ANNUAL REPORT

2023

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, machinery, mechanical engineering, electronics, energy, and providing industrial solutions with a focus on water.

With more than 7,500 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, textile, industry, construction and health and consumer goods end markets. Our belief that “Every Molecule Counts” is at the heart of the strategy of our group: Tessenderlo Group continually strives to valorize its products and processes to the maximum and to add value to everything it does.

Tessenderlo Group’s activities are subdivided into five 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 **Machines & Technologies segment** includes the business unit Picanol Group, which is composed of four branded entities: Picanol (weaving machines), Proferro (foundry and mechanical finishing), Psicontrol (development and production of electronics) and Melotte (3D metal printing & high precision manufacturing).

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 five segments.

Agro

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

Tessenderlo Kerley International: 3 production plants (Belgium, France, Turkey), and 1 under construction (the Netherlands), and more than 10 terminals in Europe and Mexico.

Violleau: 2 production plants (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: 12 production plants and 48 collection centers in France, 1 production plant in Spain.

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).

Machines & Technologies

Picanol Group: 4 production plants (2 in Belgium, 1 in Romania, and 1 in China). Sales offices for weaving machines, spare parts, and after-sales services are located in Brazil, China, India, Indonesia, Mexico, Turkey, and the US.

T-Power

T-Power: 1 production plant (Belgium).

Tessenderlo Group realized a consolidated turnover of 2,928.3 million EUR in 2023. 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.

ACTIVITY REPORT

2023

2023 highlights

In January 2023, Picanol Group became a business unit in the Machines & Technologies segment of Tessenderlo Group.

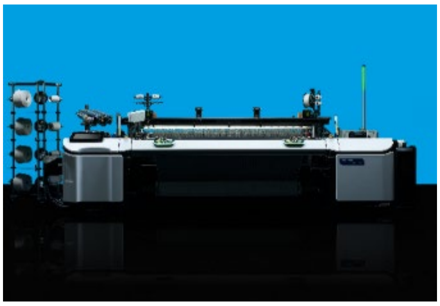
In January 2023, the Akiolis business unit (Bio-valorization segment) acquired the real estate and production assets of a former Spanish rendering company (Ribera d'Ondara, Lleida, Spain). The plant specializes in pig and poultry rendering and is located in one of the most intensive pig and poultry farming regions in Spain. Akiolis resumed operations in the first quarter of 2023 under the name Akiolis Iberia.

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. The deal became operational in March 2023, and the fertilizers are marketed by the Tessenderlo Kerley International business unit (Agro segment).

In January 2023, Tessenderlo Group's PB Leiner business unit (Bio-valorization segment) finalized a new joint venture with D&D Participações Societárias, which is one of Brazil's leading tannery groups. D&D Participações Societárias 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.

In March 2023, Tessenderlo Group's business unit PB Leiner held an inauguration ceremony to mark the start of PB Leiner (Hainan) Biotechnology Ltd. In November 2022, PB Leiner entered into a joint venture (80% owned by Tessenderlo Group) with Hainan Xiangtai Group for the production and sale of fish collagen peptides based on PB Leiner's technology. The first production batches of PB Leiner's SOLUGEL® premium fish collagen peptides were shipped in the second quarter of 2023.

In April 2023, Tessenderlo Group sold 654,000 shares (which is equivalent to a participation of 14%) in Rieter Holding AG (SWX: RIEN). The sale of this financial participation in Rieter Holding AG reflected Tessenderlo Group's intention to focus more on its core business.



In June 2023, Picanol (Machines & Technologies segment) successfully participated in the 19th edition of ITMA in Milan, Italy. ITMA is the most important four-yearly textile machinery exhibition in the world and Picanol's new Ultimax rapier weaving machine was received with much acclaim. Picanol was once again able to present itself at the event as a technology leader in airjet and rapier weaving machines.

In July 2023, Violleau put its new production line for organic fertilizers in Vénérolles (Aisne, France) into operation (Agro segment). The new production line has been built on the site of the Akiolis plant in Vénérolles.

In March 2023, a share repurchase program was started for an amount not exceeding 40 million EUR. As the share price was quoted below its book value, as well as taking into account the liquidity position of the group, the Board of Directors of Tessenderlo Group was of the opinion that it was opportune to proceed with the repurchase of its own shares. By the end of 2023, Tessenderlo Group had acquired 1,149,000 of its own shares at an average price of 28.21 EUR per share, for a total amount of 32.4 million EUR. Pursuant to the authorization granted by the extraordinary general meeting of May 10, 2022, the Board of Directors of Tessenderlo Group decided to cancel in December 2023 1,083,003 treasury shares purchased under the share repurchase program launched in March 2023.

In the fourth quarter of 2023, Tessenderlo Group announced several senior leadership changes as part of a further succession planning for the group. In this context, an exit agreement was concluded with Mr. Stefaan Haspeslagh whereby his respective executive functions as CFO and COO ended on December 31, 2023. Mr. Haspeslagh will continue to serve as Director and Chairman of the Board of Directors until the next General Shareholders' Meeting on May 14, 2024.

After the balance sheet date

On January 1, 2024, Mr. Miguel de Potter has joined Tessenderlo Group as the new Chief Financial Officer (CFO). Meanwhile, Mrs. Sandra Hoeylaerts, who started on September 27, 2023, as Chief HR Officer at Tessenderlo Group, has taken up the position of Chief Transformation Officer (CTO) as from January 1, 2024. The new ExCom is made up of Mr. Luc Tack (CEO), Mrs. Sandra Hoeylaerts (CTO), and Mr. Miguel de Potter (CFO) as from January 1, 2024, onwards.

In March 2024, Kuhlmann Europe (Industrial Solutions segment) disclosed a strategic move by unveiling an investment of approximately 35 million EUR to expand its current ferric chloride production capacity for iron-based coagulants at its Loos site in France. This investment aims at fortifying Kuhlmann Europe’s standing as a prominent coagulant manufacturer in Europe, solidifying the position of the Loos facility as the continent’s largest ferric chloride production plant. The construction of the innovative chlorination installation is scheduled to commence by the end of 2024, with delivery anticipated in early 2026.

Construction works on the new plants in Defiance (Ohio, US) and Geleen (the Netherlands) remain on schedule. The Defiance 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 Defiance plant is scheduled to start operations by the end of 2024. Meanwhile, the Thio-Sul® plant in Geleen (Agro segment) is expected to be operational by mid-2024.

Construction works on the new Picanol Group headquarters (Machines & Technologies segment) in Ieper (Belgium) remained on track. The opening of the new headquarters is planned for the end of 2024.

Message from the CEO and the Chairman to the shareholders

Dear Shareholders,

2023 proved to be a challenging year for Tessenderlo Group, and it followed what was one of the best years in the history of our group in 2022. In 2023, we faced military conflicts, geopolitical tensions, fears of recession, as well as a rise in the cost of living due to inflation. All of these elements had an impact on our business, both in terms of customer demand and sales margins.

Tessenderlo Group generated a consolidated revenue of 2,928.3 million EUR in 2023, compared to a Pro Forma revenue (including Picanol Group) of 3,321.7 million EUR in 2022, which represents a revenue decrease of -11.8%. The decrease in revenue occurred in each of our five operating segments: Agro -18.5%, Bio-valorization -9.2%, Industrial Solutions -3.2%, Machines & Technologies -15.2%, and T-Power -4.7%. The 2023 Adjusted EBITDA amounts to 318.7 million EUR, compared to a Pro Forma Adjusted EBITDA of 467.0 million EUR in 2022. Tessenderlo Group closed the 2023 financial year with a net profit of 114.4 million EUR compared to 161.5 million EUR (Pro Forma) in 2022.

Despite the challenging conditions we encountered in our various markets, we once again made good progress on many fronts last year and continued with our robust investment program. Indeed, we remain fully committed to strengthening our areas of competence and expertise because we truly believe in the value of our products for the future.

Also in 2023, we continued our efforts with regard to sustainability, which remains centered around our "Every Molecule Counts" philosophy. We are more convinced than ever that we have a process to make every stream more sustainable, and that new value can be discovered by applying these processes. You can learn more about our commitment to creating even greater sustainability in our 2023 Sustainability Report, which forms part of this annual report.

In 2023, as in previous years, we remained focused on increasing our logistics efficiency, debottlenecking plants, investments in new plants, implementing coordinated purchasing and sourcing activities, and improving customer focus to better serve the markets in which we operate. All these initiatives, combined with a constant focus on operational excellence, will contribute to better results for Tessenderlo Group in the future.

Changes to the Executive Committee

In the fourth quarter of 2023, a number of senior management changes were announced as part of a succession planning of the Executive Committee (ExCom). Therefore, an agreement was concluded between Tessenderlo Group and Mr. Stefaan Haspeslagh, whereby his respective executive positions as CFO and COO ended on December 31, 2023. He will stay on as Director and Chairman of the Board of Directors until the next general meeting of shareholders in 2024. On behalf of the Board of Directors and all Tessenderlo Group employees, we would like to thank him for the many contributions he has made to the group, and for his dedication, leadership, and efforts over the past years.

With effect from January 1, 2024, the new Executive Committee of Tessenderlo Group has been composed of Mr. Luc Tack (CEO), Mr. Miguel de Potter (Chief Financial Officer), and Mrs. Sandra Hoeylaerts (Chief Transformation Officer).

Dividend

The Board of Directors will propose to the shareholders, at the annual shareholders' meeting of May 14, 2024, to approve a dividend distribution of 63.3 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, taking into account the cash availability and the short-term cash needs.

Outlook

The group anticipates a continued high level of economic uncertainty in 2024. Based on currently available information, the group expects that the 2024 Adjusted EBITDA will be in line with the 2023 Adjusted EBITDA of 318.7 million EUR. The group wishes to emphasize that it currently operates in a volatile geopolitical, economic, and financial environment.

On behalf of the Board of Directors, we would like to thank everyone who contributed to the success of Tessenderlo Group in 2023: our employees for their efforts and our shareholders, customers, and business partners for the confidence they show in our group.

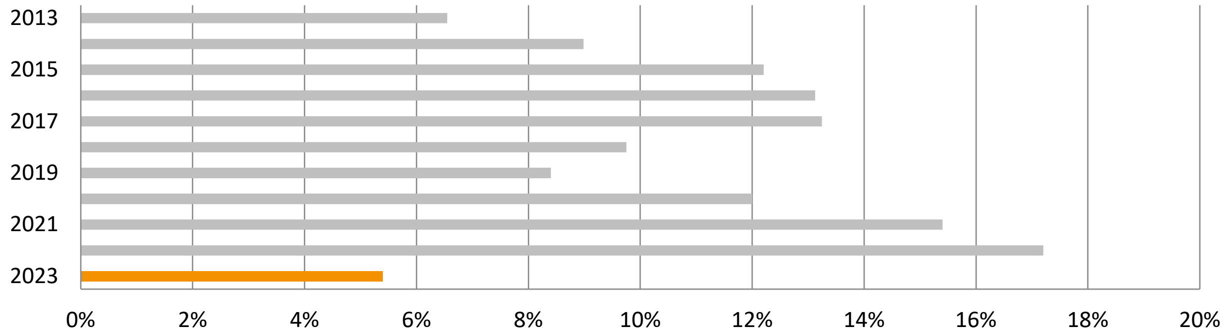
Tessenderlo Group will continue to grow, thanks to our more than 7,500 employees worldwide, who are so passionate about our "Every Molecule Counts" philosophy. This is and will remain our contribution and goal for ensuring a sustainable and better future.

Kind regards,

Luc Tack CEO	Stefaan Haspeslagh Chairman of the Board of Directors

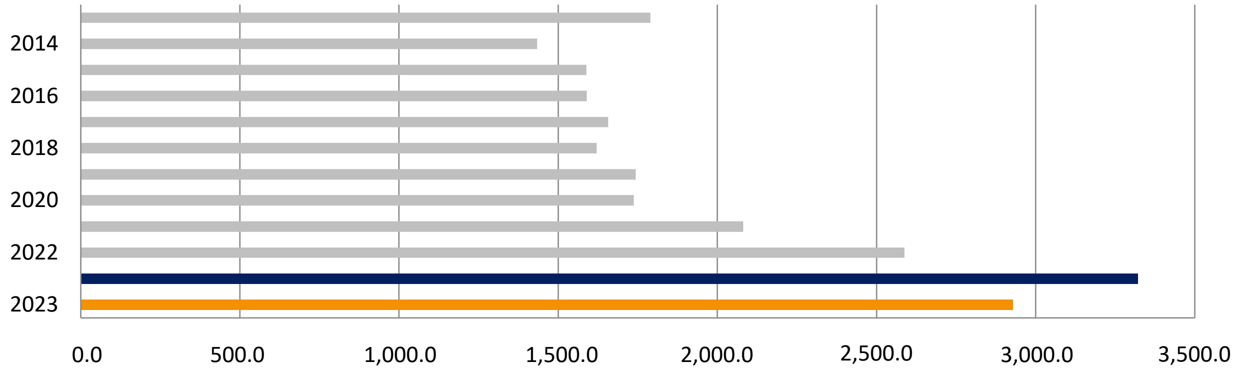
Key figures at a glance

Roce (%)



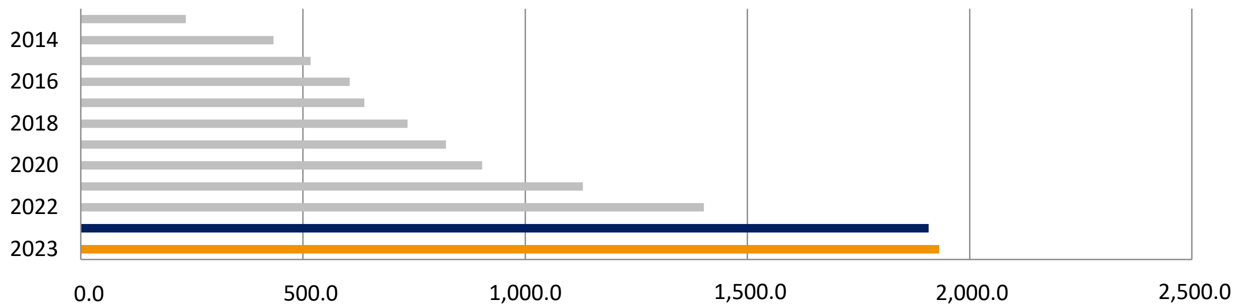
2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
5%	17%	15%	12%	8%	10%	13%	13%	12%	9%	7%

Revenue (in million EUR)



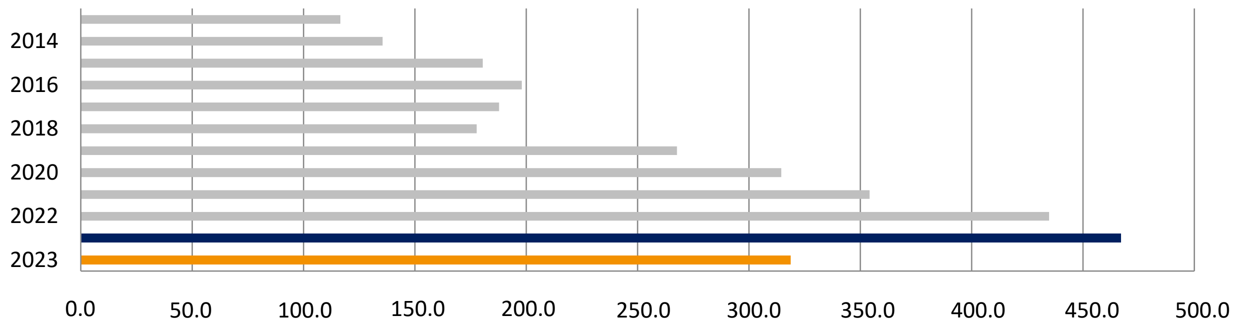
2023	2022 Pro Forma	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
2,928.3	3,321.7	2,587.5	2,081.5	1,737.3	1,742.9	1,620.9	1,657.3	1,590.1	1,589.0	1,434.2	1,790.1

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



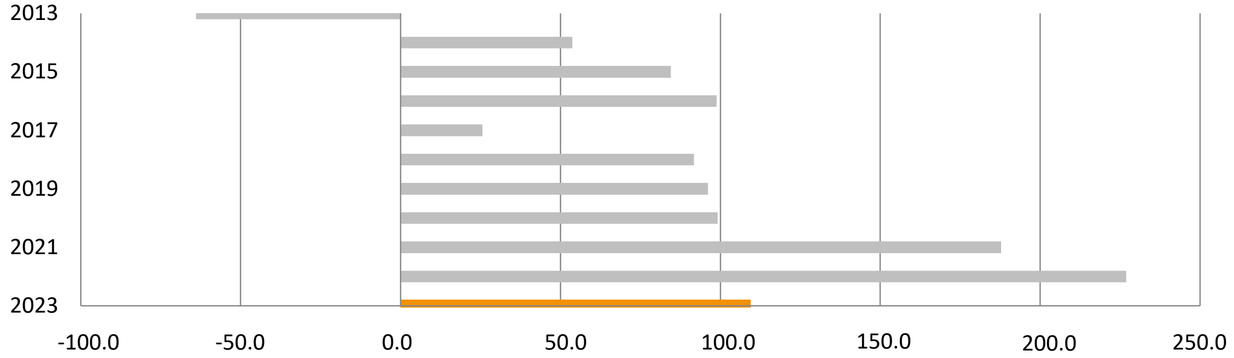
2023	2022 Pro Forma	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
1,930.9	1,908.1	1,401.8	1,130.0	903.0	821.7	735.0	637.7	604.7	516.8	433.5	236.6

Adjusted EBITDA (in million EUR)



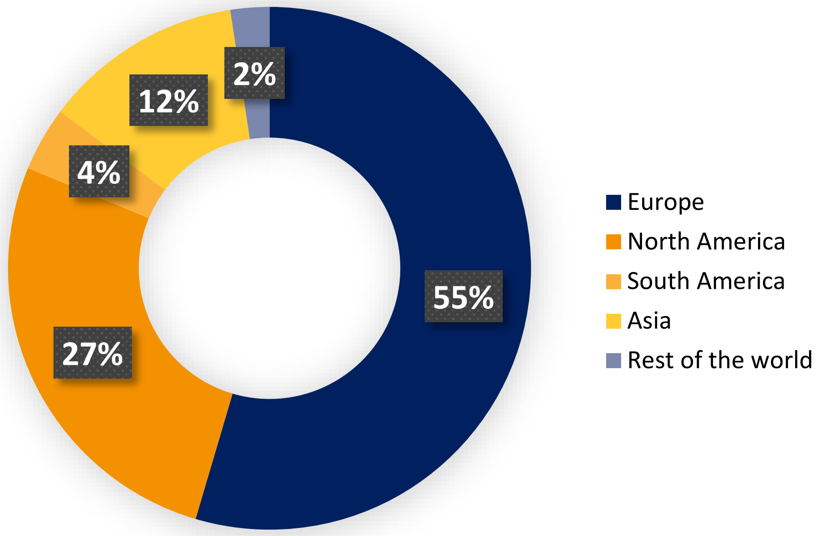
2023	2022 Pro Forma	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
318.7	467.0	434.8	354.2	314.6	267.7	177.8	187.8	198.0	180.4	135.6	116.6

Profit (+) / loss (-) attributable to equity shareholders of the group (in million EUR)

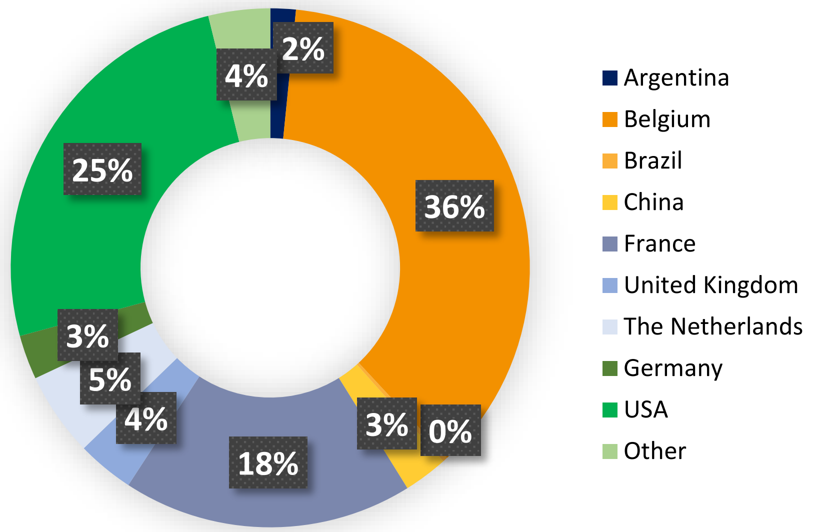


2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
109.5	226.9	187.8	99.1	96.1	91.7	25.6	98.8	84.5	53.7	-64.0

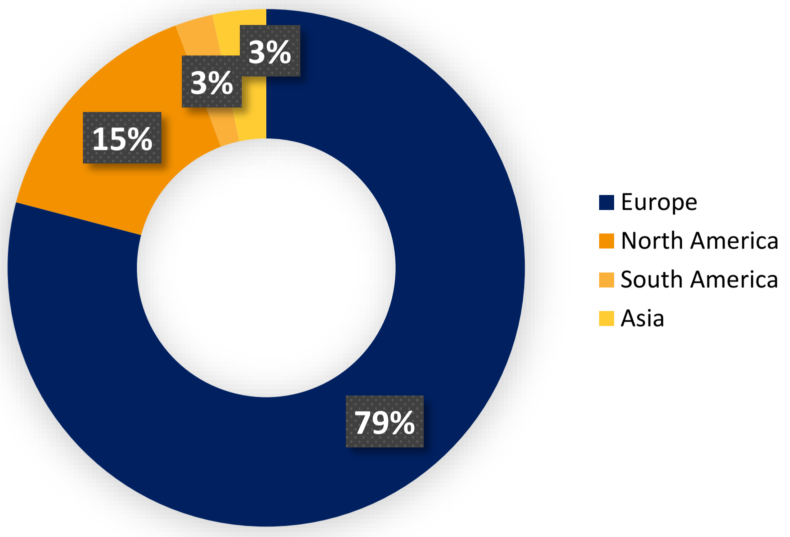
2023 Revenue per geography (%)



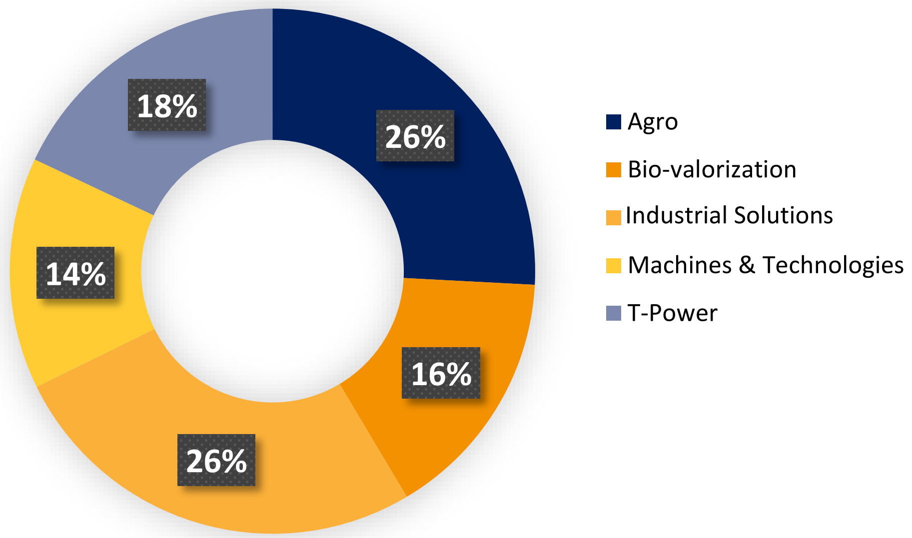
2023 Revenue per country of production (%)



2023 Distribution of the Capital Expenditure (%)



2023 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 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

Crop Vitality | NovaSource: 12 production plants, 1 plant under construction, and more than 100 terminals (USA).
Tessenderlo Kerley International: 3 production plants (Belgium, France, Turkey), and 1 under construction (the Netherlands), and more than 10 terminals in Europe and Mexico.
Violleau: 2 plants in France.

Core markets

Agriculture

Area of activity

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

Business drivers

- Growing population.
- Increased demand for quality fertilizers for modern and sustainable precision agriculture and crop protection products.
- The need for reduced environmental impact through efficient water management and inhibiting nitrification.

Strategic focus

Crop Vitality | Tessenderlo Kerley International | Violleau

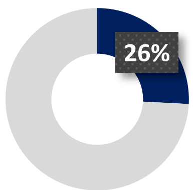
- To maintain our global leadership position in selective specialty liquid and soluble sulfur/SOP fertilizers, while expanding further into key target markets in the Americas, Europe, Middle East and Australia.
- To expand the product portfolio and applications offerings to strengthen our position in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

NovaSource

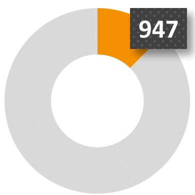
- To expand our product portfolio through acquisitions.
- To increase market share by developing and registering new uses of current products.
- To develop new geographies through product registrations.
- To maintain current product registrations.

Key figures

Share of Adjusted EBITDA



Headcount (FTE)



Crop Vitality

Who are we?

Crop Vitality (www.cropvitality.com), operated by Tessenderlo Kerley, Inc., is one of the world's leading producers of sulfur-based fertilizers used in the agriculture industry for crop nutrition. Crop Vitality offers a diverse portfolio of Tessenderlo Kerley fertilizers that are vital to crop health, including Thio-Sul®, KTS®, K-Row 23®, CaTs®, 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 – 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® and KTS® 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 (USA), performs key research on crop nutrition and develops and tests products to promote optimal plant health. These initiatives provide invaluable insights and resources to growers.

Business in 2023

For Crop Vitality, 2023 was a year that was filled with both opportunities and challenges. While the demand for agricultural fertilizers remained robust in the face of global volatility, prices declined. The industry experienced challenges from various sectors, including geopolitical events, climate extremes that included severe droughts and major flooding, and continued constrained supply chains. However, we were able to perform exceptionally well and we delivered greater product volumes than in 2022 thanks to a resilient and dedicated team that capitalized on opportunities and successfully navigated market conditions. As part of our ongoing commitment to stewardship, new trial research regarding nitrification inhibition was a key focus area. 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 an improved service to our customers in the Great Lakes region, we selected and broke ground at a new production facility in Defiance, Ohio, in 2022. The facility will be operational in 2024.

Outlook for 2024

In 2023, the global agribusiness sector faced severe challenges, such as ongoing disruptions arising from adverse weather conditions. We anticipate that these obstacles will continue to be felt in the agriculture sector. The outlook for 2024 is expected to bring a reduction in agricultural crop prices from the historically high levels in 2022 and 2023 that were driven by tight global supplies. This reduction in crop prices will enable us to be even more competitive in the crop input sector, and we will further reinforce our value propositions in the market as we promote our products. Our broad portfolio of crop nutrition products is integral in terms of helping growers optimize the health and quality of their crops. Key initiatives under way include growing our portfolio through realizing improved efficiencies and maintaining our customer-centric approach by playing a critical role in helping growers increase crop production in a sustainable manner. In addition, we are entering the organics market with our MAJOR 90® product, which upholds 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 more than 100 years of expertise at Tessenderlo (in solid and soluble potassium-based fertilizers) and the more than 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®, SoluKem®, 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 2023

During 2023, Tessenderlo Kerley International continued to execute our long-term strategy and we made progress in strengthening our foundations for growth. Recruiting commercial and agronomical talent in new markets, running a portfolio of trials, attracting new customers and developing new applications, constructing our new Thio-Sul® plant in Geleen (the Netherlands), integrating the Secofit® TS supply from Esseco’s Trecate (Italy) facility, expanding and upgrading our existing manufacturing facilities, as well as setting up new supply chains are just a few examples of how we continue to strengthen these growth foundations.

For the sulfate of potash (SOP) product family, the market remained challenging in 2023. In the first half of the year, the high inventory positions of farmers and distributors as well as declining nutrient pricing exerted pressure on demand. In the second half of the year, with more stable potash pricing and most constraints on container availability alleviated, global SOP order intake increased sharply as demand picked up and restocking started along the downstream value chain. As a result, 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 by 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.

Outlook for 2024

In 2024, Tessenderlo Kerley International will continue to execute our strategy of ensuring 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, we will also focus on developing additional prioritized markets .

The construction of our Thio-Sul® manufacturing plant in Geleen (the Netherlands) is nearing completion with a start-up anticipated by mid-2024. With that milestone achieved, Tessenderlo Kerley International will be very well positioned to supply our customers in Europe and in the world with high-quality Thio-Sul® and Secofit® TS from our production locations in Geleen, Rouen, and via the agreement with Esseco Srl, which is located in Trecate, Italy.

With regard to the SOP products, we continue to strengthen our globally leading position in water-soluble fertilizers with our premium brands SoluPotasse® and 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. We are conscious that our results will ultimately depend on the evolution of the agro market. We have a clear strategy for remaining at the forefront of the specialty SOP and liquid fertilizers market (based on sulfur). To this end, we will continue to consistently deliver high-quality products while improving our focus on customer service and applying the group’s considerable experience in these industries.

NovaSource

Who are we?

NovaSource (www.novasource.com), operated by Tessenderlo Kerley, Inc., delivers a portfolio of organic and non-organic 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 yields 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 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 enables the global agriculture community to make available farmland more effective.

Business in 2023

2023 proved to be a challenging year for the crop protection industry due to disruptions from various sectors, which included geopolitical events and inflationary pressures. This led to volatility in raw material costs and altered customers' inventory strategies and also resulted in an increasingly competitive market. The NovaSource team was able to successfully overcome a competitive landscape by collaborating with customers, enabling a deeper level of forward planning and customer service. The highlight of 2023 was the integration of the Lannate® product line. This was acquired from Corteva® Agriscience in 2022 and it should enable NovaSource to expand into new geographic areas and solidify our position in select crops. In addition, our ongoing commitment to strengthening the agricultural community led to us developing and executing trials with the goal of further supporting food security.

Outlook for 2024

NovaSource will continue to grow by focusing on expanding label uses and the geographies of our existing product portfolio, as well as making new acquisitions and developing biorational products. Through our collaborations on several research trials that involve testing variables of products and applications, we strive to exceed our customers' needs in key growth markets. In addition, NovaSource will continue our advocacy efforts toward further increasing the stewardship and proper use of our products and growing industry knowledge regarding pesticide use for maximizing crop yields while mitigating environmental impact.

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 advisory services to optimize the choice of formulas, their application, the yields, and the quality of our customers' productions. Our fertilizing products, which mainly come in the form of pellets, 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, in 2022, we integrated the marketing of the biocontrol products, Surround® and Purshade®, confirming our ambition to further grow in the organic farming market.

Business in 2023

In 2023, the organic farming market in Europe faced several challenges, grappling with reduced consumption that could be attributed to overall inflationary pressures, price declines in crucial raw materials, and the complex economic landscape. Nevertheless, Violleau demonstrated resilience, advancing in both the organic and organo-mineral markets for broad-acre and cash crops. Through the dedicated efforts of our teams, we were able to successfully maintain close connections with our customers and continue to build strong partnerships.

Despite the adverse economic conditions, we successfully launched our new organic pellet production line in France. This is situated at the Akiolis site in Vénérolles (France). Concurrently, we made significant progress on various projects, strategically positioning Violleau to better seize opportunities for future growth in the organic sector.

Outlook for 2024

While 2024 is expected to be a challenging year (in particular the first half of the year) due to sustained pressure on the demand for organic produce, we remain optimistic about the long-term prospects of the European organic market. Furthermore, we remain confident in our ability to continue on our growth path and we are committed to maintaining a steadfast focus on key areas.

Our dedication lies in delivering high-quality products to organic producers, securing our supply chains, and channeling investments into agronomic research and the development of innovative products. We will persist with our commitment to growth, directing investments into projects within both the fertilizer and biocontrol markets.

Our Bio-valorization segment

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

Production locations

PB Leiner: 3 production plants in Europe (Belgium, Germany, UK), 2 plants in China, and 3 plants in the Americas (US, Argentina, Brazil).
Akiolis: 12 production plants and 48 collection centers in France, 1 production plant in Spain.

Core markets

Food, pharma, health & nutrition, pet food, agriculture, aqua feed, animal feed, bioenergy, biodiesel, oleo-chemistry, and sanitary services.

Area of activity

Bio-resources, agriculture

Business drivers

- Growing demand for bio-based environmentally friendly offerings in feed, food, health & nutrition, fertilization, energy, and pharmaceutical and technical applications.
- Improved standards of living 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

PB Leiner

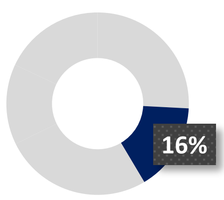
- To build a customer-driven organization and focus on new product development.
- To optimize efficiencies on existing assets.
- To vigorously focus on realizing manufacturing excellence.
- To increase the focus on health & nutrition (collagen peptides) and pharma.
- Valorization of side streams (fat, PSR, and DCP).
- Further securing raw material supply (via a joint venture involving our teams in South America and China).

Akiolis

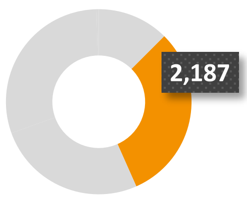
- To improve the valorization of animal proteins in pet food, aquaculture, and organic fertilizer markets.
- To better valorize our fats.
- To look for alternative organic sourcing.
- To focus on customer relationships and new product development.
- To improve efficiency in existing plants and logistics.
- To focus on sanitary services for breeders, and on quality control at slaughterhouses and butchers to improve the quality of fats and proteins.
- To develop CSR initiatives including reducing our carbon footprint and environmental impact.

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 2023

2023 saw a slowdown in demand for both gelatin and collagen peptides as our customers were looking to reduce their inventories after supply chains stabilized. Raw material availability, mainly in Europe and the US, remained scarce and suffered from reduced demand for meat and a struggling leather industry. Energy, chemicals, and transport prices remained at high levels, which put pressure on the margins of our operations and our pricing. Our operations teams exerted themselves to meet customer demand as adequately as possible, while also pursuing the roll-out of our strategy implementation, focusing on further strengthening the cooperation with our customers, optimizing our supply chains, and extending our diversified product portfolio (an example of this was our recent joint venture PB Leiner Hainan Biotechnology that has enabled us to also provide fish collagen). Furthermore, 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 are contributing to safeguarding margins and long-term profitability.

Outlook for 2024

In 2024, PB Leiner will continue to develop our close relationships with customers and 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 significant signs of turmoil. The long-term outlook for the gelatin and collagen markets remains positive for several reasons, including 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 our markets. Meanwhile, the issue of raw material supply remains an area of potential instability. For this reason, we will 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 and other organic sources. 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, bioenergy and biofuel production. Our targets for each market are specialization, 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, food safety, and innovative solutions that meet the rate of development in our customers' 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 while contributing to reducing the impact of livestock breeding through the development of the circular reuse of dead animals on farms.

Business in 2023

The overall trends in the markets in which Akiolis operates were challenging in 2023. This was marked by a decline in meat volumes in France, heterogeneous demand for finished products with a rapid collapse in market price levels, and considerable pressure on collection and production costs, which was mainly due to energy prices. All of this made it a challenge for us to remain competitive and maintain our positions in both the collection and valorization market.

In a constantly changing environment, Akiolis continued to deploy our strategy of being a "Révélateur de valeur", and we focused on product quality, service excellence, decarbonization, and international development with the successful start of the rendering company in Ribera d'Onda, Spain, that was acquired at the very beginning of 2023.

As was the case in 2022, 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 and the commitment of the teams to deploying operational excellence initiatives enabled tasks to be carried out more efficiently, more quickly, and without waste. Furthermore, it finally allowed Akiolis to limit the deterioration in our results and remain a benchmark for our key customers.

With the promise of "Révélateur de valeur" for our customers, Akiolis continued to invest in specializing in the valorization of monospecies ingredients from pork and poultry in Pontivy, Javené, Rion (France), and Ribera d'Ondara (Spain).

In parallel, the strategy of targeted investments aimed at reducing the global footprint of Akiolis' activities has resulted in the launch of an ambitious decarbonization project at the Saint-Langis site in France, which involves an effort to gasify category 1 (C1)[1] meat meals, produce our own energy for thermodehydration, and sell renewable electricity on the national power grid.

[1] Animal by-products are sorted into three categories: the highest risk material is Category 1 (C1), intermediate risk material is category 2 (C2) and material with a low risk is Category 3 (C3).

Outlook for 2024

“Customer satisfaction” and “CSR” will continue to be the keywords for Akiolis in 2024, as well as the further deployment of our employer branding strategy promoting Akiolis as a “Révélateur de valeur” both internally and externally.

Targeting operational excellence, a higher level of valorization of our products through improved quality, and guaranteed food safety will obviously be accompanied by a strict focus on cost containment in order to limit the impact of rising costs.

The production of monospecies ingredients in Auterive, Javené, Rion, and Pontivy will become smoother while the start of the new plant in Spain, will enable Akiolis to deliver pork and poultry ingredients directly to our Spanish customers. In the meantime, two new industrial activities that are scheduled to be put into operation in 2024 and 2025 respectively, will give Akiolis an even stronger position in the sustainable markets of fertilization and energy.

- Fertilization: in Vénérolles, a new line producing category 2 (C2) 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 northeast France and in the meantime will allow Akiolis to promote our role in terms of improving the value of deadstock to breeders. Valorization of C2 categories from farms as well as a high-quality service by collecting the fallen stock will provide leverage in the negotiation for the renewal of the rendering contracts for a further three years that will be initiated in 2024.
- Energy: in Saint-Langis (France), the construction of the new installation of gasification of category 1 (C1) meat meals will continue, with the aim of commissioning in 2025.

Our Industrial Solutions segment

Our Industrial Solutions segment includes the manufacturing of products that range from plastic piping systems to specialty chemicals, coupled with market-specific services and solutions offerings. This segment caters to a diverse set of end markets that includes water treatment, mining, infrastructure, and general industrial activities. We have three business units within this segment: DYKA Group, Kuhlmann Europe, and moleko (part of Tessenderlo Kerley, Inc.).

Production locations

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 (USA).

Core markets

Building and installation, public infrastructure and utility works, industrial and municipal water markets, hygiene and cleaning products, mining, food processing, oil and gas, pulp and paper, tanning, and infrastructure.

Area of activity

Plastic pipe systems and fittings for building and installation, public infrastructure and utility works, coagulants, and other chemicals for either the treatment of wastewater or the purification of drinking water, as well as industrial chemicals that are used by a broad spectrum of industries.

Business drivers

- 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.
- Climate change effects, stormwater infiltration, energy-neutral buildings, health, and comfort.
- Decarbonization and related infrastructure demand for essential minerals.
- Base chemicals supply is sustained by economic activity.

Strategic focus

DYKA Group

- To provide added value solutions for growing needs related to urbanization, energy challenges, an increasing scarcity or abundance of water, climate change, and a greater demand for a more comfortable, healthy, and safe lifestyle. DYKA Group operates in the B2B market as a "merchant-manufacturer" to capture full value via its omnichannel approach.

Kuhlmann Europe

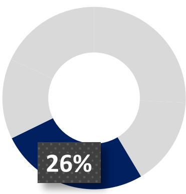
- To provide long-term and environmentally attractive solutions to municipalities and industries for water potabilization and the treatment of wastewater turning by-products into value-added solutions, as well as hygienic solutions.

moleko

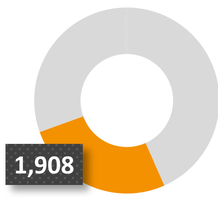
- To be the sustainable partner of choice for essential chemistry in the mining, industrial, and water treatment segments.

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, JDP, provides high-quality, value-added piping solutions for the 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 leakages of valuable drinking water with better quality piping networks, and reducing costs in complex construction value chains are just a few of the challenges our customers face. These are best dealt with by applying the extensive range of systems and services from DYKA Group. In addition, increasingly more recycled material and non-fossil-based energy sources are 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 2023

DYKA Group generated good but lower results than those recorded in 2022 due to the increasingly challenging market conditions in 2023. An improved product mix, the full-year contribution of the production plant in Gaillon (France), which was acquired in October 2022, as well as good operational and commercial management, could not fully offset the impact of, among other things, the further decreasing trend in raw material prices, which put pressure on our sales prices. In addition, new house building slowed down in nearly all the countries in which DYKA Group is active, which impacted both overall market demand and our topline figure. Given these developments, cost control and inventory optimization became even more important, which presented us with a challenge to remain competitive in tight labor markets. In regard to branch development, we continue to aim to deliver best-in-class customer service and make it easier for our customers to do business with us. In that respect, we made good progress in the UK, along with a group-wide improvement in terms of ensuring overall supply reliability performance.

Outlook for 2024

In 2024, DYKA Group expects ongoing high volatility in the building and construction markets. Although various indicators are less positive regarding overall market developments, there remains a strong and intrinsic demand for new housing across Europe. Combined with an increasing focus on more sustainable house building and capital-intensive energy transition initiatives, this provides multiple opportunities for DYKA Group. Among other initiatives, these opportunities will be realized through a series of new product launches and investments in technology improvements.

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, sulfuric acid, 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 ideally located to supply some of the largest cities in Western Europe.

We are continuously strengthening our leadership in the manufacture of ferric coagulants, building on our process expertise and contributing to resource conservation. Our circular business model transforms hydrochloric acid by-products from fertilizer production into valuable raw materials for the steel industry. For instance, iron-containing spent acid solutions generated during the pickling process are repurposed in our ferric chloride production.

Furthermore, our commitment to sustainability is clearly demonstrated by such initiatives as our use of the barge Blandina for the transportation of our products and raw materials, and various CSR projects we have executed. From our water reduction efforts to continually improving processes for enhanced sustainability, we actively seek synergies to promote environmental stewardship.

Business in 2023

Despite facing challenges related to energy prices and sulfuric acid availability in 2023, Kuhlmann Europe successfully maintained production reliability and resilience at both the Kuhlmann Belgium and Kuhlmann France plants. This strategic achievement empowered Kuhlmann Europe to steadfastly meet the demand for inorganic coagulants in water potabilization and wastewater treatment. Moreover, we also operated our chlor-alkali production at capacity during this period.

Outlook for 2024

In 2024, Kuhlmann Europe anticipates sustained robust demand across our entire product range. As part of our commitment to growth, the group is investing in the expansion of our existing ferric chloride production capacity for iron-based coagulants at our site in France.

This strategic initiative will significantly increase our ferric chloride capacity. It will also further reinforce our leading position in iron coagulants, secure our strong levels of reliability and resilience, and help us continue to develop our commitment to a circular economy. By expanding our ferric chloride capacity, we are not only aligning with increasingly stringent regulations but also positioning ourselves to meet the future demands of the water treatment industry. The construction of the new installation is set to commence at the end of 2024, with delivery scheduled for early 2026. In light of the evolving economic landscape, we are vigilantly monitoring incremental logistic costs, energy costs, and raw material costs.

moleko

Who are we?

Moleko (www.moleko.com), operated by Tessenderlo Kerley, Inc., specializes in essential sulfur chemicals that serve the mining, industrial, and water treatment markets. In the mining segment, we serve the base and precious metals markets. Meanwhile, 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 through 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 2023

In 2023, shifting market dynamics drove strong demand while simultaneously increasing strains on an already tight supply landscape. Market volatility brought disruptions to the industry, which included inflationary pressures, labor shortages, and supply chain bottlenecks that resulted in significant cost increases and raw material imbalances. Working with our partners, we were able to utilize our flexible manufacturing and supply chain capabilities to minimize any impacts on our customers. We began executing our terminal expansion projects in Mexico, which will optimize our supply chain and provide an added in-market inventory to serve our customers. The precious metals market proved to be resilient, while the base metals market fluctuated throughout the year. Despite negative market influences, we were able to successfully manage the business while achieving growth. In 2023, moleko was able to offset the negative impact of the expiration of the customer agreement with Barrick Gold by an improved performance of its other products.

Outlook for 2024

The longer-term outlook remains bullish for the markets we serve. These 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 by delivering innovative solutions centered on value creation. We will continue to maximize our extensive manufacturing and supply chain to enable us to expand our product offerings, and this should lead to further growth. Furthermore, our technical experts will remain committed to providing services that produce customized solutions that are tailored to meet the unique needs of our diverse customer base.

Our Machines & Technologies segment

Our Machines & Technologies segment includes the activities of the Picanol Group business unit, namely the development, production, and sale of high-tech weaving machines (Picanol), foundry and mechanical finishing (Proferro), the development and production of electronics (Psicontrol), and the development and production of high-tech precision parts and 3D metal printing (Melotte).

Production locations

4 production plants (2 in Belgium, 1 in Romania, and 1 in China) and more than 70 branches in Europe. Sales offices for weaving machines, spare parts, and after-sales services are located in Brazil, China, India, Indonesia, Mexico, Turkey, and the US.

Core markets

Machinery and technology

Area of activity

Development, production, sales, and service of high-tech weaving machines (Picanol), foundry and mechanical finishing (Proferro), electronics development and production (Psicontrol), and the development and production of high-tech precision parts and 3D metal printing (Melotte).

Business drivers

- Rising demand for textiles due to the global growth of the middle class.
- Rising demand for complex cast iron parts.
- Rising demand for electronics due to the digitalization of machines and processes.
- Technology and big data development.

Strategic focus

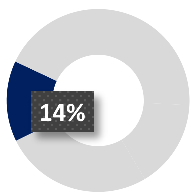
Picanol
- Further expand the weaving machines product range and provide applications for new market segments.
- Further strengthen (weaving) performance, product and service quality, and cost competitiveness, by offering sustainable solutions.

Proferro
- The 3-pillar strategy: casting - finishing - assembly.

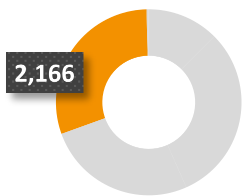
Psicontrol
- Custom-made controllers for medium-size series and expertise in *Electronic Manufacturing Services* (EMS).

