ANNUAL REPORT

2020

Tessenderlo Group

EVERY MOLECULE COUNTS

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The statement of non-financial information is included in a separate sustainability report and this is published on the company's website. This separate report constitutes the declaration of non-financial information of the group and meets the requirements of art. 3:6, § 4, and art. 3:32, § 2, of the Companies Code.

COMPANY PROFILE

With a history that dates back to 1919, Tessenderlo Group has evolved over recent years from a chemical company into a diversified industrial group that focuses on agriculture, valorizing bio-residuals, energy, and providing industrial solutions with a focus on water. With more than 4,700 people working at over one hundred locations across the globe, Tessenderlo Group is a leader in most of its markets. We primarily serve customers in agriculture, food, industry, construction and health and consumer goods end markets.

Tessenderlo Group realized a consolidated revenue of 1.7 billion EUR in 2020. The company is listed on Euronext Brussels and is part of the Next 150 and BEL Mid indices. Financial News wires: Bloomberg: TESB BB – Reuters: TesB.BR – Datastream: B:Tes.

A DIVERSIFIED INDUSTRIAL GROUP

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

The **Agro** segment combines our activities in the production, trading and marketing of crop nutrients (liquid crop fertilizers and potassium sulfate fertilizers, based on sulfur) and crop protection products.

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 & collagen peptides) and Akiolis (the rendering, trading, production and sales of proteins and fats).

The **Industrial Solutions** segment includes products, systems and solutions for the handling, processing and treatment of water, including flocculation and depressants.

The **T-Power** segment includes the combined cycle gas turbine (CCGT) with a 425 MW capacity in Tessenderlo (Belgium).


ACTIVITY REPORT
2020

2020 HIGHLIGHTS

In 2020, Tessenderlo Kerley International (Agro segment) signed a long-term partnership agreement with an international partner to produce premium SOP fertilizers (both standard and water-soluble grade) at a plant in Helsingborg (Sweden). Tessenderlo Kerley International will market these products. This agreement became operational at the beginning of 2021.

Within the Bio-valorization segment, PB Leiner inaugurated a new collagen peptides line in February 2020 at its production plant in Santa Fe (Argentina). This additional production facility allows for a considerable extra production volume of SOLUGEL® collagen peptides.

PB Leiner and Zhejiang Shengda Ocean Co., Ltd. in Zhoushan (P.R. China) have established a joint venture in the second quarter of 2020 for the construction of a marine collagen peptides plant. Under the terms of this agreement, PB Shengda (Zhejiang) Biotechnology Co., Ltd. will produce marine collagen peptides based on PB Leiner's technology. PB Leiner will offer its customers an even more diversified range of high-quality collagen peptides.

In the second quarter of 2020, DYKA Group (segment Industrial Solutions) completed the acquisition of a production plant in La Chapelle-Saint-Ursin (France).

Within the Industrial Solutions segment, S8 Engineering has ceased to exist. The engineering and construction activities were integrated into Tessenderlo Kerley, Inc. in 2020.

At the beginning of July 2020, Tessenderlo Group started filing the relevant applications in order to participate in the Belgian Capacity Remuneration Mechanism (CRM) tender for the construction of a second gas-fired power station in the Belgian municipality of Tessenderlo.

- In September 2020, an incident occurred at the Bakken plant (North Dakota, USA) when a fire, which was caused by lightning, resulted in the loss of the production assets of Environmentally Clean Systems LLC (Industrial Solutions segment). Following this incident, the group will be reviewing in the coming months the future of ECS as a viable business.

After the balance sheet date:

- Within the Agro segment, Tessenderlo Kerley International will build a new liquid fertilizer plant in Western Europe. Upon receiving the necessary permits and approvals, it will begin the construction of a Thio-Sul® (ammonium thiosulfate) manufacturing plant in Geleen (the Netherlands). The plant is currently scheduled to start production in Q2 2023.

- Tessenderlo Kerley International is also studying a major Thio-Sul® investment in the Eastern European/CIS region as to support qualitative and productivity increases of agriculture in that region.

- In the first quarter of 2021, Tessenderlo Group created a new growth unit, “Violleau”, to support the growth of organic agricultural solutions in Europe. This growth unit will be part of the Bio-valorization segment.

MESSAGE FROM THE CEO AND THE CHAIRMAN TO THE SHAREHOLDERS

Dear Shareholders,

Unquestionably, 2020 was a very challenging year for our employees. They spent much of the year locked in a constant battle to keep our supply chain afloat. Impressively, they showed magnificent team spirit and dedication from the start of the pandemic by working very closely together (whilst obviously respecting all health requirements) and this meant that we were able to maintain our production and service levels during this unprecedented year. To this end, we would like to take this opportunity to say a big thank you to all of our employees who really did go the extra mile last year.

Tessenderlo Group adapted quickly to the many challenges presented by COVID-19 and this involved us taking all the necessary steps to keep our people safe and keep our plants and businesses running. This was absolutely imperative given the critical role we play in a number of essential sectors. For example, we supply the basic chemicals for the production of drinking water based on side streams in the form of hydrochloric acid from the production of sulfate of potash (SOP). Furthermore, we produce gelatin for medical and food applications, crop nutrition and crop protection products for agriculture, and plastic pipe systems for maintaining drinking water supply systems and polluted water evacuation, we generate electricity as well as we protect the meat chain in France.

2020 results
Tessenderlo Group realized a consolidated turnover of 1,737.3 million EUR in 2020, compared to 1,742.9 million EUR in 2019. 2020 revenue remained stable (-0.3%) or increased slightly (+0.7%) when excluding the foreign exchange effect. The revenue of Bio-valorization increased by +7.1% when excluding the foreign exchange effect, while a decrease could be noted in the other segments (Industrial Solutions: -2.7%, T-Power: -2.2% and Agro: -1.9%). Tessenderlo Group closed 2020 by recording a net profit of 98.6 million EUR, as compared to 97.6 million EUR in 2019. The 2020 Adjusted EBITDA amounts to 314.6 million EUR, compared to 267.7 million EUR in 2019.

We can confirm that we succeeded in keeping the impact of the pandemic on our operations to a minimum. In February 2020, our Chinese plant in Nehe (PB Leiner) experienced a brief disruption to its production. Meanwhile, a similar disruption occurred at DYKA Group's plant in Sainte-Austreberthe (France), and a number of JDP sales branches (United Kingdom) were temporarily closed in the first half of 2020 (both of these entities operate in the Industrial Solutions segment). These events had no material impact on the results of Tessenderlo Group.

As we adapted to the new health standards, we learned a number of new things and we are confident that this will make us even stronger in the future. Furthermore, the circumstances ensured that our digital acceleration initiative moved at a quicker pace than anticipated. New ways of working were discovered, and we made significant progress in terms of digitalization over the course of last year.

We also intensified our 'green acceleration', which continues to focus on our commitment to make 'Every Molecule Count'. Now more than ever before we are confident that for every stream, we have a process and new value can be discovered. Focus was also given last year to improving our processes with the goal of further reducing our environmental footprint. More information on this can be found in our 2020 Sustainability Report, which is detailing a range of very forward-thinking and positive initiatives.

An additional issue that came to the surface in 2020 was the reality that international trade is becoming increasingly complex. This is something that we have to adapt to on a daily basis but we're confident we have the creative minds for the task.

Always with an eye on the future, we're pleased to report that we continue to invest heavily in further developing the talents of our people. Quality training and professional development is a must if we are to ensure the group has a sustainable future in what is an increasingly challenging environment.

2020 also involved the continuation of our robust investment program. This is because we remain fully committed to strengthening our fields of competence and expertise, as we truly believe in the value of our products for the future. This investment program applies to all of our business units.

Within the Agro segment, we signed a long-term partnership agreement whereby we will be marketing premium SOP fertilizers produced in Helsingborg (Sweden).

Meanwhile, within the Bio-valorization segment, PB Leiner inaugurated a new collagen peptides line at the production plant in Santa Fe (Argentina). This additional production facility has enabled a considerable extra production volume of SOLUGEL® collagen peptides.

PB Leiner and Zhejiang Shengda Ocean Co., Ltd. in Zhoushan (P.R. China) have established a joint venture in 2020 for the construction of a marine collagen peptides plant. The joint venture company, PB Shengda (Zhejiang) Biotechnology Co., Ltd. will produce marine collagen peptides based on PB Leiner's technology and PB Leiner will be offering its customers an even more diversified range of high-quality collagen peptides.

Also in 2020, DYKA Group (segment Industrial Solutions) completed the acquisition of a production plant (mainly for pipes) in La Chapelle-Saint-Ursin (France). This strategically significant acquisition was especially positive as France has been pinpointed as an extremely critical market by the DYKA Group regarding its wastewater plastic pipe systems. We hope that this increased presence will result in some great opportunities in the years ahead.

And last but not least, in 2020, we started filing the relevant applications in order to participate in the Belgian Capacity Remuneration Mechanism (CRM) tender for the construction of a second gas-fired power station in the Belgian municipality of Tessenderlo. If we are successful in the CRM auction, the new power plant will need to be operational by November 1, 2025.

In 2020, Tessenderlo Group continued on the path towards further strengthening our innovation capabilities. This has involved a sustained organizational focus on business development and innovation portfolio management in all of our businesses. In this connection, our colleagues from PB Leiner launched several new product developments in 2020. These included the gelatin-based gelwoRx™, which is a new product family that has been created to efficiently address the needs of the health care sector. And following the release of our first gelatin bio-ink in the Claro™ series of tissue-engineering products in 2019, we have continued to make further investments, work on scientific developments, and we've set-up partnerships.

Finally, we have continued to remain focused on increasing logistics efficiencies, debottlenecking plants, implementing coordinated procurement and sourcing activities, realizing operational excellence, profitable growth, and - of course - our customers. Put simply, it is only by continuously addressing these issues that we can better serve the many markets in which we operate. And we're really confident that all of these initiatives, combined with a constant focus on operational excellence, will result in a very prosperous future for Tessenderlo Group.

Dividend
At the annual shareholders' meeting of May 11, 2021, the Board of Directors will propose to the shareholders not to pay out a dividend for the 2020 financial year. We continue to believe that more shareholder value can be created through further investing available funds in the growth of the company.

Outlook
Please note that the following statements are forward-looking and actual results may differ materially.

The group anticipates a continued high level of uncertainty in the first half of 2021 due to the ongoing corona pandemic, where the development of customer demand and margin is exposed to increased risk. However, based on the current available information, the group expects that the 2021 Adjusted EBITDA will be in line with the 2020 Adjusted EBITDA. This guidance already takes into account the expected negative foreign exchange effect in 2021, following the weakening of the USD at the time of writing.

The group would like to emphasize further that it currently operates in a volatile political, economic, financial and health environment.

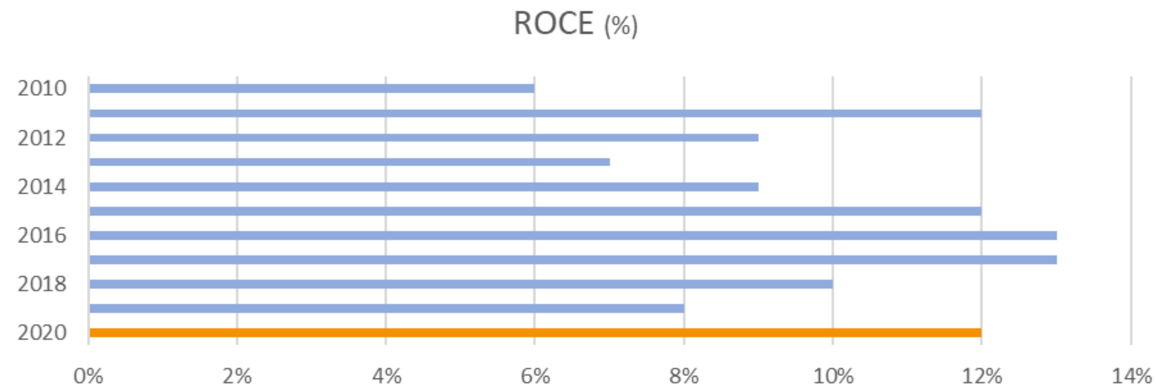
On behalf of the Board of Directors, we would like to extend our sincere thanks to our customers for the confidence they placed in us throughout 2020. And we would of course also like to thank you - our shareholders - for your continued loyalty. Last but not least, we must once again acknowledge the outstanding commitment shown by our employees during 2020. They not only adapted to a very difficult situation, but their drive and motivation have been a major reason for our sustained success down the years.

Tessenderlo Group will continue to grow, thanks to our more than 4,700 employees, who consistently give their best. Making 'Every Molecule Count' is and remains our fundamental contribution to creating a sustainable and better society. And we will keep aiming to realize this goal each and every day.

Kind regards,

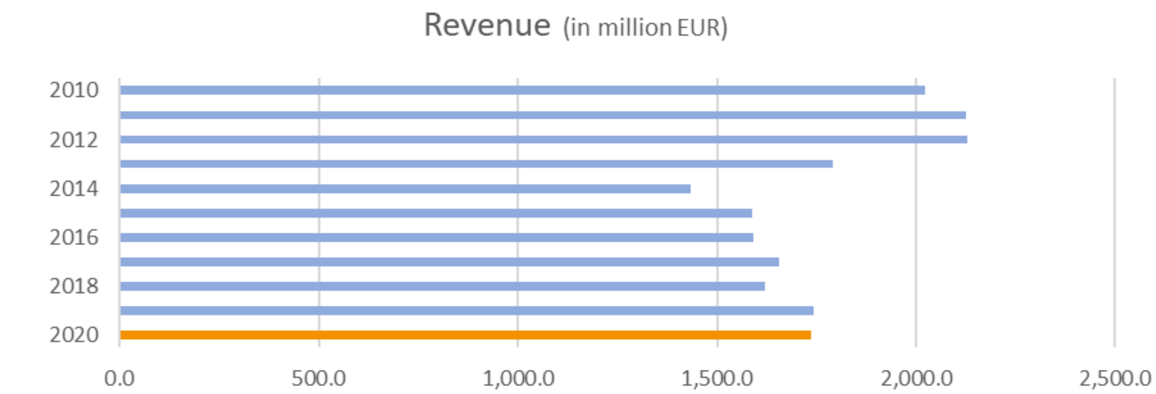
Luc Tack	Stefaan Haspeslagh
CEO	Chairman of the Board of Directors

KEY FIGURES AT A GLANCE

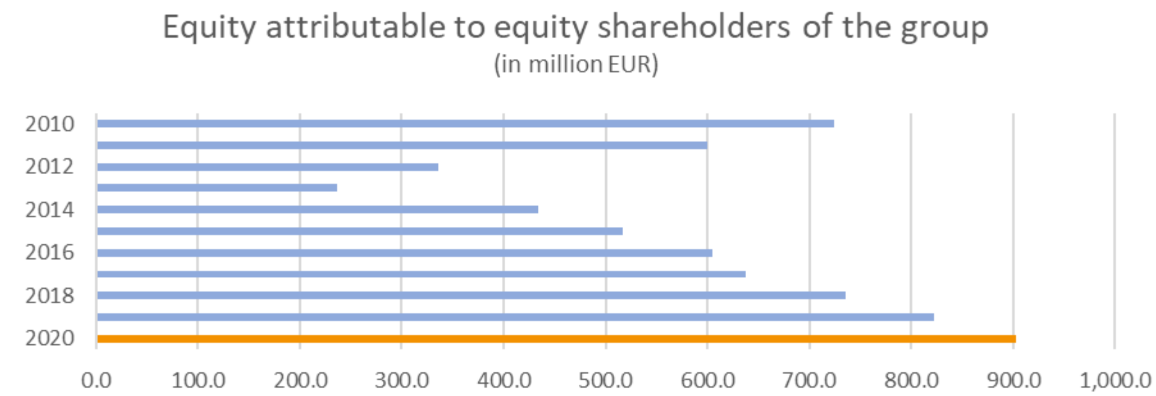


	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
ROCE	12%	8%	10%	13%	13%	12%	9%	7%	9%	12%	6%

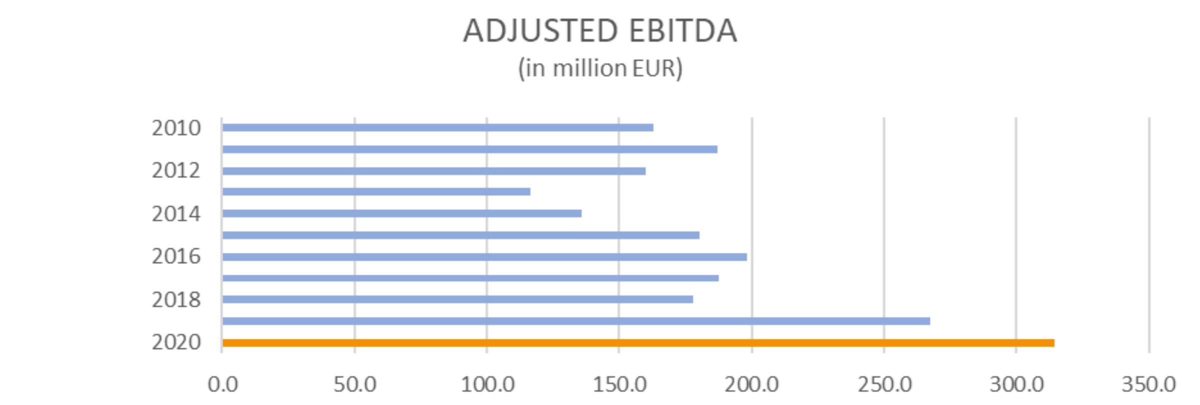
For more details on the calculation of the ROCE, we refer to the section Alternative Performance Measures of the financial report 2020.



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

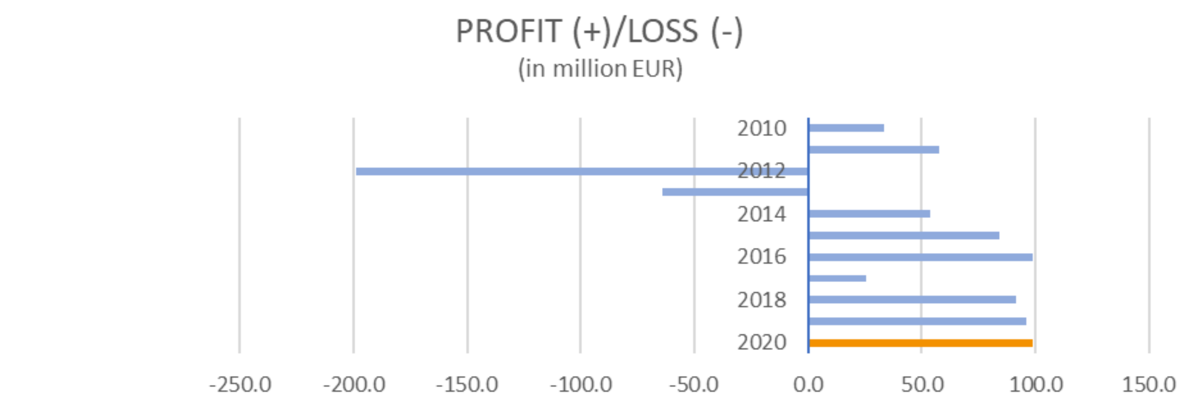


	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Equity	903.0	821.7	735.0	637.7	604.7	516.8	433.5	236.6	335.5	600.3	724.8

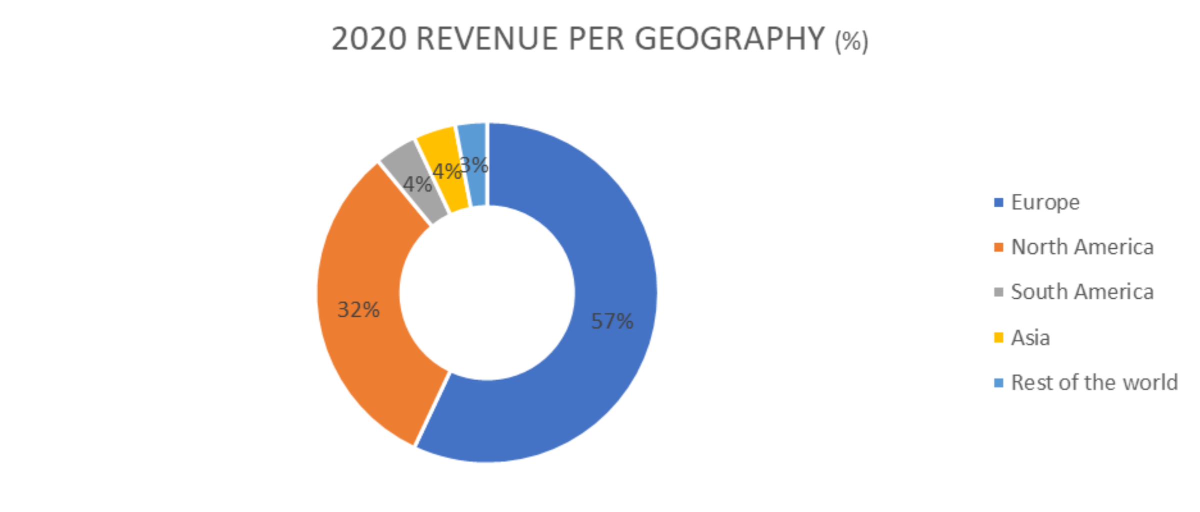


	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Adjusted EBITDA	314.6	267.7	177.8	187.8	198.0	180.4	135.6	116.6	160.0	187.0	162.8

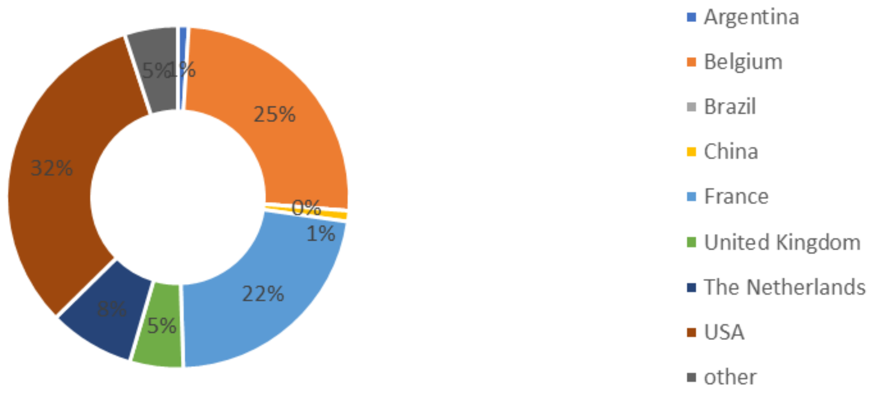
For more details on the calculation of the Adjusted EBITDA, we refer to the section Alternative Performance Measures of the financial report 2020.



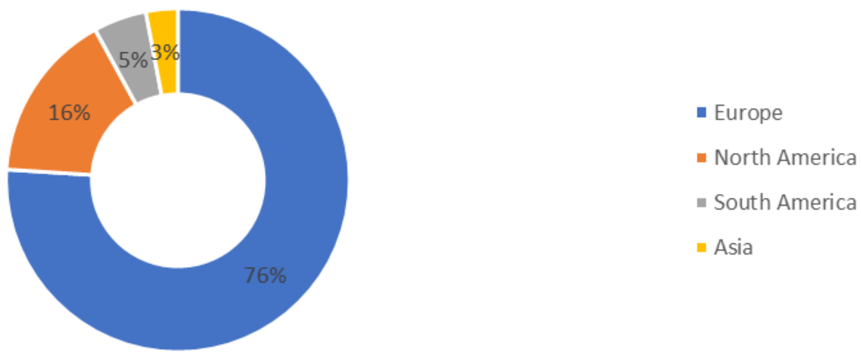
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
PROFIT (+)/LOSS(-)	99.1	96.1	91.7	25.6	98.8	84.5	53.7	-64.0	-198.7	58.0	33.5



2020 REVENUE PER COUNTRY OF PRODUCTION (%)



2020 DISTRIBUTION OF THE CAPEX (%)



2020 ADJUSTED REBITDA PER SEGMENT

(in million EUR)

OUR AGRO SEGMENT

Our Agro segment combines Tessenderlo Group's activities in the production, trading and marketing of crop nutrients (liquid crop fertilizers and potassium sulfate fertilizers, based on sulfur) and crop protection products.

PRODUCTION LOCATIONS	15 production plants: US (12 production plants and more than 100 terminals), Belgium (1), France (1) and Turkey (1), and 10 terminals in Europe and Mexico.
CORE MARKETS	Agriculture
AREA OF ACTIVITY	Value-added specialty liquid, solid and soluble fertilizers, and crop protection products with a focus on precision agriculture applications.

BUSINESS DRIVERS

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

STRATEGIC FOCUS

Crop Vitality™/Tessenderlo Kerley International:

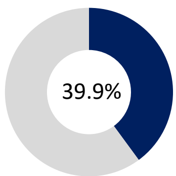
- To maintain our global leadership position in selective specialty liquid and soluble SOP fertilizers, while expanding further into key target markets in the Americas, Europe, Middle East and Australia.
- To expand the product portfolio and applications offerings to strengthen our position in specialty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

NovaSource®:

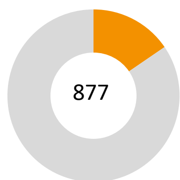
- To expand the product portfolio through acquisitions.
- To maintain product registrations, register and market our current and acquired products in additional countries.
- To identify, develop, register and market new uses of current and acquired products.

KEY FIGURES

Share of Adjusted EBITDA



Headcount (FTE)



CROP VITALITY

- **Who are we?**

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

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

- **Business in 2020**

Along with the normal business challenges, we also faced additional challenges and opportunities in 2020 during the COVID-19 pandemic. Decreased oil consumption slowed refinery operations and this reduced sulfur supply. However, through our strong network of valued partners and storage capacities, we were still able to secure raw materials and serve our customers' needs.

- **Outlook**

Global food prices continue to climb, as does the demand for fertilizers. Our quality crop nutrition products have been integral in maintaining the ability of growers to optimize the health of their crops and keep delivering quality crops. As we continue to navigate through the demands of the pandemic, we will focus on maintaining our strategic partnerships with our valued suppliers and customers.

TESSENDERLO KERLEY INTERNATIONAL

- **Who are we?**

Tessenderlo Kerley International 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 strong customer focus and has an outstanding heritage. This is because we are able to build on the 100 years of expertise at Tessenderlo (in solid and soluble potassium-based fertilizers) and the 70 years of expertise at Kerley (in liquid fertilizers). Our dedication to giving farmers the precise tools needed to optimize their crops is at the very heart of everything we do. Our portfolio consists of well-recognized specialty fertilizers such as SoluPotasse®, Thio-Sul®, KTS®, CaTs®, K-Leaf®, 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 interventions - 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 2020**

During 2020, Tessenderlo Kerley International continued to execute our long-term strategy and we made progress in driving top-line growth while strengthening our growth foundations. Recruiting commercial and agronomical talent in new markets, running a portfolio of trials, developing new customers/applications, expanding and upgrading our existing manufacturing facilities, and setting up new supply chains are just a few examples of how we are strengthening these growth foundations. With regard to liquid fertilizers, the Thio-Sul® manufacturing plant in Rouen (France), celebrated its third full year of operation and it was further expanded. This illustrates the widespread adoption of Thio-Sul® as a liquid fertilizer, complementing sulfur nutrition and limiting nitrogen losses for broad-acre crops. For the sulfate of potash (SOP) product family, the market was overall more challenging given the additional competitive pressures. The premium water-soluble SOP segment, where Tessenderlo Kerley International holds a leading position with its flagship product SoluPotasse®, remained robust. We are continuing to progress in regard to even further strengthening our market position in the long-term, i.e. 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 chain.

- **Outlook**

In 2021, Tessenderlo Kerley International will continue to execute its strategy of profitable growth, including expanding the frontline team, strengthening the go-to-market channels, building agronomical know-how, and driving excellence throughout the value chain. As the value proposition of the liquid fertilizers is increasingly being recognized and valorized by customers in the regions where we currently operate, additional prioritized markets will be developed. Tessenderlo Kerley International will build a new liquid fertilizer plant in Western Europe. Upon receiving the necessary permits and approvals, it will begin the construction of a Thio-Sul® manufacturing plant in Geleen (the Netherlands). The plant is currently scheduled to start production in Q2 2023. Tessenderlo Kerley International is also studying a major Thio-Sul® investment in the Eastern European/CIS region as to support qualitative and productivity increases of agriculture in that region.

While the long-term outlook clearly suggests positive growth, we have observed over the last few years that swings can occur in the agro market over the short-term. However, we are conscious that 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 (based on sulfur). 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 delivers a portfolio of niche crop protection products to agriculture customers worldwide. Focusing on specialty crops, NovaSource brings value to the market using active ingredients that are proven to boost crop yields and quality. For over 10 years, NovaSource has marketed the premium crop protection product LINEX®, an agricultural herbicide, for use on potatoes, soybeans, and other crops. LINEX® provides value to the customer thanks to its effect on weeds that are difficult to control and its impressive crop safety. Other products in the NovaSource portfolio include SEVIN®, an agricultural insecticide, SECTAGON®, an agricultural fumigant, and VELPAR®, an agriculture herbicide. Through a diverse array of superior crop protection products, NovaSource protects growers' crops from a variety of damaging weeds, insects, and diseases, hence increasing the growers' yields, profitability, and predictability.

- **Business in 2020**

In 2020, the COVID-19 pandemic introduced unprecedented variables to the agriculture industry. With fluctuating demand and labor availability, inventory levels shifted, which resulted in an increasingly competitive market. These challenges led us to build deeper relationships with our customers and gave us a better understanding of their changing needs. NovaSource was able to navigate through the global pandemic by working on the supply chain, managing transportation, and through superior customer service. Meanwhile, favorable weather in many regions of North America in 2020 also positively contributed to increased sales and the use of NovaSource's products.

- **Outlook**

NovaSource continues to focus on expanding label uses of the existing portfolio, extending products to different geographical regions and (if possible), growing the business through acquisitions. We are collaborating on several research trials, testing variables of products and applications that will meet and exceed customer needs in key growth markets. NovaSource will continue advocacy efforts to further increase the drive towards behavioral change, growing industry knowledge regarding pesticide use for maximizing yields, and supporting land conservation.

