Annual report 2021




PICANOL GROUP

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

COMPANY PROFILE

Picanol Group is a diversified industrial group and it is active worldwide in the fields of mechanical engineering, agriculture, food, energy, water management, the efficient (re)use of natural resources and other industrial markets with a focus on water. The group's products are used in a variety of applications, industrial and consumer markets.

Picanol Group has approximately 7,000 employees worldwide and is listed on Euronext Brussels (PIC) via Picanol nv. Picanol Group was founded in 1936. Since 2013, Picanol Group has also had a reference interest in Tessenderlo Group (Euronext: TESB), and since 2019, Tessenderlo Group has been fully consolidated in the results.

Picanol Group in 2021:

Consolidated turnover:	2,741.7 million EUR
Number of employees:	7,000
Euronext Brussels:	PIC
Web:	www.picanolgroup.com

Picanol Group's activities are divided into five business segments:

The segment **Machines & Technologies** includes the activities Weaving Machines (Picanol), the foundry and mechanical finishing (Proferro) and the development and production of electronics (PsiControl).

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

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

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

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

Activity report 2021

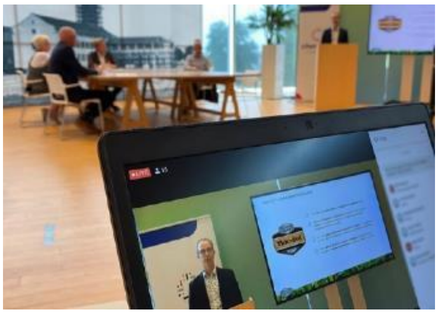
2021 HIGHLIGHTS

In September 2021, Proferro officially opened its new high-bay warehouse, with Flemish Minister Hilde Crevits in attendance. Standing at no less than 32 meters in height, the high-bay warehouse is Proferro's new logistical heart (Machines & Technologies segment).

Construction works at the new production facility in Rasnov (Romania) were completed at the end of 2021 and some of the production already started in January 2022. Transferring all production to the new plant is planned to take place in the third quarter of 2022 (Machines & Technologies segment).

In the fourth quarter of 2021, Picanol launched its customer platform PicConnect. This is a new, fully digital platform offering a wide range of features from industrial IoT to service-related applications. In addition, Picanol introduced its latest generation of airjet and rapier weaving machines, which have been called the *Connect* generation. These new generation weaving machines focus on connectivity and an increased level of data availability (Machines & Technologies segment).

At the end of 2021, Picanol Group announced the construction of a new head office for the Machines & Technologies segment in its hometown of Ieper (Belgium). Construction work in Ieper is planned to start in the second quarter of 2022, with the new head office scheduled to open in 2024.



In March 2021, Tessenderlo Kerley International (Agro segment) announced the construction of a new Thio-Sul® (ammonium thiosulfate) manufacturing plant in Geleen (the Netherlands). The plant is currently scheduled to start production in the third quarter of 2023.

In the first quarter of 2021, Tessenderlo Group created a new growth unit, “Violleau”, to support the growth of organic agricultural solutions in Europe. With effect from 2022, Violleau will be included in the Agro segment.

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.

In the third quarter of 2021, the Mining & Industrial business unit changed its name to moleko (Industrial Solutions segment).

In the fourth quarter of 2021, the Performance Chemicals business unit changed its name to Kuhlmann Europe (Industrial Solutions segment). Kuhlmann Europe terminated its operating agreement in 2021 for the production of sulfur derivatives in Tessenderlo, Belgium (Kuhlmann Belgium). The deteriorating market conditions, the continuing limited availability of raw materials, and increased electricity prices made the sulfur derivatives activity economically unfeasible. In the 2021 results, Tessenderlo Group recognized restructuring expenses in accordance with the termination clauses of the operating agreement, while the yearly contribution of sulfur derivatives to the group’s results was not significant.

At the end of 2021, Tessenderlo Kerley, Inc. (TKI) announced its plans to construct a new plant in Defiance, Ohio (US), serving the Eastern Great Lakes region. The new facility will focus on TKI’s leading liquid sulfur-based crop nutrition brands Thio-Sul®, KTS®, K-Row 23®, as well as sulfite chemistries for the industrial markets. The plant is expected to become operational in the first quarter of 2024 (Agro and Industrial Solutions segments).

