

ANNUAL REPORT

2022



Tessenderlo Group
EVERY MOLECULE COUNTS

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Company profile

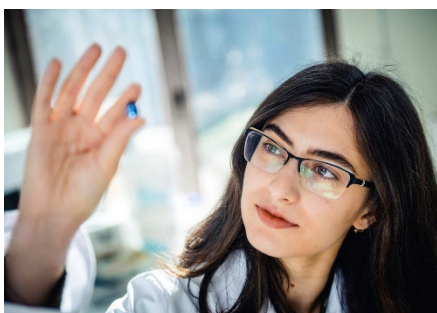
With a history that dates back to 1919, Tessenderlo Group has evolved over recent years from a chemical company into a diversified industrial group that focuses on agriculture, valorizing bio-residuals, energy, and providing industrial solutions with a focus on water.

With more than 4,900 people working at over one hundred locations across the globe, Tessenderlo Group is a leader in most of its markets. We primarily serve customers in agriculture, food, industry, construction and health and consumer goods end markets.

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



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



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



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



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

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

Agro

Crop Vitality | NovaSource: 13 production plants and 1 under construction, and more than 100 terminals (US).

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

Violleau: 1 production plant (France) and 1 under construction (France).

Bio-valorization

PB Leiner: 3 production plants in Europe (Belgium, Germany, UK), 2 in China, and 3 in the Americas (US, Argentina, Brazil).

Akiolis: 3 production plants, 28 collection centers (C1/C2 categories) and 8 production plants, 20 collection centers (C3 category & food grade) in France. 1 production plant recently acquired in Spain (C2/C3 categories) to be commissioned in 2023.

Industrial Solutions

DYKA Group: 9 production plants (2 in the Netherlands, 1 in Belgium, 3 in France, 1 in Germany, 1 in Poland, and 1 in Hungary) and more than 70 branches in Europe.

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

moleko: 3 production plants (US).

T-Power

T-Power: 1 production plant (Belgium).

Tessenderlo Group realized a consolidated turnover of 2,587.5 million EUR in 2022. The company is listed on Euronext Brussels and is part of the Next 150 and BEL Mid indices. Financial news sources: Bloomberg: TESB BB – Reuters: TesB.BR – Datastream: B:Tes.

Disclaimer

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ACTIVITY REPORT

2022

2022 highlights



In February 2022, Tessenderlo Group announced its intention to acquire the production unit and related activities of Pipelife France. The plant in Gaillon (Eure, France) specializes in the production of pipes for gas, water, and cable protection. In 2022, the company was integrated into the DYKA Group business unit (Industrial Solutions segment).



In the second quarter of 2022, the acquisition of the assets of Fleuren Tankopslag B.V., which is a tank storage and transshipment company for liquid products in the Port of Cuijk (the Netherlands), was completed. The activities of Fleuren Tankopslag were integrated into the Tessenderlo Kerley International business unit (Agro segment).



Tessenderlo Group also announced in March that Violleau will build a new organic fertilizer production line in Vénérolles (Aisne, France). This production line will be built on the site of Akiolis' plant in Vénérolles and it will be operational from the second half of 2023. Violleau has been part of the Agro segment since 2022.



In February 2022, Tessenderlo Group repurchased 35.0 million EUR of its outstanding "2022 bonds" priced at 102.875%, and the remaining outstanding "2022 bonds" amounting to 130.5 million EUR being repaid at maturity in July 2022.

In February 2022, the group entered into two term loan facilities, each of 30.0 million EUR, with maturities of 7 years (drawn in April 2022) and 5 years (with effect from August 2022), respectively. These loans have quarterly capital repayments, fixed interest rates of 1.17% and 0.94% respectively, and do not contain financial covenants. Both transactions will further reduce the group's liquidity risk and interest costs.



In August 2022, Tessenderlo Kerley Inc. acquired the Lannate® product line from Corteva Agriscience. The Lannate® product line is being added to the existing, diversified portfolio of niche crop protection products available to agro customers worldwide. This crop protection product is used against specific, hard-to-control pests in various crops, including sweet corn, onions, and garlic.



In 2022, Tessenderlo Group applied again to the Flemish Region for a construction permit for a new 900 MW Combined Cycle Gas Turbine plant (CCGT) in Tessenderlo (Belgium) (T-Power segment). The permit was obtained in September 2022 from the Flemish Minister of Justice and Enforcement, Environment, Energy and Tourism. However, the new plant will only be constructed if the group can present it as a viable project.



In November 2022, PB Leiner (Bio-valorization segment) entered into a joint venture with Hainan Xiangtai Group in China for the production and sale of high-quality fish collagen peptides. Under this agreement, the joint venture (80% owned by the group) will produce fish collagen peptides based on PB Leiner's technology. The combined strengths of the two companies will enable a robust, premium product range to meet the increasing global demand for quality fish collagen peptides.



Tessenderlo Kerley, Inc. began the construction of a new plant in Defiance (Ohio, USA) in the third quarter of 2022. This plant will produce the leading liquid and sulfur-based fertilizers Thio-Sul®, KTS®, K-Row 23®, and sulfite chemicals for industrial markets (Agro and Industrial Solutions segments). The plant is scheduled to start operations by the end of 2024.



In December 2022, Tessenderlo Kerley International started the construction of a new plant for the production of Thio-Sul® (ammonium thiosulfate/ATS), in Geleen, the Netherlands. This fertilizer is used for large-scale crops and in the cultivation of trees and vegetables. The plant is expected to be operational by mid-2024.

After the balance sheet date

- 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.

Message from the CEO and the Chairman to the shareholders

Dear Shareholders,

2022 proved to be another volatile and challenging year for our employees. We continued to have to adapt to the consequences of the coronavirus pandemic, the increase in energy prices, as well as shortages of labor, materials, and equipment. On top of this, we were also affected by the conflict in Eastern Europe. Many of the unexpected problems, such as the aforementioned shortage of materials and an ongoing struggle to maintain our supply chain, placed our people and our teams under severe pressure. While these challenges caused a great deal of disruption and uncertainty in our daily lives, we still managed to deliver strong results and, in fact, we are delighted to announce that we have had one of the best years in the history of our group.

Tessenderlo Group generated consolidated revenue of 2,587.5 million EUR in 2022, compared to 2,081.5 million EUR in 2021, which represents a 24.3% increase in revenue (or +19.7%, excluding foreign exchange effects). The increase in revenue was achieved in all four segments: Agro +22.6%, Bio-valorization +19.7%, Industrial Solutions +17.0% and T-Power +13.1%. The 2022 adjusted EBITDA amounts to 434.8 million EUR, compared to 354.2 million EUR in 2021. Tessenderlo Group closed the 2022 financial year with a net profit of 226.8 million EUR, compared to 188.3 million EUR in 2021.

Despite the challenging conditions we encountered in our various markets, we once again made good progress in many areas in 2022, and we continued with our robust investment program. Furthermore, we remain fully committed to strengthening our areas of competence and expertise as we are convinced of the importance of our products for the future. Here are a few examples of the major investments we made last year:

- We acquired Pipelife France, which will strengthen DYKA Group's position in the French market.
- Fleuren Tankopslag is now part of the group, a tank storage and transshipment company for liquid products in the Netherlands, and we integrated this into the Tessenderlo Kerley International business unit.
- The new liquid fertilizer plants in Geleen in the Netherlands and in Defiance in the US are under construction.
- We are also building a new production line for our Violleau organic fertilizers in France.
- Our PB Leiner business unit established new joint ventures in P.R. China and Brazil.
- And, last but not least, we acquired the Lannate® crop product line from Corteva Agriscience.

Our commitment to sustainability continued in 2022, focusing on our "Every Molecule Counts" philosophy. Now more than ever before, we are convinced that we have a process for making every flow more sustainable and that new value can be discovered by applying these processes. Climate change is one of the world's biggest challenges, and consumers are demanding transparency in sustainability practices as well as more eco-friendly products and services. We are convinced that sustainability really is now becoming a license to operate. More information on our commitment to being even more sustainable can be found in our 2022 Sustainability Report, which forms part of this annual report.

We remained focused again in 2022 on increasing our logistical efficiency, debottlenecking factories, implementing coordinated procurement and sourcing activities and achieving operational excellence, profitable growth, and improved customer focus. All of this was done with the goal of even better serving the markets in which we operate. We are convinced that these initiatives, combined with our continuous focus on operational excellence, will mean even better results in the future for Tessenderlo Group.

Integration of Picanol Group

At the beginning of July 2022, we also announced our intention to combine Tessenderlo Group and Picanol Group into a single industrial group. By combining the strengths of the two companies, we are making the group structure simpler, more transparent, and, above all, even stronger. Both Picanol Group and Tessenderlo Group have evolved significantly over the past few years, with each segment being greatly strengthened by strategic investments and with a new segment that was created by Tessenderlo Group (T-Power). Each business unit contributes significantly to the Adjusted EBITDA of the group and will also be able to develop further in the coming years with its own identity as part of an integrated group. By combining the cash flows of all business units, acquisitions and investments can be made more easily across the economic cycles. Furthermore, by combining both groups into one industrial group, the existing shareholders of Picanol Group and Tessenderlo Group will have the opportunity to participate directly in each new project and there will no longer be a question of which group will realize which new project.

We were, therefore, pleased that the transaction was given the green light by an absolute majority of the shareholders, which ensured we could complete the transaction by the end of December 2022. As a result, Picanol Group became a business unit of Tessenderlo Group with effect from January 1, 2023. We are convinced that with a diversified group, we can create more shareholder value through the implementation of a long-term sustainable industrial strategy.

The integrated group will thus consist of the following five business segments: Agro, Bio-valorization, Industrial Solutions, Machines & Technologies, and T-Power. The new group will be active in more than 100 countries worldwide with a turnover of approximately 3.3 billion EUR and an Adjusted EBITDA of 467.0 million EUR (based on the pro forma 2022 figures). It remains Tessenderlo Group's ambition to strengthen the leading market position in each segment and ensure sustainable profitability.

Dividend

The Board of Directors will propose to the shareholders, at the annual shareholders' meeting of May 9, 2023, to approve a gross dividend per share of 0.75 EUR. 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.

Outlook

The group anticipates a continued high level of economic uncertainty in 2023, putting the development of customer demand and sales margin more under pressure. Based on currently available information, the group expects that the 2023 Adjusted EBITDA will be lower than the 2022 pro forma Adjusted EBITDA of 467.0 million EUR, being the sum of the Tessenderlo Group 2022 Adjusted EBITDA (434.8 million EUR) and the 2022 Picanol Group (Machines and Technologies segment) Adjusted EBITDA (32.2 million EUR). An anticipated increase in the Picanol Group Adjusted EBITDA is expected to be more than offset by a decrease of the Adjusted EBITDA of the other segments. The group wishes to emphasize that it currently operates in a volatile geopolitical, economic, financial, and health environment.

On behalf of the Board of Directors, we would like to thank everyone who contributed to the success of Tessenderlo Group in 2022. We would like to express our gratitude to our employees for their outstanding efforts, and to our shareholders, customers, and business partners for the confidence they have shown in our group. In addition, we look forward to welcoming the more than 2,000 employees of Picanol Group and continuing to build a stronger future together.

Tessenderlo Group will continue to grow, thanks to our more than 7,000 employees worldwide, who are so passionate about “Every Molecule Counts”. This is and will remain our contribution and goal to a sustainable and better future.

Kind regards,

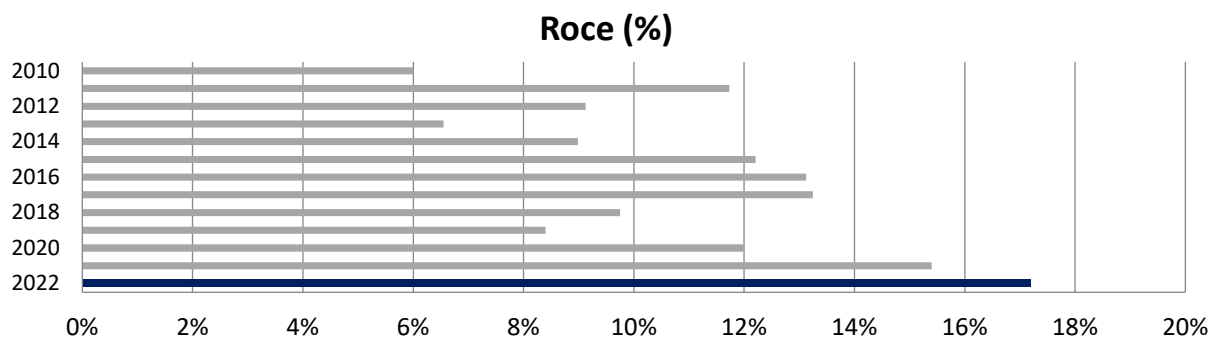


Luc Tack
CEO

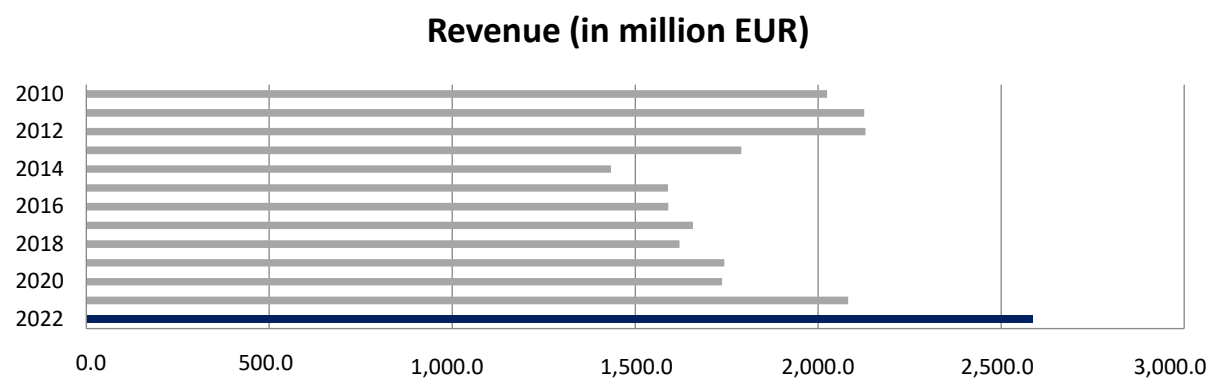


Stefaan Haspeslagh
Chairman of the Board of Directors

Key figures at a glance

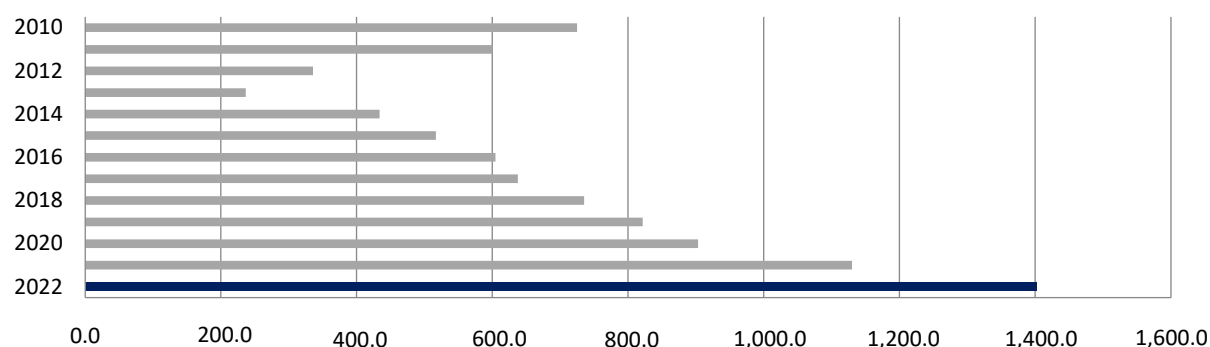


2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
17%	15%	12%	8%	10%	13%	13%	12%	9%	7%	9%	12%	6%



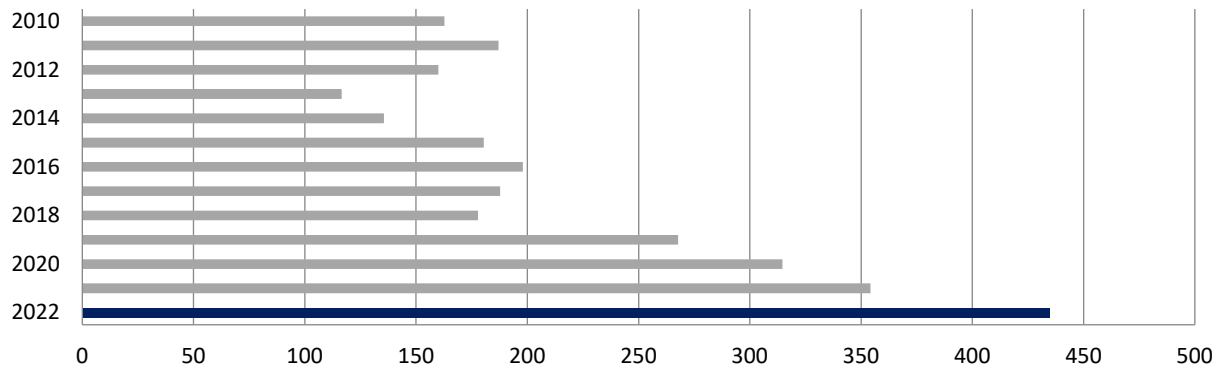
2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
2,587.5	2,081.5	1,737.3	1,742.9	1,620.9	1,657.3	1,590.1	1,589.0	1,434.2	1,790.1	2,129.0	2,126.0	2,024.0

Equity attributable to equity shareholders of the group (in million EUR)



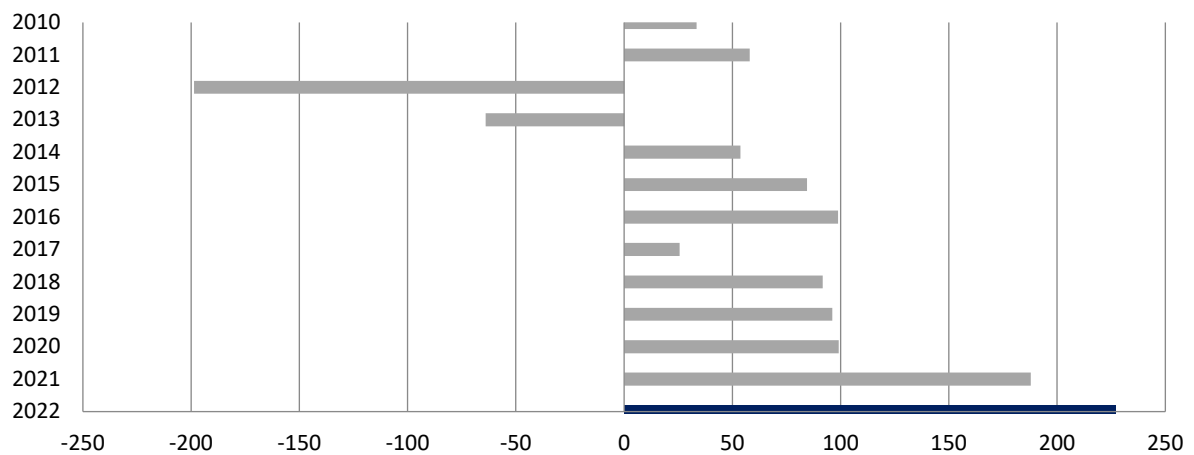
2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
1,401.8	1,130.0	903.0	821.7	735.0	637.7	604.7	516.8	433.5	236.6	335.5	600.3	724.5

Adjusted EBITDA (in million EUR)



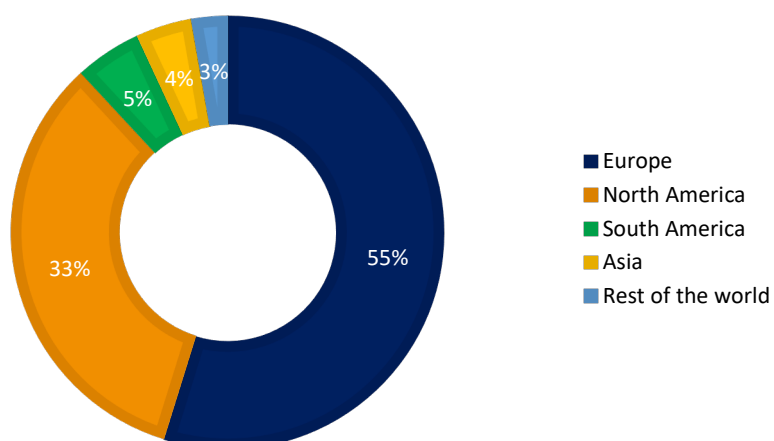
2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
434.8	354.2	314.6	267.7	177.8	187.8	198.0	180.4	135.6	116.6	160.0	187.0	162.8

Profit (+) / loss (-) (in million EUR)

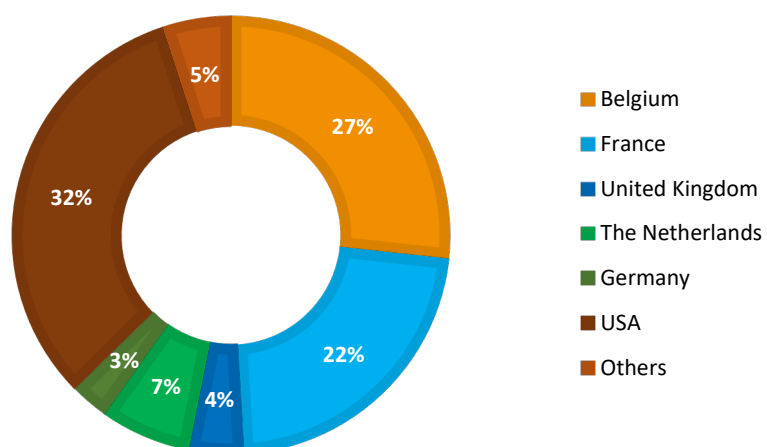


2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
226.9	187.8	99.1	96.1	91.7	25.6	98.8	84.5	53.7	-64.0	-198.7	58.0	33.5

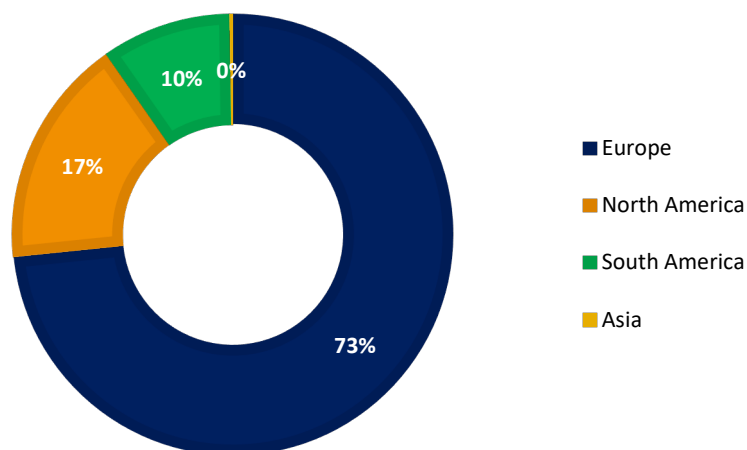
2022 Revenue per geography (%)



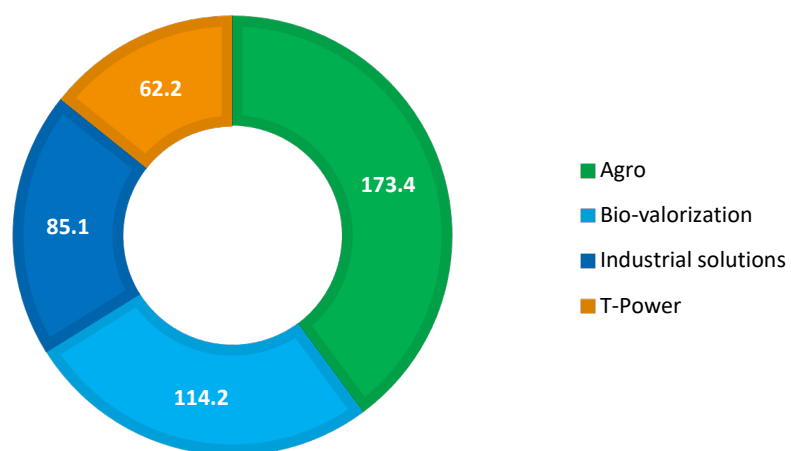
2022 Revenue per country of production (%)



2022 Distribution of the Capital Expenditure (%)



2022 Adjusted EBITDA per segment (in million EUR)



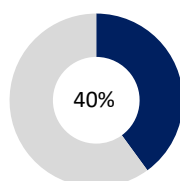
Our Agro segment

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

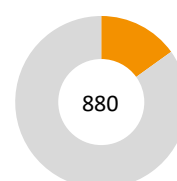
Production locations	<p>Crop Vitality NovaSource: 13 production plants and 1 under construction, and more than 100 terminals (US).</p> <p>Tessenderlo Kerley International: production plants in Belgium (1), France (1), Turkey (1), and 1 under construction (the Netherlands), and 10+ terminals in Europe and Mexico.</p> <p>Violleau: 1 plant in France and 1 plant under construction (France).</p>
Core markets	Agriculture
Area of activity	Value-added specialty liquid, solid and soluble fertilizers, and crop protection products with a focus on precision agriculture applications.
Business drivers	<ul style="list-style-type: none"> • Growing population. • Increased demand for quality fertilizers for modern and sustainable precision agriculture and crop protection products. • To support efficient water management and inhibit nitrification.
Strategic focus	<p>Crop Vitality Tessenderlo Kerley International Violleau</p> <ul style="list-style-type: none"> • To maintain our global leadership position in selective specialty liquid and soluble sulfur/SOP fertilizers, while expanding further into key target markets in the Americas, Europe, Middle East and Australia. • To expand the product portfolio and applications offerings to strengthen our position in both broad-acre and specialty crop markets. • To develop and provide sustainable organic agricultural solutions. • To build a global network of connected technical experts and storage. • To focus on expanding market share by providing continuous education throughout the value chain with a view to increasing food production in a sustainable manner. • To continuously improve the cost efficiency of our production processes and supporting departments while optimizing our customer-centered supply chain. • To optimize our energy footprint. <p>NovaSource</p> <ul style="list-style-type: none"> • To identify, develop, register, and market new uses of current and acquired products. • To expand the product portfolio through acquisitions. • To maintain product registrations, register, and market our current and acquired products in additional countries.

Key figures

Share of Adjusted EBITDA



Headcount (FTE)





Crop Vitality

Who are we?

Crop Vitality is operated by Tessenlo Kerley, Inc. Crop Vitality (www.cropvitality.com) is the world's leading producer of sulfur-based fertilizers used in the agriculture industry for crop nutrition. Crop Vitality offers a diverse portfolio of Tessenlo Kerley fertilizers that are vital to crop health, including Thio-Sul®, KTS®, K-Row 23®, CaTs®, Mag-Thio®, N-Sure®, GranuPotasse®, SoluPotasse®, and MAJOR 90®. Our experienced team of agronomic experts and our comprehensive network of production and distribution facilities make us a preferred partner in the US and Canadian markets. Our portfolio exemplifies how we help to nurture crop health by providing the essential nutrients that plants require. "Nurturing Crop Life" is not just our tagline; it also signifies our passion to deliver vital elements for optimal plant and soil health. Our fertilizers represent our core competence – sulfur. This vital nutrient emphasizes our commitment to upholding sustainable agricultural practices that use science-based management plans to help reduce the potential for environmental impact. For example, the applications of Thio-Sul® for nitrification inhibition and CaTs® for water efficiency enable nutrients to get to the roots and eliminate nutrient loss. Our Innovation and Learning Center, which is located in Dinuba, California (US), performs key research on crop nutrition, and it develops and tests products to promote optimal plant health. These initiatives provide invaluable insights and resources to growers. This further illustrates our deep-held commitment to ensuring efficacy and best practices while upholding agronomic stewardship.

Business in 2022

For Crop Vitality, 2022 was a year filled with opportunities and challenges. The demand for agricultural fertilizers remained robust in the face of global volatility. The industry witnessed challenges from various sectors, including geopolitical events, a drier climate, and the coronavirus pandemic, which led to a significant increase in raw material costs and further constrained supply chains. However, we were able to perform exceptionally well and deliver strong results thanks to a resilient and dedicated team that successfully navigated the challenges. As part of our ongoing commitment to stewardship, one area of focus was on new trial research regarding nitrification inhibition. The data has shown that our thiosulfate products provide a greater uptake of nitrogen while reducing environmental impact, which enhances soil health. In order to provide a better service to our customers in the Great Lakes region, we selected and broke ground at a new production facility in Defiance, Ohio in 2022.

Outlook for 2023

After a year in which the global agribusiness sector faced severe challenges, such as the continued presence of strains from disruptions of the coronavirus pandemic, adverse weather conditions, and the conflict in Eastern Europe, these obstacles will continue to be felt in agriculture. The outlook for 2023 is expected to see a broad easing of agricultural crop prices due to historical high price levels in 2022 that were driven by tight global supplies, but it is expected that crop prices will remain elevated. Our broad portfolio of crop nutrition products is integral in terms of helping growers optimize the health and quality of their crops. Key initiatives include growing our portfolio through improved efficiencies and maintaining our customer-centric approach by playing a critical role in helping growers increase food production in a sustainable manner. In addition, we are entering the organics market with the launch of MAJOR 90®, upholding our commitment to meeting the need for increased demand for innovative products. We will also continue to invest in our people and strategic infrastructure to ensure we support our customers' crop-growing needs in a sustainable manner.



Tessenderlo Kerley International

Who are we?

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

Business in 2022

During 2022, Tessenderlo Kerley International continued to execute its long-term strategy and we made progress in strengthening our growth foundations. Recruiting commercial and agronomical talent in new markets, running a portfolio of trials, developing new customers/applications, expanding and upgrading our existing manufacturing facilities, and setting up new supply chains are just a few examples of how we are strengthening these growth foundations.

In addition, we completed the permit and engineering process and started construction on the new Thio-Sul® production facility in Geleen (the Netherlands), and integrated the storage and transshipment assets of B.V. Fleuren Tankopslag, which is located in the Port of Cuijk (the Netherlands).

For the sulfate of potash (SOP) product family, the market remained challenging in 2022. In the first half of 2022, multiple frictions continued on the supply and logistics side, including tightness and price increases of key raw materials and constraints on container availability. In the second half of the year, SOP order intake began slowing down as the downstream value chain started reducing stock levels in anticipation of even lower nutrient pricing. We reconfirmed our leading position in the premium water-soluble SOP segment with our flagship product SoluPotasse®. We are continuing to progress in regard to even further strengthening our market position in the long-term, i.e. we are focusing on high-quality products and services that are well-recognized in terms of global market reach and our strong local connection with different stakeholders in the supply chain. 2022 marked the second year of cooperation under our long-term partnership with Kemira Oyj, whereby Kemira produces premium SOP fertilizers at its plant in Helsingborg (Sweden) and Tessenderlo Kerley International markets these products.



Outlook for 2023

In 2023, Tessenderlo Kerley International will continue to execute its strategy of profitable growth, including expanding the frontline team, strengthening the go-to-market channels, building agronomical know-how, and driving excellence throughout the value chain. As the value proposition of liquid fertilizers is increasingly being recognized and valorized by customers in the regions where we currently operate, additional prioritized markets will also be developed.

Construction of the Thio-Sul® manufacturing plant in Geleen (the Netherlands) is progressing at full speed. The plant is currently scheduled to start production in mid-2024. The acquired terminal of Fleuren Tankopslag B.V. has been integrated into the overall supply chain set-up and the first sales of Thio-Sul® from that terminal have already started. In January 2023, we signed an agreement to acquire the marketing and sales activities for ammonium thiosulfate (ATS) fertilizers produced by Esseco Srl (part of Esseco Group) in Trecate, Italy. This ATS fertilizer business will be fully integrated into the overall value proposition upon closure of the acquisition on March 1, 2023.

With regard to the SOP products, we continue to strengthen our globally leading position in water-soluble fertilizers with our premium brand SoluPotasse®, and our new premium brand SoluKem®.

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



NovaSource

Who are we?

NovaSource is operated by Tessenderlo Kerley, Inc. NovaSource (www.novasource.com) delivers a portfolio of niche crop protection products to agriculture customers worldwide. Focusing on specialty crops, NovaSource addresses growers' concerns regarding pests, weeds, diseases, and solar damage, which can diminish crop yield and impact food supply. By utilizing science-based crop protection products that are proven to overcome these challenges, growers can boost their crop yields and quality. Our experienced team is positioned in specific regions to provide stewardship to growers with guidance and product knowledge specific to their locations. Our knowledge of heat stress protection, insecticides, herbicides, fungicides, and soil amendments will enable the global agriculture community to make the available farmland more effective and sustainable.

Business in 2022

2022 was a challenging year for the crop protection industry due to disruptions from various sectors, including geopolitical events, the COVID-19 pandemic, labor issues, and inflationary pressures. This led to raw material shortages, increased costs, and further constrained supply chains, and resulted in an increasingly competitive market. The NovaSource team was able to successfully overcome a competitive landscape by collaborating with our customers, enabling a deeper level of forward planning and customer service. The highlight of 2022 was the acquisition of the Lannate® product line from Corteva® Agriscience, which will enable growth in new geographies and solidify our position in select crops. Our ongoing commitment to strengthening the agricultural community also led us to develop and execute trials to further support food security.

Outlook for 2023

NovaSource will continue to grow the business by focusing on expanding label uses and geographies of its existing product portfolio, new acquisitions, and developing biorational products. With collaborations taking place on several research trials, which involve testing variables of products and applications, we strive to exceed customer needs in key growth markets. In addition, NovaSource will continue its advocacy efforts toward further increasing the stewardship and proper use of its products and growing industry knowledge regarding pesticide use for maximizing crop yields while supporting land conservation.



Violleau

Who are we?

Violleau (www.violleau-agro.com) specializes in the production of organic soil improvers and fertilizers formulated on the basis of animal and plant materials and in biocontrol products for agriculture. We not only offer products but also consulting services to optimize the choice of formulas, their application, the yields, and the quality of our customers' productions. Our fertilizing products, which come in the form of pellets and composts, are applicable to organic and conventional productions for applications in market gardening, vineyards, arboriculture, field crops, and green spaces.

Their quality is controlled at the level of raw materials, finished products, and the supply chain. Our expertise covers all the flows in Europe, from upstream to downstream: the selection and collection of materials, the elaboration of composts and pellets in France, and the transport and delivery to our customers. In addition to the existing fertilizer activities, we integrated the marketing of the biocontrol products, Surround® and Purshade® in 2022, confirming our ambition to further grow in the organic farming market.

Business in 2022

In 2022, Violleau formalized its structure and pursued further growth in the European organic market. The demand for organic produce was important following the increased focus on health as a result of the coronavirus pandemic. It allowed Violleau to strengthen its sales team, grow its output, and announce the launch of a new production line in Northern France for organic fertilizers.

We also faced many challenges on the logistics side, and due to shortages of raw materials and increasing prices, which led to uncertainty in the market. However, thanks to the hard work of our teams across Europe we were able to deliver high-quality products to the farming community and build strong relations with our customers.

Outlook for 2023

2023 is projected to be a challenging year with demand under pressure due to difficult economic conditions. However, the outlook for the organic market in Europe remains strong in the medium to long term and we are confident we will be able to continue on our growth path.

We will continue with our focus to deliver high-quality products to the organic producers, secure our supply chains, and invest in agronomic research and new product development. 2023 will also see the launch of our new fertilizer production line, which will provide better service and quality to our customers in the region.

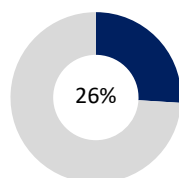
Our Bio-valorization segment

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

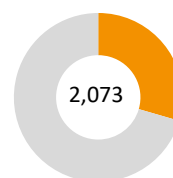
Production locations	<p>PB Leiner: 3 production plants in Europe (Belgium, Germany, UK), 2 plants in China, and 3 plants in the Americas (US, Argentina, Brazil).</p> <p>Akiolis: 3 production plants, 28 collection centers (C1/C2 categories), and 8 production plants, 20 collection centers (C3 category & food grade) in France. 1 production plant recently acquired in Spain (C2/C3 category).</p>
Core markets	Food, pharma, health & nutrition, pet food, agriculture, aqua feed, animal feed, energy, biodiesel, oleo-chemistry, and sanitary services.
Area of activity	Bio-resources, agriculture
Business drivers	<ul style="list-style-type: none"> • Growing demand for bio-based environmentally friendly offerings in feed, food, health & nutrition, fertilization, energy, and pharmaceutical and technical applications. • Improved standards of living resulting in increased protein demand. • Increased need for sanitary procedures to protect the food chain and the health of animals dedicated to human food.
Strategic focus	<p>PB Leiner</p> <ul style="list-style-type: none"> • To focus on customer-driven organization and new product development. • To optimize efficiencies on existing assets. • To vigorously focus on realizing manufacturing excellence. • To increase the focus on health & nutrition (collagen peptides) and pharma. • Valorization of side streams (fat, PSR, and DCP). • Further securing raw material supply (via a joint venture involving our teams in South America and China). <p>Akiolis</p> <ul style="list-style-type: none"> • To improve the valorization of finished products in pet food, aquaculture, and organic fertilizer markets. • To better valorize our fats. • To focus on customer relationships and new product development. • To improve efficiency in existing plants and logistics. • To focus on sanitary services for breeders, and on quality control for slaughterhouses and butchers.

Key figures

Share of Adjusted EBITDA



Headcount (FTE)





PB Leiner

Who are we?

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

Business in 2022

2022 saw an increase in demand for both gelatin and collagen peptides as the restrictions following the coronavirus pandemic were lifted. However, transport options remained scarce, and raw material availability continued to suffer from reduced demand for meat and a struggling leather industry throughout 2022. Moreover, the significant cost increases in energy, chemicals, transport, and raw materials put pressure on the margin of our operations and on pricing. Our operations teams exerted themselves to meet customer demand as adequately as possible, whilst also pursuing the roll-out of our strategy implementation, focusing on further strengthening the cooperation with our customers, optimizing our supply chains (among other things via a newly established cooperation with D&D Participações Societárias in Brazil) and extending our diversified product portfolio (e.g. our pharmaceutical gelatin offering has expanded with gelwoRx™ Dsolve now available in four varieties, and the recent joint venture PB Leiner Hainan Biotechnology allowing us to also provide fish collagen). In addition, throughout 2022, we continued to invest in operational excellence (via the debottlenecking of plants, improving quality systems, optimizing processes, and stimulating a culture of employee engagement). All of these projects contribute to safeguarding margins and long-term profitability.