OUR BIO-VALORIZATION SEGMENT

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

PRODUCTION LOCATIONS

PB Leiner: 3 production plants in Europe (Belgium, Germany, UK), 1 in China and 3 in the Americas (US, Argentina, Brazil)
Akiolis:
3 production plants, 28 collection centers in France (Atemax)
8 production plants, 20 collection centers in France (Soleval)
1 production plant in France (Violleau)

CORE MARKETS

Food, pharma, health & beauty, pet food, agriculture, aqua feed, animal feed, energy, biodiesel, oleochemistry, and sanitary services

AREA OF ACTIVITY

Bio-resources, agriculture

BUSINESS DRIVERS

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

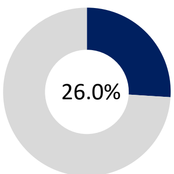
STRATEGIC FOCUS

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

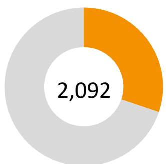
Akiolis:
- To improve the valorization of finished products in organic fertilization, pet food and aquaculture markets.
- Valorization of fats.
- To strengthen our position in our core business on upstream markets by pushing long-term and quality-based contracts.
- To focus on customer relationships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

KEY FIGURES

Share of Adjusted EBITDA



Headcount (FTE)



PB LEINER

- **Who are we?**

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

- **Business in 2020**

First and foremost, 2020 was marked by the turbulence of the COVID-19 pandemic. This caused instability in the raw materials market, fluctuations in demand in the markets in which PB Leiner operates, and it required constant vigilance of the teams with regard to safety and manpower. Whereas the first half was marked by high demand and high prices in most segments, the second half of the year was characterized by a drop in demand in both the food and health & nutrition segments.

- The turbulent times notwithstanding, PB Leiner further continued the implementation of its strategy in 2020, by focusing on Sales Excellence (by strengthening the cooperation with our key customers on supply optimization and product development) and Operational Excellence (by the debottlenecking of plants, improving quality systems, optimizing processes, and stimulating a culture of employee engagement).
- In September 2020, several new products were launched. SOLUGEL® Dynamica has been developed specifically for application in nutritional bars and beverages, and SOLUGEL® Certified Grass-fed is the world’s first collagen to be derived from certified grass-fed cattle. In the Pharma segment, a new specialty product family, gelwoRx™, was launched. Within this product family, gelwoRx™ Dsolve ensures better dissolution and faster release of capsule fillings, while gelwoRx™ Dhydra accelerates the production time of capsules.
- 2020 saw the launch of a new joint venture with a Chinese partner: PB Shengda (Zhejiang) Biotechnology Co. will construct a new plant for the production of marine collagen. The plant is expected to be operational by 2022.

- **Outlook**

In 2021, PB Leiner will continue to ensure quality and delivery reliability for its customers, as well as invest in upgrading its plants. PB Leiner will also continue to develop close relationships with customers and will keep developing specialties in order to meet the demands and challenges of the food, pharma, and health & nutrition sectors. The long-term outlook for the gelatin and collagen markets remains positive for several reasons: the growing global middle-class population, the increased consumption of medication in the developing world, and greater health and nutrition awareness and habits in all markets. The raw material supply remains a factor of potential instability, which is, among other things, linked to the evolution of the African swine flu.

AKIOLIS

- **Who are we?**

Akiolis specializes in rendering activities and the transformation of animal by-products into high-value proteins and fats. Our links with partners from the 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 products in markets such as pet food and animal nutrition, aqua feed and lipochemistry, fertilization, gelatins, cement plants, and energy sectors. Our targets for each market are agility and service-minded operations, and a focus on our customers' needs and business key success factors. This approach will enable us to deliver products and services featuring a very high standard of quality and innovative solutions that meet the rate of development in our customers' own markets. It will also enable us to be and remain in the future a solid partner for breeders contributing to the sanitary protection of livestock and therefore the human food chain.

- **Business in 2020**

In the context of the global COVID-19 pandemic, Akiolis carried on with the activities in France as normal, even during the lockdown periods. As a key actor in the human food chain and guarantor of the continuity of the meat supply to the French households, we continued at the same time to collect raw materials and deliver animal ingredients to our customers in various essential sectors, such as pet food, aqua feed, lipochemistry, gelatins, and energy. Thanks to a strict collective application of measures and the individual commitment of the teams, all collection centers and plants went through the pandemic without suffering a significant impact, while telecommuting was implemented as often as possible in the support services. With the exception of Violleau, which had to face a significant decrease in demand, Akiolis' activities remained at the expected level. During this crisis period, Akiolis continued to focus on customer satisfaction, product quality, and service excellence in order to maintain profitability and managed to take advantage of the favorable international context regarding the proteins and fats drivers. High prices combined with internal commercial excellence programs helped to boost the results despite a slight drop in volumes for the rendering activities following the heat wave in the summer of 2020, which did not cause significant additional mortality as it did in 2019. In parallel, in-house performance in logistics and production contributed to further securing sustainable relationships with key customers in strategic markets (e.g. pet food, aqua feed, biofertilization, and biodiesel) while strategic investments aimed at specializing in the valorization of mono-species ingredients from feathers, blood, and pork were confirmed.

- **Outlook**

Sustainability and customer satisfaction will continue to be the keywords for Akiolis in 2021 with the implementation of a new strategic plan promoting Akiolis as a "Révélateur de valeur". In parallel, Akiolis will deploy action plans in three strategic areas: strengthening of the basis, specialization in ingredients and service solutions, and the development of activities (collection and transformation) in new sustainable markets. In particular, a higher level of valorization in the pet food and aqua feed markets will be realized with investments and innovative new processes for feather and blood meal. These will start in Javené and Rion (France) before mid-2021. Meanwhile, a complete revamping of the Pontivy (France) site will enable Akiolis to develop a new offer with genuine pork ingredients.

OUR INDUSTRIAL SOLUTIONS SEGMENT

Our Industrial Solutions segment includes products, systems and solutions for the handling, processing and treatment of water, including flocculation and depressants. This segment includes the production, trading and sale of plastic pipe systems, water treatment chemicals and other industrial activities, such as the production and sale of mining and industrial auxiliaries, the delivery of services for the treatment and disposal of produced and flowback water from oil and gas exploration, as well as the recovery of industrial process fluids.

PRODUCTION LOCATIONS

DYKA Group: 8 production plants (2 in the Netherlands, 1 in Belgium, 2 in France, 1 in Germany, 1 in Poland and 1 in Hungary) and more than 70 branches in Europe
Performance Chemicals: 4 production plants (2 in Belgium, 1 in France and 1 in Switzerland)
Mining & Industrial, MPR Services & ECS: 3 plants (USA)

CORE MARKETS

Water, sewage, air and gas piping systems and services, water treatment, process chemicals services, refinery and mining services

AREA OF ACTIVITY

Building and installation, public infrastructure and utility works, industrial and municipal markets, industry and mining

BUSINESS DRIVERS

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

STRATEGIC FOCUS

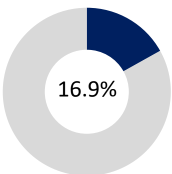
DYKA Group:
- To further grow customer intimacy, to introduce innovative systems and services, and to strengthen our position in various sectors, product ranges and key geographies.

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

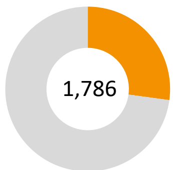
Mining & Industrial/MPR/ECS:
- To expand the Mining & Industrial business and to provide a full-service water treatment and recycling model, and to enter new market segments.

KEY FIGURES

Share of Adjusted EBITDA



Headcount (FTE)



DYKA GROUP

- **Who are we?**

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

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

- **Business in 2020**

DYKA Group had a challenging 2020. We were able to respond quickly to a fluctuating market, customer demand, and global sourcing constraints regarding raw materials on the back of the global pandemic. We managed to overcome the uncertainty and impact on the various Brexit key dates, while underlying demand remained good. Moreover, we extended our focus on the supply chain to further please our customers. And we successfully integrated DYKA Tube in La Chapelle-Saint-Ursin (France) and implemented ERP at that location.

- **Outlook**

In 2021, DYKA Group will continue to focus on providing sustainable growth while building on its strategic fundamentals: an integrated model to provide engineered pipe solutions to selective C&I (Civils & Infrastructure) and B&I (Building & Installation) markets by providing differentiating portfolios (products, systems, and solutions) with sustainable and selective own production. In addition to that, we want to optimize and grow our branches. And we aim to further grow in terms of systems, services and ventilation solutions (DYKA Air). Finally, we want to continue our successful integration and investments in our La Chapelle-Saint-Ursin plant to strengthen our position in the French market.

PERFORMANCE CHEMICALS

- **Who are we?**

Performance Chemicals 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, oil and refinery, steel, de-icing, and fertilizers. Other chemicals include bleach, acids for disinfection and household cleaning, calcium chloride for food, oil and gas, or industrial applications. Performance Chemicals is also active in the market for sodium hydroxide (NaOH), which is used for, among other things, paper and detergents. The production processes of Performance Chemicals enable the conversion or recycling of industrial by-products (for example, from the steel industry) into attractive new products for water treatment. Performance Chemicals has four production sites and these are located in Loos (France), Tessenderlo and Ham (Belgium), and Rekingen (Switzerland). The production sites are centrally located in areas where the demand is highest. We supply some of the largest metropolitan areas in Western Europe, such as Paris, Amsterdam, Geneva, and Brussels, with the chemicals required to treat their wastewater.

- **Business in 2020**

In 2020, our activities held up rather well despite the health crisis. Indeed, our water treatment products, such as ferric chloride as a coagulant and bleach for disinfection, have proved to be necessary and essential for the manufacture of drinking water and the treatment of wastewater used in everyday life by people. The acids and bases we manufacture have also continued to play their role in the food sector and industry in general. At the same time, we continued to invest in improving our processes and in sustainable development, especially with the installation of a barge to deliver hydrochloric acid between our Belgian and French factories which has considerably reduced truck traffic.

- **Outlook**

We are continuing our capacity expansion program at our production sites in France and Belgium, giving maximum priority to the recovery of co-products from the metallurgical industries as well as the modernization of our current ferric chloride installations. We are thus strengthening our leadership position for this product in Northwest Europe.

In addition, we are studying various development axes for our hydrogen that is coproduced on-site and which results from our new membrane electrolysis.

MINING & INDUSTRIAL

- **Who are we?**

Mining & Industrial (M&I) is one of the leading producers of sulfur-based specialty chemistries for a wide range of vital markets. M&I is driven to be a sustainable partner of choice by co-creation of value through essential chemistry and solution offerings. The M&I product portfolio is coupled with deep technical institutional knowledge that is tailored to delivering improvements in health, safety, handling, and environmental profiles while increasing efficiencies and effectiveness in recovering base/precious metals, food processing, water and waste treatment, as well as various other industrial applications. M&I enhances our customers' applications through innovative chemistry and solutions. Our principal products are Thio-Gold® (thiosulfate-based lixiviants) and Cyntrol® (sulfites/sulfides for cyanide (CN) detoxification and control). The M&I team is committed to providing unique solutions and service to our customers so they can obtain maximum value from their existing operations and explore new potential applications. M&I utilizes two innovation centers where a customer-centric approach guides all development aspects.

- **Business in 2020**

From fluctuating demand to government-mandated shutdowns, the COVID-19 pandemic inflicted challenges on the mining and industrial markets. These effects cascaded into a wide range of disruptions from refinery curtailments, temporary shutdowns of mines, and interruptions to industrial processing facilities. The subsequent uncertainty created volatility across the value chain with geographic imbalances for certain materials and the supply chain. By remaining connected with our partners and leveraging our flexible manufacturing/supply chain footprint, we were able to maintain market strength, despite the volatility. The precious metals market has proven resilient, while the base metals market has seen recurrent volatility. Other industrial markets are in various stages of recovery, but they are anticipated to strengthen as the pandemic is further controlled.

- **Outlook**

We will leverage our expertise to ensure that we understand the dynamically evolving needs of our partners, and deliver innovative solutions centered on value creation. Our extensive manufacturing and supply chain will receive further investments and optimizations to help expand access to products, meeting our strategic intent to grow the market. Our technical specialists will continue to be the market stewards for the safe, effective and efficient use of our products and solutions, while focusing on fueling innovations in order to create the next generation of offerings.

MPR SERVICES

- **Who are we?**

MPR Services is a world leader in high-value solvent reclamation at refinery and gas processing locations. Our business model is built on sustainability and by reclaiming what matters (amines, glycols, sulfolane, etc.), we effectively reduce waste generated by the disposal and replenishment of such solvents. We are able to deploy solutions across the globe that ensure significant cost savings for our customers, while also enabling them to maximize the effectiveness of their operations. Our expert on-site operators, teamed with chemists at our state-of-the-art Innovation Center, provide direct support and monitoring services to ensure efficient operations, helping our partners 'Reclaim What Matters'.

- **Business in 2020**

MPR experienced significant stressors to the markets it serves and its operations as a result of the pandemic, and this was compounded by several hurricanes that affected the Gulf Coast of the United States. In addition, the stringent travel restrictions further complicated the mobile reclamation business. As an essential service, MPR was able to overcome these hurdles and maintain our partners' vital operations. This further validated the strategic plan in place that directed focus on the niche process offering within targeted markets, such as LNG/gas processing, which are continuing to expand. MPR placed additional efforts on strengthening established relationships with our permanent unit customers, which has already resulted in the extension of multiple long-term contracts and a growing funnel of new opportunities.

- **Outlook**

MPR Services will continue to track the growing shift to environmentally conscious activities in energy markets. As the bridge to a cleaner energy future, natural gas remains an area of focus as it is indispensable during that transition. As the refinery markets recover after the pandemic, we will continue to execute our strategy and focus on our core offerings. Our mobile and permanent projects are showing lasting success in sustainable solvent hygiene services. Furthermore, our extensive technical expertise remains key to delivering tailored process solutions to specific solvent reclamation needs.

ENVIRONMENTALLY CLEAN SYSTEMS (ECS)

- **Who are we?**

Environmentally Clean Systems (ECS) serves the oil and gas industries, providing water reclamation and disposal options for produced, frack, black and flowback water. ECS offers high quality and environmentally safe solutions to dispose of and/or beneficially reuse wastewaters generated during oil and gas exploration activities. ECS tailors our technologies to meet individual needs and situations. The result is flexibility in regard to wastewater utilization or disposal at lower costs.

- **Business in 2020**

In 2020, we continued to focus on improving our performance while simultaneously reducing costs. These efficiency improvements have made ECS stronger, more competitive, and better prepared to provide a dedicated service for wastewater applications for the oil and gas industry.

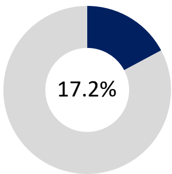
In September 2020, an incident occurred at the Bakken plant (North Dakota, USA) when a fire, which was caused by lightning, resulted in the loss of the production assets of Environmentally Clean Systems LLC. Following this incident, the group will be reviewing in the coming months the future of ECS as a viable business.

OUR T-POWER SEGMENT

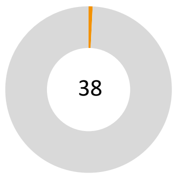
Our T-Power segment covers Tessenderlo Group's activities in the production of electricity by means of a combined cycle gas turbine (CCGT) with a 425 MW capacity.

PRODUCTION LOCATIONS	1 power plant: Tessenderlo (Belgium)
CORE MARKET	Energy
AREA OF ACTIVITY	Production of electricity in gas fired power plants
BUSINESS DRIVERS	Proper execution of the gas tolling agreement
STRATEGIC FOCUS	Focus on the efficiency and availability of the existing assets
KEY FIGURES	

Share of Adjusted EBITDA



Headcount (FTE)



T-POWER

- **Who are we?**

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

- **Business in 2020**

The T-Power plant enjoyed a good running regime in 2020. Throughout the year, the plant maintained its excellent availability and health and safety records.

At the beginning of July 2020, Tessenderlo Group started filing the relevant applications in order to participate in the Belgian Capacity Remuneration Mechanism (CRM) tender for the construction of a second gas-fired power station in the Belgian municipality of Tessenderlo.

- **Outlook**

In 2021, in addition to focusing further on the efficiency, flexibility, and availability of the existing assets, T-Power has a dedicated project team that is preparing for the CRM auction in September 2021. The project is to deliver all required inputs to participate in the CRM auction with respect to technology, permits, and commercial and financial requirements. If successful in the CRM auction, the new power plant should be operational by November 1, 2025.

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 2020, Tessenderlo Group was covered by 6 sell-side analysts (for more information please visit www.tessenderlo.com).

SHAREHOLDER STRUCTURE

On December 31, 2020 the shareholder structure of Tessenderlo Group was as follows:

Shareholder	Voting rights	%
Verbrugge nv (controlled by Picanol nv)	35,524,356	58.23%
Symphony Mills nv	4,346,200	7.12%
Janus Henderson Group PLC	1,561,002	2.56%
Norges Bank	1,287,899	2.11%
Carmignac Gestion SA	903,687	1.48%
Dimensional Fund Advisors L.P.	891,022	1.46%
Valarc Master Fund, Ltd.	630,402	1.03%
Other	15,861,347	26.00%
Total	**61,005,915**	**100.00%**

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

On December 31, 2020, there were no warrants outstanding. The total number of shares constituting the issued capital of Tessenderlo Group nv is 43,154,979. In accordance with article 7:53 of the Belgian Code of Companies and Associations, the extraordinary meeting of shareholders of July 10, 2019 has decided to introduce a loyalty voting right for each fully paid-up share that has continuously been registered in the share register on the name of the same shareholder for at least two years. The number of voting rights attached to the outstanding shares on December 31, 2020, is 61,005,915.

TESSENDERLO GROUP SHARE

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

SHARE PRICE PERFORMANCE

The Tessenderlo Group nv share price increased by +3.8% in 2020, while the BEL 20 index decreased by -8.5% and the European Chemicals index SX4P increased by +8.2%. The share reached its year-high closing price of 34.80 EUR on September 16, 2020. The year-low closing price of 20.05 EUR was reached on March 18, 2020. The share closed at 32.65 EUR on the last trading day of the year.

DIVIDEND POLICY

The Board of Directors will propose to the shareholders, at the annual shareholders' meeting of May 11, 2021, not to pay out a dividend for the 2020 financial year. The group currently believes that more shareholder value can be created through further investing available funds in the growth of the company.

FINANCIAL CALENDAR

- Annual shareholder's meeting — May 11, 2021
- Half year 2021 results — August 26, 2021

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.

The sustainability report of the Tessenderlo Group will be available in a digital format on www.tessenderlo.com by early April 2021.

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
2020

BUSINESS PROGRESS

GROUP PERFORMANCE

2020 revenue remained stable (-0.3%) or increased slightly (+0.7%) when excluding the foreign exchange effect. The revenue of Bio-valorization increased by +7.1% when excluding the foreign exchange effect, while a decrease could be noted in the other segments (Industrial Solutions: -2.7%, T-Power: -2.2% and Agro: -1.9%).

The 2020 Adjusted EBITDA amounts to 314.6 million EUR, compared to 267.7 million EUR in 2019. When excluding the foreign exchange effect, the Adjusted EBITDA has increased by 56.0 million EUR compared to 2019 (+20.9%). The Adjusted EBITDA of all 4 segments increased (Bio-valorization: +31.6 million EUR, Industrial Solutions: +12.1 million EUR, Agro: +9.5 million EUR and T-Power: +2.8 million EUR).

The 2020 operational free cash flow amounts to 213.7 million EUR, compared to 145.7 million EUR in 2019. This increase can be explained by the increase of the Adjusted EBITDA (+46.9 million EUR) and by the movement of trade working capital, which increased by 17.7 million EUR in 2019, but remained stable in 2020. Capital expenditure amounted to 100.2 million EUR in 2020 compared to 104.3 million EUR in 2019. The operational free cash flow excluding the impact of IFRS16 Leases amounts to 190.0 million EUR in 2020 compared to 120.2 million EUR in 2019.

As per year-end 2020, group net financial debt amounts to 201.3 million EUR, which implies a leverage of 0.6x. Short-term borrowings for 66.2 million EUR and 385.1 million EUR long-term borrowings are partially compensated by cash and cash equivalents (230.1 million EUR) and short-term investments (20.0 million EUR of short-term bank notes with maturity date in February and April 2021). Excluding the *IFRS 16 lease* liabilities, group net financial debt would have amounted to 147.8 million EUR compared to 283.8 million EUR as per year-end 2019.

The 2020 profit amounts to 98.6 million EUR compared to 97.6 million EUR in 2019. The profit (+)/loss (-) was impacted by exchange gains and losses, mainly on non-hedged intercompany loans and cash and cash equivalents in USD. Excluding these exchange gains and losses, the profit (+)/loss (-) for 2020 would have amounted to approximately 129 million EUR, while the 2019 result would have amounted to approximately 90 million EUR.

REPORTED OPERATING SEGMENT PERFORMANCE

2020 Agro revenue decreased by -1.9%, when excluding the foreign exchange effect. Crop Vitality revenue remained stable in 2020 as the lower 2H20 volumes could be offset by higher volumes in 1H20. Volumes in 2H20 were in line with expectations as part of the Agro season in the United States shifted from the second half to the first half of the year, being impacted by weather conditions. While NovaSource revenue remained stable throughout 2020, the revenue of Tessenderlo Kerley International decreased due to lower SOP volumes.

When excluding the foreign exchange effect, the Adjusted EBITDA increased by +8.0% compared to prior year. Crop Vitality Adjusted EBITDA increased thanks to favorable market circumstances, while the Adjusted EBITDA of NovaSource and Tessenderlo Kerley International remained stable.

The revenue of Bio-valorization increased by +7.1% when excluding the foreign exchange effect, mainly thanks to favorable market conditions and an improved product mix.

The 2020 Adjusted EBITDA of Bio-valorization increased by +31.6 million EUR (or +55.8%) compared to one year earlier, when excluding the foreign exchange effect, mainly thanks to favorable market circumstances and realized efficiency improvements. The COVID-19 pandemic impacted the evolution of the revenue in 2H20, which also had an impact on the ageing of inventories, resulting in additional inventory write-offs in 2H20 for an amount of -7.0 million EUR (total write-offs amount to -8.2 million EUR in 2020) compared to only -0.9 million EUR in 2H19 (total amount of -2.2 million EUR in 2019).

The 2020 Industrial Solutions revenue decreased by -2.7%, when excluding the foreign exchange effect. The 2H20 revenue increase of DYKA Group, mainly thanks to the contribution of the newly acquired production plant in La Chapelle-Saint-Ursin in France, was able to compensate the 1H20 decrease, which was impacted by the corona pandemic (as the production at the French plant in Sainte-Austreberthe was disrupted and a number of JDP sales branches in the United Kingdom were temporarily closed). The cessation of the S8 Engineering activities led to a loss of revenue, while the revenue of the other activities within Industrial Solutions remained stable in 2020.

While the 1H20 Adjusted EBITDA of Industrial Solutions, when excluding the foreign exchange effect, remained stable (-0.3%), the 2H20 Adjusted EBITDA increased by +12.2 million EUR (+73.2%). The lower 1H20 Adjusted EBITDA of DYKA Group was more than offset by its result in 2H20, mainly thanks to the volume increase. The favorable development of input costs, as well as cost saving measures taken to mitigate the COVID-19 impact, further positively impacted the 2020 Adjusted EBITDA. While the Adjusted EBITDA of Performance Chemicals remained stable in 1H20, it increased in 2H20 as 2H19 was impacted by technical issues in Loos (France). The cessation of S8 Engineering had a positive impact on the 2020 evolution of the Adjusted EBITDA, while the Adjusted EBITDA of Mining & Industrial slightly increased.

In 2020 T-Power contributed 69.5 million EUR to the revenue and 54.1 million EUR to the Adjusted EBITDA of the group. These results were in line with expectations, as T-Power nv fulfilled all tolling agreement requirements. The 2020 Adjusted EBITDA improvement was mainly realized thanks to continued cost optimization, partially offset by ongoing development expenses for the construction of a second gas-fired power station in the Belgian municipality of Tessenderlo. At the beginning of July 2020, Tessenderlo Group started filing the relevant applications in order to participate in the Belgian Capacity Remuneration Mechanism (CRM) tender.

HUMAN RESOURCES

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

As at December 31, 2020, the total number of employees (FTE) working for the group amounted to 4,793. Out of this total, 877 employees were active in the Agro business, 2,092 employees were active in the Bio-valorization business, 1,786 employees were active in the Industrial Solutions Segment and 38 employees were active in the T-Power business. Meanwhile, 3,614 of the group's total personnel are employed in Europe, 950 are employed in the Americas and 229 are employed in Asia, Africa and Australia.

We strongly believe that our people are the most important factor behind our success. In a global business where knowledge and expertise are essential, we build on our experienced and motivated employees who have an in-depth knowledge and understanding of both the group and our products. HR managers, who make up part of the different management teams, are focused on the deployment of the updated business strategies by shaping the organization, defining clear roles and responsibilities, as well as attracting, retaining and developing the right people and building motivated teams that will realize the objectives of the group. They also guide each company through the cultural changes that are necessary for the successful implementation of the transformation plans.

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

Talent management is a key process within our organization. As our business is constantly growing, we offer challenging yet rewarding jobs for enthusiastic people with backgrounds in Engineering, Sales and Business Development, as well as Operations Management and General Management. Furthermore, we offer a lot of opportunities in terms of personal development. We want to have a Personal Development Plan for every employee. On-the-job training and a permanent feedback culture are key factors, and we also organize learning and training programs for all levels of employees. We build on the strength of one another and deploy our people in a complementary manner. Within our Talent Review Process we prepare career paths and carefully develop our talent for the future. Furthermore, we have invested in platforms to facilitate these processes. Last but not least, HR is also responsible for solid reward systems and benchmarked and competitive salary packages. Pay for performance is the aim behind our Reward Strategy because we want to stimulate the entrepreneurial spirit of our employees.

INNOVATION AND R&D

In 2020, Tessenderlo Group continued on the path of further strengthening our innovation capabilities through a sustained organizational focus on business development and innovation portfolio management in all of our businesses (in accordance with local legislation). Our innovation choices are driven by the belief that 'Every Molecule Counts', and these are prioritized in alignment with our business strategies. Additional progress was also made in order to embed innovation at the highest levels in the group and business units. Together, we believe we can catalyze our future. In R&D and New Business Development, Tessenderlo Group continued to improve product, process, and application technologies through a customer-centric approach, exploring new applications for existing products, as well as enhancing sustainability and environmental protection. We also maintained our focus on collaborations with academia, customers, suppliers, and other relevant stakeholders. Furthermore, we were able to continue our R&D activities and projects.

We are passionate about improving the lives and well-being of humans and animals and - in that context - our product innovations focus on the valorizing and upcycling of by-products from other industries or making the most out of our natural resources. To this end, in 2020, we further developed and improved the standards of healthy collagen ingredients for humans, as well as protein-based and gelatin-based products for food, pharma, pet food, aquaculture, and agricultural applications. In 2020, we also launched several new product developments at PB Leiner, such as the gelatin-based gelwoRx™, which is a new product family that has been created to effectively address the needs of the health care sector.

Following the release of our first gelatin bio-ink in the Claro™ series of tissue-engineering products in 2019, Tessenderlo Group continued on the path of making further investments, working on scientific developments, and setting-up partnerships. The unique properties of our ClaroBGI600 & ClaroBGI800 products, which combine the natural gelatin qualities with an exceptional flow in bioprinting applications, enables printing with lower pressure and excellent shape fidelity, without affecting the biocompatibility and final gel strength of the construct. These products are gaining more and more attention in the 3D printing tissue engineering application markets.

For product and technology platforms applied across several business units, we rely on our Innovation & Learning Center in Dinuba (California, US), the Phoenix Innovation Center (USA), and the Tessenderlo Innovation Center (Belgium). We also rely on our R&D expertise across a broad area of organic and inorganic chemistries at lab and pilot scale, which support several innovation projects in Agro, Bio-valorization, and Industrial Solutions. Cross-business unit collaborations on innovation projects are strengthened throughout this global innovation community and they are creating previously unforeseen innovation and business opportunities. Improved intellectual property awareness throughout both the business and business processes, as well as the strengthening of expert personnel in IP, led to an increase in intellectual property assets in the form of patents, trademarks, collaborative developments, and licensing deals. This resulted in an increased customer-centric innovation and business development focus.

SAFETY, HEALTH, ENVIRONMENT AND QUALITY (SHEQ)

Our continuous focus on improving Safety, Health, Environment and Quality (SHEQ) performance remains the top priority for Tessenderlo Group. The year was dominated by the impact of the global pandemic and employee safety and health risks were heightened as a result. Many business activities were classified as 'essential' and as a result many employees continued operating from our factories and offices in accordance with local legislation. We implemented vigorous health monitoring and hygiene regimes to safeguard the health of those employees and broadly our measures were successful and remain in place. Our foremost objective remains to ensure that our employees understand, participate in and engage with our commitment to the safety and health of everyone and that we preserve, conserve and protect the resources we use to conduct our business.

GROUP HEALTH AND SAFETY PERFORMANCE

During 2020, we continued to focus on sustained improvements from safety and health performance within each business unit. Management has made this the number one priority and utilizes skilled and qualified internal and external resources. Regular management and employee auditing and workplace inspections are conducted and thorough investigation and follow up is conducted on injuries and events that could have resulted in accidents and harm. Safety and health performance is reviewed each month with the ExCom and the Senior Management of each business unit and consequently revised targets are set each year in terms of realizing a continued reduction in accidents and incidents. During 2020 we began the implementation of a group wide learning management system, which will enhance our ability to deliver and record systemic safety and health training for all employees and contractors. This major multi-year project will underpin our continuing commitment to training being the key factor in setting standards and expectations for safe behavior, in all the locations where we conduct business. A number of business units consistently achieve levels of SHE performance significantly below industry benchmarks, whilst other business units continue to make progress towards meeting such levels. Compared with 2019 we achieved an overall 18% reduction in the Tessenderlo Group Lost Time Accident Frequency Rate. We continue to realize further improvements as we commit to our Guiding Principle that 'The Safety and Health of everyone in our business is more important than any other subject.'