Key figures

Share of Adjusted EBITDA



Headcount (FTE)



Picanol Group

Who are we?

The Picanol Group business unit consists of four companies:

Picanol (www.picanol.be) has played a pioneering role in the global textile industry for over eighty-five years and is the largest weaving machine manufacturer in the world. Picanol develops, manufactures, and markets high-tech weaving machines based on airjet and rapier technology. Picanol offers upgrade kits, spare parts, training and repair services, as well as digital services for its weaving machines, via its PicConnect application. Picanol supplies weaving machines for general textile applications such as denim (jeans), shirt fabric, terry cloth, and household & interior textiles. Picanol also supplies weaving machines for niche applications in technical textiles such as airbags, medical textiles, parachutes, and tire cords, among other things.

Proferro (www.proferro.be) has over eighty-five years of experience in co-engineering, casting, machining, assembly, and testing of mechanical components. Proferro offers *engineered casting solutions* for medium-sized series from 500 to 20,000 pieces in the context of long-term partnerships, supplying *original equipment manufacturers* worldwide within a range of market segments such as agricultural machinery, earthmoving machinery, compressors, textile machinery, and general mechanical engineering. The ProFound Drill Solutions brand also markets drill tips and anchor solutions for the construction industry.

Psicontrol (www.psicontrol.com) focuses on the design, development, manufacturing, and support of customized controller systems with a technological focus on contemporary human interfacing, wireless communication technologies, and integrated systems. Psicontrol mainly targets industrial customers where reliability is crucial. As such, it is today a supplier to various sectors, such as textile machinery, compressors, HVAC, and vending machines.

Melotte (www.melotte.be) focuses on the development and production of high-tech precision parts in small series, often with complex shapes and materials that are difficult to machine. It is also active in the field of innovative 3D printing techniques for metal parts.

Business in 2023

2023 was characterized by a challenging market for weaving machines. Thanks to a robust order book at the start of 2023, production levels remained on track in the first half of the year, but in the second half of 2023, Picanol was faced with sharply weakening demand for weaving machines worldwide. This is a trend that commenced in the summer of 2022.

In March 2023, the official presentation of the GTMax-i 3.0S Connect and the GTMax-S Connect took place in Suzhou (China), as well as the OmniPlus-i Connect , which is now also being built in a limited range in Suzhou. In June 2023, Picanol successfully participated in the 19th edition of ITMA in Milan, Italy. This is the world's most important quadrennial textile machinery fair. The new Ultimax rapier weaving machine was received with great acclaim there, as were the OmniPlus-i Connect machines, which were presented featuring increased maximum speed. There was also significant interest in the new features of the PicConnect digital customer platform. Picanol was once again able to profile itself at the ITMA event as the technology leader in airjet and rapier weaving machines. Picanol had already achieved an important milestone in 2023 with the production of the 400,000th weaving machine since production started in 1936.

Proferro, in turn, had a strong start in 2023, with cast iron tonnage and sales at record levels. In the second half of the year, however, Proferro was also hit by the general market contraction, which was mainly due to lower demand from Picanol, as well as a decline in activities for external customers.

Psicontrol started very strongly in 2023, in line with the ambitious budget it had set. However, with effect from the second quarter, Psicontrol was faced with a sharp downturn in the construction sector, which resulted in lower customer demand in the HVAC market. Nevertheless, other segments then performed better than expected. In March, Psicontrol presented its brand-new, 4-inch concept at the ISH 2023 fair in Frankfurt, Germany. The 4-inch concept is a multi-functional, HMI concept platform offering an experience, look, and feel that is similar to that of a smartphone. This concept provides a unique basis for customized products with applications in a range of market segments. In November 2023, Psicontrol reached the extraordinary milestone of placing 500 million SMD components in the calendar year.

Melotte had a good year with the further expansion of its 3D printing-related business.

Picanol Group also continued to invest in the renewal and modernization of its production sites in Belgium and Romania in 2023. Combined with further productivity and quality improvements, it thus aims to enhance its competitive position and offer its customers an even greater competitive edge.

Outlook for 2024

In 2024, Picanol expects continued cooling of the market that will be reflected in a sharp decline in weaving machine orders. Proferro and Psicontrol have also forecast uncertainty in various market segments for 2024.

Construction work on Picanol Group's new headquarters in Ieper (Belgium) remains on schedule. The opening of the new headquarters is expected to take place at the end of 2024.

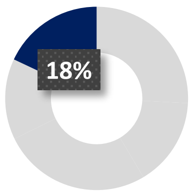
Our T-Power segment

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

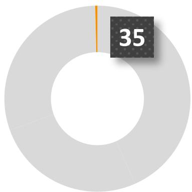
Production locations	1 power plant: Tessenderlo (Belgium)
Core markets	Energy
Area of activity	Production of electricity in gas-fired power plants
Business drivers	Proper execution of the gas tolling agreement
Strategic focus	Focus on the efficiency and availability of the existing assets

Key figures

Share of Adjusted EBITDA



Headcount (FTE)



T-Power

Who are we?

T-Power was founded in 2005, with Tessenderlo Group as one of its original three shareholders. After completion of the development program, the T-Power 425 MW gas-fired combined cycle power plant (CCGT) located in Tessenderlo was built and commissioned in 2011. Thanks to its high efficiency and flexibility, as well as 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 2023

The T-Power plant guaranteed a reliable running regime in 2023. Throughout the year, the plant maintained its excellent availability and health and safety performance.

Following the third capacity remuneration mechanism (CRM) auction for the 2027-2028 delivery year by the system operator Elia in the fourth quarter of 2023, there was not a sufficient volume required to guarantee the security of supply. As a result, Tessenderlo Group decided to delay the decision to build its new 900 MW gas-fired power plant. The renewed environmental permit was granted in September 2022.

Outlook for 2024

In 2024, T-Power will continue to focus further on the efficiency, flexibility, and availability of the existing asset while securing the excellent safety performance.

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

Meanwhile, Tessenderlo Group will continue to closely monitor the evolution of the electricity market in Europe. The rapid spread of electrification across sectors such as mobility, heating and industry creates additional capacity needs. The group has confirmed its engagement to provide for new controllable production capacity to further enable the energy transition.

The group is assessing various options for the long-term utilization of the T-Power plant as a safe and reliable partner in the current energy mix.

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 2023, Tessenderlo Group was covered by four sell-side analysts (for more information please visit www.tessenderlo.com).

Shareholder structure

On December 31, 2023, the shareholder structure of Tessenderlo Group was as follows:

Shareholder	Number of shares	Number of voting rights	% voting rights
Picanol nv (controlled by Tessenderlo Group nv)	21,860,003	43,567,589	39.92%
Patrick Steverlynck	10,738	10,738	0.01%
Manuco International nv (controlled by Patrick Steverlynck)	5,679,545	5,679,545	5.20%
Oostiep Group bv (controlled by Luc Tack)	34,832,020	37,439,220	34.30%
Own shares	97,500	97,500	0.09%
Other	21,909,953	22,353,220	20.48%
Total	**84,389,759**	**109,147,812**	**100.00%**

Mr. Luc Tack controls Oostiep Group bv. Mr. Patrick Steverlynck controls Manuco International nv. The mutual agreement that exists between the two parties does not entail joint control.

On December 31, 2023, there were no warrants outstanding. The total number of shares constituting the issued capital of Tessenderlo Group is 84,389,759. In accordance with article 7:53 of the Belgian Code of Companies and Associations, the Extraordinary General Meeting 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, 2023, is 109,147,812 of which 43,665,089 voting rights, attached to the treasury shares of Picanol and Tessenderlo Group, 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 share closed at 28.25 EUR on the last trading day of the year (2022: 33.35 EUR) while the BEL 20 index remained stable (+0.2%) and the European Chemicals index SX4P increased by +13.6%. The share reached its year-high closing price of 34.35 EUR on January 9, 2023. The year-low closing price of 26.30 EUR was reached on October 19, 2023.

Dividend policy

The Board of Directors will propose to the shareholders, at the annual shareholders' meeting of May 14, 2024, to approve a dividend distribution of 63.3 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, taking into account the cash availability and the short-term cash needs.

Financial calendar

• Analyst and Asset Manager day	April 29, 2024
• Annual shareholder's meeting	May 14, 2024
• Half year 2024 results	August 21, 2024

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

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

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

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MANAGEMENT REPORT

2023

Business progress

Group performance

2023 revenue increased by +13.2% as reported, but decreased by -11.8% compared to the Pro Forma 2022 revenue[2]. The revenue of all five segments decreased compared to the Pro Forma 2022 revenue (Agro: -18.5%, Bio-valorization: -9.2%, Industrial Solutions: -3.2%, T-Power: -4.7% and Pro Forma Machines & Technologies: -15.2%).

The 2023 Adjusted EBITDA amounts to 318.7 million EUR, compared to 434.8 million EUR in 2022 as reported (-26.7%). Compared to the Pro Forma 2022 Adjusted EBITDA of 467.0 million EUR, the 2023 Adjusted EBITDA decreased by -31.8%. While the Adjusted EBITDA of Agro decreased by -52.5% and Bio-valorization by -56.4%, T-Power could limit the decrease to -7.7%. The Adjusted EBITDA of Industrial Solutions remained stable (-1.5%) and the Adjusted EBITDA of Machines & Technologies amounted to 45.4 million EUR in 2023 compared to a Pro Forma Adjusted EBITDA of 32.2 million EUR in 2022.

The 2023 Adjusted EBIT amounts to 120.1 million EUR, compared to a reported 300.1 million EUR in 2022 and 271.3 million EUR in 2022 Pro Forma results. Picanol Group is fully consolidated as from January 2023. The gross carrying amount of the fair value adjustments recognized in January 2023 after the completion of the Picanol Group acquisition amounted to +364 million EUR. Depreciation and amortization expenses on these adjustments impacted the 2023 Adjusted EBIT by -46.7 million EUR (compared to a 2022 Pro Forma impact of -47.2 million EUR). Please refer to note 4 - Acquisitions and disposals of the 2023 consolidated financial statements for further details regarding the acquisition accounting of Picanol Group.

As per year-end 2023, the net cash position of the group amounts to +10.1 million EUR, compared to a net financial debt of -59.5 million EUR as per year-end 2022. Significant cashflow impacts during 2023 include:

- The 2023 cash flow from operating activities and capital expenditure for an amount of +219.2 million EUR and -178.5 million EUR respectively.
- The impact of the change in consolidation scope, following the acquisition of Picanol Group, amounts to +34.0 million EUR (including cash and cash equivalents for +39.3 million EUR).
- The sale of 654,000 shares in Rieter Holding AG (SWX: RIEN) for an amount of +80.7 million EUR. After this sale the group still holds 54,262 shares (or 1.17% of the total number of outstanding shares of Rieter Holding AG).
- The dividend paid over the financial year 2022, leading to a 2023 cash outflow of -39.9 million EUR. As per December 31, 2023, 7.7 million EUR of the 2022 dividend was still outstanding (related to the 2022 dividend withholding taxes) and was paid in January 2024.
- The repurchase of own shares in 2023 (cash outflow of -32.4 million EUR).

[2] *The 2022 Pro Forma figures correspond to those reported in note 31 - Subsequent events in the published consolidated financial statements of Tessenderlo Group for the year ended December 31, 2022, after including a -9.7 million EUR adjustment related to the goodwill that Picanol Group allocated to the operating segment T-Power. In 2022, Tessenderlo Group recognized an impairment loss for an amount of -37.6 million EUR on the assets of the cash-generating unit T-Power and consequently any related goodwill has been impaired as well.*

The 2023 profit amounts to 114.4 million EUR compared to 226.8 million EUR in 2022. The 2023 result compared to the 2022 result was impacted by the following items:

- The decrease of the 2023 Adjusted EBIT (120.1 million EUR) compared to the 2022 Adjusted EBIT (300.1 million EUR). The Adjusted EBIT was positively impacted by the first time contribution of Picanol Group (operating segment Machines & Technologies) for 30.3 million EUR while it was negatively impacted by amortization/depreciation expenses on fair value adjustments (as described above) for -46.7 million EUR.
- 2023 income tax expenses amounted to -2.0 million EUR compared to -62.4 million EUR in 2022, impacted by lower current tax expenses following the lower operational results as well as by the recognition of additional deferred tax assets on tax losses carried forward.
- EBIT adjusting items amounted to -12.0 million EUR in 2022, impacted by impairment losses on T-Power goodwill and property, plant and equipment, compared to +0.5 million EUR in 2023.
- The impact of exchange losses, mainly on non-hedged intercompany loans and cash and cash equivalents in USD, amounted to -14.8 million EUR in 2023 compared to an exchange gain of +5.4 million EUR in 2022.
- The gain realized on the sale of 654,000 shares of Rieter Holding AG (+11.3 million EUR).

The group's capital expenditure amounts to 178.5 million EUR (2022 as reported: 113.4 million EUR). The major capital expenditure projects relate to:

- The acquisition of, and further investments in, the real estate and production assets of a former Spanish rendering company (Ribera d'Ondara, Lleida, Spain) (Bio-valorization segment).
- The acquisition of production assets for the fish collagen peptides plant in Hainan (China) by PB Leiner (Hainan) Biotechnology Co Ltd. (Bio-valorization segment).
- The ongoing construction of a new Thio-Sul® manufacturing plant in Geleen, the Netherlands (Agro segment) and a new liquid fertilizer and industrial products plant in Defiance, US (Agro and Industrial Solutions segments). These factories are scheduled to be operational by mid-2024 and the end of 2024 respectively.
- The ongoing construction of a new headquarter office for Picanol Group in Ieper, Belgium (Machines & Technologies segment).
- Investments in a gasification installation of category 1 meat meals in Saint-Langis (France) by Akiolis (Bio-valorization segment) and a new organic fertilizer production line in Vénérolles (France) by Violleau (Agro segment).
- Further investments in production efficiency improvements, as well as in supply chain assets within DYKA Group (Industrial Solutions segment).
- The replacement of equipment and vehicles, which were previously leased, through purchase.

The 2023 cashflow from operating activities amounts to 219.2 million EUR, compared to 199.8 million EUR in 2022 as reported. Lower working capital needs (-72.8 million EUR in 2023 compared to -176.2 million EUR in 2022) were able to offset the lower operational results (the 2023 Adjusted EBITDA decreased by -116.1 million EUR compared to the reported 2022 Adjusted EBITDA, partially offset by a 28.7 million EUR lower payment of income taxes).

Reported operating segment performance

2023 Agro revenue decreased by -18.5%. While the revenue of the first half of 2023 was negatively impacted by both volumes and selling prices, 2H23 was mainly impacted by lower selling prices. The 2023 Adjusted EBITDA decreased by -52.5% to 82.3 million EUR (2022: 173.4 million EUR), because of lower volumes and margin pressure due to decreasing selling prices in combination with high valued inventory. The Adjusted EBITDA of NovaSource increased in 2023, helped by the contribution of the in 2H22 acquired Lannate® product line.

2023 Bio-valorization revenue decreased by -9.2% to 726.4 million EUR, mainly because of a lower revenue in the second half of 2023 as sales volumes and sales prices decreased (for both PB Leiner and Akiolis). The 2023 Adjusted EBITDA of Bio-valorization decreased by -56.4% to 49.8 million EUR compared to prior year. Lower sales volumes, less favorable market circumstances for fats, gelatin and collagen (resulting in inventory write-offs for -15.3 million EUR in 2023 compared to -0.5 million EUR in 2022) as well as start-up expenses for the newly acquired operations by Akiolis Iberia (Spain) negatively impacted the 2023 result. In November 2022, the group announced that PB Leiner 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, which was closed in January 2023, D&D Participações Societárias acquired a 40% minority stake in the shares of PB Brasil Industria e Comercio de Gelatinas Ltda.

Industrial Solutions revenue decreased by -3.2% in 2023. While 1H23 revenue remained stable, revenue in 2H23 decreased by -7.9% as lower DYKA Group sales volumes, following challenging market circumstances, could no longer be fully offset by an improved product mix and the full year contribution of the production plant in Gaillon (France) which was only acquired in 4Q22. The revenue of moleko decreased in 2023, impacted by the expiration of the customer agreement with Barrick Gold at year-end 2022, while the 2023 revenue of Kuhlmann Europe increased thanks to favorable market circumstances. The 2023 Adjusted EBITDA remained stable and amounted to 83.8 million EUR (-1.5%). The increase of the Kuhlmann Europe results, thanks to favorable market circumstances, was able to offset the lower DYKA Group results, which were impacted by a lower construction market demand. In 2023, moleko was able to offset the negative impact of the expiration of the customer agreement with Barrick Gold by an improved performance of its other products.

The 2023 revenue of Machines & Technologies amounted to 622.4 million EUR or -15.2% compared to the 2022 Pro Forma revenue of 734.2 million EUR. The revenue of Picanol (weaving machines) decreased as a lower volume could not be offset by an increase of sales prices. Proferro (foundry and mechanical finishing) revenue remained stable in 2023, while the revenue of Psicontrol (development and production of electronics) increased, although both were impacted by more challenging market circumstances in the second half of 2023. The 2023 Adjusted EBITDA increased to 45.4 million EUR (compared to a 2022 Pro Forma Adjusted EBITDA of 32.2 million EUR). The Picanol Adjusted EBITDA increased in 2023, however improved margins could only offset the lower sales volume in the first half of 2023. The 2023 Adjusted EBITDA of Proferro and Psicontrol remained stable compared to the 2022 Pro Forma Adjusted EBITDA, although both were impacted by the lower Picanol activity.

The 2023 revenue of T-Power decreased to 76.7 million EUR, while the Adjusted EBITDA decreased to 57.4 million EUR because of contractual impacts. The 2022 results were positively impacted by higher efficiency payments linked to gas prices. However the 2023 results were in line with expectations, as T-Power nv fulfilled all tolling agreement requirements. The group was informed that the 5-year extension option for the tolling agreement, starting July 2026, will not be exercised. The group is assessing various options for the long-term utilization of the T-Power plant as a safe and reliable partner in the current energy mix.

Risk analysis

Analysis of the major risks for Tessenderlo Group – 2023

The group 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 2023, the group focused on the following activities:

- Ethics and Compliance
- Health and Safety
- Cybersecurity
- (Limited) Availability of energy and volatility of energy prices
- 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 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 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 group there is also a Compliance Committee, which is dedicated to coordinating compliance activities within the group, including defining the procedures and the various training programs organized for the group.

In 2023, the Compliance Committee focused on reviewing and fine-tuning the existing compliance procedures and codes and, more specifically, the code concerning anti-bribery and corruption, sanction compliance, and implementing various training programs related to antitrust legislation.

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.

To guarantee a limitation of the safety risks there are various initiatives on local and site level. At group level there is a Group Safety Working Group, which primarily aims to evaluate and coordinate the various safety actions within the group, and helps to increase the knowledge and share best practices on safety at the workplace amongst all its members.

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

The ExCom and the various Management Teams review workplace safety results every month.

Cybersecurity

The group has a data protection policy in order to protect sensitive and confidential information within the group and programs are set up to manage security risks with regard to ICT and enhance cybersecurity within the group. A major cyberattack could have a negative impact on the group'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 risk assessments. Based on this analysis, a plan is developed to better protect the company against cyberattacks.

In 2023:

- End-user safety training remained 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 group's security status and response to cyberattacks. To this end, a clear roadmap has been developed with various projects to be implemented over the next few years.

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 at work 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 group, there are various transport safety programs in order to reinforce prevention and safety. Furthermore, the group has an insurance program to mitigate 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 group 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 group to strengthen its negotiating position. To the extent possible, price fluctuations are, where possible, translated into its sales prices of the products.

(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 2023, 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.

Several alternative energy projects (including rooftop solar panels, solar parks, and biomass energy production) are being implemented at group level and installations have already been completed at certain sites.

Change in regulations and trends

The group is often active in markets and activities that are highly regulated by, among other things, strict rules and environmental provisions.

The group 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 group 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 group 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

In our various 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 group 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.

In 2023, we had the previous analysis revised and, also integrating Picanol Group, this time under the CMIP6 model (Coupled Model Intercomparison Project Phase 6), with a complementary set of scenarios aimed at projecting socioeconomic changes (SSP or Shared economic pathways) that can be used alongside the RCPs (Representative Concentration Pathway). The CMIP6 models were developed to support the Sixth Rating Report of the Intergovernmental Panel on Climate Change (IPCC AR6). We have chosen scenarios SSP2-4.5 and SSP5-8.5 with the same horizons 2030-2050.

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.

Our various continuity plans remain in place to provide a response if a pandemic or other crisis were to disrupt the supply chain.

Political risk

Conflicts around the world and the economic and financial sanctions that may result could negatively impact the group’s supply of raw materials or our logistics supply chains.

Before the war in Ukraine and the introduction of related sanctions, the Tessenderlo Group mainly purchased MOP from Russia and Belarus. MOP (muriate of potash) is the main raw material for the production of SOP fertilizers (sulfate of potash), which are produced in Tessenderlo Kerley Ham (Belgium), within the Tessenderlo Group’s Agro segment. As of 2022, the Group has adapted its supply chain and now has the necessary alternative sources. In terms of supplying our customers around the Black Sea and the Red Sea, in addition to a screening of customers and destinations, we have also entered into marine cargo insurance adapted to these risk areas.

The group has the instruments that allow us to continuously monitor countries subject to international sanctions and pays particular attention to geopolitics.

Analysis of the financial risks[3]

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.

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 between 5% and 20% 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 739.1 million EUR as per December 31, 2023 (2022: 643.8 million EUR). This amount consists of current and non-current trade and other receivables (483.2 million EUR), the loans granted (5.7 million EUR, included within "Other investments and guarantees"), long term investments (70.0 million EUR), derivative financial instruments (3.2 million EUR) and cash and cash equivalents (177.0 million EUR).

[3] *For a more detailed overview of the financial risks related to the situation in 2023 and Tessenderlo Group's 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)	2023	2022
Fixed rate instruments		
Cash and cash equivalents	47.8	92.0
Long term investments	70.0	50.0
Loans and borrowings	169.3	175.4
Variable rate instruments		
Cash and cash equivalents	129.2	64.1
Loans and borrowings	67.4	90.1
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 64.3 million EUR as per December 31, 2023 (2022: 90.1 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.

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, 2023, nor at December 31, 2022).
- committed bi-lateral agreements with four banks for a total amount of 250.0 million EUR (of which part can be drawn in USD) till July 2027. These committed bi-lateral agreements have no financial covenants and ensure maximum flexibility for the different activities. As per December 31, 2023 none of these credit lines were used.
- non-committed credit lines for 50.5 million EUR excluding bank guarantees or 67.5 million EUR including bank guarantees.
- 2 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). As per December 31, 2013 the remaining outstanding amounts were 21.6 million EUR and 23.6 million EUR respectively. These loans contain no financial covenants.

Corporate Governance statement

Transparent management

Tessenderlo Group follows the Belgian legislation as reference code for Corporate Governance. In case that the group 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 August 23, 2023, the Board of Directors approved new amendments to the Corporate Governance Charter.

Capital & shares

Capital

The share capital of Tessenderlo Group at December 31, 2023, amounts to 428,268,879.25 EUR.

Shares

The share capital at December 31, 2023, is represented by 84,389,759 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 Companies and Associations Code. All Tessenderlo Group's shares are admitted for listing and trading on Euronext Brussels.

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 Annex to the Belgian Official Gazette, to acquire treasury shares, profit-sharing certificates or certificates relating thereto on behalf of the group subject to the conditions laid down at the extraordinary general meeting held on May 10, 2022. This authorization is valid until May 19, 2027.

On March 22, 2023, the Board of Directors approved the decision to repurchase treasury shares for a maximum amount of 40 million EUR. This authorization is valid until March 31, 2024.

The group repurchased 1,149,000 treasury shares in 2023. Per notarial deed dated December 18, 2023, the group destroyed 1,083,003 treasury shares.

The group still held a total of 97,500 treasury shares as of December 31, 2023, or 0.12% of the total number of shares issued (being 84,389,759).

Shareholders & shareholders structure

Based on transparency notifications received by the company, the company's shareholding and voting rights as of December 31, 2023, were as follows:

Shareholder	Number of shares	Number of voting rights	% voting rights
Picanol nv (controlled by Tessenderlo Group nv)	21,860,003	43,567,589	39.92%
Patrick Steverlynck	10,738	10,738	0.01%
Manuco International nv (controlled by Patrick Steverlynck)	5,679,545	5,679,545	5.20%
Oostiep Group bv (controlled by Luc Tack)	34,832,020	37,439,220	34.30%
Own shares	97,500	97,500	0.09%
Other	21,909,953	22,353,220	20.48%
Total	**84,389,759**	**109,147,812**	**100.00%**

Mr. Luc Tack controls Oostiep Group bv. Mr. Patrick Steverlynck controls Manuco International nv. The mutual agreement that exists between the two parties does not entail joint control. The Tack family exclusively controls Tessenderlo Group nv through Oostiep Group bv. Tessenderlo Group nv controls Picanol nv. Oostiep Group bv (the company through which the Tack family holds its shares in Tessenderlo Group nv) and Manuco International nv (the company through which Mr. Patrick Steverlynck holds the shares in Tessenderlo Group nv) entered into a shareholders' agreement on July 7, 2022, concerning the shares in Tessenderlo Group nv held directly or indirectly by the aforementioned parties following the closing of the exchange offer. This shareholders' agreement is deemed to have been concluded for a period of 10 years commencing January 1, 2023, and will be automatically renewed at the time of its termination for a period of 10 years commencing on the termination date, unless one or more of the parties sends written notice of termination to the other parties no later than one (1) year before the termination date of the initial or then-current renewal term.

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, without impacting the governance structure of Tessenderlo Group .

Shareholders whose participation in the capital of Tessenderlo Group 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 (ir@tessenderlo.com).

Governance structure

The group 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 group's objective, with the exception of those reserved by law to the general shareholders' meeting.

Board of directors

Composition

At December 31, 2023, the Board of Directors of Tessenderlo Group was composed as follows:

	Start of initial term	End of term
Non-Executive Directors		
Mr. Karel Vinck	March 17, 2005	May 11, 2027
Mrs. Laurie Tack	May 9, 2023	May 11, 2027
Pasma nv represented by its permanent representative Mr. Patrick Steverlynck	May 9, 2023	May 11, 2027
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	May 11, 2021	May 11, 2027
Ann Vereecke bv represented by its permanent representative Mrs. Ann Vereecke	May 9, 2023	May 11, 2027
Executive Directors		
Mr. Luc Tack	November 13, 2013	May 11, 2027
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, 2023, 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 six (6) times during 2023.

During 2023, the Board's main areas of discussion, review and decision were:

- the group's long-term strategy;
- the annual accounts and financial reporting;
- the approval of the 2024 budget;
- the financial communication and reporting by segment;
- the proposals to the general and special shareholders' meeting;
- the approval of the proposal to (re)appoint directors and Chief Executive Officer; Chief Transformation Officer and Chief Finance Officer;
- succession planning and amendment of the ExCom;
- 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 2023);
- the effectiveness of the Enterprise Risk Management;
- the sustainability strategy;
- the ICT strategy;
- the approval of the Corporate Governance Charter;
- the approval of various commercial agreements;
- the approval of important contracts, various new investments and acquisitions;
- the related party transaction procedure;
- the approval of the repurchase of 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 2024 and 2025, 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, 2023, the following committees were active within the Board of Directors of Tessenderlo Group:

- The Nomination and Remuneration Committee
- The Audit Committee

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

Nomination and Remuneration Committee

On December 31, 2023, 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 Belgian Code on Companies and Associations (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 four (4) times in 2023.

1. *Nomination and Remuneration Committee operations*

In 2023, the Nomination and Remuneration Committee discussed the ExCom's remuneration package and made recommendations in that regard. The committee made recommendations regarding the reappointment of three (3) directors, the appointment of three (3) directors, the succession plan, the settlement arrangement of an ExCom member, the advance payment of the 2022-2024 long-term incentive plan for the ExCom and senior management, as well as the determination of the new 2023-2025 long-term incentive plan for the ExCom and senior management. The committee also made recommendations regarding the allocation of remuneration to non-executive directors in shares and setting 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 2023 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, 2023, 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 2023.

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 effectiveness of the Enterprise Risk Management program and 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 2023, 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 group to remedy certain weaknesses identified by the Internal Audit Department. The Audit Committee also 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 2023:

	Board of Directors	Audit Committee	Nomination & Remuneration Committee
Number of meetings in 2023	**6**	**4**	**4**
Mr. Stefaan Haspeslagh	6/6		
Mr. Luc Tack	6/6		
Mr. Karel Vinck	6/6	4/4	4/4
Mr. Wouter De Geest	6/6	4/4	4/4
Mrs. Laurie Tack	5/6*		
Management Deprez bv represented by its permanent representative Mrs. Veerle Deprez	6/6		4/4
ANBA bv represented by its permanent representative Mrs. Anne-Marie Baeyaert	6/6	4/4	
Pasma nv represented by its permanent representative Mr. Patrick Steverlynck	5/6*		
Ann Vereecke bv represented by its permanent representative Mrs. Ann Vereecke	5/6*		

**Appointed on May 9, 2023*

Executive Committee (ExCom)

Roles and responsibilities

On December 31, 2023, the ExCom of Tessenderlo Group was constituted as follows:

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

At the end of 2023, the departure of Mr. Stefaan Haspeslagh as the representative of Findar bv was announced as well as a change in the ExCom.

In 2024, the ExCom will consist of Luc Tack (Chief Executive Officer), Miguel de Potter (Chief Financial Officer), and Sandra Hoeylaerts (Chief Transformation Officer).

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 group'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:

- managing the group;
- 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 group 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 group's annual accounts, in accordance with the applicable accounting standards and policies of the group, as well as the group'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 group'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 group are those executives who together with the ExCom manage and determine the strategy of the Business Units 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 9, 2023, each Director receives a fixed annual fee of 45,000 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 2,000 EUR per meeting day
- an additional annual fee of 132,500 EUR for the chairman of the Board of Directors
- an additional annual fee of 5,000 EUR for the chairman of the Audit Committee

These rules apply to fees which are granted as from January 1, 2023. Remuneration is paid during the year in which the meetings were held. The attendance fee of 2,000 EUR is also attributed to the directors who attend the meeting as invitee.

In its meeting of March 22, 2023, the Board of Directors decided not to grant remuneration in shares for fees paid to the Non-Executive Directors for the year 2023.

Remuneration received

Member	2023	Earned fees (in EUR)
ANBA bv, represented by its permanent representative Mrs. Anne-Marie Baeyaert (Independent Non-Executive Director) (Chairman AC from 11.05.2021)	Fixed annual fee	45,000
	Additional fixed fee for Chair of AC	5,000
	Attendance fee per half day attended	11,000
	Total remuneration	**61,000**
Mr. Stefaan Haspeslagh (Executive Director)	Fixed annual fee	45,000
	Additional fixed annual fee for Chairman Board	132,500
	Attendance fee per half day attended	11,000
	Total remuneration	**188,500**
Mr. Luc Tack (Executive Director)	Fixed annual fee	45,000
	Attendance fee per half day attended	11,000
	Total remuneration	**56,000**
Management Deprez bv, represented by its permanent representative Mrs. Veerle Deprez (Independent Non-Executive Director)	Fixed annual fee	45,000
	Attendance fee per half day attended	11,000
	Total remuneration	**56,000**
Mr. Karel Vinck (Non-Executive Director)	Fixed annual fee	45,000
	Attendance fee per half day attended	11,000
	Total remuneration	**56,000**
Mr. Wouter De Geest (Independent Non-Executive Director)	Fixed annual fee	45,000
	Attendance fee per half day attended	11,000
	Total remuneration	**56,000**
Mrs. Laurie Tack – From May 9, 2023 (Non-Executive director)	Fixed annual fee	28,911
	Attendance fee per half day attended	8,000
	Total remuneration	**36,911**
Mrs. Ann Vereecke bv represented by its permanent representative Mrs. Ann Vereecke – From May 9, 2023 (Independent Non-Executive Director)	Fixed annual fee	28,911
	Attendance fee per half day attended	8,000
	Total remuneration	**36,911**
Pasma nv represented by its permanent representative Mr. Patrick Steverlynck – From May 9, 2023 (Independent Non-Executive Director)	Fixed annual fee	28,911
	Attendance fee per half day attended	8,000
	Total remuneration	**36,911**
General total		**584,233**

The group does not grant any remuneration in the form of shares to the Non-Executive Directors for 2023, 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 group, given the presence of a reference shareholder who aims to create sustainable value within the group.

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 2023:

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

Application of the Remuneration Policy 2023 – remuneration outcome

All decisions relating to remuneration for the year 2023 were taken in accordance with the approved remuneration policy. The recommendation of the Nomination and Remuneration Committee to the Board of Directors regarding the payment of the ExCom's short-term incentives is in line with the group's overall performance in 2023.

The remuneration earned by the ExCom team in 2023 is detailed below:

Remuneration component		CEO	COO & CFO
Fixed remuneration	Base salary	814,385 EUR	794,385 EUR
	Pension[1]	58,346 EUR	30,553 EUR
Variable remuneration	Short-term Incentive One year variable[2]	247,268 EUR	232,581 EUR
	Long-term Incentive Multiple year variable[3]	305,394 EUR	0 EUR
	Final settlement Variable compensation Long-Term[4]		474,843 EUR
Other benefits[5]		69,542 EUR	40,329 EUR
Total remuneration (at the expense of the company)[6]		**1,494,935 EUR**	**1,097,848 EUR**
Proportion of fixed & variable remuneration		63% - 37%	78% - 22%
Settlement agreement			1,636,921 EUR

All amounts are excluding employer social contributions and VAT

1. *Company pension scheme - annual service costs for 2023, as calculated by an actuary.*
2. *Realization of the short-term incentive on the proposal of the Nomination and Remuneration Committee on March 26, 2024.*
3. *For the long-term incentive plan for the years 2022-2024 of the CEO, an advance payment of 25% of the target amount will be paid in April 2024, related to 2023. For 2022, an advance payment of 25% of the target amount was paid in 2023 and already included in the 2022 remuneration report. The final settlement and pay-out of the 2022-2024 plan will take place in 2025. Pay-out of the long term incentive plan 2023-2025 shall take place in 2026. The long-term incentive plans of the COO/CFO are being settled as per point 4 here below.*
4. *For the long-term incentive plan 2022-2024 and 2023-2025 of the COO/CFO, a remaining one-time payment of EUR 474,843 will be paid in 2024 as per the severance agreement.*
5. *Other benefits include life coverage, disability insurance, accident insurance, representation allowance, and a car allowance - all under the same conditions as those applicable to other members of senior management and in line with the representation allowance scheme approved by the Belgian tax authorities. The CEO also has access to a company property for private use.*
6. *Excluding settlement agreement and excluding final settlement of the variable long-term compensation for the COO/CFO.*

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

The group does not grant a minimum threshold of remuneration in shares to the ExCom for the year 2023. This decision was taken because the group believes that a payment in shares does not have a positive impact on decision-making of the ExCom, which is aimed at supporting the long-term vision of the group. This position is reinforced by the presence of a reference shareholder who seeks sustainable value creation within the group.

Settlement agreement

Mr. Stefaan Haspeslagh left the group on December 31, 2023. For this, Stefaan Haspeslagh/Findar bv, represented by Mr. Stefaan Haspeslagh, will receive a settlement agreement payment totaling 1,636,920.63 EUR, excluding the 2023 short term variable compensation and the long term variable compensation (see table Remuneration of the ExCom in 2023).

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 2023.

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 group's performance over the last five years, represented by a year on year growth of revenue and Adjusted EBITDA.

	2023	2022	2021	2020	2019
ExCom					
Total remuneration ExCom*	2,287,389 EUR	3,460,364 EUR	2,702,631 EUR	2,517,218 EUR	2,057,190 EUR
Change year to year	-33.9%	+28.0%	+7.4%	+22.4%	-4.8%
Company performance					
Revenue (change year to year)	+13.2%	+24.4%	+19.8%	-0.3%	+7.5%
Adjusted EBITDA (change year to year)	-26.7%	+22.8%	+12.6%	+17.5%	+50.6%
Average FTE salary increase**	+2.8%	+10.1%	+4.9%	+1.5%	+3.6%

** 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 2023 remuneration of the CEO to the 2023 remuneration of the lowest paid fulltime Tessenderlo Group employee. The remuneration includes base salary only. Variable remuneration, employee benefits & employer social security charges are not included.

	2023
Ratio remuneration CEO vs remuneration lowest Tessenderlo Group employee	1/19

Shareholders' vote

This Remuneration Report 2023 was approved by the Nomination and Remuneration Committee on March 26, 2024, and approved by the Board of Directors on the same day. The Remuneration Report 2023 is to be submitted for approval at the General Meeting of Shareholders on May 14, 2024. This remuneration report is also in line with the proposed Remuneration Policy 2023 which was approved at the General Meeting of Shareholders on May 9, 2023.

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 group has a Compliance Coordination Committee. This committee is composed of delegates from various headquarters functions and examines the group'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 group 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 group'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 group 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 group 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 group 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 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)	2023			
	Audit	Audit related	Other	Total
KPMG (Belgium)	0.5	0.1	0.1	0.7
KPMG (outside Belgium)	0.7	0.0	0.0	0.8
Total	**1.3**	**0.1**	**0.1**	**1.4**

(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**

Subsequent events

On January 19, 2024, a major fire incident occurred in a building next to an external warehouse of PB Gelatins UK Ltd. (Bio-valorization segment) in Bridgend, which was used for the storage of gelatin products. The stored inventory, which had a gross carrying amount of approximately 9.7 million GBP, was affected. Although the stock is insured, it is not yet certain that the gross value will be fully recovered from the insurance proceeds. The impact on the operational and commercial activities of PB Gelatins UK Ltd. is expected to be limited.

Application of art. 7:96 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, 2023, and April 3, 2023, a conflict of interest concerning the ExCom members who form part of the Board of Directors was noted in connection with their fees for the year 2022 and 2023. During the meetings on March 22, 2023, and May 9, 2023, a conflict of interest concerning Mr. Luc Tack, ExCom member and member of the Board of Directors, and Mr. Patrick Steverlynck was also noted in connection with the approval of the share repurchase program.

On October 25, 2023, meeting of the Board of Directors, a conflict of interest was noted in respect of Mr. Stefaan Haspeslagh, a member of the Board of Directors, in connection with the approval of the severance agreement between Tessenderlo Group nv, Tessenderlo Chemie International nv, Findar bv and Mr. Stefaan Haspeslagh.

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.

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 repurchase of own shares for a maximum amount of 20 million EUR. This authorization is valid until March 31, 2023.

On March 22, 2023, the Board of Directors approved the decision to repurchase own shares for a maximum amount of 40 million EUR. This authorization is valid until March 31, 2024.

Tessenderlo Group is party to the contracts listed below, which come into effect, are amended or expire in the event that Tessenderlo Group 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 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 (Mr. 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);

Dividend policy

Tessenderlo Group paid dividends in 2023 relating to the financial year that ended on December 31, 2022.

The Board of Directors will propose to the shareholders, at the annual shareholders' meeting of May 14, 2024, to approve a dividend distribution of 63.3 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, 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 2023, 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 group, given the presence of a reference shareholder who aims to create sustainable value within the Company.

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 2023 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 concluded an agreement with its reference shareholder Oostiep Group bv given its representation on the Board of Directors of the Tessenderlo Group.

Brussels, March 26, 2024
On behalf of the Board of Directors

Luc Tack (*) CEO	Stefaan Haspeslagh Chairman of the Board of Directors

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SUSTAINABILITY REPORT

2023

Table of content

Our sustainability strategy

Word from our CEO

> **“ The Corporate Sustainability Reporting Directive is an invitation to recalibrate our sustainability focus, in consultation with all our stakeholders.**

At Tessenderlo Group, our activities cover a highly diverse range of sectors and markets. Despite the complex group structure that has developed over the years, we have always shared an innate drive to use our resources at our disposal to the fullest: “Every Molecule Counts.”

When our group first started out, over 100 years ago, we used sulfur, recovered from the petrochemical industry, to produce mineral fertilizers. To this day, we are still continuously improving these fertilizers so we can help feed the world’s growing population as effectively as possible. And our efforts didn’t stop there. When we make those sulfur-based fertilizers, a side-stream of hydrochloric acid is released. Long before the concept of upcycling caught on, our group decided we did not want to let this side-stream go to waste, so we sought to develop new applications for it. That is how we started to make gelatin and collagen for use in food and health applications. It’s also how we got to start making ferric chloride for water treatment, supplying the city of Paris with fresh drinking water. Meanwhile, another company in an entirely different segment is producing high tech castings from scrap metal, giving the molecules a second and even third life.

“Every Molecule Counts” is an approach to sustainability that is ingrained in our DNA. And with the evolving global Environmental, Social, and Governance (ESG) insights, our ability to make each of our actions and our resources count is being taken even further. We are developing more structural and systematically sustainable frameworks in other areas as well. Climate change mitigation is a good example: I’m pleased to report that despite the complexity of our many activities and the fact we have a global presence, we were able to comprehensively map our carbon footprint in 2023. The next step, which we will take this year, will involve formulating targets to ensure we further improve our impact.

For this year’s sustainability reporting, we are preparing for the implementation of the new European reporting standard, the EU Corporate Sustainability Reporting Directive (CSRD). For us, the concept of double materiality that is introduced in this directive is an opportunity to recalibrate our sustainability focus. By engaging with all our stakeholders and taking both an outside-in, as well as an inside-out view, we are able to establish clearly formulated Corporate Social Responsibility (CSR) spearpoints, and develop corresponding strategic roadmaps.

Bearing in mind the diverse range of activities and markets in which we operate, our sustainability journey will inevitably run at different speeds. Each segment and each business unit has defined its own distinct CSR focus points. However, irrespective of sector specifics, we believe our conviction that “Every Molecule Counts”, combined with the guidance and framework provided by the CSRD will help us bolster all our sustainability efforts.

We are on the move!

Luc Tack
CEO

What's new in this year's report?

This year's report marks a significant stride toward implementing the new EU Corporate Sustainability Reporting Directive. We have introduced new concepts, like double materiality and updated taxonomy reporting, alongside expanded material topic reporting coverage.

Additionally, we have revamped the report's structure for enhanced clarity and readability, aiming to bolster transparency and streamline our sustainability efforts.

The integration of Picanol Group into Tessenderlo Group in 2023 added complexity, requiring harmonization of KPIs. All 2023 data in this report represent the united group we are today.

As announced last year, this report is the first to present our group's full scope of carbon emissions.

Our commitment to enhancing disclosure and transparency on ESG matters aligns with evolving reporting guidelines and stakeholders' expectations.

The value we create

Group overview

Every Molecule Counts

We are more than 7,500 colleagues, collaborating around the globe, operating in very diverse industrial segments: Agro, Bio-valorization, Industrial Solutions, Machines & Technologies and T-Power. What unites the group is our conviction that Every Molecule Counts.

The world today faces great challenges. Nevertheless, at Tessenderlo Group, we are optimistic. Optimistic in our belief that prosperity and sustainability can go hand in hand. We believe that there is uncovered value and potential everywhere: in the resources we use, in our processes, and in ourselves.

This can be in the big things: many of our products are about recovering side-streams and discarded materials to upcycle them into valuable essential applications for everyday life - think, for example, organic fertilizers or gelatin for pharmaceutical capsules made from animal by-products, purification of water obtained with residue chemical compounds from our fertilizer production, or durable high-tech castings made from scrap metal. We uncover value where most would never even imagine it exists.

We are equally unrelenting in enhancing efficiency and using our potential to the fullest. Our fertilizers, for example, provide crops with the nutrients they sorely need, whilst also nurturing the soil they grow in. Our pipe systems reduce water leakages and support the flow of energy and air. Our weaving machines are optimized to cause ever less waste fiber and reduce energy consumption.

But it's also in the smaller things: we incorporate recycled materials in our pipe systems, and we are progressively favoring transport via water, rather than clogging our roads. Big or small, it all counts. Every single one of these actions is breaking fresh ground to realize our sustainable path forward.

To consistently keep progressing, you need entrepreneurial spirit. We've got that covered. We owe the impact we have and size that we are today to the initiative and smart ideas of our people over the years. But patience is also key for us to tenaciously keep pushing the needle. You might think that we have a bit less of that based on the many projects we undertake. But consider this: our drive to make Every Molecule Count is nothing new. It is something we have always done. Because our founders, back in the 1900s, started off by processing simple raw materials and persistently seeking new and better uses for these materials and their derivatives.

Since then, our group has been steadily growing, and continuously reinvesting. We won't stop this.

Environmental, Social, and Governance bio of each of our business units

Our Agro segment

Crop Vitality

Crop Vitality follows the 4Rs of nutrient stewardship: the Right Source and Right Rate at the Right Time and the Right Place. We put those guidelines into practice through our Tessenderlo Kerley line of sustainable crop nutrition products that assist growers in their mission of feeding the world.

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. 4R agricultural practices like precise fertilizer placement enable growers to use less product and lower their water use. Our combination of high-efficiency fertilizers and the 4R principles helps to maximize yields and reduces nutrients lost to air or runoff to waterways. The proper use of crop nutrition products limits the need to clear more precious land for additional crop production, while maintaining the yields we need to feed the world.

Every time a crop is grown and harvested, nutrients are taken from the soil and must be replaced 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 growth.

Crop Vitality's research and field testing have led to new products and discoveries that help increase growers' crop yields. In 2022, we began production of MAJOR 90®, an organic fertilizer listed by the Organic Materials Review Institute (OMRI) that delivers needed elemental sulfur to a wide variety of crops. In addition, our research into nitrification inhibition has revealed the value of our fertilizers containing thiosulfates in reducing nitrogen loss while providing essential sulfur for crops – an important breakthrough as growers continue to push for higher yields on reduced acreage.

As steward of the land we provide growers with training based on our research and supply them with our line of sustainable crop nutrition products, we continue to give them the tools and resources they need to improve their soil and crop health, maximize yields on minimal acreage, and meet the food demands of a growing global population.