In December 2021, Tessenderlo Group agreed to acquire the assets of B.V. Fleuren Tankopslag, a tank storage and transshipment company for liquid products located in the Port of Cuijk (the Netherlands). After completion of the acquisition, the Fleuren Tankopslag operations will be integrated within the Tessenderlo Kerley International business unit.

PB Shengda (Zhejiang) Biotechnology Co., Ltd, a 50% joint-venture between Tessenderlo Group and Zhejiang Shengda Ocean Co., Ltd., was established in June 2020 for the construction of a marine collagen peptides plant. Both partners agreed in 2021 to terminate the joint-venture agreement. This will have no material impact on the results of the group. PB Leiner however confirms its ambition to become active in the marine collagen market (Bio-valorization segment).

After the balance sheet date:

- Following the launch of the new *Connect* generation weaving machines in 2021, Picanol introduced the OmniPlus-*i* TC *Connect* in January 2022. This dedicated execution for the weaving of tire cord fabrics has now been upgraded to the latest airjet technology and combined with the *Connect* generation features (Machines & Technologies segment).
- In February 2022, Tessenderlo Group announced that it intends to acquire the production plant and the associated business of Pipelife France in Gaillon (Eure, France). The Gaillon plant specializes in the manufacturing of pipes for gas, water, and cable protection. The transaction is expected to reach completion in the course of 2022. After completion of the acquisition, Tessenderlo Group intends to integrate the business within the DYKA Group business unit (Industrial Solutions segment). This transaction will not materially impact the results of the group.
- The group also announced that its growth unit Violleau plans to construct a new production line for organic fertilizers in Vénérolles (Aisne, France). The new line will focus on the production of organic pellets, responding to the rising demand for organic fertilizers. It is scheduled to be operational from the first quarter of 2023 and it will be constructed on the site of Akiolis' manufacturing plant in Vénérolles.
- In February 2022, Tessenderlo Group repurchased 35.0 million EUR of its outstanding "2022 bonds" at a price of 102.875%. This repurchase resulted in a cash-out of 36.0 million EUR and the remaining amount of outstanding "2022 bonds" maturing in July 2022 stands at 130.5 million EUR. Also in February 2022, the group agreed two term loan credit facilities for 30.0 million EUR each, with a maturity of 7 years (starting April 2022) and a maturity of 5 years (starting August 2022) respectively. These loans, with quarterly capital reimbursements, have a fixed interest rate of 1.16% and 0.94% respectively, and contain no financial covenants. Both transactions will further reduce the liquidity risk as well as the interest costs of the group.
- In early March 2022, Tessenderlo Group submitted a new permit application to the Flemish Region for the construction of a new 900 MW combined cycle steam and gas turbine (CCGT) power plant in Tessenderlo, Belgium. With a view to future auctions, the group adjusted its previously submitted project (an investment of approximately 500 million EUR) to respond to the objections that led to the refusal of that application.
- The current conflict in Eastern Europe and the subsequent economic and financial sanctions imposed are negatively affecting the supply and the cost prices of both raw materials and energy. In particular, MOP (muriate of potash) is the key raw material used for the production of SOP (sulfate of potash) fertilizers that are produced at Tessenderlo Kerley Ham (Belgium), within the Agro segment. Tessenderlo Group currently sources MOP from Russia and Belarus, as well as some other countries. In this connection, the group is in the process of reviewing its sourcing mix, and it is therefore currently not possible to determine what the effect on the production would be, if any, although no significant impact is expected in the first half of 2022. At present, it is also difficult to estimate the impact on the other activities of the group.

LETTER TO THE SHAREHOLDERS

Dear Shareholders,

2021 was another very challenging year for our employees, as we had to deal with the consequences of the global coronavirus pandemic for the second year in a row. While the pandemic caused a great deal of disruption and uncertainty in our daily operations – which included an ongoing struggle to maintain our supply chain – the company and our employees managed to deliver strong results in what was a volatile year.

Picanol Group achieved a consolidated revenue of 2,741.7 million EUR in 2021 compared to 2,188.5 million EUR in 2020, which represents an increase in revenue of +25%. The increase in revenue was achieved in each of our five segments: Machines & Technologies +46%, Agro +29%, Industrial Solutions +21%, Bio-valorization +12%, and T-Power +2%. The 2021 Adjusted EBITDA amounts to 430.3 million EUR, compared to 361.7 million EUR in 2020 (+19%). Picanol Group closed the 2021 financial year with a net profit of 160.7 million EUR compared to 55.4 million EUR in 2020.