SHEQ ACHIEVEMENTS

Agro

Tessenderlo Kerley, Inc. has a total of 9 facilities that have achieved more than 10 years without a lost time incident; five of those facilities have achieved more than 20 years without a lost time incident. The Burley, Idaho site (USA) was given the TKI award for Excellence in Safety and Health, following its achievement of 20 years without a lost time accident and continued recognition by OSHA in the Voluntary Protection Program (VPP). Tessenderlo Kerley, Inc. has introduced behavioral-based safety awards programs at all operational facilities and more than 90% of all employees are actively participating.

Tessenderlo Kerley International continued its focus on SHEQ and at the site in Ham, Belgium, we achieved a 60% reduction in lost time incidents, as a result of the second-year implementation of a 5 year action plan for occupational and process safety. The focus on the health and safety of contractors, resulted in a third consecutive year without a lost time incident. Other sites within Tessenderlo Kerley International continued to operate with an accident free record.

Bio-valorization

PB Leiner continued to make long-term improvements at the majority of its sites, situated on 4 continents. At the end of 2020, the Lost Time Incident Frequency Rate at many facilities were at near historic lows and this reflected the commitment from management to rigorously implement new initiatives, new procedures and behavioral safety practices. A 6% increase in the reporting of ‘near miss incidents’ has also led to the ability to further eliminate unsafe conditions and reduce the number of first aid injuries by 14%. This core process has also been extended to cover environmental issues with a corresponding increased focus. In line with the strategy of the group, PB Leiner continued its investment in energy savings, the reduction of water consumption and improvements regarding wastewater treatment. We also worked on improving the quality of exhaust gasses and the reduction of CO_2 and waste streams.

At Akiolis, safety at work has remained a key area for management. Akiolis employees are faced with many challenging work environments and the number of lost time accidents in 2020 was largely unchanged from the previous year. However, in spite of this, 7 sites have gone more than 1,000 days without a lost time incident and 22 sites have gone more than one year without such an incident. Akiolis continues to devote additional resources to realizing further improvements and involving all members of the workforce. One result of these initiatives was the substantially increased employee reports of hazard spotting and risk avoidance. This trend, if sustained, will substantially contribute to the future reduction in employee lost time accidents. Other sustainable work practices are at the core of the activities of Akiolis as we valorize the waste products from other industries. We continue to focus on our energy and water consumption, transportation mileage and implementing methods and technologies in order to reduce our consumption.

Industrial Solutions

Within DYKA Group, each operating site continues to implement a Safety Excellence Program and further progress was made in 2020 towards the completion of all of the required modules. Prior initiatives in identifying and eradicating unsafe conditions contributed to a 40% reduction in lost time accidents versus the prior year. Revised requirements regarding the use of personal protective equipment and in safety training, contributed to substantial improvements in the overall safety performance from the contractor population. DYKA Group is transferring its best practices and management standards to the sites where further improvements are still required. A recent acquisition in La Chapelle-Saint-Ursin is being integrated into the SHEQ policies and procedures of DYKA Group. The ongoing conversion to more sustainable practices, including an increased use of recycled materials in the products, the use of electrically powered forklift trucks and the introduction of LED lighting together with improved transportation planning, are contributing to the reduction of fuel consumption and CO_2-emissions.

The Performance Chemicals site in Loos (France) had a marginally worse safety performance in 2020 but has continued a focus on site infrastructure investment, which is contributing to the improvement of overall working conditions. The site maintained its ISO 14001 registration.

T-Power had no lost time accidents or reportable incidents in its operations during the year.

RISK ANALYSIS

ANALYSIS OF THE MAJOR RISKS FOR TESSENDERLO GROUP NV - 2020

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

In 2020, the Group's focus was on the following activities:

- Dealing with the risks associated with COVID-19 and the impact on our business;
- Cybersecurity;
- Compliance;
- Adapting our Enterprise Risk Management process to take into account the rapidly changing circumstances such as the occurrence of natural disasters, cybersecurity, pandemics, ….

Ethics and Compliance

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

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

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

Within the Company there is also a Compliance Committee, which devotes itself each month to coordinating compliance activities within the group, defining procedures and various training programs organized for the group. As such, the group has identified a new training program for the application of the Code of Conduct, handling of confidential information and protection of Intellectual Property and Competition Law.

In 2020, the Compliance Committee focused on reviewing and updating the existing compliance procedures and codes and increasing the target audience's awareness of and compliance with these programs.

In addition, new procedures were developed, such as a Supplier Code of Conduct and an Anti-Bribery and Anti-Corruption procedure.

Safety

Safety at the workplace

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

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

Cybersecurity

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

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

In 2020:

- End-user safety training will remain mandatory for all employees. To increase employee awareness, cybersecurity tips are published regularly;
- The company has acquired several ICT tools that allow us to increase the cybersecurity of the group's systems;
- Tessenderlo Group continues to improve its cybersecurity strategy and management, to further develop its corporate information security program, and to investigate other functions/opportunities to improve the company's security status and response to cyber-attacks;
- Various procedures and guidelines have been developed regarding the use of the computer systems and protecting cybersecurity, which will be further rolled out in the group in 2021.

Operational risks and risks with regard to supply chain

Industrial safety

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

Transport accidents

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

Usage of the Tessenderlo Group products
The usage risk stems from the possibility of third parties being injured, suffering an adverse health impact or property damage caused by the use of a Tessenderlo Group product as well as the resulting litigation 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
The company is particularly sensitive to the fluctuations of the following raw materials: ammonia, potassium chloride and sulfur for the production of fertilizers, polyvinyl chloride for the production of plastic piping systems and pig and beef bones and hides for the gelatin production.

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

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

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

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

Other risks

Climate Risks

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

In 2020, together with an external insurer, our sites were mapped using a Catastrophe Risk Insight tool and the potential financial risks from the consequences of a climate risk or natural disaster were subjected to an external insurance program.

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

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

In the context of the 2020 COVID-19 outbreak, the Company has taken some specific health, travel and safety measures in order to protect the employees and other persons from the disease in accordance with the guidelines imposed by the local authorities. These measures include rules on working from home, wearing a mouth mask at work and also respecting distance rules.

In 2020, several sites also developed continuity plans to avoid any disruption of the supply chain due to the pandemic or any other crisis situation.

ANALYSIS OF THE FINANCIAL RISKS[1]

Foreign currency risk

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

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

[1] For a more detailed overview of the financial risks related to the situation in 2020 and the Tessenderlo Group policy regarding the management of such risks, please see the Financial Instruments section in the Financial Report (note 26 - Financial instruments).

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. As from March 2015, the group no longer uses currency swaps to hedge intragroup loans. In emerging countries, it is not always possible to borrow in local currency because local financial markets are too narrow, funds are not available or because the financial conditions are too onerous. Those amounts are relatively small for the group.

Credit risk

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

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

The maximum exposure to credit risk amounts 542.2 million EUR as per December 31, 2020 (2019: 454.8 million EUR). This amount consists of the current and non-current trade and other receivables (283.2 million EUR), the loan granted by Tessenderlo Kerley, Inc. to Jupiter Sulphur LLC (9.0 million EUR)), short term investments (20.0 million EUR) current derivative financial instruments (0.0 million EUR) and cash and cash equivalents (230.1 million EUR).

Interest risk

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

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

(Million EUR)	2020	2019
Fixed rate instruments		
Cash and cash equivalents	171.5	92.4
Short term investments	20.0	-
Loans and borrowings	289.9	294.8
Variable rate instruments		
Cash and cash equivalents	58.6	62.1
Loans and borrowings	161.4	207.2

The loans and borrowings with a variable rate mainly relate to the long-term facility loan of T-Power nv. The decrease compared to prior year can be explained by the two half-yearly reimbursements (25.7 million EUR). The remaining outstanding capital of the T-Power nv long term facility loan amounts to 141.5 million EUR as per December 31, 2020 (2019: 167.3 million EUR). Approximately 80% of the syndicated loan is hedged through a series of forward rate agreements. The remaining loans and borrowings with a variable rate can be mainly explained by the commercial paper program of 19.0 million EUR (2019: 39.0 million EUR). 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 fulfill its financial obligations at any time. Failure to meet financial obligations can result in significantly higher costs, and it can negatively affect reputation.

In order to limit this risk, the Company took a series of actions:

- the set-up of a factoring program at the end of 2009, which is put on hold since 2015.
- a capital increase of 174.8 million EUR in December 2014.
- the issuance in July 2015 of two series of bonds with a maturity of 7 years (the "2022 bonds") and 10 years (the "2025 bonds"). The total issue amount was 250.0 million EUR, of which 192.0 million EUR for the 2022 bonds and 58.0 million EUR for the 2025 bonds.
- refinancing of T-Power nv in 2019, bringing the new term loan facility to 193.0 million EUR reimbursable in the period June 2019-June 2026.
- the replacement of the syndicated facility agreement (terminated in December 2015) by 5 year committed bi-lateral agreements for a total amount of 142.5 million EUR (of which part can be drawn in USD) with four banks. These facilities were renewed for 5 years in December 2019 and have no financial covenants and ensure maximum flexibility for the different activities.

In addition, the group uses a commercial paper program of maximum 200.0 million EUR.

The group regularly projects short and long-term forecasts in order to adapt financial means to forecasted needs.

CORPORATE GOVERNANCE STATEMENT

TRANSPARENT MANAGEMENT

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

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

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

CAPITAL & SHARES

Capital

The capital of Tessenderlo Group nv at December 31, 2020, amounts to 216,231,862.15 EUR.

Shares

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

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

Pursuant to the decision of the extraordinary general meeting of June 6, 2017, the Board of Directors is authorized, for a period of 5 years from the publication of the authorization in the Annex of the Belgian Official Gazette, to repurchase, in accordance with the conditions set by law, the company's shares, profit-sharing certificates or certificates relating thereto for the account of the company, taking into account the conditions as determined during the extraordinary general meeting of June 6, 2017.
Pursuant to this decision the Board of Directors at its meeting on August 25, 2020 approved the proposal to purchase own shares up to a maximum amount of EUR 5 million during a period starting on September 14, 2020 and ending on April 30, 2022.

The company owned on December 31, 2020, in total 132,000 company's shares or 0.306% of the total amount of issued shares (being 43,154,979).

SHAREHOLDERS & SHAREHOLDERS STRUCTURE

On the basis of the notifications provided to the Company, the status of the voting rights of the Company at December 31, 2020, is as follows:

Shareholder	Number of voting rights	%
Verbrugge nv (controlled by Picanol)	35,524,356	58.23%
Symphony Mills nv	4,346,200	7.12%
Janus Henderson Group PLC	1,561,002	2.56%
Norges Bank	1,287,899	2.11%
Carmignac Gestion SA	903,687	1.48%
Dimensional Fund Advisors L.P.	891,022	1.46%
Valarc Master Fund, Ltd.	630,402	1.03%
Other	15,861,347	26.00%
Total	**61,005,915**	**100.00%**

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

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

GOVERNANCE STRUCTURE

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

BOARD OF DIRECTORS

Composition

At December 31, 2020, the composition of the Board of Directors of Tessenderlo Group nv was as follows:

	Start of initial term	End of term
Non-Executive Directors		
Mr. Karel Vinck	March 17, 2005	May 2023
Independent Non-Executive Directors		
Management Deprez bv represented by its permanent representative Mrs. Veerle Deprez	June 6, 2017	May 2021
Philium bv represented by its permanent representative Mr. Philippe Coens	June 2, 2015	May 2023
ANBA bv represented by its permanent representative Mrs. Anne-Marie Baeyaert	June 6, 2017	May 2021
Executive Directors		
Mr. Luc Tack	November 13, 2013	May 2023
Mr. Stefaan Haspeslagh – Chairman	November 13, 2013	May 2022

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

On December 31, 2020, 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 the opposite 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 seven (7) times during 2020.

During 2020, the Board's main areas of discussion, review and decision were:

- the group's long-term strategy;
- the financial statements and reports;
- the 2020 budget;
- the financial communication and reporting by segment;
- proposals to the general and special shareholders' meetings;
- the remuneration policy and the remuneration of the members of the Executive Committee and directors (decision not the grant remuneration (partially) in the form of shares for the Non-Executive directors and the ExCom for 2020 and until further notice, and the decision not to fix a minimum threshold of the amount of shares to be held by the ExCom for 2020 and until further notice);
- the review of a long-term incentive plan for members of the ExCom;
- the approval of the changes to the services agreements (Management Services Agreements) between the Company and the CEO – CFO-COO with regard to claw-back provisions;
- the discussion on the effects of the COVID-19 crisis on the Company's activities worldwide and the measures taken in this respect;
- the adoption of the extension of the 4 bilateral loan agreements between the Company and the KBC – ING – Belfius and BNP Paribas banks;
- the effectiveness of the Enterprise Risk Management and Compliance framework;
- the approval of various commercial agreements;
- the approval and realization of the take-over and incorporation of a new affiliate in France and the incorporation of various legal entities abroad;
- the discussion on the various law changes relative to Corporate Governance and the approval of the modified Corporate Governance Charter of the Company.
- the discussion on the results of the self-assessment questionnaire with regard to the activities and effectiveness of the Board of Directors and its committees;
- the approval of the capital increase in a UK affiliate;
- the approval of the 2021 budget;
- the approval of the proposal to repurchase own shares.

Evaluation of the Board of Directors

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

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

Where appropriate, the individual Directors also share their view on how the Board of Directors and the committees could improve their operation. The Chairman and the Secretary of the Board of Directors share the results of the evaluation with the Directors and formulate initiatives for improvement. In 2019 the Directors were invited to complete a self-assessment questionnaire for the evaluation of the Board of Directors. In 2020 the Directors received a questionnaire for the assessment of the Audit Committee and the Nomination and Remuneration Committee. The results of both questionnaires were discussed during a meeting of the Board of Directors in 2020.

Appointment of the members of the Board of Directors

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

Board Committees

General

On December 31, 2020, the following Committees were active within the Board of Directors of Tessenderlo Group:

- The Nomination and Remuneration Committee
- The Audit Committee

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

Nomination and Remuneration Committee

On December 31, 2020, the Nomination and Remuneration Committee was constituted as follows:

- Mr. Karel Vinck (Chairman)
- Philium bv represented by its permanent representative Mr. Philippe Coens (Independent)
- Management Deprez bv represented by its permanent representative Mrs. Veerle Deprez (Independent)

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

The Nomination and Remuneration Committee met three (3) times in 2020.

- Activities of the Nomination and Remuneration Committee

In 2020, the Nomination and Remuneration Committee discussed and made recommendations regarding the Executive Committee remuneration package. The Committee made recommendations regarding the realization of the long-term incentive plan for the ExCom. The Committee also made recommendations with regard to the granting of remuneration in the form of shares to the Non-Executive Directors and ExCom, the determination of a minimum threshold of shares to be held by the ExCom and the determination of claw-back provisions in the agreements with the CEO and the CFO-COO. The Committee also discussed on the changes in the European Shareholders' Directive (SRDII) and more especially on the changes with respect to the remuneration policy and the remuneration report. The Nomination and Remuneration Committee also prepared the remuneration report, as included in the 2020 annual report.

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

- Evaluation of the Nomination and Remuneration Committee

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

Audit Committee

At December 31, 2020, the Audit Committee was constituted as follows:

- Philium bv represented by its permanent representative
  Mr. Philippe Coens (Independent) (Chairman)
- ANBA bv represented by its permanent representative
  Mrs. Anne-Marie Baeyaert (Independent)
- Mr. Karel Vinck

The Audit Committee met according to a previously determined schedule; i.e. four (4) times during 2020.

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 own training and by the experience gathered during their previous functions. In compliance with the Charter, the majority of the members are independent Directors.

- Evaluation of the Audit Committee

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

- Activities of the Audit Committee

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

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

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

The Audit Committee also heard the Group Internal Auditor on the Internal Audit program for 2020, the risk assessment analysis and the activity reports of the internal audits which had been carried out, as well as on the review of the follow-up actions taken by the Company to remedy certain weaknesses identified by the Internal Audit Department. The Audit Committee also approved the internal control plan for the year 2020 and heard reports from the Internal Control Department on its various findings.

Attendance rate for members of the Board of Directors meetings and members of the committee meetings in 2020:

	Board of Directors	Audit Committee	Nomination & Remuneration Committee
Number of meetings in 2020	**7**	**4**	**3**
Philium bv represented by its permanent representative Mr. Philippe Coens	7/7	4/4	3/3
Mr. Stefaan Haspeslagh	7/7		
Mr. Luc Tack	7/7		
Mr. Karel Vinck	7/7	4/4	3/3
Management Deprez bv represented by its permanent representative Mrs. Veerle Deprez	7/7		3/3
ANBA bv represented by its permanent representative Mrs. Anne-Marie Baeyaert	7/7	4/4	

EXECUTIVE COMMITTEE (EXCOM)

Roles and responsibilities

As per December 31, 2020, the ExCom of Tessenderlo Group was constituted as follows:

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

Evaluation of the ExCom

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

Activities of the ExCom

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

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

The ExCom is responsible for:

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

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

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

REMUNERATION REPORT: DIRECTORS

Remuneration policy

It is the responsibility of the Board of Directors of the Company to make proposals to the shareholders regarding the remuneration of the Directors.

The Nomination and Remuneration Committee makes proposals to the Board of Directors concerning:

- the remuneration for participating in the Board and the Board's Committees meetings;
- the remuneration awarded for assignments related to special mandates.

In order to determine the remuneration of the Directors, a benchmarking exercise of similar Belgian companies has been performed. Membership of Committees entitles the participants to an attendance fee in line with the benchmark. Finally, the Chairman receives an additional fee for his responsibility as Chairman in line with the benchmark.

By decision of the General Shareholders' Meeting of June 7, 2016, each Director receives a fixed annual fee of 25,000 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 are granted:

- an attendance fee of 1,000 EUR per half day attendance;
- an additional annual fee of 30,000 EUR for the chairman of the Board of Directors; and
- an additional annual fee of 3,000 EUR for the chairman of the Audit Committee.

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

In its meeting of August 25, 2020, the Board of Directors decided not to grant remuneration (partially) in shares for the Non-Executive Directors for 2020 and this until further notice.

Remuneration received

Member	2020	Earned fees (in EUR)
Philium bv, represented by its permanent representative Mr. Philippe Coens (Independent Non-Executive director)	Fixed annual fee	25,000.00
	Additional fixed fee for Chairman of AC	3,000.00
	Attendance fee per half day attended	12,000.00
	Total remuneration	**40,000.00**
Management Deprez bv, represented by its permanent representative Mrs. Veerle Deprez (Independent Non-Executive director)	Fixed annual fee	25,000.00
	Attendance fee per half day attended	12,000.00
	Total remuneration	**37,000.00**
ANBA bv, represented by its permanent representative Mrs. Anne-Marie Baeyaert (Independent Non-Executive director)	Fixed annual fee	25,000.00
	Attendance fee per half day attended	12,000.00
	Total remuneration	**37,000.00**
Stefaan Haspeslagh (Executive Director)	Fixed annual fee	25,000.00
	Additional fixed annual fee for Chairman Board	30,000.00
	Attendance fee per half day attended	12,000.00
	Total remuneration	**67,000.00**
Luc Tack (Executive Director)	Fixed annual fee	25,000.00
	Attendance fee per half day attended	12,000.00
	Total remuneration	**37,000.00**
Karel Vinck (Non-Executive director)	Fixed annual fee	25,000.00
	Attendance fee per half day attended	12,000.00
	Total remuneration	**37,000.00**
General total		**255,000.00**

REMUNERATION REPORT: EXECUTIVE COMMITTEE (EXCOM)

Remuneration policy

This chapter describes the principles underlying Tessenderlo Group's remuneration policy, management remuneration, structure and philosophy. The Nomination and Remuneration Committee determines the principles of the remuneration policy for the ExCom members (the CEO & CFO-COO) and submits them to the Board of Directors. The aim is to achieve total remuneration packages that are attractive and in line with the market.

Tessenderlo Group annually reviews the positioning of the total remuneration of the ExCom members to direct competitors, quoted companies in the BELMid and other companies active in similar industries as wherein Tessenderlo Group operates. Our remuneration policy and total compensation is positioned on the market median or slightly above the market median, with a strong emphasis on variable compensation. Variable compensation is based for 75% on the financial results of the group (EBIT) and for 25% on the individual performance contributing to the long term sustainable growth of Tessenderlo Group. The individual performance will be assessed based on achieving individual targets as defined by the Nomination and Remuneration Committee and the Board of Directors. In this respect we also refer to the "Code of Conduct" of Tessenderlo Group, which lists the guiding principles and key values.

The internal and external competitive landscape of and around Tessenderlo Group is changing rapidly. In order to realize the group's ambitions in this challenging environment, the organization needs to perform strongly and focus on the implementation of a sustainable strategy. Talented managers are indispensable in terms of achieving this goal. The remuneration policy aims to link this strategy and the company's objectives to the performance and remuneration of management.

In this way, the group creates a globally consistent framework for the development, remuneration and empowerment of its people. The group considers commitment, recognition and leadership as important foundations for employee engagement. This enables the group to attract, retain and motivate the best talents to achieve both short-term and long-term objectives. This is all within the context of a globally consistent remuneration policy that rewards the contribution towards and the achievement of company objectives and the generation of shareholder value.

The Group Reward principles are:

Recognition and leadership are key for employee and team engagement.
Our compensation system will serve to attract and retain the talent that the group requires to meet its short and long term goals.
Our remuneration policy will be positioned on or just above the median, and tested annually against a selected basket of relevant industry references and industries in which the group is active.
Our base salary will drive and reward growing competencies, showing the right corporate attitudes and living according to the group's guiding principles.
Our variable remuneration policy links the success of the group to the various business units, departments, teams and individual contributions.
Our job grading and our compensation system for external/internal appointments are based on an objective methodology and measurable market data.
Our compensation system will never knowingly discriminate between employees on any grounds.

Compensation package

The ExCom remuneration package consists of the following items:

- Fixed compensation
- Variable compensation
- Other compensation items

Fixed compensation
The fixed part of the remuneration compensates individual members as per market reference and in line with their level of skill and position within the group combined with the right behavior and living according to the group's guiding principles.

In its meeting of August 25, 2020, the Board of Directors decided not to grant remuneration (partially) in shares for the ExCom nor to fix a minimum threshold of the amount of shares to be held by the ExCom, and this for 2020 and until further notice.

Variable compensation
The variable compensation of the members of the ExCom is based on short and long-term objectives linked to group results and individual performance.

The incentive plans do not explicitly provide any "claw-back" provisions entitling the Company to reclaim the compensation paid on the basis of incorrect financial data. In its meeting of August 25, 2020 the Board of Directors approved the decision to add the necessary documentation and provisions in the agreements with the ExCom members, which enable the company to reclaim variable remuneration, or withhold payment of variable remuneration, in the event of financial misconduct, fraud, deceit, non-compliance with a non-compete obligation and/or gross negligence.

I. Short-term variable compensation

Tessenderlo Group has developed a short-term variable compensation plan in order to ensure that all ExCom members are compensated according to the overall performance of Tessenderlo Group.

The short term variable compensation for the ExCom members consists of a target percentage of 45% of the fixed remuneration for the CEO and 40% of the fixed remuneration for the CFO-COO with a pay-out coefficient of 0% up to and including 300% depending on the achievement of the intended objectives.

The objectives measured over the calendar year are set on the group financial and strategic objectives with a modifier for personal performance, proposed by the Nomination and Remuneration Committee. The variable compensation is linked for 75% to the financial results of the group (EBIT) and for 25% to individual performance contributing to the long-term sustainable growth of Tessenderlo Group. In this respect we also refer to the "Code of Conduct" of Tessenderlo Group.

The personal modifier is linked to progress in strategy execution and business transformation within the group. The evaluations of the CEO target objectives against the realizations are performed by the Nomination and Remuneration Committee after the end of the financial year and submitted for approval towards the Board of Directors. The evaluation for the COO-CFO is performed after the end of the financial year by the CEO and submitted for approval to the Nomination and Remuneration Committee and Board of Directors.

II. Long-term variable compensation

Long Term Incentive (LTI) Plan

A long-term incentive plan was approved by the Board of Directors on March 12, 2019. The intention of the LTI Plan is to create an incentive for senior management (including ExCom members) to further drive increased shareholder value and the sustainable growth of the Company. This LTI plan covers a 3 year period (calendar years 2019-2021), with pay out in April 2022, based on pre-set performance metrics of the Tessenderlo Group.

The long term variable compensation for the ExCom members consists of a target percentage of 45% of the fixed remuneration for the CEO and 40% of the fixed remuneration for the CFO-COO with a pay-out coefficient of 0% up to and including 200% depending on the achievement of the long term objectives.

75% of the LTI is linked to Tessenderlo Group's Adjusted EBITDA, measured over the calendar years 2019, 2020 & 2021.

25% of the LTI is linked to the definition, roll-out & achievement of the different strategic initiatives & targets/goals within each of the different businesses.

Payout for the ExCom members is based on the average of all the respective businesses and depends of course on the evaluation by the Board of Directors.

III. Other compensation items

The benefits paid to the ExCom members include participation in the extra-legal pension plan of the defined contribution type, a hospitalization insurance, eco-cheques and representation allowance – all under the same conditions applicable to other members of senior management.

The ExCom members also benefit from certain other benefits such as a car allowance.

Remuneration earned in 2020

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.

Tessenderlo Group benchmarks the ExCom's compensation against a peer group of companies of similar size with the same type of activities of Tessenderlo Group. The actual compensation level for each individual member is set according to the benchmark and takes into account the member's performance and experience in relation to the benchmark.

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.

Annual gross compensation earned by the ExCom[1] in 2020 is detailed below:

Component	Amount CEO	Amount COO-CFO
Fixed compensation (excluding Director fees)[2]	648,027 EUR	624,370 EUR
Variable compensation Short Term[2/5]	455,812 EUR	607,749 EUR
Variable compensation Long Term[6]	0 EUR	0 EUR
Pension[3]	87,029 EUR	23,657 EUR
Other benefits[4]	44,471 EUR	26,103 EUR
Total (cost to the company)	**1,235,339 EUR**	**1,281,879 EUR**

1. The ExCom is composed of the CEO (Luc Tack) and one executive Director (the COO-CFO), Stefaan Haspeslagh/Findar bv represented by Stefaan Haspeslagh.
2. Excluding social security contributions.
3. Pension Plan: annual service cost for 2020, as calculated by an actuary.
4. Other benefits include coverage for death, disability, work accident insurance, taxes (4.40%), meal vouchers, company car - all under the same conditions applicable to other members of senior management and the ruling approved by the Belgian tax authorities for representation allowance.
5. Short term incentive realization as proposed by the Nomination and Remuneration Committee of March 23,2021.
6. No long-term incentive pay-out in 2020.

Agreements on severance pay

The management agreement with the COO-CFO provides for a notice period of maximum 12 months.

The management agreement with the CEO does not provide for a notice period. The CEO will therefore not be entitled to termination protection.

MAIN FEATURES OF THE GROUP'S INTERNAL CONTROL AND RISK MANAGEMENT FRAMEWORK

Internal control framework

Responsibilities

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

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

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

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

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

Scope of the Internal Control Framework
The Internal Control System is based on the COSO Internal Control – Integrated Framework with the main focus on the internal control over the financial reporting by mitigating risks through group level controls, entity level controls, process level controls, general IT controls and segregation of duties.
As far as cyber risks are concerned, a separate control program based on the NIST Cybersecurity Framework has been set up.

Internal Control monitoring

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

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

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

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

Preparation and Processing of Financial and Accounting Information

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

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

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

Compliance

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

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

Enterprise Risk Management (ERM) System

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

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

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

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

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

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

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

POLICY ON INSIDE INFORMATION AND MARKET MANIPULATION

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

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

The Belgian law of 31 July 2017, with effect as of 21 August 2017, has changed the applicable sanctions. The maximum prison sentences that are possible have significantly increased:

- Abuse of inside info: 4 years (was 1 year)
- Market manipulation: 4 years (was 2 years)
- Unlawful disclosure of inside info: 2 years (was 1 year)

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

EXTERNAL AUDIT

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

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

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

	2019			
(Million EUR)	Audit	Audit related	Other	Total
KPMG (Belgium)	0.2	0.0	0.0	0.3
KPMG (Outside Belgium)	0.6	-	0.3	0.9
Total	**0.9**	**0.0**	**0.3**	**1.2**

SUBSEQUENT EVENTS

No significant subsequent events occurred after the balance sheet date

APPLICATION OF ART. 7:96 AND 7:97 OF THE BELGIAN CODE OF COMPANIES AND ASSOCIATIONS (BCCA) (PREVIOUSLY ART. 523/524 OF THE BELGIAN CODE OF COMPANIES)

In the meeting of the Board of Directors held on March 24, 2020, a conflict of interest was recorded in respect of the ExCom members, who are part of the Board of Directors, in connection with the determination of the short term incentive for 2019 and the remuneration package for 2020. An extract of the minutes of this meeting is included in the statutory annual report.

In the meeting of the Board of Directors held on May 12, 2020, a conflict of interest was recorded on behalf of the ExCom members, who are part of the Board of Directors, in connection with the setting of the targets of the long term incentive as well as on the amendment of the ExCom service agreements with regard to the claw-back provisions. An extract of the minutes of this meeting is included in the statutory annual report.

In 2020, no circumstances triggered the application of article 7:97 of the BCCA.

INFORMATION REQUIRED BY ART. 34 OF THE ROYAL DECREE OF NOVEMBER 14, 2007

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

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

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

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

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

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

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

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

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

The Board of Directors is explicitly authorized according to the resolution of the extraordinary general meeting of 6 June 2017 to dispose of the acquired securities that are listed, on or outside the stock exchange, without the need for a prior consent or other intervention by the general meeting, without prejudice to the fact that the disposal possibilities of the Board of Directors are further mandatory organized under the new BCCA and these shall thus have to be respected in parallel by the Company for the remaining period of the authorization granted by the general meeting within the framework of the acquisition of own securities.
The aforementioned provisions equally apply to the acquisition or transfer of the Company's securities by the Company's directly controlled subsidiaries or through the intermediary of a person acting in its own name but for the account of these subsidiaries, in accordance with articles 7:221 and 7:222 of the BCCA.

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

- the bilateral revolving facilities agreements entered into on December 4, 2019, for a total amount of 142.5 million EUR with the Company and Tessenderlo USA Inc. as borrowers and KBC Bank NV, ING NV, Belfius Bank NV and BNP Paribas Fortis NV as lenders: according to the terms of these agreements, a "change of control" over Tessenderlo Group nv will entitle each lender to ask for termination of the bilateral facility agreement. For purposes of the change of control clause described above, a "change of control" shall occur if a third party (i.e. any party other than Verbrugge nv or any person acting in concert with Verbrugge nv) acquires 30% or more of the voting rights of the Company (unless Verbrugge nv (alone or together with any person acting in concert) holds more voting rights than such third party);

- the prospectus dated June 15, 2015, of Tessenderlo Group nv regarding the issue of and public offer of two series of bonds with a maturity of 7 years (the “2022 Bonds”) and 10 years (the “2025 Bonds”, and together with the 2022 Bonds, the “Bonds”) for an expected minimum amount of 75.0 million EUR for the 2022 Bonds and an expected minimum amount of 25.0 million EUR for the 2025 Bonds and for a combined maximum amount of 250 million EUR: according to the terms and conditions of these Bonds, the Bonds will be redeemable at the option of the bondholders prior to maturity in the case of a change of control. Only the Bonds held by the bondholders who submit put option notices shall be immediately due and repayable in case of a change of control, with exception of all other bonds. If bondholders submit put option notices in respect of at least 85 percent of the aggregate nominal amount of the outstanding 2022 bonds, all (but not some only) of the 2022 bonds may be redeemed at the option of the Company prior to maturity. If bondholders submit put option notices for at least 85 percent of the aggregate nominal amount of the outstanding 2025 Bonds, all (but not some only) of the 2025 Bonds may be redeemed at the option of the issuer prior to maturity. A “change of control” shall occur if a third party (i.e. any party other than Verbrugge nv or any person acting in concert with Verbrugge nv) acquires 30% or more of the voting rights of the Company (unless Verbrugge nv (alone or together with any person acting in concert) holds more voting rights than such third party).

DIVIDEND POLICY

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

INFORMATION REQUIRED BY ART. 3:6 BELGIAN CODE OF COMPANIES AND ASSOCIATIONS

Provision 3.12 of the Corporate Governance Code 2020

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

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

The Company does not grant any remuneration in the form of shares to the Non-Executive Directors for 2020, as it is of the opinion that a payment in shares does not have a positive impact on decisions of these Directors that support the long term vision of the Company, given the presence of a reference shareholder who aims to create sustainable value within the Company.

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 2020, 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. It was also decided not to modify the remuneration policy as already approved, during the course of the year.

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

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

Brussels, March 23, 2021
On behalf of the Board of Directors

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


FINANCIAL REPORT
20/20

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(Million EUR)	note	For the year ended December 31 2020	2019
Revenue	3	1,737.3	1,742.9
Cost of sales		-1,255.8	-1,306.2
Gross profit		**481.4**	**436.8**
Distribution expenses		-105.6	-107.2
Sales and marketing expenses		-58.5	-63.2
Administrative expenses		-112.3	-112.7
Other operating income and expenses	5	-20.9	-18.8
Adjusted EBIT[2]	**3**	**184.0**	**134.9**
EBIT adjusting items	6	-8.1	-11.6
EBIT (Profit (+) / loss (-) from operations)		**175.9**	**123.4**
Finance costs	9	-42.2	-23.3
Finance income	9	1.8	16.1
Finance (costs) / income - net	**9**	**-40.5**	**-7.2**
Share of result of equity accounted investees, net of income tax	14	-1.9	0.3
Profit (+) / loss (-) before tax		**133.6**	**116.5**
Income tax expense	10	-34.9	-18.9
Profit (+) / loss (-) for the period		**98.6**	**97.6**
Attributable to:			
- Equity holders of the company		**99.1**	**96.1**
- Non-controlling interest		**-0.5**	**1.5**
Basic earnings per share (EUR)	20	2.30	2.23
Diluted earnings per share (EUR)	20	2.30	2.23

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

[2] Adjusted EBIT is considered by the group to be a relevant performance measure in order to compare results over the period 2019-2020, as it excludes adjusting items from the EBIT (Earnings before interest and taxes). EBIT adjusting items principally relate to restructuring, impairment losses, provisions, gains or losses on significant disposals of assets or subsidiaries and the effect of the electricity purchase agreement.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Million EUR)	note	For the year ended December 31 2020	2019
Profit (+) / loss (-) for the period		**98.6**	**97.6**
Translation differences[3]		-13.8	-2.7
Net change in fair value of derivative financial instruments, before tax	26	-0.2	-3.2
Share in other comprehensive income of joint-ventures accounted for using the equity method		-0.0	-0.3
Other movements		-0.2	0.0
Income tax on other comprehensive income	15	0.1	0.8
Items of other comprehensive income that are or may be reclassified subsequently to profit or loss		**-14.2**	**-5.2**
Remeasurements of the net defined benefit liability, before tax	23	-0.7	-2.4
Income tax on other comprehensive income	15	1.1	0.7
Items of other comprehensive income that will not be reclassified subsequently to profit or loss		**0.4**	**-1.7**
Other comprehensive income, net of income tax		**-13.9**	**-6.9**
Total comprehensive income		**84.8**	**90.7**
Attributable to:			
- Equity holders of the company		85.6	89.6
- Non-controlling interest		-0.8	1.0

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

[3] The 2020 translation differences are mainly impacted by the strengthening of the EUR against the USD (+9.2%).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Million EUR)	note	As per December 31 2020	2019
Assets			
Total non-current assets		**1,105.9**	**1,146.2**
Property, plant and equipment	11	862.2	872.9
Goodwill	12	33.4	34.6
Intangible assets	13	135.6	162.1
Investments accounted for using the equity method	14	20.0	18.9
Other investments	14	10.3	11.3
Deferred tax assets	15	32.2	29.8
Trade and other receivables	16	12.3	16.5
Total current assets		**860.5**	**765.2**
Inventories	17	332.1	323.8
Trade and other receivables	16	270.8	273.9
Current tax assets		7.5	12.9
Derivative financial instruments	26	0.0	0.0
Short term investments	18/22	20.0	-
Cash and cash equivalents	18/22	230.1	154.5
Total assets		**1,966.4**	**1,911.3**
Equity and Liabilities			
Equity			
Equity attributable to equity holders of the company		**903.0**	**821.7**
Issued capital		216.2	216.2
Share premium		238.0	238.0
Reserves and retained earnings		448.8	367.4
Non-controlling interest		**1.1**	**1.9**
Total equity		**904.1**	**823.6**
Liabilities			
Total non-current liabilities		**700.6**	**726.2**
Loans and borrowings	22	385.1	415.1
Employee benefits	23	67.6	61.3
Provisions	24	141.8	132.3
Trade and other payables	25	14.5	10.1
Derivative financial instruments	26	25.3	31.5
Deferred tax liabilities	15	66.3	76.0
Total current liabilities		**361.6**	**361.5**
Bank overdrafts	18/22	0.0	0.1
Loans and borrowings	22	66.2	86.8
Trade and other payables	25	269.9	245.3
Derivative financial instruments	26	11.8	12.7
Current tax liabilities		2.4	3.3
Employee benefits	23	0.9	0.9
Provisions	24	10.4	12.4
Total liabilities		**1,062.3**	**1,087.7**
Total equity and liabilities		**1,966.4**	**1,911.3**

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

(Million EUR)	note	Issued capital	Share premium	Legal reserves	Translation reserves	Hedging reserves	Retained earnings	Equity attributable to equity	Non-controlling interest	Total equity
Balance at January 1, 2019		**216.2**	**237.9**	**21.6**	**-86.2**	**-0.2**	**345.9**	**735.0**	**2.2**	**737.2**
- Adjustment on initial application of IFRS 16 Leases, net of tax		-	-	-	-	-	-3.2	-3.2	-	-3.2
Adjusted Balance at January 1, 2019		**216.2**	**237.9**	**21.6**	**-86.2**	**-0.2**	**342.7**	**731.9**	**2.2**	**734.0**
Profit (+) / loss (-) for the period		-	-	-	-	-	96.1	96.1	1.5	97.6
Other comprehensive income										
- Translation differences		-	-	-	-2.2	-	-	-2.2	-0.5	-2.7
- Remeasurements of the net defined benefit liability, net of tax		-	-	-	-	-	-1.7	-1.7	-	-1.7
- Net change in fair value of derivative financial instruments, net of tax		-	-	-	-	-2.3	-	-2.3	-	-2.3
- Share in other comprehensive income of joint-ventures accounted for using the equity method		-	-	-	-	-0.3	-	-0.3	-	-0.3
- Other movements		-	-	-	-	-	-	0.0	0.0	0.0
Comprehensive income, net of income taxes		**0.0**	**0.0**	**0.0**	**-2.2**	**-2.6**	**94.4**	**89.6**	**1.0**	**90.7**
Transactions with owners, recorded directly in equity										
- Shares issued		0.0	0.1	-	-	-	-	0.2	-	0.2
- Other movements		-	-	-	-	-	-	0.0	-1.2	-1.2
Total contributions by and distributions to owners		**0.0**	**0.1**	**0.0**	**0.0**	**0.0**	**0.0**	**0.2**	**-1.2**	**-1.1**
Balance at December 31, 2019		**216.2**	**238.0**	**21.6**	**-88.4**	**-2.8**	**437.1**	**821.7**	**1.9**	**823.6**

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 2020	2019
Operating activities			
Profit (+) / loss (-) for the period		98.6	97.6
Depreciation, amortization and impairment losses on tangible assets, goodwill and intangible assets	8	133.6	135.8
Changes in provisions		10.0	-0.2
Finance costs	9	42.2	23.3
Finance income	9	-1.8	-16.1
Loss / (profit) on sale of non-current assets		-5.0	-1.4
Share of result of equity accounted investees, net of income tax		1.9	-0.3
Income tax expense	10	34.9	18.9
Other non-cash items		-3.1	-0.4
Changes in inventories		-27.7	-21.0
Changes in trade and other receivables		-2.0	10.0
Changes in trade and other payables		33.2	2.1
Change in accounting estimates - inventory write off	3/17	10.7	3.9
Net change in emission allowances recognized within intangible assets		-0.3	1.6
Revaluation electricity forward contracts		-0.4	0.8
Recycling currency translation adjustments PB Gelatins Wenzhou Co., Ltd.		-	-3.0
Bargain purchase recognized following the acquisition of the activities of DYKA Tube SAS	4	-2.4	-
Cash generated from operations		**322.5**	**251.8**
Income tax paid		-40.3	-32.1
Dividends received		0.1	0.1
Cash flow from operating activities		**282.3**	**219.7**
Investing activities			
Acquisition of property, plant and equipment	11	-99.5	-102.8
Acquisition of intangible assets	13	-0.7	-1.5
Acquisition of investments accounted for using the equity method	14	-2.0	-
Acquisition of subsidiary, net of cash acquired	4	-5.7	1.1
Proceeds from the sale of property, plant and equipment		5.8	3.5
Proceeds from the sale of subsidiaries, net of cash disposed of		-0.1	-
Cash flow from investing activities		**-102.2**	**-99.7**
Financing activities			
Increase of issued capital - conversion of warrants		-	0.2
Repurchase of own shares	19	-4.2	-
Payment of lease liabilities	11/22	-22.6	-24.1
Proceeds from new borrowings		7.5	9.0
Reimbursement of borrowings		-47.2	-83.0
Settlement interest rate swaps T-Power nv		-	-8.0
Short term investments	18/22	-20.0	-
Interest paid	9	-16.3	-19.1
Interest received		0.5	1.2
Other finance costs paid		-1.5	-2.1
Decrease/(increase) of long-term receivables		0.2	-2.9
Reimbursement to non-controlling interest		-	-1.1
Dividends paid to non-controlling interest		-0.0	-0.2
Cash flow from financing activities		**-103.6**	**-130.1**
Net increase / (decrease) in cash and cash equivalents		**76.5**	**-10.0**
Effect of exchange rate differences		-0.8	0.4
Cash and cash eq. less bank overdrafts at the beginning of the period	18/22	154.4	164.0
Cash and cash eq. less bank overdrafts at the end of the period	18/22	230.0	154.4

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

The cash flow from operating activities increased from 219.7 million EUR in 2019 to 282.3 million EUR as per December 31, 2020. This increase can mainly be explained by an improvement of the operational result in 2020 compared to last year. All operating segments contributed to a higher Adjusted EBITDA (+46.9 million EUR compared to last year) (note 3 - Segment reporting). The changes in working capital led to a cash inflow of +3.5 million EUR in 2020 as the impact of higher inventories was more than offset by the increase of trade and other payables. The increase in taxable result, resulted in higher income taxes paid (-40.3 million EUR in 2020 compared to only -32.1 million EUR in 2019). The income taxes paid mainly relate to activities in the United States and Belgium, while the French and Brazilian income tax payments were offset against outstanding tax receivables (note 10 - Income taxes and note 16 - Trade and other receivables).

The cash flow from investing activities decreased from -99.7 million EUR in 2019 to -102.2 million EUR in 2020. Total capital expenditure amounts to -100.2 million EUR (2019: -104.3 million EUR) (note 3 - Segment reporting). The proceeds from the sale of property, plant and equipment for an amount of 5.8 million EUR mainly relate to the sale of the former Tessenderlo Kerley, Inc. headquarters building in the United States (note 6 - EBIT adjusting items). The acquisition of a production plant in La Chapelle-Saint-Ursin (France) by DYKA Tube SAS (operating segment Industrial Solutions) resulted in a consideration paid in cash of -5.7 million EUR (note 4 - Acquisitions and disposals). An amount of -2.0 million EUR was already paid for the establishment of the 50% joint-venture PB Shengda (Zhejiang) Biotechnology Co. Ltd. The unpaid share capital amounts to 3.0 million EUR as per December 31, 2020 (note 14 - Investments accounted for using the equity method).

The cash flow from financing activities amounts to -103.6 million EUR as per year-end 2020 (2019: -130.1 million EUR). The reimbursement of borrowings (-47.2 million EUR) mainly relates to a decrease of the use of the commercial paper program (19.0 million EUR compared to 39.0 million EUR in 2019) and the half yearly reimbursements of the T-Power credit facility (-25.7 million EUR). The 2019 financing activities included the prepayment of the loan for an amount of -55.4 million EUR and the partial settlement of interest rate swaps after a review of the T-Power nv financing structure, while this did not occur in 2020. In 2020, a new loan (7.5 million EUR) was drawn by Tessenderlo Group nv to finance the purchase of vehicles within the operating segment Bio-valorization (note 22 - Loans and borrowings). During 2020, the group bought 132.000 of its own shares at 32 EUR per share for a total amount of -4.2 million EUR (note 19 - Equity). As per year end 2020, an investment in two short term bank notes is outstanding (short term investments for -20.0 million EUR). The counterparty is a highly rated international bank. The notes have an original duration of 6 months (maturing in February and in April 2021) (note 18 - Cash and cash equivalents).

As a result, cash and cash equivalents less bank overdrafts increased from 154.4 million EUR to 230.0 million EUR (note 18 - Cash and cash equivalents).

CONSEQUENCES AND IMPACT OF THE COVID-19 PANDEMIC

Since the first quarter of 2020, the COVID-19 pandemic has not only negatively affected social lives, but also the global economy. The group has taken all the necessary steps to ensure that it keeps its people safe and keep its plants and businesses running. This is because the group provides support for vital services and the flow of crucial goods. Tessenderlo Group supplies the basic chemicals for the production of drinking water based on side streams in the form of hydrochloric acid from the production of sulfate of potash (SOP). In addition, the group produces gelatin for medical and food applications, electricity, crop nutrition and crop protection products for agriculture and plastic pipe systems for maintaining drinking water supply systems and polluted water evacuation, while Akiolis protects the meat chain (in France). All of the plants and activities are now running in line with expectations.

In February 2020, a disruption of production occurred at the Chinese plant in Nehe (PB Leiner), while a disruption of production at DYKA Group's plant in Sainte-Austreberthe (France), as well as a temporary closure of a number of John Davidson Pipes sales branches (United Kingdom) occurred in March/April 2020 (both operating in the segment Industrial Solutions). While revenue was negatively impacted during these months, the lost production and revenue was partially offset against higher demand in subsequent months and therefore the impact on the group revenue was not significant. In 2020, travelling was restricted in many countries and major events, such as trade fairs, were cancelled. This resulted in less sales and marketing activities.

The COVID-19 impact on the 2020 consolidated financial statements was not significant, however the continued pandemic and related uncertainty might negatively impact the group's results in future periods. It remains difficult to estimate the future impact of the pandemic on the economies where the group is active, and hence the impact these factors might have on the financial results. Activities could be further impacted in the coming months if too many employees are impacted by COVID-19 and/or if access to raw materials and auxiliary materials or means of transportation becomes more complicated, or if customers are no longer able to process or resell our products. Changes in market demand and customer behavior can impact the group's future sales, negatively impacting its results and cash flows.

In view of the continued uncertainty associated with the nature of the COVID-19 pandemic, the significant assumptions and accounting estimates, to support the reported amounts of assets and liabilities, income and expenses, were regularly reviewed, and if needed updated, during 2020. The main judgements, estimates and assumptions, which might be impacted by COVID-19, are:

- Impairments: The carrying amount of property, plant and equipment, goodwill and intangible assets is reviewed at each balance sheet date to determine whether an indication of impairment exists. If any such indication exists, the asset's recoverable amount is estimated. There were no indications of any potential impairments during 2020 as a consequence of the COVID-19 pandemic.

- Inventory obsolescence and lower of cost or net realizable value adjustments are determined based on experience and the assessment of market circumstances. Inventories are stated at the lower of cost or net realizable value. The calculation of a potential write-off is based on experience and on the assessment of market circumstances. The COVID-19 pandemic impacted the ageing of inventories as well as future demand, and this mainly within the operating segment Bio-valorization (note 3 - Segment reporting). This resulted in a write-off for an amount of -10.7 million EUR (compared to only -3.9 million EUR in 2019).

- Employee benefits: The calculation of defined benefit obligations is based on actuarial assumptions. Increased volatility and uncertainty in the financial markets following the COVID-19 outbreak led to a decrease of the discount rates used, as well as higher volatility in the return of the plan assets. The loss following the change in financial assumptions (increasing the pension obligations) was partially offset by experience gains on the plan assets (note 23 - Employee benefits).

- Allowance for expected credit losses: 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. As COVID-19 might negatively impact group's customers, there could be an increased potential for future credit losses. However, based on customer's payment behavior, no significant additional allowances for expected credit losses were to be recognized as per December 31, 2020 (note 26 - Financial instruments).

As the COVID-19 pandemic further evolves, potential changes in these views might occur in 2021.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Tessenderlo Group nv (hereafter referred to as the "company"), the parent company, is domiciled in Belgium. The consolidated financial statements for the year ended December 31, 2020 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 23, 2021.

(A) Statement of compliance

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

(B) Basis of preparation

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

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

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

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

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

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

(C) Principles of consolidation

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

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

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

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

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

(D) Foreign currency

• Foreign currency transactions

Foreign currency transactions are accounted for at exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at balance sheet date rate.

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

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

• Foreign currency translation

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

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

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

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

• Exchange rates

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

	Closing rate		Average rate	
1 EUR equals:	2020	2019	2020	2019
Brazilian real	6.3735	4.5157	5.8943	4.4134
Chinese yuan	8.0225	7.8205	7.8747	7.7355
Costa Rican colón	743.8900	638.5800	665.4463	654.6552
Czech crown	26.2420	25.4080	26.4551	25.6705
Hungarian forint	363.8900	330.5300	351.2494	325.2967
Indian rupee	89.6605	80.1870	84.6392	78.8361
Polish zloty	4.5597	4.2568	4.4430	4.2976
Pound sterling	0.8990	0.8508	0.8897	0.8778
Romanian leu	4.8683	4.7830	4.8383	4.7453
Swiss franc	1.0802	1.0854	1.0705	1.1124
Turkish lira	9.1131	6.6843	8.0547	6.3578
US dollar	1.2271	1.1234	1.1422	1.1195

(E) Intangible assets

• Research and development

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

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

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

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

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

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

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

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

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

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

• Amortization
Intangible assets with a finite life are amortized using the straight-line method over their estimated useful lives. The estimated useful lives of the respective asset categories are as follows:

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

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

(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.

[4] The group did not have any such contracts during 2019 and 2020.

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

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

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

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

• Subsequent measurement of goodwill

Goodwill is measured at cost less accumulated impairment losses.

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

(G) Property, plant and equipment

• Owned assets

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

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

• Subsequent expenditure

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

• Depreciation

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

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

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

Computer equipment	3 to 5 years

Land is not depreciated as it is deemed to have an indefinite life.
Useful lives and residual values, if significant, are re-assessed annually and adjusted if appropriate.

• Government grants

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

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

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

(H) Leased assets

Policy applicable as from January 1, 2019

The Group has applied 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.

Policy applicable until December 31, 2018
Leases of property, plant and equipment where the group assumes substantially all the risks and rewards of ownership are classified as finance leases at the moment of the commencement of the lease term. Finance leases are capitalized at the lower of the fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation (see accounting policy G) and impairment losses (see accounting policy J).

Each lease payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of interest on the outstanding finance balance. The corresponding obligations, net of finance charges, are included in loans and borrowings. The interest element is charged to the income statement as a finance charge over the lease period. Property, plant and equipment acquired under a finance lease contract is depreciated over the shorter of the lease term and their useful lives, unless it is reasonably certain that the group will obtain ownership by the end of the lease term (see accounting policy G).

Leases of assets under which the lessor substantially retains all the risks and rewards of ownership are classified as operating leases. The payments made under operating leases are charged to the income statement over the term of the lease.

(I) Other and short-term investments
Each category of investment is accounted for at trade date.

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

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

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

(J) Impairment

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

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

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

• Calculation of recoverable amount

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

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

• Reversal of impairment

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

An impairment loss in respect of goodwill cannot be reversed.

• Financial assets

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

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

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

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

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

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

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

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

(O) Non-derivative financial liabilities

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

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

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

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

• Environmental obligations and dismantlement obligations

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

• Onerous contracts

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

(Q) Employee benefits

• Post-employment benefits

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

- Defined contribution plans:

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

- Defined benefit plans:

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

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

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

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

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

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

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

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

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

• Share-based payment plans[6]

A warrant plan allows senior management to acquire shares of the company. The warrant's exercise price equals the lowest of the average market price of the underlying shares in the 30 trading days preceding the offer date or the market price on the last day preceding the offer date. These share-based payments are recognized in the financial statements based on the fair value of the awards measured at grant date, as an expense spread over the vesting period with a corresponding increase in equity. When the warrants are exercised, equity is increased by the amounts of the proceeds received.

• Short-term benefits

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

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

(R) Income tax

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

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

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

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

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

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

[6] The last allocation of warrants to senior management took place in January 2013.

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

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

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

(2) Rendering of services
The amount of revenue from services is not presented separately in the income statement because it represents currently an insignificant portion of total revenue for the group. The sale of services qualifies as a separate performance obligation, of which revenue is recognized when a customer obtains control of the services, which can be at a point in time or over time. For each performance obligation satisfied over time, revenue is recognized by measuring the progress towards complete satisfaction of that performance obligation at the end of each reporting period.

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

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

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

• Finance income
Finance income comprises interest receivable on funds invested, dividend income, foreign exchange gains and gains on derivative financial instruments. Interest income is recognized in the income statement as it accrues, taking into account the effective yield on the asset.

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

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

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

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

(V) Derivative financial instruments

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

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

• Cash flow hedges

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

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

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

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

(W) Earnings per share

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

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

(X) Segment reporting

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

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

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

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

(Y) Changes in accounting policy and disclosures

The following amendments and annual improvements to standards are mandatory for the first time for the financial year beginning January 1, 2020 and have been endorsed by the European Union. These did not have a significant impact on the financial statements of the group:

- Amendments to IAS 1 and IAS 8 *Definition of Material*
- Amendments to IFRS 3 *Business Combinations: Definition of a Business*
- Amendments to IFRS 9, IAS 39 and IFRS 7 *Interest Rate Benchmark Reform - Phase 1*
- Amendments to references to the Conceptual Framework in IFRS standards
- Amendment to IFRS 16 *Leases COVID-19-Related Rent Concessions* (only effective as from June 1, 2020)

The following new standards, amendments and interpretation to standards have been issued, but are not mandatory for the first time for the financial year beginning January 1, 2020 and have not been endorsed by the European Union:

- Amendments to IAS 1 *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current* (effective January 1, 2023)
- Amendments to IFRS 3 *Business Combinations: Reference to the Conceptual Framework* (effective January 1, 2022)
- Amendments to IAS 16 *Property, Plant and Equipment: Proceeds before Intended Use* (effective January 1, 2022)
- Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts — Cost of Fulfilling a Contract* (effective January 1, 2022)
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 *Interest Rate Benchmark Reform – Phase 2* (effective January 1, 2021)
- Annual Improvements to IFRS Standards 2018 - 2020 (effective January 1, 2022)

The group has not applied these new standards or amended standards in preparing the 2020 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.

2. DETERMINATION OF FAIR VALUES

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

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

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

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

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

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

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

Property, plant and equipment

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

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

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

Intangible assets

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

Inventories

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

Derivative financial instruments

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

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

Other financial instruments

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

3. SEGMENT REPORTING

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

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

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

Within the Industrial Solutions segment, S8 Engineering has ceased to exist. The engineering and construction activities were integrated into Tessenderlo Kerley, Inc. during 2020.

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

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

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

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

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

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

(Million EUR)	note	Agro		Bio-valorization		Industrial Solutions		T-Power		Non-allocated		Tessenderlo Group	
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Revenue (internal and external)		583.8	603.5	575.7	543.1	509.5	531.4	69.5	71.1	-	-	1,738.5	1,749.2
Less: Revenue (internal)		0.8	0.8	-	-	0.4	5.5	-	-	-	-	1.2	6.3
Revenue		**582.9**	**602.8**	**575.7**	**543.1**	**509.1**	**526.0**	**69.5**	**71.1**	-	**-**	**1,737.3**	**1,742.9**
Of which:													
- At a point in time		582.9	602.8	575.7	543.1	508.1	520.3	69.5	71.1	-	-	1,736.2	1,737.3
- Over time		-	-	-	-	1.0	5.6	-	-	-	-	1.0	5.6
Adjusted EBIT		**95.8**	**88.4**	**47.1**	**22.7**	**24.5**	**11.9**	**16.6**	**12.0**	-	-	**184.0**	**134.9**
Adjusted EBITDA		**125.6**	**118.5**	**81.9**	**56.6**	**53.0**	**41.4**	**54.1**	**51.2**	-	-	**314.6**	**267.7**
Return on revenue (Adjusted EBITDA/revenue)		**21.5%**	**19.7%**	**14.2%**	**10.4%**	**10.4%**	**7.9%**	**77.8%**	**72.1%**	-	-	**18.1%**	**15.4%**
Segment assets		488.5	506.9	448.9	439.2	322.1	313.3	356.3	390.7	58.2	46.7	1,674.0	1,696.8
Derivative financial instruments	26	-	-	-	-	-	-	-	-	0.0	0.0	0.0	0.0
Investments accounted for using the equity method	14	14.2	18.2	5.7	0.7	-	-	-	-	-	-	20.0	18.9
Other investments	14	-	-	-	-	-	-	-	-	10.3	11.3	10.3	11.3
Deferred tax assets	15	-	-	-	-	-	-	-	-	32.2	29.8	32.2	29.8
Cash and cash equivalents	18	-	-	-	-	-	-	-	-	230.1	154.5	230.1	154.5
Total assets		**502.7**	**525.1**	**454.7**	**439.9**	**322.1**	**313.3**	**356.3**	**390.7**	**330.7**	**242.3**	**1,966.4**	**1,911.3**
Segment liabilities		78.2	77.6	156.3	143.8	87.2	72.4	8.9	8.4	177.0	163.4	507.6	465.5
Derivative financial instruments	26	-	-	-	-	-	-	-	-	37.1	44.2	37.1	44.2
Loans and borrowings	22	-	-	-	-	-	-	-	-	451.3	501.9	451.3	501.9
Bank overdrafts	18/22	-	-	-	-	-	-	-	-	0.0	0.1	0.0	0.1
Deferred tax liabilities	15	-	-	-	-	-	-	-	-	66.3	76.0	66.3	76.0
Total equity		-	-	-	-	-	-	-	-	904.1	823.6	904.1	823.6
Total Equity and Liabilities		**78.2**	**77.6**	**156.3**	**143.8**	**87.2**	**72.4**	**8.9**	**8.4**	**1,635.8**	**1,609.2**	**1,966.4**	**1,911.3**
Capital expenditures: property, plant and equipment and intangible assets	11/13	29.9	28.9	46.4	55.6	15.7	18.6	6.7	-	1.4	1.1	100.2	104.3
Depreciation, amortization and impairment losses on tangible assets, goodwill and intangible assets	8	-29.8	-30.1	-34.8	-34.0	-31.6	-32.6	-37.4	-39.3	-	-	-133.6	-135.8
Reversal/(additional) inventory write-offs	17	-1.8	-1.7	-8.2	-2.2	-0.7	0.0	-	-	-	-	-10.7	-3.9

The increase of the investments accounted for using the equity method within Bio-valorization to 5.7 million EUR (as per December 31, 2019: 0.7 million EUR) is related to the establishment of the 50% joint-venture PB Shengda (Zhejiang) Biotechnology Co., Ltd in June 2020 between Tessenderlo Group and Zhejiang Shengda Ocean Co., Ltd, a Chinese state-owned company, for the construction of marine collagen peptides plant. Total issued capital of the joint-venture will amount to 10.0 million EUR, of which 2.0 million EUR was already paid by both partners as per December 31, 2020. The unpaid share capital (3.0 million EUR) is included in the current trade and other payables (see also note 25 - Trade and other payables).

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

The reconciliation of the profit before tax is as follows:

(Million EUR)	2020	2019
Adjusted EBIT	**184.0**	**134.9**
EBIT adjusting items	-8.1	-11.6
Finance (costs) / income - net	-40.5	-7.2
Share of result of equity accounted investees, net of income tax	-1.9	0.3
Profit (+) / loss (-) before tax	**133.6**	**116.5**

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)	2020	2019	2020	2019
Belgium	169.4	176.3	499.8	526.9
The Netherlands	179.9	171.3	34.3	33.7
France	301.6	294.4	239.6	218.3
Germany	48.6	44.3	20.4	17.8
Spain	68.5	59.3	-	-
United Kingdom	76.3	83.4	18.0	20.1
Poland	24.5	21.8	5.3	5.2
Other European countries	121.2	122.5	5.3	4.9
United States	504.4	518.3	168.3	198.1
Mexico	33.4	35.3	2.0	1.4
China	13.8	19.4	7.2	9.0
Rest of the world	195.6	196.6	31.1	34.0
Tessenderlo Group	**1,737.3**	**1,742.9**	**1,031.2**	**1,069.6**

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

The decrease of the non-current segment assets in the United States is impacted by the weakening of the USD (The USD/EUR 2019 closing rate was 1.1234 compared to 1.2271 as per year-end 2020).

The increase of the non-current segment assets in France is mainly related to the acquisition of a production plant in La Chapelle-Saint-Ursin (France) by DYKA Tube SAS (note 4 - Acquisitions and disposals), further investments in the optimization of the valorization of animal by-products (operating segment Bio-valorization) and the recognition of a right-of-use asset within the operating segment Industrial Solutions, where a new tank barge was put into operation to facilitate the transport of hydrochloric acid (HCl) from the plant in Ham (Belgium) to the Loos production plant (France).

4. ACQUISITIONS AND DISPOSALS

Acquisitions

In December 2019, the group announced that it had agreed to acquire a production plant in La Chapelle-Saint-Ursin (France). The plant specialized in the manufacturing of sewer, soil & waste, storm water management and telecom pipes and fittings. This acquisition will further strengthen the position of DYKA Group on the French market for wastewater plastic pipe systems. Having a second site in France will enable DYKA Group to realize growth in sewer and drainage pipes, while at the same time ensuring an improved service to the market in the south of France. Under the terms of the agreements, the group has taken over the real estate, production assets, stocks and 75 employees in sales and operations, all linked to the wastewater and cable ducting business. While the marketing and sales activities for the business were taken over as of March 1, 2020, the acquisition was only completed as of May 1, 2020. The group integrated the plant within the DYKA Group activity (operating segment Industrial Solutions). The group obtained 100% control over these activities through a new created company DYKA Tube SAS. The purchase consideration paid in cash amounted to -5.7 million EUR, while the transaction-related costs were insignificant. In accordance with IFRS 3 *Business combinations*, the acquired assets and liabilities assumed at acquisition date have been measured at their fair value, which resulted in a bargain purchase gain for an amount of 2.4 million EUR, recognized as EBIT adjusting item as per December 31, 2020 (note 6 - EBIT adjusting items). The bargain purchase allowed the selling party to cease all its activities in La Chapelle-Saint-Ursin (France) and to revoke from part of its social obligations in accordance to French legislation ("Plan de sauvegarde de l'emploi").

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

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

The table below summarizes the impact of the acquisition on the financial position of the group:

(Million EUR)	Consideration paid/(received)	Fair value adjustments	Recognized values on acquisition
Non-current assets	1.3	3.4	4.7
Current assets	5.6	0.4	6.0
Non-current liabilities	-0.5	-1.4	-1.9
Current liabilities	-0.7	-0.1	-0.7
Net assets	**5.7**	**2.4**	**8.1**
Net cash outflow			**-5.7**
Gain from a bargain purchase			**2.4**

If new information, obtained within one year to the acquisition, about facts and circumstances that existed at the date of acquisition, identifies adjustments to above amounts, the acquisition accounting will be revised.

The contribution to the group's 2020 revenue amounts to 14.8 million EUR, while the contribution to the group's result is insignificant. If the acquisition had occurred on January 1, 2020, management estimates that the contribution to the group's 2020 revenue would have been approximately 20 million EUR, while the contribution to group's result would have been insignificant as well.

Disposals

The subsidiary Tessenderlo Trading (Shanghai) Co. Ltd., a Chinese trading company within the operating segment Industrials Solutions, was disposed during 2020, leading to an insignificant result. The yearly contribution of this activity to the group's results was also not significant.

5. OTHER OPERATING INCOME AND EXPENSES

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

(Million EUR)	2020	2019
Additions to provisions	-0.9	-1.2
Research and development cost	-11.9	-11.8
Grants	0.0	0.0
Depreciation	-0.0	-0.2
Gains on disposal of property, plant and equipment and intangible assets	0.2	0.2
Reversal/(recognition) of impairment losses on trade receivables	-0.6	-0.3
Other	-7.8	-5.4
Total	**-20.9**	**-18.8**

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 -6.3 million EUR (2019: -6.3 million EUR) and depreciation charges for an amount of -0.5 million EUR (2019: -0.5 million EUR). In 2020 and 2019, no significant development costs were capitalized.

The other operating income and expenses (-7.8 million EUR) are mainly explained by the tax charges other than income taxes, such as withholding taxes and regional taxes, net periodic pension costs, the cost of consumed emission allowances and several individually insignificant items within several subsidiaries of the group.

6. EBIT ADJUSTING ITEMS

The EBIT adjusting items for 2020 show a net loss of -8.1 million EUR (2019: -11.6 million EUR).

(Million EUR)	2020	2019
Gains and losses on disposals	4.8	4.2
Restructuring	-0.5	0.3
Impairment losses	-3.0	-3.1
Provisions and claims	-5.0	-5.9
Other income and expenses	-4.3	-7.1
Total	**-8.1**	**-11.6**

Gains and losses on disposals mainly include the gain on disposal of the former Tessenderlo Kerley, Inc. headquarters building in Phoenix (Arizona, United States). The proceeds of the sale amounted to 4.7 million EUR, while its remaining carrying amount was not significant.

Adjustments to ongoing restructuring programs (within the operating segment Bio-valorization) led to a reversal of provisions. This income was offset by, individually insignificant, restructuring expenses within the operating segment Industrial Solutions (S8 Engineering, which ceased to exist in 2020, and DYKA Group).

Impairment losses (-3.0 million EUR) mainly relate to assets within Industrial Solutions, which will not be used anymore following changes in market conditions and to assets which have been destroyed, following a lightning which caused a fire at the plant of Environmentally Clean Systems LLC (ECS, United States) in September 2020. The fire led to a loss of the production assets as well as to land pollution due to contaminated water leakage.

Provisions and claims (-5.0 million EUR) mainly include:

- The -5.5 million EUR impact of the decrease of the discount rate applied to the environmental provisions to cover the cost, over the period 2021-2054, for the remediation of historical soil and ground contamination of the factory sites in Belgium (Ham, Tessenderlo and Vilvoorde) and France (Loos). The discount rate as per December 31, 2020 varied between 0% and 1% (between 0% and 1% at year-end 2019).
- The insurance deductible related to the costs for mitigation of the environmental risks after the fire at the ECS plant.
- Several other individually insignificant changes to provisions and claims, mainly following the settlement of these provisions and claims for which the actual result differs from management estimates.

Other income and expenses mainly relate to:

- The impact of an electricity purchase agreement (-5.2 million EUR in 2020), for which the own-use exemption under IAS 39 is not applicable anymore.
- The recognition of the bargain purchase gain (+2.4 million EUR) following the acquisition of activities in La Chapelle-Saint-Ursin (France) by DYKA Tube SAS (note 4 - Acquisitions and disposals).
- The flooding from storm Dennis in Treforest (United Kingdom) in February 2020 resulted in the write-off of inventories and damaged equipment, as well as related clean-up expenses (for a total amount, net of insurance reimbursement, of -0.8 million EUR) in PB Gelatins UK Ltd. (operating segment Bio-valorization).
- 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	2020	2019
Wages and salaries		-241.0	-234.7
Employer's social security contributions		-52.6	-52.6
Other personnel costs		-20.1	-18.4
Contributions to defined contribution plans		-8.9	-8.8
Expenses related to defined benefit plans	23	-6.2	-6.2
Total		**-328.9**	**-320.7**

The number of FTE's at year-end 2020 amounts to 4,793 (2019: 4,742). The increase in FTE's can mainly be explained by the integration of the FTE's of DYKA Tube SAS, after its acquisition in May 2020 (note 4 - Acquisitions and disposals).

8. ADDITIONAL INFORMATION ON OPERATING EXPENSES BY NATURE

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

(Million EUR)	note	Depreciation on PPE		Amortization on intangible assets		Total	
		2020	2019	2020	2019	2020	2019
Cost of sales		-97.0	-96.7	-22.1	-23.0	-119.1	-119.7
Administrative expenses		-5.2	-5.8	-1.2	-1.2	-6.4	-7.0
Sales and marketing expenses		-0.8	-0.8	-3.8	-4.6	-4.6	-5.5
Other operating income and expenses		-0.5	-0.7	-	-	-0.5	-0.7
Total	**11/13**	**-103.4**	**-104.0**	**-27.1**	**-28.7**	**-130.6**	**-132.8**

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

(Million EUR)	note	Property, plant and equipment		Intangible assets		Goodwill		Total	
		2020	2019	2020	2019	2020	2019	2020	2019
Impairment losses	6/12	-3.0	-2.3	-	-	-	-0.7	-3.0	-3.1
Total	**11/13**	**-3.0**	**-2.3**	**0.0**	**0.0**	**0.0**	**-0.7**	**-3.0**	**-3.1**

Total depreciation, amortization and impairment losses in 2020 amount to -133.6 million EUR compared to -135.8 million EUR in 2019 (note 11 - Property, plant and equipment, note 12 - Goodwill and note 13 - Intangible assets).

9. FINANCE COSTS AND INCOME

Net finance costs and income amount to -40.5 million EUR in 2020, compared to -7.2 million EUR in 2019 and are detailed below:

(Million EUR)	2020			2019		
	Finance costs	Finance income	Total	Finance costs	Finance income	Total
Interest expense on loans and borrowings measured at amortized cost	-9.3	-	-9.3	-11.2	-	-11.2
Dividend income from other investments	-	0.1	0.1	-	0.1	0.1
Interest income from cash and cash equivalents	-	0.3	0.3	-	1.0	1.0
Expense for the unwinding of discounted provisions	-0.4	-	-0.4	-0.7	-	-0.7
Net interest (expense)/income on pension asset/(liability)	-0.4	0.0	-0.3	-0.6	0.1	-0.5
Net foreign exchange gains / (losses) (including revaluation to fair value and realization of derivative financial instruments)	-31.2	1.4	-29.8	-7.3	14.9	7.6
Net other finance (costs)/income	-1.0	0.0	-1.0	-3.4	0.0	-3.4
Total	**-42.2**	**1.8**	**-40.5**	**-23.3**	**16.1**	**-7.2**

The interest expenses on loans and borrowings amount to -9.3 million EUR (2019: -11.2 million EUR) and mainly consist of:

- The interest charges on the bonds (-6.7 million EUR), issued in 2015, with a maturity of 7 years (the “2022 bonds”) and 10 years (the “2025 bonds”) with a fixed rate of 2.875% and 3.375% respectively.
- The interest charge on the term loan facility of T-Power nv, which equals the EURIBOR plus a spread. For 80% of the outstanding loan, the EURIBOR was fixed at 5.6% per annum through a series of forward agreements. The fair value of these forward agreements amounted to -38.1 million EUR at acquisition date (recognized as derivative financial instruments in the statement of financial position, see also note 26 - Financial instruments). The 2020 interest paid for this long term facility loan resulted in a cash out of -8.2 million EUR (2019: -10.6 million EUR), of which -1.3 million EUR was recognized as interest expenses, while the remaining amount of -6.9 million EUR relates to the half yearly payments for forward rate agreements reaching their maturity date.
- The interest expenses on lease liabilities (in accordance with IFRS 16 *Leases*) for -1.1 million EUR (2019: -1.4 million EUR).

Total cash-out related to interest payments therefore amounts to -16.3 million EUR (interest expenses for -9.3 million EUR and payments for forward rate agreements reaching their maturity date for -6.9 million EUR).

The net foreign exchange loss (-29.8 million EUR) can mainly be explained by unrealized foreign exchange losses on intercompany loans and cash and cash equivalents (mainly in USD), which are not hedged. The strengthening of the EUR against the USD (+9.2%) impacted this result. We refer to note 26 - Financial instruments for more information of the group’s exposure to foreign currency risk.

The decrease of the other finance costs (-1.0 million EUR in 2020 compared to -3.4 million EUR in 2019) is mainly related to one-off expenses in 2019 following the refinancing of T-Power nv.

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	2020	2019
Interest expense on loans and borrowings measured at amortized cost	**-9.3**	**-11.2**
Reconciliation with consolidated statement of cash flows		
Interest expense on other loans and borrowings	-9.3	-11.2
Changes in accrued interest charges	-0.0	0.0
Payments for forward rate agreements at maturity date (recognized at T-Power nv acquisition date)	-6.9	-8.0
Interest paid	**-16.3**	**-19.1**

10. INCOME TAX EXPENSE

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

(Million EUR)	2020	2019
Recognized in the income statement		
Current tax expense	-44.6	-28.6
Adjustment current tax expense previous periods	-0.2	3.0
Deferred tax - due to changes in temporary differences	9.8	7.1
Deferred tax - due to changes in tax rate	-0.5	0.8
Deferred taxes - recognition (derecognition) of previously unrecognized tax losses	0.5	-1.1
Total income tax expense in the income statement	**-34.9**	**-18.9**
Profit (+) / loss (-) before tax	133.6	116.5
Less share of result of equity accounted investees, net of income tax	-1.9	0.3
Profit (+) / loss (-) before tax and before result from equity accounted investees	**135.4**	**116.2**
Effective tax rate	**25.8%**	**16.3%**
Reconciliation of effective tax rate		
Profit (+) / loss (-) before tax and before result from equity accounted investees	**135.4**	**116.2**
Theoretical tax rate	28.3%	27.4%
Expected income tax at the theoretical tax rate	**-38.3**	**-31.9**
Difference between theoretical and effective tax expenses	**3.3**	**12.9**
Adjustment on deferred taxes	**-0.0**	**-0.3**
Change in tax rates	-0.5	0.8
Recognition (+) / derecognition (-) of tax losses	0.5	-1.1
Adjustment on tax expenses	**3.4**	**13.2**
Expenses not deductible for tax purposes	-1.7	-1.9
Non taxable income	1.5	2.3
Capital gains and losses on participations	0.0	0.8
Tax incentives	2.0	1.4
Use of tax losses / tax credits not previously recognized	6.6	3.7
Tax losses / temporary differences for which no deferred tax asset has been recorded	-13.7	-4.2
Adjustment current tax expense previous periods	-0.2	3.0
Other	8.7	8.2

The theoretical aggregated weighted tax rate amounted to 28.3% in 2020 compared to 27.4% in 2019. Variances of the tax rate can be explained by changes in the relative weight of the result of each subsidiary, with different individual theoretical tax rates, in the total group result.

The following corporate income tax reforms impacted the 2020 income tax expense:

- In Belgium, the standard tax rate is reduced from 29.58% to 25% following the corporate tax reform.
- The French Parliament approved the Finance Bill for 2020, reducing the corporate income tax rate for large companies from 33.33% to 31% for taxable income in excess of 0.5 million EUR.

The recognition of tax losses in 2020 (0.5 million EUR) is the result of a year-end 2020 review of the future taxable profits.

The expenses not deductible for tax purposes include permanent differences such as expenses which are non-deductible under local tax laws (e.g. car expenses and meal expenses).

Non-taxable income includes credits for competitiveness, employment and research as well as differences due to the translation from local to functional currency.

Tax incentives in 2020 include deductions claimed for research and development expenses in France, as well the foreign-derived intangible income (FDII) deduction in the United States.

The 2020 use of tax losses/tax credits not previously recognized mainly relates to the use of previously unrecognized French and Brazilian fiscal losses.

The tax losses and temporary differences for which no deferred tax asset was recognized in 2020 mainly relate to tax losses within Belgium, the United Kingdom and China.

The 2020 and 2019 items included in "Other" mainly relate to statutory results on intragroup transactions, which were eliminated for consolidation purposes.

11. PROPERTY, PLANT AND EQUIPMENT

(Million EUR)	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Assets under construction	Total
Cost					
At January 1, 2020	**517.5**	**1,446.6**	**183.0**	**54.1**	**2,201.1**
- change in consolidation scope (disposal)	-	-	-0.1	-	-0.1
- change in consolidation scope (acquisitions)	3.7	0.7	0.2	-	4.7
- dismantlement provision	0.4	0.5	-	-	0.8
- capital expenditure	1.5	19.3	1.9	76.7	99.5
- IFRS 16 new leases and lease modifications	2.9	0.6	9.8	-	13.3
- sales and disposals	-9.4	-14.7	-22.9	-	-47.0
- transfers	11.4	39.1	18.2	-69.3	-0.6
- translation differences	-16.7	-28.5	-4.5	-1.4	-51.0
At December 31, 2020	**511.3**	**1,463.5**	**185.6**	**60.2**	**2,220.6**
Depreciation and impairment losses					
At January 1, 2020	**-286.9**	**-912.1**	**-129.2**	**0.0**	**-1,328.2**
- change in consolidation scope (disposal)	-	-	0.1	-	0.1
- depreciation	-23.2	-59.8	-20.4	-	-103.4
- impairment losses (note 6/8)	-	-3.0	-	-	-3.0
- sales and disposals	9.0	14.3	22.8	-	46.1
- transfers	0.0	-0.0	0.0	-	0.0
- translation differences	7.2	19.9	2.9	-	30.1
At December 31, 2020	**-293.8**	**-940.7**	**-123.8**	**0.0**	**-1,358.4**
Carrying amounts					
At January 1, 2020	**230.6**	**534.4**	**53.8**	**54.1**	**872.9**
At December 31, 2020	**217.5**	**522.8**	**61.8**	**60.2**	**862.2**

(Million EUR)	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Assets under construction	Total
Cost					
At January 1, 2019	**463.7**	**1,424.9**	**70.3**	**47.3**	**2,006.2**
- recognition of right-of-use asset on initial application of IFRS 16 *Leases*	49.7	8.6	107.4	-	165.7
Adjusted Balance at January 1, 2019	**513.4**	**1,433.5**	**177.7**	**47.3**	**2,171.9**
- dismantlement provision	0.3	0.5	-	-	0.7
- capital expenditure	0.3	23.1	1.0	78.4	102.8
- IFRS 16 new leases and lease modifications	4.0	3.1	9.7	-	16.8
- sales and disposals	-16.6	-62.5	-18.6	-	-97.7
- transfers	13.4	44.9	13.1	-71.8	-0.4
- translation differences	2.6	4.1	0.1	0.1	6.9
At December 31, 2019	**517.5**	**1,446.6**	**183.0**	**54.1**	**2,201.1**
Depreciation and impairment losses					
At January 1, 2019	**-251.3**	**-903.5**	**-62.2**	**0.0**	**-1,217.0**
- recognition of accumulated depreciation on right-of-use asset on initial application of IFRS 16 *Leases*	-27.0	-5.2	-64.7	-	-97.0
Adjusted Balance at January 1, 2019	**-278.3**	**-908.7**	**-126.9**	**0.0**	**-1,314.0**
- depreciation	-23.5	-61.5	-19.1	-	-104.0
- impairment losses	-	-2.3	-	-	-2.3
- sales and disposals	16.2	62.0	17.0	-	95.2
- transfers	-0.1	0.3	-0.0	-	0.1
- translation differences	-1.1	-1.8	-0.1	-	-3.1
At December 31, 2019	**-286.9**	**-912.1**	**-129.2**	**0.0**	**-1,328.2**
Carrying amounts					
Adjusted balance at January 1, 2019	**235.1**	**524.8**	**50.7**	**47.3**	**857.9**
At December 31, 2019	**230.6**	**534.4**	**53.8**	**54.1**	**872.9**

The capital expenditure on property, plant and equipment amounts to 99.5 million EUR (2019: 102.8 million EUR) and is presented per operating segment in note 3 - Segment reporting.

The majority of the capital expenditure relates to:

- investments in the valuation of gelatin side streams and in the optimization of the valorization of animal by-products (operating segment Bio-valorization);
- Investments in additional storage capacity within the operating segment Agro;
- Advance payments and capital expenditure made for equipment replacements and plant upgrades (within the operating segments T-Power and Agro);
- The replacement of equipment and vehicles, which were previously leased, through acquisition.

The 2020 sales and disposals mainly relate to the expiration of lease contracts, for which a right-of-use asset was recognized and fully depreciated in accordance with IFRS 16 *Leases*. It also includes the sale of the former Tessenderlo Kerley, Inc. headquarters building in Phoenix (Arizona, United States). The proceeds of the sale amounted to 4.7 million EUR, while its remaining carrying amount was not significant. The result on this sale was recognized within EBIT adjusting items (note 6 - EBIT adjusting items).

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

No amounts of borrowing costs were capitalized in 2020 and 2019.

The property, plant and equipment of T-Power nv (Tessenderlo, Belgium), as well as the Tessenderlo Kerley, Inc. headquarters in Phoenix (Arizona, United States), are pledged as securities for liabilities, with a carrying amount as per year-end 2020 of 234.2 million EUR and 12.3 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	
	2020	2019	2020	2019
Land and buildings	18.2	21.1	5.2	5.8
Plant, machinery and equipment	2.7	4.2	1.9	2.3
Furniture and vehicles	29.2	35.3	15.0	15.6
Total	**50.1**	**60.5**	**22.2**	**23.7**

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

(Million EUR)	2020	2019
Agro	8.3	11.4
Bio-valorization	12.3	18.0
Industrial Solutions	24.6	25.3
T-Power	0.0	0.0
Non-allocated	4.9	5.7
Tessenderlo Group	**50.1**	**60.5**

The leases consist mainly of land and buildings (mostly sales branches within Industrial Solutions and the Brussels headquarters office within Non-allocated), a large number of trucks and railcars (mainly within Agro and Bio-valorization), as well as company cars. Within the operating segment Industrial Solutions, a new tank barge was put into operation to facilitate the transport of hydrochloric acid (HCl) from the plant in Ham (Belgium) to the Loos production plant (France). The decrease of the right-of-use assets within Bio-valorization can be mainly explained by the annual depreciation of the truck leases, which are replaced by new trucks through acquisition at lease expiration.

The group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The group has applied judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, the group considered all relevant factors that create an economic incentive for it to exercise the renewal. The main leases with an estimated remaining lease term of more than 5 years mainly relate to the sales branches within Industrial Solutions (a weighted average lease term of 11 years) , the Brussels headquarters office (remaining lease term of 8 years) and the lease of a barge within Industrial Solutions (remaining lease term of 10 years). See note 26 - Financial instruments for the contractual maturities of the lease liabilities, including interest payments. Gross lease payments in 2020 amount to -23.7 million EUR (2019: -25.5 million EUR), which include interest charges for -1.1 million EUR (2019: -1.4 million EUR).

The depreciation charges recognized, on a straight-line basis over the shorter of the asset’s useful life and its lease term, amount to -22.2 million EUR, in comparison to -23.7 million EUR in 2019.

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 1.7% of the group's total assets as per December 31, 2020, or 33.4 million EUR (2019: 1.8% or 34.6 million EUR).

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

	2020			2019		
(Million EUR)	Cost	Impairment/ Amortization*	Carrying amounts	Cost	Impairment/ Amortization*	Carrying amounts
Agro	**4.4**	**-3.8**	**0.6**	**4.8**	**-4.1**	**0.7**
Bio-valorization	**27.5**	**-2.6**	**24.9**	**28.5**	**-2.7**	**25.8**
Group Akiolis	17.2	-2.2	15.0	17.2	-2.2	15.0
PB Leiner America	10.3	-0.4	9.9	11.3	-0.5	10.8
Industrial Solutions	**10.0**	**-2.6**	**7.3**	**10.4**	**-2.8**	**7.6**
John Davidson Pipes	3.2	-1.0	2.2	3.4	-1.1	2.3
BT Nyloplast B.V.	3.0	-	3.0	3.0	-	3.0
Group BT Bautechnik	0.7	-0.7	-	0.7	-0.7	-
MPR	3.0	-0.9	2.1	3.3	-1.0	2.3
T-Power	**0.6**	**-**	**0.6**	**0.6**	**-**	**0.6**
Total	**42.4**	**-9.1**	**33.4**	**44.3**	**-9.6**	**34.6**

* Goodwill has been amortized till January 1, 2004.

Group Akiolis and PB Leiner America have the most significant carrying amount of goodwill:

- Group Akiolis (part of the operating segment Bio-valorization): 15.0 million EUR (2019: 15.0 million EUR).
- PB Leiner America (part of the operating segment Bio-valorization): 9.9 million EUR (2019: 10.8 million EUR).

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

(Million EUR)	2020	2019
Cost		
At January 1	**44.3**	**43.8**
- translation differences	-1.8	0.5
At December 31	**42.4**	**44.3**
Impairment losses		
At January 1	**-9.6**	**-8.8**
- impairment losses	-	-0.7
- translation differences	0.5	-0.1
At December 31	**-9.1**	**-9.6**
Carrying amounts		
At January 1	**34.6**	**35.0**
At December 31	**33.4**	**34.6**

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 has been 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 these calculations are as follows:

- The cash flow projection of the first year is based on the 2021 financial budget approved by the Board of Directors. The forecasted cash flows are based on the following expectations, taking into account internal and external sources.
    - Estimated revenue is derived from estimated sales volumes and estimated sales prices. Sales volumes are based on past performance and management's expectation of market development. New product lines or product developments are only included when it is technically feasible to produce with the current assets. Sales prices are based on current market trends, also taking into account inflation and pricing power in the market.
    - Gross profit margins are 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, are based on the current cost structure, including long term inflation forecasts and excluding unrealized future restructuring or cost saving measures.
    - Capital expenditures only include the cash outflows required to keep the assets in their current condition and do 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 are extrapolated by using simplified assumptions such as constant volumes, combined with constant costs. The growth rate is assumed to be 1%.
- Projections are made in the functional currency of the cash-generating unit and are discounted at the after-tax Weighted Average Cost of Capital (WACC) at the level of the cash-generating unit. The latter ranged between 5.0% and 6.9%. Since after-tax cash flows are incorporated into the calculation of the "value in use" of the cash-generating units, a post-tax discount rate is used in order to remain consistent.

An increase of the WACC's by 1% and a simultaneous reduction of total projected future cash flow by 10% would not have resulted in the carrying amounts of these significant cash-generating units exceeding their recoverable amount.

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

13. INTANGIBLE ASSETS

	2020				
	Useful life				
	Finite				
(Million EUR)	Concessions, patents, licenses	Software	Customer lists	Other intangible assets	Total
Cost					
At January 1, 2020	**72.3**	**17.1**	**201.8**	**28.5**	**319.7**
- change in consolidation scope (disposal)	-	-0.0	-	-	-0.0
- capital expenditure	-	0.7	-	0.0	0.7
- net change in emission allowances	-	-	-	0.3	0.3
- sales and disposals	-0.2	-	-	-0.0	-0.2
- transfers	0.3	0.3	-	0.0	0.7
- translation differences	-4.4	-0.3	-1.4	-1.8	-7.9
At December 31, 2020	**68.1**	**17.9**	**200.4**	**27.0**	**313.3**
Amortization and impairment losses					
At January 1, 2020	**-59.3**	**-14.6**	**-63.4**	**-20.3**	**-157.7**
- change in consolidation scope (disposal)	-	0.0	-	-	0.0
- amortization	-3.5	-1.3	-21.4	-0.9	-27.1
- sales and disposals	0.2	-	-	0.0	0.2
- transfers	-	0.0	-	-0.0	0.0
- translation differences	3.6	0.2	1.3	1.7	6.9
At December 31, 2020	**-59.0**	**-15.7**	**-83.5**	**-19.5**	**-177.7**
Carrying amounts					
At January 1, 2020	**13.0**	**2.5**	**138.4**	**8.2**	**162.1**
At December 31, 2020	**9.0**	**2.1**	**116.9**	**7.5**	**135.6**

	2019				
	Useful life				
	Finite				
(Million EUR)	Concessions, patents, licenses	Software	Customer lists	Other intangible assets	Total
Cost					
At January 1, 2019	**71.8**	**16.2**	**201.5**	**29.0**	**318.5**
- acquisitions through business combinations	-	-	-	0.1	0.1
- capital expenditure	-	0.9	-	0.5	1.5
- net change in emission allowances	-	-	-	-1.6	-1.6
- sales and disposals	-0.5	-0.2	-	-	-0.7
- transfers	0.0	0.1	-	0.0	0.2
- translation differences	1.0	0.0	0.3	0.4	1.7
At December 31, 2019	**72.3**	**17.1**	**201.8**	**28.5**	**319.7**
Amortization and impairment losses					
At January 1, 2019	**-54.7**	**-13.6**	**-41.0**	**-19.0**	**-128.3**
- amortization	-4.4	-1.2	-22.1	-1.0	-28.7
- sales and disposals	0.5	0.2	-	-0.0	0.7
- translation differences	-0.7	0.0	-0.3	-0.4	-1.3
At December 31, 2019	**-59.3**	**-14.6**	**-63.4**	**-20.3**	**-157.7**
Carrying amounts					
At January 1, 2019	**17.1**	**2.6**	**160.5**	**10.0**	**190.2**
At December 31, 2019	**13.0**	**2.5**	**138.4**	**8.2**	**162.1**

The capital expenditure on intangible assets amounts to 0.7 million EUR (2019: 1.5 million EUR) and is presented per operating segment in note 3 - Segment reporting.

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

No borrowing costs were capitalized during 2020 and 2019.

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 0.3 million EUR (2019: -1.6 million EUR) mainly relates to emission allowances acquired and used to cover operational emissions for products exposed to carbon leakage. As per December 31, 2020, the carrying amount of emission allowances included in intangible assets amounts to 3.2 million EUR (2019: 2.9 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

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

The joint-ventures of the group are:

		Ownership	
	Country	2020	2019
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 established in June 2020 for the construction of a marine collagen peptides plant. Under the terms of this agreement, PB Shengda (Zhejiang) Biotechnology Co., Ltd. will produce marine collagen peptides based on PB Leiner's technology.

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

(Million EUR)	2020	2019
Jupiter Sulphur LLC	14.2	18.2
PB Shengda (Zhejiang) Biotechnology Co., Ltd	5.0	-
Établissements Michel SAS	0.8	0.7
Total	**20.0**	**18.9**

Tessenderlo Kerley, Inc. has granted a 11.0 million USD loan (9.0 million EUR) to the joint-venture Jupiter Sulphur LLC, which was fully drawn in the period over 2017 and 2018. The loan is interest bearing (3.0%) and was originally reimbursable to Tessenderlo Kerley, Inc. in the period 2020-2023. Jupiter Sulphur LLC obtained the same amount from the other joint-venture partner. In 2020, the financing structure of Jupiter Sulphur LLC was reviewed. While the loans with credit institutions were early reimbursed, the reimbursement of both partner loans was postponed till December 2026, taking into account the cash needs in Jupiter Sulphur LLC. 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.

In 2020 the group already made a cash contribution of 2.0 million EUR related to the establishment of the 50% joint-venture PB Shengda (Zhejiang) Biotechnology Co., Ltd between Tessenderlo Group and Zhejiang Shengda Ocean Co., Ltd, a Chinese state-owned company. Total issued capital of the joint-venture is expected to amount to 10.0 million EUR. The unpaid share capital (3.0 million EUR) is included in the current trade and other payables (note 25 - Trade and other payables).

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)	2020	2019
Non-current assets	98.4	114.6
Current assets	23.2	16.4
Total assets	**121.6**	**131.0**
Equity	39.9	37.8
Non-current liabilities	18.5	32.7
Current liabilities	63.2	60.5
Total equity and liabilities	**121.6**	**131.0**
Revenue	40.6	48.4
Cost of sales	-43.6	-46.1
Gross profit	-3.0	2.3
EBIT (Profit (+) / loss (-) from operations)	-4.0	2.2
Finance (costs) / income - net	-1.0	-1.4
Profit (+) / loss (-) before tax	-5.0	0.8
Profit (+) / loss (-) for the period	-3.7	0.6
Total comprehensive income for the period	-3.8	0.0

The current assets include the unpaid share capital of both partners of PB Shengda (Zhejiang) Biotechnology Co., Ltd. (6.0 million EUR).

The decrease of the non-current liabilities is mainly explained by the refinancing of Jupiter Sulphur LLC, resulting in an early reimbursement of the loans with credit institutions, while the reimbursement of the loans granted by both joint-venture partners, for a total amount of 17.9 million EUR, was postponed till December 2026.

15. DEFERRED TAX ASSETS AND LIABILITIES

(Million EUR)	Assets		Liabilities		Net	
	2020	2019	2020	2019	2020	2019
Property, plant and equipment	2.6	2.8	-42.0	-42.5	-39.4	-39.8
Intangible assets	5.0	5.8	-31.6	-37.7	-26.5	-32.0
Inventories	8.8	5.5	-0.4	-0.4	8.4	5.1
Employee benefits	12.1	10.1	-0.3	-0.9	11.8	9.2
Derivative financial instruments	5.3	6.9	-	-	5.3	6.9
Provisions	7.6	10.2	-13.4	-15.6	-5.9	-5.4
Other items	3.5	3.7	-13.4	-15.8	-9.9	-12.0
Losses carried forward	22.2	21.7	-	-	22.2	21.7
Gross deferred tax assets / (liabilities)	**67.0**	**66.7**	**-101.1**	**-112.8**	**-34.1**	**-46.2**
Set-off of tax	**-34.8**	**-36.9**	**34.8**	**36.9**		
Net deferred tax assets / (liabilities)	**32.2**	**29.8**	**-66.3**	**-76.0**	**-34.1**	**-46.2**

The net deferred tax liability on intangible assets is mainly related to the customer list (operating segment T-Power), representing the fair value of the tolling agreement which was concluded with RWE group for a period of 15 years (until June 2026). The yearly amortization of this customer list resulted in a decrease of the recognized deferred tax liability by 5.3 million EUR.

Deferred tax assets on fiscal losses carried forward recognized on the Belgian parent company, Tessenderlo Group nv, amount to 6.9 million EUR (total tax losses and tax credits carried forward in Tessenderlo Group nv amount to 194 million EUR) as per year-end 2020. The other deferred tax assets on fiscal losses carried forward recognized amount to 15.3 million EUR and mainly relate to French fiscal losses carried forward (total tax losses and tax credits carried forward in France amount to 56 million EUR). These were recognized following a review of the future taxable profits as per year-end 2020. The 2020 fiscal results of the subsidiaries, for which deferred tax assets on fiscal losses carried forward were recognized, were positive, except for Tessenderlo Group nv. Although the fiscal result of Tessenderlo Group nv was negative in 2020, mainly impacted by unrealized USD exchange losses, the probability assessment whether future taxable profits will be available remained positive.

A deferred tax liability relating to undistributed reserves within the subsidiaries of the group has not been recognized because management believes that this liability will not incur in the foreseeable future. The deferred tax liability is not significant as the majority of dividends received by the company (Tessenderlo Group nv) is tax exempt.

Tax losses and tax credits carried forward on which no deferred tax asset is recognized amount to 239.1 million EUR (2019: 244.9 million EUR). Of these tax credits, 13.5 million EUR have a finite life (they expire mainly in the period 2021-2025). Deferred tax assets are only recognized based on the probability assessment whether future taxable profits (within the next 5 years) will be available, against which the unused tax losses and credits can be utilized.

The movements in the deferred tax balances during the year can be summarized as follows[7]:

(Million EUR)	Balance at January 1, 2020	Recognized in the income statement	Recognized in other comprehensive income	Acquisitions through business combinations	Translation differences	Balance at December 31, 2020
Property, plant and equipment	-39.8	-0.9	-	-0.8	2.0	-39.4
Intangible assets	-32.0	5.5	-	-	-0.1	-26.5
Inventories	5.1	3.7	-	-0.1	-0.3	8.4
Employee benefits	9.2	1.6	1.1	-	-0.2	11.8
Derivative financial instruments	6.9	-1.7	0.1	-	-	5.3
Provisions	-5.4	-0.4	-	-	-0.1	-5.9
Other items	-12.0	1.5	-	-	0.7	-9.9
Losses carried forward	21.7	0.5	-	-	-0.0	22.2
Total	**-46.2**	**9.8**	**1.2**	**-0.9**	**2.0**	**-34.1**

16. TRADE AND OTHER RECEIVABLES

(Million EUR)	note	2020	2019
Non-current trade and other receivables			
Other receivables		6.4	13.5
Receivables from related parties		0.9	0.7
Assets related to employee benefit schemes	23	5.1	2.3
Total		**12.3**	**16.5**

(Million EUR)	note	2020	2019
Current trade and other receivables			
Trade receivables	26	237.5	245.6
- Gross trade receivables	26	241.4	249.4
- Amounts written off	26	-4.0	-3.7
Other receivables		31.7	27.3
Prepayments		0.9	0.3
Receivables from related parties		0.8	0.7
Total		**270.8**	**273.9**

The non-current other receivables include a French tax receivable of 2.7 million EUR (2019: 5.6 million EUR), related to tax credits for competitiveness, employment and research. The remaining Brazilian VAT receivable only amounts to 0.6 million EUR (2019: 4.2 million EUR), as the receivable could be offset against the 2020 current income tax expenses.

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

The assets related to employee benefit schemes concern the net pension asset of the UK pension fund where the pension assets are higher than the pension liabilities.

The ageing of the gross trade receivables and amounts written off is disclosed in the section “Credit risk” of note 26 - Financial instruments.

[7] Deferred tax liabilities and deferred tax expenses are presented as negative amounts; deferred tax assets and deferred tax income are presented as positive amounts.

The current other receivables mainly relate to other tax and VAT receivables for 15.0 million EUR (2019: 17.4 million EUR), as well as to an expected insurance reimbursement (7.2 million EUR) recognized following a fire incident caused by a lightning at the plant of Environmentally Clean Systems LLC. As per December 31, 2020, the group estimates the remaining costs, in order to mitigate the environmental risks of the land pollution due to contaminated water leakage, at 5.0 million EUR, which are covered by insurance. As a result thereof, both an environmental provision and a current other receivable were recognized for this amount as per December 31, 2020.

Furthermore, in January 2021, an insurance compensation for an amount of 2.2 million EUR was received to compensate for the loss of the production assets. This amount was also recognized as a receivable at year end 2020. In accordance with the group's insurance policies, this amount will be reclaimed by the insurer from the group's insurance captive Terelux SA (note 25 - Trade and other payables).

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)	2020	2019
Raw materials	52.3	49.8
Work in progress	10.8	10.2
Finished goods	222.5	216.1
Goods purchased for resale	36.2	35.1
Spare parts	10.5	12.5
Total	**332.1**	**323.8**

There are no inventories pledged as security.

In 2020 inventories for 1,205.8 million EUR (2019: 1,263.4 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 COVID-19 pandemic impacted the ageing of inventories as well as future demand, and this mainly within the operating segment Bio-valorization (note 3 - Segment reporting). This resulted in a write-off for an amount of -10.7 million EUR (compared to only -3.9 million EUR in 2019).

The group expects to recover or settle the inventory, available as per December 31, 2020, 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	2020	2019
Term accounts	26	171.5	92.4
Current accounts	26	58.6	62.1
Cash and cash equivalents		**230.1**	**154.5**
Bank overdrafts	22/26	-0.0	-0.1
Cash and cash equivalents in the statement of cash flows		**230.0**	**154.4**

The term accounts have a maximum maturity of 1 month. As per December 31, 2020, the cash and cash equivalents include 32.1 million USD or 26.2 million EUR (2019: 20.1 million USD or 17.9 million EUR).

As per year end 2020, an investment in two short term bank notes (of 10.0 million EUR each) is outstanding. The counterparty is a highly rated international bank. The notes have an original duration of 6 months (maturing in February and in April 2021). As these notes have an initial maturity of more than three months, they are not included within “Cash and cash equivalents”, but in “Short term investments”.

19. EQUITY

Issued capital and share premium

	Shares	
	2020	2019
On issue at January 1	43,154,979	43,146,979
Issued for cash at December 13, 2019	-	8,000
On issue at December 31 - fully paid	**43,154,979**	**43,154,979**

The number of shares comprised 23,298,789 registered shares (2019: 20,164,720) and 19,856,190 ordinary shares (2019: 22,990,259). 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 61,005,915 as per December 31, 2020 (2019: 56,888,705).

On the annual shareholders’ meeting of Tessenderlo Group nv on May 12, 2020, the shareholders of Tessenderlo Group nv approved the proposal of the Board of Directors not to pay out a dividend for the 2019 financial year.

No new offering of shares to be subscribed by staff took place in 2020.

Authorized capital
According to the decision of the extraordinary general meeting of June 6, 2017, the Board of Directors was granted the authority, for a period of 5 years from the publication of the authorization in the Annex to the Belgian State Gazette, to increase the share capital, in one or more times, up to an amount of 43,160,095 EUR, in accordance with the provisions set out in the Belgian Companies Code and the articles of association of the company. The Board of Directors is allowed to use the authorized capital to take protective measures for the company through capital increases, with or without limitation or withdrawal of preferential rights, even outside the context of a possible public takeover bid, to the extent that the company has not yet received a notification of the FSMA with respect to a public takeover bid on its securities.

Without prejudice to the possibility to realize the commitments that were validly entered into before receipt of the notification of the FSMA pursuant to article 7:202, paragraph 2, 1° of the Belgian Code on Companies and Associations, the Board of Directors was authorized, for a period of 3 years from the authorization by the extraordinary general meeting of June 6, 2017, to proceed to a capital increase within the framework of authorized capital, with or without limitation or withdrawal of preferential rights as the case may be in favor of one or more persons, following receipt of a notification of the FSMA with respect to a public takeover bid on the company's securities, in accordance with the conditions set out in article 7:202, paragraph 2, 2° of the Belgian Code on Companies and Associations and the articles of association of the company.

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

The authority to increase the capital by the Board of Directors will expire on June 25, 2022.

Repurchase of own shares
With reference to Article 7:215 § 1 of the Companies and Associations Code and Article 8:4 of the Royal Decree of April 29, 2019 in execution of the Companies and Associations Code, a program was started for the purchase of its own shares for an amount of up to 5 million EUR. These shares will be used as part of the senior management compensation plan (Long Term Incentive Plan), as the intention exists to grant beneficiaries the option to receive their bonus partially through shares (representing the same value as a cash bonus). On September 28, 2020, the group bought 132,000 of its own shares at 32 EUR per share for a total amount of 4.2 million EUR. The purchase was made on the Euronext Brussels regulated market. The Board of Directors of Tessenderlo Group made this purchase as authorized by the Extraordinary General Meeting on June 6, 2017. As a result of the aforementioned transaction the company owns a total of 132,000 of its own shares or 0.306% of the total number of 43,154,979 issued shares, as at December 31, 2020. 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, 2020, the share price of Tessenderlo Group nv amounted to 32.65 EUR.

Legal reserves
According to Belgian law, 5% of the statutory net income of a Belgian company must be transferred each year to a legal reserve until the legal reserve reaches 10% of the issued capital. At balance sheet date, the legal reserve of the company amounts to 21.6 million EUR. Generally, this reserve cannot be distributed to the shareholders other than upon liquidation.

The amount of dividends payable to Tessenderlo Group nv by its operating subsidiaries is subject to general limitations imposed by the corporate laws, capital transfer restrictions and exchange control restrictions of the respective jurisdictions where those subsidiaries are organized and operate. There are no other significant restrictions. Dividends paid to the company by certain of its subsidiaries are also subject to withholding taxes.

Translation reserves
The translation reserves comprise all foreign exchange differences arising from the translation of the financial statements of foreign operations.

Hedging reserves
The hedging reserves comprise the effective portion of the cumulative net change in the fair value of cash flow hedges to the extent the hedged risk has not yet impacted the income statement.

Dividends
The Board of Directors will propose to the shareholders, at the annual shareholders' meeting of May 11, 2021, not to pay out a dividend for the 2020 financial year.

Capital Management
The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of the issued capital, share premium and reserves. The Board of Directors seeks to maintain a balance between the higher returns that might be possible with borrowings and the advantages and security afforded by a strong capital position. The gearing ratio at the end of 2020 is 18.2% (2019: 29.7%). The gearing is calculated as the net financial debt divided by the sum of the net financial debt and equity attributable to equity holders of the company.

20. EARNINGS PER SHARE

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

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

	2020	2019
Number of ordinary shares at January 1	43,154,979	43,147,395
Effect of own shares[1]	-33,902	-
Adjusted weighted average number of ordinary shares at December 31*	**43,121,077**	**43,147,395**
Profit (+) / loss (-) attributable to equity holders of the company (million EUR)	99.1	96.1
Basic earnings per share (in EUR)	**2.30**	**2.23**

[1] Weighted average of own shares following the repurchase of 132,000 own shares on September 28, 2020.

* Takes into account the effect of shares issued, which is based on the weighted average number of issued shares during the accounting period.

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

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

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

21. NON-CONTROLLING INTEREST

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

		Non-controlling interest percentage	
	Country	2020	2019
Environmentally Clean Systems LLC	US	30.99%	30.99%
ECS Myton, LLC	US	49.00%	49.00%

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

(Million EUR)	2020	2019
Non-current assets	-	1.7
Current assets	13.7	7.9
Total assets	**13.7**	**9.6**
Equity	-0.0	2.2
Non-current liabilities	1.6	-
Current liabilities	12.1	7.4
Total equity and liabilities	**13.7**	**9.6**
Revenue	0.2	1.9
Cost of sales	-0.7	-1.3
Gross profit	-0.5	0.7
Adjusted EBIT	-0.6	0.5
EBIT (Profit (+) / loss (-) from operations)	-2.1	3.5
Finance (costs) / income - net	-0.0	0.0
Profit (+) / loss (-) before tax	-2.1	3.5
Profit (+) / loss (-) for the period	-1.6	3.4

In September 2020, a fire incident, caused by a lightning, resulted in the loss of the production assets of Environmentally Clean Systems LLC and in land pollution due to contaminated water leakage, preventing any operational activity for the foreseeable future. An impairment loss was recognized on the remaining carrying amount of the production assets and an insurance deductible for the mitigation of the environmental risks after the fire at the plant was recognized as well (note 6 - EBIT adjusting items).

The current assets include an insurance receivable recognized following this incident for an amount of 7.2 million EUR (note 16 - Trade and other receivables). As per December 31, 2020, the group estimates the remaining costs, in order to mitigate the environmental risks, covered by insurance, at 5.0 million EUR. As a result thereof, both an environmental provision and a current other receivable were recognized for this amount as per December 31, 2020. Furthermore, in January 2021, an insurance compensation for an amount of 2.2 million EUR was received to compensate for the loss of the production assets, which was recognized as a receivable at year end 2020. In accordance with the group's insurance policies, this amount will be reclaimed by the insurer from the group's insurance captive Terelux SA (note 25 - Trade and other payables).

Following this incident, the group will review the future of ECS as a viable business.

22. LOANS AND BORROWINGS

(Million EUR)	note	2020	2019
Non-current loans and borrowings		385.1	415.1
Current loans and borrowings		66.2	86.8
Total loans and borrowings		**451.3**	**501.9**
Cash and cash equivalents	18	-230.1	-154.5
Bank overdrafts[1]	18	0.0	0.1
Short term investments[2]	18	-20.0	-
Net loans and borrowings		**201.3**	**347.5**

[1] A bank overdraft is a flexible borrowing facility on a bank current account, which is repayable on demand.
[2] Relates to two short term bank notes outstanding, of 10.0 million EUR each, having a maturity date in February and April 2021 (note 18 - Cash and cash equivalents).

As per year-end 2020, the group net financial debt amounted to 201.3 million EUR, implying a leverage of 0.6x, and included a lease liability, in accordance with IFRS 16 *Leases*, for an amount of 53.4 million EUR. Excluding the impact of IFRS 16 *Leases*, the net financial debt would have amounted to 147.8 million EUR as per year-end 2020, compared to 283.8 million EUR as per year-end 2019.

Reconciliation of changes in net loans and borrowings arising from cash flows and non-cash changes:

	note	Bank overdrafts	Cash and cash equivalents	Short term investments	Current lease liabilities	Non-current lease liabilities	Other current loans and borrowings	Other non-current loans and borrowings	Total
Net financial debt as per January 1, 2019		**-0.1**	**164.1**	**0.0**	**-0.0**	**-0.0**	**-48.0**	**-463.9**	**-348.0**
Initial application IFRS 16		-	-	-	-23.4	-49.1	-	-	-72.5
Adjusted Balance at January 1, 2019		**-0.1**	**164.1**	**0.0**	**-23.4**	**-49.1**	**-48.0**	**-463.9**	**-420.5**
Cash flows		-0.0	-11.1	-	24.1	0.0	-9.0	83.0	86.9
Acquisitions through business combinations		-	1.1	-	-	-	-	-	1.1
IFRS 16 new leases and lease modifications		-	-	-	-0.6	-14.4	-	-	-15.0
Transfers		-	-	-	-21.1	21.1	-8.6	8.6	0.0
Effect of exchange rate differences		0.0	0.4	-	-0.0	-0.2	-0.0	-0.1	-0.0
Net financial debt as per December 31, 2019		**-0.1**	**154.5**	**0.0**	**-21.1**	**-42.6**	**-65.7**	**-372.5**	**-347.5**
Net financial debt as per January 1, 2020		**-0.1**	**154.5**	**0.0**	**-21.1**	**-42.6**	**-65.7**	**-372.5**	**-347.5**
Cash flows		0.1	82.1	20.0	22.6	-	45.3	-5.6	164.5
Acquisitions through business combinations	4	-	-5.7	-	-0.1	-0.1	-	-	-5.8
IFRS 16 new leases and lease modifications		-	-	-	-2.1	-11.7	-	-	-13.7
Transfers		-	-	-	-18.2	18.2	-27.8	27.8	0.0
Effect of exchange rate differences		-0.0	-0.8	-	0.6	0.9	0.1	0.5	1.3
Net financial debt as per December 31, 2020		**-0.0**	**230.1**	**20.0**	**-18.2**	**-35.2**	**-48.0**	**-349.8**	**-201.3**

Non-current and current loans and borrowings:

(Million EUR)	note	2020	2019
Non-current loans and borrowings			
Non-current lease liabilities		35.2	42.6
Bonds (maturity date in 2022 and 2025)		223.5	223.6
Credit facility T-Power nv		115.8	141.5
Credit institutions		10.6	7.4
Total		**385.1**	**415.1**
Current loans and borrowings			
Current lease liabilities		18.2	21.1
Current portion credit facility T-Power nv		25.7	25.7
Credit institutions		3.3	0.9
Commercial paper		19.0	39.0
Total		**66.2**	**86.8**
Total non-current and current loans and borrowings	**26**	**451.3**	**502.0**

The non-current loans and borrowings include two series of bonds, issued in July 2015, with a maturity of 7 years (the "2022 bonds") and 10 years (the "2025 bonds"), both with a fixed rate of 2.875% and 3.375% respectively. The group repurchased "2022 bonds" for a nominal amount of 0.1 million EUR at a price of 101.5% in 2020.

The outstanding loan of T-Power nv as per December 31, 2020 amounts to 141.5 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, 2020.

Tessenderlo Kerley, Inc. has a loan outstanding of 6.0 million EUR, of which 0.8 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.

A new loan was drawn by Tessenderlo Group nv in 2020 of 7.5 million EUR to finance the purchase of vehicles within the operating segment Bio-valorization, which were previously leased. The loan has a maturity of 5 years (2020-2025) at a fixed rate of 0.33% and has no financial covenants. As per December 31, 2020, 7.1 million EUR was outstanding of which 1.7 million EUR is current.

The lease liability, in accordance with IFRS 16 *Leases*, amounts to 53.4 million EUR (December 31, 2019: 63.7 million EUR), of which 35.2 million EUR is included in non-current and 18.2 million EUR in current loans and borrowings (Note 11 - Property, plant and equipment).
The weighted average borrowing rate applied to lease liabilities was 2.0% in 2020 (2019: 2.1%). See note 26 - Financial instruments for the contractual maturities of the lease liabilities, including interest payments.

The group has access to a Belgian commercial paper program of 200.0 million EUR of which 19.0 million EUR was used at the end of December 2020 and is included in current loans and borrowings (December 31, 2019: 39.0 million EUR). These are issued by Tessenderlo Group nv, the parent company.
There has been no drawdown as per December 31, 2020 on the 5 year committed bi-lateral credit lines, which were renewed for 5 years in December 2019. The committed bi-lateral credit lines amount to 142.5 million EUR (of which part can be drawn in USD).

Non-current and current loans and borrowings by currency

Analysis of non-current and current loans and borrowings by currency, expressed in EUR (2020):

(Million EUR)	EUR	USD	Other	Total
Current lease liabilities	10.9	4.7	2.5	**18.2**
Other current loans and borrowings	47.2	0.8	-	**48.0**
Non-current lease liabilities	24.5	4.0	6.8	**35.2**
Other non-current loans and borrowings	344.7	5.2	-	**349.8**
Total loans and borrowings	**427.4**	**14.7**	**9.2**	**451.3**
In percentage of total loans and borrowings	**94.7%**	**3.3%**	**2.0%**	**100.0%**

Analysis of non-current and current loans and borrowings by currency, expressed in EUR (2019):

(Million EUR)	EUR	USD	Other	Total
Current lease liabilities	12.5	6.1	2.5	**21.1**
Other current loans and borrowings	64.8	0.9	0.0	**65.7**
Non-current lease liabilities	25.3	9.0	8.3	**42.6**
Other non-current loans and borrowings	366.0	6.5	0.0	**372.5**
Total loans and borrowings	**468.6**	**22.5**	**10.8**	**501.9**
In percentage of total loans and borrowings	**93.4%**	**4.5%**	**2.2%**	**100.0%**

23. EMPLOYEE BENEFITS

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

(Million EUR)	2020				2019			
	Early retirement provision	Defined benefit liability	Other employee benefits	Total	Early retirement provision	Defined benefit liability	Other employee benefits	Total
Non-current	1.1	60.6	5.9	67.6	1.8	54.0	5.5	61.3
Current	0.6	-	0.3	0.9	0.7	-	0.2	0.9
Total	**1.7**	**60.6**	**6.2**	**68.5**	**2.5**	**54.0**	**5.6**	**62.2**

(Million EUR)	2020			
	Early retirement provision	Defined benefit liability	Other employee benefits	Total
Balance at January 1, 2020	**2.5**	**54.0**	**5.6**	**62.2**
Change in consolidation scope (acquisitions)	-	0.8	-	0.8
Additions	0.3	12.1	0.6	12.9
Use of provision	-0.8	-5.8	-0.2	-6.8
Reversal of provisions	-0.3	-0.4	-0.2	-1.0
Other movements	-	-	0.4	0.4
Translation differences	-	-0.2	-0.0	-0.2
Balance at December 31, 2020	**1.7**	**60.6**	**6.2**	**68.5**

The early retirement provision amounts to 1.7 million EUR as per December 31, 2020, of which 1.5 million EUR relates to the closure of the phosphate production in 2013 (recognized in accordance with the guidance in IAS 19 for termination benefits).

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.

The defined benefit pension plans in Belgium are all final salary pension plans which provide benefits to members in the form of a guaranteed pension capital (payable either as capital or pension for life). These plans are covered by a trustee administered pension fund and group insurance contracts. The level of benefits provided depends on members' length of service and the average salary in the final 3 years leading up to retirement, or the average salary of the best 3 consecutive years, if higher.

The defined contribution plans in Belgium are legally subject to a minimum guaranteed return (the legal minimum guaranteed return as from January 1, 2016 is 1.75%, while before it was 3.25% for employer contributions). If the legal minimum guaranteed return is sufficiently covered, the group has no obligation to pay further contributions than those that are recognized as an expense in the income statement as the related service is provided. The Belgian defined contribution pension plans are to be treated as defined benefit pension plans under IAS 19 as they do not meet the definition of a defined contribution pension plan under IFRS. The group follows the prescribed methodology for measurement and accounting for defined benefit pension plans in line with IAS 19 § 57.(a), meaning the projected unit credit method, without adding expected future contributions. The group recognizes the difference between the defined benefit obligation and the fair value of plan assets (IAS 19 § 57.(a) (iii)) on the balance sheet.

The plan assets of the Belgian defined contribution plans are included in the Belgian pension fund "OFP Pensioenfonds" or are insured externally through insurance contracts. For the plans financed with insurance contracts, several rates are guaranteed by insurance companies on the reserves and on different levels of the premiums depending on the levels reached at certain dates:

- For the contributions paid until January 1, 2001, the guaranteed interest rate equals 4.75%;
- For the contributions paid during the period from January 1, 2001 until January 1, 2013, the guaranteed interest rate equals 3.25%;
- For the contributions paid as from January 1, 2013 until April 1, 2015, the guaranteed interest rate equals 1.75%;
- For the contributions paid during the period from April 1, 2015 until October 1, 2015, the guaranteed interest rate equals 0.75%;
- For the contributions paid as from October 1, 2015 until October 1, 2016, the guaranteed interest rate equals 0.50%;
- For the contributions paid as from October 1, 2016 until January 1, 2020, the guaranteed interest rate equals 0.10%.
- For the contributions paid as from January 1, 2020, the guaranteed interest rate equals 0.00%.

The UK and German pension plans are final salary pension plans providing a guaranteed pension payable for life. The UK plan is covered by a trustee administered pension fund and the German plan is covered by recognized provisions in the consolidated statement of financial position.

For the UK and Belgian plans covered by trustee administered pension funds, the board of trustees must consist of representatives of the company and plan participants in accordance with the plan regulations. The governance responsibility for these plans rests with the board of trustees.

Through its defined benefit pension plans, the group is exposed to a number of risks, the most significant of which are detailed below:

- Asset volatility: The group performs on a regular basis asset-liability studies for the trustee administered pension funds to ensure an accurate match between plan assets and liabilities. The plans hold significant investments in investment funds, which include quoted equity shares, and are thus exposed to equity market risks.
- Inflation, interest rate and life expectancy: The pensions in most of the plans are linked to inflation, therefore the pension plans are exposed to risks linked to inflation, interest rate and life expectancy of pensioners.

The group considers all defined benefit pension plans as having similar characteristics and risks.

Defined benefit pension plans

The amounts recognized in the statement of financial position are as follows:

(Million EUR)	note	2020	2019
Present value of wholly funded obligations		-49.8	-49.4
Present value of partially funded obligations		-104.5	-101.3
Present value of wholly unfunded obligations		-32.3	-28.1
Total present value of obligations		**-186.7**	**-178.7**
Fair value of plan assets		**131.1**	**127.0**
Net defined benefit (liability)/asset		**-55.6**	**-51.7**
Amounts in the statement of financial position:			
Liabilities		-60.6	-54.0
Assets	16	5.1	2.3
Net defined benefit (liability)/asset		**-55.6**	**-51.7**

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

	2020			2019		
(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	**-178.7**	**127.0**	**-51.7**	**-159.2**	**112.3**	**-46.9**
Included in profit or loss						
Current service cost	-5.9	-	-5.9	-5.6	-	-5.6
Past service (cost)/benefit	-	-	0.0	-0.1	-	-0.1
Current service cost - Employee contribution	-	0.4	0.4	-	0.3	0.3
Interest (cost) / income	-1.7	1.4	-0.3	-2.9	2.3	-0.5
Administrative expenses	-	-0.4	-0.4	-	-0.3	-0.3
Total included in profit or loss (note 7)	**-7.7**	**1.4**	**-6.2**	**-8.5**	**2.3**	**-6.2**
Included in other comprehensive income						
Remeasurements:						
- Gain/(loss) from change in demographic assumptions	1.6	-	1.6	0.2	-	0.2
- Gain/(loss) from change in financial assumptions	-12.1	-	-12.1	-15.4	-	-15.4
- Experience gains/(losses)	1.0	8.7	9.7	2.8	10.0	12.8
Total included in other comprehensive income that will not be reclassified subsequently to profit or loss in subsequent periods	**-9.5**	**8.7**	**-0.7**	**-12.4**	**10.0**	**-2.4**
Other						
Exchange differences on foreign plans	3.4	-3.4	0.0	-2.4	2.5	0.1
Contributions by employer	-	3.9	3.9	-	3.6	3.6
Benefits paid	6.7	-6.7	0.0	3.8	-3.8	0.0
Change in consolidation scope (acquisitions)	-0.8	-	-0.8	-	-	-
Total other	**9.2**	**-6.1**	**3.1**	**1.4**	**2.3**	**3.7**
Balance at December 31	**-186.7**	**131.1**	**-55.6**	**-178.7**	**127.0**	**-51.7**

The 2020 loss from change in financial assumptions, included in other comprehensive income that will not be reclassified subsequently to profit or loss in subsequent periods, is mainly the result of the decrease of the discount rate used to calculate the present value of the defined benefit obligations (2020 weighted average discount rate of 0.7%, compared to 1.0% in 2019).

The 2020 experience gains, included in other comprehensive income that will not be reclassified subsequently to profit or loss in subsequent periods, are mainly the result of higher than expected return on plan assets.

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

(Million EUR)	note	2020	2019
Cost of sales		-1.0	-1.0
Distribution expenses		-0.1	-0.1
Sales and marketing expenses		-0.2	-0.2
Administrative expenses		-3.2	-3.0
Other operating income and expenses		-1.5	-1.3
Finance (costs) / income - net	9	-0.3	-0.5
Total		**-6.2**	**-6.2**

The actual return on plan assets in 2020 was 10.1 million EUR (2019: 12.4 million EUR).

The group expects to contribute 4.0 million EUR to its defined benefit pension plans in 2021.

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

	2020				2019			
(Million EUR)	Quoted	Unquoted	Total	%	Quoted	Unquoted	Total	%
Property	-	4.0	4.0	3.1%	-	4.0	4.0	3.2%
Qualifying insurance policies	-	22.2	22.2	16.9%	-	21.9	21.9	17.3%
Cash and cash equivalents	-	4.4	4.4	3.4%	-	5.9	5.9	4.6%
Investment funds	98.4	-	98.4	75.0%	93.1	-	93.1	73.3%
Tessenderlo Group bond with maturity date July 15, 2022	2.1	-	2.1	1.6%	2.1	-	2.1	1.7%
Total	**100.4**	**30.7**	**131.1**	**100.0%**	**95.2**	**31.8**	**127.0**	**100.0%**

The plan assets include no property occupied by the group and no shares of the parent company nor of subsidiaries.

The investment funds include a portfolio of investments in equity, fixed interest investments and other financial assets. This diversification reduces the portfolio risk to a minimum.

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:

	2020	2019
Discount rate at 31 December	0.7%	1.0%
Future salary increases	1.4%	1.4%
Inflation	2.0%	2.1%

Assumptions regarding future mortality are based on published statistics and mortality tables, and are the following:

	Mortality table
Belgium	MR/FR - 3
United Kingdom	110% S3PMA, 105% S3PFA, CMI_2019 [1.50% M, 1.25% F] [S-kappa=7, A=0.25%] from 2016
Germany	© RICHTTAFELN 2018 G von Klaus Heubeck - Lizenz Heubeck-Richttafeln-GmbH, Köln

For the UK and Belgian plans covered by trustee administered pension funds, an asset-liability matching exercise is performed at least every 3 years, in line with the Statements of Investment Principles (SIP) of the funds. The trustees ensure that the investment strategy as outlined in the SIP is in line with the assets and liabilities management (ALM) strategy and is closely followed by the investment managers.

For the UK plan the next triennial funding valuation will be completed as at January 1, 2023. For the Belgian plan a funding valuation is completed every year. The group does not expect the regular contributions to increase significantly.

The weighted average duration of the defined benefit obligation is 13 years for the pension plans in the euro zone. The duration of the UK pension plan is 19 years.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions, as per December 31, 2020, is:

	Change in assumption	Impact on defined benefit obligation*	Change in assumption	Impact on defined benefit obligation*
Discount rate	+0.5%	-6.7%	-0.5%	7.3%
Salary growth rate	+0.5%	1.1%	-0.5%	-1.1%
Pension growth/inflation rate	+0.5%	4.6%	-0.5%	-4.2%
Life expectancy	+ 1 year	2.3%	- 1 year	-2.4%

*A positive percentage indicates an increase of the defined benefit obligation, while a negative percentage indicates a decrease of the defined benefit obligation.

The above sensitivity analyses are based on a change in one assumption while holding all other assumptions stable. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

Share-based payments

In the past warrant plans were created in order to increase the loyalty and motivation of the group's senior management. The plans gave senior management the opportunity to accept warrants which gave them the right to subscribe to shares. The Board of Directors determined annually the list of beneficiaries. There existed no conditions on the number of years of service, however the beneficiaries could not have resigned or been dismissed (and were serving their notice). The Appointment and Remuneration Committee allocated the warrants granted to the beneficiaries based on performance.

The exercise price of the warrant equaled the lower of the average market price of the underlying shares in the 30 trading days preceding the offer date or the market price on the last day preceding the offer date. For American residents, the exercise price equaled the price of the normal shares of Tessenderlo Group nv at the stock exchange closing on the day itself of the offer.

There were no warrants outstanding as per December 31, 2020 nor per December 31, 2019.

No new offering of warrants to the group's senior management took place in 2019 and 2020.

The number and weighted average exercise price of share warrants is as follows:

	2020		2019	
	Weighted average exercise price	Number of warrants	Weighted average exercise price	Number of warrants
Outstanding at the beginning of the period	-	-	20.81	8,000
Forfeited during the period	-	-	-	-
Exercised during the period	-	-	20.81	8,000
Granted during the period	-	-	-	-
Outstanding at the end of the period	-	-	-	-
Exercisable at the end of the period	-	-	-	-

24. PROVISIONS

		2020			2019		
(Million EUR)	note	Current	Non-current	Total	Current	Non-current	Total
Environment	28	7.8	111.9	119.7	8.0	102.9	110.9
Dismantlement		-	23.2	23.2	-	21.2	21.2
Restructuring		0.6	-	0.6	2.2	0.4	2.6
Other		2.0	6.7	8.7	2.2	7.8	10.0
Total		**10.4**	**141.8**	**152.3**	**12.4**	**132.3**	**144.7**

	Environment	Dismantlement	Restructuring	Other	Total
Balance at January 1, 2020	**110.9**	**21.2**	**2.6**	**10.0**	**144.7**
Additions	9.8	2.4	0.6	1.3	14.0
Use of provisions	-6.5	-0.0	-0.2	-0.9	-7.6
Reversal of provisions	-0.1	-	-2.0	-1.6	-3.7
Effect of discounting	5.9	-	-	-	5.9
Other movements	-	-	-0.4	-	-0.4
Translation differences	-0.3	-0.4	-	-0.0	-0.7
Balance at December 31, 2020	**119.7**	**23.2**	**0.6**	**8.7**	**152.3**

The environmental provisions amount to 119.7 million EUR and mainly relate to environmental provisions to cover the cost for the remediation of historical soil and ground contamination of the factory sites in Belgium (Ham, Tessenderlo and Vilvoorde) and France (Loos). A reliable estimate of the amount of outflow of resources to settle this obligation was made, but a change in assumptions was made by decreasing the discount rate applied. The outstanding environmental provisions reflect the discounted value of the expected future cash out, spread over the period 2021-2054. The discount rate, derived from the yield curve of Belgian and French government bonds, varied between 0% and 1% in 2020 (between 0% and 1% at year-end 2019). An increase of the discount rate by 1% would lower the environmental provisions by approximately -10 million EUR.

The increase of environmental provisions is mainly related to the expected amount of clean-up costs to mitigate environmental risks for land pollution due to contaminated water leakage following a fire incident caused by a lightning at the plant of Environmentally Clean Systems LLC (operating segment Industrial Solutions). The total expected clean-up costs were estimated at 9.6 million EUR. As per December 31, 2020, the group estimates the remaining costs, in order to mitigate the environmental risks of the land pollution due to contaminated water leakage, at 5.0 million EUR, which are covered by insurance. As a result thereof, both an environmental provision and a current other receivable were recognized for this amount as per December 31, 2020 (note 16 - Trade and other receivables).

The use of environmental provisions amounts to -6.5 million EUR in 2020 (2019: -3.5 million EUR), while the effect of unwinding the discount amounts to -0.4 million EUR in 2020 (2019: -0.7 million EUR), which is included in finance costs (note 9 - Finance costs and income). The impact on environmental provisions, following an adjustment of the timing and discounting of future cash outs, amounts to -5.5 million EUR (2019: -5.6 million EUR) and was recognized in EBIT adjusting items.

The amounts recognized reflect management's best estimate of the expected expenditures required to settle the present obligation at balance sheet date and are based on the current knowledge on the potential exposure. These provisions are reviewed periodically and will be adjusted, if necessary, when additional information would become available. These provisions could change in the future due to the emergence of additional information on the nature or extent of the contamination, a change in legislation or other factors of a similar nature.

In France, some facilities are subject to regulations pertaining to environmentally regulated facilities (Classified Facilities for the Protection of the Environment "ICPE"). This legislation requires to dismantle the classified facilities. The dismantlement provision is included in the cost basis of the related property, plant and equipment, which cost is depreciated accordingly. The total provision recognized on those French facilities amounts to 18.5 million EUR as per December 31, 2020 (2019: 18.0 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 decrease of the restructuring provisions mainly relates to the 2020 settlement of a previously announced restructuring mainly within the operating segment Bio-valorization. The remaining balance outstanding as per December 31, 2020 mainly relates to a restructuring within Industrial Solutions, which was announced in 2020 and is expected to be settled in 2021. The recognized restructuring provisions reflect management's best estimate of the expected expenditures required to settle the present obligation at balance sheet date.

The other provisions include provisions for onerous contracts, claims and several, individually less significant amounts. These provisions are reviewed regularly and, if necessary, adjusted based upon new available information or changes in circumstances. They reflect management's best estimate of the expected expenditures of the expected cash outflows required to settle the present obligation at balance sheet date.

Except for the insurance receivable following the fire incident at Environmentally Clean Systems LLC (see also above), no other assets have been recognized as all expected reimbursements, if any, are deemed immaterial (e.g. resulting from the execution of environmental and dismantlement plans).

25. TRADE AND OTHER PAYABLES

(Million EUR)	2020	2019
Non-current trade and other payables		
Accrued charges and deferred income	3.8	4.7
Remuneration and social security	8.9	2.4
Other amounts payable	1.8	3.0
Total	**14.5**	**10.1**
Current trade and other payables		
Trade payables	172.7	160.7
Remuneration and social security	65.8	61.7
VAT and other taxes	11.6	9.4
Accrued charges and deferred income	7.5	6.5
Trade and other payables from related parties	4.0	1.2
Other amounts payable	8.5	5.9
Total	**269.9**	**245.3**

The non-current remuneration and social security relates to the accrued charges for a long-term incentive plan for members of senior management. This long-term incentive plan covers a 3 year period (calendar years 2019-2021), with pay-out in April 2022, based on pre-set performance metrics of the group.

The non-current other payables mainly relate to prepayments made in the execution of a long-term third party maintenance contract (within the operating segment T-Power).

The current trade and other payables from related parties include the group's share of unpaid share capital (3.0 million EUR) of the 50% joint-venture PB Shengda (Zhejiang) Biotechnology Co., Ltd between Tessenderlo Group and Zhejiang Shengda Ocean Co., Ltd, a Chinese state-owned company. Total issued capital of the joint-venture is expected to amount to 10.0 million EUR. The group already made a cash contribution of 2.0 million EUR in 2020.

The other amounts payable include, in line with the group's insurance policies, the group's insurance captive payable (2.2 million EUR) for the compensation of the loss of the production assets following the fire incident, caused by a lightning, at Environmentally Clean Systems LLC (note 16 - Trade and other receivables).

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 currencies giving rise to this risk are primarily USD (US dollar) and GBP (British pound). Movements in foreign currency therefore may adversely affect the group's business, results of operation or financial condition.

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

Group borrowings are generally carried out by the group's holding and finance companies, which make the proceeds of these borrowings available to the operating entities. In principle, operating entities are financed in their functional currency. As from March 2015, the group no longer uses currency swaps to hedge intragroup loans.

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

The group's exposure to foreign currency risk was as follows based on nominal amounts (for the exchange rates used, please refer to note 1 - Summary of significant accounting policies):

(Million EUR)	2020			2019			
	EUR*	USD	GBP	EUR*	CNY	USD	GBP
Assets	12.9	391.0	2.4	16.0	0.0	383.9	58.3
Liabilities	-17.6	-148.4	-4.6	-18.8	-	-24.1	-0.2
Gross exposure	**-4.6**	**242.6**	**-2.2**	**-2.8**	**0.0**	**359.8**	**58.1**
Foreign currency swaps	-5.5		-1.0	-4.7			-0.9
Net exposure	**-10.1**	**242.6**	**-3.2**	**-7.5**	**0.0**	**359.8**	**57.2**
Net exposure (in EUR)	**-10.1**	**197.7**	**-3.6**	**-7.5**	**0.0**	**320.3**	**67.2**

*EUR includes the exposure to foreign currency risk in EUR and several, individual insignificant foreign currencies expressed in EUR.

The USD exposure is mainly due to intragroup loans which are no longer hedged since March 2015.

The decrease in the net GBP exposure is explained by the conversion of intragroup loans, granted by Tessenderlo Group nv to Tessenderlo Holding UK Ltd., into equity. The decrease in the net USD exposure is mainly explained by the cash pooling between US subsidiaries and Tessenderlo Group nv. Excess cash in USD is sold during the year and converted into EUR.

If the euro had strengthened or weakened by 10% against following currencies with all other variables being held constant, the impact on equity and post-tax profit for the year would have been as follows:

(Million EUR)	Change in rate	Impact on the income statement: loss(-)/gain(+)	Impact on equity: loss(-)/gain(+)
At December 31, 2020			
USD	+10%	-30.0	-44.0
	-10%	36.7	53.8
GBP	+10%	-5.0	-8.5
	-10%	6.1	10.4
At December 31, 2019			
USD	+10%	-25.6	-32.7
	-10%	31.3	40.0
GBP	+10%	-5.0	-2.0
	-10%	6.1	2.5
CNY	+10%	-2.7	-4.5
	-10%	3.3	5.6

The potential impact on equity and post-tax profit as a consequence of a change in USD or GBP is mainly caused by non-hedged intragroup loans and would therefore not impact the cash flow generated by the group. The net GBP exposure reduced in 2020 as the intragroup loans, granted by Tessenderlo Group nv to Tessenderlo Holding UK Ltd., were converted into equity at the end of 2020. There is no longer a significant CNY exposure in 2020 due to the conversion of intragroup loans, granted by Tessenderlo Group nv to PB Gelatins (Heilongjiang) Co. Ltd., into equity at the end of 2019.

Credit risk

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

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

The maximum exposure to credit risk amounts to 542.2 million EUR as per December 31, 2020 (2019: 454.8 million EUR). This amount consists of current and non-current trade and other receivables (283.2 million EUR, note 16 - Trade and other receivables), the loan granted by Tessenderlo Kerley, Inc. to Jupiter Sulphur LLC (9.0 million EUR, note 14 - Investments accounted for using the equity method), short term investments (20.0 million EUR), current derivative financial instruments (0.0 million EUR) and cash and cash equivalents (230.1 million EUR, note 18 - Cash and cash equivalents).

The maximum exposure to credit risk for trade receivables at the reporting date by operating segment was (note 16 - Trade and other receivables):

(Million EUR)	note	2020	2019
Agro		94.3	97.1
Bio-valorization		79.7	80.3
Industrial Solutions		63.3	63.8
T-Power		0.2	2.7
Non-allocated		0.0	1.7
Total	**16**	**237.5**	**245.6**

The ageing of trade receivables at the reporting date was:

(Million EUR)	note	2020		2019	
		Gross	Amounts written off	Gross	Amounts written off
Not past due		210.6	-	210.1	-
Past due 0-30 days		21.8	-0.0	29.2	-0.0
Past due 31-120 days		4.3	-0.1	5.5	-0.1
Past due 121-365 days		1.2	-0.3	1.0	-0.2
More than one year		3.7	-3.6	3.7	-3.4
Total	**16**	**241.4**	**-4.0**	**249.4**	**-3.7**

The group estimates that the amounts that are past due are still collectible, following an expected credit loss assessment based on historic payment behavior and extensive analysis of customer credit risk.

Based on the group's monitoring of customer credit risk, the group estimates that, except for the amounts mentioned in the table above, no impairment allowance is necessary in respect of trade receivables not past due.

The movement in the allowance for impairment in respect to trade receivables during the year was as follows:

(Million EUR)	note	2020	2019
Balance at January 1		**-3.7**	**-4.4**
Use of impairment loss		0.4	0.9
Reversal / (recognition) of impairment losses	5	-0.6	-0.3
Other movements		0.0	0.0
Balance at December 31	**16**	**-4.0**	**-3.7**

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	2020	2019
Fixed rate instruments			
Cash and cash equivalents	18	171.5	92.4
Short term investments	18	20.0	-
Loans and borrowings	22	289.9	294.8
Variable rate instruments			
Cash and cash equivalents	18	58.6	62.1
Loans and borrowings	22	161.4	207.2

The loans and borrowings with a variable rate mainly relate to the long-term facility loan of T-Power nv. The decrease compared to prior year can be explained by the two half-yearly reimbursements (25.7 million EUR). The remaining outstanding capital of the T-Power nv long term facility loan amounts to 141.5 million EUR as per December 31, 2020 (2019: 167.3 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). The remaining loans and borrowings with a variable rate can be mainly explained by the commercial paper program of 19.0 million EUR (2019: 39.0 million EUR). 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 fulfill its financial obligations at any time. Failure to meet financial obligations can result in significantly higher costs, and it can negatively affect reputation.

In order to limit this risk, the group took a series of actions:

- the set-up of a factoring program at the end of 2009, which is put on hold since 2015.
- a capital increase of 174.8 million EUR in December 2014.
- the issuance in July 2015 of two series of bonds with a maturity of 7 years (the "2022 bonds") and 10 years (the "2025 bonds"). The total issue amount was 250.0 million EUR, of which 192.0 million EUR for the 2022 bonds and 58.0 million EUR for the 2025 bonds.
- refinancing of T-Power nv in 2019, bringing the new term loan facility to 193.0 million EUR reimbursable in the period June 2019-June 2026.
- the replacement of the syndicated facility agreement (terminated in December 2015) by 5 year committed bi-lateral agreements for a total amount of 142.5 million EUR (of which part can be drawn in USD) with four banks. These facilities were renewed for 5 years in December 2019 and have no financial covenants and ensure maximum flexibility for the different activities.

In addition, the group uses a commercial paper program of maximum 200.0 million EUR.
The group regularly projects short and long-term forecasts in order to adapt financial means to forecasted needs.

The following are the contractual maturities of loans and borrowings, including interest payments:

(Million EUR)	note	2020				
		Carrying amount	Contractual cash flows	Less than one year	Between 1 and 5 years	More than 5 years
Non-derivative loans and borrowings						
Bond with maturity date July 15, 2022		165.5	172.7	4.8	167.9	-
Bond with maturity date July 15, 2025		58.0	66.9	2.0	64.9	-
Credit facility T-Power nv		141.5	142.7	26.0	103.7	12.9
Commercial paper		19.0	19.0	19.0	-	-
Credit institutions		13.9	14.9	3.5	9.2	2.1
Bank overdrafts*		0.0	0.0	0.0	-	-
Lease liabilities		53.4	58.2	18.3	29.3	10.5
Total	**22**	**451.3**	**474.3**	**73.7**	**375.1**	**25.5**
Derivatives						
Foreign currency swaps		-0.0				
Inflow			6.5	6.5	-	-
Outflow			-6.6	-6.6	-	-
Interest rate swaps		-21.0				
Inflow			0.0	-	-	-
Outflow			-20.8	-6.6	-13.8	-0.3
Total		**-21.0**	**-20.8**	**-6.7**	**-13.8**	**-0.3**

(Million EUR)	note	2019				
		Carrying amount	Contractual cash flows	Less than one year	Between 1 and 5 years	More than 5 years
Non-derivative loans and borrowings						
Bond with maturity date July 15, 2022		165.6	177.7	4.8	173.0	-
Bond with maturity date July 15, 2025		58.0	68.9	2.0	7.8	59.1
Credit facility T-Power nv		167.3	170.3	26.3	105.0	39.0
Commercial paper		39.0	39.0	39.0	-	-
Credit institutions		8.3	9.6	1.2	4.3	4.1
Bank overdrafts*		0.1	0.1	0.1	-	-
Lease liabilities		63.7	69.1	21.7	36.0	11.3
Total	**22**	**502.0**	**534.7**	**95.1**	**326.1**	**113.4**
Derivatives						
Foreign currency swaps		-0.0				
Inflow			5.8	5.8	-	-
Outflow			-5.8	-5.8	-	-
Interest rate swaps		-27.7				
Inflow			0.3	0.0	0.3	0.1
Outflow			-27.8	-7.7	-18.3	-1.8
Total		**-27.7**	**-27.5**	**-7.7**	**-18.1**	**-1.8**

*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	2020		2019	
		Carrying amount	Fair value	Carrying amount	Fair value
Non-current loans and borrowings					
Lease liabilities	22	-35.2	-36.3	-42.6	-43.9
Credit institutions	22	-10.6	-11.8	-6.5	-6.6
Bonds (maturity date in 2022 and 2025)	22	-223.5	-230.7	-223.6	-234.4

The bonds issued in 2015 with a maturity of 7 years (the “2022 bonds”) and 10 years (the “2025 bonds”) were respectively quoted at 102.9% and 104.3% as per December 31, 2020.
In 2020 the group repurchased “2022 bonds” for a nominal amount of 0.1 million EUR at a price of 101.5%.

The fair value of the following financial assets and liabilities approximates their carrying amount:

- Trade and other receivables
- Other investments
- Short term investments
- Cash and cash equivalents
- Current loans and borrowings
- Trade and other payables

Fair value of derivative financial instruments

The following table shows the carrying amounts of derivative financial instruments measured at fair value in the statement of financial position including their levels in the fair value hierarchy:

(Million EUR)	2020							
	Carrying amount balance sheet				Fair value hierarchy			
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Level 1	Level 2	Level 3	Total
Foreign currency swaps	0.0	-	-0.0	-	-	-0.0	-	-0.0
Interest rate swaps	-	-	-6.7	-14.3	-	-21.0	-	-21.0
Electricity forward contracts	-	-	-5.1	-11.0	-	-	-16.1	-16.1
Total	**0.0**	**-**	**-11.8**	**-25.3**	**-**	**-21.0**	**-16.1**	**-37.1**
(Million EUR)	2019							
	Carrying amount balance sheet				Fair value hierarchy			
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Level 1	Level 2	Level 3	Total
Foreign currency swaps	0.0	-	-0.0	-	-	-0.0	-	-0.0
Interest rate swaps	-	-	-7.7	-20.0	-	-27.7	-	-27.7
Electricity forward contracts	-	-	-5.0	-11.5	-	-	-16.5	-16.5
Total	**0.0**	**-**	**-12.7**	**-31.5**	**-**	**-27.7**	**-16.5**	**-44.2**

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)	2020		2019	
	Contractual amount	Fair value	Contractual amount	Fair value
Foreign currency swaps	6.5	-0.0	5.8	-0.0
Interest rate swaps	-20.8	-21.0	-27.5	-27.7
Electricity and gas forward contracts	N/A	-16.1	N/A	-16.5
Total	**-14.2**	**-37.1**	**-21.7**	**-44.2**

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, 2020 amounts to -37.1 million EUR (2019: -44.2 million EUR) and consists of:

- forward interest rate agreements at T-Power nv, with maturity date in the period 2021-2026
- foreign currency swaps, with maturity date in January 2021
- an electricity forward contract, with maturity date in June 2026

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, 2020.

The effective portion of the change in fair value is therefore recognized in the hedging reserves (Other comprehensive income). A level 2 fair value measurement is applied for the fair value measurement of these agreements.

The table below indicates the underlying contractual amount of the outstanding foreign currency contracts per currency at year-end (selling of foreign currencies):

(Million)	2020		2019	
	Amount in foreign currency	Amount in EUR	Amount in foreign currency	Amount in EUR
GBP	1.0	1.1	0.9	1.1
JPY	443.2	3.5	416.6	3.4
Other		2.0		1.3
Total		**6.5**		**5.8**

The group sold the majority of its PVC/Chlor-Alkali activities in the third quarter of 2011. The electricity purchase agreement relating to that activity was not part of the sale transaction and therefore the group is still under an obligation to purchase certain quantities of electricity. As the group no longer needs the electricity for its own use, it needs to sell the electricity on the market until the end of the contract. Because of significant unobservable inputs, a level 3 fair value measurement is applied for the fair value measurement of the electricity purchase agreement ('PPA' – Purchase Power Agreement), for which the own-use exemption under IFRS 9 is not applicable anymore. The value of the contract is depending on the current and future difference between market electricity prices and the generation cost based on market gas prices (the "spark spread"), and on the effect of the hourly pricing optimization as foreseen in the contract. Forward prices are only available for a 3-year period and for a base load product. The uncertainty beyond that period is higher on different important parameters (including also the regulatory environment), however based on more favorable market and regulatory condition assumptions, the fair value of the PPA contract is set to zero beyond the initial 3 years. The used base load future prices are calculated based on the 2020 average daily Zeebrugge Gas Yearly forward prices and on the 2020 average daily Endex Yearly forward electricity prices for Belgium. The future hourly optimization effect is calculated as an extrapolation of the trend since the start of the contract.

As per December 31, 2020 the inputs above lead to a net fair value of -16.1 million EUR compared to a net fair value of -16.5 million EUR as per December 31, 2019. The change in net fair value for an amount of +0.4 million EUR has been recognized as an EBIT adjusting item (note 6 - EBIT adjusting items).

The key assumptions used in the valuation as per December 31, 2020 are:

		2021	2022	2023
Gas forward price	EUR/MWh	13.5	14.9	15.4
Electricity forward price	EUR/MWh	40.7	43.4	45.4
Discount rate	0.0%			

The key assumptions used in the valuation as per December 31, 2019 are:

		2020	2021	2022
Gas forward price	EUR/MWh	18.3	18.6	18.3
Electricity forward price	EUR/MWh	51.0	48.3	48.7
Discount rate	0.0%			

The sensitivity of the valuation to changes in the principal assumptions is the following:

Change in assumption		Impact fair value (Million EUR)	
		2020	2019
Gas price	+1 EUR/MWh	-2.5	-2.6
Electricity price	+1 EUR/MWh	1.3	1.3
Spark spread optimization	+1 EUR/MWh	1.3	1.3
Discount rate	+1%	0.3	0.3
Running hours T-Power	+10%	-0.9	-0.7

The above sensitivity analyses are based on a change in one assumption while holding all other assumptions stable. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. If the key assumptions of 2023 would also have been applied for the period 2024-June 2026, a period for which no market data is available, the fair value of the contract (2021-June 2026) would have amounted to -29.5 million EUR.

The net change in fair value of derivative financial instruments before tax, as included in the other comprehensive income, amounts to -0.2 million EUR, and can be explained by the change in fair value of the interest rate swaps of the subsidiary T-Power nv.

27. GUARANTEES AND COMMITMENTS

(Million EUR)	2020	2019
Guarantees given by third parties on behalf of the group	26.8	27.0
Guarantees given on behalf of third parties	1.7	1.7
Guarantees received from third parties	3.5	2.3
Commitments related to capital expenditures	24.5	25.7

Guarantees given by third parties on behalf of the group mainly relate to the fulfillment of environmental obligations for 20.8 million EUR (2019: 20.6 million EUR) of Tessenderlo Group nv. The remaining balance consists of numerous other guarantees to secure financing, custom and other obligations.

Guarantees given on behalf of third parties mainly relate to guarantees given for the fulfillment of lease obligations.

The guarantees received from third parties concern guarantees, which suppliers grant to the group as guarantee for the proper execution of investment projects.

Capital expenditure contracted for at the end of the reporting period, but not yet incurred, amounts to 24.5 million EUR (2019: 25.7 million EUR). These commitments can be mainly explained by capital expenditure in equipment and efficiency improvements (operating segment Agro), to facilitate an improved valorization of animal by-products (operating segment Bio-valorization) and also for the purchase of trucks which were previously leased.

The shares of T-Power nv are pledged in first degree to guarantee the liabilities in respect of a "facility agreement" of 440.0 million EUR signed on December 18, 2008 between T-Power nv and a syndicate of banks as amended and restated for the last time pursuant to an amendment and restatement deed on March 25, 2019 (with one remaining bank). The T-Power nv shares are pledged in second degree to guarantee the "tolling agreement" for the entire 425 MW capacity signed on August 13, 2008 between T-Power nv and RWE group. The tolling agreement has a 15 years duration with an optional 5-year extension thereafter.

The group and its subsidiaries have certain other contingent liabilities relating to long-term purchase obligations and commitments. The agreements typically concern strategic raw materials and goods and services, such as electricity and gas.

28. CONTINGENCIES

The group is confronted with a number of claims or potential claims and disputes, which are a consequence of the daily operational activities. To the extent such claims and disputes are such that it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligation, suitable provisions have been made.

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

These provisions are reviewed periodically and adjusted, if necessary, as assessments and work proceeds and additional information becomes available. Environmental liabilities can change substantially due to the emergence of additional information on the nature or extent of the contamination, a change in legislation or other factors of a similar nature.

As stated in note 24 - Provisions, the environmental provisions in accordance with the above policies aggregated to 119.7 million EUR at December 31, 2020 (December 31, 2019: 110.9 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 2020 was insignificant. The surplus or deficit of emission allowances over the next year may vary, depending on several factors such as future production volumes, process optimizations and energy efficiency improvements.

The carrying amount of emission allowances included in intangible assets amounts to 3.2 million EUR as per December 31, 2020 (2019: 2.9 million EUR).

29. RELATED PARTIES

The company has a related party relationship with its subsidiaries, joint-ventures and with its controlling shareholder (Verbrugge nv, controlled by Picanol nv, and its affiliated company Symphony Mills), directors and its Executive Committee. The Belgian pension fund "OFP Pensioenfonds", which covers the post-employment benefit obligation of the employees of Tessenderlo Group nv and Tessenderlo Chemie International nv, is also considered to be a related party.

As per last transparency notification, received on July 9, 2020, Verbrugge nv, controlled by Picanol nv, is holding 19,682,809 shares (45.61% of the company) and its affiliated company Symphony Mills nv is holding 2,532,200 shares (5.87%). Picanol Group is a listed Belgian industrial company and specialized in the development, production and sale of weaving machines, engineered casting solutions and custom-made controllers. Picanol Group fully consolidates Tessenderlo Group nv as from January 1, 2019. Picanol Group is represented in the Board of Directors through two members: Mr. Stefaan Haspeslagh (Chairman Picanol Group) and Mr. Luc Tack (Managing Director Picanol Group).

In accordance with article 7:53 of the Belgian Code of Companies and Associations, the extraordinary meeting of shareholders of July 10, 2019 has decided to introduce a loyalty voting right for each fully paid-up share that has continuously been registered in the share register on the name of the same shareholder for at least two years. As per December 31, 2020 Verbrugge nv was holding 35,524,356 voting rights (58.2% of the total voting rights), while Symphony Mills nv was holding 4,346,200 voting rights (7.1 % of the total voting rights).

The group purchased and sold goods and services to various related parties in which the group holds a 50% or less equity interest (note 14 - Investments accounted for using the equity method). Such transactions were conducted at terms comparable to transactions with third parties.

Premiums for an amount of 1.7 million EUR were paid to the Belgian pension fund, “OFP Pensioenfonds” (2019: 1.5 million EUR). Liabilities related to employee benefit schemes as per December 31, 2020 include 13.1 million EUR related to the “OFP Pensioenfonds” (2019: 11.9 million EUR).

Transactions only have taken place with the main shareholder, joint-ventures, the members of the Executive Committee and the Board of Directors.

Transactions with the main shareholder:

The 2020 transactions mainly relate to legal, internal audit, and ICT services which are provided by the group through a service level agreement to the main shareholder. These are not considered to be significant.

Transactions with joint-ventures[8]**:**

(Million EUR)	2020	2019
Transactions with joint-ventures - Sales	0.8	4.1
Transactions with joint-ventures - Purchases	-19.0	-25.5
Non-current assets	9.9	10.5
Current assets	0.7	0.7
Current liabilities	4.0	1.2

Within the Industrial Solutions segment, S8 Engineering has ceased to exist. The engineering and construction activities were integrated during 2020 into Tessenderlo Kerley, Inc. The 2019 revenue with joint-ventures was explained by sales of S8 Engineering Inc. to the joint-venture Jupiter Sulphur LLC. The revenue was considered to be insignificant and was therefore not eliminated.

Tessenderlo Kerley, Inc. has granted a 11.0 million USD loan (9.0 million EUR) to the joint-venture Jupiter Sulphur LLC, which was fully drawn in the period over 2017 and 2018. The non-current loan is interest bearing (3.0%). In 2020, the financing structure of Jupiter Sulphur LLC was reviewed and the duration of the loan was extended till December 2026. Jupiter Sulphur LLC obtained the same amount from the other joint-venture partner. 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.

The current liabilities include the group’s share of unpaid share capital (3.0 million EUR) of the 50% joint-venture PB Shengda (Zhejiang) Biotechnology Co., Ltd between Tessenderlo Group and Zhejiang Shengda Ocean Co., Ltd, a Chinese state-owned company (note 25 - Trade and other payables).

[8] We refer to note 14 - Investments accounted for using the equity method for more information on the group’s joint-ventures.

Transactions with the members of the Executive Committee[9]:

(Million EUR)	2020	2019
Short-term employee benefits	2.5	2.0
Post-employment benefits	0.1	0.1
Total	**2.6**	**2.1**

Short-term employee benefits include salaries and accrued bonuses over 2020 (including social security contributions), car leases and other allowances where applicable.

The short-term employee benefits include 1.4 million EUR fix and 1.1 million EUR variable employee benefits (2019: 1.3 million EUR and 0.6 million EUR respectively). The variable employee benefits consist of 1.1 million EUR short term variable compensation (2019: 0.6 million EUR), payable within 12 months after the end of the period, while there is no long-term variable compensation (2019: nil).

The post-employment benefits include the periodic pension costs of the pension plan, calculated by an actuary.

There was no new emission of warrants in 2020 and no warrants were exercised by members of the Executive Committee during 2020.

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	2020	2019
Philium bv, represented by its permanent representative Mr. Phillippe Coens (independent non-executive director)	Fixed annual fee	25,000	25,000
	Additional fixed fee for chairman of Audit Committee	3,000	3,000
	Variable fee per half day attended	12,000	8,000
	Total remuneration	**40,000**	**36,000**
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	25,000	25,000
	Variable fee per half day attended	12,000	8,000
	Total remuneration	**37,000**	**33,000**
ANBA bv represented by its permanent representative Ms. Anne-Marie Baeyaert (independent non-executive director). Member of the Board of Directors since June 6, 2017	Fixed annual fee	25,000	25,000
	Variable fee per half day attended	12,000	8,000
	Total remuneration	**37,000**	**33,000**
Stefaan Haspeslagh (executive director)	Fixed annual fee	25,000	25,000
	Additional fixed fee for chairman of Board of Directors	30,000	30,000
	Variable fee per half day attended	12,000	8,000
	Total remuneration	**67,000**	**63,000**
Luc Tack (executive director)	Fixed annual fee	25,000	25,000
	Variable fee per half day attended	12,000	8,000
	Total remuneration	**37,000**	**33,000**
Karel Vinck (non-executive director)	Fixed annual fee	25,000	25,000
	Variable fee per half day attended	12,000	8,000
	Total remuneration	**37,000**	**33,000**
Total		**255,000**	**231,000**

[9] As per December 31, 2020, the Executive Committee consists of Luc Tack (CEO) and Stefaan Haspeslagh (COO/CFO) and did not change compared to last year.

30. AUDITOR'S FEES

KPMG Réviseurs d'Entreprises / Bedrijfsrevisoren bv/srlrepresented by Patrick De Schutter was appointed as group statutory auditor by the shareholders meeting of the company on May 14, 2019, following an audit tender.

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

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

(Million EUR)	2019			
	Audit	Audit related	Other	Total
KPMG (Belgium)	0.2	0.0	0.0	0.3
KPMG (Outside Belgium)	0.6	-	0.3	0.9
Total	**0.9**	**0.0**	**0.3**	**1.2**

31. SUBSEQUENT EVENTS

No significant subsequent events occurred after the balance sheet date.

32. GROUP COMPANIES

Listed below are all the group companies. The total number of consolidated companies is 59[10].

List of the consolidated companies on December 31, 2020, accounted for by the full consolidation method:

	Entity	Address	Belgian company number	Ownership
Europe				
Belgium	DYKA Plastics nv	3900 Pelt	0414467340	100%
Belgium	Limburgse Rubber Produkten nv	1050 Brussels	0415296392	100%
Belgium	Tessenderlo Chemie International nv	1050 Brussels	0407247372	100%
Belgium	Tessenderlo Group nv	1050 Brussels	0412101728	parent company
Belgium	T-Power nv	1050 Brussels	0875650771	100%
Belgium	Tessenderlo Development Services nv	1050 Brussels	0724619989	100%
Belgium	T-Power Energy Services bv	1050 Brussels	0838489378	100%
Czech Republic	DYKA s.r.o.	27361 Velka Dobra		100%
France	Akiolis Group SAS	72000 Le Mans		100%
France	Atemax France SAS	72000 Le Mans		100%
France	Etablissements Charvet Père et Fils SAS	91490 Milly-La-Forêt		100%
France	Etablissements Violleau SAS	79380 La Forêt sur Sèvre		100%
France	Produits Chimiques de Loos SAS	59120 Loos		100%
France	Tessenderlo Kerley France SAS	59120 Loos		100%
France	Soleval France SAS	72000 Le Mans		100%
France	DYKA SAS	62140 Sainte Austreberthe		100%
France	DYKA Tube SAS	18570 La Chapelle-Saint-Ursin		100%
France	SCI Les Violettes	79380 La Forêt sur Sèvre		100%
France	Tefipar SAS	59120 Loos		100%
France	Tessenderlo Services SARL	59120 Loos		100%
Germany	BT Nyloplast GmbH	86551 Aichach		100%
Germany	PB Gelatins GmbH	31582 Nienburg		100%
Hungary	BT Nyloplast Kft	3636 Vadna		100%
Luxembourg	Terelux SA	2163 Luxembourg		100%
Poland	DYKA Sp.z.o.o.	55-221 Jelcz-Laskowice		100%
Romania	DYKA Plastic Pipe Systems S.R.L.	76100 Bucarest, sector 1		100%
Slovakia	DYKA SK s.r.o.	82109 Bratislava		100%
Switzerland	Tessenderlo Schweiz AG	5332 Rekingen		100%
The Netherlands	DYKA B.V.	8331 LJ Steenwijk		100%
The Netherlands	BT Nyloplast B.V.	3295 KG 's Gravendeel		100%
The Netherlands	Tessenderlo NL Holding B.V.	4825 AV Breda		100%
United Kingdom	DYKA UK Ltd.	Longtown-Carlisle Cumbria CA6 5LY		100%
United Kingdom	John Davidson Holdings Ltd.	Edinburgh EH3 8UL		100%
United Kingdom	John Davidson Pipes Ltd.	Edinburgh EH3 8UL		100%
United Kingdom	PB Gelatins UK Ltd.	Pontypridd CF 375 SQ		100%
United Kingdom	Tessenderlo Holding UK Ltd.	Pontypridd CF 375 SQ		100%

[10]DYKA Tube SAS, PB Shengda (Zhejiang) Biotechnology Co., Ltd. and Tessenderlo Kerley Bela LLC are new created companies in 2020. S8 Engineering Inc was liquidated in 2020 and its activities were integrated in Tessenderlo Kerley, Inc. Tessenderlo Trading (Shanghai) Co. Ltd. was sold in 2020.

United States			
United States	Environmentally Clean Systems LLC	Wilmington, DE 19801	69.01%
United States	ECS Myton, LLC	Wilmington, DE 19801	51.00%
United States	Kerley Trading Inc.	Wilmington, DE 19801	100%
United States	MPR Services Inc.	Wilmington, DE 19801	100%
United States	PB Leiner USA Corporation	Davenport, Iowa 52806	100%
United States	Tessenderlo Kerley Inc.	Wilmington, DE 19801	100%
United States	Tessenderlo USA Inc.	Wilmington, DE 19801	100%

Rest of the world			
Argentina	PB Leiner Argentina SA	Ciudad Autónoma de Buenos Aires	100%
Australia	Tessenderlo Kerley Australia PTY LTD	Melbourne VIC 3000	100%
Belarus	Tessenderlo Kerley Bela LLC	220036 Minsk	100%
Brazil	PB Brasil Industria e Comercio de Gelatinas Ltda	Acorizal, Mato Grosso CEP 78480-000	100%
Chile	Kerley Latinoamericana Comercializadora Limitada	9358 Santiago	100%
China	PB Gelatins (Heilongjiang) Co. Ltd.	Xinyi Village, Kongguo County, Nehe City, Qiqihaer City, Heilongjiang Province	100%
Costa Rica	Tessenderlo Kerley Costa Rica SA	La Union Tres Rios - Cartago	100%
India	Tessenderlo Kerley India Private Ltd.	New Delhi, South Delhi, 11019	100%
Japan	TKI Japan KK	Tokyo - Chiyoda-ku	100%
Mexico	Tessenderlo Kerley Mexico SA de CV	Ciudad Obregon, Estado de Sonora	100%
Paraguay	Maramba S.R.L.	Chacoi Villa Hayes - Asuncion del Paraguay	100%
Peru	TKP Peru S.A.C.	Ciudad de Lima - Provincia de Lima	100%
Turkey	Tessenderlo Kerley Turkey Tarim Ve Kimya Sanayi Ve. Tic. Ltd. STI	35730 Kemalpasa - Izmir	100%

List of the consolidated companies on December 31, 2020 accounted for by the equity method:

Europe			
France	Etablissements Michel SAS	31800 Villeneuve de Rivière	50.00%

Rest of the world			
China	PB Shengda (Zhejiang) Biotechnology Co., Ltd	Zhoushan City, Zhejiang Province	50.00%
United States	Jupiter Sulphur LLC	Wilmington, DE 19801	50.00%

33. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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, 2020 are the same as those applied and disclosed in the consolidated financial statements at December 31, 2019.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are addressed below:

- Impairments. The carrying amount of property, plant and equipment, goodwill and intangible assets is reviewed at each balance sheet date to determine whether an indication of impairment exits. If any such indication exists, the asset's recoverable amount is estimated (note 11 - Property, plant and equipment, note 12 - Goodwill and note 13 - Intangible assets).
- Leases. The company leases various items of Property, plant and equipment, mainly including real estate and vehicles. Some leases contain extension options, allowing operational flexibility, exercisable by the group. The group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The group has applied judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, the group considered all relevant factors that create an economic incentive for it to exercise the renewal (note 11 - Property, plant and equipment).
- Inventory obsolescence and lower of cost or net realizable value adjustments, which are determined based on experience and the assessment of market circumstances (note 17 - Inventories).
- Employee benefits. The calculation of defined benefit obligations is based on actuarial assumptions such as future salary increases, inflation and through the use of a discount rate (note 23 - Employee benefits).
- Deferred taxes. Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and credits can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. In making its judgment, management takes into account the long-term business strategy (note 15 - Deferred tax assets and liabilities).
- Provisions and contingencies. The amounts recognized reflect management's best estimate of the expected expenditures required to settle the present obligation at balance sheet date. If the effect is material, provisions are determined by discounting the expected future cash flows. Provisions can change substantially due to the emergence of additional information on the nature or extent of the contamination, a change in legislation, a change in best practices for sanitation, a change in timing of cash outflows, a change in agreement with authorities on the treatment of the polluted site or other factors of a similar nature (note 24 - Provisions).
- Financial instruments (note 26 - Financial instruments). These are measured at fair value in the statement of financial position based on:
    - inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices) or
    - inputs for the asset or liability that are not based on observable market data.

STATEMENT ON THE TRUE AND FAIR VIEW OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE FAIR OVERVIEW OF THE MANAGEMENT REPORT

Mr. Luc Tack (CEO) and Mr. Stefaan Haspeslagh, representative of Findar bv (COO/CFO), certify, on behalf and for the account of the company, that, to his/their knowledge,

a) the consolidated financial statements which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position, the income statement of the company, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows, and the entities included in the consolidation as a whole,
b) the consolidated management report includes a fair overview of the development and performance of the business and the position of the company, and the entities included in the consolidation, together with a description of the principal risks and uncertainties which they are exposed to.

STATUTORY AUDITOR'S REPORT TO THE GENERAL MEETING OF TESSENDERLO GROUP NV ON THE CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020, as well as other legal and regulatory requirements. Our report is one and indivisible.

We were appointed as statutory auditor by the general meeting of 14 May 2019 in accordance with the proposal of the board of directors issued on the recommendation of the audit committee and as presented by the workers' council. Our mandate will expire on the date of the general meeting deliberating on the annual accounts for the year ended 31 December 2021. We have performed the statutory audit of the consolidated financial statements of the Group for two consecutive financial years.

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Unqualified opinion

We have audited the consolidated financial statements of the Group as of and for the year ended 31 December 2020, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2020, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information. The total of the consolidated statement of financial position amounts to EUR 1.966,4 million and the consolidated income statement shows a profit for the year of EUR 98,6 million.

In our opinion, the consolidated financial statements give a true and fair view of the Group's equity and financial position as at 31 December 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

Basis for our unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") as adopted in Belgium. In addition, we have applied the ISAs as issued by the IAASB and applicable for the current accounting year while these have not been adopted in Belgium yet. Our responsibilities under those standards are further described in the "Statutory auditors' responsibility for the audit of the consolidated financial statements" section of our report. We have complied with the ethical requirements that are relevant to our audit of the consolidated financial statements in Belgium, including the independence requirements.

We have obtained from the board of directors and the Company's officials the explanations and information necessary for performing our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

We refer to Notes 11, 12 and 13 being respectively 'Property, plant and equipment', 'Goodwill' and 'Intangible assets' of the consolidated financial statements.

- Description
  Intangible assets, goodwill and property plant and equipment amount to EUR 1.031,2 million as at 31 December 2020 and represent 52,4% of the Group's total assets as at 31 December 2020.

  The Group performs a yearly impairment assessment over goodwill and in case of triggering events the Group performs an impairment assessment over intangible assets and property, plant and equipment ('PPE'). This assessment is performed for each smallest group of assets that generate largely independent cash flows (the cash generating unit or 'CGU'). Management prepares a recoverable amount assessment by discounting future cash flow projections to determine whether these assets are impaired at the reporting date as well as the level of impairment charge to be recognized.

  Impairment of goodwill, intangible assets and property, plant and equipment is identified as a key audit matter due its significance to the balance sheet total (52,4%) and the level of judgement required by management and potential management bias in the assessment of impairment, which principally related to the inputs used in both forecasting and discounting future cash flows to determine the recoverable amount.

- Our audit procedures
  Our audit procedures included among others:
  - Challenging management's assessment of potential indicators of impairment based on our own expectations developed from our knowledge of the Group and our understanding of internal and external factors relevant to the Group;
  - Challenging management's identification of CGUs with reference to our understanding of the Group's business and the requirements of the prevailing accounting standards;
  - Evaluating the process by which management's cash flow forecasts were prepared, including testing the underlying calculations and reconciling them to the latest Board of Directors approved financial targets;
  - Analyzing the Group's previous ability to forecast cash flows accurately by comparing key assumptions to historical results. We also challenged key inputs and data used to develop the forecasted cash flows based on our knowledge of the business;
  - Assessing the appropriateness of the Group's valuation methodology and its determination of discount rates by involving our own valuation specialists;
  - Testing the mathematical accuracy of the discounted cash flow models;
  - Performing sensitivity analyses around the key assumptions used for the determination and discounting of cash flow forecasts, in particular EBIT, weighted average cost of capital and growth rates used by the Group; and
  - Assessing the appropriateness of the Group's disclosures in respect of impairment of goodwill, intangible assets and Property Plant and Equipment as included in Note 11, 12 and 13 to the consolidated financial statements.

Post-employment benefit provisions
We refer to Note 23 section 'Employee benefits' of the consolidated financial statements.

- Description
  The Group provides retirement benefits predominantly in Belgium, Germany and the UK. Retirement benefits are organized through defined contributions plans as well as defined benefit plans. As described in Note 23, the Group sponsors defined benefit pension plans in Belgium, Germany and the UK and defined contribution plans in Belgium.

  Post – employment benefits are considered as a key audit matter due to the complexity and judgment involved in determining the key assumptions used in the determination of the Group's obligations as well as the assumptions used in determining the fair value of the plan assets. In addition, changes in assumptions and estimates used to value the Group's net post-employment benefit liability would have a significant effect on the Group's financial position.

- Our audit procedures
  - We obtained an understanding of the Group's valuation process;
  - We assessed the competence, objectivity and capabilities of the external actuarial experts engaged by management;
  - We challenged management's key actuarial assumptions, being the discount rates, inflation rates, mortality expectations, future salary increases and personnel turnover underlying the valuation of the Group's post-employment benefit obligations with the assistance of our actuarial specialists. This includes a comparison of key assumptions used against externally derived data;
  - With the assistance of our own financial instrument specialist, we reconciled the fair value of the plan assets with direct external confirmations and verified the correctness of the fair value of the plan assets, most of which are Level 1 fair values;
  - We assessed overall reasonableness of the valuation outcome; and
  - We assessed the appropriateness of the Group's disclosures in respect of employee benefits, which are included in Note 23 to the consolidated financial statements.

Board of directors' responsibilities for the preparation of the consolidated financial statements
The board of directors is responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the 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; and
- 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 director's 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 2020
- Management report 2020

contain material misstatements, or information that is incorrectly stated or misleading. In the context of the procedures carried out, we did not identify any material misstatements that we have to report to you.

The non-financial information required by article 3:32 §2 of the Companies' and Associations' Code has been included in a separate report being the 2020 Sustainability Report. This report on the non-financial information contains the information required by article 3:32 §2 of the Companies' and Associations' Code and is consistent with the consolidated financial statements for the same period. The Company has prepared this non-financial information based on the 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 separate 2020 Sustainability 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.

Other aspects

- This report is consistent with our additional report to the audit committee on the basis of Article 11 of Regulation (EU) No 537/2014.

Zaventem, March 23, 2021
KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises
Statutory Auditor
represented by

Patrick De Schutter
Bedrijfsrevisor/ Réviseur d'Entreprises

STATUTORY FINANCIAL REPORT

BALANCE SHEET OF TESSENDERLO GROUP NV

(Million EUR)	2020	2019
Total assets		
Non-current assets	**1,061.4**	**1,051.4**
Intangible assets	0.2	0.0
Property, plant and equipment	119.4	114.5
Financial assets	941.8	936.8
Current assets	**533.4**	**483.7**
Non-current trade and other receivables	0.7	0.7
Inventories	94.4	91.1
Current trade and other receivables	223.9	267.1
Other investments	169.7	85.4
Cash and cash equivalents	37.2	33.7
Prepaid expenses and accrued income	7.5	5.6
Total assets	**1,594.8**	**1,535.1**
Total liabilities		
Shareholders' equity	**926.8**	**959.2**
Issued capital	216.2	216.2
Share premium	238.0	238.0
Reserves	28.9	24.9
Retained earnings	442.9	479.6
Capital grants	0.7	0.5
Provisions and deferred taxes	**117.0**	**118.8**
Provisions	117.0	118.6
Deferred taxes	-	0.2
Liabilities	**551.0**	**457.1**
Liabilities due in more than one year	266.3	261.5
Liabilities due within one year	270.9	179.6
Accrued expenses and deferred income	13.8	16.0
Total liabilities	**1,594.8**	**1,535.1**

PROFIT AND LOSS STATEMENT OF TESSENDERLO GROUP NV

(Million EUR)	2020	2019
Total operating income	**424.7**	**437.2**
Sales	372.1	380.1
Change in work in progress, finished goods and orders in progress (increase+/decrease-)	0.9	8.9
Production capitalized	1.4	1.5
Other operating income	46.0	42.6
Non-recurring operating income	4.3	4.1
Total operating charges	**-429.6**	**-444.5**
Raw materials and goods purchased for resale	-194.5	-214.3
Services and other goods	-144.7	-148.6
Wages, salaries, social charges and pensions	-72.5	-68.3
Depreciations and amortizations on formation expenses, tangible and intangible assets	-12.7	-10.4
Amounts written-off stocks and trade receivable (charges (-) / write-back (+))	-0.4	-0.5
Provision for liabilities and charges (utilisations and write-backs less charges)	1.6	4.6
Other operating charges	-6.0	-5.2
Non-recurring operating charges	-0.3	-1.8
Operating result	**-4.9**	**-7.3**
Finance income	52.8	230.8
Finance costs	-80.7	-59.1
Profit before taxes	**-32.7**	**164.5**
Income taxes	-0.1	-0.7
Deferred taxes	0.2	0.5
Profit (+) / losses (-)	**-32.7**	**164.2**
Untaxed reserves	0.2	0.8
Profit (+) / losses (-) for the year to be allocated	**-32.4**	**165.1**

ALLOCATIONS AND DISTRIBUTIONS

(Million EUR)	2020	2019
The Tessenderlo Group nv Board of Directors proposes to allocate the		
- Profits, being	-32.4	165.1
- Increased by prior years' retained earnings	479.6	314.5
Totaling:	**447.2**	**479.6**
In the following manner:		
- Reserves	-4.2	0.0
- Dividends	-	-
- Retained earnings	442.9	479.6
Totaling:	**442.9**	**479.6**

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, 2020.

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 for the year ended December 31, 2020 give a true and fair view of the financial position and results of Tessenderlo Group nv in accordance with all legal and regulatory dispositions.

FINANCIAL GLOSSARY

Adjusted EBIT
Earnings before interests, taxes and EBIT adjusting items.

Adjusted EBITDA
Earnings before interests, taxes and EBIT adjusting items plus depreciation and amortization.

Basic earnings per share (Basic EPS)
Profit (+)/loss (-) for the period attributable to equity holders of the company divided by the weighted average number of ordinary shares outstanding during the period.

Capital employed (CE)
The carrying amount of property, plant and equipment (PP&E), intangible assets and goodwill together with trade working capital.

Capital expenditure
Amount of money spent to upgrade, acquire or maintain property, plant and equipment (PP&E) and intangible assets.

Dividend per share (gross)
Total amount paid as dividend divided by the number of shares issued at closing date.

Diluted earnings per share (Diluted EPS)
Profit (+)/loss (-) for the period attributable to equity holders of the company divided by the fully diluted weighted average number of ordinary shares outstanding during the period.

Diluted weighted average number of ordinary shares
Weighted average number of ordinary shares, adjusted by the effect of warrants on issue.

EBIT
Profit(+)/loss(-) from operations.

EBIT adjusting items
EBIT adjusting items are those items that in management's judgment need to be disclosed by virtue of their size or incidence. Such items are disclosed in the notes to the financial statements. Transactions which may be recognized as EBIT adjusting items are principally related to restructuring, impairment losses, provisions, gains or losses on significant disposals of assets or subsidiaries and the effect of the electricity purchase agreement.

Gearing
Net financial debt divided by the sum of net financial debt and equity attributable to equity holders of the company.

Leverage
Net financial debt divided by Adjusted EBITDA over the last 12 months.

Market capitalization
Number of shares issued (at the end of the period) multiplied by the market price per share (at the end of the period).

Net financial debt
Non-current and current loans and borrowings and bank overdrafts, minus cash and cash equivalents and short term investments.

Return on capital employed (ROCE)
Adjusted EBIT (last 12 months) divided by the average capital employed (last 12 months).

Theoretical aggregated weighted tax rate
Calculated by applying the statutory tax rate of each country on the profit before tax of each entity and by dividing the resulting tax charge by the total profit before tax of the group.

Trade working capital
The sum of inventories and trade receivables minus trade payables.

Weighted average number of ordinary shares
Number of shares outstanding at the beginning of the period, adjusted by the number of shares cancelled, repurchased or issued during the period multiplied by a time-weighting factor.

ALTERNATIVE PERFORMANCE MEASURES

The following alternative performance measures are considered to be relevant in order to compare the results over the period 2019 - 2020 and can be reconciled to the consolidated financial statements as follows:

Reconciliation from Adjusted EBIT to EBIT

(Million EUR)	Note	2020	2019
Adjusted EBIT		**184.0**	**134.9**
Gains and losses on disposals	6	4.8	4.2
Restructuring	6	-0.5	0.3
Impairment losses	6	-3.0	-3.1
Provisions and claims	6	-5.0	-5.9
Other income and expenses	6	-4.3	-7.1
EBIT (Profit (+) / loss (-) from operations)		**175.9**	**123.4**

Reconciliation from Adjusted EBITDA to EBIT

(Million EUR)	Note	2020	2019
Adjusted EBITDA		**314.6**	**267.7**
Gains and losses on disposals	6	4.8	4.2
Restructuring	6	-0.5	0.3
Provisions and claims	6	-5.0	-5.9
Other income and expenses	6	-4.3	-7.1
EBITDA		**309.5**	**259.2**
Depreciation	8	-130.6	-132.8
Impairment losses	8	-3.0	-3.1
EBIT (Profit (+) / loss (-) from operations)		**175.9**	**123.4**

Reconciliation gearing

(Million EUR)	Note	2020	2019
Non-current loans and borrowings	22	385.1	415.1
Bank overdrafts	22	0.0	0.1
Current loans and borrowings	22	66.2	86.8
Cash and cash equivalents	18	-230.1	-154.5
Short term investment	18	-20.0	-
Net financial debt		**201.3**	**347.5**
Equity attributable to equity holders of the company		903.0	821.7
Gearing (net financial debt / (equity + net financial debt))		**18.2%**	**29.7%**

Reconciliation leverage

		For the year ended December 31	
(Million EUR)	Note	2020	2019
Non-current loans and borrowings	22	385.1	415.1
Bank overdrafts	22	0.0	0.1
Current loans and borrowings	22	66.2	86.8
Cash and cash equivalents	18	-230.1	-154.5
Investment in short term notes	18	-20.0	-
Net financial debt		**201.3**	**347.5**
Adjusted EBITDA		314.6	267.7
Leverage (net financial debt / Adjusted EBITDA last 12 months)		**0.6**	**1.3**

Reconciliation capital employed

		As per December 31	
(Million EUR)	Note	2020	2019
Inventories	17	332.1	323.8
Trade receivables - 1 year	16	241.4	249.4
Trade receivables - 1 year: amounts written off	16	-4.0	-3.7
Trade receivables from related parties	16	0.8	0.7
Trade payables -1 year	25	-172.7	-160.7
Trade payables from related parties		-1.0	-1.2
Trade working capital		**396.7**	**408.4**
Property, plant and equipment	11	862.2	872.9
Goodwill	12	33.4	34.6
Intangible assets	13	135.6	162.1
Net assets		**1,031.2**	**1,069.6**
Capital employed		**1,427.9**	**1,478.0**

Reconciliation return on capital employed (ROCE)

(Million EUR)	2020	2019
EBIT last 12 months	175.9	123.4
Average capital employed last 12 months	1,462.8	1,472.1
ROCE (return on capital employed)	**12.0%**	**8.4%**

Tessenderlo Group
EVERY MOLECULE COUNTS

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