Outlook for 2023

In 2023, PB Leiner will continue to develop close relationships with customers and will keep developing added-value specialties in order to meet the demands and challenges of the food, pharma, and health & nutrition sectors. Furthermore, we will continue to ensure quality and delivery reliability for our customers, and we will keep investing in upgrading all of our plants. Variable costs such as raw materials, energy, and transport will be monitored closely, as the current economic environment is still showing strong signs of turmoil. The long-term outlook for the gelatin and collagen markets remains positive for several reasons: the growing global middle-class population, the increased consumption of medication in the developing world, and greater health and nutrition awareness and habits in all markets. The raw material supply remains a factor of potential instability, which is a reason for us to keep exploring opportunities to safeguard our supply in the long term.



Akiolis

Who are we?

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

Business in 2022

Despite the continuing global coronavirus pandemic and the considerable energy cost increases due to the conflict in Eastern Europe, Akiolis managed to reinforce its positions on both the collection and valorization markets without suffering a significant negative impact. An unprecedented new avian flu crisis in the southwest and west of France, and all collection centers and plants dedicated to the collection and treatment of euthanized poultry and duck livestock provided a strict collective application of sanitary measures and demonstrated individual commitment in the teams in order to guarantee the proper evacuation, sanitization, and valorization of these unexpected volumes. During this crisis period, Akiolis continued to deploy its new strategy that was developed in 2021 of "Révélateur de valeur" and focus on the presentation of its pet food and aqua feed offers with its Vivaks and Hydrofaks brands.

In the context of the general increase in energy prices, Akiolis managed to take advantage of the favorable international trends regarding the proteins and fats drivers and continued to focus on product quality and service excellence. As was the case in 2021, in-house performance in sourcing raw materials, logistics, and production contributed to further securing sustainable relationships with key customers in strategic markets (e.g. pet food, aqua feed, biofertilization, and biodiesel). This focus on customer satisfaction allowed Akiolis' activities to reach an unprecedented high level for the second year and led to a reinforced market position, with it being viewed as a partner of choice by these key customers.

In parallel, the strategy of targeted investments aimed at specializing in the valorization of monospecies ingredients from feathers, blood, duck meat meal, and genuine pork has proved successful with patented new processes and the start of production and sales in Javené, Rion, and Pontivy (France). Furthermore, in the first few days of 2023, the acquisition of the real estate and production assets of a rendering company in Catalonia (Spain) and the launch of Akiolis Iberia were concluded.



Outlook for 2023

Sustainability and customer satisfaction will continue to be the keywords for Akiolis in 2023, as well as the deployment of a new employer branding strategy promoting Akiolis as a “Révélateur de valeur” for candidates and employees alike. Targeting excellence and a higher level of valorization markets will obviously be accompanied by a strict focus on cost containment in order to limit the impact of rising energy costs. The production of mono-species ingredients in Javené, Rion, and Pontivy will become smoother while the start of the new plant in Lleida, Catalonia, will allow Akiolis to deliver pork and poultry ingredients directly to Spanish customers. In the meantime, two new industrial activities will be launched in 2023, giving Akiolis an even stronger position in the sustainable markets of energy and fertilization. In Saint-Langis (France), the new installation of gasification of category 1 meat meals will enable the plant to produce its own energy for thermodehydration and sell renewable electricity on the national power grid. Meanwhile, in Vénérolles, a new line producing category 2 meat meals with the addition of a unit for manufacturing organic fertilizers will give Violleau the opportunity to get better access to organic fertilization markets in the northeast of France.

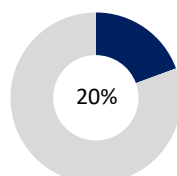
Our Industrial Solutions segment

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

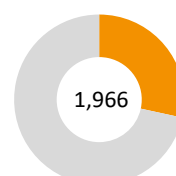
Production locations	<p>DYKA Group: 9 production plants (2 in the Netherlands, 1 in Belgium, 3 in France, 1 in Germany, 1 in Poland, and 1 in Hungary) and more than 70 branches in Europe.</p> <p>Kuhlmann Europe: 4 production plants (2 in Belgium, 1 in France, and 1 in Switzerland).</p> <p>moleko: 3 production plants (USA).</p>
Core markets	Water, sewage, air and gas piping systems and services, water treatment, disinfection, and mining products.
Area of activity	Building and installation, public infrastructure and utility works, industrial and municipal water markets, hygiene and cleaning products, industry, and mining.
Business drivers	<ul style="list-style-type: none"> Regulatory authorities are setting stringent impurity levels for potable and treated wastewater. Clean water demand and hygiene – the industry need for the sustainable purification & transport of process water and valorization of water. Scarcity of natural resources and environmental footprint. Global warming, stormwater infiltration, energy-neutral buildings, health, and comfort. Base chemicals supply is sustained by economic activity.
Strategic focus	<p>DYKA Group</p> <ul style="list-style-type: none"> To further grow customer centricity, to introduce innovative systems and services, and strengthen our position in various sectors, product ranges, and key geographies. <p>Kuhlmann Europe</p> <ul style="list-style-type: none"> To provide long-term and environmentally attractive solutions to municipalities and industries for water potabilization and the treatment of wastewater turning by-products into value-added solutions, as well as hygienic solutions. <p>moleko</p> <ul style="list-style-type: none"> To be the sustainable partner of choice for essential chemistry and technical solutions for mining and industrial applications, flocculation and water treatment.

Key figures

Share of Adjusted EBITDA



Headcount (FTE)





DYKA Group

Who are we?

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

In an ever-changing world, we are experiencing growing needs related to urbanization, energy challenges, climate change, the increasing scarcity or abundance of water, while at the same time standards of safety, health, and comfort remain high. As a consequence, attenuating or infiltrating rainwater from more frequent and heavier showers, accommodating requirements to move towards more energy-neutral buildings, preventing leakage of valuable drinking water with better quality piping networks, and reducing costs in complex construction value chains are just a few challenges our customers face. These are best dealt with by applying the range of systems and services from DYKA Group. In addition, increasingly more recycled material is being applied in the manufacturing of our products and systems, thus improving the environmental footprint of our business. This gives new value to both post-industrial and post-consumer plastics and consequently reduces demands on finite resources.

Business in 2022

DYKA Group achieved very good results in the challenging year that was 2022. These results were fueled by growth initiatives, including new product introductions and sales excellence programs bearing fruit, alongside cost improvement projects, and strengthening the supply chain management organization. Market demand remained healthy in most of our markets and for most of the year. Inevitably, strong inflation and its impact on mortgage rates caused markets to show signs of calming down towards the end of 2022. Increased raw material prices and soaring gas, electricity and fuel costs were major drivers behind the sales price evolution throughout the year. DYKA Group continued to successfully deal with multiple constraints, such as tight labor markets for skilled personnel and substantially longer lead times for capex-related investments. Nonetheless, we realized above-average growth in areas such as DYKA AIR (ventilation), prefab solutions, and in-house products for the UK market via JDP. Last but not least, we further strengthened our position in the French market with the acquisition of the business related to the Pipelife France site in Gaillon. As DYKA Group was convinced of the added value of this acquisition, new investments at the Gaillon site were already initiated prior to the successful formal transfer of the business on October 1, 2022.



Outlook for 2023

In 2023, DYKA Group expects high volatility in the building and construction markets. Although economic forecasts are less supportive with regard to overall market developments, there remains a strong and intrinsic demand for new housing across Europe. Combined with an increasing focus on capital-intensive energy transition initiatives, this provides multiple opportunities for DYKA Group. Not limited to but certainly accelerated by the capabilities of the Gaillon business, we will expand our customer offering in both systems and services and make investments to improve the performance of production and supply chain assets across all sites. Finally, plans are in place to increase the number and performance of our branches aiming to deliver best-in-class customer service and make it easier to do business with us.



Kuhlmann Europe

Who are we?

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

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

Business in 2022

Despite challenges caused by energy prices and HCl availability, Kuhlmann Europe ensured production reliability and resilience at both the Kuhlmann Belgium and Kuhlmann France plants. This was a strategic outcome enabling Kuhlmann Europe to continue to support the demand for inorganic coagulants in water potabilization and in the treatment of wastewater. In addition to this, we ran chlor-alkali production at its maximum capacity.

Outlook for 2023

We expect demand in 2023 to remain healthy across our entire product range. Given the overall economic evolution, we are monitoring incremental logistic costs, energy costs, and raw material costs, and we will adjust our sales price accordingly.



moleko

Who are we?

Moleko is operated by Tessenderlo Kerley, Inc. Moleko (www.moleko.com) specializes in essential sulfur chemistries that serve the mining and industrial markets. In the mining segment, we serve the base and precious metals markets. In the industrial segment, we serve the water treatment, food processing, remediation, oil and gas, pulp and paper, and tanning markets. We are committed to providing a consultative approach using expert problem-solving to offer unique solutions to our customers. Our team of skilled experts works collaboratively to sustainably maximize value and explore potential new applications.

Business in 2022

In 2022, shifting market dynamics drove strong demand while increasing strains on an already tight supply landscape. Market volatility brought disruptions in the industry including inflationary pressures, labor shortages, and supply chain bottlenecks that resulted in significant cost increases and raw material imbalances. We worked with our partners and were able to utilize our flexible manufacturing and supply chain capabilities to minimize any impacts on our customers. The precious metals market proved to be resilient, while the base metals market maintained robust levels. Despite negative market influences, we were able to successfully manage the business while achieving growth.

Outlook for 2023

The longer-term outlook remains bullish for the markets we serve, which are coupled with the macro drivers of sustainability for infrastructure, energy/electrification transformation, and food/water security. We will leverage our expertise to meet the dynamically evolving needs of our partners with innovative solutions centered on value creation. Our extensive manufacturing and supply chain continues to be maximized to expand our product offerings leading to growth. Our technical experts will remain committed to providing technical services that produce customized solutions that are tailored to meet the unique needs of our diverse customer base.

Our T-Power segment

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

Production locations 1 power plant: Tessenderlo (Belgium)

Core markets Energy

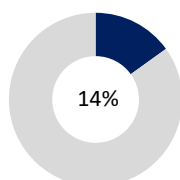
Area of activity Production of electricity in gas-fired power plants

Business drivers Proper execution of the gas tolling agreement

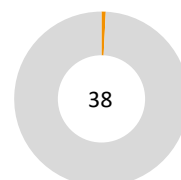
Strategic focus Focus on the efficiency and availability of the existing assets

Key figures

Share of Adjusted EBITDA



Headcount (FTE)





T-Power

Who are we?

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

Business in 2022

The T-Power plant guaranteed a reliable running regime in 2022. Throughout the year, the plant maintained its excellent availability and health and safety performance.

Following the second capacity remuneration mechanism (CRM) auction for the 2026-2027 delivery year by the system operator Elia in the fourth quarter of 2022, no additional volume was required to guarantee the security of supply. As a result, Tessenderlo Group will delay the decision to build its new 900 MW gas-fired power station. The renewed environmental permit was granted in September 2022.

Outlook for 2023

In 2023, T-Power will continue to focus further on the efficiency, flexibility, and availability of the existing assets.

T-Power will continue to investigate the upgrade of the gas turbine that will result in higher efficiency and electrical output post-2026.

Tessenderlo Group will continue to closely monitor the evolution of the electricity market in Europe. Based on the existing available production capacity and the expected evolution of electricity demand in Belgium, the group confirms its engagement to provide technology for high-tech, controllable capacity in the energy transition.

Information for shareholders

Investor relations

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

Analyst coverage

At the end of 2022, Tessenderlo Group was covered by 5 sell-side analysts (for more information please visit www.tessenderlo.com).

Shareholder structure

On December 31, 2022, the shareholder structure of Tessenderlo Group was as follows:

Shareholder	Number of shares	Number of voting rights	% voting rights
Verbrugge nv (controlled by Picanol nv)	21,860,003	41,992,812	63.36%
Oostiep Group bv (formerly named Symphony Mills nv)	2,607,200	5,139,400	7.75%
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	1.34%
Own shares	31,503	43,398	0.07%
Other	15,573,665	16,020,508	24.17%
Total	43,154,979	66,278,726	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.

On December 31, 2022, there were no warrants outstanding. The total number of shares constituting the issued capital of Tessenderlo Group nv is 43,154,979. In accordance with article 7:53 of the Belgian Code of Companies and Associations, the extraordinary meeting of shareholders of July 10, 2019, decided to introduce a loyalty voting right for each fully paid-up share that has continuously been registered in the share register on the name of the same shareholder for at least two years. The number of voting rights attached to the outstanding shares on December 31, 2022, is 66,278,726, of which 43,398 voting rights, attached to the treasury shares of Tessenderlo Group nv, are suspended in accordance with article 7:217, §1, second paragraph of the Belgian Companies and associations code.

Tessenderlo group share

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

Share price performance

The Tessenderlo Group nv share closed at 33.35 EUR on the last trading day of the year (2021: 33.35 EUR) while the BEL 20 index decreased by -14.1% and the European Chemicals index SX4P decreased by -16.5%. The share reached its year-high closing price of 36.45 EUR on January 17, 2022. The year-low closing price of 29.05 EUR was reached on June 20, 2022.

Dividend policy

The Board of Directors will propose to the shareholders, at the annual shareholders' meeting of May 9, 2023, to approve a dividend distribution of 64.1 million EUR or a dividend per share of 0.75 EUR. The dividend has not been accounted for. 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.

Financial calendar

- Annual shareholder's meeting May 9, 2023
- Half year 2023 results August 24, 2023

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

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

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

Contact for investor relations

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MANAGEMENT REPORT

2022

Business progress

Group performance

2022 revenue increased by +24.3% (or by +19.7% when excluding the foreign exchange effect). The revenue of all four segments increased, when excluding the foreign exchange effect (Agro: +22.6%, Industrial Solutions: +19.7%, Bio-valorization: +17.0% and T-Power: +13.1%).

The 2022 Adjusted EBITDA amounts to 434.8 million EUR, compared to 354.2 million EUR in 2021 (+22.7%). When excluding the foreign exchange effect, the Adjusted EBITDA has increased by +57.1 million EUR compared to 2021 (+16.1%). The positive foreign exchange effect of +23.5 million EUR is mainly caused by the strengthening of the USD compared to one year ago (average EUR/USD rate of 1.05 in 2022 versus 1.18 in 2021). The Adjusted EBITDA of all four segments increased: Agro (+7.4%), Bio-valorization (+36.7%), Industrial Solutions (+9.7%) and T-Power (+19.1%).

The 2022 profit amounts to 226.8 million EUR compared to 188.3 million EUR in 2021. The profit (+) / loss (-) was impacted by exchange gains and losses, mainly on non-hedged intercompany loans and cash and cash equivalents in USD. Excluding these exchange gains and losses, the profit (+) / loss (-) for 2022 would have amounted to approximately 221 million EUR, while the 2021 result would have amounted to approximately 173 million EUR.

The 2022 profit was also impacted by a loss of -12.0 million EUR recognized in EBIT adjusting items, which includes a settlement loss of the UK pension plan (-7.3 million EUR) and an impairment loss recognized on T-Power assets (-37.6 million EUR). These were partially offset by the positive contribution of the electricity purchase agreement (+21.1 million EUR).

The 2022 operational free cash flow amounts to 156.6 million EUR, compared to 188.9 million EUR in 2021. This decrease, despite the increase of the Adjusted EBITDA (+80.6 million EUR), can be explained by higher capital expenditure (-17.4 million EUR compared to 2021) and higher working capital needs (-164.8 million EUR in 2022 compared to -69.4 million EUR in 2021), mainly linked to higher raw material costs, which led to a higher inventory valuation, and an increase of trade receivables following higher sales prices.

As per year-end 2022, the group net financial debt amounts to 59.5 million EUR, which implies a leverage of 0.1x (2021: 74.8 million EUR or a leverage of 0.2x).

Short-term borrowings for 56.2 million EUR and 209.3 million EUR long-term borrowings are partially compensated by cash and cash equivalents (156.1 million EUR) and long term investments (long-term bank deposits for an amount of 50.0 million EUR, with maturity date in 2024). Excluding the IFRS 16 *lease liabilities*, group net financial debt would have amounted to 7.3 million EUR compared to 20.8 million EUR as per year-end 2021.

In 2022, a bond, issued in 2015, with a maturity of 7 years was reimbursed (165.5 million 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.

Reported operating segment performance

Agro revenue increased by +22.6% in 2022, when excluding the foreign exchange effect. 1H22 revenue increased by +38.6%, when excluding the foreign exchange effect, thanks to an increase of sales prices, implemented in 2021 and 1H22 to compensate the higher raw material, energy and transportation costs. 2H22 revenue only increased by +6.8% as 2H21 was already impacted by higher sales prices, while these historical high prices also negatively impacted demand. 2022 revenue was also positively impacted by the organic agricultural solutions revenue contributed by the business unit Violleau.

When excluding the foreign exchange effect, the Agro Adjusted EBITDA increased by +7.4% compared to prior year. The 1H22 Adjusted EBITDA increased by +49.6% thanks to favorable market circumstances within Crop Vitality, Tessenderlo Kerley International and NovaSource. Lower sales volumes, cost increases which got fully reflected in the cost of goods sold, as well as inventory write-offs (-7 million EUR), led to a lower 2H22 Adjusted EBITDA (-36.5%). An increase of the NovaSource Adjusted EBITDA was more than offset by the decrease of Crop Vitality and Tessenderlo Kerley International.

With effect from 2022, Violleau (organic agricultural solutions) is included in the Agro segment, however its contribution to the results is not considered to be significant.

The revenue of Bio-valorization increased by +19.7% (1H22: +22.7%; 2H22: +17.0%) when excluding the foreign exchange effect, mainly thanks to an improved product mix and market prices for fats and proteins that increased substantially. Sales prices for gelatin products were increased in 2022 to compensate the higher raw material, energy, and transportation costs.

The 2022 Bio-valorization Adjusted EBITDA increased compared to prior year by +36.7% (when excluding the foreign exchange effect), thanks to favorable market circumstances for fats, proteins and gelatin products (which mainly had a positive impact in 2H22).

Industrial Solutions revenue, when excluding the foreign exchange effect, increased by +17.0% in 2022 (1H22: +19.3%; 2H22: +14.7%), mainly thanks to DYKA Group, where revenue was positively impacted by an improved product mix, the fourth quarter contribution of the newly acquired production plant in Gaillon (France), and increased sales prices implemented to compensate the higher raw material, energy and transportation costs. The revenue of both moleko and Kuhlmann Europe also increased in 2022, thanks to favorable market circumstances.

The Adjusted EBITDA of Industrial Solutions increased by +9.7% to 85.1 million EUR (1H22: +12.9%; 2H22: +5.7%), when excluding the foreign exchange effect. The 1H22 Adjusted EBITDA of DYKA Group was positively impacted by an improved product mix, a further increase of production efficiency based on investments made, and timely pricing management to offset the significant increases of transportation expenses and raw material and energy costs (which were not yet fully reflected in the cost of goods sold in 1H22). These positive effects were more than offset in 2H22 due to more challenging market circumstances. The Adjusted EBITDA of moleko decreased in 2022, impacted by the expiration of the customer agreement with Barrick Gold, while the Adjusted EBITDA of Kuhlmann Europe increased, thanks to favorable market circumstances.

The revenue of T-Power, fulfilling all its tolling agreement requirements, increased to 80.6 million EUR, while the Adjusted EBITDA increased to 62.2 million EUR. The 2022 results were positively influenced by contractual impacts, including indexation and efficiency payments linked to gas prices, while 2021 also included development expenses for the intended construction of a second gas-fired power station in the Belgian municipality of Tessenderlo.

The 2022 EBIT of T-Power was negatively impacted by an impairment loss of -37.6 million EUR, which was recognized within EBIT Adjusting items. The recoverable amount of the cash-generating unit T-Power (240.0 million EUR) was determined based upon the value in use calculation. The value in use calculation as per year-end 2022 was negatively impacted by a higher weighted average cost of capital (9.6% as per December 31, 2022 compared to 7.0% at the moment of acquisition in 2018) as well as by lower forecasted future cash flows. The cash flows till June 2026 are secured through the tolling agreement with RWE, while the cashflows after June 2026 are more uncertain based on current forward-looking assumptions, which are impacted by adverse impacts of economic and competitive factors. As a result, the carrying amount of the T-Power cash-generating unit exceeded its recoverable amount and an impairment loss of -37.6 million EUR was recognized.

Risk analysis

Analysis of the major risks for Tessenderlo 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 Tessenderlo Group nv and the supporting internal procedures, as well as from changes to and application of the laws and regulations in the various jurisdictions in which Tessenderlo Group nv operates.

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

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

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

In 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, Tessenderlo Group has a strict safety policy in order to protect the employees.

In order to guarantee a limitation of the safety risks there are various initiatives on local and site level, and on group level there is a Group Safety Working Group which primarily aims to evaluate and coordinate the various actions within the Company.

It is the culture of the company to put safety in the workplace first and make each individual responsible for it.

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 Tessenderlo 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.
- Tessenderlo Group continues to improve its cybersecurity strategy and management, to further develop its corporate information security program, and to investigate other functions/opportunities to improve the company's security status and response to 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 Tessenderlo Group products

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

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

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

Market risk and strategic risks

Volatility of certain raw materials and logistics costs

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

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

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

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

Other risks

Climate change

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

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

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 Tessenderlo 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

Tessenderlo Group nv follows the Belgian legislation as reference code for Corporate Governance. In case that the Company does not comply with one or more provisions of this code, it shall indicate with which provision it is not complying and give justified reasons for this deviation. The Belgian Corporate Governance Code is available at: <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.tessenderlo.com/en/about-us/corporate-governance/corporate-governance-charter>.

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

Capital & shares

Capital

The share capital of Tessenderlo Group nv at December 31, 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 Tessenderlo Group nv's shares are admitted for listing and trading on Euronext Brussels.

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

- The Nomination and Remuneration Committee
- The Audit Committee

In the context of Tessengerlo 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.tessengerlo.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 Tessenderlo Group for Executive and Non-Executive Directors are reflected and how the remuneration for Directors is determined taking into account the individual and business related performance. The Nomination and Remuneration Committee supervises the remuneration policy and the corresponding remuneration for Executive and Non-Executive Directors.

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, Tessenderlo 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 Tessenderlo 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 Hoebeeck, 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 of the 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 of the 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.

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.

Tessenderlo 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 Tessenderlo 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

SUSTAINABILITY REPORT

2022

Sustainability & corporate social responsibility at Tessenderlo Group

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

It is our ambition to continue our efforts in the future towards remaining a responsible and sustainable company that further strengthens our relationship with our stakeholders. Our key stakeholders are our employees, customers, shareholders, neighboring communities, governments and regulators, trade unions, and suppliers. With the publication of this sustainability report we want to make our sustainability efforts for 2022 more transparent for our stakeholders.

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

Sustainability and corporate social responsibility (CSR) are inextricably part of the strategy and daily activities of Tessenderlo Group. This includes continuously deciding, acting, and investing with the future in mind. We are convinced that sustainability efforts help us to establish strong relationships with our stakeholders. These efforts enable us to attract and retain new talent, while at the same time also providing a strong impetus for innovation. Within Tessenderlo Group, we want to act according to the expectations of our current and future stakeholders and create value for our company in the long term. In this respect, the strategy will be built around the following different result areas: energy and water, resources, people skills, and digitalization.

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

Our employees

At Tessenderlo Group we continuously invest in our employees.

Our planet

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

Our community

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

Reporting method and period

In this sustainability report, we are providing an overview of the most relevant objectives, efforts, and results in terms of sustainability for 2022.

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

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

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

Granularity

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

1. *The social topics*

These are reported on a Tessenderlo Group level unless mentioned otherwise.

2. *The environmental topics*

These are reported separately for each of the following operating segments: Bio-valorization, Agro, and Industrial Solutions. Please note that all Tessenderlo Kerley, Inc. (TKI)-produced products are reported under the Agro segment (the energy and water consumption of TKI is fully included in the Agro segment), together with a new BU, Violleau, which has been split from the Bio-valorization segment, as the market for Violleau’s products aligns more with our fertilizer division. Tessenderlo Kerley, Inc. comprises the Crop Vitality, NovaSource, and moleko business units of Tessenderlo Group.

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

The reference year for social and environmental topics is 2022 unless otherwise stated.

Reporting boundaries

Guided by the GHG Protocol, for the company boundary, we take the equity approach. This means, among other things, that we take our joint venture Jupiter Sulphur (part of TKI) into account for 50%. The metrics reported relate to our own operations, inside of the company boundaries.

Since 2021, we have also included the vehicles either in our own possession or on a long-term lease (as well as company cars - Scope 1). This results in higher energy and energy intensity overall. This is certainly material for the Bio-valorization segment and also Industrial Solutions. The tables at the end of the CSR report show energy figures with and without these aforementioned vehicles, so the comparison with the previous year (2021) can be made on the same basis.

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

For the volume calculations, since 2021, we have changed the scope for Akiolis, which is part of Bio-valorization, over all the years from upstream to downstream volumes according to the definition: "product to be sold" for intensity calculations. This also increases the intensity calculations for this segment.

For the waste and emissions metrics, we take the local (region or country) official definitions as reflected in the regulations of the country regarding waste and emissions. We use the official reporting threshold as the CSR reporting threshold.

For the total employees at our company and the split per age category, we consider the total internal full-time equivalents. No temporary employees are included. For Health and Safety metrics, we also count interims, not subcontractors. For all other tables under the "Our Employees" section.

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

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

Newly acquired facilities during 2022:

- DYKA Réseaux SAS: this has been incorporated into the figures of Industrial Solutions since October 22, 2022
- Some smaller subsidiaries where production has yet to commence

Furthermore, we did not take into account outside storage locations, offices that are not linked to production, ICT servers, outside labs, the new DYKA branch in Poland, and also smaller energy consumers. Therefore, the following businesses and/or locations will not be included in our reporting:

- DYKA s.r.o. (Czech Republic)
- Maramba S.R.L. (Paraguay)
- Kuhlmann Switzerland AG (Switzerland)
- Tessengerlo Kerley Turkey Tarim Ve Kimya Sanayi Ve. Tic. Ltd. STI (Turkey)
- Tessengerlo Kerley Mexico SA de CV (Mexico)
- Tessengerlo Innovation Center (Belgium)
- DYKA Kalisz branch (Poland)
- Outside storage locations
- Offices not linked to production
- ICT servers
- Outside labs

Taxonomy

Since 2021, we have also provided further disclosure on the Taxonomy regulation (EU) 2020/852 that has applied with effect from January 1, 2022, in relation to the climate objectives. This is because we are in the scope of the Non-Financial Reporting Directive and we are preparing in the near future for the Corporate Sustainability Reporting Directive (CSRD).

The Taxonomy Regulation creates a framework that determines to what extent economic activities can be regarded as sustainable, within those criteria, definitions, and approaches. As the EU Taxonomy has a phased introduction, not all Tessengerlo Group activities are categorized under the NACE codes of the current version. In relation to the EU Taxonomy, additional reporting requirements for certain listed companies are established in order to provide information on the proportion of their revenue, capital expenditures (CapEx), and operating expenditure (OpEx) related to sustainable economic activities. The fact that a company does not have activities aligned with taxonomy does not lead to definitive conclusions with regard to the environmental performance of these companies. Not all activities that can make a substantial contribution to the environmental objectives are listed in the Climate Delegated Regulation at this stage.

The below table shows the % turnover, CapEx, OpEx (non-)eligible and (non)-aligned with the current Taxonomy. As some definitions of economic activities in the related Taxonomy are subject to interpretation, specifically regarding the production of chlorine, we reserve the right to review our reporting on this topic. The Taxonomy-related classification of gas and nuclear activities as “transitional” and “green”, if in accordance with the technical screening criteria, was only decided in the course of 2022, and, therefore, did not show in the reporting over 2021. In this context, we have aligned our reporting accordingly.

	Total 2022 (in million EUR)	Share of economic activities eligible for EU Taxonomy (%)	Share of economic activities not eligible for EU Taxonomy (%)
Group Turnover	2,587.5	3.11%	0.00%
Group CapEx	131.1*	0.00%	0.00%
Group OpEx	134.9**	2.96%	0.00%

* Intangible & PPE CapEx and incl. IFRS16 Leasing CapEx

** Maintenance & R&D OpEx (OpEx as defined under the Taxonomy regulation)

Materiality analysis

Materiality assessments

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

Our methodology

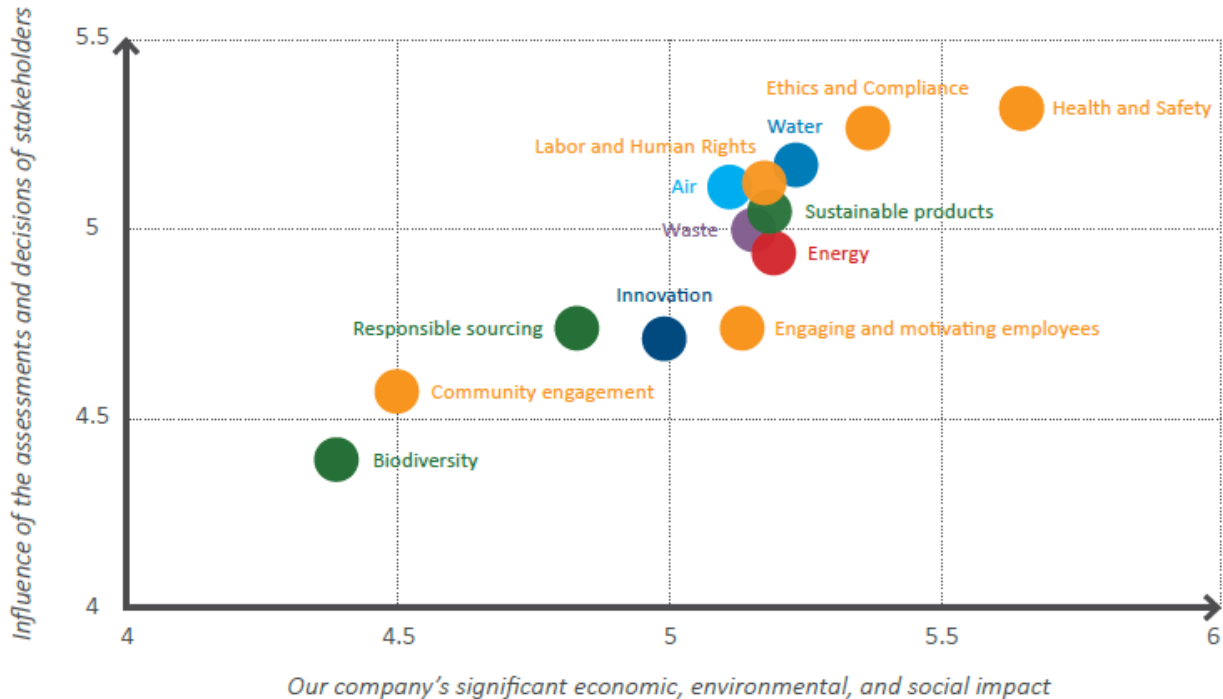
The methodology behind the materiality assessment involved inviting all colleagues at leadership levels within Tessengerlo Group as well as the CSR Execution Teams. Following this, we carried out a benchmarking process of the industry sectors that are relevant to each of our business units in relation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

Our results

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

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

In 2022, we added the latest important topics (see matrix) to our metrics in terms of water emissions and air emissions, waste and renewable energy, as part of the sustainable product dot.



Moving forward

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

In 2022, we further built on social topics (health and safety, labor and human rights, motivating employees, ethics and compliance, and communities), responsible sourcing-related topics, as well as environmental topics regarding energy and water.

From the materiality matrix, for each topic, a selection of KPIs and targets has been made in order to execute the CSR strategy. All Tessenderlo Group employees have their role to play. Dynamic materiality is applied: at certain intervals, the materiality matrix will be updated to reflect the evolution of CSR in general and it will be related to the development of CSR at Tessenderlo Group specifically. We plan to align our materiality update to the new CSRD (Corporate Sustainability Reporting Directive) in 2023. This will then reflect the “outside in” view (the impact of climate change on the company) and “inside out” view (the impact of the company on climate change).

Governance of CSR

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

Separate monthly CSR and ESG meetings are set between the Group CSR Director and the ExCom, as well as the Execution Team Environment. These are supplemented with many one-on-one meetings. Regular separate meetings are set with the Group CSR Director and the Execution Team Social, the Compliance Team, and the various Group (S)VP functions (HR, Communication, Finance, Legal, etc.), as well as the Data Team.

Tessenderlo Group also plans to steer and monitor the KPI results, compared to targets. In order to drive CSR, the targets are linked to the LTIs (Long Term Incentives) for the SVPs and the BU Management Teams, and also STIs (Short Term Incentives) for our E-level and L-level population. Our data mining for the KPIs is done at BU level with the Execution Teams of Environment and Social in cooperation with the Data Team. Our environmental data are integrated and secured on the HFM system, which is our global financial reporting platform. Our data are increasingly being populated and integrated into our global reporting platforms.

Reporting of the key environmental CSR KPIs and targets is performed on a quarterly basis and communicated via regular calls by the ExCom. Yearly results of the KPIs are also to be found in the CSR and annual report.

Both internal and external communication is key in CSR in order to send the right message regarding what we do and what we aim to do and to get all our employees on board on our CSR-ESG journey. Regular meetings are taking place between the Group CSR Director and the Communication Team to plan and execute CSR communication via the website, InSider (our intranet), e-zines, presentations, and CSR reports.

To achieve the goals set out in this policy, several tools and actions are either current, in development, or planned.

The CSR progression is also scored yearly by an external assessor, EcoVadis, which is one of the world's most trusted business sustainability rating companies. EcoVadis scores more than 85,000 companies in over 200 different industries. EcoVadis scores us on Environment, Labor & Human Rights, Ethics, and Procurement. Detailed feedback allows us to better monitor and manage our progression and to focus on and improve our path going forward. We obtained a Silver Medal rating, which means we now belong to the top 25% of companies.

Besides the assurance of EcoVadis, we will also be statutory audited according to the requirements of the new CSRD (Corporate Sustainability Reporting Directive). Internal assurance will also be provided via CSR assessments to the BUs, on the level of the BU SVPs, and by the Internal Audit department during their meetings and visits. This will be aligned with the United Nations Global Compact (UNGC) approach, in which we also participate.

Our governance with regard to ESG and CSR is also outlined in our Corporate Social Responsibility Policy, which is published on our website.

Sustainable Development Goals of the United Nations

Sustainable Development Goals

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

Adoption of SDGs

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

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

Our approach

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

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

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

Our methodology

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

Our SDGs (Sustainable Development Goals of the United Nations)

Ultimately, Tessenderlo Group selected the following ten [SDGs](#) out of the 17 Goals:

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

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



United Nations (UN) Global Compact

An important step we took in 2022 was our official commitment to the United Nations Global Compact and the commitment regarding the reporting of the progress we make. A lot of companies recognize its importance in terms of sustainability and CSR or ESG and are already participating, and this number is growing on a continuous basis.

Corporate sustainability starts with a company's value system and a principles-based approach to doing business. This means operating in ways that, at a minimum, meet fundamental responsibilities in the areas of human rights, labor, environment, and anti-corruption. Responsible businesses enact the same values and principles wherever they have a presence and are aware that good practices in one area do not offset harm in another. By incorporating the Ten Principles of the UN Global Compact into strategies, policies and procedures, and establishing a culture of integrity, companies are not only upholding their basic responsibilities to people and the planet, but also setting the stage for long-term success.

The UN embraces these 10 principles (see below). In this regard, we already have policies in place and upcoming policies related to these aspects:

- Tessengerlo Group Code of Conduct
- Labor & Human Rights policy
- Diversity & Inclusion policy
- Health, Safety and Environment policy
- Learning & Development policy
- Anti-Bribery and Anti-Corruption policy
- Competition Compliance policies
- Insider Trading – Dealing Code
- Trade Compliance policies
- CSR Policy
- Procurement Sustainability policy
- Supplier Code of Conduct

The Ten Principles of the UN Global Compact

Human Rights

Principle 1: businesses should support and respect the protection of internationally proclaimed human rights

Principle 2: make sure that they are not complicit in human rights abuses

Labor

Principle 3: businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

Principle 4: the elimination of all forms of forced and compulsory labor

Principle 5: the effective abolition of child labor

Principle 6: the elimination of discrimination in respect of employment and occupation

Environment

Principle 7: businesses should support a precautionary approach to environmental challenges

Principle 8: undertake initiatives to promote greater environmental responsibility

Principle 9: encourage the development and diffusion of environmentally friendly technologies

Anti-Corruption

Principle 10: businesses should work against corruption in all its forms, including extortion and bribery

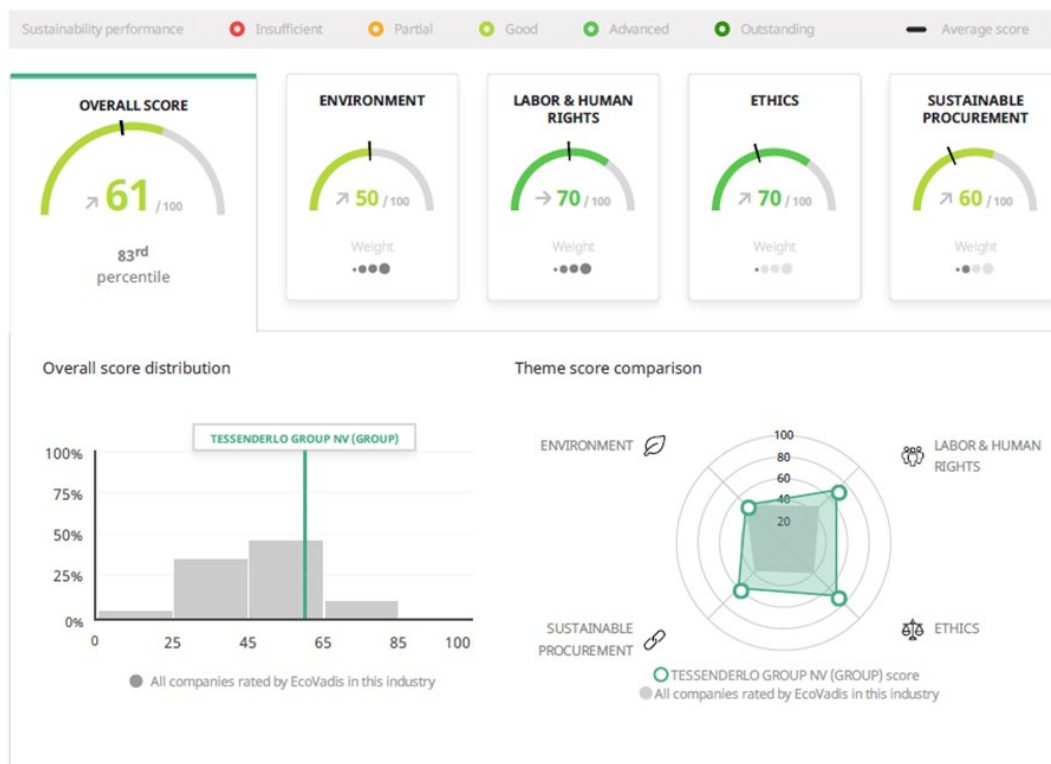
EcoVadis

Tessenderlo Group awarded a silver medal by EcoVadis

In 2022, Tessenderlo Group was awarded a silver medal by EcoVadis. Our CSR progression is scored yearly by the external assessor, EcoVadis, which is one of the world's most trusted business sustainability rating companies. EcoVadis scores more than 85,000 companies in over 200 different industries. EcoVadis evaluates Tessenderlo Group based on Environment, Labor & Human Rights, Ethics, and Procurement. The detailed feedback given by EcoVadis enables us to better monitor and manage our CSR progression and to focus on and improve our CSR path going forward.