Despite the challenging conditions in our various markets, 2021 was another year in which progress was made on many fronts and we continued to build on our robust investment program. We remain fully committed to strengthening our areas of competence and expertise, based on our sincere belief in the value of our products for the future.

In 2021, Picanol launched PicConnect, which is a new digital platform in the Machines & Technologies segment. In a world that is constantly evolving, and in which Industry 4.0 is one of the most influential evolutions, data is becoming increasingly important for monitoring, optimizing, and managing machine performance and work processes. PicConnect is the online, cloud-based platform for all of Picanol's digital applications, and it will be a key link between Picanol and its customers. Picanol also announced a new generation of weaving machines in 2021, in which connectivity and increased data availability play a central role. The *Connect* generation of airjet and rapier weaving machines not only provides the required data to Picanol customers but also includes many new functionalities.

Proferro put its new, high-bay warehouse into operation last year. And PsiControl continued to build a new production facility in Rasnov (Romania) during 2021, which is due to be commissioned in the spring of 2022.

In the Agro segment, we announced in 2021 that Tessenderlo Kerley International will build a new Thio-Sul® (ammonium thiosulfate) plant in Geleen (the Netherlands). And with a second European Thio-Sul® plant planned to be operational by the third quarter of 2023, we are further expanding our local presence in the precision agriculture liquid fertilizer market. We will also continue to explore significant Thio-Sul® investments in the Eastern European/CIS region to support agricultural quality and productivity improvements in that region.

We also reached an agreement in 2021 to acquire the assets of B.V. Fleuren Tankopslag, which is a tank storage and transshipment company for liquid products that is located in the Port of Cuijk (the Netherlands). This acquisition will provide additional storage space for Tessenderlo Kerley International's liquid fertilizers, which include Thio-Sul®, KTS®, and APP (ammonium polyphosphate). Its location on the Maas river and its close proximity to the new plant in Geleen will result in more convenient and more sustainable connections for waterborne transport of Thio-Sul® to the Netherlands, Germany, and France.

In the United States, Tessenderlo Kerley, Inc. (TKI) will build a new plant in Defiance, Ohio (US) to serve the Eastern Great Lakes region. The new plant will produce our leading liquid fertilizers, Thio-Sul®, KTS®, and K-Row 23®, as well as sulfite chemicals for industrial markets. The plant is expected to be operational in the first quarter of 2024. This strategic project combines excellence in process technology with the diversification of our local market position while reinforcing our sustainability goals by locating us closer to our customers.

In 2021, we established a new growth unit, "Violleau", to support the development of organic farming solutions in Europe. This growth unit will be part of our Agro segment with effect from 2022.

Following the announcement of the results of the first capacity remuneration mechanism (CRM) auction for the 2025-2026 delivery period by the grid manager Elia, in the fourth quarter of 2021, Tessenderlo Group was not selected for the construction of its proposed 900 MW gas power plant. The group had already been informed in October 2021 that it would not receive a permit for the construction of this plant. In early March 2022, Tessenderlo Group submitted a new permit application to the Flemish Region for the construction of a new 900 MW combined cycle steam and gas turbine (CCGT) power plant in Tessenderlo (Belgium). With a view to future auctions, Tessenderlo Group adjusted its previously submitted project to respond to the objections that led to the refusal of that application.

With a view to assuring the future of our group, we continued to invest heavily in the further development of our employees' talents in 2021. Quality training and professional development are a must if we want to guarantee the group a sustainable future in an environment and a labor market that are becoming increasingly challenging.

In 2021, Picanol Group continued to focus on the automation and robotization of our production sites, as well as on product development, ensuring sustainability in all our activities, digitalization of our processes, increased logistical efficiency, the debottlenecking of plants, the implementation of coordinated purchasing and sourcing activities, profitable growth, and customer focus – in order to better serve the markets in which we operate. These initiatives, combined with a constant focus on operational excellence, will allow us to lay a solid foundation for the future development of the group.

At the end of 2021, we announced plans to build new headquarters for the Machines & Technologies segment in our hometown of Ieper, thus anchoring the group in Ieper for the long term. The new head office is scheduled to open in 2024.

Dividend
At the Annual General Meeting of Shareholders on May 16, 2022, the Board of Directors will propose that a dividend of 0.2 EUR is paid for the 2021 financial year.