Tessenderlo Kerley International

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. Via trainings, we give growers 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 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

Growers continue to face challenges presented by pests, weeds, disease and climate change, all of which threaten to reduce their crop yields. NovaSource's line of crop protection products help growers to overcome these challenges using our insecticides, herbicides, fungicides and sun protectants.

Our line includes organic and naturally sourced products to help combat plant diseases and provide protection from sun damage. Surround®, one of our organic products, protects crops from damaging effects from high heat and intense sunlight.

Through the responsible use of NovaSource's crop protection products, growers continue to navigate threats to their crop yields and provide the world with nutritious, abundant and affordable food.

Violleau

At 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.

Our Bio-valorization segment

PB Leiner

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

And that is not all. We also produce dicalcium phosphate (DCP) from animal origin, which is suitable for animal feed. This phosphor source replaces phosphorus from mining in the feed sector, thus counteracting 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 energy consumption and CO_2 footprint and invest in the electrification of our industrial processes.

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. We specialize in rendering activities and the production of high-value proteins and fats derived from animal by-products and other organic sources. In doing so, we are a link in an intelligent chain based on the recovery and valorization of co-products, by-products, and fallen stock. 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 from the breeders and the meat industry (e.g. slaughterhouses, butchers,…) and from 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 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 pet food.
- By collecting bones from slaughterhouses, we are also able to extract ossein from bone minerals, used in gelatin production.
- Sanitary safety : by collecting fallen stock from the breeders in a timely manner, we prevent diseases development and protect the environment as well as animal and human health.

Our Industrial Solutions segment

DYKA Group

DYKA Group is much more than just a manufacturer or distributor of plastic pipe systems and fittings. By transporting water, air, and other energy sources in a reliable, efficient, and sustainable way, we do our bit for a better planet every day. Moreover, we do this with recycled or recyclable materials. We can therefore proudly say that we are "Nature's Network".

We are living in an ever-changing world wherein DYKA Group provides added value solutions for growing needs related to urbanisation, an increasing scarcity and abundance of water, a massive energy challenge, climate change, and a greater demand for a more comfortable, secure and healthy lifestyle. We are constantly diversifying our product range to ensure that we can respond to these challenges.

DYKA Group's sustainability program

A lot of our existing products already help our customers, end users, and other people in becoming more sustainable. At the same time, we are embedding sustainability further into our operations and processes. Together with all of our employees, we focus on our sustainability program which consists of three pillars: Circularity, People and Continuous Improvement. This program covers nine United Nations' Sustainable Development Goals. All specific and timebound target are to be found on www.dyka.com.

Sustainability program: Circularity

The first pillar of our sustainability program is Circularity. We want to prevent raw materials becoming waste and we want to minimize our emissions. The pillar circularity features four specific topics: responsible water management, reducing our CO_{2-} footprint, material efficiency and waste management.

A great example of our circularity efforts are shown in the use of recyclates. Incorporating recycled materials into our piping systems reduce the need for finite resources and landfill. In the production of the intermediate layer of our PVC (polyvinylchloride) 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 (polypropylene) materials in injection molded products has increased in recent years (e.g. Rainbox infiltration boxes and inspection chamber bases). Finally, our DYKA plants in the Netherlands (Steenwijk) and France (Sainte-Austreberthe) can deliver bio-circular PVC, which is made from ethylene linked to biogenetic waste origin, from food and forestry-sector residual and waste streams, a process guaranteed by ISCC PLUS.

Sustainability program: People

The second pillar of our sustainability program is People. This pillar focuses on a safe, inclusive, and empowering work environment:

- Safety is our number one priority, which is why we are committed to provide a safe and healthy workplace for our employees.
- Concerning education, our aim is for all of our employees to regularly complete sustainability and other training sessions. With the new Learning Management System, we have already taken a great step towards achieving this aim.
- We want to focus on having a more diverse and inclusive workforce.

Sustainability program: Continuous Improvement

The third pillar of our sustainability program is Continuous Improvement. This pillar focuses on sustainable innovation and strengthening our sustainability performance.

One important example of our aim within sustainable innovation is that all new launched products shall be designed in a way that they are recyclable or reusable and that all new products will feature improved sustainability performance compared to their predecessors.

Kuhlmann Europe

At Kuhlmann Europe, we bring solutions to treat and recycle waste 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 one of Europe's leading inorganic coagulant producers 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. Another source of iron, a co-product of the metallurgical industry called Mill Scales, can be used as a raw material for the production of ferric chloride.

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

moleko[4]

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

Circularity in the chemical industry demands differentiation, sustainable practices and the efficient use of every molecule. Moleko plays a vital role in assisting and enhancing the businesses of its customers through its essential chemistries. This includes key segments such as energy transition via effective copper production and water purification.

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.

[4] *Please note that all Tessenderlo Kerley, Inc. (TKI)-produced products are reported under the Agro segment (the energy and water consumption of TKI is fully included in the Agro segment). Tessenderlo Kerley, Inc. comprises the Crop Vitality, NovaSource, and moleko business units of Tessenderlo Group. Please see Reporting method and framework on page 142.*

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 non-hazardous chemistry, protecting equipment, and reducing potential environmental emissions.

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

Moleko is committed to finding innovative ways to reduce waste. We upcycle by-product gases from refineries and convert them into value-added chemistry while ensuring world-class environmental performance. 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.

Our Machines & Technologies segment

Picanol Group

Picanol

When it comes to preventing waste and reducing energy consumption, Picanol has long faced up to its responsibility. We have demonstrated this with our pioneering Sumo Drive. Introduced back in 1996, it is still the most energy-efficient main drive available. Sustainability is also about waste management. We not only reduce waste but also try to avoid it completely. Our EcoFill feature is an excellent example of this. Breakthrough developments such as the Blue22 generation of prewinders make it possible to minimize the waste length even while the machine is running. Here too, technology helps us to create possibilities that were unthinkable before. So we can even dream of a machine tuning itself!

Proferro

At Proferro, we believe that every ending is a new beginning. This is a sustainable conviction that we live up to on a daily basis by focusing on circular production, energy efficiency, and a wide range of environmentally friendly initiatives. We aim to set a new standard in the foundry industry, combining our passion for excellence with a deep respect for the environment. At Proferro, we believe that a fundamental part of sustainability involves reusing and recycling materials. Here, high-tech parts are made from materials that are at least 80% recycled. Therefore, it involves utilizing steel scrap from the metal and construction sectors, to save it from consignment to waste. We process this scrap metal into high-quality cast iron, which is a metal that is 100% recyclable while retaining its exceptional strength and flexibility.

Psicontrol

Psicontrol develops the brains of energy-saving products with its custom-made controllers, helping customers to pursue their sustainability ambitions. With a clever combination of intelligent control algorithms, coupled with sensors and actuators, the customer can thus make his product more sustainable and efficient.

Our T-Power segment

Since June 2011, T-Power has been operating a CCGT plant (Combined Cycle Gas Turbine) on the Tessenderlo Group site in Tessenderlo (Belgium). In combined cycle power plants a gas turbine generator generates electricity while the exhaust heat from the gas turbine is utilized to generate steam by passing it through a heat recovery steam generator. This steam is used to generate additional electricity via a steam turbine. As a result, approximately two-thirds of the combustion heat is recovered. This combination of two power generation cycles enhances the efficiency of the plant. 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 increasingly important due to the rising share of fluctuating energy sources in the power grid, such as wind - and solar power. 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.

Towards a sustainability strategy

As our different segments and business units are operating in very diverse markets and environments, the sustainability journey and spearpoints are different for each one. DYKA Group, for example, is clearly at a more advanced stage of maturity, in part because of the requirements of the construction sector, which are more advanced than other sectors. Regardless of sector specifics, our general approach to sustainability remains the same throughout Tessenderlo Group. Below is an overview of the different stages in our sustainability approach.

General approach

Stakeholder engagement matrix

In today's dynamic and interconnected world, companies must actively involve stakeholders in decision-making processes to ensure alignment with their interests, needs and expectations. This overview provides an overview of our stakeholder interaction: how we engage with them, and what the most important topics in 2023 were. Through stakeholder management we strive to enhance transparency, build trust, mitigate risks and drive sustainable growth.

Who do we engage with?	Why do we engage?	How do we engage?	Recurring topics in 2023
Customers	Building strong relationships with our customers is essential to realizing business success. We also want to keep our finger on the pulse regarding (macro) economic developments and to understand and anticipate our customers' changing needs in order to remain a reliable and steadfast partner.	One-on-one meetings, customer events, training sessions, trade fairs, online activities and campaigns (advertising, press, and social media), customer satisfaction surveys, etc.	Products and services, pricing, delivery and quality performance, product safety, sustainability progress (including carbon footprints and CSRD preparations), global crises and their potential impacts on our operations and logistics, etc.
Employees	When our people are thriving, our business will flourish. We depend on the active engagement of our employees to be able to deliver on our promises and to keep developing and implementing our long-term strategy.	Town hall meetings and calls, regular meetings with works councils, the performance review process, regular training sessions and awareness programs, regular team meetings, engagement surveys, social events, intranet, narrowcasting, etc.	Business and company performance, well-being at work, transformational leadership, CSRD preparedness (including carbon footprint, double materiality update, etc.), the integration of Picanol Group into Tessenderlo Group, organizational changes, etc.
Suppliers	Durable and close partnerships with our suppliers not only safeguard smooth operations and a steady supply of key raw materials. As part of a larger value chain, we have to work closely together to consistently keep pushing the boundaries of responsible and social entrepreneurship.	Meetings, e-mails, calls, supplier visits, etc.	Product/service information, pricing, supply disruptions due to geo-political issues, upcoming regulations and impacts, etc.
Local communities	As an integral part of the local communities in which we are embedded, we want to contribute to making them sustainably good places to live. We engage to understand local needs and concerns, ensure safety, and minimize inconveniences.	Meetings with local stakeholders (neighbors, educational and non-governmental institutions, local policymakers, etc.).	A broad range of topics depending on region, activity, and current affairs.

Who do we engage with?	Why do we engage?	How do we engage?	Recurring topics in 2023
Academia, Research & development	To break new ground with regard to product and process innovation, we partner with academic institutions around the world. We look to them for support and guidance in innovation and seek objective, science-based feedback from them.	Collaborations, research, scientific agricultural field trials, publications, lectures and training sessions, company visits, trainee programs and internships, thesis collaborations, networking, etc.	A broad range of specialty topics, including collagen and hydrolysates, tissue engineering with 3D printable gelatin, new fertilizers, fertilizer processes, etc. Collaborations with universities and technical institutes.
Regulators, Policymakers	To meet increasingly complex regulations relating to our products and processes.	Engagement through industry associations, specialist meetings, and seminars.	A broad range of topics, depending on region, activity, and current affairs.
Shareholders, Financial institutions	Demonstrating transparency towards our shareholders and keeping them informed is essential to ensuring long-term shareholder engagement.	Regulated reporting, press releases, conference calls, annual shareholder meetings, etc.	Key topics include financial performance and regulated reporting on shareholder structure and the repurchase of shares, regulated disclosures, leadership changes, the Picanol Group / Tessenderlo Group merger, etc.

Megatrends and impacts

Just like any other organization, certain megatrends and challenges require our group to think forward and innovate and adapt accordingly. We have identified five global shifts that we need to address as a matter of priority.

Energy transition

Global warming poses a serious risk to our environment, society, and economy. The transition to net zero is fundamentally reshaping the business landscape. We are committed to reducing our greenhouse gas emissions and shifting to more renewable and low-carbon sources of energy while ensuring reliability and affordability for our customers. At the same time, we must continue to monitor financial and reputational risks, and spot opportunities in the years to come.

Material scarcity and circularity

The depletion of natural resources and the accumulation of waste can put pressure on the cost and quality of produced goods. That is why we have always strived to use the resources at our disposal better, with “Every Molecule Counts” remaining our firm conviction. We adopt upcycling principles and continuously look to enhance efficiency and yield wherever possible.

Better use of water

The scarcity and pollution of water limit our operations and harm the communities we serve. We are dedicated to conserving and protecting water, as it is essential for our operations and the well-being of our local communities. Improved water footprints through sustained reuse and even closed circularity for all our sites are key for our future.

Digitalization

Digital tools, automation, data collection, analytics, and artificial intelligence are transforming the world and can disrupt our business models. Leveraging the power of digitalization offers great opportunities to gain a competitive advantage, improve efficiency, and enhance customer experience. However, we must also address challenges related to workforce skills, data security, and compliance.

Growing world population

We live on an increasingly crowded planet, with the world population expected to reach nearly 10 billion people by 2050. This increase will inevitably have an impact on many macro trends, such as climate change, the availability of natural resources and land, and the precarity of certain ecosystems. While living standards are improving for many, climate change is threatening the livelihood of others. As an enterprise, we need to invest in evolving products and services, be able to provide better yields, preserve the earth’s capacity to regenerate, rely less on fossil fuel, and accommodate dietary shifts.

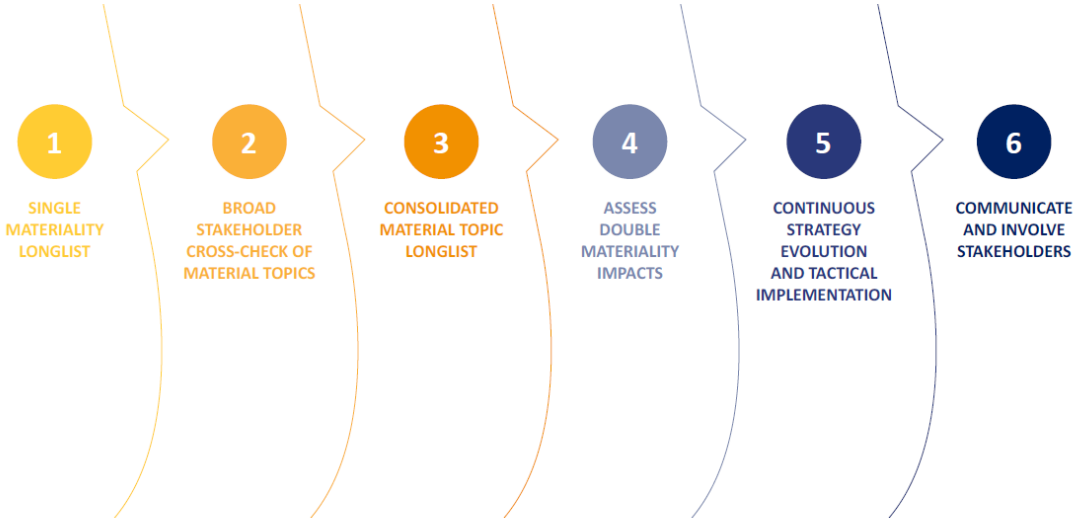
Double materiality

The EU Corporate Sustainability Reporting Directive (CSRD) is more than just a pivotal point in sustainability reporting. The concept of double materiality also offers new guidance on how organizations can prioritize within the vast array of sustainability efforts before them. In the past, materiality assessments only considered how an organization's actions affected the outside world (environment, social, etc.). However, with the growing understanding that a company's actions and the world's bigger problems are intricately connected, double materiality adds the dimension of how the external environment affects organizations and their business value. Just a few examples of how climate change inevitably entails risks for businesses: potential supply chain disruption, extreme weather damage, but also changing consumer behavior in the wake of global warming awareness.

Hence, we decided to move forward by updating our previously single materiality study into a double materiality study in 2023. This involved carefully examining the interaction between economic, environmental, social and governance factors in a two-dimensional way: the impact of our business on ESG on the one hand, and the impact of environmental and social trends on our business on the other hand.

How we approach and implement double materiality

The materiality study forms the basis for our ESG report. The process and implications are visualized below.



1. Single materiality longlist

We started from the materiality study we made in 2021, adding desktop research benchmarks of peer industries and market analysis, and we discussed topics with company experts and aligned with our enterprise risk management. Out of this combined input, we generated a long list of topics that are potentially material to Tessenderlo Group.

2. Broad stakeholder cross-check of material topics

We conducted qualitative surveys and live interviews with 83 stakeholders (customers, suppliers, board members, other external stakeholders, internal leaders, and experts, in a rough 50/50 split internal/external). The surveys included in-depth questions on the material longlist, but also open-ended questions on broad ESG threats and opportunities.

3. Consolidated material topic longlist

We reviewed and consolidated all the inputs to establish a materiality impact long list and prioritized the inside-out view, i.e. the impact of our business on environment and social.

4. Assess double materiality impacts

For all material topics, we assessed risks and opportunities, and quantified financial performance impacts. We looked at financial, reputational, regulatory, operational, people and safety impacts and used this to estimate an impact value on our financials. Some materiality topics have both opportunities and risks. We further ranked these in a consolidated matrix view. For some topics we rate the opportunity higher than the risk and vice versa. It is our target to mitigate risks or to turn them into opportunities over time. Financial impact can be reviewed and updated every year.

5. Continuous strategy evolution and tactical implementation

With this new input, our strategic framework is evolving and we redefine targets, actions and KPIs where necessary. We will further optimize our double materiality study in 2024.

6. Communicate and involve stakeholders

We share the strategic framework and results with our stakeholders, both internally and externally (annual results, etc.).

Tessenderlo Group materiality topics and how we defined them

We carried out a number of interviews and surveys with both internal and external stakeholders. Based on their input, the following 15 topics have been identified as having a material impact on people or the environment over the short, medium, or long term. For each of these topics, we added their definitions to clarify how we understand them. Moreover, the topics have been ranked in importance, based on how they were weighed by all interviewed/surveyed stakeholders.

Material topics and how we understand them

TIER 1 MATERIALITY TOPICS				
	Topic	**Definition**	**ESRS[5]**	**SDG[6]**
1	**Health, safety, and well-being at work**	Keeping all our employees, contractors, and neighboring communities safe against risks generated by our operations. Nothing we do, is worth getting hurt for. In addition, we ensure a balance of the physical, mental, and emotional well-being of our employees. This encompasses factors such as work-life balance, supportive relationships, job security, and a positive work culture. We make sure we have procedures in place for emergency and security risks.	S1 own workforce	3 Good health and well-being; 5 Gender equality; 8 Decent work and economic growth; 10 Reduced inequalities
2	**Climate: Decarbonization of the energy consumption of our operations and value chains (GHG emissions)**	Mitigating climate change by reducing GHG emissions and adapting our assets, processes, and products to decarbonize. Improving our energy mix and transition to green energy.	E1 climate change	7 Affordable and clean energy; 9 Industry, innovation and infrastructure; 12 Responsible consumption and production; 13 Climate action

[5] *More details on the European Sustainability Reporting Standards (ESRS) can be found here: https://www.efrag.org/lab6*
[6] *More information on the United Nations Sustainable Development Goals (SDG) can be found here: THE 17 GOALS | Sustainable Development (un.org).*

TIER 1 MATERIALITY TOPICS				
Topic		**Definition**	**ESRS**	**SDG**
3	**Upholding responsible, ethical, and sustainable business practices across our value chains**	Responsible value chains refer to upholding ethical and sustainable practices adopted by businesses across our entire value chain. This involves conducting operations ethically and transparently, without engaging in corruption, bribery, or deceptive practices. It also includes respecting and upholding the labor rights and human rights of everyone across the entire value chain. In other words, no child labor, safe working conditions, freedom of association, and collective bargaining rights. We also strive to source our inputs in a way that minimizes environmental impact, look for sustainable alternatives, and work towards securing key raw materials in the future.	G1 business conduct S2 workers in the value chain	1 NO POVERTY; 3 GOOD HEALTH AND WELL-BEING; 5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
4	**Sustainable profitability**	Safeguarding the profitability of our business while transitioning to a more sustainable future. Providing a framework to ensure investments/M&A are sustainable (or made more sustainable) and profitable in the long term.	ESRS (strategy part)	1 NO POVERTY; 8 DECENT WORK AND ECONOMIC GROWTH; 13 CLIMATE ACTION
5	**Circularity, recycling, and waste reduction**	Waste reduction involves practices aimed at minimizing the amount of waste generated, by ensuring operational excellence, reusing or revalorizing waste streams, recycling whenever possible, and responsibly disposing of any remaining waste.	ESRS E5	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
6	**Pollution**	We continuously assess our risks regarding pollution. We manage and mitigate our environmental impact, adhere to regulations, and engage in sustainable practices and production processes to reduce our pollution levels. This includes air, water, waste disposal, soil contamination, odors, and more.	ESRS E2	12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 14 LIFE BELOW WATER; 15 LIFE ON LAND
7	**Safe and sustainable products**	We make sure that our products are free from unreasonable risk of harm when used as intended. We ensure product safety by adhering to all applicable safety standards and regulations, proper labeling, and providing instructions for safe use. In addition, we strive to make our products more sustainable and improve sustainability features by further developing and investing in production processes. The goal here is to protect consumers and users from harm and comply with legal and ethical obligations regarding the safety and environmental impact of our products and services.	ESRS S4 and all E	12 RESPONSIBLE CONSUMPTION AND PRODUCTION

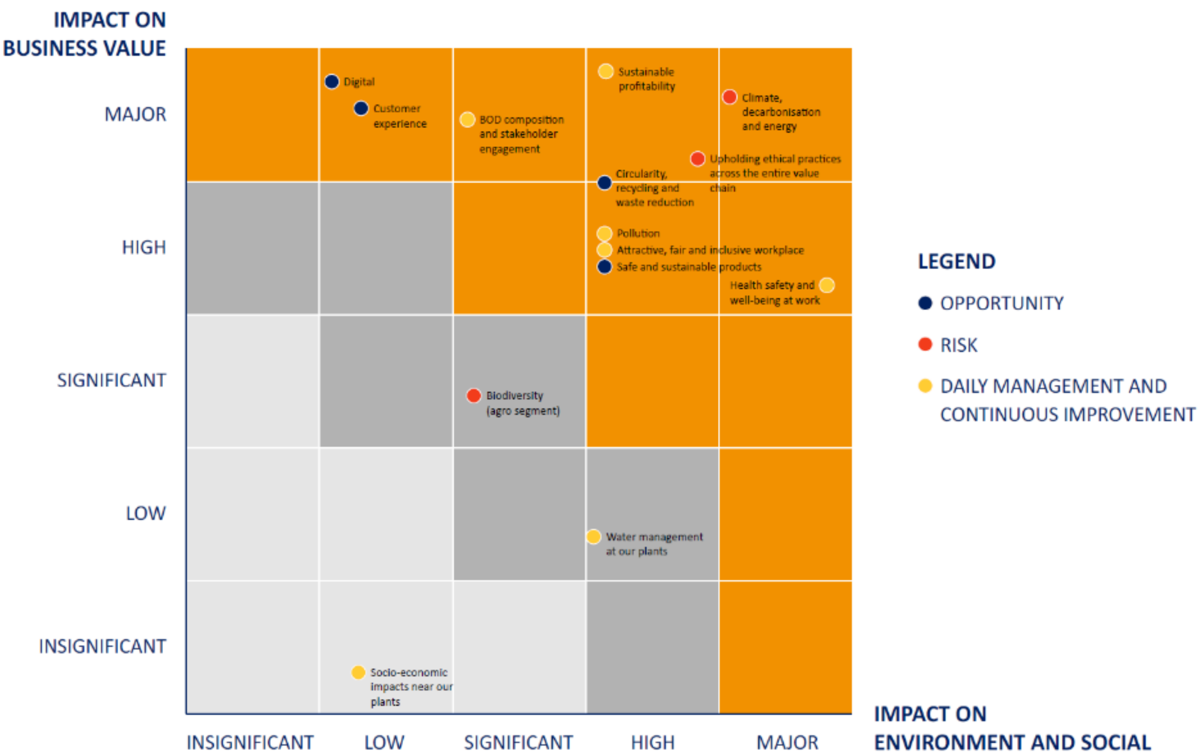
TIER 1 MATERIALITY TOPICS				
Topic		**Definition**	**ESRS**	**SDG**
8	**Water management at our plants**	Ensuring the responsible and efficient use, conservation, and treatment of water resources within our company. It includes reducing water consumption, recycling, and reusing water where feasible, and implementing wastewater treatment to minimize pollution and ensure full compliance with water regulations.	ESRS E3	6 Clean water and sanitation; 12 Responsible consumption and production; 14 Life below water
9	**An attractive, fair and inclusive workplace**	We create an environment where individuals feel valued, respected, supported, and empowered to participate fully. We embrace diversity by ensuring equal opportunities, representation, and involvement in decision-making on all levels of the group. We ensure a workplace that fosters equality, equity, and fairness in treatment. This includes elements such as offering competitive salaries, comprehensive benefits, career opportunities, career development, and a work culture that encourages collaboration, entrepreneurship, work-life balance, supportive leadership, and recognition for achievements.	ESRS S1	3 Good health and well-being; 4 Quality education; 5 Gender equality; 8 Decent work and economic growth
TIER 2 MATERIALITY TOPICS				
10	**Biodiversity**	We strive to understand how our activities, products, and supply chains impact ecosystems, species, and habitats. This includes identifying risks associated with biodiversity loss, opportunities to contribute positively to the conservation and restoration of nature, and how to include these risks in our decision-making process where needed.	ESRS E4	14 Life below water; 15 Life on land; 13 Climate action
11	**Stakeholder engagement & BOD composition**	Ensuring we have the processes, tools, and touchpoints in place to have a dialogue with all stakeholders on material topics. Board composition is in line with our business strategy, our group's attitudes and our long-term vision.	ESRS S (all) and ESRS G1	8 Decent work and economic growth; 12 Responsible consumption and production
12	**Socio-economic impacts on communities near our operations**	Assessing any impacts we have on surrounding communities and avoiding or mitigating negative impacts from our operations, products, and services. Furthermore, it involves assessing how we can contribute positively to local communities.	ESRS S3	11 Sustainable cities and communities; 12 Responsible consumption and production
13	**Customer experience**	Improving customer experience from first contact to usage of our products and services and after service.	ESRS S4	12 Responsible consumption and production
14	**Digitalization / data collection / transparency**	Digitalization and compliant data collection are needed for improved efficiency, traceability, sustainability reporting, operational excellence, and improved customer experience.	ESRS 2 and G1	9 Industry, innovation and infrastructure

This list has then been further analyzed to identify the potential risks and opportunities for our business performance, with an evaluation of potential business value impact.

The outcome of these assessments has been visualized in the below double materiality matrix, showing both dimensions:

- **Single materiality:** identifying material topics where our business has an impact on people or the environment over the short, medium, or long term (inside-out).
- **Double materiality**: identifying the impact of the material topics that have potential risks or opportunities that influence our business value over the short, medium, or long term (outside-in).

Materiality matrix



It is this double materiality matrix that will function as our guide to progress on our sustainability journey. It clearly indicates the inseparable link between sustainability and profitability; one cannot exist without the other, and we can only move forward while balancing both. We use our double materiality to guide our decisions and determine where to put our focus for the years to come. Topics identified as opportunities and risks will get increased focus and resources. Topics identified as daily management will remain a target, to ensure they get the right focus and resources.

Actions and evolutions 2023: Environment

Environmental metrics – overview

KPI MEASUREMENT ESRS	UNIT	RESULTS				TARGET[7]
		2021	2022	2023 (excl. Picanol Group)	2023 (incl. Picanol Group)	
Mitigating climate change and decarbonization – ESRS E1						
ENERGY						
Total energy consumption within Tessenderlo Group[8]	MWh	5,212,371	5,622,415	4,243,122	4,346,579	
NON-RENEWABLE ENERGY						
Total consumption non-renewable energy	MWh	5,212,371	5,555,300	4,182,652	4,285,277	
Fuel consumption from coal and coal products	MWh	100,019	97,927	96,864	140,603	
Fuel consumption from crude oil and petroleum products	MWh	289,969	212,440	173,421	174,948	
Fuel consumption from natural gas	MWh	4,304,719	4,739,344	3,456,680	3,470,039	
Fuel consumption from other non-renewable sources	MWh	104,512	88,400	79,716	79,716	
Energy consumption from nuclear products	MWh	413,152	417,188	375,971	419,973	
Consumption of purchased or acquired electricity, heat, steam, and cooling from non-renewable sources	MWh	449,611	443,584	398,871	442,781	
Total production non-renewable energy	MWh	1,558,410	1,813,410	1,189,163	1,189,163	

All CSR metrics in this report for the financial years 2021 and 2022, unless explicitly stated otherwise, are only applicable to Tessenderlo Group excluding Picanol Group.

[7] *Empty cells indicate target setting ongoing or to start.*
[8] *To improve accuracy, the basis for calculation has been extended. Hence, reported data for 2021 and 2022 are higher than previously reported.*

KPI MEASUREMENT ESRS	UNIT	RESULTS				TARGET
		2021	2022	2023 (excl. Picanol Group)	2023 (incl. Picanol Group)	
RENEWABLE ENERGY						
Total consumption renewable energy	MWh	0	50,142	60,469	61,301	
Fuel consumption from renewable sources (incl. biomass, biogas, non-fossil fuel waste, hydrogen,…)	MWh	0	7,526	0	0	
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	MWh	0	42,616	57,943	57,994	
Consumption of self-generated non-fuel renewable energy	MWh	0	0	2,526	3,308	
Total production renewable energy	MWh	0	0	2,526	3,308	
Energy intensity ratio within Tessenderlo Group[9] [10] [11] [12]	MWh/k€	2.51	2.17	1.84	1.48	
GREENHOUSE GAS (GHG) EMISSIONS						
Gross Scope 1 GHG emissions (incl. Picanol Group)	tCO_2e	Not calculated	1,009,474	Not applicable	767,946	
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (ETS)	%	Not calculated	74%	Not applicable	67%	
Gross Scope 2 GHG emissions (incl. Picanol Group)	tCO_2e	Not calculated	142,573	Not applicable	132,467	
Gross Scope 3 GHG emissions (incl. Picanol Group)	tCO_2e	Not calculated	7,786,417	Not applicable	6,673,699	
Total GHG emissions (incl. Picanol Group)	tCO_2e	Not calculated	8,938,464	Not applicable	7,574,112	
GHG emissions intensity[13]	tCO_2e/k€	Not calculated	3.45	Not applicable	2.59	

[9] *GRI 302-3 b: Tessenderlo Group specific metric (denominator) to calculate the ratio = net revenue*
[10] *GRI 302-3 c: Type of energy included in the intensity ratio = hydrogen, liquid light fuel, liquid heavy fuel, natural gas, coal, coke, wood and steam*
[11] *GRI 302-3 d: The ratio is based on energy consumptions within Tessenderlo Group*
[12] *ESRS E1-5 39: The high climate impact sectors used to determine the energy intensity are: Energy, Manufacturing, Agriculture, Construction and Food and Beverage*
[13] *GHG emissions intensity, denominator: net revenue*

KPI MEASUREMENT ESRS	UNIT	RESULTS				TARGET
		2021	2022	2023 (excl. Picanol Group)	2023 (incl. Picanol Group)	
Countering pollution – ESRS E2						
AIR EMISSIONS						
Sulfur dioxide (SO_2)	kg SO_2	Not measured	630,269	460,820	470,973	
Nitrogen oxides (NO_x)	kg NO_X	Not measured	717,522	620,338	662,287	
Non-methane volatile organic compounds (NMVOC)	kg	Not measured	2,203	3,527	7,045	
Fine particulate matter (PM2,5)	Kg	Not measured	63,289	37,048	41,369	
Ammonia (NH_3)	kg NH_3	Not measured	83,677	86,734	86,734	
Heavy metals	kg	Not measured	220	220	261	
WATER EMISSIONS						
Nitrate (expressed as NO_3-N)	kg NO_3-N	Not measured	161,658	150,044	150,086	
Phosphate (expressed as PO_4-P)	kg PO_4-P	Not measured	19,652	21,040	21,059	
Using water better – ESRS E3						
Total water withdrawal	m³	18,618,262	19,061,692	17,943,478	18,023,972	
Surface water withdrawal	m³	11,638,171	11,709,436	10,625,224	10,666,232	
Ground water withdrawal	m³	4,139,243	4,409,444	4,384,341	4,384,341	
Third-party water withdrawal	m³	2,840,623	2,942,812	2,933,913	2,973,399	
Water intensity ratio (denominator = revenue)	m³/k€	8.96	7.37	7.78	6.16	
Advancing circularity – ESRS E5						
WASTE						
Hazardous waste (official definition of site's country/region)	tons	Not measured	3,218.27	3,001.56	4,177.71	
Non-hazardous waste (official definition of site's country/region)	tons	Not measured	203,284.88	187,771.91	209,321.21	
Nurturing biodiversity – ESRS E4						
KPIs as of 2024						

Energizing shifts

The journey toward net zero requires that we remodel our energy usage: all of our business units are working on how they can not only consume less energy but also on shifting toward clean non-fossil sources. Some examples:

The commissioning in May 2023 of a seven-acre solar panel farm at the **Tessenderlo Kerley, Inc.** plant in Hanford, California (top photo), allowed us to put energy back into California's grid last year.

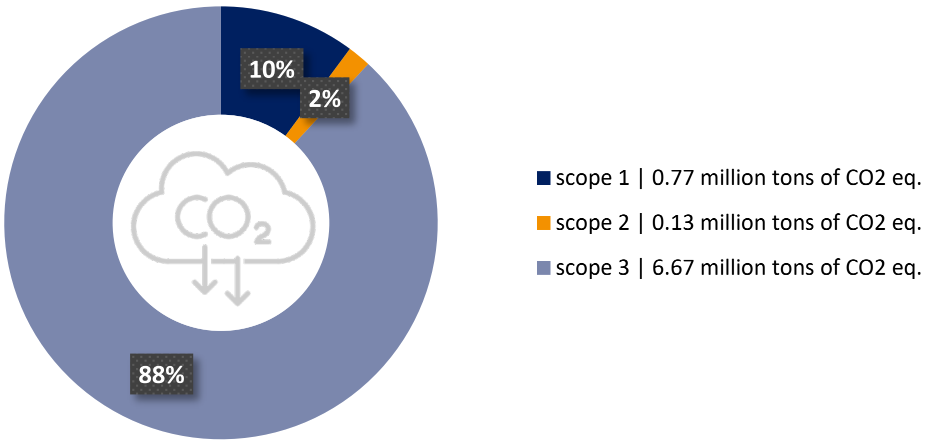
Picanol Group invested in 3,061 solar panels, accounting for a total capacity of 1.73 megawatts for 2024 at the headquarters in Ieper. Those same solar panels also power the 66 new charging units for electric vehicles.

Meanwhile, **DYKA Group** pledged to two decarbonization topics. Firstly, it is aiming for 100% non-fossil-based electricity by 2025 and has already reached up to 50% in 2023. The energy is purchased from (wind and solar) sources external to the organization. Secondly, it is aiming for a 50% reduction of Scope 1 and 2 CO_2 emissions by 2030, for which it is well on track. A great example of this is the electric transport, both from the DYKA Netherlands plant as from the branches, to the construction sites of large projects in Amsterdam.

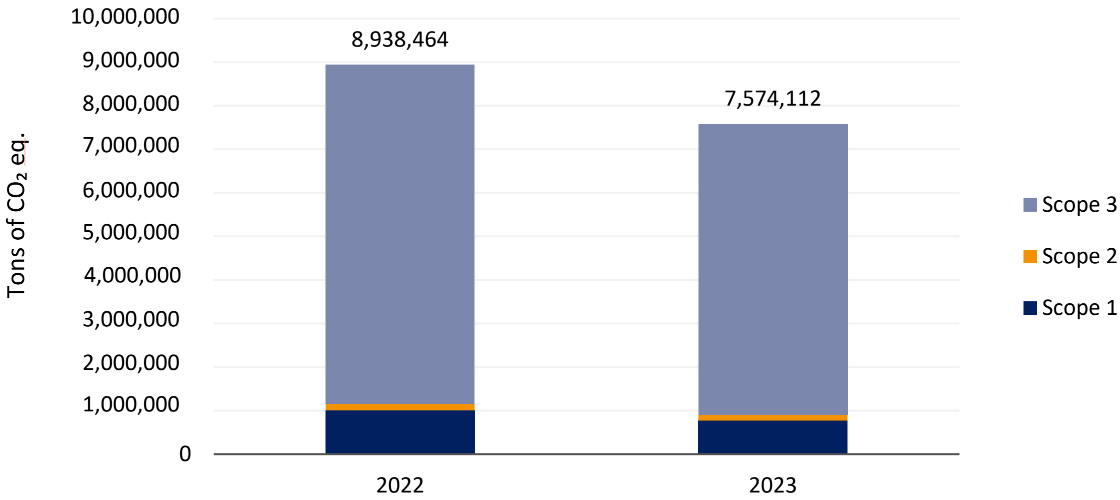
Carbon reporting: scope 1-2-3

Compared to 2022, and in consultation with external assurance, we have slightly adapted our measuring protocol, the full scope of which can be found in Annex 1.

2023 total greenhouse gas emissions by scope[14]



Carbon footprint evolution



Our full scope greenhouse gas emissions in 2023 amounted to 7.57 million tons of CO_2 equivalent, which is 15.3% lower than our emissions in 2022.

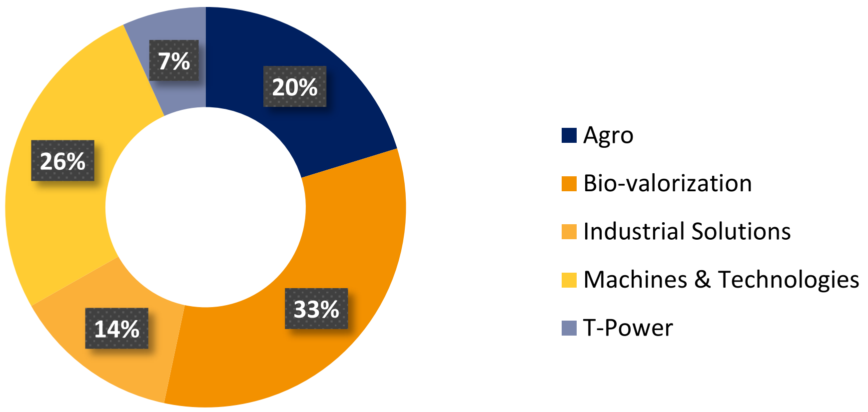
This reduction can largely be attributed to a decrease in sales and production volumes compared to 2022. Reduced sales and the ensuing lower production volumes will understandably lead to a decrease in carbon emissions related to purchased raw materials, manufacturing processes, transport, and energy consumption.

[14] *The GHG protocol identifies three scopes of emissions: Scope 1 | Direct emissions from sources that are owned or controlled by the reporting organization, such as on-site combustion of fossil fuels or emissions from company-owned vehicles. - Scope 2 | Indirect emissions associated with purchased or consumed energy, such as emissions from electricity or heat purchased from an external source. - Scope 3 | Other indirect emissions from sources not owned or controlled by the reporting organization, such as emissions from the production of purchased goods and services or the transportation of products and waste.*

GHG emissions quantification is subject to significant inherent measurement uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values to combine emissions of different gases. Greenhouse gas quantification is unavoidably subject to significant inherent uncertainty as a result of both scientific and estimation uncertainty. Estimation uncertainty can arise because of:

- the inherent uncertainty in quantifying inputs, such as activity data and emission factors, that are used in mathematical models to estimate emissions (measurement uncertainty).
- the inability of such models to precisely and accurately characterize under all circumstances the relationships between various inputs and the resultant emissions (model uncertainty).
- the fact that uncertainty can increase as emission quantities with different levels of measurement and calculation uncertainty are aggregated (aggregation uncertainty).

Carbon footprint by segment[15]



For scopes 1 and 2, the main impact can be observed in our T-Power segment, where reduced running hours gave rise to lower consumption of natural gas for production and, therefore, a considerable reduction in emissions. Some CapEx projects that had an impact on our carbon footprint were completed in 2023, although it is still too early to perceive the impact of those investments. For the 2023 calculations, we also optimized data collection processes and updated emission factors, hence increasing data accuracy. However, this only accounts for minor differences in the 2023 figures.

Moving forward, Tessenderlo Group must continue to implement sustainable practices, strategies, and investments in order to further reduce our carbon footprint and mitigate climate change impact.

The full scope of our carbon footprint now mapped for all our activities and segments, we have started to work on systematic roadmaps to further reducing our footprint. Concrete targets, in line with the Paris Agreement, will be defined and published in the course of 2024.

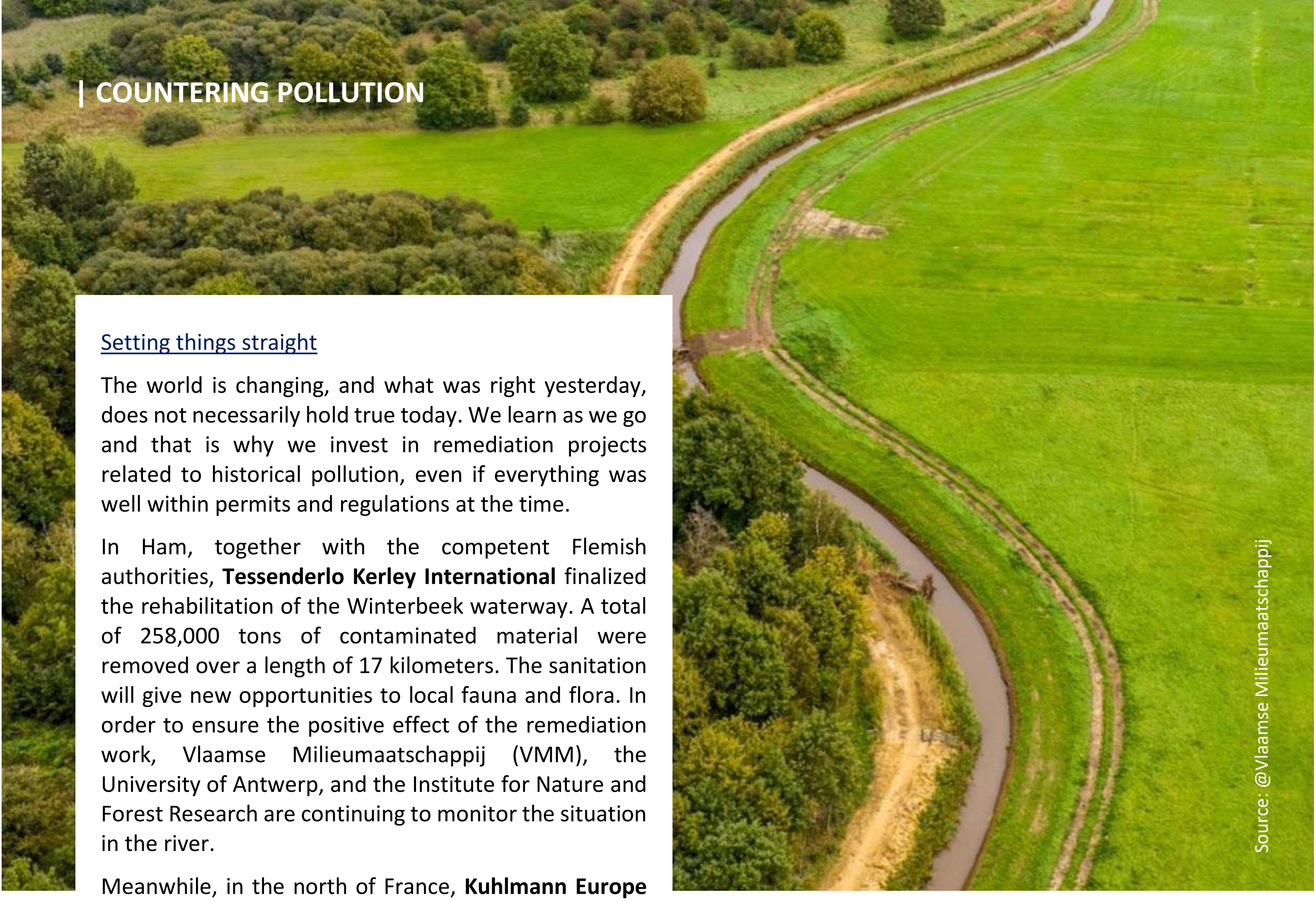
[15] *Please note that all Tessenderlo Kerley, Inc. (TKI)-produced products (Crop Vitality, NovaSource and moleko) are reported under the Agro segment for this carbon footprint report.*

Segment	Unit	Results[16]		
		2021	2022	2023
Mitigating Climate Change & Decarbonization - Energy consumption				
Agro	MWh	388,398	314,130	282,637
Bio-valorization	MWh	1,534,323	1,517,708	1,433,207
Industrial Solutions	MWh	239,472	273,777	211,439
Machines & Technologies	MWh	OOS[17]	OOS	103,457
T-Power	MWh	3,050,179	3,516,799	2,315,838

Segment	Unit[18]	Results		
		2021	2022	2023
Mitigating Climate Change & Decarbonization - Energy intensity				
Agro	MWh/k€	0.48	0.30	0.33
Bio-valorization	MWh/k€	2.39	1.90	1.97
Industrial Solutions	MWh/k€	0.43	0.42	0.33
Machines & Technologies	MWh/k€	OOS	OOS	0.17
T-Power	MWh/k€	42.83	43.66	30.18

Segment	Unit	Results		
		2021	2022	2023
Mitigating Climate Change & Decarbonization - Renewable Energy Consumption				
Agro	MWh	0	0	2,526
Bio-valorization	MWh	0	2,836	2,735
Industrial Solutions	MWh	0	47,306	55,208
Machines & Technologies	MWh	OOS	OOS	832
T-Power	MWh	0	0	0

[16] Data sources updated with increased accuracy, compared to Annual Report 2022.
[17] OOS = Out Of Scope. Before the integration of Picanol Group into Tessenderlo Group.
[18] Following the integration of Picanol Group into Tessenderlo Group, we have adapted the calculation of Energy Intensity.



Source: @Vlaamse Milieumaatschappij

Setting things straight

The world is changing, and what was right yesterday, does not necessarily hold true today. We learn as we go and that is why we invest in remediation projects related to historical pollution, even if everything was well within permits and regulations at the time.

In Ham, together with the competent Flemish authorities, **Tessenderlo Kerley International** finalized the rehabilitation of the Winterbeek waterway. A total of 258,000 tons of contaminated material were removed over a length of 17 kilometers. The sanitation will give new opportunities to local fauna and flora. In order to ensure the positive effect of the remediation work, Vlaamse Milieumaatschappij (VMM), the University of Antwerp, and the Institute for Nature and Forest Research are continuing to monitor the situation in the river.

Meanwhile, in the north of France, **Kuhlmann Europe** has embarked on the clean-up of 21,000 m^3 of historically polluted soil. This approach involves the separation of contaminated soil based on distinct metals, enabling us to repurpose the uncontaminated soil and subject the remainder to tailored treatments.

T-Power, in turn, worked to reduce its consumption of hypochlorite in cooling water. Lowering the dosage frequency required careful monitoring of the condenser performance and continuous scanning for unwanted bacterial growth. The team's combined efforts paid off significantly as consumption decreased by almost one-third.

Pollution management

Pollution management is critical for environmental preservation and safeguarding ecosystems. Pollution can impact air, water, soil, noise, waste, and biodiversity, which can lead to health risks and non-compliance with regulations. To view our pollution KPI, please refer to the KPI overview at the beginning of this section on environment (p. 90). Meanwhile, some illustrations of how our group implements initiatives against pollution can be found on the previous page.

When it comes to governance, most of our plants already have the ISO 14001 standard in place. ISO 14001 is an internationally agreed standard that sets out the requirements for an environmental management system. It helps organizations improve their environmental performance through the more efficient use of resources and reduction of waste.

In the years to come, we will continue to improve our pollution management practices and take further steps to reduce pollution.

Segment	Unit	Results[19]		
		2021	2022	2023
Countering pollution - Water emissions				
Nitrate				
Agro	kg NO_3-N	Not measured	2,908	3,263
Bio-valorization	kg NO_3-N	Not measured	63,344	39,042
Industrial Solutions	kg NO_3-N	Not measured	95,309	107,470
Machines & Technologies	kg NO_3-N	OOS[17]	OOS	42
T-Power	kg NO_3-N	Not measured	97	269
Phosphate				
Agro	kg PO_4-P	Not measured	N/A	N/A
Bio-valorization	kg PO_4-P	Not measured	17,400	18,267
Industrial Solutions	kg PO_4-P	Not measured	2,252	2,770
Machines & Technologies	kg PO_4-P	OOS	OOS	19
T-Power	kg PO_4-P	Not measured	N/A	N/A
Countering pollution - Air emissions				
Sulfur dioxide				
Agro	kg SO_2	Not measured	551,690	392,476
Bio-valorization	kg SO_2	Not measured	78,512	68,306
Industrial Solutions	kg SO_2	Not measured	67	38
Machines & Technologies	kg SO_2	OOS	OOS	10,153
T-Power	kg SO_2	Not measured	N/A	N/A
Nitrogen oxides				
Agro	kg NO_X	Not measured	180,487	181,491
Bio-valorization	kg NO_X	Not measured	294,752	278,570
Industrial Solutions	kg NO_X	Not measured	3,683	2,172
Machines & Technologies	kg NO_X	OOS	OOS	41,949
T-Power	kg NO_X	Not measured	238,600	158,104
Non-methane volatile organic compounds (NMVOC)				
Agro	kg	Not measured	N/A	N/A
Bio-valorization	kg	Not measured	2,203	3,527
Industrial Solutions	kg	Not measured	N/A	N/A
Machines & Technologies	kg	OOS	OOS	3,518
T-Power	kg	Not measured	N/A	N/A
Fine particulate matter (PM2,5)				
Agro	kg	Not measured	32,696	23,626
Bio-valorization	kg	Not measured	28,749	11,619
Industrial Solutions	kg	Not measured	1,843	1,803
Machines & Technologies	kg	OOS	OOS	4,320
T-Power	kg	Not measured	N/A	N/A
Ammonia				
Agro	kg NH_3	Not measured	83,000	85,123
Bio-valorization	kg NH_3	Not measured	677	1,612
Industrial Solutions	kg NH_3	Not measured	N/A	N/A
Machines & Technologies	kg NH_3	OOS	OOS	N/A
T-Power	kg NH_3	Not measured	N/A	N/A
Heavy metals				
Agro	kg	Not measured	181	80
Bio-valorization	kg	Not measured	0	103
Industrial Solutions	kg	Not measured	39	36
Machines & Technologies	kg	OOS	OOS	41
T-Power	kg	Not measured	N/A	N/A

[19] *Data sources updated with increased accuracy, compared to Annual Report 2022.*

Precious water

To address the issue of water scarcity and ensure sustainable water withdrawal, we need to consume less water and uncouple water consumption from production growth. At all our sites, we're making earnest efforts to do just that and you can find a handful of examples below.

In 2023, **DYKA Group** set itself the ambition of decreasing water intensity (total drinking water consumed per ton of product produced) by 20% by 2026. It is well on track with this as the last update showed it has realized a 10% reduction in 2023.

At its sites in Saint-Langis and Javené in France, **Akiolis** installed circuits drawing from the wastewater treatment plant to water the biofilters. This initiative will save 43M^{3}T of drinking water per year, the equivalent of 11.5 olympic swimming pools. Having got the hang of it, the team will deploy the same system at other sites as well.

Meanwhile, **Tessenderlo Kerley, Inc.** implemented a cooling tower blowdown water recycling program, which allowed for a significant reduction of freshwater consumption at the plant in Hanford, California (US).

PB Leiner successfully reduced water intensity by 1.8% compared to the 2021 baseline. This achievement was not the result of one single grand project but rather the addition of various small-scale initiatives. It strategically recycled water of sufficient quality from one process to another, fine-tuned the purging of cooling towers, and heightened vigilance with regard to tank overflows.

Water management

Water management at our plants is a cornerstone of our commitment to sustainability. As water is one of the most valuable resources on earth, we implement effective water management strategies across all our plant locations. We are optimizing our production processes to minimize water consumption while simultaneously maximizing recycling and reuse. Wherever possible, we have closed-loop systems to reduce the strain on local water sources and also to reduce wastewater discharge. And when we discharge wastewater, we make sure it is properly treated before it is discharged. This is done not only to meet regulatory requirements but also to ensure it does not have a negative impact on the receiving water body. We focus on continuous improvement to further reduce water usage and enhance our water management practices.

We also collaborate with local communities and stakeholders to share best practices that will help us to scale our efforts. To view our water KPIs, please refer to the KPI overview at the beginning of the section on environment (p. 90).

Segment	Unit	Results[20]		
		2021	2022	2023
Using water better - Water withdrawal				
Agro	m³	3,441,548	3,373,750	3,167,597
Bio-valorization	m³	10,583,500	10,891,045	11,190,647
Industrial Solutions	m³	3,230,207	3,092,924	2,508,477
Machines & Technologies	m³	OOS	OOS[17]	80,494
T-Power	m³	1,362,781	1,703,973	1,076,757
Using water better - Water emissions				
Surface water				
Agro	m³	2,162,367	2,028,718	1,806,854
Bio-valorization	m³	6,227,104	6,181,422	6,188,705
Industrial Solutions	m³	1,915,406	1,820,146	1,579,182
Machines & Technologies	m³	OOS	OOS	41,008
T-Power	m³	1,333,293	1,679,150	1,050,483
Ground water				
Agro	m³	603,906	646,795	527,421
Bio-valorization	m³	2,311,501	2,546,440	2,957,982
Industrial Solutions	m³	1,223,835	1,216,209	898,938
Machines & Technologies	m³	OOS	OOS	0
T-Power	m³	0	0	0
Third-party water, including city water				
Agro	m³	675,275	698,236	833,323
Bio-valorization	m³	2,044,895	2,163,183	2,043,960
Industrial Solutions	m³	90,965	56,569	30,356
Machines & Technologies	m³	OOS	OOS	39,486
T-Power	m³	29,488	24,823	26,274
Using water better - Water intensity				
Agro	m³/k€	4.26	3.20	3.69
Bio-valorization	m³/k€	16.45	13.61	15.41
Industrial Solutions	m³/k€	5.82	4.74	3.89
Machines & Technologies	m³/k€	OOS	OOS	0.13
T-Power	m³/k€	19.14	21.15	14.03

[20] *Data sources updated with increased accuracy, compared to Annual Report 2022.*

Bio-circular PVC and recyclates

DYKA has been systematically working on drawing from ever more sustainable raw materials. 2023 marked a breakthrough year on two levels for DYKA: to begin with, DYKA Netherlands realized and sold its first bio-circular PVC pipes. These are made with bio-circular ethylene, from food and forestry residual streams, and do not compete with the food chain. This smart innovation meets all quality requirements and results in, according to the supplier, a CO_2 reduction of at least 90%.

However, more than that, DYKA is also increasing the total amount of recyclates in its products. A great recyclate example is the newly launched Axedo Gully, which is made out of 100% PP recyclate.

Life cycle design

Using our resources to the fullest also refers to thinking well ahead when designing a new product. With each new development, we seek to do better with regard to performance, energy efficiency, but also life cycle.

For the design of a weaving machine platform, for example, **Picanol** creates an individual Material Passport for each machine. This passport keeps track of all the material usage and coatings used on the machine in order to facilitate easier dismantling and recycling at its end of life. Furthermore, we avoid using rare earth materials wherever possible, which is why Picanol mainly uses internally developed switched reluctance motors that don't require magnets.

Finally, Picanol's newest development, the Ultimax rapier weaving machine, was developed to support the increasing use of recycled yarn, which is often weaker and more irregular than original yarn, and requires effective dust evacuation and active brakes.

Giving back to the soil

Using the resources at our disposal even better is at the core of Tessenderlo Group's culture. In some cases, this implies quite a large degree of circularity: **PB Leiner**'s Latin American plants have been conducting research to develop a sustainable solution for the sludge generated during the liquid effluent treatment process.

The Santa Fe plant (Argentina) has now succeeded in composting the sludge and producing a Class A organomineral fertilizer.

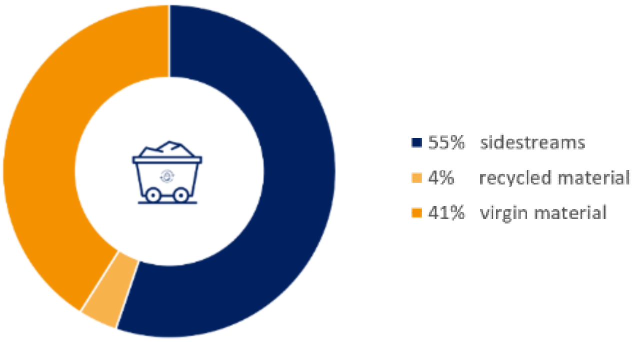
Meanwhile, at our Acorizal plant in Brazil, our team has been working with EMPAER, the local agency for agricultural development, to test the efficiency of the organomineral fertilizer for family farming.

Valorizing residual materials

Nowadays, across all industries, embracing circularity, recycling, and effective waste management is not an option but a responsibility. Indeed, it represents a crucial opportunity to build a sustainable future. The continuous search to further valorize the resources at our disposal has been our conviction for many years: “Every Molecule Counts”. We consistently try to realize the potential of our resources, our processes, and ourselves even better. We do this by recovering materials that have been either leftover or discarded so they can also be upcycled into valuable essential applications for everyday life, as well as enhancing efficiency where we can. A more in-depth explanation of how we implement our “Every Molecule Counts” philosophy throughout all our activities on a daily basis can be found throughout this report.

Infographic: raw material origin

Our conviction that “Every Molecule Counts” implies that we use the raw materials at our disposal in the most efficient way. Valorizing side streams has been at our core since our foundation, as has been the drive to always do better. However, if one doesn’t measure, one cannot improve effectively. That is why we have started to quantify the different origins of our raw materials in terms of waste/virgin streams. You can find the 2022 result in the below table. This calculation is a pilot, measuring the weight of all raw materials throughout our processes. Given the recent integration of Picanol Group and the very different nature of the end products of Picanol and Psicontrol, these two companies have not been taken into account in this infographic. We will develop a different kind of calculation for the activities of these two companies.



Raw material origin interpretation

Virgin material refers to raw materials that have been sourced directly from nature or are in their original, unused state, or previously unused raw materials that are typically extracted or harvested from natural resources, such as minerals, ores, fossil fuels, timber, or agricultural products. These materials have not undergone any previous processing or are sometimes newly manufactured to serve as a primary resource in a production process.

Recycled materials are materials that have been recovered or diverted from the waste stream and processed into new products or materials. These materials are typically derived from post-consumer or post-industrial waste through various recycling processes, such as sorting, cleaning, shredding, melting, or refining.

Side streams, which are also known as by-products or co-products, refer to secondary or auxiliary streams of materials, energy, or resources that are generated during industrial processes or manufacturing operations. These materials are produced alongside the main product or output and can have potential value or utility if they are recovered, reused, or repurposed effectively. Side stream management involves identifying opportunities to extract value from these secondary streams while simultaneously minimizing any waste and environmental impact.

Segment	Unit	Results[21]		
		2021	2022	2023
Advancing circularity - Waste				
Non-hazardous waste				
Agro	tons	Not calculated	5,966	5,463
Bio-valorization	tons	Not calculated	194,728	178,447
Industrial Solutions	tons	Not calculated	2,561	3,787
Machines & Technologies	tons	OOS[17]	OOS	21,549
T-Power	tons	Not calculated	30	75
Hazardous waste				
Agro	tons	Not calculated	363	263
Bio-valorization	tons	Not calculated	250	225
Industrial Solutions	tons	Not calculated	2,604	2,512
Machines & Technologies	tons	OOS	OOS	1,176
T-Power	tons	Not calculated	2	1

[21] *Data sources updated with increased accuracy, compared to Annual Report 2022.*

Buzz and bees

Fueling our ambition towards caring for and enhancing biodiversity, several of our business units have been taking small actions to help nature along.

Many of our plant locations have some unused green land, on which bees are happy guests. At one of the **Akiolis** locations in France, a flowery field hosts approximately 50,000 bees.

Meanwhile, **PB Leiner** in Vilvoorde also hosts several beehives, and at **Kuhlmann Europe** in France, they even have Kuhlmann Europe-branded honey, which is harvested from their own beehives and is distributed to all the employees.

Finally, **Tessenderlo Kerley International** has been sowing flower seed mixes to support the local bee population.

Ongoing actions to nurture biodiversity

Biodiversity ensures the resilience and stability of ecosystems that provide us with essential resources such as food, medicine, clean water, and air purification. Our latest materiality study revealed a much higher weight on biodiversity as previously envisioned, especially for specific segments such as Agro and Bio-valorization. Following through on this evolving insight, we are currently investigating how to incorporate biodiversity into our segment strategies. Our first initiative in 2024 will involve investigating how our segments, activities, products, and supply chains impact ecosystems, species, and habitats or activities where we have a potential dependence on nature. Based on that impact assessment, we will initiate the next steps for the most impactful areas in our group in order to build a more harmonious relationship with nature.

We are, therefore, on the verge of making the first planned steps on our biodiversity journey. However, we have already taken some small actions that will help to enhance the variety of life:

- Flower meadows have been planted at several of our business units to attract bees. Tessenderlo Kerley International, PB Leiner, Kuhlmann Europe, as well as Akiolis, have been sowing wildflower seeds at several plants and putting in place beehives to ensure additional pollination alongside the production of local honey.
- Plant nutrients that support regenerative farming practices: Tessenderlo Kerley's CaTs® fertilizers not only provide the much-needed nutrients calcium and sulfur for crops but they are also used for soil improvement. They assist with water infiltration and drainage, as well as reduce compaction in the soil. Meanwhile, the organic fertilizer range of our Violleau business unit helps to protect soil health and increase soil organic matter.

Safe and Sustainable Products

Focusing on the safety and sustainability properties of our products is a top priority for us. We make sure that all our products have the proper mandatory registrations in all the countries where we sell them and ensure that they adhere to the safety and environmental standards of the countries in which we operate. Our two R&D centers in Tessenderlo (Belgium) and Phoenix, Arizona (USA) continue to research how we can improve the features and functionalities of our products. This involves rigorous testing and collaborations with both universities and independent technical institutions. In Dinuba, California (US), we run our own R&D farm, where we perform various trials on a multitude of crops every season. We also have a training center where we invite customers and farmers to visit and receive training on the application and features of our products.

In addition to this, we organize many other educational events for our customers, and the concepts of safety and sustainability form part of these sessions. Furthermore, our communication strategy also includes the organization of stewardship programs, developing training materials, and publishing digital campaigns to reach out to our customers.

For an industrial group like Tessenderlo Group, which plays a key role in the supply of food, clothing, drinking water, etc., it is not only of the utmost importance that the solutions we provide meet the highest safety standards; increasingly, our solutions must also bring a positive contribution in terms of sustainability.

Here are some examples of core products that are contributing to the sustainability journey of our customers and other purchasers in our value chains:

- Thio-Sul® fertilizers: by adding Thio-Sul®, KTS®, and/or other thiosulfates like CaTs® to liquid nitrogen blends, growers can both protect against nitrogen losses as well as provide the essential sulfur that their crops need to thrive, thus improving yields which, in turn, reduces the carbon footprint of the crops grown with Thio-Sul® fertilizers.
- CaTs®: a calcium fertilizer that can also be applied as a soil-enhancing solution, reducing the compaction of the soil and allowing water to easily reach the roots of crops.
- DYKA's Axedo gully is made out of 100% PP recyclates.
- Picanol's weaving machines boast the best output/energy consumption ratio in the world.
- TEXTURA™ gelatin: this instant gelatin doesn't require a heating step for it to be effective in terms of texturizing food.
- Our Violleau organic fertilizers are circular and contribute to more organic and regenerative agriculture practices, which has a positive impact on the soil.
- And many more…

To gain a better insight into the environmental impact of our products, we have started several projects calculating their carbon footprint. This will provide further transparency and reveal more opportunities to increase the sustainability of our products. On top of this, we are adding additional sustainability parameters and lifecycle design to many of our new developments and trial procedures. This will enable us to become more effective on our journey to realizing a greener future.

Actions and evolutions 2023: Social

Vision of our CTO – Development of people for sustainable growth

> “ **Feedback is a dare, an aspiration to grow.**

For over a century, *“*Every Molecule Counts” has fueled our journey, pushing us to unlock the potential within our resources, our processes, and ourselves. In that sense, we have never been ones for being idle. But neither has the world – it is characterized by high levels of unpredictability of markets, geopolitics, and speed of change. Much as it may seem that the world has only recently come into this situation of turbulence, this is not a new condition. The world has always been in a state of flux, and navigating it successfully has always been a challenge. Embracing the challenges of a dynamic world, our attitudes define us, fortifying our resilience.

BE CURIOUS

In 2023, our employees dedicated an average of almost three working days of formal training, reflecting our commitment to continuous improvement. Considering that 70% of learning is unlogged, on the job, or through mentoring and explicit coaching, our collective efforts span more than one week per year, and this helps to raise our standards. Curiosity extends beyond learning: It is about cultivating a questioning mind, and remaining open and engaged with the world. Our teams actively support local and global initiatives like World Cleanup Day 2023, where over 300 of our colleagues globally came together to clean our sites’ surroundings.

BE COURAGEOUS

Our entrepreneurial spirit and inquisitive minds drive our courage, but true courage involves giving, asking and receiving feedback. Feedback is our compass, guiding us when we’re exploring uncharted territories. We see it as an essential building block to grow. Challenging ourselves and others opens doors, expanding our potential. Stakeholder feedback, which is represented in this report, is a dare – an aspiration for growth.

As we set the course, our culture of drive, curiosity, and courage will define us. In the years ahead, we will anchor our commitment to continuous improvement, steering toward a high-performance culture. Eyes wide open, full steam ahead!

Sandra Hoeylaerts
Chief Transformation Officer

The attitudes we share, as a group

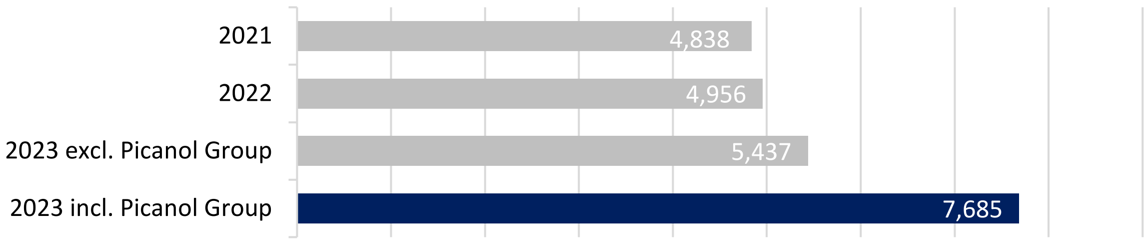
The various different business units and companies of Tessenderlo Group are not all involved in the same activities. Nevertheless, we speak one language and are united by the attitudes we share. These attitudes have been key in creating a strong company culture that focuses on excellence and sustainable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

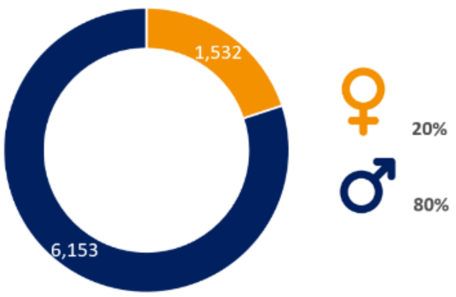
Our 6 attitudes indicate what we consider to be most important as a group. However, whilst these attitudes act as a source of inspiration, they only really exist to the extent that we practice them. This is why we are committed to actively applying our attitudes in our everyday work. Because it reflects 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.

Social metrics – overview

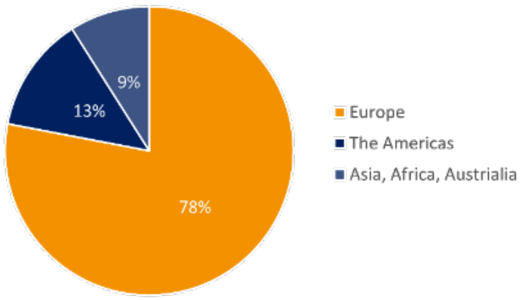
Total number of employees in 2023[22]



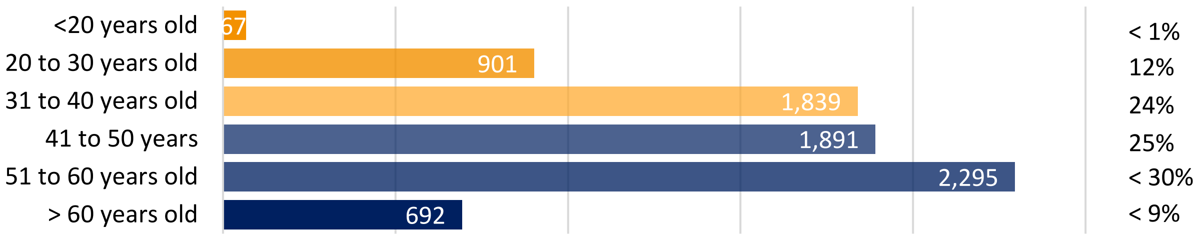
Gender distribution of global employees



Regional spread employees



Global employees per age group

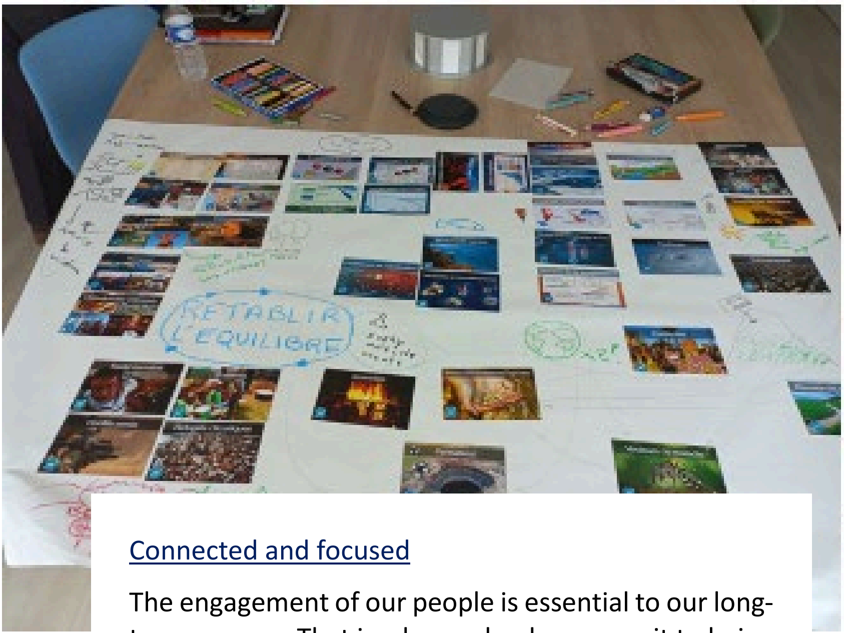


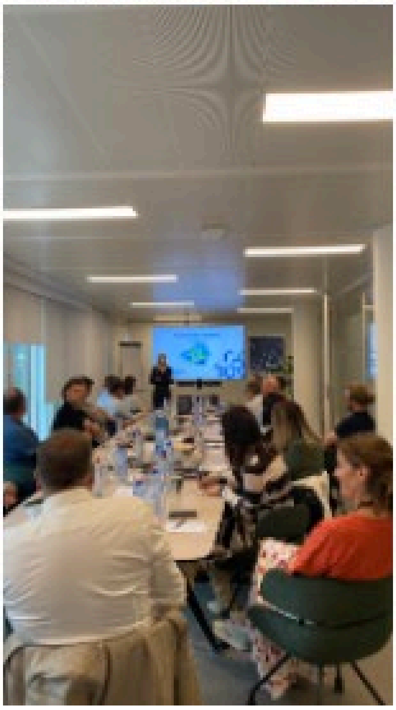
[22] *Between 2022 and 2023, there has been a change in calculation for Tessenderlo Group: in 2022 the total number of employees was counted in FTE (Full Time Equivalent), while from 2023 onwards total head count is taken into account.*

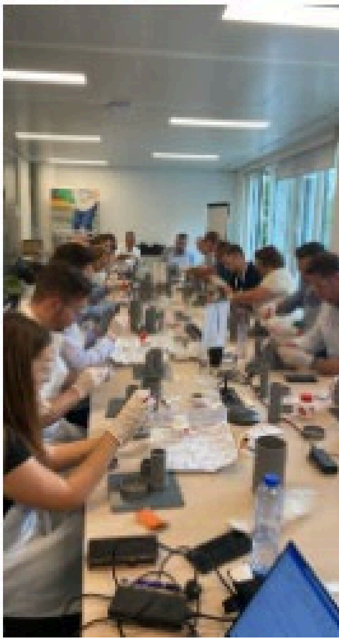
KPI MEASUREMENT ESRS	UNIT	RESULTS				TARGET[23]
		2021	2022	2023 (excl. Picanol Group)	2023[24] (incl. Picanol Group)	
Health, Safety and Well-being at work – ESRS S1[25]						
Lost Time Injuries	N	120	114	97	173	
Lost Working Days	N	5,085	5,585	4,715	6,022	
Lost Time Injury Frequency Rate - all employees and contractors	LTIs x 1 million/total hrs worked	10.4	10.8	9.3	15.2	
Group Insurance coverage/Life Assurance coverage	%	98%	98%	98%	96%	
Attractive, Fair and Inclusive workplace – ESRS S1						
Diversity of gender in TG governance bodies – female I male	%	18% I 82%	18% I 82%	N/A	35% I 65%	
Diversity of Board of Directors – female I male	%	33% I 67%	33% I 67%	N/A	44% I 56%	
Diversity of gender L-level – female I male	%	12% I 88%	15% I 85%	15% 85%	16% I 84%	
Diversity of gender E-level – female I male	%	24% I 76%	25% I 75%	25% I 75%	24% I 76%	
Diversity of gender – female I male	%	17% I 83%	17% I 83%	17% I 83%	20% I 80%	
Diversity of employees per age category	%	See chart on previous page				
Diversity of employees per region	%	See chart on previous page				
Employees compliant in training ‘Labor and human rights’	%	Not reported	81%	91%	86%	95%

[23] Empty cells indicate target setting ongoing or to start.
[24] Empty cells indicate that Picanol Group is not yet included in this KPI.
[25] Safety KPIs have been adapted following the integration of Picanol Group into Tessenderlo Group.

KPI MEASUREMENT ESRS	UNIT	RESULTS				TARGET[23]
		2021	2022	2023 (excl. Picanol Group)	2023[24] (incl. Picanol Group)	
Equal opportunity-ration of basic salary and remuneration of women to men at L-level	%	Female 5% higher than male	Male 3% higher than female	Female 1% higher than male	Male 1% higher than female	
Equal opportunity-ratio of basic salary and remuneration of women to men at E-level	%	Male 2% higher than female	Male 4% higher than female	Male 3% higher than female	Male 4% higher than female	
Operations in which the right to freedom of association and collective bargaining may be at risk	N	0	0	0	0	0
Total – new hires I leavers	N	673 I Not reported	641 I 384	608 I 532	844 I 946	
Employee turnover (all reasons incl. retirement)	%	13%	7%	10%	11%	
Average of hours of training per employee per year	Hrs	14.80	15.42	15.78	20.4	
L- and E-grade employees receiving regular signed performance reviews	%	96%	100%	99%	99%	> 90%
Average years of employee seniority / company service	Yrs	13.21	13.1	12.56	12.17	
L- and E-grade employees in individual performance related incentive plans	%	100%	100%	100%	93%	> 75%
Employees in collective performance related incentive plans	%	66%	66%	66%	75%	> 75%
L- and E-grade employees with a personal development plan in LMS or another registration system	%	Not reported	52%	34%	31%	> 90%
E-grade employees in formal coaching or mentoring programmes	%	3%	8%	7%	6%	> 5%
Employees active in the Learning Management System (LMS)	N	39%	44%	67%	43%	> 50%
Hiring by source – internal I external	%	12% I 88%	12% I 88%	7% I 93%	19% I 81%	> 15% internal
Socio-economic embedding in communities near our operations – ESRS S3						
Collaborations in which local communities are involved – connecting the dots – connection to business environment (proxy)	%	Not reported	75%	75%	75%	75%







Connected and focused

The engagement of our people is essential to our long-term success. That is why our leaders commit to being close to the work floor. In 2023, across all countries and segments, they met up with our employees, inviting active and open-minded exchanges regarding our strategy and challenges.

Tessenderlo Kerley, Inc., for example, engaged in roundtable discussions across the USA, **PB Leiner's** leadership took time to enter earnest dialogue with all its workers in all corners of the world, and **DYKA Group** set up its first group-wide onboarding day. During this onboarding day, new employees from different entities and countries came together to connect and meet the DYKA Group Leadership Team. Meanwhile, **Akiolis**, organized a *Fresque du Climat* workshop, embarking with the team on a co-created sustainability strategy.

Curious and connected

Learning and Development goes beyond formal training sessions: since the inception of the Group Mentoring Program, more than 75 mentor/mentee pairs have been formed. The Group Mentoring Program fosters a culture of growth embedded in trust.

A boost in self-confidence and progressively mastering tools and techniques for problem-solving, navigating difficult conversations, and focused leadership are just a few of the many learnings cited by those participating in the program.

Attractive, fair, and inclusive workplace

We are committed to partnering with our business leaders to create a strong company culture that stimulates organizational agility and sustainable business growth. We focus on building an inclusive workplace where our greatest asset — our people — can make the best use of their talent, grow both personally and professionally, and feel valued, by fostering an environment that prioritizes Learning and Development, Employee Well-being and Engagement, and the promotion of fair and equal pay.

Learning and Development: Cultivating Excellence and Growth

We recognize that the world is evolving rapidly, and so too are the skills people require for success. Our commitment to Learning and Development is the cornerstone of our HR strategy. We aim to create a culture of continuous learning where every employee is encouraged and empowered to seize opportunities to enhance their skills – through formal training programs, professional networking, and continuous on-the-job learning.

By implementing targeted training programs, coaching and mentorship initiatives, and collaborations with leading educational institutions, we strive to provide our workforce with the tools they need to thrive in an ever-changing landscape. Our goal is not just professional growth but also personal development, as we believe that a fulfilled individual will contribute more effectively to our collective success.

Fair and equal pay and an Inclusive Workplace: Striving for Equity and Diversity

Tessenderlo Group is dedicated to creating an inclusive workplace where diversity is not just acknowledged but celebrated. We firmly believe that a diverse workforce fosters innovation and brings different perspectives to the table.

We promote internal mobility and opportunities for growth for everyone, regardless of gender, age, race, or background. Our commitment to fair and equal pay ensures that every employee is compensated fairly for the contributions they make. We continuously evaluate and adjust our policies to uphold our principles of equity and fairness, striving to eliminate any gender pay gaps and promote a workplace where everyone has equal opportunities to succeed.

At Tessenderlo Group, our HR vision is not just a statement; it's a roadmap to creating a workplace that reflects our core attitudes and empowers our people to reach their full potential.

Well-being beyond the job

We want to invest in our employees' overall well-being, which is why we organize events and regularly try to take a moment every once in a while to consider how each of us can enhance our quality of life.

For example, **Tessenderlo Group's** Strava community encourages and rewards ever-increasing numbers of employees to exercise. When it comes to mental health, hands-on tips and coaching accompanied a group survey.

PB Leiner organized global workshops on individual and team resilience, and for the second year in a row, **Kuhlmann Europe** set up a Quality of Life Week aimed at nurturing collective well-being at work with workshops, an insightful conference, and relaxation sessions.

Workers for worker safety

The safety and health of all our people are our first priority, always. Our safety campaigns run all year round.

In 2023, to go that one step beyond in order to raise awareness, **Kuhlmann Europe**'s employees set out to make their own safety posters and taglines, choosing from 3 safety themes. You can admire their creativity and drive below – the winning teams were rewarded with a lunch.

Health, Safety & Well-being at work

Well-being and Engagement: nurturing a healthy and positive work environment

Ensuring the well-being of our employees is paramount. We understand that a healthy, happy workforce is a productive workforce. Therefore, Tessenderlo Group is committed to promoting physical, mental, and emotional well-being among our employees.

As an industrial company, ensuring physical safety on the work floor is, of course, a top priority. Beyond this, our initiatives include wellness programs, mental health support, and flexible work arrangements.

We focus on building a feedback culture through multiple channels to collect insights and build targeted initiatives that will have a positive impact on our employee experience throughout their time of employment with Tessenderlo Group. By focusing on moments that matter for employees, we are fostering a supportive environment where every individual feels heard and appreciated, thereby boosting engagement, creativity, and overall job satisfaction.

Safety indicators

Nothing we do is worth getting hurt for – At Tessenderlo Group, we prioritize the safety, health, and well-being of our employees, customers, suppliers, and neighbors, and strive to limit any negative impacts from our activities and products on people and the environment.

Through clear communication, awareness programs, audits, and improvement measures, we ensure a safe work environment, aiming for a "zero fatality rate" globally. Our Safety and Health Policy is integrated into all company processes, operations, and systems, emphasizing the importance of protecting against risks and prioritizing precautionary measures over economic considerations.

The Safety and Health Policy of Tessenderlo Group

Tessenderlo Group and all of its subsidiaries embrace and comply with the legal, ethical, and moral responsibilities in terms of protecting the safety and health of employees, contractors, customers, and the communities in which we operate. In order to fulfill those responsibilities, Tessenderlo Group ensures that the appropriate level of resources is made available, together with the commitment to continuously improve our 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. In addition, every incident that occurs is reported and thoroughly investigated to determine and implement the improvement measures required to prevent any repeat event.

2023 performance

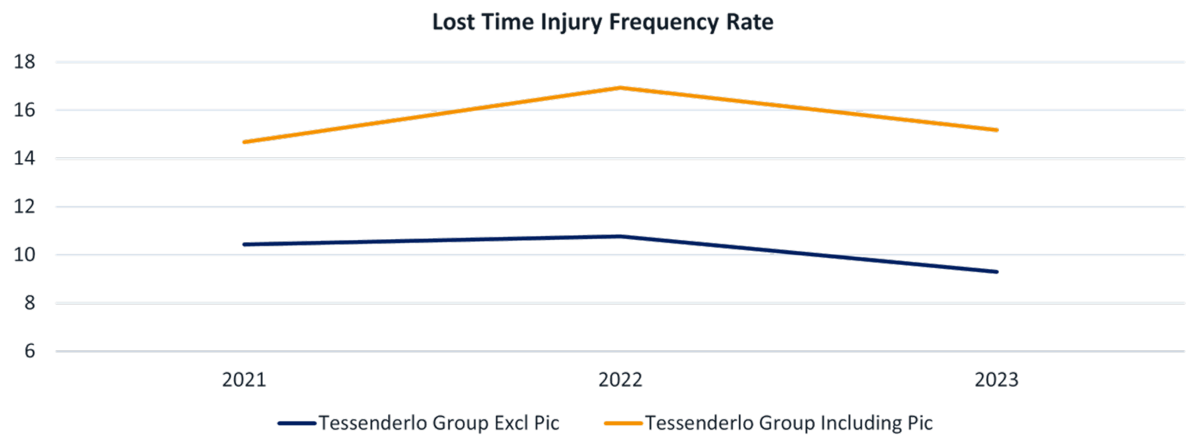
In order to sustain our focus on continuous improvement on safety and health, Tessenderlo Group's leadership deploys skilled and qualified internal and external resources to perform systematic safety enhancing actions. Regular management and employee auditing as well as workplace inspections are undertaken, and thorough investigations and follow-ups are conducted on injuries and events that either have or could have resulted in incidents 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 and action points are set each year.

Important indicators for safety, namely Lost Time Injuries (LTI - table 1 below) and Lost Time Injury Frequency Rate[26] (Frequency Rate – figure 1 below), both decreased significantly in 2023, by 24% and 10% respectively.

Table 1

Lost Time Injuries	2021	2022	2023	2023 vs 2022
Agro segment	14	21	6	
Bio-valorization segment	80	79	75	
Industrial Solutions segment	26	14	16	
Machines & Technologies segment	93	114	76	
T-Power segment	0	0	0	
Tessenderlo Group excl. Picanol Group	120	114	97	
Tessenderlo Group incl. Picanol Group	**213**	**228**	**173**	**-24.12%**

Figure 1



This latter decrease is all the more encouraging considering that this number also takes Picanol Group into account. The integration of Picanol Group, with its historically higher frequency rate of around 40, actually curbs the decrease by several units. Overall, all segments have worked hard and this is visible in the improved performance.

Lost working days	2021	2022	2023	2023 vs 2022
Agro segment	269	490	280	
Bio-valorization segment	4,408	4,515	4,121	
Industrial Solutions segment	407	580	314	
Machines & Technologies segment	1,445	2,004	1,307	
T-Power segment	1	0	0	
Tessenderlo Group excl. Picanol Group	5,085	5,585	4,715	
Tessenderlo Group incl. Picanol Group	**6,530**	**7,589**	**6,022**	**-20.65%**

To further bolster our safety performance going forward, it is critical that we firmly anchor safe behavior in our collaborative mindset. This is a mentality in which all collaborators take up responsibility for the safety of the collective: motivating each other to pay the utmost attention to safety, calling out unsafe behavior, and taking the right initiatives when spotting potentially unsafe situations. To this end, a behavioral-based safety program has kicked off in February of this year.

[26] *Lost Time Injury Frequency Rate is calculated as follows: LTIs x 1 million/total hours worked)*

Safety and health achievements for each segment

Our Agro segment

The 17 Tessenderlo Kerley, Inc. process plants and facilities ended 2023 having achieved the lowest total recordable incident rate since 2018. In addition, five of those facilities have gone more than 5 years without a Lost Time Injury.

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 process plants and facilities. The program is designed to recognize employee involvement that helps 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, 97% of employees at our process plants actively participated in the Safety Award Program. In addition, Tessenderlo Kerley, Inc. implemented its multi-year Serious Injury Prevention Program, focused on ensuring HSE management system critical controls needed to prevent severe injuries are fully effective. During the past year, the Severe Injury Prevention Program resulted in system improvements related to hazard identification and control, energy isolation, confined space entry, chemical and physical exposures, working at heights, and suspended load and critical lifts.

In 2023, Tessenderlo Kerley International maintained its engagement to improve Health & Safety. The team in Ham, Belgium, realized a very good achievement of being incident-free for the first seven months of 2023. Unfortunately, a serious incident occurred in August, which made it clear to us that our "Lock Out, Tag Out, Try Out" (LOTOTO) procedure is not completely foolproof. Following this, several incidents occurred in which behavioral safety was one of the root causes. That is why the Ham team continues to focus on its LOTOTO procedure and behavior safety management system in 2024, looking for areas to further improve.

Meanwhile, the other international sites within Tessenderlo Kerley International continued to operate with an incident-free record.

Our Bio-valorization segment

PB Leiner developed "Plan 2030," which is a comprehensive 7-year action plan aimed at reducing the number of LTIs by 50%, with a target of a 7% reduction per year. This ambitious yet achievable goal underscores our dedication to fostering a culture of safety excellence and ensuring the well-being of our workforce for many years to come.

Central to our approach is a behavior-focused strategy, recognizing that safety is not just about rules and procedures but also involves cultivating a mindset of vigilance and responsibility. In 2023, a renewal of the Safety policy was created with a clear focus on safe behavior. We prioritize initiatives that empower employees to make safety-conscious decisions every day, ensuring both their well-being and that of their colleagues and contractors. By leveraging leading indicators such as near-miss reporting frequency and close-out rates, we actively gauge the robustness of our safety culture and proactively address potential risks before they escalate. Through these measures, we foster a proactive safety culture that prioritizes prevention and continuous improvement.

Safety cross-audits were carried out at 5 of our 8 sites to serve as a cornerstone of our safety program, providing invaluable insights into our safety performance and identifying areas for improvement with a focus on best practice sharing. By systematically assessing our safety practices through these audits, we proactively address risks and implement preventive measures to mitigate potential hazards.

In 2024, PB Leiner will be taking the next steps in our maturity model by installing a standardized safety plan for each site focusing on 5 basic safety behaviors that will help us to go to the next safety level.

In 2023, Akiolis continued to deploy a behavioral safety training program for new managers and started refresher training for existing managers to help them highlight behaviors that employees need to improve in order to reduce the risk of incidents. In total, more than 1,400 safety dialogues were conducted on the shop floor in 2023.

As for all of our business units, safety and health at work remained a focus area for the Akiolis management. Akiolis' employees are exposed to many challenging work environments that can lead to Lost Time Injuries. Proper and regular risk analysis as well as focused and adapted behaviors are the key tools to avoid incidents.

The number of work-related Lost Time Injuries has slightly decreased. However, the results across the different sites show a lack of consistency. In 2023, seven Akiolis sites went more than 1,000 days without a lost-time incident and 19 sites went one year without an LTI.

Our Industrial Solutions segment

Within DYKA Group, having taken a major step forward from 2021 to 2022, we experienced a slight deterioration in the overall Lost Time Injury Frequency Rate during 2023. Whereas the focus on behavioral, technical, and organizational aspects of safety and health are at the heart of DYKA Group's safety program, we noticed a disproportionate number of incidents around (un)loading trucks in 2023. Such activity is widespread and with high frequency across DYKA Group's footprint of 9 Distribution Centers and more than 70 branches around Europe. Therefore, DYKA Group implemented a specific program targeted at these activities that will be further rolled out in 2024. DYKA Group is transferring its best practices and management standards to entities that can benefit from further improvements. As an example, the number of spots where forklifts can cross pedestrian routes is being reduced to a bare minimum. DYKA Group's entities in Hungary, Germany, and Poland were successful in terms of staying incident-free in 2023. Meanwhile, the plant in Gaillon (France), which was acquired at the end of 2022, has been fully incorporated into the operations of DYKA France, including the successful alignment of SHEQ policies and procedures with DYKA Group and Tessenderlo Group standards.

Kuhlmann Europe once again achieved a good safety performance in 2023 with just a single LTI and 7 Medical Treatment Injuries, including incidents at external companies. Moreover, in order to focus on our safety culture, we repeated our Safety Days initiative. Focusing on the site's overall HSE risks deployed in the form of games, we organized an ATEX[27] awareness training session, different workshops such as addictions and safety behavior, and we also tested a driving simulator. The aim of these days is to encourage employees from different departments to detach themselves from their day-to-day work, to share safety tips, and use their own skills and experience.

Furthermore, with regard to management systems, the sites in France and Belgium once again maintained their ISO 9001 and 14001 registrations without any deviations. As expected, the French site also obtained its agreement in relation to its wastewater monitoring system, which was awarded by the French Water Agency. In 2023, Kuhlmann France's partnership with the Lille fire brigade was maintained and it should be strengthened with the implementation of a post-event SEVESO organization and the updating of the new contingency plan required by the prefecture.

[27] Two European directives form the ATEX regulations. They set out the minimum standards with regard to explosive atmospheres for employers and manufacturers.

Our Machines & Technologies segment

After several years with relatively high incident rates, the Lost Time Injury rate at Picanol decreased by one-third in 2023. Based on a risk analysis of previous incidents, numerous improvement measures have already been implemented. An immediate result of this is the halving of first-aid incidents. A lot of attention also goes into safety training sessions with active employee participation. These training sessions are developed in-house and taught by a team of safety ambassadors who coach their colleagues on safety issues. An excellent example of this was the escape room-style safety training session where participants were confronted with the various risks in the assembly department and had to find the correct solution themselves. Internal transport remains a major risk. Therefore, the internal circulation plan was completely revised.

As part of the Safety@Proferro program, several initiatives were taken in the foundry. Much attention is paid to the involvement of first-line managers. Priority is given to regular safety toolbox meetings in which both safety issues and improvements are discussed on a weekly basis. These safety messages are supported by a visual poster campaign tailored by Proferro. First-line managers also have dedicated safety tasks such as carrying out safety observation rounds and reworking safety instructions. In addition, there is a continued focus on safety training and improving technical safety. In that context, the ammonia storage was completely renewed. Since the second half of 2023, the positive impact of these actions has been evident as the number of incidents is decreasing significantly.

Our T-Power segment

For the second year in a row, T-Power didn’t have a Lost Time Injury. Moreover, each employee participated in bimonthly safety meetings and the targeted area inspections were met. However, there is scope for improvement in the risk analyses and contract evaluations.

Next to that, an ergonomic training session for office desk best practices took place, as well as training sessions on first aid, conduct with regard to confined spaces, the identification of dangerous products, and fire prevention.

In collaboration with neurologic sleep experts, we learned about methodologies to better understand the impact of working in shifts and how to deal with that.

World Clean-up Day

Our various sites are committed to maintaining a good relationship with their local communities and environments. While each site organizes voluntary work and/or sponsoring events, the highlight in 2023 was World Cleanup Day.

Both **PB Leiner** and **DYKA Group** organized this on a global level, partnering with neighbors and associations to clean up the surrounding areas of each plant. Together, they collected no less than 2,500 kilograms of waste.

Moreover, the event proved to be an outstanding team-building experience that was marked by enthusiastic participation from diverse departments, fostering connections and a sense of camaraderie among the participants.

Off-road

To avoid further clogging already over-crowded roads, our teams are working out viable alternatives.

Tessenderlo Kerley International, **Kuhlmann Europe**, and **Picanol Group** have all started or increased logistics via waterway and **Tessenderlo Kerley, Inc.** is increasingly relying on trains to transport goods.

Governance and prosperity

Vision of our CFO

> “ **Cross-pollinating innovation and forging durable partnerships along our entire value chain will propel us further towards our sustainability imperatives**

With a workforce of over 7,500 individuals, we understand the pivotal role we play in the communities we serve and the livelihoods of numerous partners intertwined with Tessenderlo Group’s success. Our commitment to achieving long-term sustainable outcomes is a profound responsibility that guides our every decision. However, recognizing that sustainable innovation is the cornerstone of lasting impact, we also acknowledge that such innovation can only endure with sustainable return.

It is, in this sense, crucial that we make the right choices moving forward. Often, the solutions we seek are closer than we realize, and for Tessenderlo Group, the key lies in the intricate ecosystem of trades that has evolved throughout our existence. Our businesses are inherently connected with circularity and the interdependence among our business units is a testament to our commitment. By recovering and valorizing the residual products of one business unit in another business unit, we create a synergy that transforms waste into innovation, building the bridge from a wasteful present to a sustainable future.

To propel ourselves further toward our sustainability imperatives, fostering connectivity and focus is essential. This extends not only across all our diverse segments and activities, but also involves cross-pollinating innovation and establishing enduring partnerships throughout our entire value chain.

By embedding sustainability principles into every facet of our business — from supply chain management to product design and customer engagement — sustainable innovation becomes the driving force enabling us to adapt to evolving market demands, mitigate risks, and seize emerging opportunities. As we uphold sound governance and ethical business practices, this chapter provides a comprehensive overview of our governance structure, practices, and initiatives that enhance transparency, accountability, and responsibility.

In closing, with more than a century of stable fruition behind us, we are resolute in continuing our journey. We firmly believe that prosperity and sustainability can and must go hand in hand.

Miguel de Potter
Chief Financial Officer

Enhancing Customer Experience

Tessenderlo Group operates globally and our commitment is to deliver high-quality products with exceptional reliability. Our focus on product excellence allows us to stand out in the market and provide added value to our customers' production processes and their end-products.

Raw Material Management

Various geopolitical events, such as the conflict in Ukraine, have impacted our raw material supplies in the last few years. We made additional efforts to ensure that our products consistently meet all customer specifications and requirements. Proactive communication regarding any changes in our products to the market remains a priority. Therefore, we continue to monitor and assess the effects of supply changes in order to uphold our high-quality standards and keep up a good dialogue with our customers and suppliers to maintain robust supply chains.

Building and Sharing Knowledge

We recognize the importance of sharing knowledge with our customer base to optimize the usage of our products. For us, the correct and safe usage of all our products is a top priority and customer feedback also serves as a valuable learning opportunity for us to further improve and develop our offerings. In this connection, our business units regularly organize training events with customers, we maintain several learning centers globally, conduct customer satisfaction surveys, and engage in constant dialogue to understand and meet the evolving needs of our customers.

Sustainability and Digital Solutions

Enhancing customer experience through sustainability and digital solutions is a key focus area for us. The increasing number of sustainability regulations demand greater transparency, traceability, and data sharing, which has prompted us to seek partnerships across our value chain to address sustainability challenges in a collaborative way. Simultaneously, we explore digital tools to streamline and automate interactions with customers in our efforts to enhance efficiency and consistency across our operations.

Digitalization

Tessenderlo Group is driving forward its digitalization efforts in order to stay ahead in a rapidly changing business landscape. Digitalization is an opportunity to gain a competitive advantage, adapt to changing customer needs and requirements, improve process efficiency, and further objectify our decision-making processes. Digital technologies and Information and Communication Technology (ICT) also play a critical role in ensuring business continuity, especially in the face of disruptions such as natural disasters, pandemics, or cyberattacks.

As the potential and importance of digitalization will continue to increase in the coming years, the boundaries between ICT and business will continue to blur. It is, therefore, important that we set the beacons in our ICT strategy to ensure our ultimate goal of becoming a customer-driven and information-driven group. In this regard, we have developed a clear ICT mission and strategy, which has been translated into an ICT roadmap that defines the key projects we will focus on in the coming years. As agility and cybersecurity are part of our mission, we will, of course, continuously monitor our efforts and adjust our roadmap as necessary.

Recognizing the impact of digitalization on our current and future business, we have identified the following digital focus areas:

Operational excellence

- Integrating digital tools to streamline internal processes, increase productivity, and reduce operating costs.
- Deploying robust analytics and measurement tools to gain meaningful insights.

Enhancing the customer experience

- Developing digital interfaces to improve customer interactions.
- Creating digital platforms, such as chatbots and online customer service portals, ensures that businesses can provide support and services to their customers, maintaining customer satisfaction and loyalty.
- Using data analytics to personalize the customer experience and offer additional services.
- Computing customer feedback and market intelligence to increase the speed of (re)action when developing products and services.

CSR reporting

- Building data collection and calculation solutions to monitor and report on our progress on all ESG issues and to comply with new disclosure standards.

Business continuity & Cybersecurity

- Remote Work Enablement: Implementing digital tools and ICT solutions to enable remote work, ensuring that businesses can continue operations even when employees can't physically be in the office. This includes tools for video conferencing, cloud-based collaboration platforms, and secure remote access to company networks.
- Data Protection and Recovery: Implementing ICT solutions such as cloud storage and backup services ensures that critical business data is protected against loss due to hardware failure, natural disasters, or cyber incidents. These services enable rapid data recovery, minimizing downtime and data loss.
- Automated Systems: Piloting automation and AI-driven technologies that can take over routine tasks and maintain operations when human intervention is not possible, ensuring critical processes continue uninterrupted.
- Cybersecurity Measures: Implementing digital technologies that provide advanced cybersecurity solutions which protect sensitive data and IT infrastructure from cyber threats, ensuring business operations can continue smoothly. These include firewalls, encryption, intrusion detection systems, and regular security updates.

Upholding responsible, ethical and sustainable business practices across our value chains

At the core of our operations is a commitment to ethical standards and regulatory compliance. We prioritize transparency, integrity, and accountability, fostering a culture that upholds the highest ethical standards in every aspect of our business.

Our Code of Conduct is our central guide for setting the principles and values for our business practices. Every employee is expected to adhere to this code. It provides guidelines on ethical decision-making, ensuring consistency in behavior across all levels of our organization.

Cornerstones of regulatory compliance:

1. *Human Rights and labor rights.*
   Respecting and upholding human rights is integral to our operations. We work diligently to ensure that our value chains prioritize fair labor practices, promote diversity and inclusion, and uphold the dignity and rights of all individuals involved in our business and employment processes.
2. *Competition compliance and anti-trust.*
   Adherence to competition law is a cornerstone of our business strategy. We actively promote fair competition, prevent anti-competitive practices, and safeguard market dynamics to combat corruption, as well as maintain a stringent anti-bribery framework.
3. *Training and awareness.*
   An overview of all the policies that guide us at Tessenderlo Group can be found on page 130. We organize regular training and awareness programs to empower the importance of ethical conduct, ensuring a level playing field in our business transactions.
4. *Trade partner screening.*
   Due diligence procedures and trade partner screening have been built into various business processes to ensure compliance in all locations and value chains in which we operate. Verification of the operation of these procedures is included in the audit program of the company’s Internal Audit Department.
5. *Whistleblowing.*
   We are in the process of finalizing the communication plan for our Whistleblowing Policy. This will initially focus on Europe with plans for expansion to other regions in the future. In order to ensure compliance with speak-up and incident management standards, we’ve selected a digital tool, which will enable us to efficiently log, monitor, and address any future complaints in a compliant and ethical manner. The software tool has been approved. Our next steps involve informing our Works Councils and workforce, followed by training sessions on the policy, associated processes, and the functionality of the software. Our goal is to have all of this completed by the end of Q3 2024. In addition we will extend the team of compliance officers for the group.

Sustainable procurement

We have also 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 we expect all our suppliers to comply with our supplier code of conduct. Adhering to these standards is key to our business partnerships as outlined in our contracting process. We engage with our supplier base to ensure the signed acknowledgment of the Supplier Code of Conduct and our Group Procurement Sustainability Policy. A goal within our sustainable procurement strategy is also to ensure security of supply for key raw materials and that we also search for more sustainable alternatives where needed.

KPIs

KPI MEASUREMENT ESRS	RESULTS				TARGET
	2021	2022	2023 (excl. Picanol Group)	2023[28] (incl. Picanol Group)	
Upholding responsible, ethical, and sustainable practices across the entire value chain					
Anti-Trust training – current rate of compliance in line with defined schedule	85%	90%	95%	94%	95%
ABC (anti bribery and – corruption) training – current rate of compliance in line with defined schedule	62%	81%	90%	71%	95%
Code of conduct training – current rate of compliance in line with defined schedule	95%	81%	91%	86%	95%
IP and confidential information training – current rate of compliance in line with defined schedule	73%	90%	95%	84%	95%
New hires receiving compliance training in line with the agreed schedule (by job category) within 90 days of being hired	95%	100%	100%	91%	95%
Harassment & discrimination in the workplace (TKI) training	100%	100%	93%	93%	95%
Procurement training in CSR	75%	100%	100%	100%	90%
Supplier Code of Conduct % suppliers signed	61%	81%	81%	80%	77%
Reported incidents of corruption and bribery	0	0	0	0	

[28] Empty cells indicate that Picanol Group is not yet included in this KPI

Group policies overview

Communication	Communication Policy	Policy to ensure consistent communication throughout the group and establish the roles and responsibilities for communication purposes.
	Crisis Management & Communication Policy	This policy is a formal guideline for managing crisis situations (incidents both on-site and off-site) and for governing all crisis communications.
	Sponsorship Policy	Formal policy governing all sponsorship arrangements.
Competition Compliance	Competition Compliance Policy	This Policy sets out guidelines to be followed by all employees active in those parts of Tessenderlo Group's business where competition law issues could arise.
Corporate Housekeeping	Contract Filing Policy	This Policy sets out how contracts should be filed within the BU's and which contracts are to be sent to Group Legal for filing in the Central Repository.
	Corporate Housekeeping Policy	This document specifies the responsibilities of HQ and the business units with respect to corporate housekeeping.
	Decision Matrix	This Matrix sets out for which matters the BU has to seek approval from the ExCom and which TG Corporate functions need to be involved in the decision process for a well-defined number of topics.
	Digital Signing Policy	This document is a summary of the principles and way of working of digitally signing contracts and other documents (electronic signature) at Tessenderlo Group.
	Document Retention Policy	This policy provides guidelines and principles for the retention or destruction of documents within TG.
	Enterprise Risk Management Policy	This policy provides insights on how Enterprise Risk Management is organized within the Group. It describes the different steps in the management of risk and the different actors in risk management and the determination of roles and responsibilities.
	ExCom Contract Approval Policy	This Policy describes when and how a contract must be submitted to the ExCom for approval.
	Litigation Report Procedure	The object of this Policy is to offer a guideline for all group companies on the reporting of any significant, threatened, ongoing and settled litigation on a bi-annual basis in the Litigation Report.
	Signatory Authorization Policy	This Policy provides the general guidelines and principles according to which management and employees of Tessenderlo Group may commit the Company contractually.
Governance	Code of Conduct	All employees and subsidiaries of Tessenderlo Group worldwide are required to comply with the Tessenderlo Group Code of Conduct. The Code deals with business ethics, health and safety, employee conduct (conflicts of interest, business gifts and entertainment…), and compliance with regulations.
	Corporate Governance Charter	This Charter ensures that the governance and management of Tessenderlo Group are aligned with the principles of Corporate Governance, in accordance with the recommendations of the Belgian Corporate Governance Commission.
	Corporate social responsibility Policy (CSR)	This policy outlines how we conduct our CSR (Corporate Social Responsibility) or ESG (Environmental, Social, and Governance) efforts.
	Data Protection and Privacy Policy (GDPR)	General Privacy Policy is to provide adequate safeguards for the processing of personal data according to General Data Protection Regulation (GDPR).
	Human Rights and Labor Rights	The purpose of this policy is to illustrate how Tessenderlo Group considers respect for human rights and the adherence to labor rights to be an integral part of our business conduct.
	Insider Trading Dealing Code	This policy sets out the regulation and conduct for any employee in possession of inside information.
	Procurement Sustainability Policy	Formal policy on sustainability within the Procurement Department.

Finance and Treasury	Bank or Corporate Guarantees Policy	The purpose of this Policy is to ensure that all Group companies requesting a bank or corporate guarantee, or amendments of existing guarantees, comply with the minimum Group requirements.
	Bank Relations Policy	This Policy sets out the rules and responsibilities on opening and closing of bank accounts as well as the rules on authorized signers on those accounts.
	Capex Opex & Operating Lease Procedure	Approval and reporting rules for capital and operating expenditures and leases, requiring the ExCom approval.
	Foreign Exchange Policy	This policy sets out how the foreign currency balances must be reported to Group Treasury and when and how foreign currency balances are hedged.
	Intercompany financing Policy	This policy sets out how to establish intercompany interest rates chargeable by one legal entity to another legal entity within the Tessenderlo Group for loans, deposits, cash pool deposits and cash pool overdrafts.
	Segregation of Duties Policy	This document provides guidance in the yearly separation of duties analysis exercise to support the internal and external audit processes.
	Third Party Payment Policy	This policy sets out the basic rules on addressing invoices and other documents to third parties, on making payments to third parties and receiving payments from third parties.
	Ultimate Beneficial Owner Policy	This policy sets out the procedure for the registration of the Ultimate Beneficial Owner (UBO) and the reporting to Corporate.

People	Diversity and inclusion	This purpose of this policy is to solidify the promotion of equality and diversity in the workplace.
	International SOS – HotLine Information	The assistance program provides expanded protection to deal with travel, medical and security needs that might arise anywhere across global markets.
	Learning & Development Policy	This policy provides an integrated and group-wide approach for the learning & development vision and the different roles and responsibilities in this process.
	Talent Acquisition Procedure	This procedure provides an integrated and group-wide approach as regards recruiting, selecting, hiring and onboarding talent.
	Travel & Expense Policy	The purpose of this policy is to define and communicate the standards and procedures for business travel and expense reporting.
	Safety & Health Policy & reporting process	This policy sets out how we protect the safety and health of all our stakeholders.

ICT	Acceptable Use of ICT assets	This Policy provides the necessary guidelines on use of internet and email and electronic devices (computer, smartphone) in order to ensure confidentiality, integrity and availability of the information.
	Generative Artificial intelligence Policy	This policy aims to establish guidelines for the use of a generative artificial intelligence models (AIM).
	Password Policy	This policy defines the rules that are applicable to SAP and non-SAP (Windows) passwords.
	Proper Use of Electronic Means of Communication	This policy outlines the proper use by end users of electronic devices and email and internet made available by Tessenderlo Group.

Innovation and Intellectual Property	Intellectual Property Policy (IP)	Purpose of this policy is to achieve the TG IP vision of building, defending and leveraging our intellectual assets and to set out the decision structure on IP matters.
	Stage & Gate Model Governance	This document explains the roles and responsibilities in the Stage & Gate model to be used in Innovation projects.
	Stage Card	This document summarizes the Stage & Gate model to be used in Innovation projects.
	Stage Gate Innovation model	This document explains the Stage & Gate model to be used in Innovation projects.

Insurance	Stock & Transit Insurance Policy – Claim	Instruction to Group entities with regards to the Royal & Sun Alliance Insurance PLC Stock & transit insurance/marine cargo insurance: what to do in case of a claim?
	Insurance Policy	Formal insurance policy governing all Group insurances, excluding HR related insurances.
	Group Credit Policy	Policy explaining the group comprehensive credit insurance program covering the buyer's and country risks to which the BUs have to adhere. The policy also explains the role of the BU credit committees.

Tax and Transfer Pricing	Transfer Pricing policy	This policy sets out how to deal with transfer pricing issues within the group.
	Tax Haven policy	This policy sets out which countries are considered to be Tax Haven countries as per the Belgian Tax Code, explains how payments to these countries should be approved ex-ante and how these payments should be reported.

Trade Compliance	Anti-bribery and Anti-Corruption Policy	This policy is intended to outline the risks related to bribery and corruption and to highlight employees responsibilities.
	Trade compliance policy	This policy sets out the rules and regulations with regard to specific products or sanctioned persons, entities or countries.

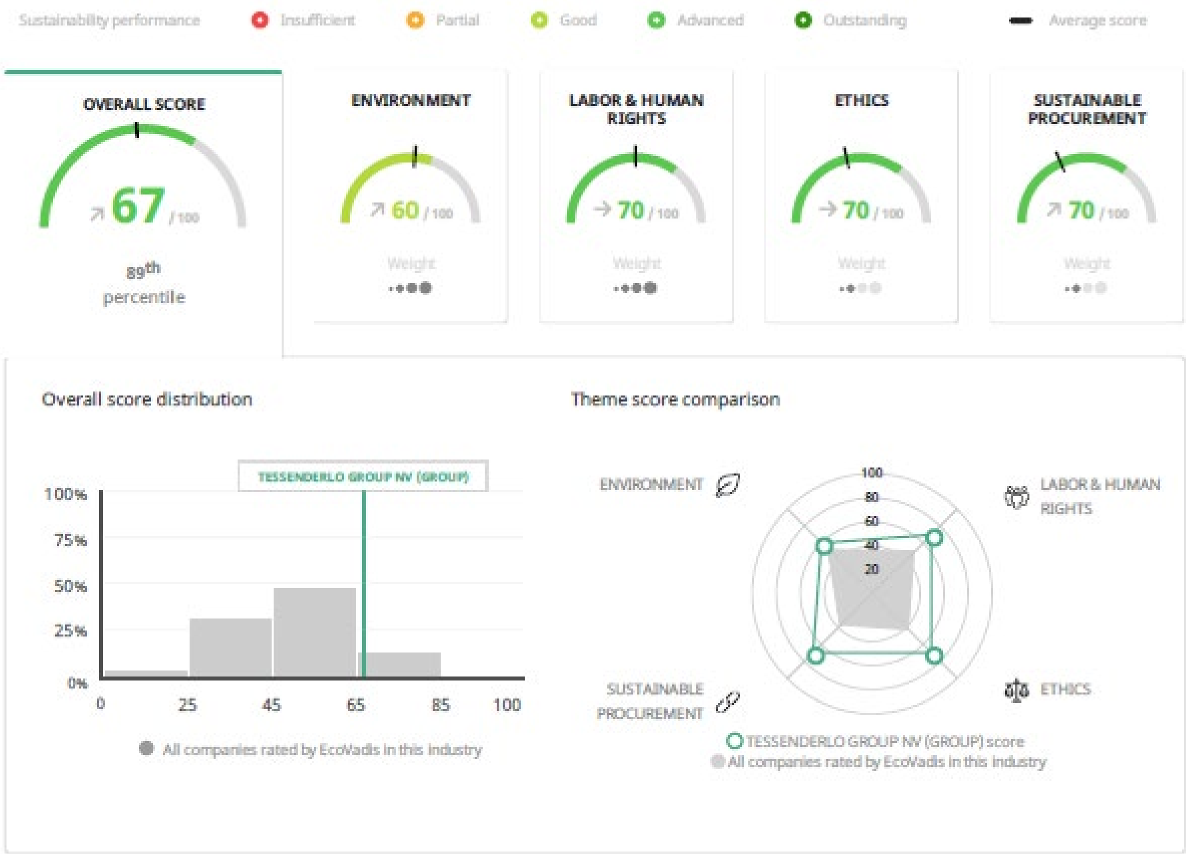
ESG ratings Ecovadis

Our CSR progress is scored yearly by an external assessor, EcoVadis. This is one of the world's most trusted business sustainability rating companies. EcoVadis evaluates Tessenderlo Group based on Environment, Labor & Human Rights, Ethics, and Sustainable Procurement. The detailed feedback provided by EcoVadis enables us to better monitor our CSR progress and improve our CSR path going forward.

For the second year running, Tessenderlo Group was awarded a silver medal by EcoVadis for our ongoing commitment to sustainable business practices. Our score for 2023 increased by 6 points, to 67/100, which means we retained the silver medal. Furthermore, the score advances our group to a place among the top 15% of companies assessed by EcoVadis in 2023 (85+ percentile). This compares to our position in the top 25% for 2022.

The progress we made this year can be attributed to a number of improvements in regard to sustainability, which include developing and implementing new policies, targets, and KPIs, as well as organizing training sessions and consolidating and monitoring data. However, the main drivers behind the improved score are the full-scope Greenhouse Gas Protocol reporting for the group and our sustainable procurement initiatives.

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



Comprehensive third-party reviews such as the EcoVadis assessment help us better grasp how we are doing in terms of sustainability, what refinements we can make, and ultimately inspire us to achieve new heights in our sustainability journey.

Our exposure to climate risks

Climate risk

As a company, Tessenderlo Group faces both opportunities and challenges related to climate change, which exposes our markets, assets, operations, and the supply chain. Climate change may pose transition risks such as market preferences, evolving legislation, and advancing technology. The transition to a climate-neutral society is both an urgent challenge and an opportunity, with a potential downside of market risk and risk for stranded assets. Meanwhile, diverse climate regulations may distort competition.

In the EU, the climate transition is linked to levying an increasing carbon price on emissions, with the Carbon Border Adjustment Mechanism (CBAM) aiming at ensuring a level playing field. Our investments are evaluated in the context of climate risk scenarios, including extreme weather risk. We are strategically positioned to address transition risks by advocating for low-carbon solutions, adopting lifecycle perspectives, and fostering resource-efficient approaches through stakeholder dialogues. Climate is one of the key focus areas of our double materiality study.

Climate Change Resilience Plan

Tessenderlo Group's global value chains, from sourcing to markets, including production, logistics operations, and warehouses, could be directly or indirectly negatively affected by extreme weather conditions and natural disasters. We have implemented specific precautionary measures for operations located in areas that are more likely to be affected by such scenarios. We also put significant efforts into risk assessments, business continuity planning, emergency preparedness, crisis management training, and scenario planning, in order to minimize potential threats to the security, health, and safety of our operational assets. Global warming is changing the climate, and we are, therefore, undertaking a more detailed assessment of the expected changes in physical climate risk exposure for all key assets: the Climate Change Resilience Plan.

Our Climate Change Resilience Plan is designed to address both physical and transition risks and safeguard the future viability of our business. Our key objectives include a thorough assessment of risks, which is not limited to hazards, and the formulation of a climate resilience strategy encompassing:

- *Physical Protection Measures*: The implementation of strategies to safeguard both people and assets from the adverse impacts of climate-related events.
- *Organizational Measures*: The development and implementation of measures within the organization to enhance adaptability and responsiveness to climate-related challenges.
- *Sustainable Supply Chain*: The integration of sustainable practices into our supply chain to fortify resilience and reduce vulnerability to climate-induced disruptions.

This proactive approach aims at fortifying our resilience against the impacts of climate change, ensuring a sustainable and secure trajectory for our business in the face of evolving environmental conditions.

AXA Climate assessment

During the 2021-2022 reporting period, we tasked AXA Climate SAS with conducting a comprehensive assessment utilizing the scenarios outlined by the Intergovernmental Panel on Climate Change (IPCC) under the Global Climate Models from CMIP5. Our approach involved the evaluation of two scenarios, namely Representative Concentration Pathways (RCP) 4.5[29] and RCP 8.5[30], across two time horizons (2030 and 2050) in comparison to the baseline of 2022.

Because of the integration of Picanol Group, the establishment of new plants, the continuous growth in our supply chain, and the evolution of our risk modeling approach, we arranged an update in 2023 with AXA Climate for a new analysis. This time, we adopted the CMIP6 model (Coupled Model Intercomparison Project Phase 6), which offers a complementary set of scenarios focusing on projecting socioeconomic changes. Notably, the CMIP6 models were specifically developed in support of the Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC AR6).

2023 Assessment parameters

Scope

- Total Sites: 640
- Own Sites: Expanded to 207 locations, covering manufacturing plants, warehouses, terminals, branches, administrative buildings, innovation centers, and ICT server locations.
- Rented Terminals and Warehouses: Increased to 256 locations, including consignment stocks with customers.
- Key Suppliers and Customers: 177 sites, essential for the supply chain.

Physical circumstances

- Solid-mass related: earthquake, landslide, and subsidence risks.
- Temperature-related: heat and duration, cooling, hot days, ice days, and wildfire risks.
- Water-related: coastal, riverine, and surface water floods, tsunami risks and water stress per watershed, and consecutive dry days.
- Wind-related: Hail days, tropical cyclones, winter storms, and winter winds.

Direct Impact on Assets and People

- Flood: Threatens infrastructure and safety.
- Geophysical Parameters: Includes earthquakes, impacting structures and safety.
- Wildfire: Direct risk to assets, especially in vegetated areas.
- Wind: Can damage structures and pose safety risks.

Indirect Impact on Energy Consumption and People

- Cold and Heat: Affects energy needs, impacting worker well-being and community.

Indirect Impact on Water Consumption and Community

- Drought: Affects water availability, impacting the community, agriculture, and ecosystems.
- Rain: Crucial for water supply, but excess rain can lead to flooding and related issues.

[29] *The base case scenario, RCP 4.5, envisions mid-century warming ranging from +1.6 to 2.5°C, with end-of-the-century warming projected to reach +2.1 to 3.5°C compared to the pre-industrial era. It is noteworthy that current climate policies and 2030-determined contribution targets align with this scenario, projecting an end-of-the-century warming of +1.9 to +3.0°C.*

[30] *In contrast, the pessimistic case, RCP 8.5, anticipates mid-century warming of +1.9 to 3.0°C, approximately 0.4°C warmer than RCP 4.5. The end-of-the-century warming for this scenario is projected to range from +3.3 to 5.7°C compared to the pre-industrial era.*

Our focus at this stage

Updated data were delivered by AXA Climate SAS at the beginning of Q4 2023. 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, which may have an 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 Tessenderlo Group. It should currently represent a medium level of priority for Tessenderlo Group.
extreme	Existing risk strongly aggravating with climate change involving 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 Tessenderlo Group.

Our own sites

Our primary focus lies on our company-owned facilities in Europe, the Americas, and Asia. In accordance with our four priority scales, a percentage of maximum value at risk for each hazard category, specifically water, wind, temperature, and geophysical (mass-related) impacts is calculated. The report includes the count of locations for each category. The data is provided for the baseline year 2022 (data was reviewed in 2023) and two future scenarios, projecting toward the two time horizons of 2030 and 2050.

For our analysis and mitigation plans, we focus on the "*Extreme"* priority scale. Existing risks within this category have the potential to significantly worsen with climate change, resulting in substantial impacts on our business and potential damages. Where any site activity is assessed to be at risk, a vulnerability assessment will be conducted to assess the materiality of the risk, taking the local conditions into account. We will then be able to identify adaptation or mitigation solutions to reduce the risk, quantify the consequences, and understand the effects on revenue, CapEx/OpEx, productivity, and reliability of the asset. This category currently holds the highest priority for Tessenderlo Group.

Our rented sites

We also provide similar reporting for our leased sites, including terminals, warehouses, and consignment stocks. We recognize the need to potentially adjust our supply chain in response to climate change. For instance, as agricultural activities in the USA migrate from the West to the East and possibly in Europe from the South to the North, driven by factors such as the availability of water, we acknowledge that serving our customers may require different terminal locations than those we have historically utilized.

In addition to supply chain adaptation, we are concerned about the situations in territories such as Sub-Saharan Africa, where approximately 95% of agriculture is rain-fed. The significant contribution of agriculture to GDP and employment increases vulnerability, as do other weather-sensitive activities such as herding and fishing, which results in income losses and heightened food insecurity. Consequently, product adaptation and innovation are integral components of our climate adaptation projects.

When the priority scale is deemed "*Extreme,*" this means that existing risks have the potential to significantly exacerbate with climate change, leading to substantial impacts on our business and potential damages. Further investigations are imperative in order to assess the suitability of the location and its alignment with strategic objectives. Currently, this stands as a top priority for Tessenderlo Group, driven not only by the inherent risks but also by the imperative to maintain customer intimacy.

The majority of our leased inventory locations pertain to tank terminals, which are designed to withstand various hazards. When securing a new location, we mandate the completion of an extensive questionnaire by the site owner that covers aspects such as construction materials, storage occupancy, the possible presence of flammable materials, storage activities, security measures, fire prevention, historical losses, and comprehensive risk management. In this regard, all of our inventory is covered by a "stock and transit" insurance policy.

The significant number of external (rented) locations is a direct outcome of our customer intimacy strategy. Hence, we remain vigilant to the risk of market migration induced by climate-related factors.

Our approach extends to climate change impacts on our key trade partners, including suppliers and customers. Irrespective of the risk level ("Low," "Moderate," "High," or "Extreme"), we adhere to a consistent prevention strategy and we already have a clear understanding of supply chain risks. While the sites of some of our suppliers and customers may face potential disruptions, the overall risk is minimal. Contingency plans, including sourcing alternatives, can be explored if necessary. Climate impacts will be actively discussed with our trading partners as required.

Group conclusions

Our ongoing climate change adaptation efforts are subject to continuous refinement. In alignment with global climate initiatives, such as COP 27 and the ongoing COP 28, the outcomes of our current analysis are dynamic and may necessitate adjustments to accommodate new scenarios. Adaptation requirements are viewed through various lenses, serving distinct purposes for our diverse stakeholders:

- *Adaptation for People and Community Impact*: Prioritizing health and safety protection for individuals. Addressing broader community well-being.
- *Adaptation for Physical Asset Impact:* Safeguarding our physical assets. Ensuring business continuity.
- *Product Adaptation to Climate Conditions:* Aligning our products with prevailing climate conditions.

This latest analysis indicates that Tessenderlo Group currently faces relatively lower exposure than in the past. However, as we expand our presence and footprint, the integration of climate action, as well as product adaptation, will remain integral to our future strategies.

Beginning in 2024, our designated climate "owners" within each business unit will continue to assess physical risks. They will also evaluate and qualify transition risks, encompassing factors such as carbon pricing, innovative technologies, market migration, and reputation, among other things. Opportunities related to resource efficiency, energy sources, and the adaptation of products and services for increased resilience will also be a focal point in this ongoing assessment.

Conclusions on a segment level

Our Agro segment

The economic challenges faced by growers, including substantial price increases for inputs such as fertilizers, seeds, crop protection, utilities, insurance, and land rent, are compounded by factors such as climate change (weather variability, extreme events such as fires and floods, new invasive pests, and prolonged droughts), rising labor costs, labor shortages leading to significant wastage, regulatory and sustainability requirements, and consumer demand for sustainable food. This array of challenges extends beyond climate change alone, although climate adaptation remains a pivotal aspect.

Growers are actively seeking new engagement models with suppliers in order to identify solutions that balance resilience, performance, and cost-effectiveness.

Tessenderlo Group is fully aware of the profound impact of climate change, and is very concerned about its effects on people, assets, food production, supply chain disruption risks, and the ongoing agricultural transition. We have been proactively adjusting our product range for an extended period. Noteworthy examples include initiatives related to the migration of agricultural activities due to climate considerations, particularly significant droughts.

Some key examples from our agricultural segment include:

- 4R Nutrient Stewardship: business units provide crop nutrition and protection tools, promoting sustainable stewardship in fields. Ensuring the right rate, time, and place for nutrient delivery from the correct source is crucial for crop yield and quality.
- Reduced Water Consumption: Strategies to optimize water usage.
- Precision Fertilization: Ensuring precise and efficient fertilizer application.
- Circular and Sustainable Bio-fertilizers: Derived from food and feed products, promoting circular and sustainable practices.
- Crop Protection Line: Inclusive of organic and naturally sourced products combating fungus and mildew, and providing sun damage protection.
- Potential Terminal Relocation: Considering terminal relocations to better serve our customers.

Our Bio-valorization segment

Our Akiolis and PB Leiner business units are exposed to challenges posed by climate change, specifically the increasing frequency of heatwaves and water stress, which have the potential to significantly impact the breeding sector, which is our primary source of raw materials. In addition, there is an observable shift towards reduced meat consumption.

In this context, innovation assumes a pivotal role. Our strategic emphasis on specialties, enhanced valorization, and engagement in alternative energy projects, including initiatives for decarbonization and a gasifier project, underscores our commitment to addressing these challenges. Furthermore, we actively foster close collaborations with our raw material suppliers.

While our segment is not inherently exposed to extreme risks, we are actively engaged in mitigating some high risks. This proactive approach aligns with our commitment to ensuring sustainable and resilient business practices in the face of evolving climate dynamics and market trends.

Our Industrial Solutions segment

Our water treatment business unit, Kuhlmann Europe, operates within a context where it faces neither high nor extreme climate risks, and it is not significantly impacted by regulatory or sustainability risks. This favorable position enables us to fulfill a crucial role in a critical sector: providing safe drinking water.

Within our DYKA Group business unit, the exposure to high or extreme risks is minimal. This allows us to concentrate on essential aspects such as product adaptation, optimizing distribution performance, delivering exceptional service, fostering customer intimacy, identifying differentiators, staying attuned to local preferences, and initiating new quality marks through innovative solutions. These efforts collectively contribute to assisting our customers in navigating their own challenges.

Our Machines & Technologies segment

For our Machines & Technologies segment, the recent inclusion of Picanol Group in our climate analysis reveals a low to moderate level of exposure to risks. Our comprehensive approach considers various factors to ensure a resilient strategy for this segment.

Our T-Power segment

T-Power focuses on electricity production and the exposure to climate risks is exclusively low. This positioning underscores our commitment to secure electricity production by balancing the electricity grid with the fluctuation of renewable energy sources.

EU Taxonomy

The EU taxonomy is a classification system that establishes a list of “environmentally sustainable” economic activities. The purpose of the EU taxonomy is to scale up environmentally sustainable investments and help in terms of reaching the EU’s climate and environmental targets for 2030 and the objectives of the European Green Deal.

In 2022, Tessenderlo Group provided information on taxonomy alignment and eligibility for climate change mitigation and climate change adaptation. Meanwhile, new for 2023 was the addition of 4 environmental objectives and an expansion of new economic sectors and activities across all 6 of these objectives. The 4 new environmental objectives are:

- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

For the process of our taxonomy reporting, we started with the identification of eligible economic activities. After that we checked the technical screening criteria to verify if we meet them, followed by an assessment of the Do no significant harm (DNSH) criteria and the minimum social safeguards. Finally we screened all OPEX and CAPEX of 2023 and calculate how much was eligible and/or aligned. Not all Tessenderlo Group activities are categorized under the NACE codes of the current taxonomy version. 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 Act at this stage.

For KPI reporting related to turnover, CapEx, and OpEx, Tessenderlo Group has defined economic activities as eligible if they can be assessed against the technical screening criteria set out in the Climate Delegated Act and have a potential to either be or become taxonomy-aligned.

The following economic activities related to turnover fall within the scope of current EU taxonomy reporting for the year ending December 31, 2023:

Kuhlmann Europe

- NACE code C20.13 - Manufacture of other inorganic basic chemicals
- Climate change mitigation 3.13. Manufacture of chlorine
- The manufacture of chlorine is considered an eligible activity for climate change mitigation. Our manufacture of chlorine has the potential to be aligned as it meets most of the technical specifications for alignment. However, we have not been able to conduct a full assessment of all aspects it not causing significant harm and minimum safeguards connected to it. Therefore, we have postponed making a statement on the alignment of this activity. The Chlorine is also used for further processing in our production processes and there is no third party sales of our chlorines.

Psicontrol

- NACE code C26.1 - Manufacture of electronic components and boards
- Circular Economy 1.2 Manufacture of electrical and electronic equipment
- The production of electronical control units is eligible for circular economy but as we still have to perform a diligent assessment of all the alignment criteria, we are not currently ready to give a statement on the alignment of this activity.

Proferro

- NACE code C24.5.1 – Manufacture of iron and steel
- Climate change adaptation 3.9 (d) casting of iron
- The casting of iron is eligible , but it is not aligned as we do not meet all technical screening criteria.

T-Power

- NACE code D35.1.1 - Production of electricity
- Climate Change Mitigation/Adaptation: 4.29 Electricity generation from fossil gaseous fuels
- This activity is eligible for climate mitigation/adaptation but not aligned because we do not meet all technical screening criteria

The below list shows the 2023 CapEx and OpEx that are eligible for taxonomy. We cannot yet give any statement on the alignment of these CapEx and OpEx as we need more preparation time to be able to fully screen the technical specifications and requirements for alignment.

Code	Activity	CapEx by activity (million EUR)	OpEx by activity (million EUR)	Type of CapEx/OpEx
CA4.1	Electricity generation using solar photovoltaic technology	5.78	0.21	type C
CM7.4	Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	0.08	0	type C
CA4.2	Cogeneration of heat/cool and power from bioenergy	8.30	0.05	type C
CM4.25	Production of heat/cool using waste heat	0.32		type C
CA3.13	Production of chlorines	0	0.24	type A
TOTAL		**14.474**	**0.49**	

The list below summarizes the total turnover, CapEx, and OpEx that are eligible for taxonomy in relation to the group total turnover, as well as CapEx, and OpEx in 2023. The full mandatory template for turnover as well as CapEx and OpEx taxonomy reporting can be found in the annex of this report.

	TOTAL 2023 (million EUR)	Share of economic activities eligible for taxonomy (million EUR)	Share of economic activities eligible for taxonomy (%)	Share of economic activities aligned for taxonomy (%)	Share of economic activities not eligible for taxonomy (%)
Group turnover	2,938.3	227.21	7.73%	0.00%	92.27%
Group CapEx	205.0	14.47	7.06%	0.00%	92.94%
Group OpEx	167.5	0.49	0.29%	0.00%	99.71%

Reporting and framework

Reporting method and framework

In this Sustainability Report, we are providing an overview of the most relevant objectives, efforts, and results in terms of sustainability for the year ending December 31, 2023.

We continue to improve our disclosure and transparency on ESG topics, in line with developments in reporting guidelines and our stakeholders' expectations, and to prepare for the EU Corporate Sustainability Reporting Directive.

This report was not subject to an external audit. Only the GHG emissions report was subject to a limited assurance. The methods and boundaries for our Corporate Carbon Footprint report can be found in the annex. 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.

Reporting boundaries

In line with our financial reporting, we report the CSR data on consolidated group and segment levels. The segments are: Agro, Bio-valorization, Industrial Solutions, Machines & Technologies, and T-Power. Please note that all Tessenderlo Kerley, Inc. (TKI)-produced products are reported under the Agro segment (the energy and water consumption of TKI is fully included in the Agro segment). Tessenderlo Kerley, Inc. comprises the Crop Vitality, NovaSource, and moleko business units of Tessenderlo Group. Our Violleau business unit is also part of the Agro segment. As 2023 is the year in which Picanol Group became part of Tessenderlo Group, we will mostly report two sets of data, considering on the one hand Tessenderlo Group excluding Picanol, and Tessenderlo Group including Picanol on the other. This will enhance transparency and maintains the link with past and future reporting.

Materiality

Through the 2023 materiality update, we started our approach to double materiality and strengthened the link between our stakeholder engagement and prioritizations. The update of our materiality study provided some new topics vs. our single materiality study from 2022. We also added clear definitions of each of the materiality topics.

EU taxonomy

On June 27, 2023, the European Commission adopted a Taxonomy Environmental Delegated Act, which included a new set of EU taxonomy criteria for economic activities making a substantial contribution to one or more of the non-climate environmental objectives, namely: sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems. The European Commission has also adopted amendments to the Taxonomy Disclosures Delegated Act and the Taxonomy Climate Delegated Act, covering the environmental objectives of climate change mitigation and adaptation. We aligned our Taxonomy Report for 2023 to reflect these new updates.

ESG KPIs and metrics

For our ESG KPI and metrics, we report on a consolidated group level. Included are all our business units and all our operating plants. Only our newly acquired location for Bio-valorization in Ribera d'Ondara, Lleida, Spain, is not yet included as 2023 was an integration year for that location. External warehouses, server rooms, and some office locations are not included as they are not considered material. For social data, we consider the total internal full-time equivalents (unless otherwise stated). No temporary employees or contractors are included, unless differently specified.

Safety metrics

All our workforce is included. Meanwhile, with regard to the external workers, interim workers are included, while subcontractors are not included. Psicontrol (Râșnov, Romania), and Picanol (Suzhou, China) are not yet included in the safety statistics.

Corporate carbon footprint

We refer you to the separate calculation protocol in our annex as the scope and boundaries for our GHG report differ in some areas from some of our ESG KPIs and it was subject to external limited assurance.

Restatements

Notifications of restatements of information from previous reports are provided where relevant in this report.

Appendices

Annex 1 - Measuring our carbon footprint: protocol

This document describes the approach and results of our 2023 Carbon Footprint Study.

The Greenhouse Gas (GHG) Protocol is a set of standardized guidelines developed by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD) for calculating and reporting greenhouse gas emissions. It provides a common language and methodology for organizations to enable them to measure and manage their carbon footprints.

The GHG Protocol is widely recognized as being the most comprehensive and authoritative standard for corporate carbon footprint reporting. It has been adopted by governments, businesses, and NGOs worldwide, and is commonly used by organizations to measure and report their GHG emissions. The GHG Protocol is regularly updated to reflect the latest scientific knowledge and best practices, ensuring that it remains a reliable and relevant tool for climate action.

To perform this carbon footprint study, we are adhering to the guidelines provided in the Corporate Standard and the Corporate Value Chain Standard, which can be found on the GHG Protocol website.

This carbon footprint document has been made for the financial year ending December 31, 2023. Thus, the data collected in this document are in line with that reporting period. Our Picanol Group business unit is included in our scope for the full 2023 reporting year (in January 2023, Picanol Group became a business unit in the Machines & Technologies segment of Tessenderlo Group). Picanol Group was also included in our 2022 GHG calculations.

Calculating GHG emissions typically involves multiplying activity data with the appropriate emission factors, and the resulting value is commonly expressed in tons of CO2 equivalent, which serves as a standard unit based on the global warming potential (GWP) of the different GHGs emitted. The accuracy of the carbon footprint is highly dependent on the quality of the data and emission factors used.

Tessenderlo Group has opted for an operational approach in its Corporate Carbon Footprint, which means that the focus is on the emissions that result from the company's activities and operations. Therefore, only the activities that are operated by Tessenderlo Group will be accounted for in scopes 1, 2, and 3.

> Scope 1 | Direct emissions from sources that are owned or controlled by the reporting organization, such as on-site combustion of fossil fuels or emissions from company-owned vehicles.
>
> Scope 2 | Indirect emissions associated with purchased or consumed energy, such as emissions from electricity or heat purchased from an external source.
>
> Scope 3 | Other indirect emissions from sources not owned or controlled by the reporting organization, such as emissions from the production of purchased goods and services or the transportation of products and waste.

All operations of Tessenderlo Group are included. Due to the operational approach, Jupiter Sulphur (JV 50%) is included for the full 100% and T-Power is included in our Scope 1 greenhouse gas emissions reporting. Picanol Group is also included for comparison in future reports. The use of sold products is taken only for the relevant product lines (weaving machines/fertilizers/electronic appliances) as these are the only products where we can influence the use phase and where there is a clear view of the use phase. For other processed sold products, we have no influence and these are used in so many different processes that it is not possible to have a clear overview of further processing steps. Therefore, these do not form part of our GHG calculations.

All emission factors are split in order to account for Forest, Land and Agriculture (FLAG) emissions separately. For scope 2 we used a market based approach. This approach considers not only where energy is consumed (location based) but also where it was sourced and how it was generated , including any renewable energy certificates.

The emission factors are extracted from: Ecoinvent v3.9.1 and 3.10, GHG Protocol, co2Logic, Methanol Institute, Bilan Carbone© v 8.6 and 8.8.

The information and data were gathered by the following Tessenderlo Group departments: Finance, Operations, HR, Logistics, Procurement, and Engineering. The information used for reporting on GHG emissions in this report has been monitored by the central CSR team, which reports directly to the Executive Committee.

The report has been reviewed by senior management from our business units, and was approved by the Tessenderlo Group Executive Committee in March 2024.

This carbon footprint calculation was carried out with some support from South Pole, a global company offering comprehensive sustainability solutions and services. South Pole built our calculation model for the 2022 reporting year and supported us in terms of making the necessary updates for the 2023 calculation.

For the 2023 results, we analyzed impacts from the various categories. Those categories that had a low impact (< 5% of the total emissions) were investigated to ascertain if there were significant differences in comparison to 2022. If this was not the case, we calculated these categories with an extrapolation from 2022 to 2023 or took "as is" from 2022. Extrapolation was done based on volume or FTE depending on the categories. Meanwhile, for the categories that impact the remaining 95%, we collected new data for 2023.

Our carbon footprint of 2022 and 2023 was subject to a limited assurance from KMPG. Please see also the KMPG limited assurance report for 2023 in our annex.

Annex 2 – EU taxonomy reporting templates

Turnover

Financial year N	2023			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')(h)									
Economic Activities (1)	**Code (a) (2)**	**Turnover (3)**	**Proportion of Turnover, 2023**	**Climate Change Mitigation (5)**	**Climate Change Adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular Economy (9)**	**Biodiversity (10)**	**Climate Change Mitigation (11)**	**Climate Change Adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular Economy (15)**	**Biodiversity (16)**	**Minimum Safeguards (17)**	**Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year N-1 (18)**	**Category enabling activity (19)**	**Category transitional activity (20)**
Text		**mio. EUR**	%	N; N/EL (b)	N; N/EL (b)	N; N/EL (b)	N; N/EL (b)	N; N/EL (b)	N; N/EL (b)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
			%														%		
			%														%		
			%														%		
Turnover of environmentally sustainable activities (Taxonomy-aligne			%	%	%	%	%	%	%								%		
Of which Enabling			%	%	%	%	%	%	%								%	E	
Of which Transitional			%	%													%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
Electricity generation from fossil gaseous fuels	**CCM 4.29**	76.70	2.61%	EL	N/A	N/A	N/A	N/A	N/A								%		
Manufacturing of electrical and electronic components	**CE 1.2**	97.80	3.33%	N/A	N/A	N/A	N/A	EL	N/A										
Manufacture of iron and steel (iron casting)	**CCM 3.9 d**	52.71	1.79%	EL	N/A	N/A	N/A	N/A	N/A										
Turnover of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned		227.21	7.73%	%	%	%	%	%	%								%		
A. Turnover of Taxonomy eligible activities (A1+A2)		227.21	7.73%	%	%	%	%	%	%										
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy- non-eligible activities		2,711.09	92.27%																
TOTAL			**100%**																

	Proportion of turnover/Total turnover	
	Taxonomy-aligned p	Taxonomy-eligible per objective
CCM	0	4.40%
CCA	0	0
WTR	0	0
CE	0	3.33%
PPC	0	0
BIO	0	0

CapEx

Financial year N		2023		Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')(h)									
Economic Activities (1)	Code (a) (2)	CapEx (3)	Proportion of CapEx, 2023	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
Text		in MEUR	%	N; N/EL (b)	N; N/EL (b)	N; N/EL (b)	N; N/EL (b)	N; N/EL (b)	N; N/EL (b)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
ACTIVITY 1			%														%		
CapEx of environmentally sustainable activities (Taxonomy-aligne			%	%	%	%	%	%	%								%		
Of which Enabling			%	%	%	%	%	%	%								%	E	
Of which Transitional			%	%													%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
Electricity generation using solar photovoltaic technology	CCA4.1	5.778	2.82%	N/A	EL	N/A	N/A	N/A	N/A										
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CM7.4	0.077	0.04%	EL	N/A	N/A	N/A	N/A	N/A										
Cogeneration of heat/cool and power from bioenergy	CCA4.2	8.3	4.05%	N/A	EL	N/A	N/A	N/A	N/A										
Production of heat/cool using waste heat	CM4,25	0.319	0.16%	EL	N/A	N/A	N/A	N/A	N/A								%		
CapEx of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned		14.474	7.06%	%	%	%	%	%	%								%		
A. CapEx of Taxonomy eligible activities (A1+A2)		14.474	7.06%	%	%	%	%	%	%										
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy- non-eligible activities		190.526	92.94%																
TOTAL			**100%**																

	Proportion of CapEx/Total CapEx	
	Taxonomy-aligned	Taxonomy-eligible per objective
CCM	%	0.20%
CCA	%	6.87%
WTR	%	%
CE	%	%
PPC	%	%
BIO	%	%

OpEx

Financial year N		2023		Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')(h)									
Economic Activities (1)	Code (a) (2)	OpEx (3)	Proportion of OpEx, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
Text		MEUR	%	N; N/EL (b)	N; N/EL (b)	N; N/EL (b)	N; N/EL (b)	N; N/EL (b)	N; N/EL (b)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
ACTIVITY 1			%														%		
OpEx of environmentally sustainable activities (Taxonomy-aligned			%	%	%	%	%	%	%								%		
Of which Enabling			%	%	%	%	%	%	%								%	E	
Of which Transitional			%	%													%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
Electricity generation using solar photovoltaic technology	CCA4.1	0.207	0.12%																
Cogeneration of heat/cool and power from bioenergy	CCA4.2	0.046	0.03%																
Production of chlorines	CCA3.13	0.24	0.14%														%		
OpEx of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned		0.493	0.29%	%	%	%	%	%	%								%		
A. OpEx of Taxonomy eligible activities (A1+A2)		0.493	0.29%	%	%	%	%	%	%										
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy- non-eligible activities		167.00	99.71%																
TOTAL			**100%**																

	Proportion of OpEx/Total OpEx	
	Taxonomy-aligned	Taxonomy-eligible per objective
CCM	%	%
CCA	%	0.29%
WTR	%	%
CE	%	%
PPC	%	%
BIO	%	%

FINANCIAL REPORT

2023

Consolidated financial statements

The Pro Forma information shows the impact as if the acquisition of Picanol Group by Tessenderlo Group would have occurred as of January 1, 2022, thereby impacting the statement of financial position per December 31, 2022 and the income statement as from January 1, 2022. These impacts are presented solely for comparison reasons. The 2022 figures of Tessenderlo Group have not been restated. Please refer to note 4 - Acquisitions and disposals. Pro Forma information has also been included in the accompanying notes where relevant.

Consolidated income statement

		For the year ended December 31		
(Million EUR)	note	2023	2022	2022 Pro Forma
Revenue	3	2,928.3	2,587.5	3,321.7
Cost of sales		-2,370.1	-1,919.5	-2,599.8
Gross profit		**558.2**	**668.1**	**721.9**
Distribution expenses		-157.8	-147.9	-165.1
Sales and marketing expenses		-97.6	-70.8	-91.4
Administrative expenses		-150.8	-130.4	-160.1
Other operating income and expenses	5	-32.0	-18.8	-34.1
Adjusted EBIT[31]	**3**	**120.1**	**300.1**	**271.3**
EBIT adjusting items	6	0.5	-12.0	-21.8
EBIT (Profit (+) / loss (-) from operations)		**120.6**	**288.1**	**249.4**
Finance costs	9	-43.8	-41.5	-83.3
Finance income	9	40.2	37.8	46.9
Finance (costs) / income - net	**9**	**-3.6**	**-3.8**	**-36.5**
Share of result of equity accounted investees, net of income tax	14	-0.5	4.8	4.8
Profit (+) / loss (-) before tax		**116.4**	**289.2**	**217.8**
Income tax expense	10	-2.0	-62.4	-56.3
Profit (+) / loss (-) for the period		**114.4**	**226.8**	**161.5**
Attributable to:				
- Equity holders of the company		**109.5**	**226.9**	**nm**
- Non-controlling interest	**21**	**4.9**	**-0.1**	**nm**
Basic earnings per share (EUR)	20	1.74	5.26	nm
Diluted earnings per share (EUR)	20	1.74	5.26	nm

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

[31] *Adjusted EBIT is considered by the group to be a relevant performance measure in order to compare results over the period 2022-2023, 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 and sale agreement.*

Consolidated statement of comprehensive income

(Million EUR)	note	For the year ended December 31 2023	2022	2022 Pro Forma
Profit (+) / loss (-) for the period		**114.4**	**226.8**	**161.5**
Translation differences[32]		-21.5	14.6	14.1
Net change in fair value of derivative financial instruments, before tax	26	-2.0	5.8	5.8
Other movements		0.0	-0.0	-0.0
Income tax on other comprehensive income	15	0.5	-1.5	-1.5
Items of other comprehensive income that are or may be reclassified subsequently to profit or loss		**-23.1**	**18.9**	**18.5**
Remeasurements of the net defined benefit liability, before tax	23	-4.3	27.1	26.9
Income tax on other comprehensive income	15	0.4	-4.4	-4.4
Items of other comprehensive income that will not be reclassified subsequently to profit or loss		**-3.9**	**22.7**	**22.5**
Other comprehensive income, net of income tax		**-27.0**	**41.6**	**40.9**
Total comprehensive income		**87.4**	**268.4**	**202.4**
Attributable to:				
- Equity holders of the company		82.0	268.4	nm
- Non-controlling interest	21	5.4	-0.0	nm

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

[32] *The 2023 translation differences are mainly impacted by the strengthening of the EUR against the USD (+4%) (2022: -6%).*

Consolidated statement of financial position

(Million EUR)	note	As per December 31 2023	2022	2022 Pro Forma
Assets				
Total non-current assets		**1,657.2**	**1,147.5**	**1,679.4**
Property, plant and equipment	11	1,156.1	888.7	1,091.6
Goodwill	12	31.8	32.1	32.5
Intangible assets	13	286.9	107.0	357.6
Investments accounted for using the equity method	14	23.6	26.2	26.2
Other investments and guarantees	14	12.2	10.9	86.0
Deferred tax assets	15	50.2	18.2	19.5
Trade and other receivables	16	26.1	14.5	16.1
Long term investments	18/22	70.0	50.0	50.0
Derivative financial instruments	26	0.3	-	-
Total current assets		**1,257.3**	**1,153.3**	**1,412.3**
Inventories	17	604.5	566.9	674.4
Trade and other receivables	16	457.0	412.9	518.7
Current tax assets	10	15.9	16.8	23.2
Derivative financial instruments	26	3.0	0.6	0.6
Cash and cash equivalents	18/22	177.0	156.1	195.4
Non-current assets held for sale		**0.2**	**-**	**0.2**
Total assets		**2,914.7**	**2,300.9**	**3,091.9**
Equity and Liabilities				
Equity				
Equity attributable to equity holders of the company		**1,930.9**	**1,401.8**	**1,908.1**
Issued capital		428.3	216.2	428.3
Share premium		1,743.6	238.0	1,743.6
Reserves and retained earnings		-241.0	947.6	-263.8
Non-controlling interest		**17.9**	**1.5**	**1.5**
Total equity		**1,948.7**	**1,403.2**	**1,909.6**
Liabilities				
Total non-current liabilities		**476.0**	**444.0**	**541.8**
Loans and borrowings	22	175.3	209.3	212.1
Employee benefits	23	45.0	40.1	43.1
Provisions	24	119.0	121.3	121.3
Trade and other payables	25	6.8	6.9	6.9
Derivative financial instruments	26	3.4	10.1	10.1
Deferred tax liabilities	15	126.5	56.3	148.3
Total current liabilities		**490.0**	**453.6**	**640.6**
Bank overdrafts	18/22	0.1	0.1	0.1
Loans and borrowings	22	61.4	56.2	58.7
Trade and other payables	25	405.5	383.2	561.9
Derivative financial instruments	26	6.1	1.6	1.6
Current tax liabilities	10	2.1	1.9	3.7
Employee benefits	23	0.8	0.7	1.3
Provisions	24	13.9	9.8	13.3
Total liabilities		**966.0**	**897.6**	**1,182.4**
Total equity and liabilities		**2,914.7**	**2,300.9**	**3,091.9**

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, 2023		**216.2**	**238.0**	**21.6**	**-66.8**	**2.7**	**990.0**	**1,401.8**	**1.5**	**1,403.2**
Profit (+) / loss (-) for the period		-	-	-	-	-	109.5	109.5	4.9	114.4
Other comprehensive income										
- Translation differences		-	-	-	-22.1	-	-	-22.1	0.5	-21.5
- Remeasurements of the net defined benefit liability, net of tax		-	-	-	-	-	-3.9	-3.9	-	-3.9
- Net change in fair value of derivative financial instruments, net of tax		-	-	-	-	-1.5	-	-1.5	-	-1.5
- Other movements		-	-	-	-	-	-	0.0	0.0	0.0
Comprehensive income, net of income taxes		**0.0**	**0.0**	**0.0**	**-22.1**	**-1.5**	**105.6**	**82.0**	**5.4**	**87.4**
Transactions with owners, recorded directly in equity										
- Capital increases Tessenderlo Group nv	19	212.0	1,505.6	-	-	-	-	1,717.7	-	1,717.7
- Reserves related to Picanol acquisition	4	-	-	-	5.5	-	-329.7	-324.2	-	-324.2
- Own shares following Picanol acquisition	4	-	-	-	-	-	-887.3	-887.3	-	-887.3
- (Repurchase)/disposal of own shares	19	-	-	-	-	-	-32.4	-32.4	-	-32.4
- Dividends paid to shareholders	19	-	-	-	-	-	-47.6	-47.6	-	-47.6
- Capital increase by non-controlling interest		-	-	-	-	-	-	0.0	1.5	1.5
- Changes in non-controlling interest without loss of control	4/21	-	-	-	5.6	-	15.2	20.8	9.5	30.4
Total contributions by and distributions to owners		**212.0**	**1,505.6**	**0.0**	**11.1**	**0.0**	**-1,281.8**	**447.1**	**11.0**	**458.1**
Balance at December 31, 2023		**428.3**	**1,743.6**	**21.6**	**-77.7**	**1.2**	**-186.1**	**1,930.9**	**17.9**	**1,948.7**

(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, 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	-	-	-	-	-	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**

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

Consolidated statement of cash flows

(Million EUR)	note	For the year ended December 31 2023	2022	2022 Pro Forma
Operating activities				
Profit (+) / loss (-) for the period		114.4	226.8	161.5
Depreciation, amortization and impairment losses on tangible assets, goodwill and intangible assets	8	198.7	172.4	243.1
Changes in provisions		-4.8	-16.8	-18.8
Finance costs	9	43.8	41.5	83.3
Finance income	9	-40.2	-37.8	-46.9
Loss / (profit) on sale of non-current assets		-0.0	-0.8	-1.5
Share of result of equity accounted investees, net of income tax		0.5	-4.8	-4.8
Income tax expense	10	2.0	62.4	56.3
Other non-cash items		2.9	-1.0	-1.3
Changes in inventories		25.7	-160.6	-179.6
Changes in trade and other receivables		58.9	-36.3	-53.4
Changes in trade and other payables		-157.4	20.7	51.4
Change in accounting estimates - inventory write off	3/17	28.4	10.3	14.6
Net change in emission allowances recognized within intangible assets	13	-2.8	1.2	1.2
Revaluation electricity forward contracts	26	-3.8	-7.4	-7.4
Liquidation of dormant UK subsidiaries	4	-1.1	-	-
Bargain purchase recognized following the acquisition of the activities of DYKA Réseaux SAS		-	-2.7	-2.7
Settlement loss UK pension plan	6/23	-	7.3	7.3
Cash generated from operations		**265.2**	**274.5**	**302.4**
Income tax paid	10	-46.0	-74.6	-83.1
Cash flow from operating activities		**219.2**	**199.8**	**219.3**
Investing activities				
Acquisition of property, plant and equipment	11	-177.1	-112.8	-133.4
Acquisition of intangible assets	13	-1.4	-0.6	-0.7
Acquisition of shares of other investments		-	-	-1.6
Acquisition of businesses, net of cash acquired	4	39.3	-42.1	-42.1
Proceeds from the sale of property, plant and equipment		0.2	1.6	1.6
Dividends received from other investments		0.8	-	1.3
Proceeds from the sale of other investments	9	80.7	-	-
Liquidation of PB Shengda (Zhejiang) Biotechnology Co. Ltd	14	0.9	-	-
Cash deposit paid for prequalification CRM auction (T-Power)		-	-16.2	-16.2
Cash deposit reimbursed for prequalification CRM auction (T-Power)		-	16.2	16.2
Proceeds from sale of short term investments		-	10.0	10.0
Acquisition of long term investments	18/22	-70.0	-50.0	-50.0
Proceeds from sale of long term investments	18/22	50.0	-	-
Cash flow from investing activities		**-76.7**	**-194.0**	**-214.8**
Financing activities				
Repurchase of own shares	19	-32.4	-0.6	-4.1
Proceeds from the sale of shares to a non-controlling interest	4	9.8	-	-
Payment of lease liabilities	11/22	-20.7	-20.7	-22.1
Proceeds from new borrowings	22	5.8	60.0	62.9
Reimbursement of borrowings	22	-43.7	-198.0	-199.4
Interest paid	9	-10.4	-13.8	-16.2
Interest received		8.5	0.9	4.9
Other finance costs paid		-0.8	-1.6	-1.6
Decrease/(increase) of long term receivables		3.6	1.8	1.8
Capital increase from non-controlling interest		-	0.1	0.1
Dividends paid to shareholders		-39.9	-	-3.5
Cash flow from financing activities		**-120.3**	**-171.8**	**-177.2**
Net increase / (decrease) in cash and cash equivalents		**22.2**	**-165.9**	**-172.7**
Effect of exchange rate differences	22	-1.3	1.7	1.3
Cash and cash eq. less bank overdrafts at the beginning of the period	18/22	156.0	320.2	366.7
Cash and cash eq. less bank overdrafts at the end of the period	18/22	176.9	156.0	195.3

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

The cash flow from operating activities increased from 199.8 million EUR in 2022 to 219.2 million EUR as per December 31, 2023. The operational results decreased, as the first-time contribution of Picanol Group (note 4 - Acquisitions and disposals) could not offset the decrease of the results of the other operating segments (note 3 - Segment reporting). The lower operational results were however compensated by lower working capital needs. The changes in working capital led to a cash outflow of only -72.8 million EUR in 2023, compared to -176.2 million EUR in 2022. The decrease in taxable result also resulted in lower income taxes paid (-46.0 million EUR in 2023 compared to -74.6 million EUR in 2022).

The cash flow from investing activities changed from -194.0 million EUR in 2022 to -76.7 million EUR in 2023. Total capital expenditure amounts to -178.5 million EUR in 2023 (2022: -113.4 million EUR) (note 3 - Segment reporting). In 2023, the acquisition of Picanol Group resulted in the recognition of the net cash position of Picanol Group for +39.3 million EUR, while 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). In April 2023, Tessenderlo Group sold 654,000 shares (which is equivalent to a participation of 14%) in Rieter Holding AG (SWX: RIEN) for an amount of +80.7 million EUR. In 2022, 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. In 2023, the group did not participate in the Belgian CRM auction. As per year end 2023, three long term bank deposits are outstanding for a total amount of 70.0 million EUR, while the two outstanding long term bank deposits of 50.0 million EUR, outstanding per year-end 2022, were early reimbursed. The outstanding deposits have an original duration of 2 years and the counterparty is a highly rated international bank (note 18 - Cash and cash equivalents).

The cash flow from financing activities amounts to -120.3 million EUR as per year-end 2023 (2022: -171.8 million EUR). In March 2023, a share repurchase program was started for an amount not exceeding 40 million EUR. By the end of December 2023, Tessenderlo Group had acquired 1,149,000 of its own shares at an average price of 28.21 EUR per share, for a total amount of 32.4 million EUR. In January 2023, the business unit PB Leiner (Bio-valorization segment) finalized a new joint venture with D&D Participações Societárias, who acquired a 40% minority stake in PB Leiner's Brazilian plant (PB Brasil Industria e Comercio de Gelatinas Ltda). The sale resulted in proceeds for 9.8 million EUR and the recognition of a deferred payment and contingent consideration for an amount of 20.9 million USD (19.0 million EUR) (note 4 - Acquisitions and disposals). The reimbursement of borrowings in 2023 (-43.7 million EUR) mainly relates to the yearly reimbursement of the T-Power credit facility (-25.7 million EUR), while in 2022 also the outstanding 2022 bonds were reimbursed (-165.5 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 2023 (note 22 - Loans and borrowings). The dividend paid in 2023 over the financial year 2022, resulted in a cash outflow of -39.9 million EUR. As per December 31, 2023, 7.7 million EUR of the 2022 dividend was still outstanding, related to the 2022 dividend withholding taxes, to Oostiep Group bv (note 25 - Trade and other payables and note 29 - Related parties).

As a result, cash and cash equivalents less bank overdrafts increased from 156.0 million EUR in 2022 to 176.9 million EUR as per December 31, 2023 (note 18 - Cash and cash equivalents).

Notes to the consolidated financial statements

1. Summary of material 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, 2023 comprise the company and its subsidiaries (together referred to as the "group") and the group's interests in jointly controlled entities.

The IFRS financial statements were authorized for issue by the Board of Directors of Tessenderlo Group nv on Tuesday March 26, 2024.

(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. Assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less cost to sell.

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

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

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

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

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

(C) Principles of consolidation

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

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

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

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

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

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

(D) Foreign currency

Foreign currency transactions

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

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

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

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

Foreign currency translation

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

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

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

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

Exchange rates

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

	Closing rate		Average rate	
1 EUR equals :	2023	2022	2023	2022
Brazilian real	5.3618	5.6386	5.4010	5.4399
Chinese yuan	7.8509	7.3582	7.6600	7.0788
Costa Rican colon	573.0100	632.8700	584.0816	677.3942
Czech crown	24.7240	24.1160	24.0043	24.5659
Indian Rupee	91.9045	88.1710	89.3001	82.6864
Indonesian Rupiah	17,079.7100	16,519.8200	16,479.6156	15,625.2511
Mexican Peso	18.7231	20.8560	19.1830	21.1869
Philippine peso	61.2830	59.3200	60.1626	57.3138
Polish zloty	4.3395	4.6808	4.5420	4.6861
Pound sterling	0.8691	0.8869	0.8698	0.8528
Romanian leu	4.9756	4.9495	4.9467	4.9313
Swiss franc	0.9260	0.9847	0.9718	1.0047
Turkish lira	32.6531	19.9649	25.7597	17.4088
US dollar	1.1050	1.0666	1.0813	1.0530

(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).

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.

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.

(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.

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[33]	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

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

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.

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.

Changes in fair value of investments in equity securities are recognized in Finance (costs) / income in the consolidated income statement for the following investments:

- Rieter Holding AG (note 14 - Investments accounted for using the equity method, other investments and guarantees).

Other investments and guarantees

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 (operating segments Agro, Bio-Valorization and Industrial Solutions) and by the First-in First-out (FIFO) method (operating segment Machines & Technologies).

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.

Export financing is used within the operating segment Machines & Technologies. The group allows long-term payment of trade receivables provided that these are financed via export financing by banks and are guaranteed by an external credit insurance company. Upon invoicing of machine contracts, the related trade receivable (which is spread over several years) is recognized within “Trade and other receivables”. There are several options to finance these non-current trade receivables. If the group takes out a parallel supplier credit with a financial institution, this debt will be recorded within “Loans and borrowings”. The group may also decide to proceed with discounting these receivables through a financial institution or a credit insurance company. In this case, the trade receivables will be settled the moment the risk of the asset is transferred. The costs of discounting are included in the consolidated income statement within “Other finance costs”. The income related to re-invoicing these interest costs to the customer is included in the consolidated income statement within “Other finance income".

(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.

Warranties

A provision for warranty costs will be made for products under warranty on the basis of historical data with regard to repairs and returned goods. A provision is recognized for performance warranties based on individual analysis.

(Q) Employee benefits

Post-employment benefits

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

- *Defined contribution plans:*

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

- *Defined benefit plans:*

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

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

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

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

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

Past service costs, 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.

- *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. In the operating segment Machines & Technologies, the installation of the machine at the customer is considered to be a separate performance obligation as the customer or another third party could also install the machine. However, the turnover related to these installations is considered to be insignificant.

- *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.

- *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, gains on derivative financial instruments, that are not part of a hedge accounting relationship and the recharging of financing costs related to the sale of weaving machines.

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, losses on derivative financial instruments, that are not part of a hedge accounting relationship, and finance costs related the sale of weaving machines.

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

(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 material accounting policies.

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

(Y) Changes in accounting policy and disclosures

The following amendments and annual improvements to standards are mandatory for the first time for the financial year beginning January 1, 2023 and have been endorsed by the European Union. These did not have a significant impact on the financial statements of the group:

- IFRS 17 *Insurance Contracts*
- Amendments to IAS 8 *Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates*
- Amendments to IAS 1 *Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies*
- Amendments to IAS 12 *Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to IFRS 17 *Insurance contracts: initial application of IFRS 17 and IFRS 9 - Comparative information*
- Amendments to IAS 12 *Income Taxes: International Tax Reform - Pillar Two Model Rules*

The following amendments 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, 2024:

- Amendments to IFRS 16 *Leases: Lease Liability in a Sale and Leaseback*
- Amendments to IAS 1 *Presentation of Financial statements: Classification of Liabilities as Current or Non-current*

The group has not applied this amended standard in preparing the 2023 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 IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures: Supplier Finance Arrangements*

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, 2025 and have not yet been endorsed by the European Union:

- Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability*

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 values of an electricity purchase agreement and an electricity sale agreement have been estimated using a discounted cash flow method, making certain assumptions about the model inputs, including a risk-adjusted discount rate, and a commodities market price. The fair values are categorized as level 3 as they are partly based on unobservable market data.

3. Segment reporting

The group has 5 operating segments based on the principal business activities, economic environments and value chains in which they operate, as defined under IFRS 8 *Operating Segments*. 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; 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 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.
- “Machines & Technologies”: covers the production, development and sale of high-tech weaving machines and other “*original equipment manufacturers*” industrial products. This segment includes Picanol (weaving machines), Proferro (foundry and mechanical finishing), and PsiControl (electronics development and production) activities. 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 mid-year 2026) for the full capacity of the plant.

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

The majority of the group's revenue consists of the sale of goods. Products are generally sold directly or through distributors to the customers. Revenue is therefore recognized when the goods are delivered to the customers, where the point of recognition is dependent on the contract sales terms, known as the International Commercial terms (Incoterms). The group also recognizes revenue from the sale of services. These mainly relate to the collection of organic materials within Akiolis (operating segment Bio-valorization), and R&D services sold by Psicontrol in the operating segment Machines & Technologies. In this case, the revenue is recognized when the customers obtain control of the services, predominantly at a point in time.

The major line items of the income statement and statement of financial position are shown per operating segment in the table below. The Pro Forma information shows the impact as if the acquisition of Picanol Group by Tessenderlo Group would have occurred as of January 1, 2022, thereby impacting the statement of financial position per December 31, 2022 and the income statement as from January 1, 2022. These impacts are presented solely for comparison reasons. The 2022 figures of Tessenderlo Group have not been restated.

(Million EUR)	note	Agro			Bio-valorization			Industrial Solutions		
		2023	2022	2022 Pro Forma	2023	2022	2022 Pro Forma	2023	2022	2022 Pro Forma
Revenue (internal and external)		796.4	976.8	976.8	730.0	806.8	806.8	712.0	736.5	736.5
Less: Revenue (internal)		2.5	2.3	2.3	3.6	6.9	6.9	3.1	4.0	4.0
Revenue		**793.9**	**974.5**	**974.5**	**726.4**	**799.9**	**799.9**	**708.9**	**732.5**	**732.5**
Adjusted EBIT		**9.4**	**138.7**	**101.6**	**10.8**	**79.2**	**77.3**	**47.4**	**57.9**	**49.8**
Adjusted EBITDA		**82.3**	**173.4**	**173.4**	**49.8**	**114.2**	**114.2**	**83.8**	**85.1**	**85.1**
Return on revenue (Adjusted EBITDA/revenue)		**10.4%**	**17.8%**	**17.8%**	**6.9%**	**14.3%**	**14.3%**	**11.8%**	**11.6%**	**11.6%**
Non-current segment assets excluding fair value adjustments recognized by Picanol Group		314.1	301.0	301.0	299.2	266.1	266.1	225.5	200.7	200.7
Impact of fair value adjustments recognized by Picanol Group		224.6	-	269.9	13.8	-	16.0	50.4	-	58.5
Current segment assets		374.7	450.3	450.3	307.4	294.7	294.7	199.9	232.5	232.5
Derivative financial instruments	26	-	-	-	-	-	-	-	-	-
Investments accounted for using the equity method	14	22.8	24.7	24.7	0.8	1.5	1.5	-	-	-
Other investments and guarantees	14	-	-	-	-	-	-	-	-	-
Deferred tax assets	15	-	-	-	-	-	-	-	-	-
Long term investments	18/22	-	-	-	-	-	-	-	-	-
Cash and cash equivalents	18/22	-	-	-	-	-	-	-	-	-
Total assets		**936.1**	**775.9**	**1,045.8**	**621.2**	**562.3**	**578.2**	**475.7**	**433.2**	**491.7**
Segment liabilities		93.2	144.1	144.1	155.2	168.0	168.0	91.6	96.5	96.5
Derivative financial instruments	26	-	-	-	-	-	-	-	-	-
Loans and borrowings	22	-	-	-	-	-	-	-	-	-
Bank overdrafts	18/22	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	15	-	-	-	-	-	-	-	-	-
Total equity		-	-	-	-	-	-	-	-	-
Total Equity and Liabilities		**93.2**	**144.1**	**144.1**	**155.2**	**168.0**	**168.0**	**91.6**	**96.5**	**96.5**
Capital expenditures: property, plant and equipment and intangible assets	11/13	44.9	44.2	44.2	63.8	35.8	35.8	41.6	31.7	31.7
Depreciation, amortization and impairment losses on property, plant and equipment and intangible assets excluding fair value adjustments recognized by Picanol Group	8	-36.2	-34.8	-34.8	-37.1	-34.9	-34.9	-28.3	-27.1	-27.1
Depreciation, amortization and impairment losses on property, plant and equipment and intangible assets of fair value adjustments recognized by Picanol Group	8	-36.7	-	-37.1	-1.9	-	-1.9	-8.1	-	-8.1
Reversal/(additional) inventory write-offs	17	-7.7	-7.0	-7.0	-15.3	-0.5	-0.5	-1.4	-2.8	-2.8

(Million EUR)	note	Machines & Technologies			T-Power			Non-allocated			Tessenderlo Group		
		2023	2022	2022 Pro Forma	2023	2022	2022 Pro Forma	2023	2022	2022 Pro Forma	2023	2022	2022 Pro Forma
Revenue (internal and external)		622.4	-	734.2	76.7	80.6	80.6	-	-	-	2,937.5	2,600.7	3,334.9
Less: Revenue (internal)		-	-	-	-	-	-	-	-	-	9.2	13.1	13.1
Revenue		**622.4**	**-**	**734.2**	**76.7**	**80.6**	**80.6**	**-**	**-**	**-**	**2,928.3**	**2,587.5**	**3,321.7**
Adjusted EBIT		**30.3**	**-**	**18.3**	**22.2**	**24.2**	**24.2**	**-**	**-**	**-**	**120.1**	**300.1**	**271.3**
Adjusted EBITDA		**45.4**	**-**	**32.2**	**57.4**	**62.2**	**62.2**	**-**	**-**	**-**	**318.7**	**434.8**	**467.0**
Return on revenue (Adjusted EBITDA/revenue)		**7.3%**	**-**	**4.4%**	**74.8%**	**77.2%**	**77.2%**	**-**	**-**	**-**	**10.9%**	**16.8%**	**14.1%**
Non-current segment assets excluding fair value adjustments recognized by Picanol Group		101.2	-	88.8	208.9	244.0	244.0	16.4	16.1	16.1	1,165.4	1,027.8	1,116.7
Impact of fair value adjustments recognized by Picanol Group		-	-	-	-	-	-	20.6	-	20.6	309.4	-	365.0
Current segment assets		173.1	-	221.5	3.4	4.7	4.7	45.4	29.0	29.0	1,103.7	1,011.1	1,232.6
Derivative financial instruments	26	-	-	-	-	-	-	3.2	0.6	0.6	3.2	0.6	0.6
Investments accounted for using the equity method	14	-	-	-	-	-	-	-	-	-	23.6	26.2	26.2
Other investments and guarantees	14	-	-	-	-	-	-	12.2	10.9	86.0	12.2	10.9	86.0
Deferred tax assets	15	-	-	-	-	-	-	50.2	18.2	19.5	50.2	18.2	19.5
Long term investments	18/22	-	-	-	-	-	-	70.0	50.0	50.0	70.0	50.0	50.0
Cash and cash equivalents	18/22	-	-	-	-	-	-	177.0	156.1	195.4	177.0	156.1	195.4
Total assets		**274.3**	**-**	**310.3**	**212.3**	**248.7**	**248.7**	**395.0**	**280.8**	**417.2**	**2,914.7**	**2,300.9**	**3,091.9**
Segment liabilities		98.0	-	187.4	10.3	8.9	8.9	144.9	146.5	146.5	593.2	564.0	751.5
Derivative financial instruments	26	-	-	-	-	-	-	9.4	11.7	11.7	9.4	11.7	11.7
Loans and borrowings	22	-	-	-	-	-	-	236.8	265.5	270.8	236.8	265.5	270.8
Bank overdrafts	18/22	-	-	-	-	-	-	0.1	0.1	0.1	0.1	0.1	0.1
Deferred tax liabilities	15	-	-	-	-	-	-	126.5	56.3	148.3	126.5	56.3	148.3
Total equity		-	-	-	-	-	-	1,948.7	1,403.2	1,909.6	1,948.7	1,403.2	1,909.6
Total Equity and Liabilities		**98.0**	**-**	**187.4**	**10.3**	**8.9**	**8.9**	**2,466.4**	**1,883.4**	**2,487.0**	**2,914.7**	**2,300.9**	**3,091.9**
Capital expenditures: property, plant and equipment and intangible assets	11/13	25.9	-	20.7	-	-	-	2.3	1.7	1.7	178.5	113.4	134.0
Depreciation, amortization and impairment losses on property, plant and equipment and intangible assets excluding fair value adjustments recognized by Picanol Group	8	-15.2	-	-13.8	-35.2	-75.6	-75.6	-	-	-	-151.9	-172.4	-186.3
Depreciation, amortization and impairment losses on property, plant and equipment and intangible assets of fair value adjustments recognized by Picanol Group	8	-	-	-	-	-	-9.7	-	-	-	-46.7	-	-56.8
Reversal/(additional) inventory write-offs	17	-4.0	-	-4.3	-	-	-	-	-	-	-28.4	-10.3	-14.6

Following the acquisition of Picanol Group (note 4 - Acquisitions and disposals), the non-current segment assets are impacted by the remaining amount of acquisition accounting adjustments (309.4 million EUR as per December 31, 2023), which were recognized by Picanol Group on the date of initial consolidation of Tessenderlo Group (January 1, 2019). These fair value adjustments were recognized on property, plant and equipment, intangible assets and goodwill. The decrease compared to the 2022 Pro Forma figures (365.0 million EUR) is explained by the yearly amortization and depreciation charges.

The increase of the non-current segment assets within the operating segment Bio-valorization can mainly be explained by the acquisition of, and the further investments in, the real estate and production assets of a former rendering company in Ribera d'Ondara (Spain) by Akiolis Iberia S.L. (note 4 - Acquisitions and disposals, note 11 - Property, plant and equipment) as well as the acquisition of production assets for the fish collagen peptides plant in Hainan (China) by PB Leiner (Hainan) Biotechnology Co Ltd. (note 11 - Property, plant & equipment).

The decrease of the non-current segment assets within the operating segment T-Power is mainly due to the amortization and depreciation of the fair value adjustments within T-Power nv, fully acquired in 2018. The remaining net book value of the customer list recognized amounts to 52.8 million EUR per December 31, 2023 and the yearly amortization charge amounts to -21.1 million EUR.

The increase of the non-current segment assets, compared to the Pro Forma figures, within the operating segment Machines & Technologies is mainly related the new headquarter office in Ieper (Belgium), which is currently under construction.

The current segment assets of the operating segments Agro and Industrial Solutions were impacted by lower inventories, while the current segment assets of Machines & Technologies were impacted by lower trade receivables following a lower activity. The current segment assets of the operating segment Bio-valorization were impacted by a higher inventory level compared to year-end 2022.

The decrease of the segment liabilities within Agro and Machines & Technologies can be explained by lower trade payables, linked to a lower activity.

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

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

	Revenue by market			Non-current segment assets		
(Million EUR)	2023	2022	2022 Pro Forma	2023	2022	2022 Pro Forma
Europe	1,597.8	1,417.5	1,620.4	965.7	760.4	931.2
North America	781.6	863.5	888.3	435.3	217.0	475.6
South America	116.2	127.3	144.7	59.9	45.0	64.1
Asia	362.3	108.7	591.8	13.9	5.4	10.8
Rest of the world	70.4	70.5	76.6	-	-	-
Tessenderlo Group	**2,928.3**	**2,587.5**	**3,321.7**	**1,474.8**	**1,027.8**	**1,481.7**

4. Acquisitions and disposals

2023 acquisitions and disposals

Acquisition of Picanol Group

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 was 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 had 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 held 100% of the shares of Picanol Group.

As from January 2023 Picanol Group is fully consolidated in the results of Tessenderlo Group.

The 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 Group, 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 Group 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 (Oostiep Group bv).

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:
    - Fair value adjustments on property, plant and equipment
    - Recognition of goodwill
    - Fair value adjustments on intangible assets
    - Fair value adjustments on an interest-bearing financial liability
    - 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:

- Additional annual amortization and depreciation expenses of the fair value adjustments recorded on the non-current assets described above
- Adjustment to the interest expense of an interest-bearing financial liability as described above
- Deferred taxes as a result of the adjustments described above

These adjustments in its nature will have a continuing impact on the consolidated income statement of Tessenderlo group, but the amounts will change over time.

- The total amount of equity is measured as the one reported in note 31 - Subsequent events in the published consolidated financial statements of Tessenderlo Group for the year ended December 31, 2022 (1,919.2 million EUR), after including a -9.7 million EUR adjustment related to the goodwill which Picanol Group allocated to the operating segment T-Power. In 2022, Tessenderlo Group recognized an impairment loss for an amount of -37.6 million EUR on the assets of the cash-generating unit T-Power and consequently any related goodwill should have been impaired as well.
- 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 merged into Picanol nv as of July 31, 2023. The group intends to cancel the own shares, now held through its direct subsidiary Picanol nv, in 2024.

The table below summarizes the impact of the acquisition of Picanol Group on the financial position of the group as of January 2023:

(Million EUR)	Fair value adjustments recognized by Picanol Group on Tessenderlo Group	Picanol Group	Total
Total non-current assets	**365.0**	**166.9**	**531.9**
Property, plant and equipment (note 11)	114.9	88.0	202.9
Goodwill	0.4	-	0.4
Intangible assets (note 13)	249.8	0.8	250.6
Other investments	-	75.2	75.2
Deferred tax assets	-	1.3	1.3
Trade and other receivables	-	1.6	1.6
Total current assets	**0.0**	**258.9**	**258.9**
Inventories	-	107.5	107.5
Trade and other receivables	-	105.8	105.8
Current tax assets	-	6.4	6.4
Cash and cash equivalents	-	39.3	39.3
Assets classified as held for sale	**0.0**	**0.2**	**0.2**
Total assets	**365.0**	**426.0**	**791.0**

(Million EUR)	Fair value adjustments recognized by Picanol Group on Tessenderlo Group	Picanol Group	Total
Total non-current liabilities	**89.0**	**8.8**	**97.8**
Loans and borrowings	1.1	1.6	2.8
Employee benefits	-	3.0	3.0
Deferred tax liabilities	87.8	4.1	92.0
Total current liabilities	**0.0**	**187.0**	**187.0**
Loans and borrowings	-	2.5	2.5
Trade and other payables	-	178.6	178.6
Current tax liabilities	-	1.8	1.8
Employee benefits	-	0.6	0.6
Provisions	-	3.4	3.4
Total liabilities	**89.0**	**195.7**	**284.7**
Net assets acquired	**276.0**	**230.3**	**506.3**
Own shares Tessenderlo Group nv acquired			887.3
Total net assets acquired			**1,393.6**
Increase in capital and share premium as a result of new shares issued by Tessenderlo Group nv			-1,717.7
Reserves related to Picanol Group acquisition			**-324.2**

Acquisition: Former Spanish rendering company

In January 2023, the group announced that the business unit Akiolis (operating segment Bio-valorization) acquired the real estate and production assets of a former Spanish rendering company (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. The group acquired the real estate and production assets, while the industrial process knowledge of the business unit Akiolis was put in place to resume operations under the name Akiolis Iberia. Due to lack of a substantive process, the group concluded that this transaction does not meet the definition of a business combination in accordance with IFRS 3 *Business combinations*. The group recognized the individual identifiable assets acquired, mainly consisting of land and buildings.

Disposal: 40% minority share of PB Brasil Industria e Comercio de Gelatinas Ltda

In November 2022, the group announced that the business unit PB Leiner (operating segment Bio-valorization) 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 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 (which is included within current and non-current trade and other receivables as per December 31, 2023). An amount of 10.6 million USD (9.8 million EUR) was received in cash upon completion of the transaction. In addition, the group is entitled to a contingent consideration (up to 6 million USD) depending on the future performance of the subsidiary, which is valued net of withholding taxes at 5.1 million USD. As the group retained control in the Brazilian subsidiary, the gain realized on the sale of this minority interest for an amount of 15.2 million EUR was recognized in equity, while an amount of 9.5 million EUR was recognized as non-controlling interest.

Liquidation of PB Shengda (Zhejiang) Biotechnology Co., Ltd.

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 was dissolved in 2023. The liquidation of this company had no significant impact on the financial statements of the group.

Liquidation of John Davidson Holdings Ltd. and DYKA UK Ltd.

In December 2023, the dormant companies John Davidson Holdings Ltd. and DYKA UK Ltd. have been (substantially) dissolved. Both 100% subsidiaries were dormant companies without any remaining activity. As a result of the liquidation, the related translation reserves were recycled in EBIT adjusting items for an amount of +1.1 million EUR (note 6 - EBIT adjusting items).

2022 acquisitions

The group recognized fair value adjustments related to the acquisition (in August 2022) of the product line Lannate® by the NovaSource® business unit (operating segment Agro) and the acquisition (in September 2022) of a production plant and associated business in Gaillon (France) by the DYKA Group business unit (operating segment Industrial Solutions). The group did not obtain new information, within one year after the acquisition, about facts and circumstances that existed at the date of acquisition, which would have resulted in a revision of the acquisition accounting.

5. Other operating income and expenses

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

(Million EUR)	note	2023	2022	2022 Pro Forma
Additions to provisions		-0.8	-1.0	-1.0
Research and development cost		-29.5	-13.1	-28.5
Taxes other than income taxes		-3.2	-4.4	-4.4
Expenses related to defined benefit plans	23	-1.0	-1.4	-1.4
Gains on disposal of property, plant and equipment and intangible assets		0.0	0.7	0.7
Reversal/(recognition) of impairment losses on trade receivables	26	0.0	-0.7	-0.7
Other		2.5	1.2	1.2
Total		**-32.0**	**-18.8**	**-34.1**

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 -20.3 million EUR (2022: -8.4 million EUR or 2022 Pro Forma: -19.7 million EUR) and depreciation charges for an amount of -0.7 million EUR (2022: -0.6 million EUR or 2022 Pro Forma: -0.7 million EUR). In 2023 and 2022, 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 2023 show a net gain of 0.5 million EUR (2022: -12.0 million EUR).

(Million EUR)	note	2023	2022
Gains and losses on disposals		1.2	0.3
Restructuring		-	-0.3
Impairment losses	8/11	-	-37.6
Provisions and claims		-0.5	13.5
Settlement loss UK pension plan	23	-	-7.3
Electricity purchase and sale agreement		-0.5	21.1
Other income and expenses		0.4	-1.6
Total		**0.5**	**-12.0**

Impairment losses in 2022 related to property, plant and equipment of T-Power nv (operating segment T-Power), which were impaired for -37.6 million EUR at year-end 2022.

Provisions and claims (-0.5 million EUR) mainly relate to the impact of a change in the expected timing of the future cash outflows to cover the estimated cost, over the period 2024-2054, for the remediation of historical soil and ground contamination of the factory sites in Belgium (Ham, Tessenderlo and Vilvoorde) and France (Loos), while the inflation and discount rate applied to these environmental provisions remained stable in 2023 compared to 2022. The 2023 impact amounts to -2.0 million EUR (2022: +16.7 million EUR) (note 24 - Provisions). The remaining items included in provisions and claims relate to several individually insignificant reversals of provisions.

In 2022, a settlement loss was 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, was offset by an electricity sale agreement, starting in November 2023. As the terms and conditions of this electricity sale agreement are similar to the electricity purchase agreement, the group will no longer be exposed to the volatility of gas and electricity prices. The total contribution of the two agreements amounted to -4.4 million EUR in 2023 (2022: +13.3 million EUR). The revaluation at fair value of both agreements resulted in a positive impact of +3.8 million EUR (2022: +7.8 million EUR) (note 26 - Financial instruments).

Other income and expenses (0.4 million EUR) relate to 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	2023	2022	2022 Pro Forma
Wages and salaries		-376.4	-277.1	-374.0
Employer's social security contributions		-87.3	-59.9	-80.7
Other personnel costs		-29.5	-19.8	-29.0
Contributions to defined contribution plans		-8.6	-10.2	-10.3
Expenses related to defined benefit plans	23	-5.9	-13.5	-14.5
Total		**-507.9**	**-380.4**	**-508.4**

The number of FTEs at year-end 2023 amounts to 7,242 (2022: 4,956). The increase of the number of FTEs is mainly linked to the acquisition of Picanol Group (operating segment Machines & Technologies) of which the number of FTE's amounts to 2,166 as per December 31, 2023 (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:

		Depreciation on PPE			Amortization on intangible assets			Total		
(Million EUR)	note	2023	2022	2022 Pro Forma	2023	2022	2022 Pro Forma	2023	2022	2022 Pro Forma
Cost of sales		-119.9	-102.3	-118.7	-63.1	-21.7	-63.4	-183.0	-124.0	-182.1
Administrative expenses		-8.9	-6.2	-8.8	-0.5	-0.3	-0.6	-9.5	-6.5	-9.4
Sales and marketing expenses		-1.0	-0.2	-0.3	-4.5	-3.4	-3.4	-5.5	-3.6	-3.7
Other operating income and expenses	5	-0.7	-0.6	-0.7	-	-	-	-0.7	-0.6	-0.7
Total	**11/13**	**-130.5**	**-109.3**	**-128.5**	**-68.1**	**-25.4**	**-67.3**	**-198.7**	**-134.7**	**-195.8**

Impairment losses, included within EBIT adjusting items (note 6 - EBIT adjusting items), have been recognized on property, plant and equipment, intangible assets and goodwill as follows:

		Impairment losses		
(Million EUR)	note	2023	2022	2022 Pro Forma
Property, plant and equipment	11	-	-37.0	-37.0
Goodwill		-	-0.6	-9.7
Total	**6**	**0.0**	**-37.6**	**-46.7**

Total depreciation, amortization and impairment losses in 2023 amount to -198.7 million EUR compared to -172.4 million EUR in 2022 (note 11 - Property, plant and equipment, note 12 - Goodwill and note 13 - Intangible assets).

Picanol Group is fully consolidated as from January 2023. The gross carrying amount of the fair value adjustments recognized in January 2023 after the completion of the Picanol Group acquisition amounted to +363.9 million EUR. Depreciation and amortization expenses on these adjustments amount to -46.7 million EUR in 2023 of which -5.6 million EUR on property, plant and equipment and -41.2 million EUR on intangible assets (note 4 - Acquisitions and disposals).

Impairment losses in 2022 (-37.6 million EUR) related to the goodwill and property, plant and equipment of T-Power nv (operating segment T-Power). As per December 31, 2023, the value in use calculation of the cash generating unit did not result in a reversal of impairment losses previously recognized. The cash flows till June 2026 are secured through the tolling agreement with RWE, while the cashflows after June 2026 remain more uncertain due to adverse impacts of economic and competitive factors on forward-looking assumptions.

9. Finance costs and income

Net finance costs and income amount to -3.6 million EUR in 2023, compared to -3.8 million EUR in 2022 and are detailed below:

		2023			2022		
(Million EUR)	note	Finance costs	Finance income	Total	Finance costs	Finance income	Total
Interest expense on loans and borrowings measured at amortized cost		-6.6	-	-6.6	-7.2	-	-7.2
Dividend income from other investments		-	0.8	0.8	-	0.0	0.0
Interest income		-	9.8	9.8	-	0.9	0.9
Expense for the unwinding of discounted provisions	24	-2.8	-	-2.8	-1.1	-	-1.1
Net interest (expense)/income on pension asset/(liability)	23	-1.3	0.6	-0.7	-0.4	0.2	-0.2
Gain on the sale of Rieter Holding Ag shares	14	-	11.3	11.3	-	-	0.0
Unrealized gains/(losses) on investments in shares	14	-0.5	-	-0.5	-	-	0.0
Net foreign exchange gains/(losses) (including revaluation to fair value and realization of derivative financial instruments)		-30.1	15.3	-14.8	-31.0	36.4	5.4
Net other finance (costs)/income		-2.5	2.3	-0.1	-1.8	0.2	-1.5
Total		**-43.8**	**40.2**	**-3.6**	**-41.5**	**37.8**	**-3.8**

The 2023 interest expenses on loans and borrowings amount to -6.6 million EUR (2022: -7.2 million EUR) and mainly consist of the interest charges on the bond, 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*).

Total cash-out related to interest payments amounts to -10.4 million EUR (2022: -13.8 million EUR) and includes the interest paid on the outstanding loans and borrowings for -7.1 million EUR (2022: -9.3 million EUR) and the payments (-3.3 million EUR) for the T-Power forward rate agreements reaching their maturity date (2022: -4.4 million EUR).

A higher interest income (9.8 million EUR in 2023 compared to only 0.9 million EUR in 2022) could be realized thanks to the increase of market interest rates and a higher outstanding average balance of cash and cash equivalents and long term investments in 2023 compared to 2022.

The group sold 654,000 Rieter Holding Ag shares in 2023 for an amount of 80.7 million EUR, leading to a gain of +11.3 million EUR. The remaining investment in Rieter Holding Ag consists of 54,262 shares (note 14 - Investments accounted for using the equity method, other investments and guarantees). This investment was revalued as per December 31, 2023, leading to the recognition of a loss of -0.5 million EUR in 2023 (the fair value being categorized as level 1 in the fair value hierarchy).

The net foreign exchange loss of -14.8 million EUR can mainly be explained by (un)realized foreign exchange losses on intercompany loans and cash and cash equivalents (mainly in USD), which are not hedged and which were impacted by the weakening of the USD against the EUR (-4%). 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)	2023	2022
Interest expenses on loans and borrowings measured at amortized cost	**-6.6**	**-7.2**
Changes in accrued interest charges	-0.1	-2.1
Payment for forward rate agreements at maturity date (recognized at T-Power nv acquisition date)	-3.3	-4.4
Impact depreciation fair value adjustment on bond (note 4 - Acquisitions and disposals)	-0.4	-
Interest paid	**-10.4**	**-13.8**

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)	2023	2022	2022 Pro Forma
Recognized in the income statement			
Current tax expense	-50.8	-63.7	-69.4
Adjustment current tax expense previous periods	-1.2	-0.6	-0.5
Deferred tax - due to changes in temporary differences	29.3	10.0	21.8
Deferred tax - due to changes in tax rate	0.3	0.1	0.1
Deferred taxes - recognition (derecognition) of tax losses	20.3	-8.2	-8.2
Total income tax expense in the income statement	**-2.0**	**-62.4**	**-56.3**
Profit (+) / loss (-) before tax	116.4	289.2	217.8
Less share of result of equity accounted investees, net of income tax	-0.5	4.8	4.8
Profit (+) / loss (-) before tax and before result from equity accounted investees	**116.9**	**284.3**	**213.0**
Effective tax rate	**1.7%**	**21.9%**	**26.4%**
Reconciliation of effective tax rate			
Profit (+) / loss (-) before tax and before result from equity accounted investees	**116.9**	**284.3**	**213.0**
Theoretical tax rate	26.1%	25.9%	23.2%
Expected income tax at the theoretical tax rate	**-30.5**	**-73.8**	**-49.5**
Difference between theoretical and effective tax expenses	**28.5**	**11.4**	**-6.8**
Adjustment on deferred taxes	**20.6**	**-8.1**	**-8.1**
Change in tax rates	0.3	0.1	0.1
Recognition (derecognition) of tax losses	20.3	-8.2	-8.2
Adjustment on tax expenses	**7.8**	**19.5**	**1.3**
Expenses not deductible for tax purposes	-1.1	-0.8	-1.6
Non-taxable income	0.9	0.6	0.8
Capital gains and losses on participations	3.0	-	-9.5
Tax incentives	1.1	1.7	1.8
Use of tax losses / tax credits	1.0	16.5	16.5
Tax losses / temporary differences for which no deferred tax asset has been recorded	-0.0	-1.3	-7.0
Adjustment current tax expense previous periods	-1.2	-0.6	-0.5
Other	4.1	3.5	0.9

The theoretical aggregated weighted tax rate amounted to 26.1% in 2023 compared to 25.9% in 2022. The decrease of the effective tax rate from 21.9% to 1.7% can be explained by the recognition in 2023 of tax losses previously not recognized, mainly in the United Kingdom, Brazil and Belgium.

There have been no corporate income tax reforms impacting significantly the 2023 tax expense. The group operates in a number of jurisdictions which have enacted (or are expected to enact) new legislation to implement the global minimum top-up tax per December 31, 2023. The group performed a high level impact assessment using the 2022 Country-by-Country report (based on local GAAP financials and drafted with Tessenderlo Group nv as the Ultimate Parent Entity) as a basis. This assessment indicates that the group would not be materially impacted by the Pillar 2 legislation in 2022, if it would already have been in effect in that year. In most jurisdictions in which the group has a presence, at least one of the Transitional Safe Harbour tests is met. The group seeks to further improve and fine-tune its impact analysis and methodology going forward. A relevant factor will be that, as from 2023, the Country-by-Country report will be Consolidated Financial Statements (and hence IFRS) based. Since the newly enacted legislation is only effective as from January 1, 2024, there is no current tax impact for the year ended December 31, 2023. The group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

The majority of the current tax expense relates to the activities in the United States and the activities of T-Power nv and Picanol Group subsidiaries in Belgium. The total 2023 current tax expense amounts to -50.8 million EUR (2022: -63.7 million EUR). The income tax paid in 2023 amounts to -46.0 million EUR (2022: -74.6 million EUR). As per December 2023, the group has a current tax receivable outstanding of 15.9 million EUR (2022: 16.8 million EUR), mainly linked to advance payments made by Belgian and French subsidiaries, and a current tax payable of -2.1 million EUR (2022: -1.9 million EUR).

The recognition of deferred tax assets on tax losses in 2023 (20.3 million EUR) is the result of the 2023 year-end review of the future taxable profits resulting in the recognition of a deferred tax asset on losses carried forward previously not recognized, mainly in the United Kingdom, Brazil and Belgium.

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 2023 capital gains on participations mainly relate to the gain realized on the sale of 654,000 Rieter Holding Ag shares (note 9 - Finance costs and income).

Tax incentives in 2023 and 2022 include deductions claimed for capital expenditures in France, as well the foreign-derived intangible income (FDII) deduction in the United States.

11. Property, plant and equipment

(Million EUR)	2023				
	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Assets under construction	Total
Cost					
At January 1, 2023	**571.0**	**1,607.6**	**189.8**	**75.6**	**2,443.9**
- change in consolidation scope (note 4)	120.1	241.0	16.0	13.0	390.2
- dismantlement provision	0.1	0.8	-	-	0.9
- capital expenditure	23.7	23.7	3.9	125.8	177.1
- IFRS 16 new leases and lease modifications	7.3	0.8	18.4	-	26.5
- sales and disposals	-47.3	-19.6	-26.9	-	-93.8
- transfers	4.7	49.4	5.8	-60.3	-0.5
- translation differences	-8.6	-9.0	-1.8	-1.4	-20.6
At December 31, 2023	**671.0**	**1,894.7**	**205.3**	**152.7**	**2,923.6**
Depreciation and impairment losses					
At January 1, 2023	**-333.9**	**-1,101.4**	**-119.9**	**0.0**	**-1,555.2**
- change in consolidation scope (note 4)	-35.9	-140.6	-10.9	-	-187.3
- depreciation (note 8)	-23.3	-82.1	-25.1	-	-130.5
- sales and disposals	47.1	19.3	26.8	-	93.2
- translation differences	2.6	8.6	1.1	-	12.3
At December 31, 2023	**-343.4**	**-1,296.2**	**-127.9**	**0.0**	**-1,767.5**
Carrying amounts					
At January 1, 2023	**237.1**	**506.2**	**69.9**	**75.6**	**888.7**
At December 31, 2023	**327.5**	**598.5**	**77.3**	**152.7**	**1,156.1**

(Million EUR)	2022				
	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 new leases and lease modifications	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**

The capital expenditure on property, plant and equipment amounts to 177.1 million EUR (2022: 112.8 million EUR) and is presented per operating segment in note 3 - Segment reporting.

The change in consolidation scope relates to the acquired assets of Picanol Group (88.0 million EUR) and the acquisition accounting adjustments applied by Picanol Group on Tessenderlo Group on January 1, 2019 and adopted by Tessenderlo Group as of 2023 (114.9 million EUR) (note 4 - Acquisitions and disposals). The main fair value adjustments relate to:

- Fair value adjustments on land (48.5 million EUR), mainly within Akiolis (operating segment Bio-valorization) and land in Belgium (non-allocated).
- Fair value adjustments on buildings (7.3 million EUR), mainly within DYKA Group (operating segment Industrial Solutions). The useful life was initially estimated at 20 years (till 2038) and the related annual depreciation charges amount to -0.5 million EUR.
- Fair value adjustments on plant, machinery and equipment (59.1 million EUR), mainly within Crop Vitality (operating segment Agro). The useful life was initially estimated between 10 and 20 years (till 2028 and 2038) and the related annual depreciation charges amount to -5.1 million EUR.

The majority of the capital expenditure relates to:

- The acquisition of, and the further investments in, the real estate and production assets of a former Spanish rendering company (Ribera d'Ondara, Lleida, Spain) (operating segment Bio-valorization).
- The acquisition of production assets for the fish collagen peptides plant in Hainan (China) by PB Leiner (Hainan) Biotechnology Co. Ltd. (operating segment Bio-valorization).
- The ongoing construction of a new Thio-Sul® manufacturing plant in Geleen (the Netherlands, operating segment Agro) and a new liquid fertilizer and industrial products plant in Defiance (the United States, operating segments Agro and Industrial Solutions). These factories are scheduled to be operational by mid-2024 and the end of 2024 respectively.
- The ongoing construction of a new headquarter office for Picanol Group in Ieper (Belgium, operating segment Machines & Technologies).
- Investments in a gasification installation of category 1 meat meals in Saint-Langis (France) by Akiolis Group (operating segment Bio-valorization) and a new organic fertilizer production line in Vénérolles (France) by Violleau (operating segment Agro).
- Further investments in production efficiency improvements, as well as in supply chain assets within DYKA Group (operating segment Industrial Solutions).
- The replacement of equipment and vehicles, which were previously leased, through purchase.

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 2023 and 2022.

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 2023 of 154.1 million EUR and 11.7 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		
	2023	2022	2022 Pro Forma	2023	2022	2022 Pro Forma
Land and buildings	22.4	21.4	21.5	6.2	5.9	6.2
Plant, machinery and equipment	2.5	3.7	3.7	2.0	1.9	1.9
Furniture and vehicles	30.4	23.0	25.4	12.7	12.6	13.8
Total	**55.3**	**48.2**	**50.5**	**20.9**	**20.3**	**21.9**

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

(Million EUR)	2023	2022	2022 Pro Forma
Agro	16.0	11.9	11.9
Bio-valorization	7.2	8.6	8.6
Industrial Solutions	24.0	22.2	22.2
Machines & Technologies	2.9	-	2.4
T-Power	0.0	0.0	0.0
Non-allocated	5.1	5.5	5.5
Tessenderlo Group	**55.3**	**48.2**	**50.5**

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 7 years), the Brussels headquarters office (remaining lease term of 5 years), the lease of a barge within Industrial Solutions (remaining lease term of 6 years) and land leases within Agro (remaining lease term of 29 years). See note 26 - Financial instruments for the contractual maturities of the lease liabilities, including interest payments. Gross lease payments in 2023 amount to -22.4 million EUR (2022: -21.8 million EUR), which include interest charges for -1.7 million EUR (2022: -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 -20.9 million EUR (2022: -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 1.1% of the group's total assets as per December 31, 2023, or 31.8 million EUR (2022: 1.4% or 32.1 million EUR).

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

(Million EUR)	2023	2022 Pro Forma
Agro	**18.5**	**19.1**
Crop Vitality	18.5	19.1
Bio-valorization	**6.8**	**6.8**
Akiolis	2.0	2.0
PB Leiner	4.8	4.8
Industrial Solutions	**6.6**	**6.6**
DYKA Group	6.6	6.6
T-Power*	**-**	-
Total	**31.8**	**32.5**

* The goodwill on T-Power (9.7 million EUR) was fully impaired as per year-end 2022.

The carrying amount of goodwill per operating segment and per cash-generating unit per December 31, 2022, is shown in the table below:

(Million EUR)	2022
Agro	**0.6**
Bio-valorization	**26.3**
Group Akiolis	15.0
PB Leiner America	11.3
Industrial Solutions	**5.2**
John Davidson Pipes	2.2
BT Nyloplast BV	3.0
T-Power*	-
Total	**32.1**

* The goodwill on T-Power (0.6 million EUR) was fully impaired as per year-end 2022.

The acquisition accounting adjustments on goodwill applied by Picanol Group in 2019 have been adopted by Tessenderlo Group as of 2023, while the goodwill per cash-generating unit as reported per December 31, 2022 was reversed (note 4 - Acquisitions and disposals).

In 2022, an impairment loss on the assets of the cash-generating unit T-Power and consequently any related goodwill was impaired as well.

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 2023 calculations were as follows:

- The cash flow projection of the first year was based on the 2024 financial budget approved by the Board of Directors. The forecasted cash flows were based on the following expectations, taking into account internal and external sources.
  - Estimated revenue was derived from estimated sales volumes and estimated sales prices. Sales volumes were based on past performance and management's expectation of market development. New product lines or product developments were only included when it was technically feasible to produce with the current assets. Sales prices were based on current market trends, also taking into account inflation and pricing power in the market.
  - Gross profit margins were based on current sales margin levels, future product mix and estimated evolution of the main raw material prices.
  - Indirect costs, which do not vary significantly with sales volumes or prices, were based on the current cost structure, including long term inflation forecasts and excluding unrealized future restructuring or cost saving measures.
  - Capital expenditures only included the cash outflows required to keep the assets in their current condition and did not include future capital expenditures significantly improving or enhancing the assets in excess of their originally assessed standard performance.
- In order to calculate the terminal value, the data of the fifth year were extrapolated by using simplified assumptions such as constant volumes, combined with constant costs. The growth rate was assumed to be 1%.
- Projections were made in the functional currency of the cash-generating unit and were discounted at the after-tax Weighted Average Cost of Capital (WACC) at the level of the cash-generating unit. The latter ranged between 9.1% and 9.6%. 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 by 1% and a simultaneous reduction of total projected future cash flow by 10% would have resulted in an impairment loss for the cash generating unit Akiolis (-19 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

(Million EUR)	2023				
	Concessions, patents, licenses	Software	Customer lists	Other intangible assets	Total*
Cost					
At January 1, 2023	**95.3**	**18.2**	**205.1**	**27.8**	**346.3**
- change in consolidation scope (note 4)	0.6	2.7	386.6	39.3	429.2
- capital expenditure	0.3	0.4	0.6	0.1	1.4
- net change in emission allowances	-	-	-	2.8	2.8
- sales and disposals	-0.0	-0.0	-	-0.0	-0.1
- transfers	0.1	0.5	-	-0.0	0.5
- translation differences	-2.7	0.0	-7.7	-5.8	-16.1
At December 31, 2023	**93.6**	**21.7**	**584.6**	**64.2**	**764.1**
Amortization and impairment losses					
At January 1, 2023	**-70.8**	**-16.9**	**-128.5**	**-23.3**	**-239.4**
- change in consolidation scope (note 4)	-0.2	-2.2	-154.7	-21.5	-178.6
- amortization (note 8)	-4.0	-0.9	-60.3	-3.0	-68.1
- sales and disposals	0.0	0.0	-	-	0.1
- translation differences	1.9	0.1	4.1	2.8	8.8
At December 31, 2023	**-73.0**	**-20.0**	**-339.3**	**-44.9**	**-477.2**
Carrying amounts					
At January 1, 2023	**24.5**	**1.3**	**76.6**	**4.5**	**107.0**
At December 31, 2023	**20.5**	**1.7**	**245.4**	**19.2**	**286.9**

* All intangible assets have a finite useful life.

(Million EUR)	2022				
	Concessions, patents, licenses	Software	Customer lists	Other intangible assets	Total*
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**

* All intangible assets have a finite useful life.

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

The change in consolidation scope (250.6 million EUR) mainly relates to the acquisition accounting adjustments applied by Picanol Group on Tessenderlo Group on January 1, 2019 and adopted by Tessenderlo Group as of 2023 (note 4 - Acquisitions and disposals). The main fair value adjustments relate to customer lists (231.9 million EUR) and other intangible assets (trademarks for 15.0 million EUR) related to Crop Vitality and Novasource (operating segment Agro), PB Leiner (operating segment Bio-valorization) and DYKA Group (operating segment Industrial Solutions). The useful life of these intangible assets was initially estimated at 10 years (till 2028) (note 8 - Additional information on operating expenses by nature).

The capital expenditure in 2023 mainly relates to the acquisition of the marketing and sales activities for ammonium thiosulfate (ATS) fertilizers produced by Esseco Srl (part of Esseco Group) in Trecate, Italy. The deal became operational in March 2023, and the fertilizers are marketed by the Tessenderlo Kerley International business unit (operating segment Agro).

The yearly amortization charge on the customer lists can be mainly explained by:

- The amortization expenses (-38.7 million EUR) on the acquisition accounting adjustments applied by Picanol Group on Tessenderlo Group on January 1, 2019, as explained above.
- The amortization of the customer list of T-Power nv (-21.1 million EUR). 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 2023 and 2022.

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 +2.8 million EUR (2022: -1.2 million EUR) mainly relates to emission allowances acquired to cover operational emissions for products exposed to carbon leakage. As per December 31, 2023, the carrying amount of emission allowances included in intangible assets amounts to 3.7 million EUR (2022: 0.9 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, other investments and guarantees

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

The joint-ventures of the group are:

		Ownership	
	Country	2023	2022
Jupiter Sulphur LLC	US	50%	50%
PB Shengda (Zhejiang) Biotechnology Co., Ltd	China	-	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 dissolved in 2023. In 2023 the group recovered 0.9 million EUR of its investment (carrying amount as per December 31, 2022: 0.7 million EUR).

Établissements Michel SAS is a 50% joint-venture between Akiolis Group (operating segment Bio-valorization) and a French private equity shareholder. The company is engaged in the production of live bait and owns one production facility in France, located in Villeneuve La Rivière. Akiolis Group provides raw materials from rendering used for the production of maggots and moths.

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

(Million EUR)	2023	2022
Jupiter Sulphur LLC	22.8	24.7
PB Shengda (Zhejiang) Biotechnology Co., Ltd	-	0.7
Établissements Michel SAS	0.8	0.8
Total	**23.6**	**26.2**

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)	2023	2022
Non-current assets	91.4	103.9
Current assets	23.4	29.7
Total assets	**114.8**	**133.7**
Equity	47.2	54.0
Non-current liabilities	11.7	16.8
Current liabilities	55.9	63.0
Total equity and liabilities	**114.8**	**133.7**
Revenue	77.5	104.0
Cost of sales	-77.5	-88.6
Gross profit	-0.1	15.5
EBIT (Profit (+) / loss (-) from operations)	-1.4	13.6
Finance (costs) / income - net	-0.2	-0.6
Profit (+) / loss (-) before tax	-1.6	13.1
Profit (+) / loss (-) for the period	-1.1	9.6
Total comprehensive income for the period	-1.1	9.6

The decrease of the profit (+) / loss (-) for the period (-1.1 million EUR) is mainly related to the evolution of the results of Jupiter Sulphur LLC, which were impacted by lower sulfur pricing.

The "Other investments and guarantees" (12.2 million EUR) mainly relate to:

- The investment in Rieter Holding Ag (SWX: RIEN) (5.3 million EUR). Through the acquisition of Picanol Group (note 4 - Acquisitions and disposals), the group acquired 708,262 shares of Rieter Holding Ag. In April 2023, the group sold 654,000 shares (which is equivalent to a participation of 14%) for an amount of +80.7 million EUR, resulting in a gain of +11.3 million EUR (note 9 - Finance costs and income). After this sale the group still holds 54,262 shares (1.17% of the total number of outstanding shares of Rieter Holding AG). The remaining investment was revalued at the quoted bid price (90.1 CHF) as per December 31, 2023, leading to the recognition of a loss of -0.5 million EUR (note 9 - Finance costs and income).
- 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 6.3 million USD (5.7 million EUR) as per December 31, 2023. 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 and guarantees" in the group's consolidated statement of financial position. The related interest income is considered to be insignificant and is not eliminated.

15. Deferred tax assets and liabilities

(Million EUR)	Assets			Liabilities			Net		
	2023	2022	2022 Pro Forma	2023	2022	2022 Pro Forma	2023	2022	2022 Pro Forma
Property, plant and equipment	3.5	3.1	3.1	-63.2	-38.7	-68.0	-59.6	-35.6	-64.9
Intangible assets	4.3	4.5	4.5	-67.5	-21.4	-84.9	-63.1	-16.9	-80.4
Inventories	14.6	11.2	12.4	-	-1.8	-1.8	14.6	9.4	10.6
Employee benefits	8.4	5.9	6.0	-0.2	-0.2	-0.2	8.2	5.8	5.8
Derivative financial instruments	0.5	0.8	0.8	-	-	-	0.5	0.8	0.8
Provisions	6.3	6.6	7.3	-16.0	-15.9	-15.9	-9.7	-9.3	-8.7
Other items	9.4	8.2	8.5	-10.2	-11.7	-11.7	-0.7	-3.5	-3.2
Losses carried forward	33.5	11.2	11.2	-	-	-	33.5	11.2	11.2
Gross deferred tax assets / (liabilities)	**80.7**	**51.6**	**53.8**	**-157.0**	**-89.7**	**-182.6**	**-76.3**	**-38.1**	**-128.8**
Set-off of tax	**-30.5**	**-33.4**	**-34.3**	**30.5**	**33.4**	**34.3**			
Net deferred tax assets / (liabilities)	**50.2**	**18.2**	**19.5**	**-126.5**	**-56.3**	**-148.3**	**-76.3**	**-38.1**	**-128.8**

The net deferred tax assets / (liabilities) on property, plant and equipment (-59.6 million EUR) mainly relate to:

- the fair value adjustments, following the acquisition accounting adjustments on property, plant and equipment applied by Picanol Group in 2019 and adopted by Tessenderlo Group as of 2023 (note 4 - Acquisitions and disposals). The yearly depreciation results in a decrease of the recognized deferred tax liability by 1.5 million EUR.
- temporary differences due to the accelerated depreciation in certain jurisdictions, mainly in the United States.

The net deferred tax assets / (liabilities) on intangible assets (-63.1 million EUR) mainly relate to:

- the fair value adjustments, following the acquisition accounting adjustments on intangible assets applied by Picanol Group in 2019 and adopted by Tessenderlo Group as of 2023 (note 4 - Acquisitions and disposals). The yearly amortization results in a decrease of the recognized deferred tax liability by 10.5 million EUR.
- 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 deferred tax assets on fiscal losses carried forward (33.5 million EUR) mainly relate to:

- the Belgian parent company, Tessenderlo Group nv, for an amount to 11.8 million EUR (2022: 6.0 million EUR). As per year-end 2023, the estimated total tax losses and tax credits carried forward amount to 158.7 million EUR (2022: 148.5 million EUR). As per December 2023, 111.6 million EUR of these tax losses and tax credits were unrecognized (2022: 124.4 million EUR). Although the fiscal result of Tessenderlo Group nv was negative in 2023, mainly impacted by lower operational results and unrealized USD exchange losses, the probability assessment whether future taxable profits will be available remained positive.

- the subsidiaries in the United Kingdom, for an amount to 6.6 million EUR (2022: nihil). As per year-end 2023, the estimated fiscal losses amount to 42.9 million EUR (2022: 37.3 million EUR). As per December 2023, 16.7 million EUR of these tax losses and tax credits were unrecognized (2022: 37.3 million EUR). Although the combined fiscal result of the subsidiaries in the United Kingdom was negative in 2023, the probability assessment whether future taxable profits will be available was positive.
- the Brazilian subsidiaries for an amount to 6.4 million EUR (2022: 0.9 million EUR). As per year-end 2023, the estimated total losses and tax credits carried forward amount to 18.5 million EUR (2022: 18.0 million EUR), which were fully recognized.
- Several other individually insignificant subsidiaries for an amount of 8.8 million EUR (2022: 4.4 million EUR). As per year-end 2023, the estimated fiscal losses of these individual insignificant subsidiaries amount to 30.4 million EUR (2022: 32.7 million EUR) and these were fully recognized as per December 2023. Of these tax losses, 9.1 million EUR have a finite life (they expire in the period 2024-2028).

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.

The movements in the deferred tax balances during the year can be summarized as follows[34]:

(Million EUR)	Balance at January 1, 2023	Recognized in the income statement	Recognized in other comprehensive income	Change in consolidation scope (note 4)	Translation differences	Balance at December 31, 2023
Property, plant and equipment	-35.6	4.0	-	-29.3	1.3	-59.6
Intangible assets	-16.9	15.7	-	-63.5	1.6	-63.1
Inventories	9.4	4.2	-	1.2	-0.2	14.6
Employee benefits	5.8	2.1	0.4	0.0	-0.0	8.2
Derivative financial instruments	0.8	-0.8	0.5	-	-	0.5
Provisions	-9.3	-1.0	-	0.7	-0.0	-9.7
Other items	-3.5	3.2	-	0.3	-0.6	-0.7
Losses carried forward	11.2	22.6	-	-	-0.4	33.5
Total	**-38.1**	**49.9**	**0.9**	**-90.7**	**1.7**	**-76.3**

[34] *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	2023	2022	2022 Pro Forma
Non-current trade and other receivables				
Trade receivables		0.8	0.0	1.6
- Gross trade receivables		0.8	-	1.6
- Amounts written off		-	-	-
Other receivables		17.8	4.3	4.4
Receivables from related parties	29	0.0	0.0	0.0
Assets related to employee benefit schemes	23	7.5	10.2	10.2
Total		**26.1**	**14.5**	**16.1**

The increase of the non-current other receivables is mainly related to the recognition of the long term portion of the deferred payment (to be received in 2025 and 2026) and the contingent consideration related to the sale of 40% of the shares of PB Brasil Industria e Comercio de Gelatinas Ltda (note 4 - Acquisitions and disposals).

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).

(Million EUR)	note	2023	2022	2022 Pro Forma
Current trade and other receivables				
Trade receivables		388.7	373.4	461.4
- Gross trade receivables		393.0	377.2	466.0
- Amounts written off		-4.3	-3.8	-4.6
Other receivables		66.3	37.2	53.9
Prepayments		1.7	1.5	2.6
Receivables from related parties	29	0.4	0.8	0.8
Total		**457.0**	**412.9**	**518.7**

Receivables from related parties mainly concern receivables from joint-ventures (note 29 - Related parties).

The decrease in current trade receivables compared to 2022 Pro Forma is mainly due to a lower activity as well as timing of customer payments.

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 26.4 million EUR (2022: 25.8 million EUR). They also include Chinese bank notes (operating segment Machines & Technologies), which are receivables with banks with a term of more than 3 months, for 13.5 million EUR in 2023 (2022 Pro Forma: 7.6 million EUR). Furthermore, it includes the current portion of the deferred payment (5.3 million USD or 4.8 million EUR) related to the sale of 40% of the shares of PB Brasil Industria e Comercio de Gelatinas Ltda (already received in January 2024).

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)	2023	2022	2022 Pro Forma
Raw materials	134.9	92.6	163.6
Work in progress	21.5	14.3	24.9
Finished goods	367.7	379.3	399.1
Goods purchased for resale	60.4	66.5	66.5
Spare parts	20.0	14.3	20.4
Total	**604.5**	**566.9**	**674.4**

The decrease in inventories compared to 2022 Pro Forma can be mainly explained by the decrease of the stock volumes as well as by the decrease of raw material and energy prices in 2023 compared to 2022.

There are no inventories pledged as security.

In 2023 inventories for 2,295.0 million EUR (2022: 1,860.2 million EUR or 2022 Pro Forma: 2,368.4 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 -28.4 million EUR in 2023 (2022: -10.3 million EUR) (note 3 - Segment reporting).

The group expects to recover or settle the inventory, available as per December 31, 2023, 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	2023	2022
Term accounts	26	94.2	92.0
Current accounts	26	82.8	64.1
Cash and cash equivalents		**177.0**	**156.1**
Bank overdrafts	22/26	-0.1	-0.1
Cash and cash equivalents in the statement of cash flows		**176.9**	**156.0**

The term accounts (94.2 million EUR) have a maximum maturity of 1 month. As per December 31, 2023, the cash and cash equivalents include 21.8 million USD or 19.7 million EUR (2022: 16.7 million USD or 15.7 million EUR).

As per December 31, 2023, three long term bank deposits are outstanding for a total amount of 70.0 million EUR (2022: 50.0 million EUR), of which 60.0 million EUR will mature in October 2025 and 10.0 million EUR in December 2025. 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	
	2023	2022
On issue at January 1	43,154,979	43,154,979
Shares issued on January 2, 2023	41,428,134	-
Shares issued on February 10, 2023	603,307	-
Shares issued on March 17, 2023	286,342	-
Cancellation of shares on December 14, 2023	-1,083,003	-
On issue at December 31 - fully paid	**84,389,759**	**43,154,979**

Following the combination of Tessenderlo Group and Picanol Group into one large industrial group, 42,317,783 new shares have been issued in 2023 (note 4 - Acquisitions and disposals).

Pursuant to the authorization granted by the extraordinary general meeting of May 10, 2022, the Board of Directors of Tessenderlo Group nv decided to cancel 1,083,003 treasury shares in December 2023, purchased under the share repurchase program launched in March 2023.

Following these transactions, the denominator changed from 43,154,979 shares to 84,389,759 shares.

The number of shares comprised 63,512,417 registered shares (2022: 25,105,436) and 20,877,342 ordinary shares (2022: 18,049,543). 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 109,147,812 as per December 31, 2023 (2022: 66,278,726), of which 43,665,089 were suspended because these related to own shares (2022: 43,398).

The Board of Directors’ proposal to distribute a gross dividend of 0.75 EUR per share for the financial year 2022 was approved by the shareholders of Tessenderlo Group nv at the shareholders’ meeting of Tessenderlo Group nv on May 9, 2023.

No new offering of shares to be subscribed by staff took place in 2023.

Authorized capital

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

As per December 31, 2022 the group owned 31,503 own shares or 0.073% of the total number of 43,154,979 issued shares at that date.

Following the combination of Tessenderlo Group and Picanol Group into one large industrial group, the group acquired the own shares held by Picanol Group (Picanol Group was holding 21,860,003 shares of Tessenderlo Group at the moment of the combination through its subsidiary Verbrugge nv, which merged into Picanol nv as of July 31, 2023). The group intends to cancel these shares in 2024.

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.

With reference to Article 7:215 § 1 of the Companies and Associations Code and Article 8:4 of the Royal Decree of April 29, 2019, implementing the Companies and Associations Code, the group started a share repurchase program and bought in 2023 1,149,000 of its own shares. Pursuant to the authorization granted by the extraordinary general meeting of May 10, 2022, the Board of Directors of Tessenderlo Group nv decided on December 14, 2023 to cancel 1,083,003 treasury shares purchased under the share repurchase program.

As per December 31, 2023, the group owns 21,957,503 own shares or 26.02% of the total number of 84,389,759 issued shares. 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, 2023, the share price of Tessenderlo Group nv amounted to 28.25 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 14, 2024, to approve a gross 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 ratio[35] at the end of 2023 is -0.5% (2022: 4.1%), as the group has a net cash position of 10.1 million EUR as per December 31, 2023.

[35] *Refer to Alternative Performance Measures for the calculation of the gearing ratio.*

20. Earnings per share

Basic earnings per share

The calculation of the basic earnings per share is based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the year.

The weighted average number of ordinary shares and the earnings per share are calculated as follows:

	2023	2022
Number of ordinary shares at January 1	43,154,979	43,154,979
Effect of shares issued	42,079,328	-
Effect of own shares	-22,177,165	-60,426
Adjusted weighted average number of ordinary shares at December 31	**63,057,142**	**43,094,553**
Profit (+) / loss (-) attributable to equity holders of the company (million EUR)	109.5	226.9
Basic earnings per share (in EUR)	**1.74**	**5.26**

The adjusted weighted average number of ordinary shares at December 31 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.

As per December 31, 2022, the group owned 31,503 own shares.

42,317,783 shares were issued in 2023 following the combination of Tessenderlo Group and Picanol Group into one large industrial group (note 4 - Acquisitions and disposals and note 19 - Equity) while no shares were issued in 2022. At the moment of the combination of both companies, Picanol Group, through its wholly owned subsidiary Verbrugge nv, held 21,860,003 shares of Tessenderlo Group through its subsidiary Verbrugge nv (Verbrugge nv merged into Picanol nv as of July 31, 2023).

With reference to Article 7:215 § 1 of the Companies and Associations Code and Article 8:4 of the Royal Decree of April 29, 2019, implementing the Companies and Associations Code, the group started a share repurchase program and bought in 2023 1,149,000 of its own shares. Pursuant to the authorization granted by the extraordinary general meeting of May 10, 2022, the Board of Directors of Tessenderlo Group nv decided on December 14, 2023 to cancel 1,083,003 treasury shares purchased under the share repurchase program.

As per December 31, 2023 the group owns 21,957,503 own shares (26.02% of the total number of issued shares).

Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders and the diluted weighted average number of ordinary shares outstanding during the year.

Potential ordinary shares are treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share.

As there are no warrants outstanding, there is no dilution of the shares.

21. Non-controlling interest

The detail of the non-controlling interest in subsidiaries of the group is as follows:

	Country	Non-controlling interest percentage 2023	2022
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%	20.00%
PB Brasil Industria e Comercio de Gelatinas Ltda	Brazil	40.00%	-

The profit (+) / loss (-) for the period attributable to non-controlling interests amounts to 4.9 million EUR (2022: -0.1 million EUR), while the comprehensive income attributable to non-controlling interests amounts to 5.4 million EUR (2022: -0.0 million EUR).

Summary financial information of subsidiaries with a non-controlling interest at 100% as per December 31:

(Million EUR)	2023	2022
Non-current assets	27.2	0.4
Current assets	45.0	9.6
Total assets	**72.3**	**10.0**
Equity	45.8	1.5
Non-current liabilities	5.8	0.7
Current liabilities	20.7	7.7
Total equity and liabilities	**72.3**	**10.0**
Revenue	49.8	-
Cost of sales	-32.2	-
Gross profit	17.6	-
Adjusted EBIT	10.0	-0.0
EBIT (Profit (+) / loss (-) from operations)	10.0	-0.4
Finance (costs) / income - net	-1.1	0.0
Profit (+) / loss (-) before tax	8.9	-0.4
Profit (+) / loss (-) for the period	11.9	-0.3

In January 2023, D&D Participações Societárias acquired a 40% minority stake in the shares of PB Brasil Industria e Comercio de Gelatinas Ltda (note 4 - Acquisitions and disposals). In accordance with IFRS 10 *Consolidated Financial Statements*, the group concluded that this transaction did not involve the loss of control. As a result, the gain realized on the sale of this transaction for an amount of 15.2 million EUR was recognized in equity, while an amount of 9.5 million EUR was recognized as non-controlling interest.

In 2022, PB Leiner (operating segment Bio-valorization) entered into an agreement with Hainan Xiangtai Group (China) to produce and commercialize premium fish collagen peptides. Under the term of this agreement, PB Leiner (Hainan) Biotechnology Co. Ltd. will produce marine collagen peptides based on PB Leiner's technology. In 2023 the subsidiary acquired production assets (note 11 - Property, plant and equipment). This capital expenditure was partly financed through a capital increase of 7.3 million EUR, of which 80% was contributed in cash by the group, while the 20% contribution of Hainan Xiangtai Group is outstanding within the current trade and other receivables per December 31, 2023.

22.Loans and borrowings

(Million EUR)	note	2023	2022
Non-current loans and borrowings		175.3	209.3
Current loans and borrowings		61.4	56.2
Total loans and borrowings		**236.8**	**265.5**
Cash and cash equivalents	18	-177.0	-156.1
Bank overdrafts[1]	18	0.1	0.1
Long term investments[2]	18	-70.0	-50.0
Net financial debt / (Net cash position)		**-10.1**	**59.5**

[1] *A bank overdraft is a flexible borrowing facility on a bank current account, which is repayable on demand.*
[2] *The 2022 deposits have been replaced by three long term bank deposits outstanding (60.0 million EUR maturing in October 2025 and 10.0 million EUR maturing in December 2025).*

As per year-end 2023, the group net cash position amounted to 10.1 million EUR and included a lease liability, in accordance with IFRS 16 *Leases*, for an amount of 59.1 million EUR. Excluding the impact of IFRS 16 Leases, the net cash position would have amounted to 69.3 million EUR as per year-end 2023, compared to a net debt position of 7.3 million EUR as per year-end 2022.

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, 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**
Net financial debt as per January 1, 2023	**-0.1**	**156.1**	**0.0**	**50.0**	**-16.8**	**-35.4**	**-39.4**	**-173.9**	**-59.5**
Change in consolidation scope	-	39.3	-	-	-0.8	-1.6	-1.8	-1.1	34.0
Cash flows, net	0.0	-17.1	-	20.0	20.7	-	37.9	-0.0	61.6
IFRS 16 new leases and lease modifications	-	-	-	-	-1.7	-24.0	-	-	-25.7
Depreciation on the acquisition accounting adjustments applied by Picanol Group	-	-	-	-	-	-	-	0.4	0.4
Transfers	-	-	-	-	-20.7	20.7	-39.3	39.3	0.0
Effect of exchange rate differences	-0.0	-1.3	-	-	0.2	0.2	0.1	0.1	-0.7
Net cash position / (Net financial debt) as per December 31, 2023	**-0.1**	**177.0**	**0.0**	**70.0**	**-19.1**	**-40.1**	**-42.4**	**-135.3**	**10.1**

Non-current and current loans and borrowings:

(Million EUR)	note	2023	2022
Non-current loans and borrowings			
Non-current lease liabilities		40.1	35.4
Bonds		58.8	58.0
Credit facility T-Power nv		38.6	64.3
Credit institutions		37.9	51.6
Total		**175.3**	**209.3**
Current loans and borrowings			
Current lease liabilities		19.1	16.8
Current portion credit facility T-Power nv		25.7	25.7
Credit institutions		16.7	13.6
Total		**61.4**	**56.2**
Total non-current and current loans and borrowings	**26**	**236.8**	**265.5**

The group has the followings loans outstanding:

- The T-Power term loan facility agreement amounts to 64.3 million EUR as per December 31, 2023 (December 31, 2022: 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, 2023.
- A bond for an amount of 58.8 million EUR. This bond was issued in July 2015 for a total amount of 58.0 million EUR, with a maturity of 10 years (the "2025 bonds") and a fixed rate of 3.375%. The remaining amount of the fair value adjustment, following accounting adjustments applied by Picanol Group on Tessenderlo Group, amounts to 0.8 million EUR (note 4 - Acquisitions and disposals).
- The lease liability, in accordance with IFRS 16 *Leases*, amounts to 59.1 million EUR (December 31, 2022: 52.2 million EUR), of which 40.1 million EUR is included in non-current and 19.1 million EUR in current loans and borrowings. The weighted average borrowing rate applied to lease liabilities was 3.0% in 2023 (2022: 2.1%). See note 26 - Financial instruments for the contractual maturities of the lease liabilities, including interest payments.
- A 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, 2023, 23.6 million EUR remained outstanding (December 31, 2022: 27.9 million EUR) of which 4.3 million EUR is current.
- A 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, 2023, 21.6 million EUR remained outstanding (December 31, 2022: 28.3 million EUR) of which 6.7 million EUR is current.
- Tessenderlo Kerley, Inc. has a loan outstanding of 4.2 million EUR (December 31, 2022: 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.
- Other, individually insignificant outstanding loans for an amount of 3.1 million EUR, which are current.

The group has access to a Belgian commercial paper program of 200.0 million EUR which remained unused both in 2023 and 2022.

There has been no drawdown on the 5-year committed bi-lateral credit lines, which mature in July 2027, as per December 31, 2023. These 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 (2023):

(Million EUR)	EUR	USD	Other	Total
Current lease liabilities	10.7	6.1	2.3	**19.1**
Other current loans and borrowings	38.4	0.9	3.1	**42.4**
Non-current lease liabilities	23.7	8.9	7.5	**40.1**
Other non-current loans and borrowings	131.9	3.3	-	**135.3**
Total loans and borrowings	**204.8**	**19.1**	**12.8**	**236.8**
In percentage of total loans and borrowings	**86.5%**	**8.1%**	**5.4%**	**100%**

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%**

23. Employee benefits

The provisions for employee benefits recognized in the balance sheet as of December 31 are as follows:

	2023				2022			
(Million EUR)	Early retirement provision	Defined benefit liability	Other employee benefits	Total	Early retirement provision	Defined benefit liability	Other employee benefits	Total
Non-current	0.9	35.9	8.2	45.0	0.5	33.6	6.0	40.1
Current	0.4	-	0.4	0.8	0.3	-	0.4	0.7
Total	**1.3**	**35.9**	**8.6**	**45.8**	**0.8**	**33.6**	**6.4**	**40.8**

	2023			
(Million EUR)	Early retirement provision	Defined benefit liability	Other employee benefits	Total
Balance at January 1, 2023	**0.8**	**33.6**	**6.4**	**40.8**
Change in consolidation scope (note 4)	0.9	0.3	2.4	3.6
Additions	0.4	3.9	0.9	5.2
Use of provisions	-0.2	-1.3	-0.8	-2.4
Reversal of provisions	-0.4	-0.7	-0.1	-1.3
Translation differences	-0.1	0.0	-0.0	-0.1
Balance at December 31, 2023	**1.3**	**35.9**	**8.6**	**45.8**

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 Pensioenfonds" or are insured externally through insurance contracts. For the plans financed with insurance contracts, several rates are guaranteed by insurance companies on the reserves and on different levels of the premiums depending on the levels reached at certain dates:

- For the contributions paid until January 1, 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 until January 1, 2024, the guaranteed interest rate equals 0.00%;
- For the contributions paid as from January 1, 2024, the guaranteed interest rate equals 1.80%.

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, 2023, 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 in 2022 to purchase the bulk annuity 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, 2023 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 and amounted to 33.5 million EUR (2022: 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, 2023, a net defined benefit asset of 6.6 million EUR (2022: 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	2023	2022
Present value of wholly funded obligations		-39.9	-38.5
Present value of partially funded obligations		-96.6	-78.9
Present value of wholly unfunded obligations		-21.7	-19.5
Total present value of obligations		**-158.2**	**-136.9**
Fair value of plan assets		**129.8**	**113.4**
Net defined benefit (liability)/asset		**-28.4**	**-23.5**
Amounts in the statement of financial position:			
Liabilities		-35.9	-33.6
Assets	16	7.5	10.2
Net defined benefit (liability)/asset		**-28.4**	**-23.5**

The following table shows a reconciliation of the net defined benefit (liability)/asset and its components.

	2023			2022		
(Million EUR)	Present value of obligations	Fair value of plan assets	Net defined benefit (liability)/asset	Present value of obligations	Fair value of plan assets	Net defined benefit (liability)/asset
Balance at January 1	**-136.9**	**113.4**	**-23.5**	**-183.6**	**143.4**	**-40.3**
Included in profit or loss						
Current service cost	-5.4	-	-5.4	-5.9	-	-5.9
Past service (cost)/benefit	0.3	-	0.3	-0.1	-	-0.1
Current service cost - Employee contribution	-	0.4	0.4	-	0.5	0.5
Interest (cost)/income	-5.6	4.9	-0.7	-1.9	1.7	-0.2
Administrative expenses	-	-0.5	-0.5	-	-0.4	-0.4
Settlement cost UK pension fund	-	-	-	-	-7.3	-7.3
Total included in profit or loss (note 7)	**-10.7**	**4.7**	**-5.9**	**-7.9**	**-5.6**	**-13.5**
Included in other comprehensive income						
Remeasurements:						
- Gain/(loss) from change in demographic assumptions	-	-	0.0	-0.0	-	-0.0
- Gain/(loss) from change in financial assumptions	-7.4	-	-7.4	47.9	-	47.9
- Experience gains/(losses)	2.0	1.1	3.1	-5.4	-15.4	-20.7
Total included in other comprehensive income that will not be reclassified subsequently to profit or loss in subsequent periods	**-5.4**	**1.1**	**-4.3**	**42.5**	**-15.4**	**27.1**
Other						
Exchange differences on foreign plans	-0.4	0.6	0.2	1.5	-2.1	-0.6
Contributions by employer	-	5.6	5.6	-	4.3	4.3
Benefits paid	9.3	-9.3	0.0	11.2	-11.2	0.0
Change in consolidation scope	-14.1	13.7	-0.3	-0.5	-	-0.5
Total other	**-5.2**	**10.6**	**5.4**	**12.2**	**-9.0**	**3.2**
Balance at December 31	**-158.2**	**129.8**	**-28.4**	**-136.9**	**113.4**	**-23.5**

The increase of the present value of the defined benefit obligations is impacted by:

- the 2023 loss 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 loss is mainly the result of the decrease of the discount rate used to calculate the present value of the defined benefit obligations (2023 weighted average discount rate of 3.3%, compared to 3.9% in 2022).
- the change in consolidation scope (-14.1 million EUR) following the combination of Tessenderlo Group and Picanol Group into one large industrial group (note 4 - Acquisition and disposals).

The increase of the fair value of the plan assets in 2023 is mainly explained by the change in consolidation scope for +13.7 million EUR.

The net periodic pension cost is included in the following line items of the income statement:

(Million EUR)	note	2023	2022
Cost of sales		-0.2	-0.7
Distribution expenses		-0.1	-0.1
Sales and marketing expenses		-0.1	-0.1
Administrative expenses		-3.9	-3.7
Other operating income and expenses	5	-1.0	-1.4
EBIT adjusting items	6	-	-7.3
Finance (costs) / income - net	9	-0.7	-0.2
Total		**-5.9**	**-13.5**

The actual return on plan assets in 2023 was +6.0 million EUR (2022: -13.7 million EUR).

The group expects to contribute 5.7 million EUR to its defined benefit pension plans in 2024.

The fair value of the major categories of plan assets is as follows:

	2023				2022			
(Million EUR)	Quoted	Unquoted	Total	%	Quoted	Unquoted	Total	%
Property	-	4.0	4.0	3.1%	-	4.0	4.0	3.6%
Qualifying insurance policies	-	70.5	70.5	54.3%	-	53.7	53.7	47.4%
Cash and cash equivalents	-	2.7	2.7	2.1%	-	8.9	8.9	7.9%
Investment funds	52.7	-	52.7	40.6%	46.7	-	46.7	41.2%
Total	**52.7**	**77.2**	**129.8**	**100.0%**	**46.7**	**66.7**	**113.4**	**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, 2023 (2022: 0.3 million EUR).

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 principal actuarial assumptions used in determining pension benefit obligations for the group's plans at the balance sheet date (expressed as weighted averages) are:

	2023	2022
Discount rate at 31 December	3.3%	3.9%
Future salary increases	2.1%	2.2%
Inflation	2.3%	2.4%

Assumptions regarding future mortality are based on published statistics and mortality tables, and are the following:

	Mortality table
Belgium	MR/FR - 5 (2022: 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-Richttafeln-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, 2023, is:

	Change in assumption	Impact on defined benefit obligation*	Change in assumption	Impact on defined benefit obligation*
Discount rate	+0.5%	-3.3%	-0.5%	3.7%
Salary growth rate	+0.5%	0.7%	-0.5%	-0.7%
Pension growth/inflation rate	+0.5%	2.3%	-0.5%	-2.1%
Life expectancy	+ 1 year	1.0%	- 1 year	-1.0%

**A positive percentage indicates an increase of the defined benefit obligation, while a negative percentage indicates a decrease of the defined benefit obligation.*

The above sensitivity analyses are based on a change in one assumption while holding all other assumptions stable. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. The above sensitivity analysis does not include the defined benefit obligation of the UK pension fund (currently in a buy-in phase, see also above), which amounts to 33.5 million EUR, as the impact on the defined benefit obligation will be offset by an equal variance in the fair value of the plan assets. The sensitivity analysis was therefore based on an adjusted defined benefit obligation of 124.7 million EUR.

Share-based payments

There were no warrants outstanding as per December 31, 2023, nor per December 31, 2022. No new offering of warrants to the group's senior management took place in 2022 and 2023.

24. Provisions

(Million EUR)	note	2023 Current	2023 Non-current	2023 Total	2022 Current	2022 Non-current	2022 Total
Environment	28	7.1	90.7	97.8	4.8	91.8	96.7
Dismantlement		-	23.4	23.4	1.2	22.8	24.0
Restructuring		0.1	-	0.1	0.5	-	0.5
Other		6.7	4.9	11.6	3.4	6.6	10.0
Total		**13.9**	**119.0**	**132.9**	**9.8**	**121.3**	**131.1**

	Environment	Dismantlement	Restructuring	Other	Total
Balance at January 1, 2023	**96.7**	**24.0**	**0.5**	**10.0**	**131.1**
Change in consolidation scope (note 4)	-	-	-	3.4	3.4
Additions	-	0.9	-	5.2	6.1
Use of provisions	-3.6	-1.4	-0.1	-5.0	-10.1
Reversal of provisions	-	-	-0.2	-2.0	-2.2
Effect of discounting	4.8	-	-	-	4.8
Translation differences	-0.0	-0.1	-	-0.0	-0.1
Balance at December 31, 2023	**97.8**	**23.4**	**0.1**	**11.6**	**132.9**

The environmental provisions amount to 97.8 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 2024-2054. The discount rate, derived from the yield curve of Belgian and French government bonds, varied between 2.2% and 3.5% in 2023 (between 2.6% and 3.4% at year-end 2022). Following adjustments in estimated timing of cash outflows, inflation and the discount rate applied, the environmental provisions increased by 2.0 million EUR (compared to a decrease by 16.7 million EUR in 2022). This impact was recognized in EBIT adjusting items (note 6 - EBIT adjusting items). An increase of the discount rate by 1% would lower the environmental provisions by approximately -9 million EUR.

The use of environmental provisions amounts to -3.6 million EUR in 2023 (2022: -1.5 million EUR), while the effect of unwinding the discount amounts to -2.8 million EUR in 2023 (2022: -1.1 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 19.7 million EUR as per December 31, 2023 (2022: 19.2 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, warranty provisions 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)	note	2023	2022	2022 Pro Forma
Non-current trade and other payables				
Accrued charges and deferred income		2.8	3.1	3.1
Remuneration and social security		3.6	3.4	3.4
Other amounts payable		0.5	0.4	0.4
Total		**6.8**	**6.9**	**6.9**
Current trade and other payables				
Trade payables		257.1	269.3	363.3
Remuneration and social security		92.3	89.9	112.9
VAT and other taxes		12.4	12.1	14.0
Accrued charges and deferred income		4.9	4.1	8.1
Trade and other payables from related parties	29	3.2	3.5	3.5
Advance payments received		23.0	0.3	54.9
Other amounts payable		12.8	4.1	5.1
Total		**405.5**	**383.2**	**561.9**

The decrease of current remuneration and social security (92.3 million EUR) compared to the 2022 Pro Forma balance (112.9 million EUR) can mainly be explained by a decrease of the accruals for variable remuneration, which are linked to individual and business-related performance.

Trade payables decreased from 363.3 million EUR in the 2022 Pro Forma figures to 257.1 million EUR as per year-end 2023. This decrease is mainly due to a lower activity, timing of supplier payments as well as a decrease of raw material, energy and transport costs.

As per December 31, 2023, the current other amounts payable (12.8 million EUR) include a payable of 7.7 million EUR, related to the 2022 dividend withholding taxes, payable in January 2024 to Oostiep Group bv (note 29 - Related parties).

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.

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 material accounting policies):

	2023		2022	
(Million EUR)	EUR*	USD	EUR*	USD
Assets	75.6	494.7	40.4	420.6
Liabilities	-46.4	-40.4	-25.3	-35.3
Gross exposure	**29.2**	**454.3**	**15.1**	**385.3**
Foreign currency swaps	-12.7		-12.1	-23.6
Net exposure	**16.5**	**454.3**	**3.0**	**361.7**
Net exposure (in EUR)	**16.5**	**411.1**	**3.0**	**339.1**

**EUR includes the exposure to foreign currency risk in EUR and several, individual insignificant foreign currencies expressed in EUR.*

The net exposure is mainly related to intragroup balances which are not hedged.

If the euro had strengthened or weakened by 10% against the USD 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, 2023			
USD	+10%	-34.6	-63.4
	-10%	42.3	77.5
At December 31, 2022			
USD	+10%	-26.3	-44.0
	-10%	32.1	53.7

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 between 5% and 20% 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 739.1 million EUR as per December 31, 2023 (2022: 643.8 million EUR). This amount consists of current and non-current trade and other receivables (483.2 million EUR, note 16 - Trade and other receivables), the loans granted (5.7 million EUR, included within “Other investments and guarantees”), long term investments (70.0 million EUR), derivative financial instruments (3.2 million EUR) and cash and cash equivalents (177.0 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	2023	2022
Agro		146.8	155.8
Bio-valorization		98.1	112.5
Industrial Solutions		87.6	102.9
Machines & Technologies		56.6	-
T-Power		0.2	2.1
Non-allocated		0.1	0.1
Total	**16**	**389.5**	**373.4**

The ageing of trade receivables at the reporting date was:

(Million EUR)	note	2023		2022	
		Gross	Amounts written off	Gross	Amounts written off
Not past due		334.5	-	330.9	-
Past due 0-30 days		39.2	-0.0	31.5	-0.0
Past due 31-120 days		13.5	-0.2	8.3	-0.1
Past due 121-365 days		1.7	-1.2	3.9	-1.1
More than one year		5.0	-2.9	2.6	-2.6
Total	**16**	**393.8**	**-4.3**	**377.2**	**-3.8**

The group estimates that the amounts that are past due, for the majority covered through credit insurance, 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	2023	2022
Balance at January 1		**-3.8**	**-3.5**
Use of impairment loss		0.3	0.4
Reversal / (recognition) of impairment losses	5	0.0	-0.7
Change in consolidation scope		-0.9	-
Other movements		0.0	0.0
Balance at December 31	**16**	**-4.3**	**-3.8**

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	2023	2022
Fixed rate instruments			
Cash and cash equivalents	18	47.8	92.0
Long term investments	18	70.0	50.0
Loans and borrowings	22	169.3	175.4
Variable rate instruments			
Cash and cash equivalents	18	129.2	64.1
Loans and borrowings	22	67.4	90.1
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 64.3 million EUR as per December 31, 2023 (2022: 90.1 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.

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, 2023, nor at December 31, 2022).
- committed bi-lateral agreements with four banks for a total amount of 250.0 million EUR (of which part can be drawn in USD) till July 2027. These committed bi-lateral agreements have no financial covenants and ensure maximum flexibility for the different activities. As per December 31, 2023 none of these credit lines were used.
- non-committed credit lines for 50.5 million EUR excluding bank guarantees or 67.5 million EUR including bank guarantees.
- 2 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). As per December 31, 2013 the remaining outstanding amounts were 21.6 million EUR and 23.6 million EUR respectively. These loans contain no financial covenants.

The following are the contractual maturities of loans and borrowings, including interest payments:

(Million EUR)	note	2023				
		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		58.8	61.9	2.0	60.0	-
Credit facility T-Power nv		64.3	67.9	28.0	39.9	-
Credit institutions		54.6	56.2	17.4	36.7	2.1
Lease liabilities		59.1	67.8	20.2	36.9	10.7
Loans and borrowings	**22**	**236.8**	**253.9**	**67.6**	**173.5**	**12.8**
Bank overdrafts*	**22**	**0.1**	**0.1**	**0.1**	**-**	**-**
Derivatives						
Foreign currency swaps		-0.1				
Inflow			12.6	12.6	-	-
Outflow			-12.7	-12.7	-	-
Interest rate swaps		-2.0				
Inflow			2.2	1.4	0.8	-
Outflow			-4.4	-2.6	-1.7	-
Total		**-2.1**	**-2.2**	**-1.3**	**-0.9**	**0.0**

(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	63.9	2.0	61.9	-
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**	**288.6**	**62.7**	**206.9**	**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**

**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	2023		2022	
		Carrying amount	Fair value	Carrying amount	Fair value
Non-current loans and borrowings					
Lease liabilities	22	-40.1	-30.7	-35.4	-32.2
Credit institutions	22	-37.9	-35.7	-51.6	-47.3
Bonds (maturity date in 2025)	22	-58.8	-57.3	-58.0	-57.2

The bond issued in 2015 with a maturity of 10 years (the “2025 bonds”) was quoted at 98.9% as per December 31, 2023 (2022: 98.6%).

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)	2023							
	Carrying amount balance sheet				Fair value hierarchy			
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Level 1	Level 2	Level 3	Total
Foreign currency swaps	0.0	-	-0.1	-	-	-0.1	-	-0.1
Interest rate swaps	-	-	-1.2	-0.8	-	-2.0	-	-2.0
Electricity forward contracts	2.9	0.3	-4.8	-2.5	-	-	-4.1	-4.1
Total	**3.0**	**0.3**	**-6.1**	**-3.4**	**0.0**	**-2.1**	**-4.1**	**-6.2**

(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**

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)	2023		2022	
	Contractual amount	Fair value	Contractual amount	Fair value
Foreign currency swaps	12.6	-0.1	34.1	-0.0
Interest rate swaps	-2.1	-2.0	-3.4	-3.2
Electricity and gas forward contracts	N/A	-4.1	N/A	-7.9
Total	**10.6**	**-6.2**	**30.7**	**-11.1**

The contractual amount indicates the volume of outstanding derivatives at the balance sheet date and therefore does not reflect the group's exposure to risks from such transactions.

The total fair value of the derivative financial instruments at December 31, 2023 amounts to -6.2 million EUR (2022: -11.1 million EUR) and consists of:

- forward interest rate agreements at T-Power nv, with maturity date in the period 2024-2026
- foreign currency swaps, with maturity date in January 2024
- an electricity forward purchase contract, with maturity date in June 2026 (-6.2 million EUR), which is partially offset by an electricity forward sale contract with similar terms and conditions, starting in November 2023 and with maturity date in June 2026 (+2.1 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, 2023. The effective portion of the change in fair value is therefore recognized in the hedging reserves for an amount of -2.0 million EUR (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)	2023		2022	
	Amount in foreign currency	Amount in EUR	Amount in foreign currency	Amount in EUR
GBP	4.0	4.6	3.5	4.0
USD	-	-	23.6	22.1
JPY	658.6	4.2	647.7	4.5
Other		3.9		3.5
Total		**12.6**		**34.1**

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. The used base load future prices are calculated based on the 2023 average daily TTF Gas Yearly forward prices and on the 2023 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.

In November 2023, the group entered into an electricity forward sale agreement. In return for a fixed option premium, the group is obliged to deliver the same quantity of electricity as the one bought in the 'PPA'. The terms and conditions to sell energy under this agreement are similar to the terms and conditions of the 'PPA'. Because of significant unobservable inputs, a level 3 fair value measurement is also applied for the fair value measurement of this agreement. The fair value of this contract depends on a fixed option premium income and the current and future difference between market electricity prices and the generation cost based on market gas prices, and on the effect of the hourly pricing optimization as foreseen in the contract. As a result of this transaction, the fair value change of this option agreement will offset fair value fluctuations of the 'PPA'.

Based on the inputs above, the fair value of the electricity purchase agreement amounted to -6.2 million EUR (compared to a fair value of -8.0 million EUR as per December 31, 2022), while the fair value of the new electricity sale agreement was +2.1 million EUR. The total change in fair value (+3.8 million EUR) was recognized as an EBIT adjusting item (2022: +7.8 million EUR) (note 6 - EBIT adjusting items).

The key assumptions used in the valuation as per December 31, 2023 are:

		2024	2025	2026
Gas forward price	EUR/MWh	52.2	45.7	36.4
Electricity forward price	EUR/MWh	129.1	122.9	109.1
Discount rate	2.5%			

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 sensitivity of the valuation to changes in the principal assumptions of the electricity purchase agreement is the following:

Change in assumption		Impact fair value (Million EUR)	
		2023	2022
Gas price	+1 EUR/MWh	-2.1	-2.5
Electricity price	+1 EUR/MWh	1.0	1.3
Spark spread optimization	+1 EUR/MWh	1.0	1.3
Discount rate	+1%	0.1	0.2
Running hours T-Power nv	+10%	-1.6	-1.9

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

As the terms and conditions of the electricity forward sale agreement are similar to those of the electricity forward purchase agreement, the group only retains an insignificant exposure to the volatility of gas and electricity prices.

27. Guarantees and commitments

(Million EUR)	2023	2022
Guarantees given by third parties on behalf of the group	29.9	29.3
Guarantees given on behalf of third parties	1.8	3.0
Guarantees received from third parties	9.2	6.7
Commitments related to capital expenditures	84.2	52.9

Guarantees given by third parties on behalf of the group mainly relate to the fulfilment of environmental obligations for 22.7 million EUR (2022: 22.7 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 84.2 million EUR (2022: 52.9 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 Unites States (operating segment Agro), the ongoing construction of a new headquarter office for Picanol Group in Ieper (operating segment Machines & Technologies), 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 and will end in June 2026.

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 defense 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 97.8 million EUR at December 31, 2023 (December 31, 2022: 96.7 million EUR).

While it is not feasible to predict the outcome of all pending environmental exposures, it cannot be excluded that there will be a need for future provisions for environmental costs. In management’s opinion, based on information currently available, such provisions would not have a material effect on the group’s financial position, taking into account the current financial structure of the group. However, it cannot be excluded that such provisions could have a material impact on the income statement of a specific accounting period.

Acquisition, investment and joint-venture agreements as well as divestments may contain habitual provisions leading to price adjustments. In addition, for divestments, proper consideration has been given to provisions for possible indemnifications payable to the acquirer, if any, including matters in the area of health, environment, tax, product liability, restructuring, competition, pensions and share incentives. Based on information currently available, the possibility of any significant cash outflow is considered to be remote.

Some plants of the group need to comply with the European regulations to cover operational emissions for products exposed to carbon leakage. In a case of a deficit, additional emission allowances will be purchased. The cost of additional emission allowances purchased during 2023 was equal to 10.6 million EUR (2022: 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 3.7 million EUR as per December 31, 2023 (2022: 0.9 million EUR).

29. Related parties

The company has a related party relationship with its subsidiaries, joint-ventures and with its controlling shareholders (Oostiep Group bv, controlled by Mr. Luc Tack, and Manuco International nv, controlled by Mr. Patrick Steverlynck), 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.

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 total number of voting rights amounts to 109,147,812 as per December 31, 2023. Out of these 109,147,812 voting rights (a) the exercise of the 97,500 voting rights attached to the treasury shares of Tessenderlo Group nv is suspended in accordance with article 7:217, §1, second paragraph of the Belgian Companies and associations code and (b) the exercise of the 43,567,589 voting rights attached to the shares that are held by Picanol nv is suspended in accordance with article 7:224 of the Belgian Companies and associations code.

As per December 31, 2023 Oostiep Group bv was holding 37,439,220 voting rights (34.30% of the total voting rights), while Manuco International nv and Mr. Patrick Steverlynck were holding 5,690,283 voting rights (5.21% of the total voting rights).

The group purchased and sold goods and services to various related parties in which the group holds a 50% equity interest (investment in joint-ventures). Such transactions were conducted at terms comparable to transactions with third parties.

As per December 31, 2023, the group has an outstanding payable of 7.7 million EUR, related to the 2022 dividend withholding taxes, to Oostiep Group bv. This payable was settled in January 2024 (note 25 - Trade and other payables).

Premiums for an amount of 2.0 million EUR were paid to the Belgian pension fund, "OFP Pensioenfonds"(2022: 1.8 million EUR). Liabilities related to employee benefits schemes as per December 31, 2023 include 7.3 million EUR related to the "OFP Pensioenfonds" (2022: 7.8 million EUR).

Transactions with joint-ventures[36]:

(Million EUR)	note	2023	2022
Transactions with joint-ventures - Sales		-	-
Transactions with joint-ventures - Purchases		-49.2	-74.9
Non-current assets		5.7	8.2
Current assets	16	0.4	0.7
Current liabilities	25	3.2	3.5

The lower amount of purchases with joint-ventures (49.2 million EUR in 2023 compared to 74.9 million EUR in 2022) can be explained by a decrease of the purchase prices.

[36] *We refer to note 14 - Investments accounted for using the equity method, other investments and guarantees 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 6.3 million USD (5.7 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 Committee:

(Million EUR)	2023	2022
Short-term employee benefits	2.2	3.4
Long-term employee benefits	0.8	0.5
Post-employment benefits	0.1	0.1
Settlement agreement payment	1.6	-
Total	**4.7**	**4.0**

Short-term employee benefits include salaries and accrued bonuses over 2023 (both including social security contributions), car leases and other allowances or benefits where applicable. The short-term employee benefits include fix and variable employee benefits for respectively 1.7 million EUR and 0.5 million EUR. The variable short term employee benefits are related to the performance of the year 2023 and are payable within 12 months after the end of the year 2023.

The long-term benefits are related to the long term incentive plans applicable for the senior management levels:

- The amount included in 2022 covers the advance payment of 25% of the target amount related to the long-term incentive plan for the years 2022-2024, paid out in 2023.
- The amount included in 2023 covers the second advance payment of 25% of the target amount to the CEO, related to the long-term incentive plan 2022-2024, to be paid out in April 2024. As the COO/CFO left the company in 2023, the amount included in 2023 also covers the settlement of his remaining long-term incentive plans, to be paid in 2024.

The post-employment benefits include the periodic pension costs of the pension plan, calculated by an actuary.

Mr. Stefaan Haspeslagh left the company on December 31, 2023. Mr. Stefaan Haspeslagh/Findar BVBA, represented by Mr. Stefaan Haspeslagh, was entitled to a termination benefit payment of 1.6 million EUR, excluding the 2023 short term variable and long term incentive.

The Executive Committee in 2023 was composed by the CEO, Mr. Luc Tack, and the COO/CFO Mr. Stefaan Haspeslagh, permanent representative of Findar BVBA as well as any other member appointed by the Board of Directors (no one at this stage).

In 2023, the members of the Executive Committee did not receive any shares from Tessenderlo Group nv.

There was no new emission of warrants in 2023 and no warrants were exercised by members of the Executive Committee during 2023.

In the fourth quarter of 2023, the group announced several senior leadership changes as part of the further succession planning for the group. In this context, an agreement was concluded with Mr. Stefaan Haspeslagh whereby his respective executive functions as CFO and COO ended on December 31, 2023. Mr. Haspeslagh will continue to serve as Director and Chairman of the Board of Directors until the next General Shareholders' Meeting in 2024. On January 1, 2024, Mr. Miguel de Potter has joined the Executive Committee as new CFO and Mrs. Sandra Hoeylaerts has taken up the position of Chief Transformation Officer (CTO) on January 1, 2024. The new ExCom is made up of Mr. Luc Tack (CEO), Mrs. Sandra Hoeylaerts (CTO), and Mr. Miguel de Potter (CFO) from January 1, 2024, onwards.

The following related party transactions took place with other companies owned by Mr. Luc Tack in 2023:

- Tessenderlo Kerley, Inc. rents office space of the Phoenix (United States) headquarters building to Talalay Global (United States).
- Kuhlmann Europe has been selling ferric chloride and caustic soda to Truck- en Tankcleaning Tack nv.
- Tessenderlo Group has provided legal services to Latexco, while DYKA Group (operating segment Industrial Solutions) replaced Latexco in their partnership with Soudal-Quickstep Team during the Tour de France of 2023.
- Picanol nv engaged in commercial transactions involving the sales of spare parts of weaving machines.

These transactions are considered to be insignificant and were concluded at arm’s length conditions and were approved by the Board of Directors.

Some family members of Mr. Luc Tack are employed by the group or have an advisory role within the group. All agreements were concluded at arm’s length conditions and were approved by the Board of Directors. Mrs. Laurie Tack was appointed as non-executive director on the annual shareholders’ meeting on May 9, 2023.

No transactions, except for those mentioned above, have occurred with the members of the Executive Committee.

Transactions with the members of the Board of Directors:

Members	Remuneration in EUR	2023	2022
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	45,000	27,500
	Variable fee per half day attended	11,000	23,000
	Total remuneration	**56,000**	**50,500**
ANBA bvba, represented by its permanent representative Ms. Anne-Marie Baeyaert (independent non-executive director). Member of the Board of Directors since June 6, 2017.	Fixed annual fee	45,000	27,500
	Additional fixed fee for chairman of Audit Committee	5,000	3,000
	Variable fee per half day attended	11,000	23,000
	Total remuneration	**61,000**	**53,500**
Stefaan Haspeslagh (executive director)	Fixed annual fee	45,000	27,500
	Additional fixed fee for chairman of Board of Directors	132,500	72,500
	Variable fee per half day attended	11,000	15,000
	Total remuneration	**188,500**	**115,000**
Luc Tack (executive director)	Fixed annual fee	45,000	27,500
	Variable fee per half day attended	11,000	15,000
	Total remuneration	**56,000**	**42,500**
Karel Vinck (non-executive director)	Fixed annual fee	45,000	27,500
	Variable fee per half day attended	11,000	15,500
	Total remuneration	**56,000**	**43,000**
Wouter De Geest (independent non-executive director). Member of the Board of Directors since May 11, 2021.	Fixed annual fee	45,000	27,500
	Variable fee per half day attended	11,000	22,000
	Total remuneration	**56,000**	**49,500**
Laurie Tack (non-executive director)	Fixed annual fee	28,911	-
	Variable fee per half day attended	8,000	-
	Total remuneration	**36,911**	**0**
Pasma nv, represented by its permanent representative Mr. Patrick Steverlynck (non-executive director).	Fixed annual fee	28,911	-
	Variable fee per half day attended	8,000	-
	Total remuneration	**36,911**	**0**
Ann Vereecke bv, represented by its permanent representative Ms. Ann Vereecke (independent non-executive director). Member of the Board of Directors since May 9, 2023.	Fixed annual fee	28,911	-
	Variable fee per half day attended	8,000	-
	Total remuneration	**36,911**	**0**
Total		**584,233**	**354,000**

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)	2023			
	Audit	Audit related	Other	Total
KPMG (Belgium)	0.5	0.1	0.1	0.7
KPMG (Outside Belgium)	0.7	0.0	0.0	0.8
Total	**1.3**	**0.1**	**0.1**	**1.4**

(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**

31. Subsequent events

On January 19, 2024, a major fire incident occurred in a building next to an external warehouse of PB Gelatins UK Ltd. (Bio-valorization segment) in Bridgend, which was used for the storage of gelatin products. The stored inventory, which had a gross carrying amount of approximately 9.7 million GBP, was affected. Although the stock is insured, it is not yet certain that the gross value will be fully recovered from the insurance proceeds. The impact on the operational and commercial activities of PB Gelatins UK Ltd. is expected to be limited.

32. Group companies

Listed below are all the group companies.

The total number of consolidated companies is 76[37].

List of the consolidated companies on December 31, 2023, accounted for by the full consolidation method:

	Entity	Address	Belgian company number	Ownership
Europe				
Belgium	DYKA Plastics nv	3900 Pelt	0414467340	100%
Belgium	Tessenderlo Chemie International nv	1050 Brussels	0407247372	100%
Belgium	Tessenderlo Group nv	1050 Brussels	0412101728	Parent company
Belgium	Tessenderlo Development Services nv	1050 Brussels	0724619989	100%
Belgium	T-Power Energy Services bv	1050 Brussels	0838489378	100%
Belgium	T-Power nv	1050 Brussels	0875650771	100%
Belgium	Picanol nv	8900 Ieper	0405502362	100%
Belgium	Picanol Group nv	8900 Ieper	0643795829	100%
Belgium	Melotte nv	3520 Zonhoven	0407155421	100%
Belgium	Proferro nv	8900 Ieper	0438243426	100%
Belgium	Psicontrol nv	8900 Ieper	0437446145	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	Burcklé SAS	68290 Bourbach-le-Bas		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	Tessenderlo Kerley France SAS	59120 Loos		100%
France	Tessenderlo Services SARL	59120 Loos		100%
France	SCI Les Violettes	79380 La Forêt sur Sèvre		100%
France	Soleval France SAS	72100 Le Mans		100%
Germany	BT Nyloplast GmbH	86551 Aichach		100%
Germany	PB Gelatins GmbH	31582 Nienburg		100%
Hungary	BT Nyloplast Kft	3636 Vadna		100%
Luxembourg	Terelux SA	2163 Luxembourg		100%
Poland	DYKA Sp.z.o.o.	55-221 Jelcz-Laskowice		100%
Romania	DYKA Plastic Pipe Systems S.R.L.	Cluj Napoca Municipalith - Cluj County		100%
Romania	Psicontrol SRL	505400 Rasnov		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	Tessenderlo Kerley Netherlands bv	4825 AV Breda		100%
The Netherlands	Tessenderlo NL Holding bv	4825 AV Breda		100%
United Kingdom	John Davidson Pipes Ltd.	Edinburgh EH3 8UL		100%
United Kingdom	PB Gelatins UK Ltd.	Pontypridd CF 375 SQ		100%
United Kingdom	Tessenderlo Holding UK Ltd.	Pontypridd CF 375 SQ		100%

[37] In 2023 *Limburgse Rubber Produkten nv, PB Shengda (Zhejiang) Biotechnoloy Co. Ltd, John Davidson Holdings Ltd.* and *DYKA UK Ltd.* were liquidated. CP Sciontek AGDEV Inc changed name into *Tessenderlo Kerley Philippines Inc*. *Tessenderlo Singapore Pte Ltd.* is a new created company in 2023. Following the acquisition of Picanol Group (note 4 - Acquisitions and disposals), the group acquired 16 legal entities of Picanol Group, of which *Verbrugge nv* merged into *Picanol nv* during 2023.

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	Picanol of America	Greenville, SC 29605	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	60%
Brazil	Picanol do Brazil	Americana, SP CEP 13471-030	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%
China	Picanol (Suzhou Industrial Park) Textile Machinery Co.,Ltd.	Suzhou - Jiangsu Province	100%
China	Picanol (Suzhou) Trading Co.,Ltd	Suzhou - Jiangsu Province	100%
Costa Rica	Tessenderlo Kerley Costa Rica SA	La Union Tres Rios - Cartago	100%
India	Picanol India	New Delhi, India, 110 015	100%
India	Tessenderlo Kerley India Private Ltd.	Gurgaon, Haryana, 122018	100%
Indonesia	PT. Picanol Indonesia	Bandung 40261, West Java	100%
Japan	TKI Japan KK	Tokyo - Chiyoda-ku	100%
Mexico	Picanol de Mexico	08400, Mexico D.F.	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	Tessenderlo Kerley Philippines, Inc.	Don José, Sta. Rosa Laguna 4026	100%
Singapore	Tessenderlo Singapore Pte. Ltd.	338729 Singapore	100%
Turkey	Picanol Tekstil Makinalari	34149 Yesilkoy, Istanbul	100%
Turkey	Tessenderlo Kerley Turkey Tarim Ve Kimya Sanayi Ve. Tic. Ltd. STI	35730 Kemalpasa - Izmir	100%

List of the consolidated companies on December 31, 2023 accounted for by the equity method:

Europe			
France	Etablissements Michel SAS	31800 Villeneuve de Rivière	50.00%

United States			
US	Jupiter Sulphur LLC	Wilmington, DE 19801	50.00%

List of the non-consolidated companies on December 31, 2023 due to their insignificant impact on the consolidated figures:

Europe			
Belgium	SYMATEX cv	1030 Schaarbeek	36.29%

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, 2023 are the same as those applied and disclosed in the consolidated financial statements at December 31, 2022.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are addressed below:

- Impairments. The carrying amount of property, plant and equipment, goodwill and intangible assets is reviewed at each balance sheet date to determine whether an indication of impairment exits. If any such indication exists, the asset's recoverable amount is estimated (note 11 - Property, plant and equipment, note 12 - Goodwill and note 13 - Intangible assets).
- Leases. The company leases various items of Property, plant and equipment, mainly including real estate and vehicles. Some leases contain extension options, allowing operational flexibility, exercisable by the group. The group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The group has applied judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, the group considered all relevant factors that create an economic incentive for it to exercise the renewal (note 11 - Property, plant and equipment).
- Inventory obsolescence and lower of cost or net realizable value adjustments, which are determined based on experience and the assessment of market circumstances (note 17 - Inventories).
- Employee benefits. The calculation of defined benefit obligations is based on actuarial assumptions such as future salary increases, inflation, 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:
  - inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices) or
  - inputs for the asset or liability that are not based on observable market data.

Statement on the true and fair view of the consolidated financial statements and the fair overview of the management report

Mr. Luc Tack (CEO) and Mr. Miguel de Potter (CFO), certify, on behalf and for the account of the company, that, to his/their knowledge,

a) the consolidated financial statements which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position, the income statement of the company, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows, and the entities included in the consolidation as a whole,

b) the consolidated management report includes a fair overview of the development and performance of the business and the position of the company, and the entities included in the consolidation, together with a description of the principal risks and uncertainties which they are exposed to.

Statutory auditor's report

Statutory auditor's report to the general meeting of Tessenderlo Group nv on the consolidated financial statements as of and for the year ended December 31, 2023.

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, 2023, 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 5 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, 2023, prepared in accordance with IFRS Accounting 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 3 December 31, 2023, 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 material accounting policies and other explanatory information. The total of the consolidated statement of financial position amounts to 2,914.7 million EUR and the consolidated statement of profit or loss shows a profit for the year of 114.4 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, 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting 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 1,474.8 million EUR as at December 31, 2023 and represent 50.6 % of the Group’s total assets as at December 31, 2023.

  The Group performs a yearly impairment test for goodwill as well as for Property, Plant & Equipment (“PPE”) and intangible assets when there are indications that the carrying value of PPE and intangible assets may be impaired. The Group estimates the recoverable amount as of December 31, 2023 for each of the smallest groups of assets that generate largely independent cash flows (the cash-generating units or “CGUs”) for goodwill and for PPE and intangible assets when impairment indicators have been identified. Management prepares a recoverable amount assessment by discounting future cash flow projections to determine whether these assets have to be impaired at the reporting date and the amount of the impairment.

  Impairment of PPE, goodwill and intangible assets is identified as a key audit matter due its significance to the balance sheet total (50.6%) and the level of judgement required by Management, which is principally related to the inputs used in both forecasting and discounting future cash flows to determine the recoverable amount.

- 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 impairment 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
  - Verifying the appropriateness of the Group’s disclosures in respect of impairment of goodwill, PPE and intangible assets as included in respectively Note 11, 12 and 13 to the consolidated financial statements.

Disclosures with respect to 2023 accounting impact and consolidation of Picanol nv ("Picanol Group") as a result of the voluntary public exchange offer by Tessenderlo Group nv for all shares issued by Picanol nv as announced on July 8, 2022

We refer to Note 4 'Acquisitions and disposals", more specifically "Acquisition of Picanol Group"' and all other notes indicated with 'Pro Forma' throughout the consolidated financial statements.

- Description

  On July 8, 2022, Tessenderlo Group nv and Picanol Group 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 nv, and since 2019, Tessenderlo Group nv has been fully consolidated in Picanol Group's consolidated 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 nv to which 62.89% of the voting rights were attached.

  As disclosed in Note 4 as referred to above, during financial year 2022 and 2023 a number of transactions and offerings took place resulting that Tessenderlo Group nv owned 97.90% of the shares in Picanol Group as of January 2, 2023. As from January 2023, Picanol Group was fully consolidated into the consolidated results of Tessenderlo Group nv. Subsequently a public exchange offer was made by Tessenderlo Group nv on the remaining shares of the Picanol Group.

  Prior year, the matter as described above was identified as a key audit matter due to the importance of it as a subsequent event, the impact it had 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. In the current year, the accounting of the transaction of Picanol Group as described above in the consolidated financial statements of Tessenderlo Group nv for the year ended December 31, 2023 is also identified as a key audit matter due to the significant impact, more specifically referring to the inclusion of Pro Forma information throughout the consolidated financial statements which shows the impact as of the acquisition of Picanol Group by Tessenderlo Group nv would have occurred as of January 1, 2022 on the consolidated statement of financial position as at December 31, 2023, 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 the disclosure notes.

- Our audit procedures included:

  - Verifying the proper integration and presentation of the 2022 Pro Forma consolidated income statement, the 2022 Pro Forma consolidated statement of comprehensive income, the 2022 Pro Forma consolidated statement of financial position, the 2022 Pro Forma consolidated statement of cash flows and the related Pro Forma notes ("2022 Pro Forma Financial Information") to the 2023 consolidated financial statements by comparing the 2022 Pro Forma Financial Information as disclosed in note 31 Subsequent events as included in the 2022 consolidated financial statements of Tessenderlo Group nv with the 2022 Pro Forma Financial Information included in the 2023 consolidated financial statements ;
  - Comparing the Fair value adjustments recognized by Picanol Group on Tessenderlo Group nv and the Picanol Group figures as disclosed in note 4 and note 31 Subsequent events as included in the 2022 consolidated financial statements of Tessenderlo Group nv with the disclosures on the Fair value adjustments as included in the 2023 consolidated financial statements of Tessenderlo Group nv;
  - Verify the accuracy of the 2022 Pro Forma figures and the "change in consolidation scope" as included in the notes of the 2023 consolidated financial statements;
  - Assessing the adequacy of the presentation of the Pro Forma figures as included in the notes to the consolidated financial statements as per December 31, 2023.

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 Accounting 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 2023
- Management report 2023

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 the board of directors' annual report on the consolidated financial statements. 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 December 17, 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 December 31, 2023, included in the annual financial report of Tessenderlo Group nv are, in all material respects, prepared in compliance with the ESEF requirements under the Delegated Regulation.

Other aspect

This report is consistent with our additional report to the audit committee on the basis of Article 11 of Regulation (EU) No 537/2014.

Ghent, March 26, 2024

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)	2023	2022
Total assets		
Non-current assets	**3,001.8**	**1,247.2**
Intangible assets	1.1	0.1
Property, plant and equipment	108.5	110.8
Financial assets	2,892.3	1,136.3
Current assets	**609.6**	**594.6**
Non-current trade and other receivables	15.2	0.7
Inventories	108.5	151.6
Current trade and other receivables	349.0	276.3
Other investments	118.5	143.0
Cash and cash equivalents	11.2	17.0
Prepaid expenses and accrued income	7.3	6.1
Total assets	**3,611.4**	**1,841.8**

Total liabilities		
Shareholders' equity	**3,118.6**	**1,256.1**
Issued capital	428.3	216.2
Share premium	1,743.6	238.0
Reserves	584.1	26.9
Retained earnings	362.1	774.4
Capital grants	0.5	0.5
Provisions and deferred taxes	**111.9**	**117.4**
Provisions	111.9	117.4
Deferred taxes	**-**	-
Liabilities	**380.9**	**468.3**
Liabilities due in more than one year	95.6	114.0
Liabilities due within one year	275.7	342.4
Accrued expenses and deferred income	9.7	11.9
Total liabilities	**3,611.4**	**1,841.8**

Profit and loss statement of Tessenderlo Group nv

(Million EUR)	2023	2022
Total operating income	**568.3**	**823.3**
Sales	498.0	613.1
Change in work in progress, finished goods and orders in progress (increase+/decrease-)	-26.6	39.7
Production capitalized	0.7	0.8
Other operating income	89.5	161.8
Non-recurring operating income	6.6	7.9
Total operating charges	**-597.6**	**-792.7**
Raw materials and goods purchased for resale	-275.1	-402.5
Services and other goods	-207.3	-264.3
Wages, salaries, social charges and pensions	-82.3	-84.0
Depreciations and amortizations on formation expenses, tangible and intangible assets	-15.2	-15.4
Amounts written-off stocks and trade receivable (charges (-) / write-back (+))	-5.5	-5.8
Provision for liabilities and charges (utilisations and write-backs less charges)	4.8	1.8
Other operating charges	-14.4	-16.2
Non-recurring operating charges	-2.6	-6.3
Operating result	**-29.2**	**30.6**
Finance income	304.8	358.8
Finance costs	-36.7	-44.1
Profit before taxes	**238.8**	**345.3**
Income taxes	-0.1	-4.3
Deferred taxes	-	-
Profit (+) / losses (-)	**238.7**	**341.0**
Untaxed reserves	1.4	-0.5
Profit (+) / losses (-) for the year to be allocated	**240.1**	**340.5**

Allocations and distributions

(Million EUR)	2023	2022
The Tessenderlo Group nv Board of Directors proposes to allocate the		
- Profits, being	240.1	340.5
- Increased by prior years' retained earnings	774.4	494.8
Totaling	**1,014.5**	**835.3**
In the following manner:		
- Reserves	589.1	-3.2
- Dividends	63.3	64.1
- Retained earnings	362.1	774.4
Totaling	**1,014.5**	**835.3**

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, 2023.

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, 2023 and results of Tessenderlo Group nv for the year-ended December 31, 2023, 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 and sale agreement.

Gearing
Net financial debt / (net cash position) divided by the sum of net financial debt / (net cash position) and equity attributable to equity holders of the company.

Leverage
Net financial debt / (net cash position) 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 / (net cash position)
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 and advance payments received.

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 2022 - 2023 and can be reconciled to the consolidated financial statements as follows:

Reconciliation from Adjusted EBIT to EBIT

(Million EUR)	note	2023	2022
Adjusted EBIT	**3**	**120.1**	**300.1**
Gains and losses on disposals	6	1.2	0.3
Restructuring	6	-	-0.3
Impairment losses	6	-	-37.6
Provisions and claims	6	-0.5	13.5
Settlement loss UK pension plan	6	-	-7.3
Electricity purchase and sale agreement	6	-0.5	21.1
Other income and expenses	6	0.4	-1.6
EBIT (Profit (+) / loss (-) from operations)		**120.6**	**288.1**

Reconciliation from Adjusted EBITDA to EBIT

(Million EUR)	note	2023	2022
Adjusted EBITDA	**3**	**318.7**	**434.8**
Gains and losses on disposals	6	1.2	0.3
Restructuring	6	-	-0.3
Provisions and claims	6	-0.5	13.5
Settlement loss UK pension plan	6	-	-7.3
Electricity purchase and sale agreement	6	-0.5	21.1
Other income and expenses	6	0.4	-1.6
EBITDA		**319.2**	**460.5**
Depreciation and amortization	8	-198.7	-134.7
Impairment losses	8	-	-37.6
EBIT (Profit (+) / loss (-) from operations)		**120.6**	**288.1**

Reconciliation gearing

(Million EUR)	note	2023	2022
Non-current loans and borrowings	22	175.3	209.3
Bank overdrafts	22	0.1	0.1
Current loans and borrowings	22	61.4	56.2
Cash and cash equivalents	18/22	-177.0	-156.1
Long term investments	18/22	-70.0	-50.0
Net financial debt or (net cash position)	**22**	**-10.1**	**59.5**
Equity attributable to equity holders of the company		1,930.9	1,401.8
Gearing (net financial debt or net cash position / (equity + net financial debt or net cash position))	**19**	**-0.5%**	**4.1%**

Reconciliation leverage

(Million EUR)	note	For the year ended December 31 2023	2022
Non-current loans and borrowings	22	175.3	209.3
Bank overdrafts	22	0.1	0.1
Current loans and borrowings	22	61.4	56.2
Cash and cash equivalents	18/22	-177.0	-156.1
Long term investments	18/22	-70.0	-50.0
Net financial debt or net cash position	**22**	**-10.1**	**59.5**
Adjusted EBITDA	3	318.7	434.8
Leverage (net financial debt or net cash position / Adjusted EBITDA last 12 months)	**22**	**-0.0**	**0.1**

Reconciliation capital employed

(Million EUR)	note	As per December 31 2023	2022	2022 Pro Forma
Inventories	17	604.5	566.9	674.4
Trade receivables - 1 year	16	393.0	377.2	466.0
Trade receivables - 1 year: amounts written off	16	-4.3	-3.8	-4.6
Trade receivables from related parties	16	0.4	0.8	0.8
Trade payables -1 year	25	-257.1	-269.3	-363.3
Trade payables from related parties	25	-3.2	-3.5	-3.5
Advance payments received	25	-23.0	-0.3	-54.9
Trade working capital		**710.4**	**668.1**	**714.9**
Property, plant and equipment	11	1,156.1	888.7	1,091.6
Goodwill	12	31.8	32.1	32.5
Intangible assets	13	286.9	107.0	357.6
Net assets	**3**	**1,474.8**	**1,027.8**	**1,481.7**
Capital employed		**2,185.2**	**1,695.9**	**2,196.5**

Reconciliation return on capital employed (ROCE)

(Million EUR)	2023	2022
EBIT last 12 months	120.6	288.1
Average capital employed last 12 months	2,232.4	1,678.3
ROCE (return on capital employed)	**5.4%**	**17.2%**

Tessenderlo Group
EVERY MOLECULE COUNTS