We are now among the top 25% of global companies assessed by EcoVadis. This achievement will help drive sustainability within our company and is a clear endorsement of the CSR progress we are making for the benefit of all our stakeholders, particularly our customers.

More details on our rating can be found in the scorecard below.



Our employees

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

Over the years, Tessenderlo Group has grown into a diversified industrial group with operations and a commercial presence in more than 100 locations across 26 countries around the globe. Each company in the group serves different markets (inter)nationally with products and services that enjoy an excellent reputation. Our various business units and companies represent the beating heart of the group, each with its own identity and culture, the sum of which is more than the parts.

The attitudes we share, as a group

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

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

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

The guiding principles we share, as a group

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

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

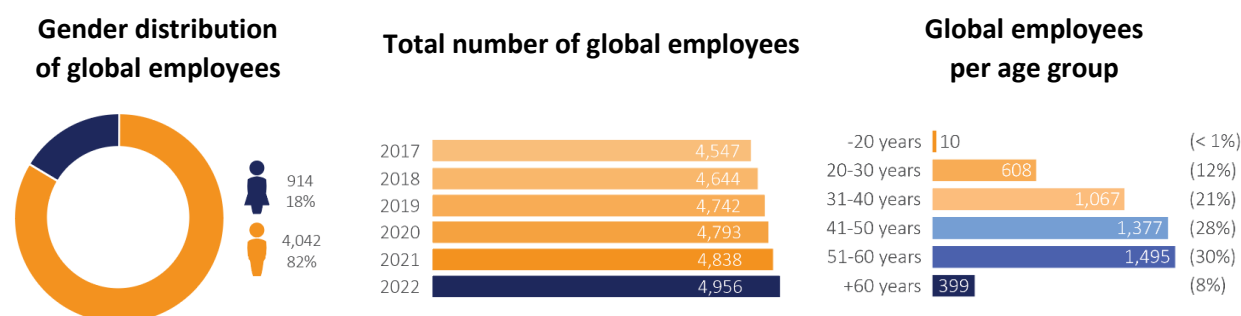
Our guiding principles

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

Total number of employees

As at December 31, 2022, the total number of employees (FTE) working for the group amounted to 4,956. Out of this total, 880 employees were active in the Agro segment, 2,073 employees were active in the Bio-valorization business, 1,966 employees were active in the Industrial Solutions segment and 38 employees were active in T-Power.

Meanwhile, 3,833 of the group's total personnel are employed in Europe, 915 are employed in the Americas and 208 are employed in Asia, Africa, and Australia.



Gender diversity

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

On December 31, 2022, two out of six members of the Board of Directors were female. The Board of Directors was therefore in full compliance with the Law of July 28, 2011, requiring that as of January 1, 2017, one-third of the members of the Board of Directors should be of a different gender than the other members of the Board. In its selection procedure for the appointment of new directors, the Board of Directors has integrated criteria with regard to diversity of competencies, age and gender diversity. Furthermore, we also comply with the new upcoming directive on diversity at the board level: 40% of non-executive director posts should go to the underrepresented sex (by 2026).

Employees and employment – Labor and Human Rights

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

We consider all qualified applicants for employment regardless of race, color, gender, religion, age, national origin, sexual orientation, disability status or protected veteran status. To implement this policy, we rely on our Human and Labor Rights policy within Tessenderlo Group.

The purpose of the policy is to clarify Tessenderlo Group's view that respect for human rights and the observance of labor rights are integral to our business practices. At the same time, we also comply with the UN Global Compact principles.

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

Tessenderlo Group did not receive any formal complaints regarding labor & human rights or diversity & inclusion in 2022.

To further develop and strengthen our Diversity & Inclusion Politics and Human & Labor rights philosophy, we will make our diversity data available for our HR and leadership community on a monthly basis via a KPI dashboard in 2023. This is a further step in our process of monitoring our KPIs. In addition, we will perform a self-assessment on Human & Labor rights allowing us to verify with the broad network of Tessenderlo employees if there are any opportunities for improvement. We will start defining targets relating to these policies by the end of 2023.

Labor and Human Rights			
ASSOCIATED MATERIAL ASPECT (GRI)	Score 2020	Score 2021	Score 2022
Diversity of gender in governance bodies (Remco, Board, Audit Committee and ExCom*)	New in 2021	18% female 82% male	29% female 71% male
Diversity of governance bodies (gender % of L level, E level and board)	11% female at L level** 24% at E level** 33% at Board level	12% female at L level** 24% at E level** 33% at Board level	15% female at L level** 25% at E level** 33% at Board level
Diversity of gender (all permanent employees)	New in 2021	16.6% female 83.4% male	17% female 83% male
Diversity of employees (per region, per gender, and per age category expressed in total numbers)	See Sustainability report 2020	See Sustainability report 2021	See page 82
% of employees compliant in training Labor and Human Rights	-	-	81.3%
Equal opportunity-ratio of basic salary and remuneration of females to males at L level	Female 6% higher than male	Female 5% higher than male	Male 2.9% higher than female
Equal opportunity-ratio of basic salary and remuneration of males to females at E level	Male 3% higher than female	Male 2% higher than female	Male 4.3% higher than female
Operations in which the right to freedom of association and collective bargaining may be at risk	0	0	0
Total new hires and leavers	New in 2021	673 new hires	641 new hires 384 leavers
Employee turnover	6.5%	12.9%	7.3%

* Diversity of gender in governance bodies: definition changed from 2021 to 2022 for accounting reasons.

2021: BU Leadership Teams, Group Leadership Team, and the Board of Directors.

2022: Remco, Board, Audit Committee, and ExCom.

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

Developing Human Resources for sustainable growth

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

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

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

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

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

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

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

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

FIRST PILLAR

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

SECOND PILLAR

Attracting the right employees for the right jobs.

THIRD PILLAR

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

FOURTH PILLAR

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

FIFTH PILLAR

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

SIXTH PILLAR

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

SEVENTH PILLAR

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

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

Training and Talent Management

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

We train and develop our employees because they are critical to our success and our ability to execute our business strategy better than our competitors. Our culture includes having high expectations for the personal growth of our employees, and we encourage continuous learning via job-specific, in-person, and online training. Within HR, we are putting a strong focus on further digitalizing all transactional HR activities. We are also establishing Shared Service Centers in a number of countries to free up HR staff so they can be present on the shop floor and better support business growth.

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

In 2022, Tessengerlo Group capitalized on the Learning Management System (LMS) implemented in 2021 by offering e-learning training to all employees on Microsoft Office skills (Excel) or essential personal skills (e.g. Time Management). In terms of training sessions, we have supported them with key initiatives. These include the further roll-out of our program for our factory workers, TOPS, which is a self-learning approach that puts the learner in the driving seat of their career progression, the reinforcement of our Sales Academy with targeted training to strengthen our consultative selling approach, and the launch of leadership programs (Authentic and Transformational Leadership) to equip our managers with the tools to manage the reality of today and tomorrow.

Motivating employees			
ASSOCIATED MATERIAL ASPECT (GRI)	Score 2020	Score 2021	Score 2022
Average number of hours of training per employee per year, excluding training on the job/machine	16	14.8	15.4
Employees receiving regular signed performance and career development reviews expressed in % of E and L grades	95%	96%	96%
Average years of seniority/company service	11.1	13.2*	13.1
% of L and E grade employees in performance-related incentive plans	New in 2021	100%	100%
% of all employees in performance-related incentive plans	New in 2021	66%	66%
% of L and E grade employees with a Personal Development Plan	-	New in 2022	52%
E grade employees in formal coaching or mentoring programs	New in 2021	3.24%	8%
% of employees active in LMS	New in 2021	39%	44%
Hiring by source - internal/external	New in 2021	12% internal 88% external	11.5% internal 88.5% external

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

Safety and health

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

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

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

Safety and health policy of Tessenderlo Group

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

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

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

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

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

Our continuous focus on improving safety and health performance remains the top priority for Tessengerlo 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, Tessengerlo 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.

Health and Safety			
ASSOCIATED MATERIAL ASPECT (GRI)	Score 2020	Score 2021	Score 2022
Lost Time Incident (LTI) frequency ratio ¹ (all employees and contractors)	8.34	11.12	10.63
Near misses frequency ratio ² (all employees and contractors, expressed as number of hours worked)	New in 2021	829.76	893
Workers representation in formal joint management/employee H&S committee	95%	96%	96%
Accident severity rate ³ (all employees)	New in 2021	0.56	0.63
Total safety performance ⁴ (all employees and contractors)	New in 2021	10.84	10.63
Group insurance percentage coverage/ Life Assurance coverage	97%	98%	98%

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

Tessenderlo Group lost time incident frequency rate
(number of lost time incidents per million hours worked)



Safety and health achievements

Agro segment

Tessenderlo Kerley, Inc. has a total of 9 facilities that have achieved more than 5 years without a lost time incident. In addition, five of those locations have gone more than 20 years without a lost time incident! To support the employee engagement and workplace culture that leads to this type of performance, Tessenderlo Kerley, Inc. maintains a robust behavioral-based safety award program at all its operational facilities. The program is designed to recognize employee activities that help ensure everyone goes home unharmed every day. The focus areas of the program include safety meetings participation, completion of safety inspections, hazard identification, and involvement in the task observation process. During the past year, more than 98% of employees at our process plants actively participated in the Safety Award Program. In addition, a multi-year initiative focused on ensuring SHE management system controls needed to prevent severe injuries and fatalities are fully effective was implemented.

Tessenderlo 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. At the site in Rouen (France), an accident took place after many years of the site being accident-free. 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 Tessenderlo 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.

At Akiolis, health and safety at work has remained a key area for management. Akiolis' employees face many challenging work environments and the possibility of lost time incidents. In 2022, Akiolis continued to dedicate additional resources to making improvements and engaging all staff members. The behavioral safety training program to help them highlight areas where employees can make personal improvements to their own safety and that of their colleagues was continued in 2022. In total, 175 managers were trained and they conducted nearly 1,300 safety dialogues. Consequently, the number of work-related incidents resulting in lost time has fallen by more than 10%, particularly in the Transportation department. In addition, 2022 saw 8 sites exceed 1,000 days without a lost-time incident and 17 sites exceeded one year without such an incident.

Industrial Solutions segment

Within DYKA Group, we experienced a significant improvement in the lost time incident frequency rate. The introduction of the safety pyramid within DYKA Group placed a focus on the main safety issues. The safety pyramid included 20 “building blocks” representing all the relevant safety areas. The focus on behavioral, technical, and organizational aspects of health and safety are still at the heart of the program. Among the DYKA Group sites, BT Nyloplast in Hungary extended its accident-free performance record to 2,780 days. DYKA Group is transferring its best practices and management standards of the safety pyramid to the sites where further improvements are still required and this “levelling up” process should realize success in 2023. In 2022, Tessenderlo Group and its DYKA Group business unit officially finalized the acquisition of the Pipelife France plant in Gaillon (FR). The plant has been incorporated into the operations of DYKA France. SHEQ policies and procedures are aligned with DYKA Group and Tessenderlo Group.

Kuhlmann Europe achieved an excellent safety performance in 2022 with a single LTI and an event to celebrate 419 days without an LTI. In addition, safety days were organized at the Loos plant to focus on Seveso emergency safety rules and training on chemical hazards. The sites in France and Belgium maintained their ISO 9001 and 14001 registrations (Loos only) without any deviations having been notified. The French site also started its wastewater monitoring system to obtain approval from the water supply agency in 2023. In December 2022, we also initiated a “Wellbeing at Work” week for our employees that is planned to be repeated in 2023.

T-Power segment

T-Power reported no lost time incidents in its operations during 2022.

Social activities

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

Our planet

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

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

Growing population

We live on an increasingly crowded planet. “The Day of Eight Billion,” which took place on November 15, 2022, was designated by the United Nations as the approximate day that the world population reached eight billion people. The world population is expected to reach 9.7 billion people by 2050. With approximately 83 million people being added to the world’s population every year, the upward trend in population size is expected to continue. Such an increase will inevitably have an impact on climate change and our natural resources, ecosystems, raw materials and land availability.

Improving standards of living

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

Every Molecule Counts

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

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

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

Environment

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

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

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

Based on the outcome of the materiality analyses and taking the assessments of our employees and stakeholder representatives into account, we decided to focus on the topics of water and energy, which have been enriched with data on renewable energy, water and air emissions, and waste.

Water and energy topics represent areas of major importance with regard to helping preserve the natural resources of our planet, and are at the same time material to our business. As production volumes are subject to change, we have also calculated the intensity ratios of water and energy, which represent a more tangible steering metric.

There are two approaches regarding environmental sustainability:

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

1. Reduce the impact of our own operations on the environment

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

At present we have two main approaches for environmental topics:

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

The tables on pages 99, 100 and 101 show how renewable energy, air and water emissions, waste, energy and water are monitored by our KPIs. In order to reach our targets, many projects are planned or at the execution stage across the different BUs. These projects can be product-related or process-related. Operational Excellence programs also help in this context. Apart from the Tessenderlo Group CSR policy, several BU environmental policies are currently being implemented, such as energy and energy efficiency policies, e.g. at some of our Belgian plants we have Energie Beleidsovereenkomsten (energy policy agreements); some other BUs have their own environmental policies and might be monitoring some additional CSR related KPIs and targets, but they are always integrated into the Tessenderlo Group CSR approach.

2. Reduce the impact of the environment on our operations

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

Climate change adaptation

Our exposure to climate change and our own impact on climate change are two sides of the same coin. We cannot dissociate them, and our understanding of how to reduce the impact of the climate on our own operations and to reduce the impact of our own operations on the climate, is critical for the future of our activities in alignment with global sustainability goals.

Our exposure to climate change

To understand our exposure to climate change and set up the ideal adaptation strategy, in late 2021, Tessengerlo Group launched an initiative to assess its exposure to natural hazards and climate change. Unfortunately, the past is no longer a reliable indicator and our resilience will depend on a clear vision of what we can expect in the future in terms of climate change.

Climate change creates challenges with rising input costs (energy, water, raw materials, insurance costs, market shifts, agricultural transition...). Extreme weather events, cold/heat waves and droughts pose additional risks through damage to assets and/or adverse consequences on operations. And they also impact people on the work floor, our supply chains and the community at large. Risks associated with climate change have been increasing in terms of both frequency and severity in the past few years.

Despite the random installation of some physical protective measures and the use of better-adapted insurance solutions, we are facing a growing need for a more comprehensive approach to resilience, relevant to the changing environments in which we operate, and which assures our stakeholders that our future growth is sustainable. To meet this growing challenge, we realized that we needed to develop more sophisticated resilience measures to reduce the impact of the climate on our operations. A climate change resilience plan can help cover both the physical and transition risks that can protect our business future.

Our primary purpose is to assess the risks, not just the hazards, and to develop a climate resilience strategy through

- Physical protection measures
- Organizational measures
- A sustainable supply chain

Another purpose is to align our business strategies on climate change, especially in terms of agricultural transition.

The “Climate change” project

Selected service provider and methodology: AXA Climate SAS

1st step

We asked the service provider to execute a thorough assessment according to IPCC scenario's (Intergovernmental Panel on Climate Change/United Nations). To assess our exposure, two scenarios (Representative Concentration Pathways RCP 4.5 and RCP 8.5) were selected, and also two horizons (2030 and 2050) vs baseline 2022.

Next steps

A periodic update of the risk modelling on the actual scope is considered (every 2 or 3 years) and the ad hoc individual assessment of potential new sites.

Base-case : RCP* 4.5 Mid-century warming of +1.6 to 2.5°C. The end-of-the-century warming of this scenario is projected to reach +2.1 to 3.5°C versus the pre-industrial era. NB Current climate policies and 2030 determined contributions targets are leading to an end-of-the-century warming of +1.9 to +3.0°C, in line with the base case.

Pessimistic case: RCP* 8.5. Mid-century warming of +1.9 to 3.0°C, which is approximately 0.4°C warmer than the RCP 4.5. The end of the century warming of this scenario is projected to reach +3.3 to 5.7°C versus the pre-industrial era.

The IPCC Working Group I Sixth Assessment Report shows that the world will probably reach or exceed 1.5°C (2.7° F) of warming within just the next two decades. Whether we limit warming to this level and prevent the most severe climate impacts depends on the actions we take in this decade. Only with ambitious emission cuts the world can keep the global temperature rise to 1.5°C, which is the limit that scientists say is necessary for preventing the worst climate impacts. Under a high-emissions scenario, the IPCC has confirmed the world may warm by 4.4°C by the year 2100 — with catastrophic results.

We applied this base case scenario and a pessimistic case scenario, which we can use for adaptation purposes and develop a risk management response e.g. assess the exposure, adapt our operations, avoid disruptions, etc. Beside adaptation and, of course, decarbonizing, engaging, innovating, etc., mitigating our own impact is part of our strategy. Two sides of the same coin!

Scope of the AXA Climate analysis

579 sites in 38 countries

1. Our own sites, e.g. our manufacturing plants, our own warehouses and terminals, our branches, administrative buildings, innovation centers, ICT server locations - 193 locations.
2. Our rented terminals and warehouses as well as our consignment stocks with customers; 212 locations in total.
3. Some key suppliers and customers, which are critical to our supply chain. For this, we scrutinized 174 sites.

Therefore, for each individual site, we know precisely the value at stake: Assets (buildings, machinery, etc.), Inventory, Sales, and Spend, and Gross profit margin, which allow us to quantify and qualify precisely what is at risk. The physical parameters taken into account are: flood, heat index, drought, rain, wind, energy, heat, cold, wildfire and geophysical parameters.

Parameters which can directly impact the assets and the people : flood, geophysical parameters, wildfire and wind. The parameters rather having an impact on the consumption of energy (cooling, warming) will also impact people working on the site and the community at large : cold, heat.

The other parameters which rather have an impact on the consumption of water will also impact the community : drought, rain.

RCP : Representative Concentration Pathway: the value of 4.5 or 8.5 refers to the concentration of carbon that delivers global warming at an average of 4.5 or 8.5 watts per square meter respectively across the planet.*

Results of the analysis

1. Data were delivered by AXA Climate SAS at the end of Q1 2022
2. A priority scale was defined as follows:

Low	There is a very limited risk and vulnerability that does not require a specific intervention beyond business as usual to react to climate change consequences
Moderate	There is a limited risk and vulnerability that does not require a specific intervention beyond business as usual to react to climate change consequences
High	Existing risk that can aggravate with climate change, that may have impact on business continuity or short-term damages. It requires further investigation to be either disqualified as a risk or considered as a higher priority for Tessengerlo Group. It should currently represent a medium level of priority for Tessengerlo Group.
Extreme	Existing risk strongly aggravating with climate change, with significant impacts on business or damages. It requires further investigations to determine impacts on business and CAPEX, and adaptation strategy. It should currently represent a top priority for Tessengerlo Group

Main findings and our focus at this stage

Our focus here is on our own sites in Europe, the Americas, and our only own site in Asia, as we can obviously not move our manufacturing sites.

Our rented sites could possibly move and, as an example, with the ongoing migration of agriculture business activities in the US from the West to the East where water is more readily available, we are aware that to continue to serve our customers we might use different terminal locations than we did historically.

The sites of our suppliers and customers that are at risk might generate some disruptions but the risk is very limited. Sourcing alternatives can possibly be considered. Climate impacts will be discussed with our trading partners.

General conclusions

Our climate change adaptation is a work in progress. Based on global climate action (cf. COP 27), the results of our current analysis could change and we might have to adapt ourselves to new scenarios.

The adaptation requirements can be considered from different perspectives and will have different purposes for our different stakeholders.

- Adaptation with regards to the impact on people (health and safety protection) and the community at large.
- Adaptation with regard to the impact on the physical assets (asset protection and business continuity).

The analysis shows that Tessengerlo Group is less exposed at this point in time.

As we extend our presence and our footprint, we will continue to integrate climate action in the future, as well as product adaptation.

Tessenderlo Group is fully aware of the significance of climate change, highly concerned about the various impacts on people, assets, food production, supply chain disruption risks, and the agricultural transition, and has been adapting its product range for quite a while. Below are just a few examples related to the migration of agriculture business activities for climate reasons, and, mainly significant droughts.

- 4R Nutrient Stewardship: Crop Vitality provides crop nutrition tools that allow growers to be sustainable stewards in their fields. Delivering nutrients to plants at the right rate, time and place, and from the right source, is vital to crop yield and crop quality.
- Reduced water consumption.
- Precision fertilization.
- Circular and sustainable bio-fertilizers based on food and feed products.
- Our crop protection line includes organic and naturally sourced products that combat fungus and mildew and provide protection from sun damage.
- The potential relocation of terminals to serve our customers.

As outlined on the next pages featuring tables on energy and water, we realized reductions in 2022 compared to 2020 for energy (without vehicles in order to compare like-for-like), and for water (total) and an increase for water intensity. The latter can be explained by the reduced volumes produced in the Agro sector related to supply chain changes induced by geopolitical conditions such as the conflict in Eastern Europe and the need to cool many storage tanks due to high ambient temperatures.

For energy as well as water, we look to the entire group excluding T-Power (where we are operating under a tolling agreement):

- Total energy: reduction of 5.9%
- Energy intensity: reduction of 1.3%
- Total water: reduction of 0.4%
- Water intensity: increase of 4.1%

In light of our materiality concerning the topics on sustainable products, air and water, we added new metrics on renewable energy, waste and air, and water emissions. The tables for these metrics can be found on the next page.

For the waste category, we have split this into hazardous and non-hazardous waste following the national legislation definitions and also the reporting thresholds. The non-hazardous waste section for the Bio-valorization segment is substantial due to the fact that sludge is officially calculated as waste and also the fact that it can contain quite a lot of water. Tessenderlo Group is always looking at how to better valorize side streams and also the officially called "waste" streams in the context of the "Every Molecule Counts" philosophy that aims at stimulating the circular economy.

The renewable energy source is self-generated renewable hydrogen as well as purchased electricity from renewable sources.

We also refer you to the financial part of the annual report, pages 39 to 42, which elaborates on CSR risks; ethics and compliance, safety, industrial safety, transport accidents, climate risks, cybersecurity risks, usage of Tessenderlo Group products, and market and strategic risks.

Renewable energy

	Renewable energy (MWh)
	2022
Agro	0
Bio-valorization	2,836.0
Industrial Solutions	49,883.0
T-Power	0

Waste

	Waste (ton/year)	
	Hazardous waste	Non-hazardous waste
	2022	
Agro	362.6	5,966.2
Bio-valorization	249.7	194,727.8
Industrial Solutions	2,603.8	2,560.9
T-Power	2.3	30.0

The non-hazardous waste of the Bio-valorization segment is mainly sludge, which is, according to local legislation, considered as "waste."

Water and air emissions

	Water emissions			Air emissions					
	Nitrate (kg NO ₃ - N/y)	Phosphate (kg PO ₄ - P/y)	Pesticides (kg/y)	Sulfur dioxide (kg SO ₂ /y)	Nitrogen oxides (kg NO _x /y)	Non- methane volatile organic compounds (NMVOC) (kg/y)	Fine particulate matter (PM 2.5) (kg/y)	Ammonia (kg NH ₃ /y)	Heavy metals (kg/y)
	2022								
Agro	2,908.0	N/A	N/A	551,690.0	180,487.0	N/A	32,696.0	83,000.0	181.0
Bio-valorization	20,603.0	14,300.0	N/A	78,270.0	215,005.0	2,203.0	2,287.0	677.0	0.11
Industrial Solutions	95,309.0	2,252.0	N/A	67.0	3,683.0	N/A	1,843.0	N/A	39.0
T-Power	97.0	N/A	N/A	N/A	238,600.0	N/A	N/A	N/A	N/A

Energy

	Energy					
	Energy (MWh/y)*			Energy intensity (MWh/y)**		
	2020	2021	2022	2020	2021	2022
	2020	2021	2022	2020	2021	2022
Group (minus T-Power)	2,062,867	2,122,737	2,029,000	0.78	0.78	0.81
Agro	366,740	348,942	287,657	0.22	0.20	0.19
Bio-valorization	1,480,030	1,534,323	1,514,872	3.05	3.30	3.31
Industrial Solutions	216,098	239,472	226,472	0.43	0.46	0.42
T-Power	2,350,652	1,531,225	1,729,863	N/A	N/A	N/A
	Energy (without vehicles)					
	Energy (MWh/y)			Energy intensity (MWh/y)		
	2020	2021	2022	2020	2021	2022
	2020	2021	2022	2020	2021	2022
Group (minus T-Power)	2,062,431	2,027,035	1,938,760	0.78	0.75	0.77
Agro	366,304	339,242	277,876	0.22	0.20	0.18
Bio-valorization	1,480,030	1,457,025	1,443,723	3.05	3.13	3.16
Industrial Solutions	216,098	230,767	217,161	0.43	0.44	0.40
T-Power	2,350,652	1,531,225	1,729,863	N/A	N/A	N/A

* Total energy consumption within the organization, in MWh, and per operating segment

**Total energy intensity ratio for the organization, and per operating segment

1. Organization specific metric (the denominator) to calculate the intensity ratio: The denominator is in metric tons of year product produced to be sold; by-products included
2. Types of energy included in the intensity ratio: Hydrogen, electricity, liquid light fuel, liquid heavy fuel, natural gas, coal, wood, steam
3. The intensity ratio is based on energy consumed within the organization

Water

	Water					
	Water withdrawal (m³/y)*			Water intensity (m³/t)**		
	2020	2021	2022	2020	2021	2022
Group (minus T-Power)	17,369,996	17,255,481	17,298,000	6.60	6.35	6.87
Agro	3,532,440	3,441,548	3,373,750	2.14	1.99	2.22
Bio-valorization	10,747,657	10,583,725	10,831,327	22.18	22.76	23.69
Industrial Solutions	3,089,898	3,230,207	3,092,924	6.21	6.22	5.70
T-Power	2,224,721	1,362,781	1,703,973	N/A	N/A	N/A

	Water								
	Water withdrawal by source (m³/y)								
	Surface water			Ground water			Third-party water including city water		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
Group (minus T-Power)	10,404,045	10,304,877	10,030,286	4,518,921	4,059,382	4,274,279	2,447,031	2,891,221	2,993,436
Agro	2,204,027	2,162,367	2,028,718	671,357	523,821	571,348	657,056	755,360	773,684
Bio-valorization	6,445,389	6,227,104	6,181,422	2,555,499	2,311,726	2,486,722	1,746,770	2,044,895	2,163,183
Industrial Solutions	1,754,629	1,915,406	1,820,146	1,292,065	1,223,835	1,216,209	43,205	90,965	56,569
T-Power	2,168,545	1,306,227	1,654,883	0	0	0	56,177	56,555	49,090

* Information necessary to understand how the data have been compiled: see separate information on granularity & boundaries

** Organization specific metric (the denominator) to calculate the intensity ratio: The denominator is in metric tons of year product produced to be sold; by-products included

Innovation

Investments in innovation and R&D activities remain a key element of the Tessenderlo 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, Tessenderlo 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.

Our Agro segment

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. We not only conducted scientific pot and field trials at our Dinuba farm but also collaborated with several leading agronomic institutes. 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.

Our Bio-valorization segment

We are passionate about improving the lives and well-being of humans and animals and - in that context - our product innovations focus on the valorizing and upcycling of by-products from other industries or making the most out of our 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 addition, PB Leiner has entered into a joint venture with Hainan Xiangtai Group in China to produce and commercialize premium fish collagen peptides.

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.”

Our Industrial Solutions segment

Together with various academic partners, we continued our research to develop sustainable solutions for the recovery of critical minerals, such as copper, which is essential for electromobility, as well as gold for electronics. At Kuhlmann Europe, several research initiatives are ongoing to optimize the production process of FeCl_3 in different plants. Meanwhile, DYKA Group continues to develop innovative solutions in response to megatrends such as urbanization, climate change, water scarcity, and the energy transition. Improving in the area of sustainability is an integral element of the DYKA Group innovation strategy, which is realized by, among other things, increasing the recycled content in products and improving the energy efficiency of the processes used.

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

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

Crop Vitality and Tessengerlo Kerley International

Precision agriculture

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

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

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

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

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

NovaSource

Crop protection

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

Violleau

We offer organic fertilization and biocontrol solutions to our customers, as well as personalized advice according to the soil, climate, and crop situation.

Taking the environment into account is a big part of everything we do. Our activity is part of the circular economy logic as we valorize animal and plant by-products from agricultural and agri-food activities into organic fertilizers. We believe in valorizing every stream and offering local solutions to the organic agriculture market.

From an upstream perspective, we offer recovery solutions to our farming partners for some of their effluents, to local food industries for their co-products, or to surrounding towns for the green waste they collect.

We also provide biocontrol solutions to give farmers the necessary tools to control pests in a sustainable and reasonable manner.

PB Leiner

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

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

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

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

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

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

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

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

Akiolis

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

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

Some examples:

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

DYKA Group

Sustainable water & air management, energy transport and building systems

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

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

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

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

The increasing demographic movement of people to cities has led to the increase in wastewater drainage requirements with a wide network of connections. Pipes and fittings are the prerequisites for housing.

We are constantly diversifying our product range to ensure that we can respond to these changes.

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

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

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

Kuhlmann Europe

Water treatment, cleaner water, and much more

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

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

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

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

Sustainability in industrial businesses

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

Circularity in the chemical industry demands differentiation, sustainable practices, and the reduction of waste. Moleko plays an essential role in assisting and enhancing the businesses of its customers through its chemistries. This includes the areas of copper production, water purification, remediation of contaminated soils/water, food processing, and energy production. Moleko is committed to finding innovative ways to reduce waste.

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

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

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

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

Moleko can upcycle by-product gases from refineries and convert them into value-added chemistry while ensuring world-class environmental performance. Furthermore, this can be done at the customer's site to optimize logistics and reduce our carbon footprint.

As part of our product stewardship endeavors, we strive to make every molecule count and focus on the safe and effective use of our products while innovating essential chemistries for a sustainable future.

T-Power

Gas power plants in the energy mix of the future

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

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

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

Some initiatives within the group

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

In 2022, we took many initiatives with regard to sustainability on a group and BU level to help to create a world that makes the most of its resources. We aim to fully understand what is happening in the world to determine how we can build the business of tomorrow by successfully addressing those issues.

Tessenderlo Kerley International

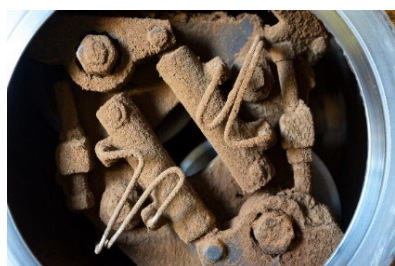


Tessenderlo Kerley International has been working on reducing waste, including the use of virgin plastic. With effect from 2023, we will start using recycled intermediate bulk containers (IBCs) for Thio-Sul®. Both the metal frame and the plastic container of the IBC will be recycled. Furthermore, all packaging will be subject to a strict cleaning and quality control process to ensure a products of the highest quality. In 2023, we will investigate using the same approach for other products, and we will also investigate the use of recycled plastic for our SOP bags.

Tessenderlo Kerley International has started the construction of a new Thio-Sul® plant in Geleen (the Netherlands). In this context, significant efforts are being put into the sustainable operation of the facility: additional investments have been made to integrate its carbon-free steam production into the Chemelot heat network. Furthermore, improved scrubbing systems will be installed in order to minimize air emissions. Finally, research is ongoing with the aim of eliminating the discharge of water treatment chemicals. All of this makes for a facility with a very low environmental footprint!



Violleau



First of all, we adjusted our production process for organic fertilizer pellets by implementing a bypass in our flow. This allows certain formulations to skip a part of the production process. Creating a more tailor-made and flexible production process has enabled us to further reduce our energy consumption.

Secondly, we worked with some of our raw material suppliers to switch from packaged deliveries to bulk deliveries, which further reduced the waste generated in our plant. This has allowed us to establish a more environmentally friendly, safer, and ultimately more economical setup.

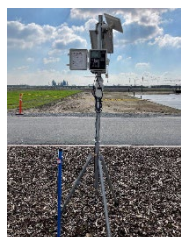


Tessenderlo Kerley, Inc.

Tessenderlo Kerley, Inc., which operates the Crop Vitality, NovaSource, and moleko business units, focused on water, energy, and upcycling. Here are a few examples of the 2022 initiatives:

Solar farm in Hanford, California

Tessenderlo Kerley's Hanford facility completed phase 1 of the installation of the 2 MWH solar facility at the end of 2022, with commissioning due in the first quarter of 2023. The solar farm will allow Tessenderlo Kerley to sell excess power to the grid during daylight hours. The project was designed with the future in mind: the possibility of expansion as the facility grows and having battery installations to power the plant at night.

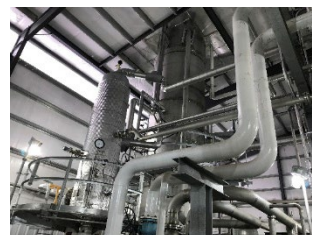


Water management in Dinuba, California

Crop Vitality's Innovation & Learning Center installed an array of moisture meters to lower our water use at the research farm and demonstrate the viability of low-water intensity agriculture for local growers in the state of California where water management is increasingly becoming a major area of focus for the government and an increasingly costly input for growers.

Upcycling in Billings, Montana

Through our joint venture with Jupiter Sulphur LLC, Tessenderlo Kerley installed a unique system to capture and upcycle byproduct ammonia from the adjacent refinery that would otherwise be incinerated. Over 3,000 tons of ammonia can now be captured and utilized in the production of our Thio-Sul® (ammonium thiosulfate) fertilizer.



Water management in East Dubuque, Iowa



Tessenderlo Kerley's engineering team devised a new closed-loop cooling system for the ammonium bisulfite unit that reduces the need for cooling water, potentially saving millions of gallons of water that are lost to evaporation every year.

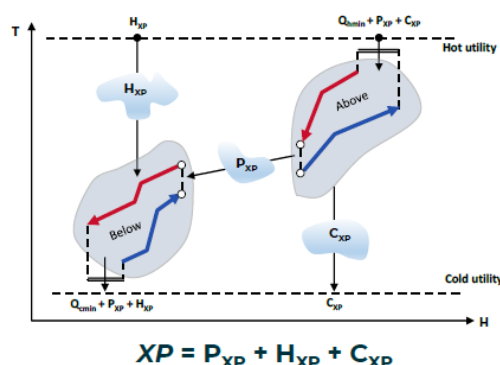
Supporting the municipal water treatment station in Acorizal, Brazil



Our Acorizal team is putting our water treatment expertise to good use for its local community: in 2022, the team assisted with the refurbishment of the municipal water station by sharing process expertise, providing purification ingredients, and training the municipal workers. Continued training and support are on the agenda for 2023 with the objective of maintaining a reliable supply of better-quality water for the residents of Acorizal.

Pinch studies to cleverly prioritize energy efficiency projects

Pinch analysis is a systematic methodology to prioritize energy-saving actions and provide a comprehensive understanding of energy usage across an entire plant. This integrated approach enables us to reduce energy consumption as efficiently as possible at plant level, rather than merely working on stand-alone sub processes and installations. Furthermore, it is a dynamic approach that can be applied to different processes, which means that we can continuously improve our sustainability performance over time.



Most of our plants did a pinch analysis in 2022 or will start one in Q1 2023. We are currently prioritizing heat consumption reduction as this makes up over 80% of our energy consumption, and it is the most complex aspect of our efforts to increase sustainability.

> 10% net heat energy reduction in Nehe (People's Republic of China)

A great telling example of how this integrated pinch approach can yield better net sustainability results can be found in Nehe:



In order to deliver gelatin of the best quality, our processes require a cooling step towards the end of the line. The pinch analysis revealed that, in another part of the plant, the use of cold groundwater reduced the efficiency of an installation that produces the drinking water needed for the Nehe production site. As a result of bypassing that cold groundwater to first act as a coolant in the cooling step, and pass it through the drinking water installation only afterwards when the water has absorbed the heat from the cooling step, the team achieved energy gains on multiple levels, getting one step closer to closing the loop.

Gasification of meat and bone meal



In 2022, we validated a large-scale industrial investment for our Saint-Langis-lès-Mortagne plant in order to limit our carbon footprint by using biomass C1 meat and bone meal. This consists of gasifying the animal meal produced on-site to transform it into synthesis gas and produce energy used to operate the site and, at the same time, produce electricity that is sold back to the grid.

This project is unique in France and it responds to a circular logic of resource-saving in line with France's energy transition program.

Signing of new agreements on quality of life at work and professional equality between men and women

These agreements are important in terms of taking into account the new expectations of our current and future employees. We worked on five themes: attracting a wide range of profiles, developing the professional skills of our employees, reconciling better working conditions with the company's performance, promoting work-life balance, and structuring career development.



Organization of social events on-site and off-site

In 2022, at each of our sites, we invited our employees to participate in picnics, barbecues, lunches in the countryside, or go-karting. These team get-togethers represented an opportunity to celebrate our successes in a convivial way and strengthen the sense of belonging and pride of our employees.

Bio-attributed PVC at DYKA Netherlands

In 2022, DYKA Netherlands took a further step in improving the sustainability of its plastic pipe systems. The innovation is focused on one of the most important raw materials in the production of PVC pipe systems - ethylene. Ethylene can now be produced from material of bio-attributed origin, providing a CO₂ reduction of at least 90% compared to current plastic pipe systems. This is a smart innovation, to which our Dutch colleagues are fully committed.



Launch of DYKA Group Sustainability Program

In 2022, DYKA Group launched its Sustainability Program across all its entities. The program consists of three pillars, covering several UN SDGs:



1. Circularity: we want to prevent raw materials from becoming waste and we want to minimize our emissions.
2. People: focus on people-related subjects, such as safety and diversity.
3. Continuous Improvement: focus on innovation and strengthening our sustainability performance.

Several specific and timebound targets were set. We have already taken some great steps in regard to this program by, for instance, creating life cycle assessments (LCAs) for 5 of our products (PVC U3, DYKA AIR PE pressure, PP Solydo, and Axedo Gully), by developing Environmental Product Declarations (EPDs) for U3 PVC pipe SN8/315 mm, and by creating a sustainability checklist for both suppliers and our product development team. We are continuing with our efforts in terms of making our Sustainability Program effective.

Improving awareness and actions on Operation Clean Sweep

With 7 of our 9 plants already taking part in Operation Clean Sweep (OCS) - with the aim of having all plants take part before the end of 2023, several initiatives were launched in 2022. We started communicating with all internal stakeholders via team presentations and by signing our “Employee Pledge to Prevent Resin Pellet, Flake, and Powder Loss.” In addition to that, several warning panels regarding possible losses were placed in relevant locations in the plants. Meanwhile, an inventory of possible technical solutions to prevent any losses has been created and several positive actions were taken. We will continue our OCS efforts in 2023.



Mill Scales



The Mill Scales project consists of restarting a reactor using a raw material that has the same name (this is a co-product from the metallurgical industry) with the objective of producing ferric chloride at a lower cost while diversifying the raw materials.

This reactor was started in 2013 and stopped in 2017. The restart was implemented in several stages in 2022, during which we continued our project to use mill scales as an alternative to oxides. Our goal is to produce ferric chloride with this reactor on a sustainable basis without any shutdowns. In 2023, we will also continue to investigate other sources of iron.

Hydrogen use and energy efficiency

Thanks to our investment in the heat recovery loop that was made in 2021 and the optimization of the use of hydrogen in our steam boiler, we were able to reduce our natural gas consumption by 20% compared to 2020. Indeed, in 2022, we continued to consume more hydrogen in the boiler to reach a record level of 54% in the gas/hydrogen mix.

We are pleased to report that our energy consumption has remained stable compared to 2020 while our total production has increased by 22%! To further improve our energy consumption, we also installed new plant compressors in 2022 that allowed us to reduce it by another 33%.

In 2023, we have plans to replace the KOH flake boiler, which will allow us to use 100% of our co-produced hydrogen and will further improve our energy efficiency.



Chemical Industry Trophy 2022



In November 2022, France Chimie (the professional organization that represents the chemical industry in France) awarded Kuhlmann France the Chemical Industry Trophy 2022, in the CSR category, at the ceremony of Les Trophées de l'Industrie.

Our ability to reinvigorate our company over the years to ensure a positive future and perpetuate our industrial activity throughout the French territory and in Europe, our integration of the circular economy and recycling in our business model, and the flexibility of our processes in terms of electric energy consumption were the three essential reasons for France Chimie awarding this trophy to Kuhlmann France.

Our community

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

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

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

Business ethics

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

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

Code of Conduct

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

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

Procurement & Supplier Code of Conduct

Looking from a social, ethical, or environmental perspective, the area of Procurement is a very important area in terms of sustainability. We look to our own impact for the material topics in Scope 1 and Scope 2, but the impact from the supply chain is as important, or sometimes even more important in terms of emissions or impact on the environment. At Tessenderlo Group, we have had a Group Procurement Sustainability Policy since 2021 that was updated and published on our website in 2022. The purpose of this policy is to solidify sustainability and CSR within Procurement and our suppliers' communities.

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

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

Communities			
ASSOCIATED MATERIAL ASPECT (GRI)	Score 2020	Score 2021	Score 2022
Collaborations in which local communities are involved	-	New in 2022	100%
Procurement training in CSR	New in 2021	75%*	100%
% of the spend with Supplier Code of Conduct signature, measured against the spent of the previous year	New in 2021	61.38%**	81%

* Estimation

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

Anti-bribery and anti-corruption

Mitigation of the corruption & bribery risk

1. [Code of Conduct](#)

As stated in our Code of Conduct, Tessenderlo Group complies with the Foreign Corrupt Practices Act, other country-specific and appropriate anti-bribery laws, and with the basic principles of the International Chamber of Commerce (ICC) Rules of Conduct to Combat Extortion and Bribery and the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions of 1997.

All employees of Tessenderlo Group may never offer, provide, or receive any financial or other inducements in order to obtain, retain, or alter business contracts or for the purpose of influencing decisions.

The employee shall not offer, give, solicit, or accept any bribe, whether cash or other inducement, to or from any person or company, wherever they are situated and whether they are a public official or body, supplier, or customer, in order to gain any commercial, contractual, or regulatory advantage for Tessengerlo Group, nor to gain any personal advantage, pecuniary or otherwise, for the employee or anyone connected with themselves.

The prevention, detection, and reporting of bribery is the responsibility of all employees throughout Tessengerlo Group. All employees must report any information that they would have evidence of or suspicion about in this respect.

2. Mitigation

A learning management system (LMS) is in place and our employees (L levels and people working in Procurement) need to follow the training sessions and to pass a test.

On a yearly basis, we carry out a sales and a spend ledger analysis on a group level per country, using the Corruption Perceptions Index (CPI*) to identify potential risks.

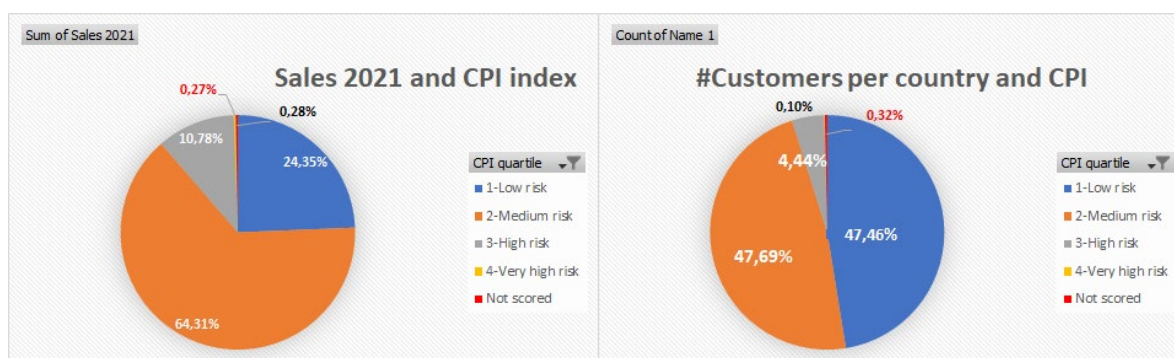
3. CPI screening

To reinforce the LMS and respect the Code of Conduct, as well as create extra awareness, a CPI screening has been organized. Findings are communicated to the ExCom and possible “matches” can generate further actions via internal audit and control. Our focus here is on countries presenting extreme risks.

(CPI): The Corruption Perceptions Index (CPI) is an index that ranks countries "by their perceived levels of public sector corruption", as determined by expert assessments and opinion surveys. The CPI generally defines corruption as an "abuse of entrusted power for private gain." The index has been published annually by the non-governmental organization Transparency International since 1995.*

4. Results of the 2022 screening

1. Sales



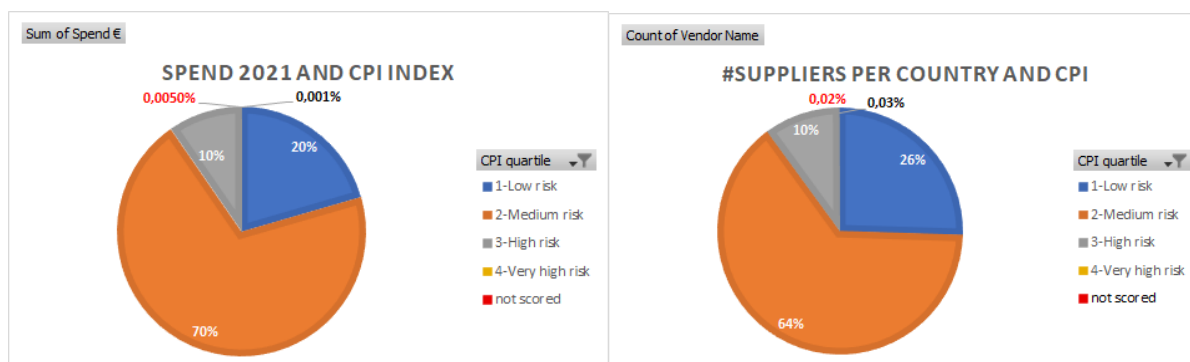
The analysis detected 24 accounts (0.10% of our customers) representing +/- 5 million EUR of sales (0.27% of annual sales) in very high-risk countries.

These 24 accounts have received adverse media screening and we did not find any press releases related to corruption or any kind of risks for any of them.

NB1 The analysis excluded the dispersed suppliers involved in the collection of raw materials in France for the bio-valorization business (thousands of butchers, restaurants, etc.).

NB2 Some countries (21 in total) are not scored by Transparency International because they are autonomous states but still under “protectorate” or similar regimes. If we used the CPI score of the country they are associated with, they would enter into the “Lowest risk” quartile. They also represent +/- 5 million EUR of sales (0.28% of annual sales) and 81 accounts (0.32% of our customers).

2. Spend



The analysis detected 4 accounts (0.03% of our suppliers) representing +/- 17,000 EUR of spend (0.001% of annual spend) in very high-risk countries.

These 4 accounts have received adverse media screening and we did not find any press releases related to corruption or any kind of risks for any of them.

NB2 One country is not scored by Transparency International because it is an autonomous state but remains under “protectorate” or similar regimes. If we used the CPI score of the country it is associated with, it would enter into the “Lowest risk” quartile. This country also only represents +/- 5 million EUR of sales (0.005% of the annual spend) and 3 accounts (0.02% of our suppliers).

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

Whistleblowing

There is a Belgian law on whistleblowing that was passed on December 15, 2022. It will be implemented in 2023 in all plants and subsidiaries of Tessengerlo Group in Belgium. There is also a French law on whistleblowing that was published in 2022; it did not have an implementing decree. This decree has recently been published, so it will also be implemented in 2023.

We expect similar laws to be implemented other EU countries in 2023.

In 2020, 2021, and 2022, we had a zero score for the eligible alerts to the Compliance Officer at the whistleblowing level for anti-bribery and anti-corruption.

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

Cybersecurity

To protect against potential cyberattacks, Tessenderlo Group has invested heavily in cybersecurity in recent years and will continue to do so in the coming years. Within Tessenderlo Group, a cybersecurity governance team and program has been defined and is executed by a combined team of internal and external cybersecurity experts.

On a weekly basis, a team of cybersecurity experts meets to discuss the status of short-term action items and key cybersecurity incidents. The progress on cybersecurity policies and procedures is also monitored and the long-term strategy is discussed and adjusted if necessary. Tessenderlo Group draws inspiration from best practices of recognized cybersecurity organizations and frameworks such as NIST and ISO.

Every quarter, people from the cybersecurity team, internal audit, and risk management meet to discuss a general status update on cybersecurity projects and any possible major incidents that occurred. During this meeting, changes to cybersecurity policies and procedures are also discussed and approved. At least once a year, the Board of Directors receives an update on the cybersecurity program and any major incidents that occurred.

Through awareness and education, Tessenderlo Group works hard to ensure its employees understand their very important role in the cybersecurity and privacy equation. The employees must attend mandatory cybersecurity awareness training and are subject to a phishing test campaign at least twice a year. Information and updates are regularly shared through the various communication channels within Tessenderlo Group regarding recent cybersecurity topics. Employees are also asked to immediately report all suspicious email messages to the ICT Service Desk via a simple click in their email tool.

Tessenderlo Group also works with external cybersecurity teams to check the public ICT assets for weaknesses as well as to screen potential theft of user credentials.

Data privacy

Privacy and data security are among the primary concerns of Tessenderlo Group. We handle all personal data that customers, suppliers or employees provide with the utmost care. Tessenderlo Group observes a strict duty of confidentiality in the use of personal information and adheres to a set of data privacy principles documented in our Privacy Policy, which is reviewed against changes in our environment and updated when changes occur. We have taken appropriate technical and organizational security measures to ensure the security, integrity and privacy of all personal information collected, and to protect personal data against loss, misuse, and/or destruction. We ensure compliance with the requirements of the General Data Protection Regulation (GDPR).

Tessenderlo Group does not sell personal information to third parties for marketing, advertising, or other commercial purposes.

Ethics and Compliance			
ASSOCIATED MATERIAL ASPECT (GRI)	Score 2020	Score 2021	Score 2022
Anti-trust training – current rate of compliance in line with the defined schedule	86.3%	85.1%	90%
ABC (anti-bribery and anti-corruption) training – current rate of compliance in line with the defined schedule	New in 2021	62.3%	81%
Code of Conduct training – current rate of compliance in line with defined schedule	100%	95.1%	81%
IP and confidential information training – current rate of compliance in line with defined schedule	91%	73.4%	90%
New hires receiving Compliance training in line with the agreed schedule (by job category) within 90 days of being hired	New in 2021	95%	100%
Training on harassment and discrimination in the workplace (TKI)	100%	100%	100%

KPIs

Our CSR strategy is inter-connected at the different levels of our group. The materiality topics (Labor and Human rights, Motivating employees, etc.), with its current metrics (associated material aspect) and KPIs (GRI), are linked to the higher level goals of the United Nations (SDGs) and also to our policies and management approaches at Tessengerlo Group. Below are the CSR metrics, with several new KPIs for 2022, and also the associated targets for social topics.

Social metrics

Labor and Human Rights						
ASSOCIATED MATERIAL ASPECT (GRI)	GRI	SDG	Score 2021	Score 2022	Targets	Group policies
Diversity of gender in governance bodies (Remco, Board, Audit Committee and ExCom*)	405-1 a	8 10	18% female 82% male	29% female 71% male		Diversity and Inclusion policy
Diversity of governance bodies (gender % of L level, E level and board)			12% female at L level** 24% at E level** 33% at Board level	15% female at L level** 25% at E level** 33% at Board level		
Diversity of gender (all permanent employees)			16.6% female 83.4% male	17% female 83% male		
Diversity of employees (per region, per gender, and per age category expressed in total numbers)	405-1 b 102-8		See Sustainability report 2021	See page 82	95%	Labor and Human rights policy
% of employees compliant in training Labor and Human Rights	412-2 b		New in 2022	81.3%		
Equal opportunity-ratio of basic salary and remuneration of females to males at L level	405-2		Female 5% higher than male	Male 2.9% higher than female		
Equal opportunity-ratio of basic salary and remuneration of males to females at E level		Male 2% higher than female	Male 4.3% higher than female			
Operations in which the right to freedom of association and collective bargaining may be at risk	407-1	8	0	0	100%	
Total new hires and leavers			673 new hires	641 new hires 384 leavers		
Employee turnover	401-1, b	8 10	12.9%	7.3%		

* Diversity of gender in governance bodies: definition changed from 2021 to 2022 for accounting reasons.

2021: BU Leadership Teams, Group Leadership Team, and the Board of Directors.

2022: Remco, Board, Audit Committee, and ExCom.

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

Motivating employees						
ASSOCIATED MATERIAL ASPECT (GRI)	GRI	SDG	Score 2021	Score 2022	Targets	Group policies
Average of hours of training per employee per year, excluding training on the job/machine	404-1	8 10	14.8	15.4		Learning & Development policy
Employees receiving regular signed performance and career development reviews expressed in % of E and L grades	404-3		96%	96%	> 90%	Group talent strategy policy
Average years of seniority/company service	(401-1, b)	10	13.2*	13.1		
% of L and E grade employees in performance-related incentive plans			100%	100%	> 75%	
% of all employees in performance-related incentive plans			66%	66%		
% of L and E grade employees with a Personal Development Plan			New in 2022	52%		
E grade employees in formal coaching or mentoring programs	404-2		3.24%	8%	> 5%	
% of employees active in LMS			39%	44%	> 75%	
Hiring by source - internal/external	401-2, v	8 10	12% internal 88% external	11.5% internal 88.5% external	> 20% internal	

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

Health and Safety						
ASSOCIATED MATERIAL ASPECT (GRI)	GRI	SDG	Score 2021	Score 2022	Targets	Group policies
Lost Time Incident (LTI) frequency ratio ¹ (all employees and contractors)	403-2-9-10	3 8	11.12	10.63	By BU and Tessenderlo Group	Health and Safety policy
Near misses frequency ratio ² (all employees and contractors, expressed as number of hours worked)			829.76	893	By BU	
Workers representation in formal joint management/employee H&S committee	403-1 102-41		96%	96%	By BU	
Accident severity rate ³ (all employees)			0.56	0.63	By BU	
Total safety performance ⁴ (all employees and contractors)			10.84	10.63	By BU and Tessenderlo Group	
Group insurance percentage coverage/Life Assurance coverage	401-2, i, iii	3	98%	98%	95%	

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

Ethics and Compliance						
ASSOCIATED MATERIAL ASPECT (GRI)	GRI	SDG	Score 2021	Score 2022	Targets	Group policies
Anti-trust training – current rate of compliance in line with defined schedule	205-2	4	85.1%	90%	95%	Anti Bribery and - corruption policy & Anti-trust Competition policy
ABC (anti-bribery and anti-corruption) training – current rate of compliance in line with defined schedule			62.3%	81%		
Code of Conduct training – current rate of compliance in line with defined schedule	205-2, 102-16-17, (410-1)		95.1%	81%		Code of Conduct policy
IP and confidential information training – current rate of compliance in line with defined schedule	(418-1)		73.4%	90%		Group IP policy
New hires receiving Compliance training in line with the agreed schedule (by job category) within 90 days of being hired	404-2		95%	100%		Code of Conduct policy
Harassment and discrimination in the workplace (TKI)	(410-1)	4	100%	100%		Diversity and Inclusion policy

Communities						
ASSOCIATED MATERIAL ASPECT (GRI)	GRI	SDG	Score 2021	Score 2022	Targets	Group policies
Collaborations in which local communities are involved			New in 2022	75%*		
Procurement training in CSR	404-2	4 8 11	75%*	100%	95%	Procurement Sustainability policy
% of the spent with Supplier Code of Conduct signature, measured against the spent of the year before	414-2 a	11	61.38%**	81%	77% ***	

* Estimation

** Result of calendar year 2021 as this KPI started in the course of 2021, the result is further increasing.

*** Moving target: the target is increasing over time

Environmental metrics

Renewable energy

	Renewable energy (MWh)
GRI	302-1 b
SDG	9, 11, 12, 13
Group policies	Corporate Social Responsibility policy
	2022
Agro	0
Bio-valorization	2,836.0
Industrial Solutions	49,883.0
T-Power	0

Waste

	Waste (ton/year)	
	Hazardous waste	Non-hazardous waste
GRI	306-3 a, 306-3 b, 306-5 a, 306 - 5 d, 306-5 e	
SDG	3, 9, 11, 12, 13	
Group policies	Corporate Social Responsibility policy	
	2022	
Agro	362.6	5,966.2
Bio-valorization	249.7	194,727.8
Industrial Solutions	2,603.8	2,560.9
T-Power	2.3	30.0

The non-hazardous waste of the Bio-valorization segment is mainly sludge, which is, according to local legislation, considered as "waste."

Water and air emissions

	Water emissions			Air emissions					
	Nitrate (kg NO ₃ - N/y)	Phosphate (kg PO ₄ - P/y)	Pesticides (kg/y)	Sulfur dioxide (kg SO ₂ /y)	Nitrogen oxides (kg NO _x /y)	Non- methane volatile organic compounds (NMVOC) (kg/y)	Fine particulate matter (PM 2.5) (kg/y)	Ammonia (kg NH ₃ /y)	Heavy metals (kg/y)
GRI				307-7 a ii	307-7 a i	307-7 a iv	307-7 a vi	307-7 a vii	
SDG	3, 6, 9, 11, 13			3, 9, 11, 13					
Group policies	Corporate Social Responsibility policy								
	2022								
Agro	2,908.0	N/A	N/A	551,690.0	180,487.0	N/A	32,696.0	83,000.0	181.0
Bio-valorization	20,603.0	14,300.0	N/A	78,270.0	215,005.0	2,203.0	2,287.0	677.0	0.11
Industrial Solutions	95,309.0	2,252.0	N/A	67.0	3,683.0	N/A	1,843.0	N/A	39.0
T-Power	97.0	N/A	N/A	N/A	238,600.0	N/A	N/A	N/A	N/A

Energy

	Energy					
	Energy (MWh/y)*			Energy intensity (MWh/y)**		
GRI	302-1e			302-3 a		
SDG	12, 13, 15					
Group policies	Corporate Social Responsibility policy					
	2020	2021	2022	2020	2021	2022
Group (minus T-Power)	2,062,867	2,122,737	2,029,000	0.78	0.78	0.81
Agro	366,740	348,942	287,657	0.22	0.20	0.19
Bio-valorization	1,480,030	1,534,323	1,514,872	3.05	3.30	3.31
Industrial Solutions	216,098	239,472	226,472	0.43	0.46	0.42
T-Power	2,350,652	1,531,225	1,729,863	N/A	N/A	N/A
	Energy (without vehicles)					
	Energy (MWh/y)			Energy intensity (MWh/y)		
	2020	2021	2022	2020	2021	2022
Group (minus T-Power)	2,062,431	2,027,035	1,938,760	0.78	0.75	0.77
Agro	366,304	339,242	277,876	0.22	0.20	0.18
Bio-valorization	1,480,030	1,457,025	1,443,723	3.05	3.13	3.16
Industrial Solutions	216,098	230,767	217,161	0.43	0.44	0.40
T-Power	2,350,652	1,531,225	1,729,863	N/A	N/A	N/A

* Total energy consumption within the organization, in MWh, and per operating segment

**Total energy intensity ratio for the organization, and per operating segment

1. Organization specific metric (the denominator) to calculate the intensity ratio: The denominator is in metric tons of year product produced to be sold; by-products included – GRI 302-3 b
2. Types of energy included in the intensity ratio: Hydrogen, electricity, liquid light fuel, liquid heavy fuel, natural gas, coal, wood, steam – GRI 302-3 c
3. The intensity ratio is based on energy consumed within the organization – GRI 302-3 d

Water

	Water					
	Water withdrawal (m³/y)			Water intensity (m³/t)		
GRI	303-3 a			N/A		
SDG	6, 9, 11, 12, 13, 15					
Group policies	Corporate Social Responsibility policy					
	2020	2021	2022	2020	2021	2022
Group (minus T-Power)	17,369,996	17,255,481	17,298,000	6.60	6.35	6.87
Agro	3,532,440	3,441,548	3,373,750	2.14	1.99	2.22
Bio-valorization	10,747,657	10,583,725	10,831,327	22.18	22.76	23.69
Industrial Solutions	3,089,898	3,230,207	3,092,924	6.21	6.22	5.70
T-Power	2,224,721	1,362,781	1,703,973	N/A	N/A	N/A

	Water								
	Water withdrawal by source (m³/y)								
	Surface water			Ground water			Third-party water including city water		
GRI	303-3 a i			303-3 a ii			303-3 a v		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
Group (minus T-Power)	10,404,045	10,304,877	10,030,286	4,518,921	4,059,382	4,274,279	2,447,031	2,891,221	2,993,436
Agro	2,204,027	2,162,367	2,028,718	671,357	523,821	571,348	657,056	755,360	773,684
Bio-valorization	6,445,389	6,227,104	6,181,422	2,555,499	2,311,726	2,486,722	1,746,770	2,044,895	2,163,183
Industrial Solutions	1,754,629	1,915,406	1,820,146	1,292,065	1,223,835	1,216,209	43,205	90,965	56,569
T-Power	2,168,545	1,306,227	1,654,883	0	0	0	56,177	56,555	49,090

* Information necessary to understand how the data have been compiled: see separate information on granularity & boundaries – GRI 303-3 d

** Organization specific metric (the denominator) to calculate the intensity ratio: The denominator is in metric tons of year product produced to be sold; by-products included

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FINANCIAL REPORT

2022

Consolidated financial statements

Consolidated income statement

(Million EUR)	note	For the year ended December 31	
		2022	2021
Revenue	3	2,587.5	2,081.5
Cost of sales		-1,919.5	-1,534.5
Gross profit		668.1	546.9
Distribution expenses		-147.9	-120.2
Sales and marketing expenses		-70.8	-62.2
Administrative expenses		-130.4	-124.2
Other operating income and expenses	5	-18.8	-16.5
Adjusted EBIT²	3	300.1	223.8
EBIT adjusting items	6	-12.0	1.9
EBIT (Profit (+) / loss (-) from operations)		288.1	225.7
Finance costs	9	-41.5	-15.1
Finance income	9	37.8	19.6
Finance (costs) / income - net	9	-3.8	4.5
Share of result of equity accounted investees, net of income tax	14	4.8	0.7
Profit (+) / loss (-) before tax		289.2	230.9
Income tax expense	10	-62.4	-42.6
Profit (+) / loss (-) for the period		226.8	188.3
Attributable to:			
- Equity holders of the company		226.9	187.8
- Non-controlling interest		-0.1	0.5
Basic earnings per share (EUR)	20	5.26	4.36
Diluted earnings per share (EUR)	20	5.26	4.36

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

² Adjusted EBIT is considered by the group to be a relevant performance measure in order to compare results over the period 2021-2022, as it excludes adjusting items from the EBIT (Earnings before interest and taxes). EBIT adjusting items principally relate to restructuring, impairment losses, provisions, gains or losses on significant disposals of assets or subsidiaries and the effect of the electricity purchase agreement.

Consolidated statement of comprehensive income

(Million EUR)	note	For the year ended December 31	
		2022	2021
Profit (+) / loss (-) for the period		226.8	188.3
Translation differences ³		14.6	21.0
Net change in fair value of derivative financial instruments, before tax	26	5.8	1.9
Other movements		-0.0	0.2
Income tax on other comprehensive income	15	-1.5	-0.5
Items of other comprehensive income that are or may be reclassified subsequently to profit or loss		18.9	22.6
Remeasurements of the net defined benefit liability, before tax	23	27.1	18.2
Income tax on other comprehensive income	15	-4.4	-1.2
Items of other comprehensive income that will not be reclassified subsequently to profit or loss		22.7	17.0
Other comprehensive income, net of income tax		41.6	39.5
Total comprehensive income		268.4	227.8
Attributable to:			
- Equity holders of the company		268.4	227.0
- Non-controlling interest		-0.0	0.8

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

³ The 2022 translation differences are mainly impacted by the further weakening of the EUR against the USD (-6%) (2021: -8%).

Consolidated statement of financial position

		As per December 31	
(Million EUR)	note	2022	2021
Assets			
Total non-current assets		1,147.5	1,105.4
Property, plant and equipment	11	888.7	886.6
Goodwill	12	32.1	32.3
Intangible assets	13	107.0	109.2
Investments accounted for using the equity method	14	26.2	19.2
Other investments and guarantees	14	10.9	11.8
Deferred tax assets	15	18.2	33.5
Trade and other receivables	16	14.5	12.9
Long term investments	18/22	50.0	-
Total current assets		1,153.3	1,101.6
Inventories	17	566.9	393.4
Trade and other receivables	16	412.9	371.8
Current tax assets	10	16.8	5.5
Derivative financial instruments	26	0.6	0.6
Short term investments	18/22	-	10.0
Cash and cash equivalents	18/22	156.1	320.3
Total assets		2,300.9	2,207.0
Equity and Liabilities			
Equity			
Equity attributable to equity holders of the company		1,401.8	1,130.0
Issued capital		216.2	216.2
Share premium		238.0	238.0
Reserves and retained earnings		947.6	675.8
Non-controlling interest		1.5	1.3
Total equity		1,403.2	1,131.4
Liabilities			
Total non-current liabilities		444.0	477.9
Loans and borrowings	22	209.3	193.6
Employee benefits	23	40.1	55.8
Provisions	24	121.3	138.3
Trade and other payables	25	6.9	4.1
Derivative financial instruments	26	10.1	20.7
Deferred tax liabilities	15	56.3	65.4
Total current liabilities		453.6	597.7
Bank overdrafts	18/22	0.1	0.1
Loans and borrowings	22	56.2	211.4
Trade and other payables	25	383.2	365.9
Derivative financial instruments	26	1.6	8.6
Current tax liabilities	10	1.9	1.6
Employee benefits	23	0.7	0.7
Provisions	24	9.8	9.5
Total liabilities		897.6	1,075.6
Total equity and liabilities		2,300.9	2,207.0

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

Consolidated statement of changes in equity

(Million EUR)	note	Issued capital	Share premium	Legal reserves	Translation reserves	Hedging reserves	Retained earnings	Equity attributable to equity holders of the company	Non-controlling interest	Total equity
Balance at January 1, 2022		216.2	238.0	21.6	-81.2	-1.6	737.1	1,130.0	1.3	1,131.4
Profit (+) / loss (-) for the period		-	-	-	-	-	226.9	226.9	-0.1	226.8
Other comprehensive income										
- Translation differences		-	-	-	14.5	-	-	14.5	0.1	14.6
- Remeasurements of the net defined benefit liability, net of tax		-	-	-	-	-	22.7	22.7	-	22.7
- Net change in fair value of derivative financial instruments, net of tax		-	-	-	-	4.4	-	4.4	-	4.4
- Other movements		-	-	-	-	-	-	0.0	-0.0	-0.0
Comprehensive income, net of income taxes		0.0	0.0	0.0	14.5	4.4	249.6	268.4	-0.0	268.4
Transactions with owners, recorded directly in equity										
- (Repurchase)/disposal of own shares	19	-	-	-	-	-	3.3	3.3	-	3.3
- Capital increase by non-controlling interest		-	-	-	-	-	-	0.0	0.1	0.1
Total contributions by and distributions to owners		0.0	0.0	0.0	0.0	0.0	3.3	3.3	0.1	3.5
Balance at December 31, 2022		216.2	238.0	21.6	-66.8	2.7	990.0	1,401.8	1.5	1,403.2

(Million EUR)

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

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

Consolidated statement of cash flows

		For the year ended December 31	
(Million EUR)	note	2022	2021
Operating activities			
Profit (+) / loss (-) for the period		226.8	188.3
Depreciation, amortization and impairment losses on tangible assets, goodwill and intangible assets	8	172.4	132.3
Changes in provisions		-16.8	-3.5
Finance costs	9	41.5	15.1
Finance income	9	-37.8	-19.6
Loss / (profit) on sale of non-current assets		-0.8	-3.6
Share of result of equity accounted investees, net of income tax		-4.8	-0.7
Income tax expense	10	62.4	42.6
Other non-cash items		-1.0	2.3
Changes in inventories		-160.6	-50.5
Changes in trade and other receivables		-36.3	-94.7
Changes in trade and other payables		20.7	83.9
Change in accounting estimates - inventory write off	3/17	10.3	2.5
Net change in emission allowances recognized within intangible assets	13	1.2	1.1
Revaluation electricity forward contracts	26	-7.4	-0.8
Bargain purchase recognized following the acquisition of the activities of DYKA Réseaux SAS	4/6	-2.7	-
Settlement loss UK pension plan	6/23	7.3	-
Cash generated from operations		274.5	294.7
Income tax paid	10	-74.6	-46.6
Dividends received		-	0.1
Cash flow from operating activities		199.8	248.1
Investing activities			
Acquisition of property, plant and equipment	11	-112.8	-95.7
Acquisition of intangible assets	13	-0.6	-0.3
Acquisition of businesses, net of cash acquired	4	-42.1	-
Proceeds from the sale of property, plant and equipment		1.6	7.0
Cash deposit paid for prequalification CRM auction (T-Power)		-16.2	-16.3
Cash deposit reimbursed for prequalification CRM auction (T-Power)		16.2	16.3
Acquisition of short term investments	18/22	-	-40.0
Proceeds from sale of short term investments	18/22	10.0	50.0
Acquisition of long term investments	18/22	-50.0	-
Cash flow from investing activities		-194.0	-79.0
Financing activities			
Repurchase of own shares	19	-0.6	-
Payment of lease liabilities	11/22	-20.7	-20.6
Proceeds from new borrowings	22	60.0	1.3
Reimbursement of borrowings	22	-198.0	-48.7
Interest paid	9	-13.8	-15.1
Interest received	9	0.9	0.4
Other finance costs paid		-1.6	-1.0
Decrease/(increase) of long term receivables		1.8	4.2
Capital increase from non-controlling interest		0.1	-
Dividends paid to non-controlling interest		-	-0.6
Cash flow from financing activities		-171.8	-80.1
Net increase / (decrease) in cash and cash equivalents			
Effect of exchange rate differences	22	1.7	1.1
Cash and cash eq. less bank overdrafts at the beginning of the period	18/22	320.2	230.0
Cash and cash eq. less bank overdrafts at the end of the period	18/22	156.0	320.2

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

The cash flow from operating activities decreased from 248.1 million EUR in 2021 to 199.8 million EUR as per December 31, 2022. The increase of the 2022 operational result (increase of Adjusted EBITDA by +80.6 million EUR), mainly within the operating segments Bio-valorization and Agro (note 3 - Segment reporting), was more than offset by an increase of the working capital. The changes in working capital led to a cash outflow of -176.2 million EUR in 2022 mainly impacted by higher inventories, due to increased raw material prices and energy costs (-160.6 million EUR). The net impact of the variance in trade and other receivables and trade and other payables was limited to -15.6 million EUR. The increase in taxable result resulted in higher income taxes paid (-74.6 million EUR in 2022 compared to -46.6 million EUR in 2021). As per December 2022, the group also has current tax assets outstanding for an amount of 16.8 million EUR (compared to only 5.5 million EUR in 2021), mainly related to advance payments made in the United States and Belgium.

The cash flow from investing activities changed from -79.0 million EUR to -194.0 million EUR. Total capital expenditure amounts to -113.4 million EUR (2021: -95.9 million EUR) (note 3 - Segment reporting). In 2022, cash considerations were paid for the acquisition of a production plant in Gaillon (France) by DYKA Réseaux SAS (operating segment Industrial Solutions) and for the acquisition of the product line Lannate® by Tessenderlo Kerley, Inc. (operating segment Agro), while there were no acquisitions in 2021 (note 4 - Acquisitions and disposals). The proceeds from the sale of property, plant and equipment for an amount of 7.0 million EUR in 2021 mainly related to the sale of the assets of the MPR and ECS activities, while the proceeds from the sale of property, plant and equipment only amounted to 1.6 million EUR in 2022, including several insignificant items. A financial guarantee, through a cash deposit of 16.2 million EUR, was paid to Elia (the Belgian transmission system operator) as part of the prequalification file leading to the participation in the Belgian CRM (Capacity Remuneration Mechanism) auction in September 2022 for the construction of a second gas-fired power station in Tessenderlo (Belgium). As the group was not successful in the CRM auction, the guarantee was reimbursed before year-end 2022. As per year end 2022, two long term bank deposits are outstanding for a total amount of 50.0 million EUR, compared to an outstanding short term bank note of 10.0 million EUR per year-end 2021. The counterparty is a highly rated international bank. The outstanding deposits have an original duration of 2 years (note 18 - Cash and cash equivalents).

The cash flow from financing activities amounts to -171.8 million EUR as per year-end 2022 (2021: -80.1 million EUR). The reimbursement of borrowings (-198.0 million EUR) in 2022 mainly relates to the reimbursement of the outstanding 2022 bonds (-165.5 million EUR) and the yearly reimbursement of the T-Power credit facility (-25.7 million EUR). In 2022, two new loans of each 30.0 million EUR were drawn by the group, maturing in February 2027 and April 2029, while no significant new borrowings were drawn in 2021 (note 22 - Loans and borrowings).

As a result, cash and cash equivalents less bank overdrafts decreased from 320.2 million EUR in 2021 to 156.0 million EUR as per December 31, 2022 (note 18 - Cash and cash equivalents).

Consequences and impact of the conflict in Eastern Europe

The ongoing conflict in Eastern Europe and the subsequent economic and financial sanctions imposed are negatively affecting the supply and purchase prices of raw materials as well as energy prices. This applies in particular to MOP (muriate of potash), the main raw material for SOP fertilizers (sulfate of potash) produced at Tessenderlo Kerley Ham (Belgium). Tessenderlo Group previously purchased MOP mainly in Russia and Belarus, as well as, to a lesser extent, from some other countries. Due to the high MOP inventory position at the start of the year, as well as a revision of the sourcing mix, the supply difficulties had only a limited impact on Tessenderlo Group's profitability during 2022. The increase in energy prices had a negative impact on our various activities, although this could be somewhat limited by our previously concluded forward purchase contracts, as well as by the increase in our sales prices.

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1. Summary of significant accounting policies

Tessenderlo Group nv (hereafter referred to as the "company"), the parent company, is domiciled in Belgium. The consolidated financial statements for the year ended December 31, 2022 comprise the company and its subsidiaries (together referred to as the "group") and the group's interests in jointly controlled entities.

The IFRS financial statements were authorized for issue by the Board of Directors of Tessenderlo Group nv on Wednesday March 22, 2023.

(A) Statement of compliance

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

(B) Basis of preparation

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

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

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

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

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

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

(C) Principles of consolidation

Subsidiaries are entities controlled by the group. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

If the group no longer has control over a subsidiary all assets and liabilities of the subsidiary, any non-controlling interests and other equity components with regard to the subsidiary are derecognized. The gains or losses arising on the loss of control are recognized in the income statement.

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

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

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

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

(D) Foreign currency

Foreign currency transactions

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

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

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

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

Foreign currency translation

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

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

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

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

Exchange rates

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

	Closing rate		Average rate	
	2022	2021	2022	2021
1 EUR equals :				
Brazilian real	5.6386	6.3101	5.4399	6.3779
Chinese yuan	7.3582	7.1947	7.0788	7.6282
Costa Rican colon	632.8700	725.5900	677.3942	732.0314
Czech crown	24.1160	24.8580	24.5659	25.6405
Indian Rupee	88.1710	84.2292	82.6864	87.4392
Polish zloty	4.6808	4.5969	4.6861	4.5652
Pound sterling	0.8869	0.8403	0.8528	0.8596
Romanian leu	4.9495	4.9490	4.9313	4.9215
Swiss franc	0.9847	1.0331	1.0047	1.0811
Turkish lira	19.9649	15.2335	17.4088	10.5124
US dollar	1.0666	1.1326	1.0530	1.1827

(E) Intangible assets

Research and development

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

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

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

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

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

Borrowing costs

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

Emission allowances

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

The fair value of forward purchase and sale contracts of emission allowance certificates is based on quoted market prices for futures of EU allowances (EUAs) and Certified Emission Reductions (CERs)⁴.

Intangible assets

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

Subsequent expenditure

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

Amortization

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

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

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

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

⁴ The group did not have any such contracts during 2021 and 2022.

(F) Goodwill

Business combination

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

The group measures goodwill at the acquisition date as:

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

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

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

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

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

Subsequent measurement of goodwill

Goodwill is measured at cost less accumulated impairment losses.

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

(G) Property, plant and equipment

Owned assets

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

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

Subsequent expenditure

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

Depreciation

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

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

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

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

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

Government grants

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

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

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

(H) Leased assets

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

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

⁵ Land infrastructure mainly includes access roads, fencing and lighting.

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

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

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

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

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

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

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

(I) Other, short and long term investments

Each category of investment is accounted for at trade date.

Investments in equity securities

Investments in equity securities are undertakings in which the group does not have significant influence or control. This is generally evidenced by ownership of less than 20% of the voting rights. Such investments are recorded at their fair value on the balance sheet, unless the fair value cannot be reliably determined in which case they are carried at cost less impairment losses. The fair value is the quoted bid price at balance sheet date. On initial recognition, the entity can determine, on an instrument-by-instrument basis, whether subsequent changes in fair value should be recorded in other comprehensive income or directly in profit or loss. The choice is irrevocable. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. If investments in equity securities are disposed, and on initial recognition it was chosen to record subsequent changes in fair value in other comprehensive income, the cumulative gain or loss previously recognized in other comprehensive income remains in other comprehensive income and is never reclassified to profit or loss.

Other investments

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

Short term investments

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

Long term investments

Long term investments include cash deposits and long term bank notes with a maturity at inception of more than 12 months and are intended to be held to maturity (solely payment of principal and interest). They are recognized at cost and the associated revenue is recognized in interest income.

(J) Impairment

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

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

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

Calculation of recoverable amount

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

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

Reversal of impairment

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

An impairment loss in respect of goodwill cannot be reversed.

Financial assets

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

(K) Inventories

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

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

(L) Trade and other receivables

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

(M) Cash and cash equivalents

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

(N) Issued capital

Ordinary shares

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

Repurchase of issued capital

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

Dividends

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

(O) Non-derivative financial liabilities

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

(P) Provisions

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

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

Restructuring

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

Environmental obligations and dismantlement obligations

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

Onerous contracts

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

(Q) Employee benefits

Post-employment benefits

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

1. Defined contribution plans

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

2. Defined benefit plans

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

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

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

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

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

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

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

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

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

Short and long-term benefits

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

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

(R) Income tax

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

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

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

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

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

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

(S) Trade and other payables

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

(T) Income

Revenue

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

1. Sale of goods

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

2. Rendering of services

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

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

3. Projects

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

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

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

Finance income

Finance income comprises interest receivable on funds invested, dividend income, foreign exchange gains and gains on derivative financial instruments, that are not part of a hedge accounting relationship.

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

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

(U) Expenses

Finance costs

Finance costs comprise interest payable on loans and borrowings, the interest component of lease payments, unwinding of the discount on provisions, foreign exchange losses and losses on derivative financial instruments, that are not part of a hedge accounting relationship.

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

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

(V) Derivative financial instruments

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

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

Cash flow hedges

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

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

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

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

(W) Earnings per share

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

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

(X) Segment reporting

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

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

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

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

(Y) Changes in accounting policy and disclosures

The group is active in Turkey through its subsidiary Tessengerlo Kerley Turkey (operating segment Agro). In accordance with IAS 29 *Financial reporting in hyperinflationary economics*, the country is considered as a hyperinflationary economy, as the three-year cumulative inflation exceeded 100% as per April 2022 and therefore requires the restatement of the financial statements of this Turkish subsidiary as of January 1, 2022, to reflect the current purchasing power, while the 2021 financial statements were not to be restated. The impact of the 2022 restatement on the financial statements of the group was assessed and is considered to be insignificant.

The following amendments and annual improvements to standards are mandatory for the first time for the financial year beginning January 1, 2022 and have been endorsed by the European Union. These did not have a significant impact on the financial statements of the group:

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

The following new standards, amendments and interpretation to standards have been issued, have been endorsed by the European Union, and are effective for the first time for the financial year beginning on or January 1, 2023:

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

The group has not applied these new standards or amended standards in preparing the 2022 consolidated financial statements. The group is currently assessing the new rules, and at this stage, is not expecting any of these new rules to have a significant impact on the financial statements of the group.

The following new standards, amendments and interpretation to standards have been issued, and are effective for the first time for the financial year beginning January 1, 2024 and have not yet been endorsed by the European Union:

- Amendments to IFRS 16 *Leases: Lease Liability in a Sale and Leaseback*
- Amendments to IAS 1: *Classification of Liabilities as Current or Non-current - Deferral of Effective Date - Non-current Liabilities with Covenants*

2. Determination of fair values

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

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

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

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

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

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

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

Property, plant and equipment

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

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

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

Intangible assets

The fair value of intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets and on valuation studies performed internally as well as outsourced to external independent valuation companies having appropriate qualifications and experience.

Inventories

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

Derivative financial instruments

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

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

Other financial instruments

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

3. Segment reporting

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

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

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

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

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

The costs included within Adjusted EBIT, related to the corporate activities, are allocated to the different operating segments they support, based on the gross profit per operating segment.

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

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

The group is a diversified industrial group that is worldwide active and focuses on agriculture, valorizing bio-residuals, energy and providing industrial solutions with a focus on water. The products of the group are used in various applications, industrial and consumption markets. Although a leadership position is occupied by the group in a number of diverse markets, the diversification of the group's revenue makes the group not reliant on major customers.

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

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

(Million EUR)		Agro		Bio-valorization		Industrial Solutions		T-Power		Non-allocated		Tessenderlo Group		
		2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	
note														
Revenue (internal and external) Less: Revenue (internal) Revenue Of which: - At a point in time - Over time Adjusted EBIT Adjusted EBITDA Return on revenue (Adjusted EBITDA/revenue) Non-current segment assets (property, plant and equipment, goodwill and intangible assets) Other segment assets Derivative financial instruments Investments accounted for using the equity method Other investments and guarantees Deferred tax assets Short term investments Long term investments Cash and cash equivalents Total assets Segment liabilities Derivative financial instruments Loans and borrowings Bank overdrafts Deferred tax liabilities Total equity Total Equity and Liabilities Capital expenditures: property, plant and equipment and intangible assets Depreciation, amortization and impairment losses on tangible assets, goodwill and intangible assets Reversal/(additional) inventory write-offs		976.8	750.3	806.8	643.2	736.5	618.4	80.6	71.2	-	-	2,600.7	2,083.1	
		2.2	1.0	6.9	-	4.0	0.6	-	-	-	-	-	13.1	1.6
		974.5	749.3	799.9	643.2	732.5	617.8	80.6	71.2	-	-	-	2,587.5	2,081.5
		974.5	749.3	799.9	643.2	732.5	617.8	80.6	71.2	-	-	-	2,587.5	2,081.5
		-	-	-	-	-	-	-	-	-	-	-	0.0	0.0
		138.7	116.4	79.2	43.8	57.9	49.1	24.2	14.5	-	-	-	300.1	223.8
		173.4	147.4	114.2	78.5	85.1	76.1	62.2	52.2	-	-	-	434.8	354.2
		17.8%	19.7%	14.3%	12.2%	11.6%	12.3%	77.2%	73.3%	-	-	-	16.8%	17.0%

The increase of the other segment assets of Agro, Bio-valorization and Industrial Solutions is mainly linked to the increase of inventory, trade and other receivables, which are impacted by timing and price inflation.

Non-allocated segment liabilities mainly include environmental provisions recognized for the plants in Belgium (Ham, Tessenderlo, Vilvoorde) and France (Loos). These provisions reflect the discounted value of the expected future cash outs and decreased in 2022 following a higher discount rate applied. The applied discount rate varied between 2% and 4% in 2022 compared to between 0% and 1% in 2021 (note 6 - EBIT adjusting items and note 24 - Provisions).

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

(Million EUR)	Revenue by market		Non-current segment assets	
	2022	2021	2022	2021
Belgium	234.4	188.4	390.6	467.0
The Netherlands	264.7	226.6	73.0	42.8
France	427.7	357.6	242.6	238.1
Germany	78.6	53.3	24.5	22.7
Spain	90.8	92.8	-	-
United Kingdom	127.2	108.1	16.9	19.4
Poland	38.4	31.6	6.3	7.1
Other European countries	155.6	140.6	6.4	5.8
United States	746.3	583.2	212.9	179.1
Mexico	82.0	44.5	4.0	2.8
China	17.5	17.5	5.4	6.5
Rest of the world	324.2	237.3	45.0	36.7
Tessenderlo Group	2,587.5	2,081.5	1,027.8	1,028.0

The decrease of the non-current segment assets in Belgium is mainly due to the amortization and depreciation of the fair value adjustments within T-Power nv, fully acquired in 2018. The purchase price allocation resulted in the recognition of a customer list for an amount of 163.7 million EUR and represented the fair value of a tolling agreement which was concluded with RWE group for a period of 15 years (until June 2026) for the full capacity of the plant. This customer list is amortized over the remaining duration of the tolling agreement. Furthermore in 2022, the group recognized an impairment loss on the goodwill and property plant and equipment of T-Power nv for an amount of - 37.6 million EUR (note 6 - EBIT adjusting items, note 11 - Property, plant and equipment and note 12 - Goodwill).

The increase of the non-current segment assets in the Netherlands is related to the ongoing construction of a new Thio-Sul® manufacturing plant in Geleen and the acquisition of the assets of B.V. Fleuren Tankopslag, a tank storage and transshipment company for liquid products located in the Port of Cuijk (both within the operating segment Agro).

The non-current segment assets in the United States increased following the acquisition of the crop protection product line Lannate® (operating segment Agro, note 4 - Acquisitions and disposals), the ongoing construction of a new liquid fertilizer plant in Defiance (United States, operating segment Agro), as well as by the strengthening of the USD (the USD/EUR closing rate was 1.0666 as per December 31, 2022 compared to 1.1326 as per year-end 2021).

4. Acquisition and disposals

In April 2022, the group, through its subsidiary Tessengerlo Kerley Netherlands bv, completed the acquisition of the assets of B.V. Fleuren Tankopslag, which is a tank storage and transshipment company for liquid products located in the Port of Cuijk (the Netherlands). The activities of Fleuren Tankopslag were integrated into the Tessengerlo Kerley International business unit (operating segment Agro). The purchase consideration paid in cash amounted to -10.1 million EUR, while the transaction-related costs were insignificant. In accordance with IFRS 3 *Business combinations*, the group concluded that the criteria of the optional concentration test were met, as substantively all of the fair value of the gross assets acquired is concentrated in a group of similar identifiable assets (the tank storage equipment). This transaction was therefore recognized as an asset purchase (note 11 - Property, plant and equipment). This transaction will have no material impact on the group's results.

In August 2022, Tessengerlo Kerley, Inc. acquired the product line Lannate® and Tessengerlo Kerley's NovaSource® business unit (operating segment Agro) has integrated this product line in its existing, diversified portfolio of niche crop protection products for agriculture customers worldwide. This crop protection product is used to manage specific difficult to control pests in specific crops such as sweet corn, onions and garlic. The purchase consideration paid in cash amounted to -31.4 million EUR, while the transaction-related costs were insignificant. The total acquisition cost could be fully attributed to the acquired assets (intangible assets for 24.5 million EUR and inventory for 6.8 million EUR) and consequently this acquisition did not result in the recognition of any goodwill.

As of acquisition date, and in accordance with IFRS 3 *Business combinations*, the group recognized the fair value of the identifiable assets acquired. The main fair value adjustments relate to:

- The fair value of patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the patent or trademark being owned. This study was outsourced to an external valuation company.
- The fair value of customer relationships acquired in a business combination is determined using the multiperiod excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows. This study was outsourced to an external valuation company.
- The fair value of inventories, which was based on the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale for finished products including a margin.

The contribution of this acquisition to the 2022 revenue and result of the group is considered to be insignificant. If the acquisition had taken place at the beginning of the year, the contribution to the result and the revenue of the group in 2022 would have been insignificant as well.

In September 2022, Tessengerlo Group completed the acquisition of a production plant and associated business in Gaillon (France). The plant specializes in the manufacturing of pipes for gas, water, and cable protection. Under the terms of the agreement, the group has taken over real estate, production assets, inventories and its 75 employees. The group integrated the plant within the DYKA Group business unit (operating segment Industrial Solutions). The group obtained 100% control over these activities through a new created company DYKA Réseaux SAS. The purchase consideration paid in cash transactions amounted to -10.8 million EUR, while the transaction-related costs were insignificant. In accordance with IFRS 3 *Business combinations*, the acquired assets and liabilities assumed at acquisition date have been measured at their fair value, which resulted in a bargain purchase gain for an amount of 2.7 million EUR, recognized as EBIT adjusting item as per December 31, 2022 (note 6 - EBIT adjusting items).

The bargain purchase allowed the selling party to cease all its activities in Gaillon (France) and to revoke from part of its social obligations.

As of acquisition date of this production plant and associated business, the group recognized the fair value of the identifiable assets acquired and the liabilities assumed. The main fair value adjustments, on which deferred tax assets and liabilities were recognized, relate to:

- The fair value of the land and buildings included in property, plant and equipment has been valued based on the market price for similar items and was based upon an outsourced external valuation study.
- The fair value of the other items in property, plant and equipment, which was determined based on market prices for similar items when they were available or on the depreciated replacement cost taking into account economic obsolescence.
- The fair value of inventories, which was based on the current market price for raw materials and the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale for finished products including a margin.

The table below summarizes the impact of the acquisition of the production plant and associated business in Gaillon (France) on the financial position of the group:

(Million EUR)	Consideration (paid)/received	Fair value adjustments	Recognized values on acquisition
Non-current assets	2.7	4.5	7.2
Current assets	8.1	0.7	8.8
Non-current liabilities	-	-2.5	-2.5
Current liabilities	-	-0.1	-0.1
Net assets	10.8	2.7	13.5
Net cash outflow			-10.8
Gain from a bargain purchase			2.7

The contribution to the group's 2022 revenue of this transaction amounts to 9.0 million EUR, while the contribution to the group's result is insignificant. If the acquisition had occurred on January 1, 2022, management estimates that the contribution to the group's 2022 revenue would have been approximately 50 million EUR, while the contribution to the group's result would have been insignificant as well.

5. Other operating income and expenses

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

(Million EUR)	note	2022	2021
Additions to provisions		-1.0	-1.4
Research and development cost		-13.1	-10.4
Taxes other than income taxes		-4.4	-4.0
Expenses related to defined benefit plans	23	-1.4	-2.0
Gains on disposal of property, plant and equipment and intangible assets		0.7	0.7
Reversal/(recognition) of impairment losses on trade receivables		-0.7	-0.2
Other		1.2	0.7
Total		-18.8	-16.5

Costs arising from the research phase of an internal project are expensed as incurred. The major part of research and development costs relates to salaries paid for an amount of -8.4 million EUR (2021: -4.7 million EUR) and depreciation charges for an amount of -0.6 million EUR (2021: -0.5 million EUR). In 2022 and 2021, no significant development costs were capitalized.

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

6. EBIT adjusting items

The EBIT adjusting items for 2022 show a net loss of -12.0 million EUR (2021: 1.9 million EUR).

(Million EUR)	note	2022	2021
Gains and losses on disposals		0.3	2.8
Restructuring		-0.3	-1.7
Impairment losses	8/11	-37.6	-1.9
Provisions and claims		13.5	4.0
Settlement loss UK pension plan	23	-7.3	-
Electricity purchase agreement		21.1	-1.4
Other income and expenses		-1.6	0.0
Total		-12.0	1.9

Impairment losses relate to the goodwill and property, plant and equipment of T-Power nv (operating segment T-Power), which were impaired for -37.6 million EUR at year-end 2022. The value in use calculation of the cash generating unit was negatively impacted by an increased weighted average cost of capital (9.6%) as well as by lower forecasted cash flows. The current tolling agreement with RWE ends in June 2026, while the cashflows are highly uncertain for the period subsequent to this tolling agreement (note 12 - Goodwill).

Provisions and claims (+13.5 million EUR) mainly relate to the impact of the increase of the discount rate applied to the environmental provisions to cover the expected cost, over the period 2023-2054, for the remediation of historical soil and ground contamination of the factory sites in Belgium (Ham, Tessenderlo and Vilvoorde) and France (Loos). The discount rate as per December 31, 2022 varied between 2% and 4% (year-end 2021: between 0% and 1%) (note 24 - Provisions).

A settlement loss is recognized on the UK pension plan for an amount of -7.3 million EUR. In December 2022, the trustees of the UK pension fund agreed to secure all benefit payments through a third party insurance contract, which will result in the settlement of all defined benefit obligations of the pension scheme. The premium paid to purchase the bulk annuity was higher than the value of the corresponding liabilities covered by the policy (note 23 - Employee benefits).

The impact of an electricity purchase agreement, for which the own-use exemption under IAS 39 is not applicable anymore, amounts to +21.1 million EUR. The high volatility of gas and electricity prices in 2022 led to a positive contribution (+13.3 million EUR), while also the fair value of the electricity contract was positively impacted (+7.8 million EUR) by a higher volatility of electricity and gas forward prices (note 26 - Financial instruments).

Other income and expenses (-1.6 million EUR) relate to:

- The recognition of the bargain purchase gain (+2.7 million EUR) following the acquisition of the activities in Gaillon (France) by DYKA Réseaux SAS (operating segment Industrial Solutions) (note 4 - Acquisitions and disposals).
- The expenses (-2.6 million EUR) related to the transaction to combine the industrial activities of Tessenderlo Group and Picanol Group into one large industrial group (note 31 - Subsequent events).
- Several other individually insignificant items.

7. Payroll and related benefits

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

(Million EUR)	note	2022	2021
Wages and salaries		-277.1	-254.5
Employer's social security contributions		-59.9	-53.9
Other personnel costs		-19.8	-21.7
Contributions to defined contribution plans		-10.2	-9.3
Expenses related to defined benefit plans	23	-13.5	-7.3
Total		-380.4	-346.6

The number of FTE's at year-end 2022 amounts to 4,956 (2021: 4,838). The increase of the number of FTE's is mainly linked to the integration of the French piping activities acquired by DYKA Réseaux SAS (operating segment Industrial Solutions, note 4 - Acquisitions and disposals).

8. Additional information on operating expenses by nature

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

(Million EUR)	note	Depreciation on PPE		Amortization on intangible assets		Total	
		2022	2021	2022	2021	2022	2021
Cost of sales		-102.3	-98.1	-21.7	-21.9	-124.0	-119.9
Administrative expenses		-6.2	-5.5	-0.3	-0.6	-6.5	-6.1
Sales and marketing expenses		-0.2	-0.7	-3.4	-3.3	-3.6	-4.0
Other operating income and expenses	5	-0.6	-0.5	-	-	-0.6	-0.5
Total	11/13	-109.3	-104.7	-25.4	-25.7	-134.7	-130.4

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

(Million EUR)	note	Property, plant and equipment		Intangible assets		Goodwill		Total	
		2022	2021	2022	2021	2022	2021	2022	2021
Impairment losses	6/11/12	-37.0	-1.9	-	-	-0.6	-	-37.6	-1.9
Total	6/11/12	-37.0	-1.9	0.0	0.0	-0.6	0.0	-37.6	-1.9

Total depreciation, amortization and impairment losses in 2022 amount to -172.4 million EUR compared to -132.3 million EUR in 2021 (note 11 - Property, plant and equipment, note 12 - Goodwill and note 13 - Intangible assets).

9. Finance costs and income

Net finance costs and income amount to -3.8 million EUR in 2022, compared to +4.5 million EUR in 2021 and are detailed below:

(Million EUR)	2022			2021		
	Finance costs	Finance income	Total	Finance costs	Finance income	Total
Interest expense on loans and borrowings measured at amortized cost	-7.2	-	-7.2	-9.4	-	-9.4
Dividend income from other investments	-	0.0	0.0	-	-	-
Interest income	-	0.9	0.9	-	0.4	0.4
Expense for the unwinding of discounted provisions	-1.1	-	-1.1	-0.2	-	-0.2
Net interest (expense)/income on pension asset/(liability)	-0.4	0.2	-0.2	-0.2	0.1	-0.1
Net foreign exchange gains/(losses) (including revaluation to fair value and realization of derivative financial instruments)	-31.0	36.4	5.4	-4.2	18.9	14.7
Net other finance (costs)/income	-1.8	0.2	-1.5	-1.1	0.2	-0.8
Total	-41.5	37.8	-3.8	-15.1	19.6	4.5

The 2022 interest expenses on loans and borrowings amount to -7.2 million EUR (2021: -9.4 million EUR) and mainly consist of the interest charges on the bonds, issued in 2015, the interest charge on the term loan facility of T-Power nv and the interest expenses on lease liabilities (in accordance with IFRS 16 *Leases*). The decrease is mainly explained by the reimbursement of the bond with a maturity of 7 years ("2022 bond") in 2022 (165.5 million EUR).

Total cash-out related to interest payments amounts to -13.8 million EUR (2021: -15.1 million EUR) and includes the interest paid on the outstanding loans and borrowings for -9.3 million EUR (2021: -9.4 million EUR) and the payments (-4.4 million EUR) for the T-Power forward rate agreements reaching their maturity date (2021: -5.7 million EUR).

The net foreign exchange gain (+5.4 million EUR) can mainly be explained by (un)realized foreign exchange gains on intercompany loans and cash and cash equivalents (mainly in USD), which are not hedged and which were impacted by the strengthening of the USD against the EUR (+6%). We refer to note 26 - Financial instruments for more information of the group's exposure to foreign currency risk.

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

(Million EUR)	2022	2021
Interest expenses on loans and borrowings measured at amortized cost	-7.2	-9.4
Reconciliation with consolidated statement of cash flows		
Interest expense on other loans and borrowings	-7.2	-9.4
Changes in accrued interest charges	-2.1	0.0
Payment for forward rate agreements at maturity date (recognized at T-Power nv acquisition date)	-4.4	-5.7
Interest paid	-13.8	-15.1

10. Income tax expense

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

(Million EUR)	2022	2021
Recognized in the income statement		
Current tax expense	-63.7	-47.2
Adjustment current tax expense previous periods	-0.6	-0.8
Deferred tax - due to changes in temporary differences	10.0	2.9
Deferred tax - due to changes in tax rate	0.1	0.1
Deferred taxes - recognition (derecognition) of tax losses	-8.2	2.4
Total income tax expense in the income statement	-62.4	-42.6
Profit (+) / loss (-) before tax	289.2	230.9
Less share of result of equity accounted investees, net of income tax	4.8	0.7
Profit (+) / loss (-) before tax and before result from equity accounted investees	284.3	230.2
Effective tax rate	21.9%	18.5%
Reconciliation of effective tax rate		
Profit (+) / loss (-) before tax and before result from equity accounted investees	284.3	230.2
Theoretical tax rate	25.9%	26.0%
Expected income tax at the theoretical tax rate	-73.8	-59.8
Difference between theoretical and effective tax expenses	11.4	17.2
Adjustment on deferred taxes	-8.1	2.5
Change in tax rates	0.1	0.1
Recognition (derecognition) of tax losses	-8.2	2.4
Adjustment on tax expenses	19.5	14.7
Expenses not deductible for tax purposes	-0.8	-1.6
Non-taxable income	0.6	1.3
Tax incentives	1.7	2.1
Use of tax losses / tax credits	16.5	10.9
Tax losses / temporary differences for which no deferred tax asset has been recorded	-1.3	-0.4
Adjustment current tax expense previous periods	-0.6	-0.8
Other	3.5	3.2

The theoretical aggregated weighted tax rate amounted to 25.9% in 2022 compared to 26.0% in 2021.

There have been no corporate income tax reforms impacting significantly the 2022 tax expense. The majority of the current tax expense is related to the activities in the United States, France and the activities of T-Power nv in Belgium. The total 2022 current tax expense amounts to -63.7 million EUR (2021: -47.2 million EUR). The income tax paid in 2022 amounts to -74.6 million EUR (2021: -46.6 million EUR). As per December 2022, the group has a current tax receivable outstanding of 16.8 million EUR (2021: 5.5 million EUR), related to advance payments made by Belgian and US subsidiaries and a current tax payable of -1.9 million EUR (2021: -1.6 million EUR).

The derecognition of deferred tax assets on tax losses in 2022 (-8.2 million EUR) is the result of:

- the 2022 year-end review of the future taxable profits, taking into account a Belgian tax reform, as published in the Official Gazette per December 30, 2022, which reduces the use of tax assets in the current 'basket system' from 70% to 40% (above the 1 million EUR minimum threshold). This measure will enter into force on January 1, 2023 and will be applicable to tax year 2024 which relates to a taxable period which starts on January 1, 2023 at the earliest.
- the use of losses carried forward in France, which were fully recognized as per year-end 2021.

The expenses not deductible for tax purposes include permanent differences such as expenses which are non-deductible under local tax laws (e.g. car expenses and meal expenses). Non-taxable income mainly includes credits for research.

The 2022 use of tax losses/tax credits mainly relates to Belgian and French fiscal losses.

Tax incentives in 2022 and 2021 include deductions claimed for capital expenditures in France, as well as the foreign-derived intangible income (FDII) deduction in the United States.

In December 2022, the EU Council announced that EU Member States had reached an agreement to implement a 15% minimum income tax rate ("Pillar Two" of the OECD's global international tax reform initiative) and will become effective as from January 1, 2024. EU Member States are now obliged to adopt these new rules into their domestic legislation by no later than December 31, 2023. At this stage, the group is analysing the impact on the tax compliance requirements, but cannot yet quantify the impact of these tax reforms on the financial statements.

11. Property, plant and equipment

(Million EUR)	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Assets under construction	Total
Cost					
At January 1, 2022	536.8	1,513.4	195.1	69.9	2,315.2
- change in consolidation scope (acquisitions)	5.4	1.1	0.1	0.2	6.8
- dismantlement provision	0.1	0.6	-	-	0.7
- capital expenditure	6.4	22.4	1.9	82.2	112.8
- IFRS 16 <i>new leases and lease modifications</i>	5.7	2.3	9.7	-	17.7
- sales and disposals	-3.0	-2.7	-27.7	-	-33.5
- transfers	13.1	54.0	8.0	-75.6	-0.5
- translation differences	6.7	16.5	2.6	-1.1	24.7
At December 31, 2022	571.0	1,607.6	189.8	75.6	2,443.9
Depreciation and impairment losses					
At January 1, 2022	-313.2	-993.0	-122.5	0.0	-1,428.7
- depreciation (note 8)	-20.0	-66.6	-22.7	-	-109.3
- impairment losses (note 6/8)	-	-37.0	-	-	-37.0
- sales and disposals	2.9	2.5	27.1	-	32.5
- translation differences	-3.5	-7.3	-1.9	-	-12.7
At December 31, 2022	-333.9	-1,101.4	-119.9	0.0	-1,555.2
Carrying amounts					
At January 1, 2022	223.6	520.4	72.6	69.9	886.6
At December 31, 2022	237.1	506.2	69.9	75.6	888.7

(Million EUR)	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Assets under construction	Total
Cost					
At January 1, 2021	511.3	1,463.5	185.6	60.2	2,220.6
- dismantlement provision	0.3	0.2	-	-	0.5
- capital expenditure	2.7	16.2	1.3	75.5	95.7
- IFRS 16 <i>new leases and lease modifications</i>	8.4	2.2	9.4	-	20.0
- sales and disposals	-10.3	-24.9	-25.8	-	-60.9
- transfers	11.1	36.0	20.9	-67.1	0.8
- translation differences	13.3	20.2	3.6	1.4	38.6
At December 31, 2021	536.8	1,513.4	195.1	69.9	2,315.2
Depreciation and impairment losses					
At January 1, 2021	-293.8	-940.7	-123.8	0.0	-1,358.4
- depreciation (note 8)	-21.7	-61.6	-21.4	-	-104.7
- impairment losses (note 6/8)	-0.5	-1.4	-	-	-1.9
- sales and disposals	9.8	23.6	25.7	-	59.0
- transfers	-0.3	0.5	-0.3	-	-0.2
- translation differences	-6.7	-13.4	-2.5	-	-22.6
At December 31, 2021	-313.2	-993.0	-122.5	0.0	-1,428.7
Carrying amounts					
At January 1, 2021	217.5	522.8	61.8	60.2	862.2
At December 31, 2021	223.6	520.4	72.6	69.9	886.6

The capital expenditure on property, plant and equipment amounts to 112.8 million EUR (2021: 95.7 million EUR) and is presented per operating segment in note 3 - Segment reporting.

The majority of the capital expenditure relates to:

- The acquisition of the assets of B.V. Fleuren Tankopslag, a tank storage and transshipment company for liquid products located in the Port of Cuijk (the Netherlands). The Fleuren Tankopslag operations have been integrated in the Tessenderlo Kerley International business unit (operating segment Agro);
- The construction of a new Thio-Sul® manufacturing plant in Geleen (the Netherlands) (operating segment Agro). The factory is scheduled to be operational by mid-2024;
- The construction of a new liquid fertilizer plant in Defiance (the United States) (operating segment Agro). The factory is scheduled to be operational by the end of 2024;
- The construction of a new organic fertilizer production line in Vénérolles (Aisne, France), which will focus on the production of organic pellets for the business unit Violleau (operating segment Agro), responding to the rising demand for organic fertilizers. This production line will be built on the site of Akiolis' plant in Vénérolles and it will be operational from the second half of 2023.
- Investments in production capacity expansion and in production efficiency improvements within DYKA Group (operating segment Industrial Solutions);
- The construction of a new wastewater treatment installation, as well as investments in the improvement of the valorization of animal by-products (operating segment Bio-valorization);
- The replacement of equipment and vehicles, which were previously leased, through purchase.

The change in consolidation scope (acquisitions) in 2022 relates to the acquisition of the real estate and production assets in Gaillon (France) (note 4 - Acquisitions and disposals).

The 2022 sales and disposals mainly relate to the termination of lease contracts in 2022, for which a right-of-use asset was recognized and which were fully depreciated in accordance with IFRS 16 *Leases*.

An impairment loss (-37.0 million EUR) was recognized on property plant and equipment of the cash-generating unit T-Power as the carrying amount exceeded its recoverable amount (note 6 - EBIT adjusting items and note 12 - Goodwill).

For the line items of the income statement in which depreciation, impairment losses and reversal of impairment losses have been recorded, refer to note 8 - Additional information on operating expenses by nature.

No amounts of borrowing costs were capitalized in 2022 and 2021.

The property, plant and equipment of T-Power nv (Tessenderlo, Belgium), as well as the headquarters of Tessenderlo Kerley, Inc. in Phoenix (Arizona, United States), are pledged as securities for liabilities, with a carrying amount as per year-end 2022 of 167.9 million EUR and 13.0 million EUR respectively.

The carrying amount and depreciation charges related to the right-of-use assets, per asset category, is shown in table below:

(Million EUR)	Carrying amount right-of-use assets		Depreciation charges on right-of-use assets	
	2022	2021	2022	2021
Land and buildings	21.4	21.8	5.9	5.1
Plant, machinery and equipment	3.7	3.3	1.9	1.7
Furniture and vehicles	23.0	25.8	12.6	13.4
Total	48.2	50.9	20.3	20.3

The carrying amount of the right-of-use assets per operating segment is shown in table below:

(Million EUR)	2022	2021
Agro	11.9	9.4
Bio-valorization	8.6	11.1
Industrial Solutions	22.2	25.8
T-Power	0.0	0.0
Non-allocated	5.5	4.6
Tessenderlo Group	48.2	50.9

The leases consist mainly of land and buildings (mostly sales branches within the operating segment Industrial Solutions, the Akiolis headquarters in Le Mans (France) within the operating segment Bio-valorization and the Brussels (Belgium) headquarters office within Non-allocated), a large number of trucks and railcars (mainly within the operating segments Agro and Bio-valorization), as well as company cars.

The group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The group has applied judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, the group considered all relevant factors that create an economic incentive for it to exercise the renewal. The main leases with an estimated remaining lease term of more than 5 years mainly relate to the sales branches within Industrial Solutions (a weighted average lease term of 12 years), the Akiolis headquarters office (remaining lease term of 8 years), the Brussels headquarters office (remaining lease term of 6 years) and the lease of a barge within Industrial Solutions (remaining lease term of 7 years). See note 26 - Financial instruments for the contractual maturities of the lease liabilities, including interest payments. Gross lease payments in 2022 amount to -21.8 million EUR (2021: -21.7 million EUR), which include interest charges for -1.1 million EUR (2021: -1.1 million EUR) (note 9 - Finance costs and income).

The depreciation charges recognized, on a straight-line basis over the shorter of the asset's useful life and its lease term, amount to -20.3 million EUR (2021: -20.3 million EUR).

The group chose not to recognize right-of-use assets and lease liabilities for low value items, mainly IT equipment and small items of office furniture, and short-term liabilities. The expense of these low value items and short-term leases is not significant.

12. Goodwill

Goodwill accounts for approximately 1.4% of the group's total assets as per December 31, 2022, or 32.1 million EUR (2021: 1.5% or 32.3 million EUR).

The carrying amount of goodwill per operating segment and per cash-generating unit, is shown in the table below:

(Million EUR)	2022	2021
Agro	0.6	0.7
Bio-valorization	26.3	25.7
Group Akiolis	15.0	15.0
PB Leiner America	11.3	10.7
Industrial Solutions	5.2	5.4
John Davidson Pipes	2.2	2.3
BT Nyloplast bv	3.0	3.0
T-Power	-	0.6
Total	32.1	32.3

All movements related to the carrying amount of goodwill are shown in the table below:

(Million EUR)	note	2022	2021
At January 1		32.3	33.4
- sales and disposals		-	-2.2
- impairment losses	6/8	-0.6	-
- translation differences		0.4	1.1
At December 31		32.1	32.3

The annual impairment testing on goodwill led to an impairment loss on the goodwill related to the cash-generating unit T-Power (-0.6 million EUR). The recoverable amount of the cash-generating unit T-Power (240.0 million EUR) was determined based upon the value in use calculation. The value in use calculation as per year-end 2022 was negatively impacted by a higher weighted average cost of capital (9.6% as per December 31, 2022 compared to 7.0% at the moment of acquisition in 2018) as well as by lower forecasted future cash flows. The cash flows till June 2026 are secured through the tolling agreement with RWE, while the cashflows after June 2026 are more uncertain based on current forward-looking assumptions, which are impacted by adverse impacts of economic and competitive factors.

As a result, the carrying amount of the T-Power cash-generating unit exceeded its recoverable amount and an impairment loss of -37.6 million EUR was recognized (note 6 - EBIT adjusting items). The impairment loss was assigned to Goodwill for -0.6 million EUR, while the remainder (-37.0 million EUR) was assigned to Property, plant and equipment (note 11 - Property, plant and equipment). The T-Power intangible assets were not impaired as these relate to the fair value of the tolling agreement with RWE and the recoverable amount of this contract exceeded the carrying amount as per year-end 2022.

The group cannot foresee whether an event that triggers impairment will occur, when it will occur or how it will affect the asset values reported. The group believes that all of its estimates are reasonable. They are consistent with the internal reporting and reflect management's best estimates.

The impairment testing on goodwill relies on a number of critical judgments, estimates and assumptions. Goodwill is tested for impairment on the level of its cash-generating unit and is based on value-in-use calculations.

The key judgments, estimates and assumptions used in the 2022 calculations were as follows:

- The cash flow projection of the first year was based on the 2023 financial budget approved by the Board of Directors. The forecasted cash flows were based on the following expectations, taking into account internal and external sources.
 1. Estimated revenue was derived from estimated sales volumes and estimated sales prices. Sales volumes were based on past performance and management's expectation of market development. New product lines or product developments were only included when it was technically feasible to produce with the current assets. Sales prices were based on current market trends, also taking into account inflation and pricing power in the market.
 2. Gross profit margins were based on current sales margin levels, future product mix and estimated evolution of the main raw material prices.
 3. Indirect costs, which do not vary significantly with sales volumes or prices, were based on the current cost structure, including long term inflation forecasts and excluding unrealized future restructuring or cost saving measures.
 4. Capital expenditures only included the cash outflows required to keep the assets in their current condition and did not include future capital expenditures significantly improving or enhancing the assets in excess of their originally assessed standard performance.
- In order to calculate the terminal value, the data of the fifth year were extrapolated by using simplified assumptions such as constant volumes, combined with constant costs. The growth rate was assumed to be 1%.
- Projections were made in the functional currency of the cash-generating unit and were discounted at the after-tax Weighted Average Cost of Capital (WACC) at the level of the cash-generating unit. The latter ranged between 9.3% and 13.2%. Since after-tax cash flows were incorporated into the calculation of the "value in use" of the cash-generating units, a post-tax discount rate was used in order to remain consistent.

An increase of the WACC's by 1% and a simultaneous reduction of total projected future cash flow by 10% would have resulted in the carrying amount of T-Power exceeding its recoverable amount and consequently in an additional impairment loss of -35.1 million EUR. These simultaneous changes would also have resulted in impairment losses for the cash generating units Akiolis (-21.0 million EUR) and BT Nyloplast bv (-1.4 million EUR).

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

13. Intangible assets

	2022				
	Useful life				
	Finite				
	Concessions, patents, licenses	Software	Customer lists	Other intangible assets	Total
(Million EUR)					
Cost					
At January 1, 2022	71.6	17.4	201.6	27.6	318.2
- change in consolidation scope (acquisitions)	20.7	-	2.5	-	23.1
- capital expenditure	-	0.6	-	-	0.6
- net change in emission allowances	-	-	-	-1.2	-1.2
- sales and disposals	-	-0.0	-	-	-0.0
- transfers	0.1	0.3	-	0.1	0.5
- translation differences	3.0	-0.1	1.0	1.3	5.2
At December 31, 2022	95.3	18.2	205.1	27.8	346.3
Amortization and impairment losses					
At January 1, 2022	-65.0	-16.4	-106.1	-21.5	-209.0
- amortization (note 8)	-2.9	-0.6	-21.4	-0.5	-25.4
- sales and disposals	-	0.0	-	-	0.0
- translation differences	-2.8	0.1	-1.0	-1.3	-5.0
At December 31, 2022	-70.8	-16.9	-128.5	-23.3	-239.4
Carrying amounts					
At January 1, 2022	6.6	1.0	95.6	6.1	109.2
At December 31, 2022	24.5	1.3	76.6	4.5	107.0

	2021				
	Useful life				
	Finite				
	Concessions, patents, licenses	Software	Customer lists	Other intangible assets	Total
(Million EUR)					
Cost					
At January 1, 2021	68.1	17.9	200.4	27.0	313.3
- capital expenditure	0.0	0.3	-	-	0.3
- net change in emission allowances	-	-	-	-1.1	-1.1
- sales and disposals	-0.6	-	-	-	-0.6
- transfers	0.1	-0.9	-	-	-0.9
- translation differences	4.0	0.2	1.3	1.7	7.1
At December 31, 2021	71.6	17.4	201.6	27.6	318.2
Amortization and impairment losses					
At January 1, 2021	-59.0	-15.7	-83.5	-19.5	-177.7
- amortization (note 8)	-3.2	-0.7	-21.4	-0.4	-25.7
- sales and disposals	0.6	-	-	-	0.6
- transfers	-	0.2	-	-	0.2
- translation differences	-3.4	-0.1	-1.2	-1.6	-6.4
At December 31, 2021	-65.0	-16.4	-106.1	-21.5	-209.0
Carrying amounts					
At January 1, 2021	9.0	2.1	116.9	7.5	135.6
At December 31, 2021	6.6	1.0	95.6	6.1	109.2

The capital expenditure on intangible assets is presented per operating segment in note 3 - Segment reporting.

The change in consolidation scope (acquisitions) in 2022, for an amount of EUR 23.1 million, relates to the acquired product line Lannate® by Tessenderlo Kerley Inc., within the operating segment Agro (note 4 - Acquisitions and disposals).

The decrease of the customer lists is mainly explained by the yearly amortization charge (-21.1 million EUR) of the customer list of T-Power nv. This customer list was recognized in 2018, after the acquisition of T-Power nv, for an amount of 163.7 million EUR and represents the fair value of a tolling agreement which was concluded with RWE group for a period of 15 years (until June 2026) for the full capacity of the plant. This customer list is amortized over the remaining duration of the tolling agreement and has been pledged as security for liabilities.

No borrowing costs were capitalized during 2022 and 2021.

The other intangible assets with finite useful lives mainly consist of emission allowances purchased for own use, know-how, product labels, trademarks and land-use rights. The product labels and the know-how are amortized on a straight-line basis over 10 to 20 years.

The net change in emission allowances for -1.2 million EUR (2021: -1.1 million EUR) mainly relates to emission allowances acquired and used to cover operational emissions for products exposed to carbon leakage. As per December 31, 2022, the carrying amount of emission allowances included in intangible assets amounts to 0.9 million EUR (2021: 2.1 million EUR).

See note 8 - Additional information on operating expenses by nature for the line items of the income statement in which amortization, impairment losses and reversal of impairment losses have been recorded.

14. Investments accounted for using the equity method

Investments accounted for using the equity method consist of joint-ventures.

The joint-ventures of the group are:

	Country	Ownership	
		2022	2021
Jupiter Sulphur LLC	US	50%	50%
PB Shengda (Zhejiang) Biotechnology Co., Ltd	China	50%	50%
Établissements Michel SAS	France	50%	50%

Jupiter Sulphur LLC is a joint-venture between Phillips 66 Inc. and Tessenderlo Kerley, Inc.. The joint-venture performs sulfur recovery and manufactures sulfur-based products, which are sold to Tessenderlo Kerley, Inc.. Currently Jupiter Sulphur LLC owns and manages two facilities in the United States, located in Ponca City (Oklahoma) and Billings (Montana).

PB Shengda (Zhejiang) Biotechnology Co., Ltd, a 50% joint-venture between Tessenderlo Group and Zhejiang Shengda Ocean Co., Ltd, a Chinese state-owned company was established in June 2020 for the construction of a marine collagen peptides plant. Both partners agreed in 2021 to terminate the joint-venture agreement and the company is expected to be dissolved in 2023, as the liquidation process is currently ongoing. The group expects to recover the remaining carrying amount of its investment (0.7 million EUR).

The carrying amount of the investments accounted for using the equity method is as follows:

(Million EUR)	2022	2021
Jupiter Sulphur LLC	24.7	17.1
PB Shengda (Zhejiang) Biotechnology Co., Ltd	0.7	1.4
Établissements Michel SAS	0.8	0.8
Total	26.2	19.2

The “Other investments and guarantees” (10.9 million EUR) mainly relate to a loan granted by Tessenderlo Kerley, Inc.. The loan of 11.0 million USD loan was granted to the joint-venture Jupiter Sulphur LLC, which was fully drawn in the period over 2017 and 2018, and which remains outstanding for 8.8 million USD (8.2 million EUR). Jupiter Sulphur LLC obtained the same amount from the other joint-venture partner. The loan is interest bearing (3.0%) and outstanding till December 2026 at the latest, whereby the cash needs in Jupiter Sulphur LLC will be taken into account. The granted loan is included in “Other investments” in the group’s consolidated statement of financial position. The related interest income is considered to be insignificant and is not eliminated.

None of the group’s equity-accounted investees are publicly listed entities and consequentially they do not have published price quotations.

Summary of financial information on investments accounted for using the equity method at 100% at December 31:

(Million EUR)	2022	2021
Non-current assets	103.9	103.8
Current assets	29.7	15.9
Total assets	133.7	119.7
Equity	54.0	39.0
Non-current liabilities	16.8	18.6
Current liabilities	63.0	62.1
Total equity and liabilities	133.7	119.7
Revenue	104.0	55.3
Cost of sales	-88.6	-50.3
Gross profit	15.5	4.9
EBIT (Profit (+) / loss (-) from operations)	13.6	2.9
Finance (costs) / income - net	-0.6	-0.6
Profit (+) / loss (-) before tax	13.1	2.3
Profit (+) / loss (-) for the period	9.6	1.4
Total comprehensive income for the period	9.6	1.4

The increase of the profit (+) / loss (-) for the period (9.6 million EUR) is mainly related to the evolution of the results of Jupiter Sulphur LLC which were impacted by higher sulfur pricing.

15. Deferred tax assets and liabilities

(Million EUR)	Assets		Liabilities		Net	
	2022	2021	2022	2021	2022	2021
Property, plant and equipment	3.1	2.9	-38.7	-43.8	-35.6	-40.9
Intangible assets	4.5	4.9	-21.4	-26.5	-16.9	-21.6
Inventories	11.2	9.0	-1.8	-2.1	9.4	6.9
Employee benefits	5.9	10.2	-0.2	-0.1	5.8	10.1
Derivative financial instruments	0.8	3.4	-	-	0.8	3.4
Provisions	6.6	7.4	-15.9	-13.7	-9.3	-6.3
Other items	8.2	8.0	-11.7	-10.9	-3.5	-2.9
Losses carried forward	11.2	19.4	-	-	11.2	19.4
Gross deferred tax assets / (liabilities)	51.6	65.3	-89.7	-97.2	-38.1	-31.9
Set-off of tax	-33.4	-31.8	33.4	31.8		
Net deferred tax assets / (liabilities)	18.2	33.5	-56.3	-65.4	-38.1	-31.9

The net deferred tax liability on intangible assets is mainly related to the customer list (operating segment T-Power), representing the fair value of the tolling agreement which was concluded with RWE group for a period of 15 years (until June 2026). The yearly amortization of this customer list resulted in a decrease of the recognized deferred tax liability by 5.3 million EUR. The net deferred tax liability on property, plant and equipment was impacted by the impairment loss recognized on the assets of T-Power (note 12 - Goodwill and note 11 - Property, plant and equipment), resulting in a reversal of the deferred tax asset of 9.3 million EUR.

Deferred tax assets on fiscal losses carried forward recognized on the Belgian parent company, Tessenderlo Group nv, amount to 6.0 million EUR (total tax losses and tax credits carried forward in Tessenderlo Group nv amount to 148.5 million EUR) as per year-end 2022. The other deferred tax assets on fiscal losses carried forward recognized amount to 5.2 million EUR and mainly relate to French fiscal losses carried forward (15.9 million EUR) which were fully recognized.

Deferred tax assets were recognized following a review of the future taxable profits as per year-end 2022. The 2022 fiscal results of the subsidiaries, for which deferred tax assets on fiscal losses carried forward were recognized, were positive.

A deferred tax liability relating to undistributed reserves within the subsidiaries of the group has not been recognized because management believes that this liability will not incur in the foreseeable future. The deferred tax liability is not significant as the majority of dividends received by the company (Tessenderlo Group nv) is tax exempt.

Tax losses and tax credits carried forward on which no deferred tax asset is recognized amount to 199.1 million EUR (2021: 242.5 million EUR). Of these tax credits, 11.0 million EUR have a finite life (they expire mainly in the period 2023-2027). Deferred tax assets are only recognized based on the probability assessment whether future taxable profits (within the next 5 years) will be available, against which the unused tax losses and credits can be utilized.

The movements in the deferred tax balances during the year can be summarized as follows⁶:

(Million EUR)	Balance at January 1, 2022	Recognized in the income statement	Recognized in other comprehensive income	Acquisitions through business combinations	Translation differences	Balance at December 31, 2022
Property, plant and equipment	-40.9	7.7	-	-1.0	-1.4	-35.6
Intangible assets	-21.6	4.6	-	-	0.0	-16.9
Inventories	6.9	2.5	-	-0.2	0.2	9.4
Employee benefits	10.1	-0.1	-4.4	0.1	0.1	5.8
Derivative financial instruments	3.4	-1.1	-1.5	-	-	0.8
Provisions	-6.3	-3.3	-	0.3	0.0	-9.3
Other items	-2.9	-0.2	-	-0.2	-0.2	-3.5
Losses carried forward	19.4	-8.2	-	-	0.0	11.2
Total	-31.9	1.9	-5.9	-0.9	-1.3	-38.1

⁶ Deferred tax liabilities and deferred tax expenses are presented as negative amounts; deferred tax assets and deferred tax income are presented as positive amounts.

16. Trade and other receivables

(Million EUR)	note	2022	2021
Non-current trade and other receivables			
Other receivables		4.3	3.8
Receivables from related parties		0.0	0.0
Assets related to employee benefit schemes	23	10.2	9.1
Total		14.5	12.9

(Million EUR)	note	2022	2021
Current trade and other receivables			
Trade receivables	26	373.4	332.4
- Gross trade receivables	26	377.2	335.9
- Amounts written off	26	-3.8	-3.5
Other receivables		37.2	38.0
Prepayments		1.5	0.4
Receivables from related parties		0.8	1.0
Total		412.9	371.8

Receivables from related parties mainly concern receivables from joint-ventures (note 29 - Related parties).

The assets related to employee benefit schemes concern the net pension assets of the UK and US pension funds where the pension assets are higher than the pension liabilities (note 23 - Employee benefits).

The increase of the current trade receivables is mainly a consequence of higher sales prices. The ageing of the gross trade receivables and amounts written off is disclosed in the section "Credit risk" of note 26 - Financial instruments.

The current other receivables mainly relate to other tax and VAT receivables for 25.8 million EUR (2021: 25.4 million EUR).

The non-recourse factoring program is suspended since 2015. There was no cash received under non-recourse factoring agreements, whereby trade receivables were sold at their nominal value minus a discount in exchange for cash.

17. Inventories

(Million EUR)	2022	2021
Raw materials	92.6	83.7
Work in progress	14.3	11.3
Finished goods	379.3	255.9
Goods purchased for resale	66.5	31.3
Spare parts	14.3	11.2
Total	566.9	393.4

The increase in inventories can mainly be explained by the impact of increased raw material prices and higher energy costs across the various operating segments.

There are no inventories pledged as security.

In 2022 inventories for 1,860.2 million EUR (2021: 1,477.2 million EUR) were recognized as an expense during the year and included in the line-item cost of sales within the income statement.

Inventories are stated at the lower of cost and net realizable value. The calculation of a potential write-off is based on experience and on the assessment of market circumstances. The write down, included in cost of sales, amounts to -10.3 million EUR in 2022 (2021: -2.5 million EUR) (note 3 - Segment reporting).

The group expects to recover or settle the inventory, available as per December 31, 2022, within the next twelve months, except for the inventory of non-strategic spare parts. These spare parts will be used whenever deemed necessary.

18. Cash and cash equivalents

(Million EUR)	note	2022	2021
Term accounts	26	92.0	159.8
Current accounts	26	64.1	160.4
Cash and cash equivalents		156.1	320.3
Bank overdrafts	22/26	-0.1	-0.1
Cash and cash equivalents in the statement of cash flows		156.0	320.2

The term accounts (92.0 million EUR) have a maximum maturity of 1 month. As per December 31, 2022, the cash and cash equivalents include 16.7 million USD or 15.7 million EUR (2021: 43.2 million USD or 38.1 million EUR).

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

As per December 31, 2022, two long term bank deposits are outstanding for a total amount of 50.0 million EUR, of which 30.0 million EUR will mature in November 2024 and 20.0 million EUR in December 2024. The counterparty is a highly rated international bank. The deposits have an original duration of 2 years. As the deposits had an initial maturity of more than 12 months, they were not included within "Cash and cash equivalents", but in "Long term investments".

19. Equity

Issued capital and share premium

	Shares	
	2022	2021
On issue at January 1	43,154,979	43,154,979
On issue at December 31 - fully paid	43,154,979	43,154,979

The number of shares comprised 25,105,436 registered shares (2021: 24,927,811) and 18,049,543 ordinary shares (2021: 18,227,168). The shares are without nominal value. The holders of Tessenderlo Group nv shares are entitled to receive dividends as declared. In accordance with article 7:53 of the Belgian Code of Companies and Associations, the extraordinary meeting of shareholders of July 10, 2019 has decided to introduce a loyalty voting right for each fully paid-up share that has continuously been registered in the share register on the name of the same shareholder for at least two years. The number of voting rights amounted to 66,278,726 as per December 31, 2022 (2021: 63,266,181), of which 43,398 were suspended because these related to own shares (2021: 132,000).

On the annual shareholders' meeting of Tessenderlo Group nv on May 10, 2022, the shareholders of Tessenderlo Group nv approved the proposal of the Board of Directors not to pay out a dividend for the 2021 financial year.

No new offering of shares to be subscribed by staff took place in 2022.

Following the combination of Tessenderlo Group and Picanol Group into one large industrial group, new shares have been issued in the first quarter of 2023, increasing the total number of shares to 85,472,762. Verbrugge nv, a 100% subsidiary of Tessenderlo Group nv following the combination, is holding 21,860,003 of these shares, which are intended to be liquidated.

Authorized capital

According to the decision of the extraordinary general meeting of June 6, 2017, the Board of Directors was granted the authority, for a period of 5 years from the publication of the authorization in the Annex to the Belgian State Gazette, to increase the share capital, in one or more times, up to an amount of 43,160,095 EUR, in accordance with the provisions set out in the Belgian Companies Code and the articles of association of the company. This authority to increase the capital by the Board of Directors expired on June 25, 2022.

According to the decision of the extraordinary general meeting of May 10, 2022, the Board of Directors was granted the authority, for a period of 5 years from the publication of the authorization in the Annex to the Belgian State Gazette, to increase the share capital, in one or more times, up to an amount of 108,115,931 EUR, in accordance with the provisions set out in the Belgian Companies Code and the articles of association of the company.

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

The authority to increase the capital by the Board of Directors will expire on May 19, 2027.

Repurchase of own shares

The authority to repurchase own shares granted by the decision taken by the extraordinary general meeting of June 6, 2017 expired on June 25, 2022.

According to the decision of the extraordinary general meeting of May 10, 2022, the Board of Directors was granted the authority, for a period of 5 years from the publication of the authorization in the Annex to the Belgian State Gazette, to acquire, in accordance with the conditions set by the law, the company's shares, profit-sharing certificates or certificates relating thereto for the account of the company, without the company being allowed to own shares representing more than 20% of its capital and at a price ranging between minimum 20% below the average closing price of the company's share during the last 30 trading days preceding the board's resolution to acquire such securities and maximum 20% above the average closing price of the company's share during the last 30 trading days preceding the board's resolution to acquire such securities

As per December 31, 2022, the group owns 31,503 own shares or 0.073% of the total number of 43,154,979 issued shares (2021: 132,000 own shares or 0.306% of the issued shares). In the period April 6 till April 12, 2022, the group bought 19,608 of its own shares at an average price of 32.60 EUR per share for a total amount of 0.6 million EUR. 120,105 shares were distributed in 2022 as part of the senior management compensation plan 2019-2021. In accordance with art 7:217 §1 of the Companies and Associations Code, the voting rights attached to the treasury shares held by the company or its subsidiaries are suspended.

As per December 31, 2022, the share price of Tessenderlo Group nv amounted to 33.35 EUR.

Legal reserves

According to Belgian law, 5% of the statutory net income of a Belgian company must be transferred each year to a legal reserve until the legal reserve reaches 10% of the issued capital. At balance sheet date, the legal reserve of the company amounts to 21.6 million EUR. Generally, this reserve cannot be distributed to the shareholders other than upon liquidation.

The amount of dividends payable to Tessenderlo Group nv by its operating subsidiaries is subject to general limitations imposed by the corporate laws, capital transfer restrictions and exchange control restrictions of the respective jurisdictions where those subsidiaries are organized and operate. There are no other significant restrictions. Dividends paid to the company by certain of its subsidiaries are also subject to withholding taxes.

Translation reserves

The translation reserves comprise all foreign exchange differences arising from the translation of the financial statements of foreign operations.

Hedging reserves

The hedging reserves comprise the effective portion of the cumulative net change in the fair value of cash flow hedges to the extent the hedged risk has not yet impacted the income statement.

Dividends

After the balance sheet date, the Board of Directors will propose to the shareholders at the Annual Shareholders' meeting of May 9, 2023, to approve a dividend distribution of 64.1 million EUR or a dividend per share of 0.75 EUR. The dividend has not been accounted for.

Capital Management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of the issued capital, share premium and reserves. The Board of Directors seeks to maintain a balance between the higher returns that might be possible with borrowings and the advantages and security afforded by a strong capital position. The gearing ratio⁷ at the end of 2022 is 4.1% (2021: 6.2%). The gearing is calculated as the net financial debt divided by the sum of the net financial debt and equity attributable to equity holders of the company.

20. Earnings per share

Basic earnings per share

The calculation of the basic earnings per share is based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the year.

The weighted average number of ordinary shares and the earnings per share are calculated as follows:

	2022	2021
Number of ordinary shares at January 1	43,154,979	43,154,979
Effect of own shares ¹	-60,426	-132,000
Adjusted weighted average number of ordinary shares at December 31²	43,094,553	43,022,979
Profit (+) / loss (-) attributable to equity holders of the company (million EUR)	226.9	187.8
Basic earnings per share (in EUR)	5.26	4.36

¹ Takes into account the effect of shares issued and own shares held by the group, which is based on the weighted average number of issued or owned shares during the accounting period. There were no shares issued in 2022 and 2021. As per December 31, 2021, the group owned 132,000 own shares (0.306%), while as per December 31, 2022, the group owns 31,503 own shares (0.073% of the total number of 43,154,979 issued shares). In the period April 6 till April 12, 2022, the group bought 19,608 of its own shares at an average price of 32.60 EUR per share for a total amount of 0.6 million EUR. 120,105 shares were distributed in 2022 as part of the senior management compensation plan 2019-2021.

² Takes into account the effect of shares issued, which is based on the weighted average number of issued shares during the accounting period.

Following the combination of Tessenderlo Group and Picanol Group into one large industrial group, new shares have been issued in the first quarter of 2023, increasing the total number of shares to 85,472,762. Taking into account this new number of shares, excluding the own shares held by Tessenderlo Group nv and Verbrugge nv⁸, and the pro forma profit for the period, the earnings per share of the combined group would have amounted to 2.69 EUR per share in 2022 (note 31 - Subsequent events).

Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders and the diluted weighted average number of ordinary shares outstanding during the year.

Potential ordinary shares are treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share.

As there are no warrants outstanding, there is no dilution of the shares.

⁷ Refer to Alternative Performance Measures for the calculation of the gearing ratio.

⁸ The own shares (21,860,003 shares) held by Verbrugge nv, a 100% subsidiary of Tessenderlo Group nv following the combination, are intended to be liquidated.

21. Non-controlling interest

The detail of the non-controlling interest in subsidiaries of the group is as follows:

	Country	Non-controlling interest percentage	
		2022	2021
Environmentally Clean Systems LLC	US	30.99%	30.99%
ECS Myton, LLC	US	49.00%	49.00%
PB Leiner (Hainan) Biotechnnology Co. Ltd	China	20.00%	-

Summary financial information of subsidiaries with a non-controlling interest at 100% as per December 31:

(Million EUR)	2022	2021
Non-current assets	0.4	0.6
Current assets	9.6	8.2
Total assets	10.0	8.8
Equity	1.5	1.1
Non-current liabilities	0.7	0.6
Current liabilities	7.7	7.1
Total equity and liabilities	10.0	8.8
Revenue	-	0.0
Cost of sales	-	-0.1
Gross profit	-	-0.0
Adjusted EBIT	-0.0	-0.1
EBIT (Profit (+) / loss (-) from operations)	-0.4	2.3
Finance (costs) / income - net	0.0	-0.0
Profit (+) / loss (-) before tax	-0.4	2.3
Profit (+) / loss (-) for the period	-0.3	1.7

In 2022, PB Leiner (operating segment Bio-valorization) has entered into an agreement with Hainan Xiangtai Group (China) to produce and commercialize premium fish collagen peptides. Under the terms of this agreement, PB Leiner (Hainan) Biotechnology Co. Ltd, the newly created subsidiary, will produce, starting the first half of 2023, marine collagen peptides based on PB Leiner's technology. Total issued capital amounts to 0.7 million EUR as per December 31, 2022, of which 80% was contributed in cash by the group.

In 2021, the group sold the main assets of the subsidiary Environmentally Clean Systems LLC. The remaining assets and liabilities per December 31, 2022 mainly relate to intragroup loans and borrowings. The group intends to liquidate the two legal entities after settlement of all outstanding obligations.

22. Loans and borrowings

(Million EUR)	note	2022	2021
Non-current loans and borrowings		209.3	193.6
Current loans and borrowings		56.2	211.4
Total loans and borrowings		265.5	405.0
Cash and cash equivalents	18	-156.1	-320.3
Bank overdrafts ¹	18	0.1	0.1
Short term investments ²	18	-	-10.0
Long term investments ³	18	-50.0	-
Net loans and borrowings		59.5	74.8

¹ A bank overdraft is a flexible borrowing facility on a bank current account, which is repayable on demand.

² The 2021 amount relates to one short term bank note outstanding (10.0 million EUR, maturity date January 2022).

³ The 2022 amount relates to two long term bank deposits outstanding (30.0 million EUR maturing in November 2024 and 20.0 million EUR maturing in December 2024).

As per year-end 2022, the group net financial debt amounted to 59.5 million EUR, implying a leverage⁹ of 0.1x, and included a lease liability, in accordance with IFRS 16 *Leases*, for an amount of 52.2 million EUR. Excluding the impact of IFRS 16 *Leases*, the net financial debt would have amounted to 7.3 million EUR as per year-end 2022, compared to 20.8 million EUR as per year-end 2021.

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

	Bank overdrafts	Cash and cash equivalents	Short term investments	Long term investments	Current lease liabilities	Non-current lease liabilities	Other current loans and borrowings	Other non-current loans and borrowings	Total
Net financial debt as per January 1, 2021	-0.0	230.1	20.0	0.0	-18.2	-35.2	-48.0	-349.8	-201.3
Cash flows, net	-0.0	89.2	-10.0	-	20.6	-	47.4	-	147.1
IFRS 16 new leases and lease modifications	-	-	-	-	-2.0	-18.0	-	-	-20.0
Transfers	-	-	-	-	-17.0	17.0	-193.7	193.7	0.0
Effect of exchange rate differences	-	1.1	-	-	-0.5	-0.8	-0.1	-0.4	-0.7
Net financial debt as per December 31, 2021	-0.1	320.3	10.0	0.0	-17.0	-37.1	-194.4	-156.6	-74.8
Net financial debt as per January 1, 2022	-0.1	320.3	10.0	0.0	-17.0	-37.1	-194.4	-156.6	-74.8
Cash flows, net	-0.1	-123.7	-10.0	50.0	20.7	-	198.0	-60.0	74.9
Acquisitions through business combinations	-	-42.1	-	-	-0.1	-0.1	-	-	-42.3
IFRS 16 new leases and lease modifications	-	-	-	-	-3.3	-14.9	-	-	-18.2
Transfers	-	-	-	-	-16.8	16.8	-42.9	42.9	0.0
Effect of exchange rate differences	-	1.7	-	-	-0.2	-0.1	-0.1	-0.3	1.0
Net financial debt as per December 31, 2022	-0.1	156.1	0.0	50.0	-16.8	-35.4	-39.4	-173.9	-59.5

⁹ Refer to Alternative Performance Measures for the calculation of the leverage ratio.

Non-current and current loans and borrowings:

(Million EUR)	note	2022	2021
Non-current loans and borrowings			
Non-current lease liabilities		35.4	37.1
Bonds		58.0	58.0
Credit facility T-Power nv		64.3	90.1
Credit institutions		51.6	8.5
Total		209.3	193.6
Current loans and borrowings			
Current lease liabilities		16.8	17.0
Bonds		-	165.5
Current portion credit facility T-Power nv		25.7	25.7
Credit institutions		13.6	3.2
Total		56.2	211.4
Total non-current and current loans and borrowings	26	265.5	405.0

The non-current loans and borrowings include a bond, issued in July 2015, with a maturity of 10 years (the “2025 bonds”), with a fixed rate of 3.375%. The other bond, also issued in July 2015, with a maturity of 7 years (the “2022 bonds”), with a fixed rate of 2.875%, was fully reimbursed in 2022. In February 2022, the group repurchased “2022 bonds” for a nominal amount of 35.0 million EUR at a price of 102.875%, while the remaining outstanding capital of 130.5 million EUR was reimbursed at maturity in July 2022.

The outstanding loan of T-Power nv as per December 31, 2022, amounts to 90.1 million EUR. The T-Power nv assets and shares are serving as guarantee for the loan. The term loan credit facility contains a covenant stating a minimum required debt service cover ratio (based on the last 12 months cash flow available for debt service). This covenant has been complied with as per December 31, 2022.

Tessenderlo Kerley Inc. has a loan outstanding of 5.3 million EUR, of which 0.9 million EUR is current. The loan has a maturity of 10 years (2018-2028) at a fixed rate of 3.95%. The financed Phoenix headquarters building (Arizona, United States) is serving as guarantee for the loan.

Tessenderlo Group nv has the following loans outstanding:

- a loan of 3.8 million EUR, of which 1.7 million EUR is current. The loan has a maturity of 5 years (2020-2025) at a fixed rate of 0.33%. The loan was drawn to finance the purchase of vehicles within the operating segment Bio-valorization, which were previously leased, and has no financial covenants.
- a new credit facility of 30.0 million EUR drawn in April 2022 with a maturity of 7 years. This loan with quarterly capital reimbursements, has a fixed interest rate of 1.17%, and contains no financial covenants. As per December 31, 2022, 27.9 million EUR was outstanding of which 4.3 million EUR is current.
- a new loan for 30.0 million EUR starting in August 2022 with a maturity of 5 years. This loan will be reimbursed on a quarterly basis and has a fixed interest rate of 0.94% and contains no financial covenants. As per December 31, 2022, 28.3 million EUR was outstanding of which 6.7 million EUR is current.

The lease liability, in accordance with IFRS 16 *Leases*, amounts to 52.2 million EUR (December 31, 2021: 54.1 million EUR), of which 35.4 million EUR is included in non-current and 16.8 million EUR in current loans and borrowings (note 26 - Financial instruments).

The weighted average borrowing rate applied to lease liabilities was 2.1% in 2022 (2021: 2.2%). See note 26 - Financial instruments for the contractual maturities of the lease liabilities, including interest payments.

The group has access to a Belgian commercial paper program of 200.0 million EUR which remained unused at the end of December 2022 (December 31, 2021: 0.0 million EUR).

There has been no drawdown as per December 31, 2022 on the 5-year committed bi-lateral credit lines, which were renewed for 5 years in July 2022. The committed bi-lateral credit lines amount to 250.0 million EUR (of which part can be drawn in USD).

Non-current and current loans and borrowings by currency

Analysis of non-current and current loans and borrowings by currency, expressed in EUR (2022):

(Million EUR)	EUR	USD	Other	Total
Current lease liabilities	10.1	4.8	1.9	16.8
Other current loans and borrowings	38.4	0.9	0.0	39.4
Non-current lease liabilities	24.5	6.1	4.7	35.4
Other non-current loans and borrowings	169.6	4.3	-	173.9
Total loans and borrowings	242.6	16.2	6.7	265.5
In percentage of total loans and borrowings	91.4%	6.1%	2.5%	100%

Analysis of non-current and current loans and borrowings by currency, expressed in EUR (2021):

(Million EUR)	EUR	USD	Other	Total
Current lease liabilities	9.7	4.7	2.6	17.0
Other current loans and borrowings	192.9	0.9	0.7	194.4
Non-current lease liabilities	24.5	6.1	6.4	37.1
Other non-current loans and borrowings	151.8	4.7	-	156.6
Total loans and borrowings	378.9	16.4	9.7	405.0
In percentage of total loans and borrowings	93.5%	4.1%	2.4%	100.0%

23. Employee benefits

The provisions for employee benefits recognized in the balance sheet as of December 31 are as follows:

(Million EUR)	2022				2021			
	Early retirement provision	Defined benefit liability	Other employee benefits	Total	Early retirement provision	Defined benefit liability	Other employee benefits	Total
Non-current	0.5	33.6	6.0	40.1	0.8	49.4	5.6	55.8
Current	0.3	-	0.4	0.7	0.4	-	0.3	0.7
Total	0.8	33.6	6.4	40.8	1.2	49.4	5.8	56.4

(Million EUR)	2022			
	Early retirement provision	Defined benefit liability	Other employee benefits	Total
Balance at January 1, 2022	1.2	49.4	5.8	56.4
Change in consolidation scope (acquisitions)	-	0.5	-	0.5
Additions	0.3	3.1	2.2	5.5
Use of provisions	-0.4	-1.3	-0.3	-2.0
Reversal of provisions	-0.4	-18.1	-1.2	-19.7
Translation differences	-	0.1	-0.0	0.0
Balance at December 31, 2022	0.8	33.6	6.4	40.8

The provisions for other employee benefits include long-service benefits (e.g. medal of honor of labor, jubilee premiums, ...).

General description of the type of plan

Post-employment benefits

These liabilities are recorded to cover the post-employment benefits and cover the pension plans and other benefits in accordance with local practices and conditions, following an actuarial calculation taking into account the financing of insurance companies and other pension funds. The most important pension plans are located in Belgium, the Netherlands, the United Kingdom and Germany.

Defined contribution pension plans

Defined contribution pension plans are plans for which the group pays pre-determined contributions to a legal entity or a separate fund, in accordance with the settings of the plan. The group's legal or constructive obligation is limited to the amount contributed. The contributions are recognized as an expense in the income statement as incurred and are included in note 7 - Payroll and related benefits.

Defined benefit pension plans

The defined benefit pension plans provide benefits related to the level of salaries and the years of service. These plans are financed externally by pension funds or insurance companies. Independent actuaries perform an actuarial valuation on an annual basis for the most important pension plans.

The defined benefit pension plans in Belgium are all final salary pension plans which provide benefits to members in the form of a guaranteed pension capital (payable either as capital or pension for life). These plans are covered by a trustee administered pension fund and group insurance contracts. The level of benefits provided depends on members' length of service and the average salary in the final 3 years leading up to retirement, or the average salary of the best 3 consecutive years, if higher.

The defined contribution plans in Belgium are legally subject to a minimum guaranteed return (the legal minimum guaranteed return as from January 1, 2016 is 1.75%, while before it was 3.25% for employer contributions). If the legal minimum guaranteed return is sufficiently covered, the group has no obligation to pay further contributions than those that are recognized as an expense in the income statement as the related service is provided. The Belgian defined contribution pension plans are to be treated as defined benefit pension plans under IAS 19 as they do not meet the definition of a defined contribution pension plan under IFRS. The group follows the prescribed methodology for measurement and accounting for defined benefit pension plans in line with IAS 19 § 57.(a), meaning the projected unit credit method, without adding expected future contributions. The group recognizes the difference between the defined benefit obligation and the fair value of plan assets (IAS 19 § 57.(a) (iii)) on the balance sheet.

The plan assets of the Belgian defined contribution plans are included in the Belgian pension fund “OFP Pensioenfondsen” or are insured externally through insurance contracts. For the plans financed with insurance contracts, several rates are guaranteed by insurance companies on the reserves and on different levels of the premiums depending on the levels reached at certain dates:

- For the contributions paid until January 1, 2003, the guaranteed interest rate equals 4.75%;
- For the contributions paid during the period from January 1, 2003 until January 1, 2013, the guaranteed interest rate equals 3.25%;
- For the contributions paid as from January 1, 2013 until April 1, 2015, the guaranteed interest rate equals 1.75%;
- For the contributions paid during the period from April 1, 2015 until October 1, 2015, the guaranteed interest rate equals 0.75%;
- For the contributions paid as from October 1, 2015 until October 1, 2016, the guaranteed interest rate equals 0.50%;
- For the contributions paid as from October 1, 2016 until January 1, 2020, the guaranteed interest rate equals 0.10%.
- For the contributions paid as from January 1, 2020, the guaranteed interest rate equals 0.00%.

The UK and German pension plans are final salary pension plans providing a guaranteed pension payable for life.

The UK plan is covered by a trustee administered pension fund and the German plan is covered by recognized provisions in the consolidated statement of financial position.

For the UK and Belgian plans covered by trustee administered pension funds, the board of trustees must consist of representatives of the company and plan participants in accordance with the plan regulations. The governance responsibility for these plans rests with the board of trustees.

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

- Asset volatility: The group performs on a regular basis asset-liability studies for the trustee administered pension funds to ensure an accurate match between plan assets and liabilities. The plans hold significant investments in investment funds, which include quoted equity shares, and are thus exposed to equity market risks.
- Inflation, interest rate and life expectancy: The pensions in most of the plans are linked to inflation, therefore the pension plans are exposed to risks linked to inflation, interest rate and life expectancy of pensioners.

The group considers all defined benefit pension plans as having similar characteristics and risks.

Following a favorable movement in the UK pension fund funding level over 2022, the trustees of the UK pension plan decided to enter into an agreement to secure all benefit payments due from the pension plan through a third-party insurance contract (the “buy-out”). The first stage of any “buy-out” is to complete a full “buy-in”, that is the purchase of an insurance policy covering all known benefits payable. This “buy-in” stage leads to the transfer of related risks (investment, inflation, interest and longevity risk) to the insurer. The premium required to purchase the insurance policy (bulk annuity policy) was paid from the plan assets. The bulk annuity policy is held in the name of the trustees (as a “buy-in” policy) as per December 31, 2022, which implies that the obligation to pay benefits remains with the pension plan. The bulk policy will be converted into individual policies written in the name of members and it is expected that this step (the “buy-out”) will be completed by the end of 2024. The premium paid to purchase the bulk annuity in 2022 amounted to 34.2 million GBP, which was higher than the value of the corresponding liabilities covered by the policy (27.9 million GBP) on the date of the agreement. The difference of 6.3 million GBP (7.3 million EUR) was reported as an asset loss due to the agreed settlement event and was recognized in the 2022 income statement (note 6 - EBIT Adjusting items). As per December 31, 2022 the bulk annuity policy was valued as an asset of the pension plan, with its value set equal to the value of the defined benefit obligations to which it relates (31.0 million EUR). When the bulk policy will be converted into individual member policies, both the defined benefit obligation and asset value will be reduced by an equal amount as the pension plan has then transferred all liabilities to the insurer, and is able to wind-up. As per December 31, 2022, a net defined benefit asset of 9.5 million EUR was recognized within non-current Trade and other receivables in the statement of financial position, which could, net of any future expenses, be refunded to the group at the moment of the wind-up of the pension plan.

Defined benefit pension plans

The amounts recognized in the statement of financial position are as follows:

(Million EUR)	note	2022	2021
Present value of wholly funded obligations		-38.5	-51.1
Present value of partially funded obligations		-78.9	-103.9
Present value of wholly unfunded obligations		-19.5	-28.6
Total present value of obligations		-136.9	-183.6
Fair value of plan assets		113.4	143.4
Net defined benefit (liability)/asset		-23.5	-40.3
Amounts in the statement of financial position:			
Liabilities		-33.6	-49.4
Assets	16	10.2	9.1
Net defined benefit (liability)/asset		-23.5	-40.3

The following table shows a reconciliation of the net defined benefit (liability)/asset and its components.

	2022			2021		
	Present value of obligations	Fair value of plan assets	Net defined benefit (liability)/asset	Present value of obligations	Fair value of plan assets	Net defined benefit (liability)/asset
(Million EUR)						
Balance at January 1	-183.6	143.4	-40.3	-186.7	131.1	-55.6
Included in profit or loss						
Current service cost	-5.9	-	-5.9	-6.3	-	-6.3
Past service (cost)/benefit	-0.1	-	-0.1	-0.9	-	-0.9
Current service cost - Employee contribution	-	0.5	0.5	-	0.4	0.4
Interest (cost)/income	-1.9	1.7	-0.2	-1.1	0.9	-0.1
Administrative expenses	-	-0.4	-0.4	-	-0.4	-0.4
Settlement cost UK pension fund	-	-7.3	-7.3	-	-	-
Total included in profit or loss (note 7)	-7.9	-5.6	-13.5	-8.2	1.0	-7.3
Included in other comprehensive income						
Remeasurements:						
- Gain/(loss) from change in demographic assumptions	-0.0	-	-0.0	0.5	-	0.5
- Gain/(loss) from change in financial assumptions	47.9	-	47.9	6.6	-	6.6
- Experience gains/(losses)	-5.4	-15.4	-20.7	2.5	8.5	11.1
Total included in other comprehensive income that will not be reclassified subsequently to profit or loss in subsequent periods	42.5	-15.4	27.1	9.7	8.5	18.2
Other						
Exchange differences on foreign plans	1.5	-2.1	-0.6	-4.1	4.4	0.3
Contributions by employer	-	4.3	4.3	-	4.1	4.1
Benefits paid	11.2	-11.2	0.0	5.6	-5.6	0.0
Change in consolidation scope (acquisitions)	-0.5	-	-0.5	-	-	0.0
Total other	12.2	-9.0	3.2	1.6	2.8	4.4
Balance at December 31	-136.9	113.4	-23.5	-183.6	143.4	-40.3

The decrease of the present value of the defined benefit obligations is impacted by the 2022 gain from change in financial assumptions, which is included in other comprehensive income and will not be reclassified to profit or loss in subsequent periods. The gain is mainly the result of the increase of the discount rate used to calculate the present value of the defined benefit obligations (2022 weighted average discount rate of 3.9%, compared to 1.1% in 2021) and was partially offset by experience losses due to higher than expected salary increases.

The decrease of the fair value of the plan assets in 2022 is mainly explained by the settlement cost of the UK pension fund (-7.3 million EUR), as well as by the experience loss due to a negative return on the plan assets (-15.4 million EUR), which is a consequence of negative financial market circumstances in 2022. This experience loss is included in other comprehensive income and will not be reclassified subsequently to profit or loss in subsequent periods.

The net periodic pension cost is included in the following line items of the income statement:

(Million EUR)	note	2022	2021
Cost of sales		-0.7	-1.0
Distribution expenses		-0.1	-0.1
Sales and marketing expenses		-0.1	-0.1
Administrative expenses		-3.7	-3.9
Other operating income and expenses	5	-1.4	-2.0
EBIT adjusting items	6	-7.3	-
Finance (costs) / income - net	9	-0.2	-0.1
Total		-13.5	-7.3

The actual return on plan assets in 2022 was -13.7 million EUR (2021: 9.5 million EUR).

The group expects to contribute 4.3 million EUR to its defined benefit pension plans in 2023.

The fair value of the major categories of plan assets is as follows:

(Million EUR)	2022				2021			
	Quoted	Unquoted	Total	%	Quoted	Unquoted	Total	%
Property	-	4.0	4.0	3.6%	-	4.0	4.0	2.8%
Qualifying insurance policies	-	53.7	53.7	47.4%	-	24.1	24.1	16.8%
Cash and cash equivalents	-	8.9	8.9	7.9%	-	26.6	26.6	18.5%
Investment funds	46.7	-	46.7	41.2%	86.6	-	86.6	60.4%
Tessenderlo Group bond with maturity date July 15, 2022	-	-	0.0	0.0%	2.1	-	2.1	1.4%
Total	46.7	66.7	113.4	100.0%	88.7	54.7	143.4	100.0%

The plan assets include no property occupied by the group and no shares of subsidiaries, while shares of the parent company are included for an amount of 0.3 million EUR as per December 31, 2022 (2021: nihil).

The investment funds include a portfolio of investments in equity, fixed interest investments and other financial assets. This diversification reduces the portfolio risk to a minimum.

The decrease of the investment in Investment funds is linked to the negative return on plan assets and to the buy-in policy of the UK pension fund which was agreed upon in 2022 (transferring the related assets to Qualifying insurance policies).

The principal actuarial assumptions used in determining pension benefit obligations for the group's plans at the balance sheet date (expressed as weighted averages) are:

	2022	2021
Discount rate at 31 December	3.9%	1.1%
Future salary increases	2.2%	1.9%
Inflation	2.4%	2.3%

Assumptions regarding future mortality are based on published statistics and mortality tables, and are the following:

	Mortality table
Belgium	MR/FR - 5 (2021: MR/FR - 5)
United Kingdom	110% S3PMA, 105% S3PFA, CMI_2021 [1.50% M, 1.25% F] [S-kappa=7, A=0.25%, w2020 & w2021=0%] from 2016
Germany	© RICHTTAFELN 2018 G von Klaus Heubeck - Lizenz Heubeck-RichttafelIn-GmbH, Köln

For the Belgian plan, covered by a trustee administered pension fund, an asset-liability matching exercise is performed at least every 3 years, in line with the Statements of Investment Principles (SIP) of the funds. The trustees ensure that the investment strategy as outlined in the SIP is in line with the assets and liabilities management (ALM) strategy and is closely followed by the investment managers.

The weighted average duration of the defined benefit obligation is 10 years for the pension plans in the euro zone.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions, as per December 31, 2022, is:

	Change in assumption	Impact on defined benefit obligation*	Change in assumption	Impact on defined benefit obligation*
Discount rate	+0.5%	-4.5%	-0.5%	4.9%
Salary growth rate	+0.5%	0.7%	-0.5%	-1.2%
Pension growth/inflation rate	+0.5%	2.9%	-0.5%	-3.4%
Life expectancy	+ 1 year	1.4%	- 1 year	-1.4%

* A positive percentage indicates an increase of the defined benefit obligation, while a negative percentage indicates a decrease of the defined benefit obligation.

The above sensitivity analyses are based on a change in one assumption while holding all other assumptions stable. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. The above sensitivity analysis still includes the pension obligation of the UK pension fund ('buy-in policy' according to the settlement), although any impact on the defined benefit obligation will be offset by an equal variance in the pension assets. The UK pension fund represents approximately 23% of the total defined benefit obligations.

Share-based payments

There were no warrants outstanding as per December 31, 2022, nor per December 31, 2021. No new offering of warrants to the group's senior management took place in 2021 and 2022.

24. Provisions

(Million EUR)	note	2022			2021		
		Current	Non-current	Total	Current	Non-current	Total
Environment	28	4.8	91.8	96.7	4.9	108.5	113.4
Dismantlement		1.2	22.8	24.0	-	22.1	22.1
Restructuring		0.5	-	0.5	1.6	-	1.6
Other		3.4	6.6	10.0	3.0	7.7	10.7
Total		9.8	121.3	131.1	9.5	138.3	147.8

	Environment	Dismantlement	Restructuring	Other	Total
Balance at January 1, 2022	113.4	22.1	1.6	10.7	147.8
Change in consolidation scope (acquisitions)	-	1.0	-	-	1.0
Additions	0.4	0.7	0.1	3.0	4.2
Use of provisions	-1.5	-0.0	-1.3	-2.4	-5.2
Reversal of provisions	-0.1	-	-	-1.3	-1.3
Effect of discounting	-15.5	-	-	-	-15.5
Translation differences	0.0	0.2	-	0.0	0.2
Balance at December 31, 2022	96.7	24.0	0.5	10.0	131.1

The environmental provisions amount to 96.7 million EUR and mainly relate to environmental provisions to cover the cost for the remediation of historical soil and ground contamination of the factory sites in Belgium (Ham, Tessenderlo and Vilvoorde) and France (Loos). The outstanding environmental provisions reflect the discounted value of the expected future cash out, spread over the period 2023-2054. In 2022, the reliable estimate of the amount of outflow of resources to settle this obligation was adjusted for inflation and the applied discount rate was increased. The discount rate, derived from the yield curve of Belgian and French government bonds, varied between 2% and 4% in 2022 (between 0% and 1% at year-end 2021). The impact on environmental provisions, following the adjustment for inflation and the higher discount rate applied, amounts to +16.7 million EUR (2021: +1.0 million EUR) and was recognized in EBIT adjusting items (note 6 - EBIT Adjusting items). A further increase of the discount rate by 1% would lower the environmental provisions by approximately -9 million EUR.

The use of environmental provisions amounts to -1.5 million EUR in 2022 (2021: -5.7 million EUR), while the effect of unwinding the discount amounts to -1.1 million EUR in 2022 (2021: -0.2 million EUR), which is included in finance costs (note 9 - Finance costs and income).

The amounts recognized reflect management's best estimate of the expected expenditures required to settle the present obligation at balance sheet date and are based on the current knowledge on the potential exposure. These provisions are reviewed periodically and will be adjusted, if necessary, when additional information would become available. These provisions could change in the future due to the emergence of additional information on the nature or extent of the contamination, a change in legislation or other factors of a similar nature.

In France, some facilities are subject to regulations pertaining to environmentally regulated facilities (Classified Facilities for the Protection of the Environment "ICPE"). This legislation requires to dismantle the classified facilities. The dismantlement provision is included in the cost basis of the related property, plant and equipment, which cost is depreciated accordingly. The total provision recognized on those French facilities amounts to 19.2 million EUR as per December 31, 2022 (2021: 18.7 million EUR). The amounts recognized are based on an internal assessment and on the gross book value of the related assets. They reflect management's best estimate of the expected expenditures.

The expected timing of the cash outflow is not yet known. However, no significant cash outflow is expected to take place within the foreseeable future.

The other provisions include provisions for claims and several, individually less significant amounts. These provisions are reviewed regularly and, if necessary, adjusted based upon new available information or changes in circumstances. They reflect management's best estimate of the expected expenditures of the expected cash outflows required to settle the present obligation at balance sheet date.

25. Trade and other payables

(Million EUR)	2022	2021
Non-current trade and other payables		
Accrued charges and deferred income	3.1	3.5
Remuneration and social security	3.4	-
Other amounts payable	0.4	0.6
Total	6.9	4.1
Current trade and other payables		
Trade payables	269.3	243.9
Remuneration and social security	89.9	91.9
VAT and other taxes	12.1	10.9
Accrued charges and deferred income	4.1	6.3
Trade and other payables from related parties	3.5	4.0
Other amounts payable	4.4	9.0
Total	383.2	365.9

The remuneration and social security as per December 31, 2022, includes the accrued charges for a long-term incentive plan for members of senior management. This long-term incentive plan covers a 3-year period (calendar years 2022-2024) based on pre-set performance metrics of the group, and foresees a yearly partial pay-out. An accrual of 6.0 million EUR was recognized in 2022, of which 3.4 million EUR is included in non-current remuneration and social security. As per December 2021, the current remuneration and social security included an accrued amount of 12.9 million EUR related to the previous long-term incentive plan covering a 3-year period (calendar years 2019-2021), which was paid out in 2022.

The increase of trade payables, mainly within the operating segments Agro and Bio-valorization, is linked to timing as well as to the increase of raw material, energy and transport costs.

The trade and other payables from related parties relate to trade payables outstanding with the joint-venture Jupiter Sulphur LLC as per December 31, 2022.

26. Financial instruments

Foreign currency risk

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

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

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

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

The group's exposure to foreign currency risk was as follows based on nominal amounts (for the exchange rates used, please refer to note 1 - Summary of significant accounting policies):

(Million EUR)	2022		2021	
	EUR*	USD	EUR*	USD
Assets	40.4	420.6	27.9	451.8
Liabilities	-25.3	-35.3	-24.1	-271.3
Gross exposure	15.1	385.3	3.7	180.5
Foreign currency swaps	-12.1	-23.6	-11.2	-
Net exposure	3.0	361.7	-7.5	180.5
Net exposure (in EUR)	3.0	339.1	-7.5	159.4

*EUR includes the exposure to foreign currency risk in EUR and several, individual insignificant foreign currencies expressed in EUR.

The USD exposure is mainly related to intragroup balances which are not hedged.

If the euro had strengthened or weakened by 10% against following currencies with all other variables being held constant, the impact on equity and post-tax profit for the year would have been as follows:

(Million EUR)	Change in rate	Impact on the income statement: loss(-)/gain(+)	Impact on equity: loss(-)/gain(+)
At December 31, 2022			
USD	+10%	-26.3	-44.0
	-10%	32.1	53.7
At December 31, 2021			
USD	+10%	-24.1	-48.6
	-10%	29.5	59.4

Credit risk

The group is subject to the risk that the counterparties with whom it conducts its business (in particular its customers) and who have to make payments to the group, are unable to make such payments in a timely manner or at all. In order to manage its credit exposure, a credit committee per business unit has been created to determine a credit policy with credit limit requests, approval procedures, continuous monitoring of the credit exposure and dunning procedure in case of delays. The group has moreover globally elaborated a credit insurance program to protect accounts receivable from third party customers against non-payment.

Every legal entity of the group is participating to this program and the insurance is provided by highly top-rated international credit insurance companies. A large majority of the receivables (around 95%) is covered under this group credit insurance program. The contract protects the insured activities against non-payment with a deductible of 10% and foresees an indemnification cap at group level. The program foresees a pay-out of the insured claims within 6 months after due date.

The group has no significant concentration of credit risk. However, there can be no assurance that the group will be able to limit its potential loss of proceeds from counterparties who are unable to pay in a timely manner or at all. The liquidities available at year-end are deposited 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, note 16 - Trade and other receivables), 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, note 18 - Cash and cash equivalents).

The maximum exposure to credit risk for trade receivables at the reporting date by operating segment was (note 16 - Trade and other receivables):

(Million EUR)	note	2022	2021
Agro		155.8	153.0
Bio-valorization		112.5	99.7
Industrial Solutions		102.9	77.8
T-Power		2.1	1.8
Non-allocated		0.1	0.1
Total	16	373.4	332.4

The ageing of trade receivables at the reporting date was:

(Million EUR)	note	2022		2021	
		Gross	Amounts written off	Gross	Amounts written off
Not past due		330.9	-	298.3	-
Past due 0-30 days		31.5	-0.0	27.4	-0.0
Past due 31-120 days		8.3	-0.1	4.8	-0.1
Past due 121-365 days		3.9	-1.1	2.7	-0.8
More than one year		2.6	-2.6	2.7	-2.6
Total	16	377.2	-3.8	335.9	-3.5

The group estimates that the amounts that are past due are still collectible, following an expected credit loss assessment based on historic payment behavior and extensive analysis of customer credit risk.

Based on the group's monitoring of customer credit risk, the group estimates that, except for the amounts mentioned in the table above, no impairment allowance is necessary in respect of trade receivables not past due.

The movement in the allowance for impairment in respect to trade receivables during the year was as follows:

(Million EUR)	note	2022	2021
Balance at January 1		-3.5	-4.0
Use of impairment loss		0.4	0.7
Reversal / (recognition) of impairment losses	5	-0.7	-0.2
Other movements		0.0	0.0
Balance at December 31	16	-3.8	-3.5

Interest risk

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

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

(Million EUR)	note	2022	2021
Fixed rate instruments			
Cash and cash equivalents	18	92.0	159.8
Short term investments	18	-	10.0
Long term investments	18	50.0	-
Loans and borrowings	22	175.4	288.5
Variable rate instruments			
Cash and cash equivalents	18	64.1	160.4
Loans and borrowings	22	90.1	116.5
Bank overdrafts	22	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 Tessenderlo Group nv (30.0 million EUR each) (note 22 - Loans and borrowings).

Liquidity risk

Liquidity risk is defined as the risk that a company may have insufficient resources to fulfil 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.

The following are the contractual maturities of loans and borrowings, including interest payments:

(Million EUR)	note	2022				
		Carrying amount	Contractual cash flows	Less than one year	Between 1 and 5 years	More than 5 years
Non-derivative loans and borrowings						
Bond with maturity date July 15, 2025		58.0	63.0	2.0	61.0	-
Credit facility T-Power nv		90.1	97.5	29.1	68.4	-
Credit institutions		65.2	67.5	14.3	45.9	7.2
Lease liabilities		52.2	59.8	17.3	30.6	11.9
Loans and borrowings	22	265.5	287.7	62.7	205.9	19.1
Bank overdrafts*	22	0.1	0.1	0.1	-	-
Derivatives						
Foreign currency swaps		-0.0				
Inflow			34.1	34.1	-	-
Outflow			-34.1	-34.1	-	-
Interest rate swaps		-3.2				
Inflow			4.8	2.2	2.6	-
Outflow			-8.2	-3.7	-4.5	-
Total		-3.3	-3.4	-1.6	-1.9	0.0
		2021				
Non-derivative loans and borrowings						
Bond with maturity date July 15, 2022		165.5	167.9	167.9	-	-
Bond with maturity date July 15, 2025		58.0	64.9	2.0	63.0	-
Credit facility T-Power nv		115.8	117.6	26.1	91.5	-
Credit institutions		11.7	12.5	3.5	7.7	1.3
Lease liabilities		54.1	59.1	17.6	30.9	10.6
Loans and borrowings	22	405.0	422.0	217.0	193.1	12.0
Bank overdrafts*	22	0.1	0.1	0.1	-	-
Derivatives						
Foreign currency swaps		0.1				
Inflow			11.3	11.3	-	-
Outflow			-11.2	-11.2	-	-
Interest rate swaps		-13.5				
Inflow			0.2	-	0.2	-
Outflow			-13.6	-5.3	-8.3	-
Total		-13.4	-13.4	-5.2	-8.1	0.0

*A bank overdraft is a flexible borrowing facility on a bank current account, which is repayable on demand.

Estimation of fair value of financial assets and liabilities

The fair value of non-derivative loans and borrowings is calculated based on the net present value of future principal and interest cash flows discounted at market rate. These are based on market inputs from reliable financial information providers. Therefore, the fair value of the fixed interest-bearing loans and borrowings is within level 2 of the fair value hierarchy.

The fair value of the non-current loans and borrowings at fixed interest rate, measured at amortized cost in the statement of financial position as per December 31 is presented below:

(Million EUR)	note	2022		2021	
		Carrying amount	Fair value	Carrying amount	Fair value
Non-current loans and borrowings					
Lease liabilities	22	-35.4	-32.2	-37.1	-38.2
Credit institutions	22	-51.6	-47.3	-8.5	-8.8
Bonds (maturity date in 2025)	22	-58.0	-57.2	-58.0	-60.5

The bond issued in 2015 with a maturity of 10 years (the “2025 bonds”) was quoted at 98.6% as per December 31, 2022 (2021: 104.3%).

The fair value of the following financial assets and liabilities approximates their carrying amount:

- Trade and other receivables
- Other investments
- Long term investments
- Cash and cash equivalents
- Current loans and borrowings
- Trade and other payables

Fair value of derivative financial instruments

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

(Million EUR)	2022							
	Carrying amount balance sheet				Fair value hierarchy			
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Level 1	Level 2	Level 3	Total
Foreign currency swaps	0.1	-	-0.1	-	-	-0.0	-	-0.0
Interest rate swaps	-	-	-1.5	-1.7	-	-3.2	-	-3.2
Electricity forward contracts	0.4	-	-	-8.4	-	-	-8.0	-8.0
Electricity and gas forward contracts	0.1	-	-	-	-	0.1	-	0.1
Total	0.6	0.0	-1.6	-10.1	0.0	-3.1	-8.0	-11.1

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

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

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

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

The following table indicates the fair values of all outstanding derivative and other financial instruments at year-end:

(Million EUR)	2022		2021	
	Contractual amount	Fair value	Contractual amount	Fair value
Foreign currency swaps	34.1	-0.0	11.3	0.1
Interest rate swaps	-3.4	-3.2	-13.4	-13.5
Electricity and gas forward contracts	N/A	-7.9	N/A	-15.3
Total	30.7	-11.1	-2.2	-28.7

The contractual amount indicates the volume of outstanding derivatives at the balance sheet date and therefore does not reflect the group's exposure to risks from such transactions.

The total fair value of the derivative financial instruments at December 31, 2022 amounts to -11.1 million EUR (2021: -28.7 million EUR) and consists of:

- forward interest rate agreements at T-Power nv, with maturity date in the period 2023-2026
- foreign currency swaps, with maturity date in January 2023
- an electricity forward contract, with maturity date in June 2026 (-8.0 million EUR)
- electricity and gas forward contracts, with maturity date in the first quarter of 2023 (+0.1 million EUR)

The outstanding interest rate swaps of T-Power nv (which fixed the 6 months EURIBOR at 5.6% per annum for approximately 80% of the outstanding loan with maturity dates till 2026) are, in accordance with the requirements of IFRS 9, designated as hedging instruments in a cash flow relationship as per December 31, 2022. The effective portion of the change in fair value is therefore recognized in the hedging reserves (Other comprehensive income). A level 2 fair value measurement is applied for the fair value measurement of these agreements.

The table below indicates the underlying contractual amount of the outstanding foreign currency contracts per currency at year-end (selling of foreign currencies):

(Million EUR)	2022		2021	
	Amount in foreign currency	Amount in EUR	Amount in foreign currency	Amount in EUR
GBP	3.5	4.0	2.6	3.1
USD	23.6	22.1	-	-
JPY	647.7	4.5	579.6	4.5
Other		3.5		3.7
Total		34.1		11.3

The group sold the majority of its PVC/Chlor-Alkali activities in the third quarter of 2011. The electricity purchase agreement relating to that activity was not part of the sale transaction and therefore the group is still under an obligation to purchase certain quantities of electricity. As the group no longer needs the electricity for its own use, it needs to sell the electricity on the market until the end of the contract. Because of significant unobservable inputs, a level 3 fair value measurement is applied for the fair value measurement of the electricity purchase agreement ('PPA' - Purchase Power Agreement), for which the own-use exemption under IFRS 9 is not applicable anymore. The value of the contract is depending on the current and future difference between market electricity prices and the generation cost based on market gas prices (the "spark spread"), and on the effect of the hourly pricing optimization as foreseen in the contract. Forward prices are only available for a 3-year period and for a base load product. The uncertainty beyond that period is higher on different important parameters (including also the regulatory environment), however based on more favorable market and regulatory condition assumptions, the fair value of the PPA contract is set to zero beyond the initial 3 years. The used base load future prices are calculated based on the 2022 average daily Zeebrugge Gas Yearly forward prices and on the 2022 average daily Endex Yearly forward electricity prices for Belgium. The future hourly optimization effect is calculated as an extrapolation of the trend since the start of the contract.

As per December 31, 2022 the inputs above lead to a net fair value of -8.0 million EUR compared to a net fair value of -15.8 million EUR as per December 31, 2021. The change in net fair value for an amount of +7.8 million EUR has been recognized as an EBIT adjusting item (note 6 - EBIT adjusting items).

The key assumptions used in the valuation as per December 31, 2022 are:

		2023	2024	2025
Gas forward price	EUR/MWh	113.1	79.4	56.3
Electricity forward price	EUR/MWh	257.2	163.5	131.0
Discount rate	2.5%			

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

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

The sensitivity of the valuation to changes in the principal assumptions is the following:

Change in assumption		Impact fair value (Million EUR)	
		2022	2021
Gas price	+1 EUR/MWh	-2.5	-2.6
Electricity price	+1 EUR/MWh	1.3	1.3
Spark spread optimization	+1 EUR/MWh	1.3	1.3
Discount rate	+1%	0.2	0.3
Running hours T-Power nv	+10%	-1.9	-1.8

The above sensitivity analyses are based on a change in one assumption while holding all other assumptions stable. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. If the key assumptions of 2025 would also have been applied for the remaining period January-June 2026, a period for which no market data is available, the fair value of the contract (2023-June 2026) would have amounted to -8.6 million EUR.

In the fourth quarter of 2022, the group also concluded some additional electricity and gas forward agreements with maturity in the first quarter of 2023. These agreements have been concluded in order to partially fix the “clean spark spread” revenue of the Purchase Power Agreement for the first quarter of 2023 by selling the electricity and locking in the generation costs via forward transactions. The fair value of these instruments amounts to +0.1 million EUR as per December 31, 2022 and has been recognized as an EBIT adjusting item (note 6 - EBIT adjusting items).

The net change in fair value of derivative financial instruments before tax, as included in the other comprehensive income, amounts to +5.8 million EUR, and can be explained by the change in fair value of the interest rate swaps of the subsidiary T-Power nv.

27. Guarantees and commitments

(Million EUR)	2022	2021
Guarantees given by third parties on behalf of the group	29.3	30.8
Guarantees given on behalf of third parties	3.0	1.5
Guarantees received from third parties	6.7	6.0
Commitments related to capital expenditures	52.9	53.4

Guarantees given by third parties on behalf of the group mainly relate to the fulfilment of environmental obligations for 22.7 million EUR (2021: 21.0 million EUR) of Tessenderlo Group nv. The remaining balance consists of numerous other guarantees to secure custom and other obligations.

Guarantees given on behalf of third parties mainly relate to guarantees given for the fulfilment of lease obligations.

The guarantees received from third parties concern guarantees, which suppliers grant to the group as guarantee for the proper execution of investment projects.

Capital expenditure contracted for at the end of the reporting period, but not yet incurred, amounts to 52.9 million EUR (2021: 53.4 million EUR). These commitments mainly include the capital expenditure related to the construction of a new Thio-Sul® manufacturing plant in the Netherlands (operating segment Agro), the construction of a new liquid fertilizer plant in the United States (operating segment Agro), capital expenditure to facilitate an improved valorization of animal by-products, as well as the purchase of trucks which were previously leased (operating segment Bio-valorization), and investments in production capacity expansion and in production efficiency improvements within DYKA Group (operating segment Industrial Solutions).

The shares of T-Power nv are pledged in first degree to guarantee the liabilities in respect of a “facility agreement” of 440.0 million EUR signed on December 18, 2008 between T-Power nv and a syndicate of banks as amended and restated for the last time pursuant to an amendment and restatement deed on March 25, 2019 (with one remaining bank). The T-Power nv shares are pledged in second degree to guarantee the “tolling agreement” for the entire 425 MW capacity signed on August 13, 2008 between T-Power nv and RWE group. The tolling agreement has a 15-year duration with an optional 5-year extension thereafter.

As per year-end 2022, the group is committed to issue 41,428,134 new shares following the initial acceptance period of the exchange offer for all shares issued by Picanol Group which ended on December 14, 2022 (note 31 - Subsequent events).

The group and its subsidiaries have certain other contingent liabilities relating to long-term purchase obligations and commitments. The agreements typically concern strategic raw materials and goods and services, such as electricity and gas.

28. Contingencies

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

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

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

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

As stated in note 24 - Provisions, the environmental provisions in accordance with the above policies aggregated to 96.7 million EUR at December 31, 2022 (December 31, 2021: 113.4 million EUR).

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

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

Some plants of the group need to comply with the European regulations to cover operational emissions for products exposed to carbon leakage. In a case of a deficit, additional emission allowances will be purchased. The cost of additional emission allowances purchased during 2022 was equal to 6.4 million EUR. The surplus or deficit of emission allowances over the next year may vary, depending on several factors such as future production volumes, process optimizations and energy efficiency improvements. The carrying amount of emission allowances included in intangible assets amounts to 0.9 million EUR as per December 31, 2022 (2021: 2.1 million EUR).

29. Related parties

The company has a related party relationship with its subsidiaries, joint-ventures and with its controlling shareholder (Verbrugge nv, controlled by Picanol nv, and its affiliated company Oostiep Group bv previously named Symphony Mills), directors and its Executive Committee. The Belgian pension fund "OFP Pensioenfonds", which covers the post-employment benefit obligation of the employees of Tessenderlo Group nv and Tessenderlo Chemie International nv, is also considered to be a related party.

As per December 31, 2022, Verbrugge nv, controlled by Picanol nv, was holding 21,860,003 shares (50.7% of the company) and its affiliated company Symphony Mills nv (which shares were transferred to affiliated company Oostiep Group bv in 2022) was holding 2,607,200 shares (6.0%). Picanol Group is a Belgian industrial company (which was a listed company until March 2023) and is specialized in the development, production and sale of weaving machines, engineered casting solutions and custom-made controllers. In accordance with article 7:53 of the Belgian Code of Companies and Associations, the extraordinary meeting of shareholders of July 10, 2019 has decided to introduce a loyalty voting right for each fully paid-up share that has continuously been registered in the share register on the name of the same shareholder for at least two years. As per December 31, 2022 Verbrugge nv was holding 41,992,812 voting rights (63.4% of the total voting rights), while Oostiep Group bv was holding 5,139,400 voting rights (7.8% of the total voting rights). We refer to note 31 - Subsequent events for the changes in ownership in 2023 following the combination of the industrial activities of Tessenderlo Group and Picanol Group into one large industrial group.

The group purchased and sold goods and services to various related parties in which the group holds a 50% or less equity interest (note 14 - Investments accounted for using the equity method). Such transactions were conducted at terms comparable to transactions with third parties.

Premiums for an amount of 1.8 million EUR were paid to the Belgian pension fund, "OFP Pensioenfonds" (2021: 1.8 million EUR). Liabilities related to employee benefit schemes as per December 31, 2022 include 7.8 million EUR related to the "OFP Pensioenfonds" (2021: 8.1 million EUR).

Transactions only have taken place with the main shareholder, joint-ventures, the members of the Executive Committee and the Board of Directors.

Transactions with the main shareholder:

The 2022 transactions mainly relate to legal, internal audit, and ICT services which are provided by the group through a service level agreement to the main shareholder. These are not considered to be significant.

Transactions with joint-ventures¹⁰:

(Million EUR)	note	2022	2021
Transactions with joint-ventures - Sales		-	-
Transactions with joint-ventures - Purchases		-74.9	-33.9
Non-current assets		8.2	9.2
Current assets		0.7	1.0
Current liabilities	25	3.5	4.0

The higher amount of purchases with joint-ventures (74.9 million EUR in 2022 compared to 33.9 million EUR in 2021) can be explained by an increase of the purchase prices.

¹⁰ We refer to note 14 - Investments accounted for using the equity method for more information on the group's joint-ventures.

Tessenderlo Kerley Inc. has granted a 11.0 million USD loan to the joint-venture Jupiter Sulphur LLC, which was fully drawn in the period over 2017 and 2018, and which remains outstanding for 8.8 million USD (8.2 million EUR). Jupiter Sulphur LLC obtained the same amount from the other joint-venture partner. The loan is interest bearing (3.0%) and outstanding till December 2026 at the latest, whereby the cash needs in Jupiter Sulphur LLC will be taken into account. The granted loan is included in “Other investments” in the group’s consolidated statement of financial position. The related interest income is considered to be insignificant and is not eliminated.

Transactions with the members of the Executive Committee¹¹:

(Million EUR)	2022	2021
Short-term employee benefits	3.4	2.5
Long-term employee benefits	0.5	2.9
Post-employment benefits	0.1	0.2
Total	4.0	5.6

Short-term employee benefits include salaries and accrued bonuses over 2022 (both including social security contributions), car leases and other allowances where applicable. The short-term employee benefits include 1.4 million EUR fix and 2.0 million EUR variable short term employee benefits. The variable short term employee benefits related to the performance of the year 2022 and are payable within 12 months after the end of the year 2022.

The long-term employee benefits relate the long term incentive plans applicable for the senior management levels. The amount included for 2021 covers the payout related to the long term incentive plan of the years 2019, 2020 & 2021 with a payout in 2022. The amount included for 2022 includes an advance payment of 25% of the target amount related to the long term incentive plan of the years 2022, 2023 & 2024 paid out in 2023.

The post-employment benefits include the periodic pension costs of the pension plan, calculated by an actuary.

The Executive Committee is composed by the CEO, Mr. Luc Tack, the Executive Directors (currently Findar BVBA, represented by Mr. Stefaan Haspeslagh) as well as any other member appointed by the Board of Directors (no one at this stage).

In 2022, the members of the Executive Committee received shares of Tessenderlo Group nv, as part of the senior management long term incentive plan for the period 2019-2021 (Mr. Luc Tack received 46,113 shares and Mr. Stefaan Haspeslagh received 40,989 shares).

There was no new emission of warrants in 2022 and no warrants were exercised by members of the Executive Committee during 2022.

Starting in 2021, Tessenderlo Kerley, Inc. rents office space of the Phoenix (United States) headquarters building to Talalay Global (United States), a company owned by Mr. Luc Tack. The contract is considered to be insignificant. Kuhlmann Europe has been selling ferric chloride and caustic soda to Truck- en Tankcleaning Tack nv, another company owned by Mr. Luc Tack, for insignificant amounts. Both transactions were concluded at arm’s length conditions and were approved by the Board of Directors.

No transactions, except for those mentioned above, have occurred with the members of the Executive Committee.

¹¹ As per December 31, 2022, the Executive Committee consists of Luc Tack (CEO) and Stefaan Haspeslagh (COO/CFO) and did not change compared to last year.

Transactions with the members of the Board of Directors:

Members	Remuneration in EUR	2022	2021
Philium bvba, represented by its permanent representative Mr. Phillippe Coens (independent non-executive director until 11/05/2021)	Fixed annual fee	-	9,870
	Additional fixed fee for chairman of Audit Committee	-	1,077
	Variable fee per half day attended	-	2,000
	Total remuneration	0	12,947
Management Deprez bv, represented by its permanent representative Ms. Veerle Deprez (independent non-executive director). Member of the Board of Directors since June 6, 2017	Fixed annual fee	27,500	27,500
	Variable fee per half day attended	23,000	9,000
	Total remuneration	50,500	36,500
ANBA bv, represented by its permanent representative Ms. Anne-Marie Baeyaert (independent non-executive director). Member of the Board of Directors since June 6, 2017	Fixed annual fee	27,500	27,500
	Additional fixed fee for chairman of Audit Committee	3,000	1,923
	Variable fee per half day attended	23,000	9,000
	Total remuneration	53,500	38,423
Stefaan Haspeslagh (executive director)	Fixed annual fee	27,500	27,500
	Additional fixed fee for chairman of Board of Directors	72,500	72,500
	Variable fee per half day attended	15,000	9,000
	Total remuneration	115,000	109,000
Luc Tack (executive director)	Fixed annual fee	27,500	27,500
	Variable fee per half day attended	15,000	9,000
	Total remuneration	42,500	36,500
Karel Vinck (non-executive director)	Fixed annual fee	27,500	27,500
	Variable fee per half day attended	15,500	9,000
	Total remuneration	43,000	36,500
Wouter De Geest (independent non-executive director as from 11/05/2021 onwards)	Fixed annual fee	27,500	17,630
	Variable fee per half day attended	22,000	7,000
	Total remuneration	49,500	24,630
Total		354,000	294,500

30. Auditor's fees

KPMG Réviseurs d'Entreprises / Bedrijfsrevisoren bv/srl, represented by Mr. Joachim Hoebeeck, was reappointed as group statutory auditor by the shareholders meeting of the company on May 10, 2022.

The fees paid by the group to its 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

31. Subsequent events

On July 8, 2022, Tessenderlo Group and Picanol Group announced their intention to combine the industrial activities of both companies into one large industrial group. Since 2013, Picanol Group had a reference interest in Tessenderlo Group, and since 2019, Tessenderlo Group is fully consolidated in the results of Picanol Group. 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.

Partly based on corporate opportunity considerations, it was considered by both companies advisable to be able to manage the group in the future as one integrated group with one stock exchange listing and one Board of Directors, which would also provide additional liquidity to the shareholders of Picanol Group. To this end, Tessenderlo Group shares would be offered to Picanol Group shareholders for their shares through an exchange offer.

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.

In January 2023, Tessenderlo Group mandatorily reopened its voluntary public exchange offer for all shares of Picanol Group. During this reopening, 255,735 additional Picanol Group shares were tendered to the exchange offer. Consequently, Tessenderlo Group held 99.32% of the shares of Picanol Group. 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 in February 2023. Tessenderlo Group issued 603,307 new shares and increased its issued capital and share premium by 3,022,923 EUR and 21,465,308 EUR respectively. The new shares were listed on Euronext Brussels on February 10, 2023.

Since Tessenderlo Group, together with persons acting in concert with him, held more than 95% of the shares in Picanol Group and has acquired at least 90% of the shares that were the subject of the exchange offer, Tessenderlo Group was able to oblige the remaining shareholders of Picanol Group to exchange their shares at the offer price. Tessenderlo Group therefore decided to proceed with a final reopening of the exchange offer for acceptance to acquire the remaining 121,427 Picanol Group shares. The reopening had the effect of a simplified squeeze-out.

In February 2023, Tessenderlo Group reopened its public exchange offer for all remaining shares of Picanol Group. The reopening as a simplified squeeze-out resulted in the delisting of Picanol Group by Euronext on March 3, 2023, after close of trading. During this reopening, 90,695 additional Picanol Group shares were tendered to the exchange offer, while 30,732 shares remained untendered. Since the bid was reopened as a simplified squeeze-out offer, the remaining shares of Picanol nv that were not tendered in the Exchange Offer prior to closing of the final acceptance period were transferred to the Bidder by force of law and the relevant shareholders will have to request payment of the offer price for their shares at the Deposit and Consignment Office. 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 in March 2023. Tessenderlo Group issued 286.342 new shares and increased its issued capital and share premium by 1,434,742 EUR and 10,187,880 EUR respectively. The new shares were listed on Euronext Brussels on March 17, 2023. Consequently, Tessenderlo Group holds 100% of the shares of Picanol Group.

As from January 2023 Picanol Group will be fully consolidated in the results of Tessenderlo Group. The pro forma financial information, meaning if the transaction which took place throughout 2023, occurred in the statement of financial position as per December 31, 2022 and in the income statement as from January 1, 2022, below reflects the adjustments to give effect of the contribution in the consolidated financial statements of the group and is prepared in accordance with the basis of preparation as described below.

Management of the Group considered that the accounting policy, to be adopted by the Group with respect to the contribution in the consolidated financial statements of the group prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, is not in scope of IFRS 3 as:

- if the group would be viewed as the accounting acquirer of Picanol, the transaction meets the definition of a business combination, but is excluded from the scope of IFRS 3 as it incorporates a business combination between entities under common control and;
- if the group is not viewed as the accounting acquirer, the contribution is not a business combination as Picanol is already controlling Tessenderlo Group before the contribution and will not obtain control as a result of the contribution.

The transaction is assessed to be a 'common control' transaction as the control before and after the transaction remains ultimately in the hands of the same majority shareholder (Mr. Luc Tack).

As a result, the group concluded that the contribution is outside the scope of IFRS 3, and concluded that there are no IFRS requirements that specifically apply to the contribution. Consequently the group considered the requirements of IAS 8.10-12 to develop the following accounting policies for the contribution:

- Assets and liabilities are measured at their carrying amounts as reported in the financial statements of Picanol Group as before the transaction, including the acquisition accounting adjustments applied by Picanol Group on Tessenderlo Group on January 1, 2019 and the related goodwill as a result of the acquisition. This implies that assets and liabilities will reconcile with the published consolidated financial statements of Picanol Group for the year ended December 31, 2022. In the absence of IFRS principles, management considered US GAAP guidance ASC 805-50-30-5 in this respect which states: *“When accounting for a transfer of assets or exchange of shares between entities under common control, the entity that receives the net assets or the equity interests shall initially measure the recognized assets and liabilities transferred at their carrying amounts in the accounts of the transferring entity at the date of transfer. If the carrying amounts of the assets and liabilities transferred differ from the historical cost of the parent of the entities under common control, for example, because pushdown accounting had not been applied, then the financial statements of the receiving entity shall reflect the transferred assets and liabilities at the historical cost of the parent of the entities under common control”*. The acquisition accounting adjustments applied by Picanol Group on Tessenderlo Group on January 1, 2019 relate to:
 1. Fair value adjustments on property, plant and equipment
 2. Recognition of goodwill
 3. Fair value adjustments on intangible assets
 4. Fair value adjustments on an interest-bearing financial liability
 5. Deferred tax liabilities as a result of the fair value adjustments described above
 The impact of the purchase price allocation adjustments on the consolidated income statement relate to:
 1. Additional annual amortization and depreciation expenses of the fair value adjustments recorded on the non-current assets described above.
 2. Adjustment to the interest expense of an interest-bearing financial liability as described above.
 3. Deferred taxes as a result of the adjustments described above
 These adjustments will impact the consolidated income statement of Tessenderlo group in the future. The remaining net carrying amount of the fair value adjustments, recognized by Picanol Group, amounted to 286 million EUR as per December 31, 2022, while the 2022 net impact on the Picanol Group consolidated income statement amounted to -33 million EUR.
- The total amount of equity is measured as the one reported in the published consolidation financial statements of Picanol Group for the year ended December 31, 2022.
- The own shares held by Picanol Group (Picanol Group is holding 21,860,003 shares of Tessenderlo Group through its subsidiary Verbrugge nv) are valued on the basis of the value of a Tessenderlo Group share as determined before the determination of the exchange ratio (40.59 EUR). As a further simplification of the group after the transaction Verbrugge nv's indirect cross-shareholding in the group might be cancelled.

Pro forma consolidated income statement for the year ended December 31, 2022

(Million EUR)	For the year ended December 31		
	2022		
	Tessenderlo Group as published	Pro forma adjustments	Pro forma Tessenderlo Group
Revenue	2,587.5	734.2	3,321.7
Cost of sales	-1,919.5	-680.3	-2,599.8
Gross profit	668.1	53.9	721.9
Distribution expenses	-147.9	-17.1	-165.1
Sales and marketing expenses	-70.8	-20.6	-91.4
Administrative expenses	-130.4	-29.6	-160.1
Other operating income and expenses	-18.8	-15.3	-34.1
Adjusted EBIT	300.1	-28.8	271.3
EBIT adjusting items	-12.0	-0.2	-12.2
EBIT (Profit (+) / loss (-) from operations)	288.1	-29.0	259.1
Finance costs	-41.5	-41.8	-83.3
Finance income	37.8	9.1	46.9
Finance (costs) / income - net	-3.8	-32.7	-36.5
Share of result of equity accounted investees, net of income tax	4.8	-	4.8
Profit (+) / loss (-) before tax	289.2	-61.7	227.5
Income tax expense	-62.4	6.1	-56.3
Profit (+) / loss (-) for the period	226.8	-55.6	171.2
Attributable to:			
- Equity holders of the company	226.9	-55.6	171.3
- Non-controlling interest	-0.1	-	-0.1
Basic earnings per share (EUR)	5.26	-2.57	2.69
Diluted earnings per share (EUR)	5.26	-2.57	2.69

(Million EUR)	For the year ended December 31		
	2022		
	Tessenderlo Group as published	Pro forma adjustments	Pro forma Tessenderlo Group
Profit (+) / loss (-) for the period	226.8	-55.6	171.2
Translation differences	14.6	-0.4	14.1
Net change in fair value of derivative financial instruments, before tax	5.8	-	5.8
Other movements	-0.0	-	-0.0
Income tax on other comprehensive income	-1.5	-	-1.5
Items of other comprehensive income that are or may be reclassified subsequently to profit or loss	18.9	-0.4	18.5
Remeasurements of the net defined benefit liability, before tax	27.1	-0.2	26.9
Income tax on other comprehensive income	-4.4	-	-4.4
Items of other comprehensive income that will not be reclassified subsequently to profit or loss	22.7	-0.2	22.5
Other comprehensive income, net of income tax	41.6	-0.7	40.9
Total comprehensive income	268.4	-56.3	212.1
Attributable to:			
- Equity holders of the company	268.4	-56.3	212.1
- Non-controlling interest	-0.0	-	-0.0

Pro forma consolidated statement of financial position as of December 31, 2022

(Million EUR)	As per December 31		
	2022		
	Tessenderlo Group	Pro forma restatements	Pro forma Tessenderlo Group
Assets			
Total non-current assets	1,147.5	541.6	1,689.1
Property, plant and equipment	888.7	202.9	1,091.6
Goodwill	32.1	10.0	42.1
Intangible assets	107.0	250.6	357.6
Investments accounted for using the equity method	26.2	-	26.2
Other investments and guarantees	10.9	75.2	86.0
Deferred tax assets	18.2	1.3	19.5
Trade and other receivables	14.5	1.6	16.1
Long term investments	50.0	-	50.0
Total current assets	1,153.3	258.9	1,412.3
Inventories	566.9	107.5	674.4
Trade and other receivables	412.9	105.8	518.7
Current tax assets	16.8	6.4	23.2
Derivative financial instruments	0.6	-	0.6
Cash and cash equivalents	156.1	39.3	195.4
Assets held for sale	-	0.2	0.2
Total assets	2,300.9	800.7	3,101.6
Equity and liabilities			
Equity			
Equity attributable to equity holders of the company	1,401.8	516.0	1,917.8
Issued capital	216.2	212.0	428.3
Share premium	238.0	1,505.6	1,743.6
Reserves and retained earnings	947.6	-1,201.7	-254.1
Non-controlling interest	1.5	-	1.5
Total equity	1,403.2	516.0	1,919.2
Liabilities			
Total non-current liabilities	444.0	97.8	541.8
Loans and borrowings	209.3	2.8	212.1
Employee benefits	40.1	3.0	43.1
Provisions	121.3	-	121.3
Trade and other payables	6.9	-	6.9
Derivative financial instruments	10.1	-	10.1
Deferred tax liabilities	56.3	92.0	148.3
Total current liabilities	453.6	187.0	640.6
Bank overdrafts	0.1	-	0.1
Loans and borrowings	56.2	2.5	58.7
Trade and other payables	383.2	178.6	561.9
Derivative financial instruments	1.6	-	1.6
Current tax liabilities	1.9	1.8	3.7
Employee benefits	0.7	0.6	1.3
Provisions	9.8	3.4	13.3
Total liabilities	897.6	284.7	1,182.4
Total equity and liabilities	2,300.9	800.7	3,101.6

Reconciliation of the pro forma equity as of December 31, 2022

(Million EUR)	As per December 31		
	2022		
	Consolidated equity of Tessengerlo Group as published	Pro forma adjustments	Pro forma equity
Equity attributable to equity holders of the company	1,401.8	516.0	1,917.8
Issued capital	216.2	212.0	428.3
Share premium	238.0	1,505.6	1,743.6
Own shares	-1.0	-887.3	-888.3
Reserves and retained earnings	948.5	-	948.5
Reserves related to the Picanol acquisition	-	-314.4	-314.4
Non-controlling interest	1.5	-	1.5
Total equity	1,403.2	516.0	1,919.2

In November 2022, the group announced that its PB Leiner business unit (operating segment Biovalorization) reached an agreement in Brazil with D&D Participações Societárias, which is one of the country's leading tannery groups. Under the terms of this agreement, D&D Participações Societárias acquired a 40% minority stake in the shares of PB Brasil Industria e Comercio de Gelatinas Ltda. The combined strength of the two companies will enable a long-term sustainable offering of a premium product range of beef hide gelatin based on PB Leiner's technology. D&D Participações Societárias' beef hide processing chain, along with PB Leiner's global commercial network and extensive gelatin manufacturing know-how, will ensure gelatin of excellent quality. The joint-venture was subject to the fulfilment of a number of customary conditions precedent, such as receiving the approval of the Brazilian antitrust authorities, and the transaction was closed in January 2023. The proceeds from the sale of 40% of the shares of PB Brasil Industria e Comercio de Gelatinas Ltda amount to approximately 26 million USD, of which approximately 16 million USD will be paid over the period 2024-2026. In addition, the group is entitled to a contingent consideration (up to 6 million USD) depending on the future performance of the subsidiary. As the group will retain control in the Brazilian subsidiary, the transaction will not have any impact on the income statement, while the non-controlling interest at the date of the transaction amounts to approximately 10 million EUR.

In January, 2023, the group announced that its Akiolis business unit (operating segment Biovalorization) acquired the real estate and production assets of the former Spanish rendering company Promed 202 (Ribera d'Ondara, Lleida, Spain). The plant specializes in the rendering of pork and poultry, and it is located in one of the densest regions for pork and poultry farms in Spain. This acquisition will expand the activities of Akiolis on the Iberian Peninsula and strengthen its position in the European rendering market. Akiolis resumed operations in the course of the first quarter of 2023 under the name Akiolis Iberia. The transaction will have no material impact on the results of Tessengerlo Group.

In January 2023, the group announced to have signed an agreement to market and sell ammonium thiosulfate (ATS) fertilizers produced by Esseco Srl (part of Esseco Group) in Trecate, Italy. These ATS fertilizers will be marketed by the business unit Tessengerlo Kerley International (operating segment Agro). The group also acquired the Esseco trademarks Secofit® TS and Agrifix®, which are used to market this product range for agricultural applications. Thanks to the production capacity of Esseco Srl, the group will have additional volumes of ammonium thiosulfate fertilizers available and will be able to even further improve the service offered to customers. The agreement became operational in March 2023 and will have no material impact on the results of the group.

32. Group companies

Listed below are all the group companies.

The total number of consolidated companies is 64¹².

List of the consolidated companies on December 31, 2022, accounted for by the full consolidation method:

	Entity	Address	Belgian company number	Ownership
Europe				
Belgium	DYKA Plastics nv	3900 Pelt	0414467340	100%
Belgium	Limburgse Rubber Produkten nv	1050 Brussels	0415296392	100%
Belgium	Tessengerlo Chemie International nv	1050 Brussels	0407247372	100%
Belgium	Tessengerlo Group nv	1050 Brussels	0412101728	Parent company
Belgium	Tessengerlo Development Services nv	1050 Brussels	0724619989	100%
Belgium	T-Power Energy Services bv	1050 Brussels	0838489378	100%
Belgium	T-Power nv	1050 Brussels	0875650771	100%
Czech Republic	DYKA s.r.o.	27361 Velka Dobra		100%
France	Akiolis Group SAS	72100 Le Mans		100%
France	Atemax France SAS	72100 Le Mans		100%
France	DYKA SAS	62140 Sainte Austreberthe		100%
France	DYKA Tube SAS	18570 La Chapelle-Saint-Ursin		100%
France	DYKA Réseaux SAS	27600 Gaillon		100%
France	Etablissements Charvet Père et Fils SAS	91490 Milly-La-Forêt		100%
France	Etablissements Violleau SAS	79380 La Forêt sur Sèvre		100%
France	Kuhlmann France SAS	59120 Loos		100%
France	Tefipar SAS	59120 Loos		100%
France	Tessengerlo Kerley France SAS	59120 Loos		100%
France	Tessengerlo Services SARL	59120 Loos		100%
France	SCI Les Violettes	79380 La Forêt sur Sèvre		100%
France	Soleval France SAS	72100 Le Mans		100%
Germany	BT Nyloplast GmbH	86551 Aichach		100%
Germany	PB Gelatins GmbH	31582 Nienburg		100%
Hungary	BT Nyloplast Kft	3636 Vadna		100%
Luxembourg	Terelux SA	2163 Luxembourg		100%
Poland	DYKA Sp.z.o.o.	55-221 Jelcz-Laskowice		100%
Romania	DYKA Plastic Pipe Systems S.R.L.	Cluj Napoca Municipality - Cluj County		100%
Slovakia	DYKA SK s.r.o.	82109 Bratislava		100%
Spain	Akiolis Iberia S.L.	08018 Barcelona		100%
Switzerland	Kuhlmann Switzerland AG	5332 Rekingen		100%
The Netherlands	BT Nyloplast bv	3295 KG 's Gravendeel		100%
The Netherlands	DYKA bv	8331 LJ Steenwijk		100%
The Netherlands	Tessengerlo Kerley Netherlands bv	4825 AV Breda		100%
The Netherlands	Tessengerlo NL Holding bv	4825 AV Breda		100%
United Kingdom	DYKA UK Ltd.	Longtown-Carlisle Cumbria CA6 5LY		100%
United Kingdom	John Davidson Holdings Ltd.	Edinburgh EH3 8UL		100%
United Kingdom	John Davidson Pipes Ltd.	Edinburgh EH3 8UL		100%
United Kingdom	PB Gelatins UK Ltd.	Pontypridd CF 375 SQ		100%
United Kingdom	Tessengerlo Holding UK Ltd.	Pontypridd CF 375 SQ		100%

¹² Tessengerlo Kerley Brasil Ltda. and PB Leiner (Hainan) Biotechnology Co. Ltd. are new created companies in 2022. In 2022, the group acquired 2 empty shell entities: CP Sciontek AGDEV Inc. (Philippines) and Caritaem S.L. (Spain). The latter changed name into Akiolis Iberia S.L. All 4 entities did not yet have any activity in 2022.

United States			
US	Environmentally Clean Systems LLC	Dover, DE 19904	69.01%
US	ECS Myton, LLC	Dover, DE 19904	51.00%
US	Kerley Trading Inc.	Wilmington, DE 19801	100%
US	MPR Services Inc.	Wilmington, DE 19801	100%
US	PB Leiner USA Corporation	Davenport, Iowa 52806	100%
US	Tessenderlo Kerley, Inc.	Dover, DE 19904	100%
US	Tessenderlo USA Inc.	Dover, DE 19904	100%
Rest of the world			
Argentina	PB Leiner Argentina SA	Ciudad Autónoma de Buenos Aires	100%
Belarus	Tessenderlo Kerley Bela LLC	220036 Minsk	100%
Brazil	PB Brasil Industria e Comercio de Gelatinas Ltda	Acorizal, Mato Grosso CEP 78480-000	100%
Brazil	Tessenderlo Kerley Brasil Ltda	13091-611 Campinas - SP	100%
Chile	Kerley Latinoamericana Comercializadora Limitada	9358 Santiago	100%
China	PB Gelatins (Heilongjiang) Co. Ltd.	Xinyi Village, Kongguo County, Nehe City, Qiqihaer City, Heilongjiang Province	100%
China	PB Leiner (Hainan) Biotechnology Co. Ltd.	Chengmai County - Hainan Province	80%
Costa Rica	Tessenderlo Kerley Costa Rica SA	La Union Tres Rios - Cartago	100%
India	Tessenderlo Kerley India Private Ltd.	Gurgaon, Haryana, 122018,	100%
Japan	TKI Japan KK	Tokyo - Chiyoda-ku	100%
Mexico	Tessenderlo Kerley Mexico SA de CV	Ciudad Obregon, Estado de Sonora	100%
Paraguay	Maramba S.R.L.	Chacoi Villa Hayes - Asuncion del Paraguay	100%
Peru	TKP Peru S.A.C.	Ciudad de Lima - Provincia de Lima	100%
Philippines	CP Sciontek AGDEV Inc.	Don José, Sta. Rosa Laguna 4026	100%
Turkey	Tessenderlo Kerley Turkey Tarim Ve Kimya Sanayi Ve. Tic. Ltd. STI	35730 Kemalpaşa - Izmir	100%

List of the consolidated companies on December 31, 2022 accounted for by the equity method:

Europe			
France	Etablissements Michel SAS	31800 Villeneuve de Rivière	50.00%
Rest of the world			
China	PB Shengda (Zhejiang) Biotechnology Co., Ltd	Zhoushan City, Zhejiang Province	50.00%
US	Jupiter Sulphur LLC	Wilmington, DE 19801	50.00%

33. Critical accounting estimates and judgements

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

Estimates and assumptions are reviewed periodically and the effects of revisions, if needed, are reflected in the financial statements.

The areas of judgments, estimates and assumptions used in preparing the consolidated financial statements as per December 31, 2022 are the same as those applied and disclosed in the consolidated financial statements at December 31, 2021.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are addressed below:

- **Impairments.** The carrying amount of property, plant and equipment, goodwill and intangible assets is reviewed at each balance sheet date to determine whether an indication of impairment exists. If any such indication exists, the asset's recoverable amount is estimated (note 11 - Property, plant and equipment, note 12 - Goodwill and note 13 - Intangible assets).
- **Leases.** The company leases various items of Property, plant and equipment, mainly including real estate and vehicles. Some leases contain extension options, allowing operational flexibility, exercisable by the group. The group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The group has applied judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, the group considered all relevant factors that create an economic incentive for it to exercise the renewal (note 11 - Property, plant and equipment).
- **Inventory obsolescence and lower of cost or net realizable value adjustments,** which are determined based on experience and the assessment of market circumstances (note 17 - Inventories).
- **Employee benefits.** The calculation of defined benefit obligations is based on actuarial assumptions such as future salary increases, inflation, turnover rates and life expectancy and through the use of a discount rate (note 23 - Employee benefits).
- **Deferred taxes.** Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and credits can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. In making its judgment, management takes into account the long term business strategy (note 15 - Deferred tax assets and liabilities).

- Provisions and contingencies. The amounts recognized reflect management's best estimate of the expected expenditures required to settle the present obligation at balance sheet date. If the effect is material, provisions are determined by discounting the expected future cash flows. Provisions can change substantially due to the emergence of additional information on the nature or extent of the contamination, a change in legislation, a change in best practices for sanitation, a change in timing of cash outflows, a change in agreement with authorities on the treatment of the polluted site or other factors of a similar nature (note 24 - Provisions).
- Financial instruments (note 26 - Financial instruments). These are measured at fair value in the statement of financial position based on:
 1. inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices) or
 2. inputs for the asset or liability that are not based on observable market data.

Statement on the true and fair view of the consolidated financial statements and the fair overview of the management report

Mr. Luc Tack (CEO) and Mr. Stefaan Haspeslagh, representative of Findar bv (COO/CFO), certify, on behalf and for the account of the company, that, to his/their knowledge,

- the consolidated financial statements which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position, the income statement of the company, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows, and the entities included in the consolidation as a whole,
- the consolidated management report includes a fair overview of the development and performance of the business and the position of the company, and the entities included in the consolidation, together with a description of the principal risks and uncertainties which they are exposed to.

Statutory auditor's report

Statutory auditor's report to the general meeting of Tessenderlo Group nv on the consolidated financial statements as of and for the year ended December 31, 2022.

In the context of the statutory audit of the consolidated financial statements of Tessenderlo Group nv ("the Company") and its subsidiaries (jointly "the Group"), we provide you with our statutory auditor's report. This includes our report on the consolidated financial statements for the year ended 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 May 10, 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 December 31, 2024. We have performed the statutory audit of the consolidated financial statements of the Group for 4 consecutive financial years.

[Report on the consolidated financial statements](#)

Unqualified opinion

We have audited the consolidated financial statements of the Group as of and for the year ended December 31, 2022, prepared in accordance with IFRS Standards as issued by the International Accounting Standards Board and as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated financial statements comprise the consolidated statement of financial position as at December 31, 2022, the consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information. The total of the consolidated statement of financial position amounts to 2,300.9 million EUR and the consolidated statement of profit or loss shows a profit for the year of 226.8 million EUR.

In our opinion, the consolidated financial statements give a true and fair view of the Group's equity and financial position as at December 31, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board and as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

Basis for our unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") as adopted in Belgium. In addition, we have applied the ISAs as issued by the IAASB and applicable for the current accounting year while these have not been adopted in Belgium yet. Our responsibilities under those standards are further described in the "Statutory auditors' responsibility for the audit of the consolidated financial statements" section of our report. We have complied with the ethical requirements that are relevant to our audit of the consolidated financial statements in Belgium, including the independence requirements.

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

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

Key audit matters

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

Impairment of property, plant and equipment, goodwill and intangible assets

We refer to Notes 11, 12 and 13 being respectively 'Property, plant and equipment', 'Goodwill' and 'Intangible assets' of the consolidated financial statements.

- Description

Property plant and equipment, goodwill and intangible assets amount to 1,027.8 million EUR as at December 31, 2022, and represent 44.7% of the Group's total assets as at December 31, 2022.

The Group evaluates on an annual basis the need for impairment for property plant and equipment ('PPE'), goodwill and intangible assets. For goodwill, and in case of impairment triggers for PPE and intangible assets, this assessment is performed for each smallest group of assets that generate largely independent cash flows (the cash generating unit or 'CGU'). Per CGU, Management determines the value-in-use, which is calculated by discounting future cash flow projections, in order to assess whether an impairment at the reporting date is to be recognized.

Impairment of PPE, goodwill and intangible assets is identified as a key audit matter due its significance to the balance sheet total (44.7%) and the level of judgement required by Management, which principally related to the inputs used in both forecasting and discounting future cash flows to determine the value-in-use.

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

- Challenging Management's assessment of potential indicators of impairment based on our own expectations developed from our knowledge of the Group and our understanding of internal and external factors relevant to the Group;
- Challenging Management's identification of CGUs with reference to our understanding of the Group's business and the requirements of the prevailing accounting standards;
- Evaluating the process by which Management's cash flow forecasts were prepared, including testing the underlying calculations and reconciling them to the latest board of directors approved financial targets;
- Analyzing the Group's ability to forecast cash flows accurately by performing a retrospective review on such cash flows through comparing key assumptions to historical results. We also challenged key inputs and data used to develop the forecasted cash flows based on our knowledge of the business;
- Assessing the appropriateness of the Group's valuation methodology and its determination of discount rates and other key assumptions;
- Testing the mathematical accuracy of the discounted cash flow models;
- Performing sensitivity analyses around the key assumptions used for the determination and discounting of cash flow forecasts, in particular EBIT, weighted average cost of capital and growth rates used by the Group
- Assessing whether the conditions required by IFRS Standards as issued by the International Accounting Standards Board and as adopted by the European Union for the use of the most recent detailed calculation made in a preceding period of the value-in-use of a cash-generating unit in the current period are met (i.e. paragraph 99 of IAS 36 Impairment of Assets);
- Verifying the appropriateness of the Group's disclosures in respect of impairment of PPE, goodwill and intangible assets as included in respectively Note 11, 12 and 13 to the consolidated financial statements.

Post-employment benefit provisions

We refer to Note 23 section 'Employee benefits' of the consolidated financial statements.

- Description

The Group provides retirement benefits. Retirement benefits are organized through defined contributions plans as well as defined benefit plans, as described in Note 23.

Post – employment benefits are considered as a key audit matter due to the complexity and judgment involved in determining the key assumptions used in the determination of the Group's obligations as well as the assumptions used in determining the fair value of the plan assets. In addition, changes in assumptions and estimates used to value the Group's net post-employment benefit liability would have a significant effect on the Group's financial position.

- Our audit procedures included with the assistance of our actuaries and valuation specialists:

- Obtaining an understanding of the Group's valuation process;
- Evaluating the competence, objectivity and capabilities of the external actuarial experts engaged by Management;
- Challenging Management's key actuarial assumptions, being the discount rates, inflation rates, mortality expectations, future salary increases and personnel turnover underlying the valuation of the Group's post-employment benefit obligations. This also includes a comparison of key assumptions used against externally derived data;
- Reconciling the fair value of the plan assets with direct external confirmations and verifying the correctness of the fair value of the plan assets, most of which are Level 1 fair values;
- Assessing the overall reasonableness of the valuation outcome;
- Verifying the appropriateness of the Group's disclosures in respect of employee benefits, which are included in Note 23 to the consolidated financial statements.

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

We refer to Note 31 'Subsequent events' of the consolidated financial statements.

- 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.

Management of the Group considered that the accounting policy, to be adopted by the Group with respect to the contribution in the consolidated financial statements of the group prepared in accordance with the IFRS Standards as issued by the International Accounting Standards Board and as adopted by the European Union, is not in scope of IFRS 3 Business Combinations. The transaction is assessed to be a 'common control' transaction as the control before and after the transaction remains ultimately in the hands of the same majority shareholder (Mr. Luc Tack), whereby the assets and liabilities included in the consolidated financial statements are the same as the ones reported before by Tessenderlo Group's former parent entity Picanol nv.

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 accounting treatment of the transaction in particular, the requirements of the prevailing accounting standards (IFRS 10 Consolidated Financial Statements and IFRS 3 Business Combinations) by challenging the analysis provided by the accounting experts engaged by management;
 - Performing a full scope audit on the Picanol nv consolidated financial statements as per 31 December 2022, evaluating the pro forma financial information included in Note 31 to the consolidated financial statements and reconciling this pro forma financial information with the underlying audited figures;
 - Assessing the appropriateness of the Group's disclosure as included in Note 31 to the consolidated financial statements.

Board of directors' responsibilities for the preparation of the consolidated financial statements

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

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

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

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

When performing our audit we comply with the legal, regulatory and professional requirements applicable to audits of the consolidated financial statements in Belgium. The scope of the statutory audit of the consolidated financial statements does not extend to providing assurance on the future viability of the Group nor on the efficiency or effectivity of how the board of directors has conducted or will conduct the business of the Group. Our responsibilities regarding the going concern basis of accounting applied by the board of directors are described below.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by board of directors;
- Conclude on the appropriateness of board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Other legal and regulatory requirements

Responsibilities of the Board of directors

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

Statutory auditor's responsibilities

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

Aspects concerning the board of directors' annual report on the consolidated financial statements and other information included in the annual report

Based on specific work performed on the board of directors' annual report on the consolidated financial statements, we are of the opinion that this report is consistent with the consolidated financial statements for the same period and has been prepared in accordance with article 3:32 of the Companies' and Associations' Code.

In the context of our audit of the consolidated financial statements, we are also responsible for considering, in particular based on the knowledge gained throughout the audit, whether the board of directors' annual report on the consolidated financial statements and other information included in the annual report:

- Activity report 2022
- Management report 2022

contain material misstatements, or information that is incorrectly stated or misleading. In the context of the procedures carried out, we did not identify any material misstatements that we have to report to you.

The non-financial information required by article 3:32 §2 of the Companies' and Associations' Code has been included in a separate report referred to as the "Sustainability report" included in section three of the annual report. This report on the non-financial information contains the information required by article 3:32 §2 of the Companies' and Associations' Code and is consistent with the consolidated financial statements for the same period. The Company has prepared this non-financial information based on Global Reporting Initiative (GRI) framework. In accordance with art 3:80 §1, 1st paragraph, 5° of the Companies' and Associations' Code, we do not comment on whether this non-financial information has been prepared in accordance with the GRI framework mentioned in the "Sustainability Report" as included in the annual report.

Information about the independence

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

European Single Electronic Format (ESEF)

In accordance with the draft standard on the audit of compliance of the Financial Statements with the European Single Electronic Format (hereafter "ESEF"), we have audited as well whether the ESEF-format is in accordance with the regulatory technical standards as laid down in the EU Delegated Regulation nr. 2019/815 of 17 December 2018 (hereafter "Delegated Regulation").

The Board of Directors is responsible for the preparation, in accordance with the ESEF requirements, of the consolidated financial statements in the form of an electronic file in ESEF format (hereafter "digital consolidated financial statements") included in the annual financial report.

It is our responsibility to obtain sufficient and appropriate information to conclude whether the format and the tagging of the digital consolidated financial statements comply, in all material respects, with the ESEF requirements under the Delegated Regulation.

In our opinion, based on our work performed, the format of and the tagging of information in the official Dutch version of the digital consolidated financial statements as per 31 December 2022, included in the annual financial report of Tessengerlo Group nv are, in all material respects, prepared in compliance with the ESEF requirements under the Delegated Regulation.

Other aspect

- This report is consistent with our additional report to the audit committee on the basis of Article 11 of Regulation (EU) No 537/2014.

Zaventem, March 24, 2023

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises
Statutory Auditor

represented by
Joachim Hoebeeck
Bedrijfsrevisor / Réviseur d'Entreprises

Statutory financial report

Balance sheet of Tessenderlo Group nv

(Million EUR)	2022	2021
Total assets		
Non-current assets	1,247.2	791.3
Intangible assets	0.1	0.2
Property, plant and equipment	110.8	116.3
Financial assets	1,136.3	674.9
Current assets	594.6	1,004.9
Non-current trade and other receivables	0.7	0.7
Inventories	151.6	122.1
Current trade and other receivables	276.3	582.7
Other investments	143.0	158.1
Cash and cash equivalents	17.0	134.7
Prepaid expenses and accrued income	6.1	6.6
Total assets	1,841.8	1,796.2
Total liabilities		
Shareholders' equity	1,256.1	979.3
Issued capital	216.2	216.2
Share premium	238.0	238.0
Reserves	26.9	29.7
Retained earnings	774.4	494.8
Capital grants	0.5	0.6
Provisions and deferred taxes	117.4	118.5
Provisions	117.4	118.5
Deferred taxes	-	-
Liabilities	468.3	698.4
Liabilities due in more than one year	114.0	74.4
Liabilities due within one year	342.4	610.7
Accrued expenses and deferred income	11.9	13.4
Total liabilities	1,841.8	1,796.2

Profit and loss statement of Tessenderlo Group nv

(Million EUR)	2022	2021
Total operating income	823.3	575.9
Sales	613.1	482.6
Change in work in progress, finished goods and orders in progress (increase+/-decrease-)	39.7	3.0
Production capitalized	0.8	1.2
Other operating income	161.8	88.3
Non-recurring operating income	7.9	0.8
Total operating charges	-792.7	-583.0
Raw materials and goods purchased for resale	-402.5	-284.9
Services and other goods	-264.3	-191.7
Wages, salaries, social charges and pensions	-84.0	-75.4
Depreciations and amortizations on formation expenses, tangible and intangible assets	-15.4	-14.8
Amounts written-off stocks and trade receivable (charges (-) / write-back (+))	-5.8	-1.0
Provision for liabilities and charges (utilisations and write-backs less charges)	1.8	-1.5
Other operating charges	-16.2	-13.6
Non-recurring operating charges	-6.3	-0.1
Operating result	30.6	-7.1
Finance income	358.8	90.8
Finance costs	-44.1	-28.9
Profit before taxes	345.3	54.9
Income taxes	-4.3	-2.2
Deferred taxes	-	-
Profit (+) / losses (-)	341.0	52.7
Untaxed reserves	-0.5	-0.8
Profit (+) / losses (-) for the year to be allocated	340.5	51.9

Allocations and distributions

(Million EUR)	2022	2021
The Tessenderlo Group nv Board of Directors proposes to allocate the		
- Profits, being	340.5	51.9
- Increased by prior years' retained earnings	494.8	442.9
Totaling	835.3	494.8
In the following manner:		
- Reserves	-3.2	-
- Dividends	64.1	-
- Retained earnings	774.4	494.8
Totaling	835.3	494.8

Extract from the Tessenderlo Group nv separate (non-consolidated) financial statements prepared in accordance with Belgian GAAP

The preceding information is extracted from the separate Belgian GAAP financial statements of Tessenderlo Group nv. These separate financial statements, together with the management report of the Board of Directors to the general assembly of shareholders as well as the auditors' report, will be filed with the National Bank of Belgium within the legally foreseen time limits. These documents are also available on request at Tessenderlo Group nv, Troonstraat 130, 1050 Brussel.

It should be noted that only the consolidated financial statements present a true and fair view of the financial position and performance of the group.

Since Tessenderlo Group nv is also a holding company, which recognizes its investments at cost in its non-consolidated financial statements, these separate financial statements present no more than a limited view of the financial position of Tessenderlo Group nv. For this reason, the Board of Directors deemed it appropriate to publish only an abbreviated version of the non-consolidated balance sheet and income statement prepared in accordance with Belgian GAAP as at, and for the year ended December 31, 2022.

The statutory auditor's report is unqualified and certifies that the non-consolidated financial statements of Tessenderlo Group nv prepared in accordance with Belgian GAAP give a true and fair view of the financial position as per December 31, 2022 and results of Tessenderlo Group nv for the year-ended December 31, 2022, in accordance with all legal and regulatory dispositions.

Financial glossary

Adjusted EBIT

Earnings before interests, taxes and EBIT adjusting items.

Adjusted EBITDA

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

Basic earnings per share (Basic EPS)

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

Capital employed (CE)

The carrying amount of property, plant and equipment (PP&E), intangible assets and goodwill together with trade working capital.

Capital expenditure

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

Dividend per share (gross)

Total amount paid as dividend divided by the number of shares.

Diluted earnings per share (Diluted EPS)

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

Diluted weighted average number of ordinary shares

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

EBIT

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

EBIT adjusting items

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

Gearing

Net financial debt divided by the sum of net financial debt and equity attributable to equity holders of the company.

Leverage

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

Market capitalization

Number of shares issued (at the end of the period) multiplied by the market price per share (at the end of the period).

Net financial debt

Non-current and current loans and borrowings and bank overdrafts, minus cash and cash equivalents, short term investments and long term investments.

Other operating income and expenses

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

Return on capital employed (ROCE)

Adjusted EBIT (last 12 months) divided by the average capital employed (last 12 months).

Theoretical aggregated weighted tax rate

Calculated by applying the statutory tax rate of each country on the profit before tax of each entity and by dividing the resulting tax charge by the total profit before tax of the group.

Trade working capital

The sum of inventories and trade receivables minus trade payables.

Weighted average number of ordinary shares

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

Alternative performance measures

The following alternative performance measures are considered to be relevant in order to compare the results over the period 2021 - 2022 and can be reconciled to the consolidated financial statements as follows:

Reconciliation from Adjusted EBIT to EBIT

(Million EUR)	note	2022	2021
Adjusted EBIT	3	300.1	223.8
Gains and losses on disposals	6	0.3	2.8
Restructuring	6	-0.3	-1.7
Impairment losses	6	-37.6	-1.9
Provisions and claims	6	13.5	4.0
Settlement loss UK pension plan	6	-7.3	-
Electricity purchase agreement	6	21.1	-1.4
Other income and expenses	6	-1.6	0.0
EBIT (Profit (+) / loss (-) from operations)		288.1	225.7

Reconciliation from Adjusted EBITDA to EBIT

(Million EUR)	note	2022	2021
Adjusted EBITDA	3	434.8	354.2
Gains and losses on disposals	6	0.3	2.8
Restructuring	6	-0.3	-1.7
Provisions and claims	6	13.5	4.0
Settlement loss UK pension plan	6	-7.3	-
Electricity purchase agreement	6	21.1	-1.4
Other income and expenses	6	-1.6	0.0
EBITDA		460.5	358.0
Depreciation and amortization	8	-134.7	-130.4
Impairment losses	8	-37.6	-1.9
EBIT (Profit (+) / loss (-) from operations)		288.1	225.7

Reconciliation gearing

(Million EUR)	note	2022	2021
Non-current loans and borrowings	22	209.3	193.6
Bank overdrafts	22	0.1	0.1
Current loans and borrowings	22	56.2	211.4
Cash and cash equivalents	18/22	-156.1	-320.3
Short term investments	18/22	-	-10.0
Long term investments	18/22	-50.0	-
Net financial debt	22	59.5	74.8
Equity attributable to equity holders of the company		1,401.8	1,130.0
Gearing (net financial debt / (equity + net financial debt))	19	4.1%	6.2%

Reconciliation leverage

(Million EUR)	note	For the year ended December 31	
		2022	2021
Non-current loans and borrowings	22	209.3	193.6
Bank overdrafts	22	0.1	0.1
Current loans and borrowings	22	56.2	211.4
Cash and cash equivalents	18/22	-156.1	-320.3
Short term investments	18/22	-	-10.0
Long term investments	18/22	-50.0	-
Net financial debt	22	59.5	74.8
Adjusted EBITDA	3	434.8	354.2
Leverage (net financial debt / Adjusted EBITDA last 12 months)	22	0.1	0.2

Reconciliation capital employed

(Million EUR)	note	As per December 31	
		2022	2021
Inventories	17	566.9	393.4
Trade receivables - 1 year	16	377.2	335.9
Trade receivables - 1 year: amounts written off	16	-3.8	-3.5
Trade receivables from related parties	16	0.8	1.0
Trade payables -1 year	25	-269.3	-243.9
Trade payables from related parties	25	-3.5	-4.0
Trade working capital		668.3	479.0
Property, plant and equipment	11	888.7	886.6
Goodwill	12	32.1	32.3
Intangible assets	13	107.0	109.2
Net assets	3	1,027.8	1,028.0
Capital employed		1,696.2	1,507.0

Reconciliation return on capital employed (ROCE)

(Million EUR)	2022	2021
EBIT last 12 months	288.1	225.7
Average capital employed last 12 months	1,678.3	1,462.0
ROCE (return on capital employed)	17.2%	15.4%



Tessenderlo Group
EVERY MOLECULE COUNTS