Outlook
The following are forward-looking statements. Actual results may vary considerably.

The group anticipates a continued high level of uncertainty in 2022 due to the current conflict in Eastern Europe, the difficult supply chain circumstances, and other challenges following the coronavirus pandemic. The group is faced with higher logistics, energy and raw materials costs, and this implies that our sales margin could come under pressure during the coming months. Based on currently available information, the group expects that the 2022 Adjusted EBITDA will be lower than that of 2021. This guidance does not include the risk of further deteriorating economic and financial market conditions.

On behalf of the Board of Directors, we would like to thank everyone who has contributed to the success of Picanol Group in the past year – our employees for their commitment and dedication, and our shareholders, customers, and business partners for the confidence they have shown in our group.

Kind regards,

Luc Tack	Stefaan Haspeslagh
CEO	Chairman of the Board of Directors

Note: For some explanations on the financial statements of Picanol nv, please refer to page 120 of this annual report.

MACHINES & TECHNOLOGIES SEGMENT

Picanol Group's Machines & Technologies segment comprises the development, production and sale of high-tech weaving machines (Picanol), foundry and mechanical finishing (Proferro), and electronics development and production (PsiControl).

PRODUCTION LOCATIONS

Belgium (1), Romania (1) and China (1). Sales offices for weaving machines, spare parts and after-sales services in Brazil, China, India, Indonesia, Mexico, Turkey and the USA.

CORE MARKETS

Machines and technology

AREA OF ACTIVITIES

Development, production, sales and service of high-tech weaving machines (Picanol), foundry and mechanical finishing (Proferro) and electronics development and production (PsiControl).

BUSINESS DRIVERS

- Rising demand for textiles due to a globally expanding middle class.
- Rising demand for complex cast iron parts.
- Rising demand for electronics due to digitalization of machines and processes.
- The development of technology and big data.

STRATEGIC FOCUS

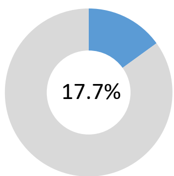
Picanol:
- To further expand the product range of weaving machines and offer applications for new market segments.
- To further strengthen (weaving) performance, the quality of our products and services and to support our customers' cost competitiveness.

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

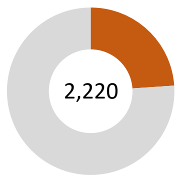
PsiControl:
- Custom-made controllers for medium-sized series, and expertise in Electronic Manufacturing Services (EMS).

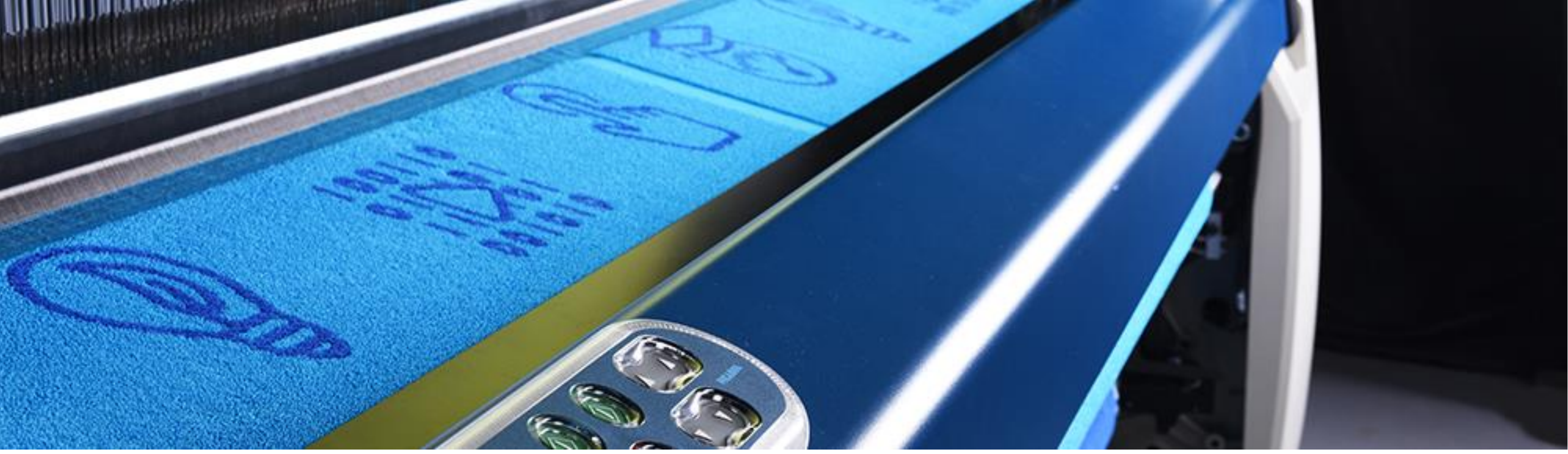
KEY NUMBERS

Share of Adjusted EBITDA



Headcount (FTE)





PICANOL

- **Who are we?**
  Picanol (www.picanol.be) develops, manufactures and sells high-tech weaving machines featuring insertion by means of airjet or rapier technology. Picanol supplies weaving machines to weaving mills in more than 100 countries worldwide, and also provides customers with products and services such as weaving frames, training courses, upgrade kits, and spare parts. Picanol has been an international pioneer in the fields we operate in for more than 85 years, and we are among the world's top weaving machine manufacturers.

  Picanol supplies weaving machines for general textile applications, such as denim (jeans), shirt fabric, toweling, and household & interior textiles. Picanol also supplies weaving machines for niche applications, such as technical textiles for airbags, medical applications, parachutes, and tire cord.

  In addition to our headquarters in Belgium (Ieper), Picanol has a production facility in China, Picanol (SIP) Textile Machinery, coupled to our own worldwide service and sales network. The Picanol slogan, “Let's grow together”, refers to our strong customer orientation, our focus on maximum performance, and our continuous innovation of machines and components.

- **Business in 2021**
  Following a strong fourth quarter in 2020, Picanol also had a strong start in 2021. Together with a general market revival, the order book grew particularly quickly. Despite several increases in production capacity, delivery lead times continued to increase, on the one hand, due to growing, worldwide, logistical, supply chain problems (shortage of raw materials and components combined with congestion in international freight transport), and on the other hand due to a tight, regional labor market.

  As a result of the impact of the COVID-19 pandemic, Picanol was confronted with the global disruption of supply chains, leading to major shortages of raw materials and components and a sharp increase in costs (including transportation costs).

  Most of the textile machinery trade fairs that Picanol would have physically attended during 2021 were either cancelled or postponed. Of the larger fairs, only ITMA Asia + CITME took place, where Picanol presented two new rapier machines for the first time: the GTMax-*i* 3.0S and GTMax-S. Furthermore, Picanol was also present in 2021 at Techtextil North America in the United States, at Stitch & Tex Expo in Egypt, and at GTex Textile Machinery Expo in Pakistan. The presence of our own local teams in the important textile countries also made it possible, despite travel restrictions, to stay close to the customer on both sales and service levels.

  In a world that is constantly evolving, and with Industry 4.0 among the most influential developments, data is becoming increasingly important for monitoring, optimizing, and managing machine performance and work processes. Picanol will continue to set the standard, also in this area, and therefore it launched a new digital platform, PicConnect, in 2021. PicConnect is the online, cloud-based platform for all of Picanol's digital applications, and it will become a key link between Picanol and the customer.

  Picanol also announced a new generation of weaving machines at the end of October, with connectivity and increased data availability as core features. The airjet and rapier weaving machines of the *Connect* generation not only provide the required data to Picanol customers but the new Picanol generation is also the launch platform for numerous new functionalities. Both PicConnect and the new generation *Connect* machines were presented during virtual launch shows.

Energy awareness is an integral part of our product design and development. “Smart performance” combines energy efficiency and sustainability with maximum output performance. We start with sustainable design and strive to deliver a sustainable product. Our continuous focus on reduced electricity and air consumption and the introduction of PicConnect and other machine systems on the machines help us to reduce the production of second choice textiles. All this ensures the production of quality products with a smaller carbon footprint. “Sustainability inside” – applied in practice.

2021 also saw the continuation of Picanol’s investment in innovation and modernization of its production sites, with work continuing at the Ieper plant, on our way to becoming the (manufacturing) company of and for the future. In combination with further productivity and quality improvements, the Ieper site aims to enhance its competitive position and offer customers a better competitive edge.

- **Outlook for 2022**

  For the first half of 2022, Picanol expects an order book comparable to that of 2021, with the exception of weaving machines produced in China. The clear slowdown in orders in China at the end of 2021 seems likely to continue in the first few months of 2022.

  In 2022, Picanol will continue to build on its technological leadership by further expanding its weaving machine product range and providing applications for new market segments. The main challenge remains the further improvement of (weaving) performance, product and service quality, and the cost competitiveness of the customer – all to be engaged in the most sustainable way possible. At the same time, previously launched initiatives around connectivity and digitization will continue, unabated. These developments are all in line with our four development principles: Smart Performance, Sustainability Inside, Driven by Data, and Intuitive Control.

  We also plan three major trade fair participations, namely ITM (Istanbul, June 14 - 18, 2022), ITMA Asia + CITME (Shanghai, November 20 - 24, 2022) and ITME (New Delhi, December 8 - 13, 2022), as well as a number of smaller local and segment-specific exhibitions.

  In terms of product development, sourcing, and assembly, Picanol will step up its efforts to further improve both productivity and process efficiency, with the short-term focus mainly being on safeguarding the logistical supply chain, in terms of both logistics and cost control, and further boosting production capacity to meet market demand.

PROFERRO

- **Who are we?**
  Proferro (www.proferro.be) performs all casting and mechanical finishing activities for Picanol Group. Proferro offers engineered casting solutions for medium-sized series of 500 to 20,000 pieces, in a long-term partnership context. The company produces parts in lamellar and nodular cast iron from 20 to 500 kg, with box dimensions of 1600x1200x(2x400). The group offers a range of in-house mechanical finishing for the production of both prototypes and series, utilizing very diverse technologies such as CNC milling, gear cutting, grinding, and heat treatment.

  Proferro supplies original equipment manufacturers worldwide, in various market segments such as agricultural machinery, earthmoving machinery, compressors, textile machinery, and general mechanical engineering. By combining casting, mechanical finishing, assembly, and co-design, Proferro can successfully respond to the increasing demand for larger, more technically challenging, core-intensive parts.

- **Business in 2021**
  The economic climate in most market segments, such as compressors, agro, etc., ensured a strong year for Proferro, with high demand from both Picanol and external customers. However, Proferro also had to withstand sharply rising raw material and energy prices in 2021. The focus was thus on high production output, coupled with an emphasis on the safety and health of our employees.

  In 2021, Proferro officially opened its new high-bay warehouse, with Flemish Minister Hilde Crevits in attendance. Standing at no less than 32 meters in height, the high-bay warehouse is Proferro's new logistical heart. Proferro also invested in a new induction hardening machine in 2021, and in various finishing machines.

  Proferro achieved a new milestone in the first half of 2021, with the production of its one-millionth molding box on the HWS line. In the second half of the year, Proferro launched a new logo and visual identity, further highlighting the company's high-tech and innovative character.

- **Outlook for 2022**
  Proferro is counting on very strong demand from the various market segments in 2022, both for weaving machines and from external customers. High material prices combined with availability issues present a challenge. Proferro will continue to invest in, among other things, additional cooling capacity, a deburring robot, and a new lathe. In addition, the first AGVs will start operating with the introduction of the fully automated high-bay warehouse.

PSICONTROL

- **Who are we?**
  With offices in Ieper (Belgium) and Rasnov (Romania), PsiControl (www.psicontrol.com) focuses on the design, development, production, and support of custom-made controllers. PsiControl offers tailor-made solutions based on real-time controllers. Our proprietary platforms reduce development time and enable high-performance, price-friendly solutions.

  PsiControl has research, development, and prototyping departments in Ieper and purchasing, production, and service activities in both Ieper and Rasnov. PsiControl focuses mainly on industrial customers, for whom reliability is crucial. Today it supplies various sectors, such as textile machinery, compressors, HVAC, and fleet management.

- **Business in 2021**
  With a well-filled order book, PsiControl had a good year, in which it was able to further leverage its business in custom-made controllers for medium to large series and its expertise in Electronic Manufacturing Services (EMS). At the same time, the company was confronted with the worldwide electronic component supply shortage, which posed major challenges. Technologically, PsiControl focused mainly on HMI, touch systems, and connectivity in 2021.

  In late August 2021, PsiControl participated in the Caravan Salon in Düsseldorf. This is the largest international caravan and camping trade fair. The significant development of the caravan sector brings with it greater demand for connectivity and user-friendly touch controls, and this opens up many opportunities for PsiControl.

  PsiControl continued to build its new production facility in Rasnov, Romania, during 2021. The new plant will be 10,000 m^2 in area and it will be commissioned in spring 2022.

- **Outlook for 2022**
  The outlook for PsiControl is positive. Continuing scarcity in the supply of electronics products will continue to pose challenges. The new production facility in Romania will be commissioned, in phases, in the first half of 2022. This will lay the foundation for further growth opportunities.

AGRO SEGMENT

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

PRODUCTION LOCATIONS

Crop Vitality | NovaSource: 13 production plants and 1 scheduled for construction and more than 100 terminals (US).
Tessenderlo Kerley International: production plants in Belgium (1), France (1), Turkey (1) and 1 scheduled for construction (the Netherlands), and 10 terminals in Europe and Mexico.

CORE MARKETS

Agriculture

AREA OF ACTIVITY

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

BUSINESS DRIVERS

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

STRATEGIC FOCUS

Crop Vitality | Tessenderlo Kerley International:

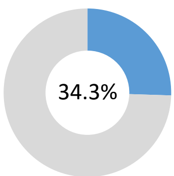
- To maintain our global leadership position in selective specialty liquid and soluble SOP fertilizers, while expanding further into key target markets in the Americas, Europe, Middle East and Australia.
- To expand the product portfolio and applications offerings to strengthen our position in specialty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

NovaSource:

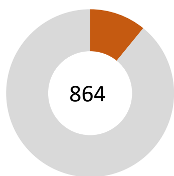
- To expand the product portfolio through acquisitions.
- To maintain product registrations, register and market our current and acquired products in additional countries.
- To identify, develop, register and market new uses of current and acquired products.

KEY FIGURES

Share of Adjusted EBITDA



Headcount (FTE)



CROP VITALITY

- **Who are we?**
  Crop Vitality (www.cropvitality.com) provides world-class crop nutrient products and is the world's leading producer of sulfur-based crop nutrition products used in the agriculture industry. Crop Vitality offers a diverse portfolio of products that are vital to crop health, including Thio-Sul®, KTS®, K-Row 23®, CaTs®, GranuPotasse®, and SoluPotasse®. Our experienced team of agronomic experts and our comprehensive network of production and distribution facilities make us a preferred partner in the US and Canadian markets. Crop Vitality is operated by Tessenderlo Kerley, Inc.

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

- **Business in 2021**
  2021 was a year filled with opportunities and challenges. The demand for agricultural products and inputs showed incredible resilience. Supply chain constraints were faced throughout the industry and we were able to successfully navigate through these challenges. In addition, winter storms disrupted logistics networks, while surges in COVID-19 cases, droughts, and uncertainty all impacted the industry. However, thanks to the dedication and perseverance of our people, coupled with our robust end-to-end supply chain, we were able to deliver strong results.

- **Outlook for 2022**
  The purpose of agriculture – to feed the world – and the importance of food security are more apparent than ever. Looking at 2022, the outlook for our business is favorable, despite supply chain constraints and rising crop prices. Global food prices continue to climb, as does the demand for fertilizers. Our quality crop nutrition products have been integral in maintaining the ability of growers to optimize the health of their crops and keep delivering quality crops. We will continue to invest in our people and strategic infrastructure to support our customers' crop growing needs.

TESSENDERLO KERLEY INTERNATIONAL

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

- **Business in 2021**
  During 2021, Tessenderlo Kerley International continued to execute its long-term strategy and we made progress in driving top-line growth while strengthening our growth foundations. Recruiting commercial and agronomical talent in new markets, running a portfolio of trials, developing new customers/applications, expanding and upgrading our existing manufacturing facilities, and setting up new supply chains are just a few examples of how we are strengthening these growth foundations.

  In addition, we launched the permit and engineering process for the new Thio-Sul® production facility in Geleen (the Netherlands) and agreed to acquire the storage and transshipment assets of B.V. Fleuren Tankopslag, which is located in the Port of Cuijk (the Netherlands).

  For the sulfate of potash (SOP) product family, the market was challenging in 2021 as a result of the multiple frictions encountered on the supply and logistics side, including tightness and price increases of key raw materials and constraints on container availability. That said, we reconfirmed our leading position in the premium water-soluble SOP segment with our flagship product SoluPotasse®. We are continuing to progress in regard to even further strengthening our market position in the long-term, i.e. we are focusing on high-quality products and services that are well-recognized in terms of global market reach and our strong local connection with different stakeholders in the supply chain. 2021 also marked the first year of cooperation under our long-term partnership with Kemira, whereby Kemira produces premium SOP fertilizers at its plant in Helsingborg (Sweden) and Tessenderlo Kerley International markets these products.

- **Outlook for 2022**
  In 2022, Tessenderlo Kerley International will continue to execute its strategy of profitable growth, including expanding the frontline team, strengthening the go-to-market channels, building agronomical know-how, and driving excellence throughout the value chain. As the value proposition of the liquid fertilizers is increasingly being recognized and valorized by customers in the regions where we currently operate, additional prioritized markets will also be developed.

  Upon receiving the necessary permits and approvals, we will begin the construction of the Thio-Sul® manufacturing plant in Geleen (the Netherlands). The plant is currently scheduled to start production in the third quarter of 2023. The B.V. Fleuren Tankopslag acquisition is expected to be completed in the second quarter of 2022. Tessenderlo Kerley International is also continuing to study major Thio-Sul® investments in the Eastern European/CIS region with the aim of supporting qualitative and productivity increases in agricultural production in that region.

With regard to the SOP products, we continue to strengthen our globally leading position in water-soluble fertilizers with our premium brand SoluPotasse®. Furthermore, we have added the new premium brand SoluKem® to our portfolio, which is dedicated to the water-soluble fertilizer sales from Kemira's production facility in Helsingborg (Sweden).

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

NOVASOURCE

- **Who are we?**
  NovaSource (www.novasource.com) delivers a portfolio of niche crop protection products to agriculture customers worldwide. Focusing on specialty crops, NovaSource brings value to the market using active ingredients that are proven to boost crop yields and quality. The team shares over 100 years of knowledge in heat stress, insecticides, herbicides, fungicides and soil amendment with the global agriculture community. This highly educated and experienced group is positioned in specific regions in order to provide growers with expert guidance and product knowledge that is specific to their location. Through a diverse array of superior crop protection products, NovaSource protects growers' crops from a variety of damaging weeds, insects, diseases, and solar damage, hence increasing the growers' yields, profitability, and predictability. NovaSource is operated by Tessenderlo Kerley, Inc.

- **Business in 2021**
  2021 was a challenging year for the crop protection industry due to the ongoing COVID-19 pandemic, transportation issues, raw material shortages, weather events, labor issues, etc., which resulted in an increasingly competitive market. NovaSource was able to successfully overcome nearly all of these challenges through forward planning with the supply chain, managing transportation, and superior customer service. These challenges led us to build deeper relationships with our customers and gave us a better understanding of their changing needs.

- **Outlook for 2022**
  NovaSource continues to focus on expanding label uses of the existing portfolio, extending products to different geographical regions, growing the business through acquisitions, and growing biorational products. We are collaborating on several research trials, which involve testing variables of products and applications that will meet and exceed customer needs in key growth markets. In addition, NovaSource will continue its advocacy efforts towards further increasing the stewardship and proper use of its products, growing industry knowledge regarding pesticide use for maximizing crop yields, and supporting land conservation.

BIO-VALORIZATION SEGMENT

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

PRODUCTION LOCATIONS	**PB Leiner**: 3 production plants in Europe (Belgium, Germany, UK), 1 in China and 3 in the Americas (US, Argentina, Brazil). **Akiolis** (France): 3 production plants, 28 collection centers (C1/C2 categories) and 8 production plants, 20 collection centers (C3 category & food grade) and 1 production plant (organic fertilizers, Violleau).
CORE MARKETS	Food, pharma, health & nutrition, pet food, agriculture, aqua feed, animal feed, energy, biodiesel, oleo-chemistry, and sanitary services.
AREA OF ACTIVITY	Bio-resources, agriculture

BUSINESS DRIVERS

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

STRATEGIC FOCUS

PB Leiner:

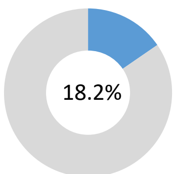
- To optimize efficiencies on existing assets.
- To focus on customer relationships and new product development.
- To vigorously focus on realizing manufacturing excellence and the improved valorization of access to raw materials.
- To increase the focus on health & nutrition (collagen peptides) and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

Akiolis:

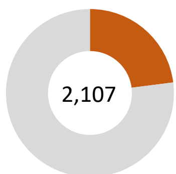
- To improve the valorization of finished products in organic fertilization, pet food and aquaculture markets.
- