separation of duties.

Regarding cyber risks, a separate control program was set up based on the NIST Cybersecurity Framework.

Internal control monitoring

The Audit Committee is charged with monitoring the effectiveness of the internal control systems. This includes supervising the Internal Audit Department in view of compliance monitoring.

The Internal Audit and Control Department conducts a risk-based compliance audit program to assess the effectiveness of internal control in relation to the various processes of the group and its entities. The ultimate goal of the assessments is to provide reasonable assurance on the reliability of processes and financial reporting.

The implementation of the cybersecurity program is monitored by a specific committee that includes the Group Internal Audit Director as well as a representative of the group's cybersecurity expert team.

The Group Internal Audit Director attends Audit Committee meetings. He informs the Audit Committee about the planning and results of internal audits and the proper implementation of recommendations. A scoring system is used to indicate the importance of audit recommendations and to provide an overall valuation of the entity or process assessed.

Preparation and processing of financial and accounting information

There is a centralized control and reporting department that manages and monitors financial and accounting information.

Each business unit has a control department responsible for monitoring the performance of the business units.

The financial and accounting information system is based on consolidation software that enables the group to generate the required information.

Compliance

The Internal Audit and Control Department is responsible for reviewing compliance of both the internal control framework and key control procedures in 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 company has a Compliance Coordination Committee. This committee is composed of delegates from various headquarters functions and examines the company's internal and external compliance program. The committee issues periodic reports to the Audit Committee.

Enterprise Risk Management (ERM) System

Risks are an essential and unavoidable aspect of conducting business. To manage the risks as much as possible and reduce them to an acceptable level, the group has developed a number of policies and procedures.

The Enterprise Risk Management policy applies to the company and all of its affiliates worldwide. The policy describes the organization and goals of the ERM system, as well as the responsibilities at all management levels.

In order to guarantee that risk management becomes an inherent part of daily operations, a risk management structure has been rolled out, both on a group level and on a business unit level.

The group conducts a risk scan to identify all meaningful risks (financial and non-financial) and the potential impact, likelihood, and status of the management or mitigation measure are described in detail for each risk. A responsible person is appointed for each risk and his/her responsibility is detailed.

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

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

The goal of the implemented 'Group Crisis Management Policy' is to harmonize crisis management at the group level and in all affiliates. The Risk Management department, which is responsible for formulating this policy, is responsible for coordinating it at group level and for guiding the various entities in drawing up a harmonized crisis plan that sets out responsibilities at all levels and establishes reporting channels.

Policy on inside information and market manipulation

The company has issued a Dealing Code containing the reporting requirements and rules of conduct relating to the execution of transactions in shares or other financial instruments of the company by directors, members of the ExCom or other designated persons for their own account. The Dealing Code is included as Exhibit I. to the Corporate Governance Charter.

In accordance with the Market Abuse Regulation, the company must take all possible measures to ensure that any person on its insider list demonstrates in writing its awareness of the obligations and sanctions applicable to insider trading and the illegal disclosure of price-sensitive 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. The position of Compliance Officer is held by Mr. John Van Essche.

External audit

KPMG Bedrijfsrevisoren bv/srl, represented by Joachim Hoebeek, was reappointed as auditor by the shareholders' meeting on May 10, 2022.

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

(Million EUR)	2022			
	Audit	Audit related	Other	Total
KPMG (Belgium)	0.3	0.1	-	0.4
KPMG (Outside Belgium)	0.8	-	0.0	0.8
Total	1.0	0.1	0.0	1.2

(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

Subsequent events

- On July 8, 2022, Tessenderlo Group and Picanol Group announced their intention to simplify and increase the transparency of the group structure of both companies. In this context, Tessenderlo Group launched a voluntary public exchange offer for all shares issued by Picanol Group. All Picanol Group shareholders were offered the opportunity to exchange their Picanol Group shares for new shares in Tessenderlo Group at an exchange ratio of 2.36 new shares in Tessenderlo Group per tendered share in Picanol Group. A third and final acceptance period had the effect of simplified squeeze-out. Shares that had not been tendered prior to the closing of the final acceptance period were transferred to Tessenderlo Group by force of law and the relevant shareholders will have to request payment of the offer price for their shares at the Belgian Deposit and Consignment Office. By the end of the first quarter of 2023, Tessenderlo Group was, therefore, holding 100% of the shares of Picanol Group. As a result of this transaction, Picanol Group became a business unit of Tessenderlo Group with effect from January 1, 2023 (Machines & Technologies segment).
- In November 2022, the group announced that its PB Leiner business unit (Bio-valorization segment) had established a new joint venture with D&D Participações Societárias, which is one of Brazil's leading tannery groups. The group acquired a 40% minority stake in PB Leiner's Brazilian plant (PB Brasil Industria e Comercio de Gelatinas Ltda). The combined strength of the two companies will enable a long-term, sustainable supply of a premium bovine gelatin product range, based on PB Leiner's technology. The joint venture was subject to the fulfillment of a number of customary conditions precedent, and the transaction was closed in January 2023.
- In early January 2023, the Akiolis (Bio-valorization segment) business unit acquired the real estate and production assets of former Spanish rendering company Promed 202 (Ribera d'Ondara, Lleida, Spain). The plant specializes in pig and poultry meat rendering and is located in one of the most intensive pig and poultry farming regions in Spain. The acquisition will expand Akiolis' operations to include the Iberian Peninsula and strengthen its position in the European rendering market. Akiolis resumed operations during the first quarter of 2023 under the name Akiolis Iberia.
- Also in January 2023, Tessenderlo Group signed an agreement for the acquisition of the marketing and sales activities for ammonium thiosulfate (ATS) fertilizers produced by Esseco Srl (part of Esseco Group) in Trecate, Italy. These ATS fertilizers will be marketed by the Tessenderlo Kerley International business unit. Tessenderlo Group will also acquire the Esseco trademarks Secofit® TS and Agrifix®, which are used in marketing this product range for agricultural applications. The deal was operational in March 2023.

Application of art. 7:96 and 7:97 of the Belgian Code on Companies and Associations ("BCCA")

Application of art. 7:96 BCCA

In the meeting of the Board of Directors held on March 22, 2022, a conflict of interest was recorded in respect of the ExCom members, who are part of the Board of Directors, in connection with their performance assessment for the short-term incentive and long-term incentive component of the remunerations and the remuneration package for 2022. 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 July 7, 2022, a conflict of interest was recorded in respect of Luc Tack, ExCom member, who is part of the Board of Directors, in connection with the decisions on the transaction relating to the voluntary and public exchange offer in connection with, among other things, the determination of the exchange ratio and approval of the integration protocol as well as the approval of the press release. 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 September 6, 2022, a conflict of interest was recorded in respect of Luc Tack, ExCom member, who is part of the Board of Directors, in connection with the decisions on the transaction relating to the voluntary and public exchange offer in connection with, among other things, the determination of the exchange ratio, approval of an amendment to the integration protocol and approval of the documents related to the modalities of the exchange offer. 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 25, 2022 a conflict of interest was recorded in respect of the ExCom members, who are part of the Board of Directors, in connection with the deliberation and decision-making on the final approval of the prospectus and exemption document in connection with the company's voluntary and public exchange offer for all Picanol nv shares. 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 December 20, 2022, a conflict of interest was recorded in respect of Luc Tack, ExCom member and member of the Board of Directors in connection with the approval of the repurchase of own shares by the Company. An extract of the minutes of this meeting is included in the statutory annual report.

Application of art. 7:97 BCCA

In the meeting of the Board of Directors held on July 7, 2022, a conflict of interest was recorded in application of art. 7:97 BCCA in connection with the decisions related to the voluntary and public exchange offer and more specifically in connection with the approval of the Integration Protocol and the approval of the exchange ratio. This conflict of interest was published via a press release on July 13, 2022 and this press release is included as an annex in the statutory annual report.

In the meeting of the Board of Directors held on September 6, 2022, a conflict of interest was also recorded in application of art.7:97 BCCA in connection with the decisions related to the voluntary and public exchange offer and, more specifically, in connection with the approval of the draft prospectus, the amended exchange ratio, an amendment to the integration protocol and the convening of an extraordinary general meeting for the approval of a capital increase by contribution in kind of the Picanol group shares in the company. This conflict of interest was published via a press release on September 7, 2022 and this press release is included as an annex in the statutory annual report.

Excerpt from the minutes of the meeting of the Board of Directors of March 22, 2022

[...]

Prior to the Board of Directors discussing or taking any decision, Mr. Luc Tack and Findar bv, represented by Stefaan Haspeslagh declare that they have a direct conflicting interest of a proprietary nature in the implementation of the decisions taken by the board relating to their performance assessment for the STI and LTI of the remunerations as well as the remuneration package for 2022. In accordance with 7:96 of the BCCA, Luc Tack and Stefaan Haspeslagh (as representative of Findar bv) do not take part in the board's discussions concerning this decision and they do not take part in the voting.

The above decisions had/will have the following financial consequences:

The determination of the STI and LTI component, to be paid in April 2022

	Luc Tack	Findar bv
STI component	587,781 EUR	662,152 EUR
LTI component (2019-2021)	1,530,964 EUR	1,360,857 EUR

As of January 1, 2022, the remuneration package will be reviewed as follows:

4% increase for inflation on the annual base salary

STI target increase from 45% to 50% for Luc Tack and from 42.5 to 47.5% for Findar bv

LTI target increase from 45% to 50% for Luc Tack and from 42.5 to 47.5% for Findar bv

Increase of the representation allowance to 342 EUR per month.

Mr. Luc Tack reconnects into the meeting and Mr. Stefaan Haspeslagh re-enters the meeting.

[...]

Excerpt from the minutes of the meeting of the Board of Directors of July 7, 2022

[...]

In accordance with Section 7:96(1) of the Code of companies and associations, Mr. Luc Tack declares that he may have a direct and/or indirect interest of a proprietary nature which conflicts with the interest of the Company in connection with the decisions on the agenda items 5 ("Deliberation and passing of resolutions on the proposed transaction") and 6 ("Communication") that are on the agenda of this meeting of the Board of Directors.

[...]

Due to the aforementioned possible conflict of interest, Mr. Luc Tack shall abstain from participating in the deliberations as well as the passing of resolutions on all items on the agenda.

[...]

Mr. Luc Tack left the meeting after the above explanation.

[...]

- **Deliberation and passing of resolutions on the proposed transaction (with due observance of the conflict of interest procedure by the directors involved)**

The directors (who were still) present, in particular the independent directors, then passed the following resolutions unanimously, taking into account the advice of the committee of independent directors from which they did not wish to deviate:

- Determination of exchange ratio to be used in the framework of Project Astoria (for resolution)

The directors decided to set the exchange ratio at 2.43 (i.e. 1 share of Picanol nv can be exchanged for 2.43 shares of Tessenderlo Group nv).

- Approval of Integration Protocol and powers of attorney in view of concluding the same on behalf of Tessenderlo Group nv (for resolution)

The directors decided to approve the Integration Protocol, the text of which was finalized at the meeting.

The independent directors would sign the Integration Protocol on behalf of the Company.

- Possibility to purchase Picanol nv shares outside the exchange offer (for resolution)

The directors decided that the Company may acquire shares in Picanol nv outside the exchange offer, provided that the total number of shares in Picanol nv which the Company or persons acting in concert with it have/will have acquired against payment in cash (or to which the Company or persons acting in concert with it have/will have committed to acquire them) during the 12-month period prior to the announcement of the exchange offer or during the offer period would not amount to more than 1% of the total securities with voting rights of Picanol nv, so that in accordance with Section 23(3)(2) of the Takeover Royal Decree, no cash alternative needs to be offered in the exchange offer.

- **Communication: Draft of press release art. 8(1) of the Royal Decree of April 27, 2007 (for approval)**

The directors (who were still) present, especially the independent directors, discussed the final version of the press release and then approved it unanimously.

[...]

Excerpt from the press release of July 13, 2022, 5:40 pm CET

[Application of article 7:97 BCC by the Board of Directors of Tessenderlo Group](#)

Tessenderlo Group (Euronext: TESB) discloses information required under article 15, §1 of the Law of May 2, 2007, regarding the disclosure of important shareholdings in listed companies. The board of directors of Tessenderlo Group nv (Euronext: TESB, the “Company”) has requested the committee of independent directors of the Company (the “Committee”) to issue an advice in application of Article 7:97 of the Belgian Code of Companies and Associations (“BCC”) on the entering into of an ‘Integration Protocol’ between the Company, Picanol Group (Picanol nv), Verbrugge nv, Manuco International nv, Artela nv, Luc Tack and Symphony Mills nv (the “Integration Protocol”).

The Integration Protocol determines, among other things, the conditions on which the Company will launch a voluntary public takeover bid on all shares in Picanol nv, in exchange for newly issued shares in the Company (the “Takeover Bid”).

Mr Luc Tack, Manuco International nv, Picanol nv and other parties to the Integration Protocol qualify or potentially qualify as related parties of the Company within the meaning of the international standards for annual accounts approved pursuant to Regulation (EC) 1606/2002. Consequently, the board of directors of the Company has applied the procedure described in Article 7:97 BCC when deliberating and resolving on the Integration Protocol. The Committee has appointed Mr. Nico Goossens (Argo Law) as independent expert within the meaning of Article 7:97 BCC to assist with the legal assessment of the transaction and the redaction of the advice.

The Committee's advice relates in particular to decisions of the board of directors of the Company on the signing of the Integration Protocol, the exchange ratio to be used in the Takeover Bid as set out therein and the authorization of due diligence by Picanol nv under the conditions set out in the Integration Protocol (the "Decision"). When issuing its advice, the Committee has based itself on the valuation report dated July 7, 2022, on the valuation of the Company, Picanol nv and the exchange ratio, issued by KBC Securities nv, which is the financial advisor appointed by the Company. In its assessment of the advantages and disadvantages of the Decision, the Committee has considered, inter alia, the following:

- *The scope and the terms of the due diligence by Picanol will be in line with market practice. The Company itself will also perform a due diligence on Picanol nv, so that the Takeover Bid will take place on the basis of correct data and assumptions.*
- *The combined group, which will result from the acquisition of Picanol nv by the Company, will have a greater market power. The increase of the Company's equity and the increased transparency would enable the Company to obtain financing on even more favorable terms, and should lead to an increased attractiveness of the Company on capital markets.*
- *As from the inclusion of Picanol Group as a business unit in the Machines & Technologies segment, the Company will consist of five business segments. This thorough diversification is in line with, and reinforces, the strategy of the Company. The various business units are subject to different economic cycles. The further diversification of the Company should therefore lead to more stable, combined cash flows, making it easier across different economic cycles to realize acquisitions and investments, but also to maintain a stable dividend policy.*
- *The Committee understands that the Takeover Bid will have no impact on the current employment.*
- *The issuance of new shares by the Company will lead to dilution for the existing shareholders of the Company. The degree of dilution will be determined by (i) the exchange ratio, and (ii) the number of Picanol nv shares tendered in the Takeover Bid. The exchange ratio was determined during negotiations between the Parties, who were assisted by several financial advisors. In addition, KBC Securities nv has performed an independent valuation exercise of both the Company and Picanol nv. The Committee observes that the proposed exchange ratio for the Takeover Bid is within the range proposed by KBC Securities nv.*
- *If the Takeover Bid is successful, the value of the asset in which the shareholders of the Company hold a participating interest will increase. The dilution which will result from the issuance of new shares, will be proportionate to, and offset by, the acquisition of the stake in Picanol nv and the resulting benefits.*
- *Based on the advice of its independent expert, the Committee considers that the provisions of the Integration Protocol are in line with market practice, and do not contain any exceptionally onerous provisions for the Company. The Integration Protocol also includes sufficient conditions precedent, in order to protect the Company against, inter alia, significantly altered market conditions, or elements that might come to light during the due diligence process.*

In addition, the Committee will have the opportunity to provide its advice on the exchange ratio again at the time the Board of Directors takes the decision to submit the Takeover Bid to the FSMA, based on the information available at that time.

The decision of the Committee, in application of article 7:97 BCC, is included below:

“On the basis of the considerations set out above, after the assessment of the advantages and disadvantage of the Decision to the Company and its shareholders, and the assessment of the financial consequences thereof, the Committee concludes that the entry into of the Integration Protocol is not to cause any prejudice to the Company that would be manifestly unlawful in view of the Company's policy.” Consequently, the Committee unanimously gives a positive advice to the board of directors of the Company to approve the Decision.

The decision of the report of the auditor is included below: “Based on our review, nothing has come to our attention that causes us to believe that the financial and accounting information mentioned in the advice of the committee of independent directors of the Company dd. July 7, 2022 and in the minutes of the board of directors of the Company dd. July 7, 2022, which provides a motivation for the transaction, is not in all material respects, true and consistent compared to information we have at our disposal within the framework of our engagement.”

After deliberating on the items on the agenda, and taking note of the opinion of the Committee, the board of directors of the Company has decided to approve the Integration Protocol, including the exchange ratio set out therein.

[...]

Excerpt from the minutes of the meeting of the Board of Directors of September 6, 2022

[...]

In accordance with Article 7:96 §1 of the Code of Companies and Associations, Mr Luc Tack declared that he may have a direct and/or indirect interest of a financial nature which conflicts with the interest of the Company in connection with the decisions regarding agenda items 5, 6, 7 and 9 on the agenda of this meeting of the Board of Directors.

[...]

Due to the aforementioned possible conflict of interest, Mr Luc Tack abstained from participating in the deliberations and decision-making on agenda items 5 to 14 inclusive of this meeting.

[...]

- **Approval of the determination of the adjusted exchange ratio related to Project Astoria**

Taking into account (i) KBC Securities nv's explanation to the meeting of the Board of Directors on August 30, 2022 regarding the adjusted valuation of Tessengerlo Group nv and Picanol nv based on the published half-yearly reports and an analysis of long-term expectations based on the most recent market developments, (ii) the in-depth discussion thereof by the directors at that meeting, (iii) the adjusted valuation report by KBC Securities nv dated September 2, 2022, (iv) the Opinion on the Exchange Ratio by KBC Securities nv dated September 5, 2022, and (v) the Opinion of the Committee of Independent Directors in accordance with Article 7:97 of the Code of Companies and Associations dated September 6, 2022, the directors considered that the proposed exchange ratio of 2.36 is reasonable from a financial perspective for both Picanol nv shareholders and the Company and its shareholders. Consequently, the directors unanimously decided to set the exchange ratio for the Exchange Offer at 2.36, which means that for each Picanol nv share contributed under the Exchange Offer, 2.36 new Tessengerlo Group nv shares will be allocated.

- **Approval of the amendment to the Integration Protocol**

The directors took note of the draft "Addendum 1 to the Integration Protocol by and among Picanol nv, Verbrugge nv, Tessenderlo Group nv, Artela nv, Luc Tack, Oostiep Group bv, Manuco International nv and Symphony Mills nv".

Taking into account the adjusted exchange ratio, the result of the legal due diligence investigations as set out in agenda item 2, the result from the Competition/FDI analysis in respect of the proposed transaction showing that no prior competition law or FDI approvals / notifications are required, and the consultation with the FSMA on the conditions precedent to the Exchange Offer, they unanimously approved the text of the Addendum to the Integration Protocol and its signature by the Company.

- **Approval of the prospectus for submission to the FSMA**

The Board of Directors took note of the latest draft of the prospectus relating to the voluntary and conditional public exchange offer by Tessenderlo Group nv for all 17,931,766 shares issued by Picanol nv and of the note concerning further technical amendments that were made to this draft in relation to the final review by the various advisors. They discussed the latest changes made to the draft prospectus.

The Board of Directors also took note of the draft letter addressed to the FSMA for formal notification of the Exchange Offer in accordance with Article 5 of the Takeover Decree.

The directors considered that launching the Exchange Offer for all shares issued by Picanol nv, for the reasons set out in the "Prior Explanation" is in the best interests of the Company. In this context, they unanimously approved the draft prospectus and the letter addressed to the FSMA for formal notification to the FSMA of the Exchange Offer on September 7, 2022.

The directors accepted that after a final reading of the draft prospectus, some technical corrections may still be made before the prospectus is formally filed with the FSMA.

- **Acknowledgement of the auditor's report on the capital increase by contribution in kind in the context of the Exchange Offer in accordance with Articles 7:179, §1 in conjunction with 7:197, §1 of the Code of Companies and Associations**

The directors took note of the auditor regarding the capital increase by contribution in kind in the context of the Exchange Offer pursuant to Articles 7:179, §1 in conjunction with 7:197, §1 of the Code of Companies and Associations, the conclusion of which reads as follows:

"In accordance with article 7:197/ 7:179 of the BCAC, we hereafter present our conclusion to the extraordinary general shareholders' meeting of the company Tessenderlo Group nv in the context of our assignment as statutory auditor, for which we were appointed by letter of 18 August 2022.

We have performed our assignment in accordance with the Standard on the assignment of the statutory auditor with regard to contributions in kind and quasi-contributions of the Institute of Statutory Auditors. Our responsibilities under this standard are further described in the section "Auditor's responsibilities concerning the contribution in kind and the issuance of shares".

Concerning the contribution in kind

In accordance with article 7:197 of the BCAC, we have examined the following aspects, as contained in the report of the managing body as at 6 September 2022, and have no materially significant findings to report regarding:

- the description of the components to be contributed;*
- the applied valuation; and*
- the methods of valuation used for this purpose.*

We also conclude that the valuation methods applied for the contribution in kind result in the values of the contributions corresponding at least to the number and nominal value or, in the absence of a nominal value, the fractional value of the shares to be issued against the contribution.

The actual consideration for the contribution in kind consists of up to 42,318,967 shares of the Company, with a fractional value of 5.01 EUR (rounded), each representing an equal part of the share capital.

These new shares:

- have the same rights and obligations as the existing shares of Tessenderlo Group nv;*
- will participate in the results of Tessenderlo Group nv as of 1 January 2023;*

On the issuance of shares:

Based on our review of the accounting and financial information contained in the special report of the management body drawn up in compliance with article 7:179 §1 of the Belgian Companies and Associations Code, nothing has come to our attention that causes us to believe that such information, which includes the justification for the issue price and the impact on the shareholders' patrimonial and membership rights, is not, in all material respects, fair and sufficient to inform the general shareholders' meeting which is required to vote on the proposed transaction.

Since the prospective accounting and financial data and the assumptions on which they are based relate to the future and may therefore be affected by unforeseen events, we express no opinion as to whether the reported actual results will correspond to those included in the future financial information, and the differences may be of material importance.

No fairness opinion

Our task pursuant to articles 7:197 §1 and 7:179 §1 of the BCAC is not to rule on the suitability or opportunity of the transaction, nor on the valuation of the consideration given in return for the contribution, nor whether that transaction is lawful and fair ("no fairness opinion").

Responsibility of the administrative body regarding contribution in kind and issuance of shares

The managing body is responsible for:

- explaining why the contribution is important to the company;*
- the description and reasoned valuation of each contribution in kind; and*
- reporting the compensation provided in return.*

The managing body is also responsible for:

- *the justification of the issue price; and*
- *the description of the impact of the transaction on the shareholders' patrimonial and membership rights.*

Responsibility of the statutory auditor concerning the contribution in kind and the issue of shares

The statutory auditor is responsible for:

- *examining the description given by the administrative body of each contribution in kind;*
- *examining the valuation applied and the valuation methods used for that purpose;*
- *to report on the values to which these methods lead correspond at least to the value of the contribution stated in the deed; and*
- *stating the actual remuneration in return for the contribution.*

The statutory auditor is also responsible for the assessment whether the financial and accounting information contained in the report of the managing body - included in the draft report of the managing body that includes the justification of the issue price - is true and fair in all material respects and sufficient to inform the general shareholders' meeting which is to vote on the proposal.

The scope of our review is substantially less than that of an audit performed in accordance with International Standards on Auditing (ISA). Accordingly, our review does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accounting and financial information.

Restrictions on the use of this report

This report has only been prepared in accordance with articles 7:197 §1 and 7:179 §1 of the Companies and Associations Code within the framework of the capital increase of Tessengerlo Group nv by means of a contribution in kind and may not be used for other purposes."

The directors agreed with the findings as set out in the auditor's report and did not formulate any additional comments. The directors unanimously agreed and therefore did not deviate from the auditor's conclusion as retained in his audit report.

- **Approval of the report of the Board of Directors regarding the capital increase by contribution in kind in the context of the Exchange Offer in accordance with Articles 7:179, §1 in conjunction with 7:197, §1 of the Code of Companies and Associations**

Taking into account previous decisions and the conclusion of the auditor's report as mentioned in the decision on agenda item 8, the directors unanimously approved the special report of the Board of Directors regarding the capital increase by contribution in kind in the context of the Exchange Offer in accordance with Articles 7:179, §1 in conjunction with 7:197, §1 of the Code of Companies and Associations.

- **Approval of the convening notice of the extraordinary general meeting of shareholders to be held on or around October 18, 2022, including the draft decisions**

The directors unanimously decided to convene an extraordinary general meeting on or around October 18, 2022, with the agenda attached to these minutes as [Annex 2](#).

- **Approval of the press release regarding Project Astoria to be published on September 7, 2022**

After a discussion with the FSMA, the directors opted to combine the press release relating to the adjustment of the exchange ratio and the submission of the Exchange Offer to the FSMA, as well as the press release pursuant to Article 7:97 of the Code of Companies and Associations, in a single press release, the draft of which is attached to these minutes as Annex 4.

The directors decided unanimously to approve the press release.

The directors subsequently discussed the timing of the press release to be published on September 7, 2022, and the timing of the formal notification of the Exchange Offer pursuant to Article 5 of the Takeover Decree to the FSMA.

- **Approval of the press release pursuant to Article 7:97 of the Code of Companies and Associations in the context of the transaction**

Taking into account the previous decision, this agenda item had already been approved.

- **Proxy**

The directors decided to grant a proxy to any two directors of the Company, acting jointly, with the power of substitution, to implement - in the name and on behalf of the Company - the Addendum to the Integration Protocol, the prospectus relating to the Exchange Offer, the report of the Board of Directors relating to the capital increase by contribution in kind in the context of the Exchange Offer pursuant to Articles 7:179, §1 in conjunction with 7:197, §1 of the Code of Companies and Associations, (the relevant documents for) the capital increase by contribution in kind of the Picanol shares in the Company and, in general, the Exchange Offer, and the press releases to be published in this respect, and all other agreements, documents, statements, certificates and/or notifications to be entered into or delivered by the Company in connection with, or which are useful or expedient for, (the execution or implementation of) the foregoing decisions passed by the Board of Directors, whether or not in association with the Company's financial and legal advisers, to further negotiate, prepare, finalize, amend, sign, transmit and execute, and in general to perform all other acts in connection with, or useful or expedient for, (the execution and completion of) the decisions passed by this meeting of the Board of Directors.

- **Miscellaneous**

Lastly, Mr Jan Peeters provided a status update on the tax rulings and clarification regarding the US Securities Laws to be respected in the context of the publication of press releases and other documentation related to the Exchange Offer.

[...]

Excerpt from the press release of September 7, 2022, 08:15 am CET

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN WHOLE OR IN PART, IN OR INTO OR FROM THE UNITED STATES OF AMERICA, AUSTRALIA, CANADA, JAPAN, THE UNITED KINGDOM OR ANY OTHER JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF SUCH JURISDICTION

Transaction Tessenderlo Group and Picanol Group: exchange ratio adjustment + application of article 7:97 BCC by the Board of Directors of Tessenderlo Group

Exchange ratio adjustment

On July 8, 2022, Tessenderlo Group and Picanol Group (Picanol nv, Euronext: PIC) announced their intention to simplify and increase the transparency of the group structure of both companies, with a view to combining them into a single industrial group, with a single stock exchange listing and a single board of directors. The proposed transaction envisages the contribution by the reference shareholders, Luc Tack and Patrick Steverlynck, of the Picanol Group shares that they hold, in the context of a voluntary public exchange offer by Tessenderlo Group (the "Exchange Offer"). The other shareholders of Picanol Group (free float: 10.66%) would also be offered the option of becoming direct shareholders of Tessenderlo Group, at the same exchange ratio of 1 Picanol Group share for 2.43 Tessenderlo Group shares.

On August 25, 2022, Picanol Group and Tessenderlo Group published their interim reports for the first 6 months of 2022, as well as a revised forecasts for the full financial year 2022. The Bidder (Tessenderlo Group nv) has revised the valuations of Picanol Group and Tessenderlo Group in light of the published interim reports and an analysis of the long-term expectations based on the latest market developments.

Compared to the values of 830.8 million EUR and 1,655.9 million EUR for Picanol Group and Tessenderlo Group, respectively, as communicated in the press releases dated July 8, 2022, the revision results in a decrease in value of 0.2 million EUR for Picanol Group (excluding shares held in Tessenderlo Group) and an increase with 95.6 million EUR for Tessenderlo Group, respectively. This results in an equity value of 830.6 million EUR and 1,751.5 million EUR for Picanol Group and Tessenderlo Group, respectively. The values correspond to a value per Tessenderlo Group share of 40.59 EUR and a value per Picanol Group share (including Tessenderlo Group shares) of 95.80 EUR.

Further to this information, Tessenderlo Group and Picanol have mutually agreed to adjust the exchange rate from 2.43 shares of Tessenderlo Group for 1 share of Picanol to 2.36 shares of Tessenderlo Group for 1 share of Picanol.

To this end, an addendum to the Integration Protocol was concluded between all the Parties to the Integration Protocol, which also established their agreement on the following other elements (the "Addendum"):

- Accession by Oostiep Group (the company through which Luc Tack will hold his shares) to the Integration Protocol;
- Confirmation by the Parties that the due diligence conducted on Picanol Group by Tessenderlo Group and vice versa, which was carried out prior to the date of the Addendum by both Picanol Group and Tessenderlo Group in accordance with the provisions of the Integration Protocol, has been completed and has not resulted in the identification of any Material Adverse Effect (as defined in the Integration Protocol) and does not necessitate any other adjustment of the bid price;
- Confirmation that no prior "Competition Clearance(s)" or "FDI Clearance(s)" (both as defined in the Integration Protocol) will be required in view of the Exchange Offer, as determined by the Parties in the context of the analyses conducted in this respect;
- Some amendments to the conditions precedent of the Exchange Offer.

Tessenderlo Group will today formally notify to the FSMA, in accordance with Article 5 of the Takeover Decree, its intention to launch a voluntary and conditional public offer to exchange the Picanol Group shares for new Tessenderlo Group shares at the aforementioned exchange ratio of 2.36 shares of new Tessenderlo Group shares for 1 share of Picanol Group.

Application of article 7:97 bcc by the board of directors of Tessenderlo Group

Following the execution of the Integration Protocol, the board of directors of Tessenderlo Group nv (Euronext: TESB, the "Company") has requested the committee of independent directors of the Company (the "Committee") to issue a subsequent advice in application of Article 7:97 of the Belgian Code of Companies and Associations ("BCC") on:

- The approval by the Company of a draft prospectus to launch a public takeover bid on all shares in Picanol nv, in exchange for newly issued shares in the Company ;
- The determination of the exchange ratio of new shares that will be offered per Picanol Group share under the Exchange Offer at 2.36;
- The conclusion of an addendum to the Integration Protocol ; and
- The convening of an extraordinary general meeting of shareholders of the Company (which will be held on or around October 18, 2022), with a view to approving a capital increase via contribution in kind of Picanol Group shares in the Company.
- the "Resolutions")

On July 7, 2022, the Committee has advised the board of directors on the entry into an integration protocol between the Company, Picanol nv and their reference shareholders, pursuant to which these parties have declared their intention to simplify and make more transparent the group structure, with a view to combining them into one industrial group (the "Integration Protocol"). The Integration Protocol determines, among other things, the conditions subject to which the Company will launch the Exchange Offer.

The parties to the Integration Protocol have reviewed the equity values of Picanol Group and the Company in light of the published half-yearly results, and of an analysis of the long-term expectations based on the most recent developments of the market.

As a result of the adjusted value for the Company and Picanol Group respectively (and the equity values per share derived therefrom), the exchange ratio has been adjusted from 2.43 to 2.36 (i.e. each Picanol Group shareholder will have the opportunity to acquire 2.36 shares in the Company for each share in Picanol Group), for which the parties also conclude an addendum to the Integration Protocol.

Mr. Luc Tack, Oostiep Group bv, Manuco International nv, Picanol nv and other parties to the Integration Protocol qualify or potentially qualify as related parties of the Company within the meaning of the international standards for annual accounts approved pursuant to Regulation (EC) 1606/2002. Consequently, the board of directors of the Company has applied the procedure described in Article 7:97 BCC when deliberating and resolving on the Integration Protocol. The Committee has appointed Mr. Nico Goossens (Argo Law) as independent expert within the meaning of Article 7:97 BCC to assist with the legal assessment of the transaction and the redaction of the advice.

When issuing its advice, the Committee has based itself, among others, on the draft special contribution report of the board of directors of the Company (in accordance with article 7:179, §1, section 1, and article 7:197, §1, section 1 BCC), the draft audit report of the Company auditor (KPMG Bedrijfsrevisoren bv) regarding the contribution in kind, the draft prospectus, the updated valuation report of KBC Securities nv, together with the advice of KBC Securities nv on the exchange ratio as offered by the Company, the draft Addendum , and the (draft) due diligence reports on the Company and on Picanol Group.

The Committee reviewed the Resolutions and advised the Company's Board of Directors on this matter on September 6, 2022, in accordance with Article 7:97 of the WVV.

In its assessment of the advantages and disadvantages of the Resolutions, the Committee has considered, inter alia, the following:

- *The acquisition of Picanol Group by the Company will result in a single industrial group. The combined group will have a greater market power. The increase of the Company's equity and the increased transparency would enable the Company to obtain financing on even more favorable terms, and should lead to an increased attractiveness of the Company on capital markets*
- *As from the inclusion of Picanol Group as a business unit in the Machines & Technologies segment, the Company will consist of five business segments. This thorough diversification should lead to more stable cash flows, in a group where the various business units are subject to different economic cycles. The further diversification of the Company should therefore lead to more stable, combined cash flows, making it easier across different economic cycles to realize acquisitions and investments, but also to maintain a stable dividend policy.*
- *The Committee understands that the Exchange Offer will have no impact on the Company's current employment.*
- *The issuance of new shares by the Company will lead to dilution for the existing shareholders of the Company. The degree of dilution will be determined by (i) the exchange ratio, and (ii) the number of Picanol Group shares tendered in the Takeover Bid. The exchange ratio was determined during negotiations between the parties, who were assisted by several financial advisors. In addition, KBC Securities nv has performed an independent valuation exercise of both the Company and Picanol Group, taking into account the most recent half-yearly results. The Committee observes that the proposed exchange ratio for the Exchange Offer is within the range proposed by KBC Securities nv.*
- *Following the completion of the Exchange Offer, the value of the asset in which the shareholders of the Company hold a participating interest will increase. The dilution which will result from the issuance of new shares, will be proportionate to, and offset by, the acquisition of the stake in Picanol Group and the resulting benefits.*
- *Based on the advice of its independent expert Argo Law represented by Nico Goossens, the Committee considers that the provisions of the draft prospectus and the Addendum are in line with market practice, and do not contain any exceptionally onerous provisions for the Company. The draft prospectus and the Addendum to the Integration Protocol also include sufficient conditions precedent, in order to protect the Company against, inter alia, significantly altered market conditions.*

The decision of the Committee, in application of article 7:97 BCC, is included below:

"On the basis of the considerations set out above, after the assessment of the advantages and disadvantage of the Decision to the Company and its shareholders, and the assessment of the financial consequences thereof, the Committee concludes that the approval of the Resolution is not to cause any prejudice to the Company that would be manifestly unlawful in view of the Company's policy. Consequently, the Committee unanimously gives a positive advice to the board of directors of the Company to approve the Resolution."

The decision of the report of the auditor is included below:

"Based on our review, nothing has come to our attention that causes us to believe that the financial and accounting information mentioned in the advice of the committee of independent directors of the Company dd. September 6, 2022, and in the minutes of the board of directors of the Company dd. September 6, 2022, which provides a motivation for the transaction, is not in all material respects, true and consistent compared to information we have at our disposal within the framework of our engagement."

After deliberating on the items on the agenda and taking note of the opinion of the Committee, the board of directors of the Company decided on September 6, 2022, to approve the Resolutions (in particular: the draft prospectus, the Addendum, the adjusted exchange ratio of the Exchange Offer and the convening of an extraordinary general meeting (for the contribution in kind of Picanol Group shares)).

[...]

Excerpt from the minutes of the meeting of the Board of Directors of October 25, 2022

[...]

In accordance with Section 7:97(1) of the Belgian Code on Companies and Associations, any decision by the Board of Directors of a listed company relating to an affiliated party (in the sense of the International Accounting Standards adopted pursuant to Regulation (EC) 1606/2002) shall be subject to the procedure laid down in Section 7:97(3) of the Belgian Code on Companies and Associations, et seq.

Under Section 7:97(2) of the Belgian Code on Companies and Associations, this procedure shall also apply to any decision by the Board of Directors of a listed company to submit a proposal to the general meeting for approving a contribution in kind by a party affiliated to the listed company.

[...]

The decisions under agenda item 6 ("approval of the final prospectus for edition to the public") relate to transactions between the Company (as a listed company) and natural persons or legal entities affiliated to it.

[...]

Since the Chairman, Mr. Stefaan Haspeslagh, is also a director of Picanol nv, he may possibly be considered to be involved in the decision or transaction and pursuant to Section 7:97(4) of the Belgian Code on Companies and Associations, shall not participate in the deliberations and passing of resolutions concerning item 6 and, to the extent necessary, item 6 on the agenda. Mr. Luc Tack should also be regarded as a director involved in the decision or transaction for the above reasons.

Both Luc Tack and Stefaan Haspeslagh do not participate in the deliberation and passing of resolutions on item 6 on the agenda and leave the meeting.

After debate, the Board of Directors agrees with unanimous consent, to approve the latest version of the prospectus and exemption document for edition to the public.

[...]

Excerpt from the minutes of the meeting of the Board of Directors of December 20, 2022

[...]

In accordance with Section 7:96(1) of the Code on Companies and Associations, Mr. Luc Tack declares that he may have a direct and/or indirect interest of a financial nature which conflicts with the interest of the Company in connection with the decisions on the repurchase of own shares by the Company.

The possible conflicting interest exists because Mr. Luc Tack is currently via Oostiep Group bv a shareholder in Picanol nv, that via its 100% affiliate Verbrugge nv holds 50.65 % of the shares in Tessenderlo Group nv. The repurchase of own shares by Tessenderlo Group nv entails that the voting rights on own shares are suspended.

Due to the aforementioned possible conflict of interest, Mr. Luc Tack shall abstain from participating in the deliberations as well as the passing of resolutions on the agenda item regarding repurchase of the own shares.

Mr. Luc Tack leaves the meeting.

After debate, the Board agrees that the Company can repurchase its own shares for a total amount of 20 million EUR. The authorisation is valid until the end of March 2023.

[...]

Information required under 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 held on June 6, 2017, resolved to authorize the Board of Directors for a period of five years from publication of the authorization in the Annexes to the Belgian Official Gazette, to increase the share capital on one or more occasions up to an amount of 43,160,095 EUR (forty-three million one hundred and sixty thousand and ninety-five euro) in accordance with the provisions of the BCCA and the company's articles of association. This authorization expired on June 25, 2022.

The extraordinary general meeting held on May 10, 2022, resolved to authorize the Board of Directors, for a period of five years from the publication of the authorization decision in the Annexes to the Belgian State Gazette of the amendment of the articles of association, to increase the capital on one or more occasions up to a maximum amount of 108,115,931.07 EUR (one hundred and eight million one hundred and fifteen thousand nine hundred and thirty-one euro and seven eurocents), in accordance with the provisions of the Belgian Code of Companies and Associations and the provisions in the articles of association.

The Board of Directors is authorized, with the possibility of substitution, after every capital increase within the limits of the authorized capital, to update the articles of association to the new situation of capital and shares.

By decision of the company's extraordinary general meeting of shareholders on July 10, 2019, the loyalty voting right was introduced. As a consequence, every fully paid-up share that has been continuously registered in the name of the same shareholder in the register of registered shares for at least two years entitles the shareholder to a double vote in accordance with the BCCA.

Every other share entitles the holder to one vote at the general meeting.

The articles of association contain no provisions restricting share transfers.

The rules set out in the company's articles of association regarding the appointment and dismissal of directors and amendments to the articles of association do not deviate from the relevant rules in the BCCA.

In accordance with the legal provisions, the company may, following a decision of the shareholders' meeting, taken in accordance with the applicable requirements regarding quorum and majority, acquire its own shares, profit-sharing certificates or related certificates by purchase or exchange, either directly or through an intermediary acting in their own name but for the company's account. In particular, such a decision shall determine the maximum number of shares, profit-sharing certificates or related certificates that may be acquired, the period during which the authorization is granted and which may not exceed 5 years, and the minimum and maximum value of the compensation.

Following the decision of the extraordinary shareholders' meeting held on June 6, 2017, the Board of Directors is authorized, for a period of five years from the publication of the authorization in the Annexes to the Belgian State Gazette, to buy back, in accordance with the relevant legal conditions, the shares, profit-sharing certificates or related certificates of the company for the account of the company, where the fractional value, including the securities previously bought and held by the company, does not exceed 10% (ten percent) of the issued capital and at a price ranging between minimum 20% (twenty percent) below the average of the closing price of the company's share during the last 30 trading days preceding the board's decision to purchase such securities and no more than 20% (twenty per cent) above the average of the closing price of the company's share during the last 30 trading days prior to the board's decision to purchase such securities, it being understood that the price may never be less than 15 EUR (fifteen euro) and never more than 50 EUR (fifty euro).

At its meeting held on August 25, 2020, the Board of Directors approved the proposal to purchase own shares up to a maximum amount of 5 million EUR between September 14, 2020, and April 30, 2022.

At its meeting held on October 27, 2021, the Board of Directors approved the proposal to purchase own shares up to a maximum amount of 5 million EUR for a period that ends on the next general meeting on May 10, 2022.

The authorization to acquire own shares granted at the extraordinary general meeting held on June 6, 2017, expired on June 25, 2022.

Pursuant to the resolution of the extraordinary general meeting held on May 10, 2022, the Board of Directors was re-authorized, subject to the conditions laid down by law, for a period of five years from the publication of the authorization decision in the Annexes to the Belgian State Gazette, to acquire own shares, profit-sharing certificates or certificates relating thereto on behalf of the company without the company being allowed to hold own shares representing more than 20% (twenty percent) of its capital, and at a price between a minimum of 20% (twenty percent) below the average closing price of the last thirty trading days prior to the decision of the Board of Directors to acquire such securities, and a maximum of 20% (twenty percent) above the average closing price during the last thirty trading days prior to the decision of the Board of Directors to acquire such securities.

At its meeting held on December 20, 2022, the Board of Directors approved the buy-back of its own shares for a maximum amount of 20 million EUR. This authorization is valid until March 31, 2023.

Tessengerlo Group nv is party to the contracts listed below, which come into effect, are amended or expire in the event that Tessenderlo Group nv undergoes a change of control following a public takeover bid:

- the bilateral revolving facilities agreements entered into in 2022 for a total amount of 250 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, as well as the two term credit facilities with KBC and Crédit Lyonnais for 30 million EUR each with maturities of 7 years (drawn in April 2022) and 5 years (from August 2022 onwards) respectively. According to the terms of these agreements, a "change of control" over Tessenderlo Group nv entitles each lender to invoke termination of the bilateral credit facility. For the purposes of the aforementioned clause on change of control, change of control occurs if a third party (i.e. any party other than the reference shareholder (Luc Tack or his family), or a person acting in concert with the reference shareholder) acquires 30% or more of the voting rights in the company (unless the reference shareholder (alone or together with a party acting in concert with the reference shareholder) holds more voting rights than that third party);

- the Tessenderlo Group nv prospectus dated June 15, 2015 regarding the issue and public offering of two series of 7-year bonds (the "2022 bonds") and 10-year bonds (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 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, these bonds become redeemable at the option of the bondholders prior to maturity in the event of a change of control. Only the bonds held by bondholders filing a notice of exercise of put options are immediately payable in case of a change of control, to the exclusion of all other bonds. If bondholders file notices of exercise of put options for at least 85% of the total amount of the outstanding 2022 bonds, all (i.e. not just some of the) 2022 bonds may be redeemed by the company before maturity. If bondholders file notices of exercise of put options in respect of at least 85% of the total amount of the outstanding 2025 bonds, the issuer may choose to redeem all (i.e. not just some of the) 2025 bonds before maturity. A change of control takes place if a third party (i.e. any party other than Verbrugge nv or a person acting in concert with Verbrugge nv) acquires 30% or more of the voting rights in the company (unless Verbrugge nv (alone or together with a party acting in concert with Verbrugge) owns more voting rights than that third party). The '2022 bonds' were refunded on maturity in July 2022.

Dividend policy

Tessenderlo Group nv did not declare or pay any dividends in 2022 relating to the financial year that ended on December 31, 2021.

To the general meeting of May 9, 2023, the Board of Directors will propose to pay a gross dividend of 0.75 EUR per share with regards to the financial year that ended on December 31, 2022. The policy going forward will be to distribute a dividend of between 7 and 15% of the annual Adjusted EBITDA, taking into account the cash availability and the short-term cash needs.

The company's dividend policy may be changed from time to time and any dividend payment remains subject to the company's earnings, financial position, share capital requirements and other important factors, subject to proposal to and approval by the company's competent body and the availability of distributable reserves as required by the BCCA and the articles of association. All distributable reserves of the company should be calculated in relation to its statutory balance sheet prepared in accordance with the Belgian Generally Accepted Accounting Principles (GAAP), which may differ from the consolidated financial statements reported by the company under IFRS standards.

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

Provision 3.12 of the 2020 Corporate Governance Code

The current Chairman of the company is an executive director. The company has carefully weighed the positive and negative aspects in favor of such a decision and decided that, given his experience, expertise, in-depth knowledge and proven work experience in relevant business environments, such an appointment is in the best interest of the company. In addition, the Board of Directors clarifies that Exhibit H to the Corporate Governance Charter provides for additional procedures regarding conflicts of interest when the company considers a significant transaction with a company where the directors are also directors or executive directors.

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 2022, 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 was 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 2022 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 regards to entering into a relationship agreement with its reference shareholder

The company has not entered into an agreement with its reference shareholder Picanol nv given its representation in the Tessengerlo Group Board of Directors.

Brussels, March 22, 2023

On behalf of the Board of Directors

Luc Tack
CEO

Stefaan Haspeslagh
Chairman of the Board of Directors

Statutory auditor's report

Statutory auditor's report to the general meeting of Tessenderlo Group nv on the annual accounts as of and for the year ended December 31, 2022

FREE TRANSLATION OF UNQUALIFIED STATUTORY AUDITOR'S REPORT ORIGINALLY PREPARED IN THE DUTCH LANGUAGE.

In the context of the statutory audit of the annual accounts of Tessenderlo Group nv ("the Company"), we provide you with our statutory auditor's report. This includes our report on the annual accounts for the year ended December 31, 2022, 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 10 May 2022, 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 2024. We have performed the statutory audit of the annual accounts of Tessenderlo Group nv for four consecutive financial years.

[Report on the annual accounts](#)

Unqualified opinion

We have audited the annual accounts of the Company as of and for the year ended 31 December 2022, prepared in accordance with the financial reporting framework applicable in Belgium. These annual accounts comprise the balance sheet as at 31 December 2022, the income statement for the year then ended and notes. The balance sheet total amounts to 1,841,839,035 EUR and the income statement shows a profit for the year of 340,968,415 EUR.

In our opinion, the annual accounts give a true and fair view of the Company's equity and financial position as at 31 December 2022 and of its financial performance for the year then ended in accordance with the financial reporting framework 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 annual accounts" section of our report. We have complied with the ethical requirements that are relevant to our audit of the annual accounts 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 matter

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

Impairment on investments in subsidiaries and receivables from subsidiaries

We refer to C-cap 6.4.1, C.6.5.1, C-cap 6.5.2 and C-cap 6.15 section of the annual accounts.

- Description

The Company holds directly and indirectly investments in subsidiaries and has receivables from subsidiaries.

Investments in subsidiaries are valued at historical cost price, unless management has determined that a longstanding impairment exists. Related party receivables are valued at nominal value unless management has determined that collectability is uncertain.

An annual impairment assessment for investments in and receivables from subsidiaries is performed in the context of the preparation of the annual accounts and accordance with the Belgian accounting standards.

Management has adopted the following approach in order to determine whether the assets are subject to an impairment. The net book value of each investment is compared with the share in the equity of the subsidiary held by the Company. An impairment loss is recognized when the recoverable amount is lower than the net book value. The recoverable amount is based on the value in use. The value in use is the net present value of the future cash flows that are expected to be generated.

Impairment of investments in subsidiaries and receivables from subsidiaries is identified as a key audit matter due to:

- Its significance to the balance sheet total (70.5% of total assets); and
- The determination of the value in use which requires numerous judgements and assessments made by management of the Company, in particular, the assessment of the competitive, economic and financial environment in which the subsidiary operates, the ability to generate operational cash flows from strategic plans, the level of required capital expenditures and the discount rates and growth rates used in calculating the recoverable amount.

- Our audit procedures included among others:

- We compared the most important data used by management with underlying evidence, in particular the net asset value of the investments, the equity value of the subsidiaries, the shareholders percentage, the net book value of the related party receivables and other financial information with respect to the related parties.
- In case of permanent impairment indicators, we challenged the key assumptions and data (weighted average cost of capital, result before interest and taxes, and growth rates) which are used by management in the valuation model of the forecasted cash flows based on our knowledge of the subsidiary and by involving our own valuation specialists in the determination of discount rates;
- We evaluated the process used by management in preparing cash flow forecasts, including testing the underlying calculations and reconciling the projections with the latest financial targets as approved by the Board of Directors;
- We verified the mathematical accuracy of the calculations performed by management;
- We analyzed the ability of the Company to forecast cash flows accurately and assessed the reasonableness of the current forecasts by comparing key assumptions with historical results.
- Furthermore, we performed sensitivity analyses relating to the key assumptions used for the determination and discounting of cash flow forecasts, in particular the weighted average cost of capital, the result before interest and taxes and the growth rates used by the Company.

Disclosures with respect to the voluntary public exchange offer by Tessenderlo Group nv for all shares issued by Picanol nv

We refer to VOL-kap 6.20 ‘Other information to be mentioned in the annexes’ of the annual accounts.

- Description

On July 8, 2022, Tessenderlo Group nv and Picanol Group nv announced their intention to combine the industrial activities of both companies into one large industrial group. Since 2013, Picanol Group has had a reference interest in Tessenderlo Group, and since 2019, Tessenderlo Group has been fully consolidated in Picanol Group’s financial statements. On the announcement date, Picanol Group, through its wholly owned subsidiary Verbrugge nv, held 21,860,003 (50.65%) shares in Tessenderlo Group to which 62.89% of the voting rights were attached.

The capital increase by contribution in kind of shares in the company Picanol nv within the framework of the voluntary public exchange offer was approved by the extraordinary general shareholders meeting on October 18, 2022.

Following this approval, Tessenderlo Group launched a voluntary public exchange offer for all shares issued by Picanol Group. More specifically, all Picanol Group shareholders were offered the opportunity to exchange their Picanol Group shares for new shares in Tessenderlo Group. The exchange ratio was 2.36 new shares in Tessenderlo Group per tendered share in Picanol Group.

During the initial acceptance period, 17,554,604 Picanol Group shares were tendered to the exchange offer. The payment of the offer price, consisting of the new shares in Tessenderlo Group and the cash consideration for the fractions of the new shares, took place on January 2, 2023. On that date Tessenderlo Group issued 41,428,134 new shares and increased its issued capital and share premium by 207,579,351 EUR and 1,473,988,607 EUR respectively. The new shares were listed on Euronext Brussels on January 2, 2023. Consequently, Tessenderlo Group owned 97.90% of the shares in Picanol Group as of January 2, 2023.

We identify this matter as a key audit matter due to the importance of this subsequent event, the impact it has on the financial position of the Company and the Group, the complexity of the transaction from an accounting point of view and also in terms of legal aspects.

- Our audit procedures included with the assistance of our legal specialists:

- Obtaining an understanding of the Transaction by inspecting the minutes of the Board of Directors and Shareholders’ meetings and the supporting documents related to the Transaction;
- Evaluating the competence, objectivity and capabilities of the external legal and accounting experts engaged by management;
- Analyzing the legal requirements of the Transaction, inspecting the legal documents and analysis prepared by the external legal expert, and assessing the compliance of the Transaction with the applicable Laws and Regulations;
- Assessing the appropriateness of the Group’s disclosure as included in VOL-kap 6.20 of the annual accounts.

Board of directors’ responsibilities for the preparation of the annual accounts

The board of directors is responsible for the preparation of these annual accounts that give a true and fair view in accordance with the financial reporting framework applicable in Belgium, and for such internal control as board of directors determines, is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the board of directors is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Statutory auditor's responsibilities for the audit of the annual accounts

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

When performing our audit we comply with the legal, regulatory and professional requirements applicable to audits of the annual accounts in Belgium. The scope of the statutory audit of the annual accounts does not extend to providing assurance on the future viability of the Company nor on the efficiency or effectivity of how the board of directors has conducted or will conduct the business of the Company. 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 annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal 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 Company'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 Company'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 annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

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 annual accounts of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Responsibilities of the Board of Directors

The board of directors is responsible for the preparation and the content of the board of directors' annual report on the annual accounts, the statement of the non-financial information attached to the board of directors' annual report on the annual accounts and the other information included in the annual report, of the documents required to be filed in accordance with the legal and regulatory requirements, for maintaining the Company's accounting records in compliance with the applicable legal and regulatory requirements, as well as for the Company's compliance with the Companies' and Associations' Code and the Company's articles of association.

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 annual accounts, the statement of the non-financial information attached to the board of directors' annual report on the annual accounts and the other information included in the annual report, certain documents to be filed in accordance with legal and regulatory requirements and compliance with certain requirements of the Companies' and Associations' Code and with the Company's articles of association, and to report on these matters.

Aspects concerning the board of directors' annual report on the annual accounts and other information included in the annual report

Based on specific work performed on the board of directors' annual report on the annual accounts, we are of the opinion that this report is consistent with the annual accounts for the same period and has been prepared in accordance with articles 3:5 and 3:6 of the Companies' and Associations' Code.

In the context of our audit of the annual accounts, 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 annual accounts and other information included in the annual report being:

- the activity report and
- the management report

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 3:6 §4 of the Companies' and Associations' Code has been included in the annual report on the annual accounts, which is part of section "Sustainability report" of the annual report. The Company has prepared this non-financial information based on the Global Reporting Initiative ("GRI") standards. In accordance with art 3:75 §1, 1st paragraph, 6° of the Companies' and Associations' Code, we do not comment on whether this non-financial information has been prepared in accordance with the mentioned GRI standards as referred to.

Information regarding the social balance sheet

The social balance sheet, which is to be filed with the National Bank of Belgium in accordance with article 3:12 §1 8° of the Companies' and Associations' Code, includes, with respect to form and content, the information required by law, including the information regarding salaries and training, and does not present any material inconsistencies with the information that we became aware of during the performance of our engagement.

Information about the independence

- Our audit firm and our network have not performed any engagement which is incompatible with the statutory audit of the annual accounts and our audit firm remained independent of the Company during the term of our mandate.
- The fees for the additional engagements which are compatible with the statutory audit of the annual accounts referred to in article 3:65 of the Companies' and Associations' Code were correctly stated and disclosed in the notes to the annual accounts.

Other aspects

- Without prejudice to formal aspects of minor importance, the accounting records were maintained in accordance with the legal and regulatory requirements applicable in Belgium.
- The appropriation of results proposed to the general meeting complies with the legal provisions and the provisions of the articles of association.
- We do not have to inform you of any transactions undertaken or decisions taken in breach of the Company's articles of association or the Companies' and Associations' Code.
- This report is consistent with our additional report to the audit committee on the basis of Article 11 of Regulation (EU) No 537/2014.
- We have evaluated the financial consequences for the Company of the decision regarding the conflict of interest as described in the meeting notes of the board of directors of March 23, 2022, July 7, 2022, September 6, 2022 and December 20, 2022 respectively.

Zaventem, March 24, 2023

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises
Statutory Auditor

represented by
Joachim Hoebeeck
Bedrijfsrevisor / Réviseur d'Entreprises

