INTERIM REPORT
Regulated information [1]
Brussels, August 26, 2021, 8:00 am CET

TESSENDERLO GROUP INTERIM REPORT FOR THE 6 MONTH PERIOD ENDED JUNE 30, 2021[2]

[1] The enclosed information constitutes regulated information as defined in the Royal Decree of November 14, 2007, regarding the duties of issuers of financial instruments which have been admitted for trading on a regulated market.
[2] Note that Tessenderlo Group published, in addition to this interim report, also a press release on the June 30, 2021 results. This press release can be consulted on our website www.tessenderlo.com.

Tessenderlo Group
EVERY MOLECULE COUNTS

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Note:
- The half year information has been subject to a review by external auditors. Reference is made to the independent auditor's review report in chapter 4 of this report.
- Figures may not add up due to rounding.

1. MANAGEMENT REPORT

1.1 KEY EVENTS FROM THE FIRST HALF OF 2021

- In the first half of 2021, Tessenderlo Group filed 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 of 900 MW in Tessenderlo (Belgium). If successful in the CRM auction, the new power plant (which involves an investment of approximately 500 million EUR) should be operational by November 1, 2025.
- Within the Agro segment, Tessenderlo Kerley International will build a new Thio-Sul® (ammonium thiosulfate) manufacturing plant in Geleen (the Netherlands). With its second Thio-Sul® plant in Europe, Tessenderlo Kerley International is further expanding its local presence in the liquid fertilizer market for precision farming. Construction works on the new liquid fertilizer plant are planned to start in April 2022. The factory is scheduled to be operational from the second quarter of 2023.
- Meanwhile, Tessenderlo Kerley International continues to study major Thio-Sul® investments in the Eastern European/CIS region 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.

After the balance date:

- In August 2021, the group reached an agreement to divest the MPR and ECS activities (Industrial Solutions segment). The divestment comprises the main assets of these activities. The yearly contribution of MPR/ECS to the group's results was not significant. The sale is expected to be completed in the second half of 2021 and will lead to an insignificant result within EBIT adjusting items.
- In the third quarter of 2021, the business unit Mining & Industrial changed its name into Moleko (Industrial Solutions segment).

Update COVID-19:

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

1.2 GROUP KEY FIGURES

Million EUR	HY21	HY20	% Change excluding fx effect[3]	% Change as reported
Revenue	1,021.0	935.0	12.9%	9.2%
Adjusted EBITDA[4]	184.7	182.0	6.9%	1.5%
Adjusted EBIT[5]	119.4	116.3	9.8%	2.7%
Profit (+) / loss (-) for the period	97.3	86.1		13.0%
Total comprehensive income	121.6	76.5		59.0%
Capital expenditure	41.1	41.1		0.2%
Cash flow from operating activities	153.9	163.9		-6.1%
Operational free cash flow[6]	129.5	141.0		-8.2%
Operational free cash flow (excluding IFRS 16 *Leases*)	118.5	129.1		-8.2%
Net financial debt	117.8	239.9		-50.9%

REVENUE

HY21 revenue increased by +9.2% (or increased by +12.9% when excluding the foreign exchange effect) compared to the same period last year. Excluding the foreign exchange effect, the revenue of Industrial Solutions increased by +26.8% thanks to the performance of DYKA Group. Agro revenue increased by +9.6%, the revenue of Bio-valorization increased by +6.4% while T-Power revenue remained stable (+1.7%).

ADJUSTED EBITDA

The HY21 Adjusted EBITDA amounts to 184.7 million EUR compared to 182.0 million EUR one year earlier, which implies an increase by +1.5%. When excluding the impact of the foreign exchange effect, the Adjusted EBITDA increased by +12.5 million EUR (+6.9%) compared to prior year. The negative foreign exchange effect of -9.8 million EUR is mainly caused by the weakening of the USD compared to one year ago. The contribution to the Adjusted EBITDA of Industrial Solutions, when excluding the foreign exchange effect, increased by +18.0 million EUR (+72.8%), while a decrease by -1.8 million EUR (or -6.7%) could be noted in T-Power. The contributions of Bio-valorization (-1.7%) and Agro (-3.5%) were in line with last year.

NET FINANCIAL DEBT

As per HY21, group net financial debt decreased to 117.8 million EUR, compared to 201.3 million EUR as per year-end 2020. Leverage amounts to 0.4x as per HY21, compared to 0.6x as per year end 2020. HY21 net financial debt includes the payment, made during the first half of 2021, of a financial guarantee of 16.3 million EUR. Without this guarantee, net financial debt would have amounted to 101.6 million EUR. This financial guarantee, through a cash deposit, was paid to Elia (the Belgian transmission system operator) as part of the prequalification file leading to the potential participation in the Belgian CRM auction in September 2021 for the construction of a second gas-fired power station in Tessenderlo (Belgium). If not successful in the CRM auction, the guarantee is expected to be reimbursed before year-end.

[3] As the group results might be impacted significantly by foreign exchange changes, the group reports some key financial indicators excluding any foreign exchange impact. The "% change excluding foreign exchange effect" is calculated by translating the HY21 result of foreign currency entities at the average exchange rate of HY20. The variance between this calculated result and the previous year result shows the effective result variance excluding any foreign exchange impact.

[4] Adjusted EBITDA equals Adjusted EBIT plus depreciation and amortization.

[5] Adjusted EBIT is considered by the group to be a relevant performance measure in order to compare results over the period 2020-2021 as it excludes adjusting items from the EBIT (Earnings Before Interests 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.

[6] Operational free cash flow equals to Adjusted EBITDA minus capital expenditure minus change in trade working capital.

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PROFIT (+) / LOSS (-) FOR THE PERIOD

The HY21 profit amounts to 97.3 million EUR compared to 86.1 million EUR in HY20. The profit 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 for HY21 would have amounted to approximately 90 million EUR, compared to a result of approximately 93 million EUR in HY20.

OPERATIONAL FREE CASH FLOW

The HY21 operational free cash flow amounts to 129.5 million EUR, compared to 141.0 million EUR in HY20. The decrease can be explained by higher working capital needs (-14 million EUR in HY21), mainly linked to higher raw material costs and to the higher activity within Industrial Solutions, while its impact was immaterial in HY20.

1.3 OPERATING SEGMENTS PERFORMANCE REVIEW

GROUP KEY FIGURES - FOR THE SIX MONTH PEIOD ENDED JUNE 30				
Million EUR	**HY21**	**HY20**	**% Change excluding fx effect**	**% Change as reported**
Revenue Group	**1,021.0**	**935.0**	**12.9%**	**9.2%**
Agro	373.5	362.2	9.6%	3.1%
Bio-valorization	297.4	287.6	6.4%	3.4%
Industrial Solutions	314.9	250.6	26.8%	25.7%
T-Power	35.2	34.6	1.7%	1.7%
Adjusted EBITDA Group	**184.7**	**182.0**	**6.9%**	**1.5%**
Agro	75.2	84.5	-3.5%	-11.0%
Bio-valorization	41.8	45.3	-1.7%	-7.6%
Industrial Solutions	42.1	24.8	72.8%	70.1%
T-Power	25.6	27.4	-6.7%	-6.7%
Adjusted EBIT Group	**119.4**	**116.3**	**9.8%**	**2.7%**
Agro	59.8	69.3	-5.6%	-13.7%
Bio-valorization	24.5	28.1	-4.5%	-12.7%
Industrial Solutions	28.4	10.1	185.3%	181.7%
T-Power	6.7	8.9	-23.9%	-23.9%
EBIT adjusting items	1.9	4.2	-54.3%	-54.3%
EBIT	121.3	120.5	6.4%	0.7%

AGRO				
Million EUR	**HY21**	**HY20**	**% Change excluding fx effect**	**% Change as reported**
Revenue	373.5	362.2	9.6%	3.1%
Adjusted EBITDA	75.2	84.5	-3.5%	-11.0%
Adjusted EBITDA margin	20.1%	23.3%		
Adjusted EBIT	59.8	69.3	-5.6%	-13.7%
Adjusted EBIT margin	16.0%	19.1%		

When excluding the foreign exchange effect, revenue increased by +9.6%, thanks to an increase of volumes, which were also impacted by the start of the partnership agreement between Tessenderlo Kerley International and Kemira Oyj (Kemira), which was announced in 2020, under which Kemira produces premium SOP fertilizers (both standard and water-soluble grade) at its plant in Helsingborg (Sweden) and Tessenderlo Kerley International partially markets these products.

The Adjusted EBITDA, when excluding the foreign exchange effect, remained in line with prior year (-3.5%). The segment was significantly impacted by the increase of raw material prices, such as sulfur, and also by increased transportation costs. While the Adjusted EBITDA of Tessenderlo Kerley International remained stable, the Adjusted EBITDA of NovaSource increased thanks to higher volumes. The Adjusted EBITDA of Crop Vitality decreased as higher sales volumes were more than offset by lower margins.

BIO-VALORIZATION				
Million EUR	**HY21**	**HY20**	**% Change excluding fx effect**	**% Change as reported**
Revenue	297.4	287.6	6.4%	3.4%
Adjusted EBITDA	41.8	45.3	-1.7%	-7.6%
Adjusted EBITDA margin	14.1%	15.8%		
Adjusted EBIT	24.5	28.1	-4.5%	-12.7%
Adjusted EBIT margin	8.2%	9.8%		

Bio-valorization revenue, when excluding the foreign exchange effect, increased by +6.4%, mainly thanks to favorable market conditions and an improved product mix. The Adjusted EBITDA slightly decreased to 41.8 million EUR (or remained stable when excluding the foreign exchange effect) as favorable market circumstances for fats and proteins were offset by lower margins of some gelatin products.

INDUSTRIAL SOLUTIONS				
Million EUR	**HY21**	**HY20**	**% Change excluding fx effect**	**% Change as reported**
Revenue	314.9	250.6	26.8%	25.7%
Adjusted EBITDA	42.1	24.8	72.8%	70.1%
Adjusted EBITDA margin	13.4%	9.9%		
Adjusted EBIT	28.4	10.1	185.3%	181.7%
Adjusted EBIT margin	9.0%	4.0%		

Industrial Solutions revenue, when excluding the foreign exchange effect, increased by +26.8%, mainly thanks to the increase of volumes and sales prices within DYKA Group. While HY20 DYKA Group volumes were negatively impacted by the corona pandemic, HY21 included the full HY contribution of the production plant in La Chapelle-Saint-Ursin in France, which was only acquired during HY20. Also, the growth of the product portfolio positively impacted DYKA Group sales volumes.

The Adjusted EBITDA increased to 42.1 million EUR or increased by +72.8% when excluding the foreign effect, being impacted by the increase of DYKA Group sales volumes, an improved product mix and a further increase of production efficiency based on investments made. The significant increase of raw material purchase costs was offset by timely pricing management. Also, the cessation of S8 Engineering had a positive impact on the HY21 evolution of the Adjusted EBITDA, while the Adjusted EBITDA of the other activities remained stable.

T-POWER				
Million EUR	**HY21**	**HY20**	**% Change excluding fx effect**	**% Change as reported**
Revenue	35.2	34.6	1.7%	1.7%
Adjusted EBITDA	25.6	27.4	-6.7%	-6.7%
Adjusted EBITDA margin	72.7%	79.3%		
Adjusted EBIT	6.7	8.9	-23.9%	-23.9%
Adjusted EBIT margin	19.2%	25.6%		

T-Power contributed 35.2 million EUR to the HY21 revenue and 25.6 million EUR to the HY21 Adjusted EBITDA of the Group. These results were in line with expectations, as T-Power fulfilled all tolling agreement requirements. The Adjusted EBITDA decrease was mainly due to the 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.

2. STATEMENT ON THE TRUE AND FAIR VIEW OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND THE FAIR OVERVIEW OF THE MANAGEMENT REPORT

Mr. L. Tack (CEO) and Mr. S. Haspeslagh, representative of Findar bv (COO/CFO) certify, on behalf and for the account of the company, that, to their knowledge,

a) the condensed consolidated interim financial statements which have been prepared in accordance with the International Financial Reporting Standard on Interim Financial Statements (IAS 34), give a true and fair view of the financial position, income statement, statement of comprehensive income and statement of cash flows of the company, and the entities included in the consolidation as a whole,
b) the management report includes a fair overview of the information required under Article 13, §5 and §6 of the Royal Decree of November 14, 2007, on the obligations of issuers of financial instruments admitted to trading on a regulated market.

3. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS JUNE 30, 2021

3.1 CONDENSED CONSOLIDATED INCOME STATEMENT

Million EUR	**note**	**HY21**	**HY20**
Revenue	**6**	**1,021.0**	**935.0**
Cost of sales		-747.2	-665.8
Gross profit		**273.8**	**269.2**
Distribution expenses		-60.4	-56.6
Sales and marketing expenses		-30.1	-29.7
Administrative expenses		-54.1	-55.5
Other operating income and expenses		-9.8	-11.0
Adjusted EBIT		**119.4**	**116.3**
EBIT adjusting items	8	1.9	4.2
EBIT (Profit (+) / loss (-) from operations)		**121.3**	**120.5**
Finance (costs) / income - net	9	2.1	-12.3
Share of result of equity accounted investees, net of income tax		0.2	-1.2
Profit (+) / loss (-) before tax		**123.7**	**106.9**
Income tax expense	10	-26.4	-20.9
Profit (+) / loss (-) for the period		**97.3**	**86.1**
Attributable to:			
- Equity holders of the company		**97.3**	**86.1**
- Non-controlling interest		**-0.0**	**-0.1**
Basic earnings per share (EUR)	15	2.26	2.00
Diluted earnings per share (EUR)	15	2.26	2.00

3.2 CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Million EUR	**note**	**HY21**	**HY20**
Profit (+) / loss (-) for the period		**97.3**	**86.1**
Translation differences		9.4	-2.0
Net change in fair value of derivative financial instruments, before tax		1.1	-0.2
Share in other comprehensive income of joint ventures accounted for using the equity method		-	-0.1
Other movements		-0.0	-0.0
Income tax on other comprehensive income		-0.3	0.1
Items of other comprehensive income that are or may be reclassified subsequently to profit or loss		**10.2**	**-2.2**
Remeasurements of the net defined benefit liability, before tax	17	15.2	-7.6
Income tax on other comprehensive income		-1.0	0.2
Items of other comprehensive income that will not be reclassified subsequently to profit or loss		**14.2**	**-7.3**
Other comprehensive income, net of income tax		**24.4**	**-9.6**
Total comprehensive income		**121.6**	**76.5**
Attributable to:			
- Equity holders of the company		121.6	76.6
- Non-controlling interest		0.0	-0.1

The notes on pages 14 to 32 are an integral part of the condensed consolidated interim financial statements

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3.3 CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Million EUR	note	30/06/2021	31/12/2020
ASSETS			
Total non-current assets		**1,117.4**	**1,105.9**
Property, plant and equipment	12	869.9	862.2
Goodwill		31.7	33.4
Intangible assets	12	120.9	135.6
Investments accounted for using the equity method		20.9	20.0
Other investments and guarantees	6	27.8	10.3
Deferred tax assets		30.8	32.2
Trade and other receivables		15.5	12.3
Total current assets		**940.8**	**860.5**
Inventories	13	287.3	332.1
Trade and other receivables	13	350.8	270.8
Current tax assets	10	1.3	7.5
Derivative financial instruments	18	0.0	0.0
Short term investments	14/16	40.0	20.0
Cash and cash equivalents	14/16	261.4	230.1
Assets classified as held for sale	**7**	**3.7**	-
Total assets		**2,062.0**	**1,966.4**
EQUITY AND LIABILITIES			
Total equity		**1,025.7**	**904.1**
Equity attributable to equity holders of the company		**1,024.6**	**903.0**
Issued capital		216.2	216.2
Share premium		238.0	238.0
Reserves and retained earnings		570.4	448.8
Non-controlling interest		**1.2**	**1.1**
Total liabilities		**1,036.3**	**1,062.3**
Total non-current liabilities		**660.7**	**700.6**
Loans and borrowings	16	373.2	385.1
Employee benefits	17	59.6	67.6
Provisions		134.1	141.8
Trade and other payables		4.3	14.5
Derivative financial instruments	18	22.9	25.3
Deferred tax liabilities		66.6	66.3
Total current liabilities		**375.3**	**361.6**
Bank overdrafts	16	0.0	0.0
Loans and borrowings	16	46.0	66.2
Trade and other payables	13	300.8	269.9
Derivative financial instruments	18	10.4	11.8
Current tax liabilities		3.6	2.4
Employee benefits	17	0.7	0.9
Provisions		13.8	10.4
Liabilities associated with assets classified as held for sale	**7**	**0.2**	-
Total equity and liabilities		**2,062.0**	**1,966.4**

The notes on pages 14 to 32 are an integral part of the condensed consolidated interim financial statements

3.4 CONDENSED 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, 2021		**216.2**	**238.0**	**21.6**	**-102.1**	**-3.0**	**532.4**	**903.0**	**1.1**	**904.1**
Profit (+) / loss (-) for the period		-	-	-	-	-	97.3	97.3	-0.0	97.3
Other comprehensive income										
- Translation differences		-	-	-	9.3	-	-	9.3	0.0	9.4
- Remeasurements of the net defined benefit liability, net of tax	17	-	-	-	-	-	14.2	14.2	-	14.2
- Net change in fair value of derivative financial instruments, net of tax		-	-	-	-	0.8	-	0.8	-	0.8
Comprehensive income, net of income taxes		**0.0**	**0.0**	**0.0**	**9.3**	**0.8**	**111.4**	**121.6**	**0.0**	**121.6**
- Other movements		-	-	-	-	-	-	0.0	-0.0	-0.0
Balance at June 30, 2021		**216.2**	**238.0**	**21.6**	**-92.8**	**-2.2**	**643.8**	**1,024.6**	**1.2**	**1,025.7**

The notes on pages 14 to 32 are an integral part of the condensed consolidated interim financial statements

(Million EUR)	Issued capital	Share premium	Legal reserves	Translation reserves	Hedging reserves	Retained earnings	Equity attributable to equity holders of the company	Non-controlling interest	Total equity
Balance at January 1, 2020	**216.2**	**238.0**	**21.6**	**-88.4**	**-2.8**	**437.1**	**821.7**	**1.9**	**823.6**
Profit (+) / loss (-) for the period	-	-	-	-	-	86.1	86.1	-0.1	86.1
Other comprehensive income									
- Translation differences	-	-	-	-2.0	-	-	-2.0	0.0	-2.0
- Remeasurements of the net defined benefit liability, net of tax	-	-	-	-	-	-7.3	-7.3	-	-7.3
- Net change in fair value of derivative financial instruments, net of tax	-	-	-	-	-0.1	-	-0.1	-	-0.1
- Share in other comprehensive income of joint-ventures accounted for using the equity method	-	-	-	-	-0.1	-	-0.1	-	-0.1
- Other movements	-	-	-	-	-	-	0.0	-0.0	-0.0
Comprehensive income, net of income taxes	**0.0**	**0.0**	**0.0**	**-2.0**	**-0.2**	**78.8**	**76.6**	**-0.1**	**76.5**
- Other movements	-	-	-	-	-	-	0.0	-0.0	-0.0
Balance at June 30, 2020	**216.2**	**238.0**	**21.6**	**-90.4**	**-3.0**	**515.9**	**898.2**	**1.8**	**900.1**

The notes on pages 14 to 32 are an integral part of the condensed consolidated interim financial statements

3.5 CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Million EUR	Note	30/06/2021	30/06/2020
OPERATING ACTIVITIES			
Profit (+) / loss (-) for the period		**97.3**	**86.1**
Depreciation, amortization and impairment losses on tangible assets and intangible assets	6	65.3	66.1
Changes in provisions		-4.6	-3.1
Finance (costs) / income - net	9	-2.1	12.3
Loss / (profit) on sale of non-current assets		-1.1	-4.6
Share of result of equity accounted investees, net of income tax		-0.2	1.2
Income tax expense	10	26.4	20.9
Other non-cash items		-1.5	-1.9
Changes in inventories	13	51.8	41.2
Changes in trade and other receivables	13	-76.1	-34.8
Changes in trade and other payables	13	15.8	-1.1
Change in accounting estimates - inventory write off	6	-1.3	2.4
Net change in emission allowances recognized within intangible assets		1.4	-1.8
Revaluation electricity forward contracts	18	0.1	-0.4
Bargain purchase recognized following the acquisition of the activities of DYKA Tube SAS		-	-2.7
Cash generated from operations		**171.0**	**179.5**
Income tax paid	10	-17.2	-15.7
Dividends received	20	0.1	0.1
Cash flow from operating activities		**153.9**	**163.9**
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment and intangible assets	6/12	-41.1	-41.1
Acquisition of investments accounted for using the equity method		-	-2.0
Acquisition of subsidiary, net of cash acquired	7	-	-5.7
Cash deposit paid for prequalification CRM auction (T-Power)	6	-16.3	-
Proceeds from the sale of property, plant and equipment		0.6	5.1
Proceeds from the sale of subsidiaries, net of cash disposed of		-	-0.1
Increase in short term investments	14/16	-40.0	-
Decrease in short term investments	14/16	20.0	-
Cash flow from investing activities		**-76.8**	**-43.8**
FINANCING ACTIVITIES			
Payment of lease liabilities	16	-10.5	-11.5
Reimbursement of borrowings	16	-33.9	-26.4
Interest paid	9	-4.3	-4.9
Interest received		0.2	0.3
Other finance costs paid		-0.5	-0.8
Decrease/(increase) of long-term receivables		2.7	0.0
Dividends paid to non-controlling interests		-	-0.0
Cash flow from financing activities		**-46.3**	**-43.2**
Net increase / (decrease) in cash and cash equivalents	14/16	**30.8**	**76.9**
Effect of exchange rate differences	14/16	0.6	-0.5
Cash and cash equivalents less bank overdrafts at the beginning of the period	14/16	230.0	154.4
Cash and cash equivalents less bank overdrafts at the end of the period	14/16	261.4	230.7

The notes on pages 14 to 32 are an integral part of the condensed consolidated interim financial statements

3.6 NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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The notes on pages 14 to 32 are an integral part of the condensed consolidated interim financial statements

1. REPORTING ENTITY

Tessenderlo Group nv (hereafter referred to as "the company"), the parent company, is a company domiciled in Belgium. The condensed consolidated interim financial statements for the six-month period ended June 30, 2021 comprises the company and its subsidiaries (together referred to as "the group") and the group's interests in jointly controlled entities.

2. STATEMENT OF COMPLIANCE

These condensed consolidated interim financial statements for the six-month period ended June 30, 2021 have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 *Interim Financial Reporting*, as adopted for use by the European Union. It does not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the group as at and for the year ended December 31, 2020 which have been prepared in accordance with IFRS.

These condensed consolidated interim financial statements were approved by the Board of Directors on August 24, 2021. These condensed consolidated interim financial statements were reviewed, not audited.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used by the group in the present condensed consolidated interim financial statements are consistent with those used in the preparation of the consolidated financial statements as at and for the year ended December 31, 2020, and are in accordance with IAS 34 *Interim Financial Reporting*.

There are no new or amended standards or interpretations that are effective for the first time for the interim report for the six-month period ended June 30, 2021 that had a significant impact on the condensed consolidated interim financial statements.

For the six-month period ended June 30, 2021, the group has not early adopted any standard, interpretation or amendment that has been issued, but is not yet effective. The group is currently assessing the new rules, and at this stage, is not expecting any of these new rules to have a significant impact on the financial statements of the group.

The exchange rates, used in preparing the condensed consolidated interim financial statements, are the following:

EXCHANGE RATES

	Closing rate			Average rate	
1 EUR equals:	**30/06/2021**	**31/12/2020**	**30/06/2020**	**30/06/2021**	**30/06/2020**
Brazilian real	5.9050	6.3735	6.1118	6.4902	5.4104
Chinese yuan	7.6742	8.0225	7.9219	7.7960	7.7509
Costa Rican colón	733.2300	743.8900	648.0300	737.5666	625.3818
Czech crown	25.4880	26.2420	26.7400	25.8541	26.3333
Hungarian forint	351.6800	363.8900	356.5800	357.8797	345.2607
Indian rupee	88.3240	89.6605	84.6235	88.4126	81.7046
Polish zloty	4.5201	4.5597	4.4560	4.5374	4.4120
Pound sterling	0.8581	0.8990	0.9124	0.8680	0.8746
Romanian leu	4.9280	4.8683	4.8397	4.9016	4.8173
Swiss franc	1.0980	1.0802	1.0651	1.0946	1.0642
Turkish lira	10.3210	9.1131	7.6761	9.5226	7.1492
US dollar	1.1884	1.2271	1.1198	1.2053	1.1020

The notes on pages 14 to 32 are an integral part of the condensed consolidated interim financial statements

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the condensed consolidated interim 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 condensed consolidated interim 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.

The areas of judgements, estimates and assumptions used in preparing the condensed consolidated interim financial statements for June 30, 2021 are the same as those applied and disclosed in the consolidated financial statements at December 31, 2020.

5. RISKS AND UNCERTAINTIES

Under the explicit understanding that this is not an exhaustive list, the main risk factors and uncertainties for the group for the second semester of 2021 are listed below. Additional risks of which the group is not aware may possibly exist. There may also be risks that the group currently believes to be unimportant, but which can still have an adverse effect. The order in which the individual risks are presented is neither indicative of their likelihood to occur, nor of the severity or significance of the individual risks. Please note that in the 2020 annual report additional risks were included. For a more detailed overview of the major risks for the group, we refer to the 2020 annual report.

- **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 group 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.

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).

The impact of the COVID-19 pandemic on the condensed consolidated interim financial statements of the group in the first six months of 2020 was not significant. The main impacts were:

- In February 2020, a disruption of production occurred at the Chinese plant in Nehe (PB Leiner), negatively impacting its volumes in the first half of 2020.
- DYKA Group volumes were negatively impacted by the corona pandemic in the period March/May 2020, mainly due to the disruption of production at the French plant in Sainte-Austreberthe and the temporary closure of a number of JDP sales branches in the United Kingdom.

These impacts did not occur in the first half of 2021. However, both in the first semester of 2020 and 2021, travelling was restricted in many countries and major events, such as trade fairs, were cancelled.

Also in the first half of 2021, access to raw materials and auxiliary materials or means of transportation has become more complicated, although all plants and activities continued to run in line with expectations.

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 even 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.

The group also reviewed the areas involving significant accounting estimates and key judgments to assess the continuous impact of the COVID-19 pandemic. There were no significant changes in the assumptions and accounting estimates, to support the reported amounts of assets and liabilities, compared to those used in the 2020 consolidated financial statements. As the COVID-19 pandemic further evolves, potential changes in these views might occur in the second half of 2021.

The group's financial position is considered to be solid with a net financial debt of 117.8 million EUR as per June 30, 2021 (implying a leverage of only 0.4x) and the group has access to committed bi-lateral agreements (till December 2024) which are not used as per June 2021 (note 16 - Loans and borrowings). The COVID-19 impact on the 2020 and the 2021 first half year condensed consolidated interim financial statements was not significant, however the continued pandemic and related uncertainty might negatively impact the group's results in future periods. The group is holding on to the priorities set in prior year to keep its people safe and its plants and businesses running.

- **The group is exposed to climate risks**

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

- **The group is exposed to the risk of information technology failures**

The group increasingly makes use of information technology systems to process, transmit and store electronic information and as such, to operate efficiently and interface. A significant portion of the communication between the group's personnel, customers and suppliers depends on information technology. The group is dependent on information systems to manage inventory, accounting, purchasing and sales applications and to maintain cost efficient operations. As with all large systems, the group's information systems may be vulnerable to a variety of interruptions due to events beyond its control, including, but not limited to, natural disasters, terrorist attacks, telecommunication failures, computer viruses, hackers or other security issues. These or other similar interruptions may disrupt the group's business, results of operation or financial condition.

- **The group depends on the availability of sufficient volumes of raw materials with the required specifications at competitive prices.**

The group depends on the availability of sufficient volumes of raw materials, which meet the required specifications, against competitive prices. While the group sources most of its raw materials from multiple suppliers, some raw materials are sourced from only few suppliers. As such, the group relies on a number of third party suppliers and other business partners. If the market prices fall below the agreed minimum prices, the group may be required to purchase products at above-market prices.

- **If the group is unable to sell, store, re-utilize or dispose of certain components that it produces, it may be required to limit or reduce its overall production levels.**

The group's operations are dependent on its ability to sell, store, re-utilize or otherwise dispose of certain components (such as by-products and co-products) which are produced in the course of the production process of various products. There can be no assurance that the group will be able to do this in the future and will not be required to reduce its overall production levels or invest in new treatment processes.

- **The group's results are dependent on weather conditions and are subject to seasonality.**

Several of the group's activities are dependent on weather conditions. The group also has activities which are also subject to seasonality, whereby products are sold within a short timeframe. Products of the group's Agro operating segment must be supplied to the customers during the planting season. Bad weather conditions can disrupt this process, reduce the possibility to apply product and/or reduce the need for products. The group also sells products in the construction markets in several countries in the northern hemisphere, which are typically affected by winter weather conditions (operation segment Industrial Solutions).

- **The group's current and future investments and/or constructions are subject to the risk of delays, cost overruns and other complications, and may not achieve the expected returns.**

The group currently has new projects which are under construction or in ramp-up phase. In addition, the group is implementing a number of major investment projects that are key to its strategy. These projects may be delayed, exceed the budget or the utilized technology may prove to be inadequate or may fail to reach the expected return.

- **The group is exposed to an energy off-take agreement.**

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. 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, and on the effect of the hourly pricing optimization as foreseen in the contract. Based on today's electricity prices and the current price of electricity futures, the contract has a negative value in the condensed consolidated interim financial statements as per June 30, 2021 (-16.1 million EUR).

- **The group's results are sensitive to commodity prices.**

The group is sensitive to commodity prices. As 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 impact of changes of some raw material prices might have a significant impact on the results of individual activities, however is not expected to have a material impact on the results of operating segments or the group.

- **The group may be exposed to product liability and warranty claims, including but not limited to liability in respect of food safety.**

The group's products are subject to increasingly stringent industry, regulatory and customer requirements. The activities of the group may expose the group to product liability and warranty claims. The products manufactured by the group are used in various downstream applications including, but not limited to, the food, cosmetics, nutraceutical and pharmaceutical industry and may contain undetected errors or defects, which may lead, for example, to product recalls, increased customer service and support, payment of monetary damages to customers, lawsuits and loss of customers. In addition, the group cannot exclude that customers incorrectly apply the group's products.

- **The group may not be able to recruit and retain key personnel**

The group may not be able to recruit and retain competent personnel for key roles. The group's success depends to a significant extent upon its ability to attract and retain qualified management, scientific, technical, marketing and sales personnel and upon the continued contributions of such personnel. The group's employees may voluntarily terminate their employment at any time. There is no guarantee that the group will be successful in attracting and/or retaining qualified employees to replace existing employees or to further support its growth strategy. The loss of the services of key personnel or the inability to attract additional qualified personnel may have a material adverse effect on the business and its expertise, results of operation or financial condition.
Potential impacts might include: loss of knowledge of key systems and specialized skills resulting in a skills and competency gap, high staff turnover, customer dissatisfaction, failure to meet business objectives, increased re-hiring costs, loss of customers because of the customer-employee relationships. Although the group believes that it is well positioned to attract and retain skilled and experienced personnel, there can be no assurance that it will be able to do so. The inability to do so could have a material adverse effect on the group's business, results of operation or financial condition.

- **The group may be exposed to circumstances of geo-political nature.**

The group could be impacted by the political uncertainty caused by circumstances of geo-political nature that could have an impact on the consumer trust.

- **The group is exposed to a variety of financial risks such as credit risk, liquidity risk, currency risk and interest risk.**

We refer to note 26 - Financial instruments of the 2020 consolidated financial statements for more detailed information on the group's exposure to financial risks and its risk management policies.

  - Credit risk

The maximum exposure to credit risk amounts to 695.1 million EUR as of June 30, 2021. This amount mainly consists of current and non-current trade and other receivables, including trade receivables classified as held for sale (367.2 million EUR), the loan granted by Tessenderlo Kerley, Inc. to Jupiter Sulphur LLC (10.2 million EUR), the financial guarantee (16.3 million EUR) included in other investments and guarantees, which was paid to Elia (the Belgian transmission system operator) as part of the prequalification file leading to the potential participation in the Belgian CRM (Capacity Remuneration Mechanism) auction in September 2021 for the construction of a second gas-fired power station in Tessenderlo (Belgium), short term investments (40.0 million EUR), derivative financial instruments (0.0 million EUR), and cash and cash equivalents (261.4 million EUR).

  - Liquidity risk

The group limits this risk, through a series of actions:

- the setup 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.
- the 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 in December 2015 by 5 year committed bilateral credit lines 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, have no financial covenants and ensure maximum flexibility for the different activities. There have been no withdrawals as per June 30, 2021.

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

  - Currency risk

The currency given rise to this risk is primarily USD (US Dollar). This exposure is mainly due to intragroup loans and cash and cash equivalents which are not hedged.

  - Interest risk

The financial debt position is funded by fixed and variable interest rate instruments. The variable interest rate instruments are, for the majority, hedged through forward rate agreements. The bonds, issued in July 2015 for an amount of 192.0 million EUR with a maturity of 7 years and 58.0 million EUR with a maturity of 10 years, are the main fixed interest rate instruments with an interest rate of 2.875% and 3.375% respectively. The T-Power nv loan (128.7 million EUR as per June 30, 2021) is a variable interest rate instrument, for approximately 80% hedged through a series of interest rate swaps.

6. 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 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.

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

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

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

The group is a diversified industrial 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. The income statement information is for the six-month period ended June 30, while information from the statement of financial position is compared to December 31, 2020 figures.

SEGMENT REPORTING

	Agro		Bio-valorization		Industrial Solutions		T-Power		Non-allocated		Tessenderlo Group	
Million EUR	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Revenue (internal and external)	373.9	362.8	297.4	287.6	315.1	250.8	35.2	34.6	-	-	1,021.6	935.8
Less: Revenue (internal)	0.4	0.6	-	-	0.2	0.3	-	-	-	-	0.7	0.9
Revenue	**373.5**	**362.2**	**297.4**	**287.6**	**314.9**	**250.6**	**35.2**	**34.6**	-	-	**1,021.0**	**935.0**
Of which:									-	-		
- at a point in time	373.5	362.2	297.4	287.6	314.9	249.5	35.2	34.6	-	-	1,021.0	934.0
- over time	-	-	-	-	-	1.0	-	-	-	-	0.0	1.0
Adjusted EBIT	**59.8**	**69.3**	**24.5**	**28.1**	**28.4**	**10.1**	**6.7**	**8.9**	-	-	**119.4**	**116.3**
Adjusted EBITDA	**75.2**	**84.5**	**41.8**	**45.3**	**42.1**	**24.8**	**25.6**	**27.4**	-	-	**184.7**	**182.0**
Return on revenue (Adjusted EBITDA/revenue)	**20.1%**	**23.3%**	**14.1%**	**15.8%**	**13.4%**	**9.9%**	**72.7%**	**79.3%**	-	-	**18.1%**	**19.5%**
Segment assets	479.4	488.5	465.8	448.9	356.6	322.1	338.4	356.3	40.9	38.2	1,681.1	1,654.0
Derivative financial instruments	-	-	-	-	-	-	-	-	0.0	0.0	0.0	0.0
Investments accounted for using the equity method	15.0	14.2	5.9	5.7	-	-	-	-	-	-	20.9	20.0
Other investments and guarantees	-	-	-	-	-	-	16.3	-	11.5	10.3	27.8	10.3
Deferred tax assets	-	-	-	-	-	-	-	-	30.8	32.2	30.8	32.2
Short term investments	-	-	-	-	-	-	-	-	40.0	20.0	40.0	20.0
Cash and cash equivalents	-	-	-	-	-	-	-	-	261.4	230.1	261.4	230.1
Total assets	**494.4**	**502.7**	**471.7**	**454.7**	**356.6**	**322.1**	**354.7**	**356.3**	**384.6**	**330.7**	**2,062.0**	**1,966.4**
Segment liabilities	74.0	78.2	155.2	156.3	109.8	87.2	8.6	8.9	169.7	177.0	517.1	507.6
Derivative financial instruments	-	-	-	-	-	-	-	-	33.3	37.1	33.3	37.1
Loans and borrowings	-	-	-	-	-	-	-	-	419.3	451.3	419.3	451.3
Bank overdrafts	-	-	-	-	-	-	-	-	0.0	0.0	0.0	0.0
Deferred tax liabilities	-	-	-	-	-	-	-	-	66.6	66.3	66.6	66.3
Total equity	-	-	-	-	-	-	-	-	1,025.7	904.1	1,025.7	904.1
Total equity and liabilities	**74.0**	**78.2**	**155.2**	**156.3**	**109.8**	**87.2**	**8.6**	**8.9**	**1,714.5**	**1,635.8**	**2,062.0**	**1,966.4**
Capital expenditures: property, plant and equipment and intangible assets (note 12)	10.5	12.7	20.5	17.9	9.0	7.5	1.0	2.1	0.2	0.9	41.1	41.1
Depreciation, amortization and impairment losses on property, plant and equipment and intangible assets	-15.3	-15.2	-17.3	-17.2	-13.8	-15.2	-18.8	-18.6	-	-	-65.3	-66.1
Reversal/(additional) inventory write-offs	0.8	-0.8	1.2	-1.3	-0.6	-0.3	-	-	-	-	1.3	-2.4

The notes on pages 14 to 32 are an integral part of the condensed consolidated interim financial statements

The T-Power Other investments and guarantees for 16.3 million EUR relate to a financial guarantee, which was paid to Elia (the Belgian transmission system operator) as part of the prequalification file leading to the potential participation in the Belgian CRM (Capacity Remuneration Mechanism) auction in September 2021 for the construction of a second gas-fired power station in Tessenderlo (Belgium). If successful in this auction, the Group will build a new gas-fired power plant, which should be operational by November 1, 2025. Penalties are due in case of delays or missing capacities during pre-delivery period, while penalties are also due in case of unavailable capacities during the delivery period, for which the guarantee is provided as financial security. If not successful in the CRM auction, the guarantee is expected to be reimbursed before year-end. The cash deposit will not accumulate interest. The cash guarantee is included in “Other investments and guarantees” in the statement of financial position.

The increase of the Industrial Solutions segment assets and liabilities is mainly linked to the increase of trade receivables and payables, which were impacted by a higher activity, by timing and by the increase of raw material purchase costs.

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

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

	Revenue by market		Non-current segment assets	
(Million EUR)	**30/06/2021**	**30/06/2020**	**30/06/2021**	**31/12/2020**
Belgium	91.0	88.1	483.0	499.8
The Netherlands	115.6	96.5	36.7	34.3
France	174.0	146.0	234.0	239.6
Germany	26.6	29.5	22.3	20.4
Spain	41.3	34.1	-	-
United Kingdom	51.8	33.8	18.9	18.0
Poland	14.9	13.5	7.1	5.3
Other European countries	66.7	65.3	5.9	5.3
United States	304.6	302.1	174.3	168.3
Mexico	21.5	20.1	2.3	2.0
China	9.3	7.1	6.6	7.2
Rest of the world	103.6	98.9	34.2	31.1
Tessenderlo Group	**1,021.0**	**935.0**	**1,025.3**	**1,031.2**

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

The increase of the non-current segment assets in the United States is impacted by the strengthening of the USD (the USD/EUR closing rate was 1.2271 as per year-end 2020 compared to 1.1884 as per June 2021).

7. ACQUISITIONS, DISPOSALS AND ASSETS CLASSIFIED AS HELD FOR SALE

Acquisitions

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

The contribution to the group's first half year 2021 revenue amounts to approximately 15 million EUR (first half year 2020: not significant), while the contribution to the group's result was insignificant in both the first half of 2020 and 2021.

Disposals

There were no disposals in the first half of 2021.

Assets classified as held for sale

In August 2021, the group came to an agreement to divest the MPR and ECS activities (operating segment Industrial Solutions). The divestment comprises the main assets of these activities. The yearly contribution of MPR and ECS to the group's results was not significant.

In accordance with IFRS 5 *Non-current assets held for sale and discontinued operations*, the assets of the disposal groups were recognized, as per June 30, 2021 at the lower of their carrying amount and the fair value less cost to sell. As the expected sales price exceeded the carrying amount, no impairment loss was deemed necessary. The assets are presented in the statement of financial position as "Assets classified as held for sale" (3.7 million EUR) and "Liabilities associated with assets classified as held for sale" (0.2 million EUR), and include "Property, plant and equipment" (0.6 million EUR), "Goodwill" (2.2 million EUR), current "Trade and other receivables" (1.0 million EUR) and current "Trade and other payables" (0.2 million EUR). The sales are expected to be completed in the second half of 2021 and will lead to an insignificant result, which will be included within EBIT adjusting items.

8. EBIT ADJUSTING ITEMS

The first half year 2021 EBIT adjusting items show a net income of +1.9 million EUR and mainly include:

- The result on the sale of several individual, non-significant assets, mainly land and buildings, for which the proceeds of the sale and the remaining carrying amount were insignificant.
- Changes to existing provisions, including the impact of the increase in discount rate applied to the environmental provisions.
- The impact and revaluation of an electricity purchase agreement, for which the own-use exemption under IAS 39 is not applicable anymore.
- Several other individually less significant items.

9. FINANCE COSTS AND INCOME

Net finance costs and income amount to +2.1 million EUR as per June 30, 2021 (-12.3 million EUR as per June 30, 2020), and mainly include:

- Borrowing costs for -4.9 million EUR (HY20: -4.9 million EUR) including the accrued interest charges on the bonds issued in 2015 with a maturity of 7 years and 10 years (-3.3 million EUR), the interest expenses on the term loan facility of T-Power nv, and the interest expenses on lease liabilities (in accordance with IFRS 16 *Leases*).
- Net foreign exchange gains and losses for +7.3 million EUR (HY20: -7.0 million EUR), mainly explained by unrealized foreign exchange gains and losses on intercompany loans and cash and cash equivalents (mainly in USD), which are not hedged.

The total cash-out related to interest payments amounts to -4.3 million EUR, including payments for the T-Power forward rate agreements reaching their maturity date for -3.5 million EUR.

10. INCOME TAX EXPENSE

Income tax expense amounts to -26.4 million EUR in HY21 (-20.9 million EUR in HY20) and mainly relates to the operations in the United States.

The income taxes paid in HY21 amount to -17.2 million EUR (HY20: -15.7 million EUR), while the current tax asset, mainly in Belgium and in the United States, decreased from 7.5 million EUR as per December 31, 2020 to 1.3 million EUR as per June 30, 2021.

Deferred tax assets on fiscal losses carried forward are recognized for 22.0 million EUR (December 2020: 22.1 million EUR). These are mainly recognized on Tessenderlo Group nv, the parent company, for an amount of 6.9 million EUR (December 2020: 6.9 million EUR) and in France for a total of 12.2 million EUR (December 2020: 12.7 million EUR). The other deferred tax assets on fiscal losses carried forward recognized amount to 2.9 million EUR (December 2020: 2.5 million EUR).

As per June 2021, total tax losses and tax credits carried forward amount to approximately 187 million EUR for Tessenderlo Group nv, while these amount to approximately 49 million EUR in France.

11. SEASONALITY OF OPERATIONS

Tessenderlo Group demonstrates a limited seasonality pattern at group level for revenue (first half of 2020: 54%) and operating profitability level as expressed by Adjusted EBITDA (first half of 2020: 58%). The degree of seasonality at group level is primarily determined by selling to customers in several end markets, including food, pet food, construction, agriculture and water treatment. Two important end markets which demonstrate seasonal characteristics are construction and agriculture. The group sells into the construction markets through its operating segment Industrial Solutions in several countries in the northern hemisphere, which are typically impacted by winter weather conditions in the first and fourth quarter. Agriculture related sales made in the operating segment Agro are influenced by the planting seasons, especially the spring planting season. Most of the sales of Crop Vitality - being part of the Agro operating segment - are in the United States, and this normally leads to higher sales and operating profitability in the first half of the year. Agro is the largest contributor to the group operating profitability, which explains why group operating profitability is typically higher in the first half year.

12. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

For the six-month period ended June 30, 2021, the group’s capital expenditure amounted to 41.1 million EUR (HY20: 41.1 million EUR). 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;
- investments in production efficiency improvements within DYKA group (operating segment Industrial Solutions);
- advance payments made for the construction of a new Thio-Sul manufacturing plant (operating segment Agro);
- the replacement of equipment and vehicles, which were previously leased, through purchase.

The capital expenditure - property, plant and equipment and intangible assets - per operating segment is disclosed in note 6 - Segment reporting.

Capital expenditure contracted for at the end of the reporting period, but not yet incurred, amounts to 62.6 million EUR, which is expected to be delivered in the period 2021-2023.

13. WORKING CAPITAL

WORKING CAPITAL			
Million EUR	**30/06/2021**	**31/12/2020**	**30/06/2020**
Inventories	287.3	332.1	283.0
Current trade and other receivables	350.8	270.8	307.7
Current trade and other payables	-300.8	-269.9	-241.7
Working capital	**337.3**	**333.1**	**349.0**

Working capital as per June 30, 2021 remained in line with working capital as per December 31, 2020. Inventories as per June 30 are lower compared to December 31, 2020, as inventory is built up in the second half of the year for the upcoming planting season within the operating segment Agro. Trade receivables as per June 30, 2021 were not only impacted by seasonality, but also by higher sales volumes and prices, driven by the increase of raw material purchase costs, within the operating segments Agro and Industrial Solutions. The increase in trade payables can mainly be explained by timing and increasing raw material purchase costs. The increase in other payables can be explained by the accrued charges (10.5 million EUR) 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, and was recognized within non-current other payables as per December 31, 2020.

The group expects to recover or settle the inventory, available as per June 30, 2021 within the next twelve months, except for the inventory of non-strategic spare parts (11.0 million EUR as per HY21, compared to 10.5 million EUR as per December 31, 2020). These parts will be used whenever deemed necessary.

14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents amount to 261.4 million EUR as per June 30, 2021 (compared to 230.1 million EUR as per December 31, 2020) and include 34.1 million USD (28.7 million EUR) compared to 32.1 million USD (26.2 million EUR) as per year-end 2020.

As per June 30 2021, an investment in short term bank notes is outstanding for a total of 40.0 million EUR. The counterparty is a highly rated international bank. The notes have an original duration of 9 months (maturing in December 2021 and in January 2022). 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”.

15. 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 six month period ended June 30.

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

BASIC EARNINGS PER SHARE		
	30/06/2021	**30/06/2020**
Adjusted weighted average number of ordinary shares at June 30[1]	**43,022,979**	**43,154,979**
Profit (+) / loss (-) attributable to equity holders of the company (million EUR)	97.3	86.1
Basic earnings per share (in EUR)	**2.26**	**2.00**

[1] Takes into account the effect of shares issued and own shares held by the group, which is based on the weighted average number of issued or owned shares during the accounting period. There were no shares issued in HY21 and HY20. Since September 28, 2020, the group owns 132,000 own shares (June 30, 2020: nihil) or 0.306% of the total number of 43,154,979 issued shares.

Diluted earnings per share

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

16. LOANS AND BORROWINGS

LOANS AND BORROWINGS		
Million EUR	**30/06/2021**	**31/12/2020**
Non-current loans and borrowings	373.2	385.1
Current loans and borrowings	46.0	66.2
Total loans and borrowings	**419.3**	**451.3**
Cash and cash equivalents	-261.4	-230.1
Bank overdrafts[1]	0.0	0.0
Investment in short term notes[2]	-40.0	-20.0
Net loans and borrowings	**117.8**	**201.3**

[1] A bank overdraft is a flexible borrowing facility on a bank current account, which is repayable on demand.
[2] Relates to three short term notes outstanding, of which two notes of 10 million EUR and one note of 20 million EUR (30 million EUR with maturity date in December 2021 and 10 million EUR in January 2022).

As per June 30, 2021 the group net financial debt amounted to 117.8 million EUR, implying a leverage of 0.4x, and included a lease liability, in accordance with IFRS 16 *Leases*, for an amount of 55.1 million EUR. Excluding the impact of IFRS 16 *Leases* (55.1 million EUR), as well as the financial guarantee (16.3 million EUR, note 6 - Segment reporting) paid to Elia (the Belgian transmission system operator), net financial debt would have amounted to 46.4 million EUR compared to 147.8 million EUR as per year-end 2020.

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

Million EUR	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
Balance at January 1, 2021	**-0.0**	**230.1**	**20.0**	**-18.2**	**-35.2**	**-48.0**	**-349.8**	**-201.3**
Cash flows	0.0	30.8	20.0	10.5	-	33.9	-	95.2
IFRS 16 new leases and lease modifications	-	-	-	-0.6	-10.9	-	-	-11.5
Transfers	-	-	-	-9.2	9.2	-14.1	14.1	-
Effect of exchange rate differences	-	0.6	-	-0.2	-0.4	-0.0	-0.2	-0.3
Balance at June 30, 2021	**-0.0**	**261.4**	**40.0**	**-17.8**	**-37.3**	**-28.2**	**-335.9**	**-117.8**

The non-current loans and borrowings include two series of bonds (223.6 million EUR), 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. These bonds do not contain any covenants. In 2020, the group repurchased “2022 bonds” for a nominal amount of 0.1 million EUR at a price of 101.5%. Interest charges, payable in July 2021, have been accrued for an amount of 6.5 million EUR as per June 30, and are included in current “Trade and other payables” in the statement of financial position.

The T-Power term loan facility agreement amounts to 128.7 million EUR as per June 30, 2021 (December 31, 2020: 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 June 30, 2021.
The lease liability, in accordance with IFRS 16 *Leases*, amounts to 55.1 million EUR (December 31, 2020: 53.4 million EUR), of which 37.3 million EUR is included in non-current and 17.8 million EUR in current loans and borrowings.

Tessenderlo Kerley, Inc. has a loan outstanding of 5.7 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.

Tessenderlo Group nv has a loan outstanding 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 June 30, 2021, 6.3 million EUR remains outstanding of which 1.7 million EUR is current.

The group has access to a Belgian commercial paper program of 200.0 million EUR which remained unused at the end of June 2021 (while 19.0 million EUR was used at December 31, 2020, included in current loans and borrowings).

There has been no drawdown as per June 30, 2021 on the 5 year committed bi-lateral credit lines, which were renewed for 5 years in December 2019. The amount of the committed credit lines amounts to 142.5 million EUR (of which part can be drawn in USD).

17. EMPLOYEE BENEFITS

The application of IAS 19 Employee benefits as per June 30, 2021 led to an increase of equity, before tax, by 15.2 million EUR and is mainly the result of an increase of the rate used to discount the obligations (weighted average discount rate of 1.0% as per June 30, 2021 compared to 0.7% at year-end 2020) and a higher than expected return on the Belgian and UK plan assets. The defined benefit liability recognized in the statement of financial position decreased to 52.7 million EUR per June 30, 2021 (60.6 million EUR as per December 31, 2020), while a UK net pension asset is recognized for 11.7 million EUR (5.1 million EUR as per December 31, 2020).

18. FINANCIAL INSTRUMENTS

The fair value of non-current loans and borrowings at fixed interest rate, measure at amortized cost, is in line with the fair value as disclosed in the consolidated financial statements as per December 31, 2020.
The fair value of trade and other receivables, other investments and guarantees, short term investments, cash and cash equivalents, current loans and borrowings, and trade and other payables approximate their carrying amount. 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:

	June 30, 2021							
(Million EUR)	**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	-	-	-6.0	-11.1	-	-17.1	-	-17.1
Electricity forward contracts	-	-	-4.3	-11.8	-	-	-16.1	-16.1
Total	**0.0**	**-**	**-10.4**	**-22.9**	**-**	**-17.1**	**-16.1**	**-33.3**

The notes on pages 14 to 32 are an integral part of the condensed consolidated interim financial statements

(Million EUR)	December 31, 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**

The derivative financial instruments as per June 30, 2021 mainly relate to:

- the interest rate swaps of T-Power nv for an amount of -17.1 million EUR (December 31, 2020: -21.0 million EUR);
- an electricity forward contract, with maturity date in June 2026, for an amount of -16.1 million EUR (December 31, 2020: -16.1 million EUR).

The decrease of the fair value of the interest rate swaps is mainly related to the half yearly payments for forward rate agreements reaching their maturity date. The settlement of the agreements resulted in a cash out of -3.5 million EUR as per June 30, 2021 and is included in the line "Interest paid" in the condensed consolidated statement of cash flows. The effective portion of the change in fair value is recognized in the hedging reserves (Other comprehensive income).

The fair value of the electricity forward contract is calculated as per June 30, 2021 based on a valuation model, leading to a net fair value of -16.1 million EUR, in line with the fair value as per December 31, 2020. 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 future difference between market electricity prices and the generation cost based on market gas prices (the "sparkspread"), and on the effect of the hourly pricing optimization as foreseen in the contract. If the 2024 key assumptions would also have been applied for the remaining period till June 2026, a period for which no market data is available, the fair value of the contract (2021-June 2026) would have amounted to -28.1 million EUR. The valuation techniques and unobservable date used for measuring the fair value of the contract are in line with those used in the consolidated financial statements as per December 31, 2020. Also the sensitivity of the valuation to changes in the principal assumptions is in line with the one disclosed in the consolidated financial statements as per December 31, 2020. We refer to the 2020 consolidated financial statements for more information on the fair value calculation of the electricity forward contract.

19. 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.

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. There were no purchases of additional emission allowances during the first half of 2021. 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 1.8 million EUR as per June 30, 2021 (December 31, 2020: 3.2 million EUR).

20. 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 nv), 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 the last transparency notification, published on June 21, 2021, Verbrugge nv, controlled by Picanol nv, is holding 20,575,699 shares (47.7% of the company) and its affiliated company Symphony Mills nv is holding 2,532,200 shares (5.9%). 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. 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 June 30, 2021 Verbrugge nv was holding 38,533,061 voting rights (61.0 % of the total voting rights), while Symphony Mills nv was holding 4,346,200 voting rights (6.9 % of the total voting rights).

The group purchased and sold goods and services to various related parties in which the group holds a 50% equity interest (investment in joint ventures). Such transactions were conducted at terms comparable to transactions with third parties.

Premiums for an amount of 1.1 million EUR were paid to the Belgian pension fund, "OFP Pensioenfonds". Liabilities related to employee benefits schemes as per June 30, 2021 include 8.7 million EUR related to the "OFP Pensioenfonds" (December 31, 2020: 13.1 million EUR).

The following transactions have taken place with the joint ventures, the controlling shareholder, the members of the Executive Committee and the Board of Directors:

Transactions with joint ventures:

TRANSACTIONS WITH JOINT VENTURES (FOR THE SIX-MONTH PERIOD ENDED JUNE 30, EXCEPT FOR BALANCE SHEET COMPARATIVES AT DECEMBER 31)		
Million EUR	**2021**	**2020**
Transactions with Joint Ventures - Sales	-	0.2
Transactions with Joint Ventures - Purchases	14.6	11.0
Non-current assets	10.2	9.9
Current assets	0.9	0.7
Current liabilities	5.9	4.0

The non-current assets (10.2 million EUR) refer to a 12.1 million USD loan, given by Tessenderlo Kerley Inc. to the joint-venture Jupiter Sulphur LLC. The non-current loan is interest bearing (3.0%). In 2020, the duration of the loan was extended till December 2026. Jupiter Sulphur LLC obtained the same amount from the other joint-venture partner. In 2021, the already incurred related interest income was included in the outstanding amount. The granted loan is included in “Other investments and guarantees” in the group’s consolidated statement of financial position.

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.

A dividend was received from joint ventures for an amount of 0.1 million EUR in the first half of 2021 (HY20: nihil).

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

Transactions with the members of the Executive Committee:
The Executive Committee is composed by the CEO, Luc Tack, the Executive Directors (currently Findar BV, represented by Stefaan Haspeslagh) as well as any other member appointed by the Board of Directors (no one at this stage), and did not change compared to last year.

TRANSACTIONS WITH THE MEMBERS OF THE EXECUTIVE COMMITTEE		
Million EUR	**30/06/2021**	**30/06/2020**
Short-term employee benefits	1.8	1.4
Post-employee benefits	0.0	0.0
Total	**1.8**	**1.4**

Short-term employee benefits include salaries and accrued bonuses estimated for the period (both including social security contributions), car leases and other allowances where applicable.

The post-employment benefits include the periodic pension costs of the pension plan, calculated by an actuary.

There was no new issuance of warrants in HY21.

Transactions with the members of the Board of Directors:
On the General Shareholders’ Meeting of May 11, 2021 the mandates of ANBA BV (with permanent representative Mrs. Anne-Marie Baeyaert, non-executive independent director) and Management Deprez BV (with permanent representative Mrs. Veerle Deprez, non-executive independent director) were renewed for a period of four years, i.e. until the end of the General Shareholders’ Meeting that approves the financial statements for the year 2024. Mr. Wouter De Geest has been appointed as a non-executive independent director for the remainder of the mandate of Philium BV, with permanent representative Mr. Philippe Coens. His

mandate will consequently end after the meeting that approves the financial statements for the year ending December 31, 2022.

The General Shareholders' Meeting of May 11, 2021 also approved that each director will receive a fixed annual fee of 27.500 EUR on the understanding that this remuneration covers the activities as member of the Board of Directors, the Audit Committee and the Nomination and Remuneration Committee.
Moreover, the following additional fees will be granted:

- an attendance fee of 1.000 EUR per half day attendance
- an additional annual fee of 72.500 EUR for the chairman of the Board of Directors
- an additional annual fee of 3.000 EUR for the chairman of the Audit Committee.

The above rules will be applicable to remunerations granted as from January 1, 2021. Remuneration is paid during the year in which the meetings were held. The attendance fee of 1.000 EUR is also attributed to the directors who attend the meeting as invitee.

21. SUBSEQUENT EVENTS

In August 2021, the group came to an agreement to sell the assets of the MPR activity to ORG Chem Group LLC (United States). In accordance with IFRS 5 *Non-current assets held for sale and discontinued operations*, the assets and liabilities of these disposal groups were presented as assets classified as held for sale and liabilities associated with assets classified as held for sale as per June 30, 2021 (note 7 - Acquisitions, disposals and assets classified as held for sale). The proceeds of the sale are insignificant. The sale is expected to be completed in the second half of 2021, and will lead to an insignificant result, which will be included in EBIT Adjusting items. The yearly contribution of MPR to the group's revenue and results was not significant.

In August 2021, the group came to an agreement to sell the remaining ECS assets to IHD Liquids Management LLC (United States). Following a fire incident in 2020 all assets were already impaired in the 2020 consolidated financial statements. The proceeds of the sale are insignificant. The sale is expected to be completed in the second half of 2021. The yearly contribution of ECS to the group's revenue and results was not significant.

4. INDEPENDENT AUDITORS' REPORT ON THE REVIEW OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS PER JUNE 30, 2021

Statutory auditor's report to the Board of Directors of Tessenderlo Group nv on the review of the condensed consolidated interim financial information as at June 30, 2021 and for the six-month period then ended

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Tessenderlo Group nv as at June 30, 2021, the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated interim financial statements ("the condensed consolidated interim financial statements").The board of directors is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at June 30, 2021 and for the six-month period then ended is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Zaventem, August 24, 2021
KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises
Statutory Auditor
represented by

Patrick De Schutter
Bedrijfsrevisor / Réviseur d'Entreprises

5. 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.

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.

Leverage
Net financial debt divided by Adjusted EBITDA over the last 12 months.

Net financial debt
Non-current and current loans and borrowings minus cash and cash equivalents, bank overdrafts and short term investments.

Operational free cash flow
Operational free cash flow equals to Adjusted EBITDA minus capital expenditure minus change in trade working capital.

Other operating income and expenses
Other operating income and expenses include items which cannot be directly allocated to a line item of the consolidated income statement based on their function and that in management's judgement do not need to be disclosed separately by virtue of their size or incidence. Transactions which may be recognized as other operating income and expenses are mainly costs arising from research and development projects, tax charges other than income taxes, such as withholding taxes and regional taxes, the recognition or reversal of impairment losses on trade receivables, and several individually insignificant items within several subsidiaries of the group.

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.

Working capital
The sum of inventories, trade and other receivables minus trade and other payables.

6. ALTERNATIVE PERFORMANCE MEASURES

The following alternative performance measures are considered to be relevant in order to compare the results over the 6-month period ended June 30, 2020, and June 30, 2021, and can be reconciled to the condensed consolidated interim financial statements as follows:

Reconciliation from Adjusted EBIT to EBIT

(Million EUR)	30/06/2021	30/06/2020
Adjusted EBIT	**119.4**	**116.3**
EBIT adjusting items	1.9	4.2
EBIT (Profit (+) / loss (-) from operations)	**121.3**	**120.5**

Reconciliation from Adjusted EBITDA to EBIT

(Million EUR)	30/06/2021	30/06/2020
Adjusted EBITDA	**184.7**	**182.0**
EBIT adjusting items	1.9	4.6
EBITDA	**186.6**	**186.6**
Depreciation	-65.3	-65.7
Impairment losses	-	-0.5
EBIT (Profit (+) / loss (-) from operations)	**121.3**	**120.5**

Reconciliation leverage

(Million EUR)	30/06/2021	31/12/2020	30/06/2020
Non-current loans and borrowings	373.2	385.1	399.0
Bank overdrafts	0.0	0.0	0.0
Current loans and borrowings	46.0	66.2	71.7
Cash and cash equivalents	-261.4	-230.1	-230.8
Short term investments	-40.0	-20.0	-
Net financial debt	**117.8**	**201.3**	**239.9**
Adjusted EBITDA last 12 months	317.3	314.6	304.8
Leverage (net financial debt / Adjusted EBITDA last 12 months)	**0.4**	**0.6**	**0.8**

Reconciliation capital employed

(Million EUR)	30/06/2021	31/12/2020	30/06/2020
Inventories	287.3	332.1	283.0
Trade receivables - 1 year	316.6	241.4	274.5
Trade receivables - 1 year: amounts written off	-3.8	-4.0	-3.9
Trade receivables from related parties	0.9	0.8	1.1
Trade receivables classified as held for sale	1.0	-	-
Trade payables -1 year	-182.8	-172.7	-142.6
Trade payables from related parties	-2.9	-1.0	-1.3
Trade payables classified as held for sale	-0.2	-	-
Trade working capital	**416.0**	**396.7**	**410.9**
Property, plant and equipment	869.9	862.2	867.6
Goodwill	31.7	33.4	34.5
Intangible assets	120.9	135.6	151.2
Related non-current assets classified as held for sale	2.8	-	-
Non-current assets and related non-current assets classified as held for sale	**1,025.3**	**1,031.2**	**1,053.3**
Capital employed	**1,441.3**	**1,427.9**	**1,464.2**

Reconciliation operational free cash flow

(Million EUR)	30/06/2021	31/12/2020	30/06/2020
Adjusted EBITDA	184.7	314.6	182.0
Capital expenditure	-41.1	-100.2	-41.1
Change in trade working capital	-14.0	-0.7	0.2
Reported change in trade working capital	-19.3	11.7	-2.5
- Currency translation adjustments*	5.2	-18.5	-3.4
- Scope changes**	-	6.2	6.0
Operational free cash flow	**129.5**	**213.7**	**141.0**

* Currency translation adjustments include the impact of the foreign currency translation of the working capital of foreign subsidiaries to EUR at the foreign exchange rates applicable at the balance sheet date.
** Scope changes include the impact of acquired and/or sold subsidiaries on the working capital.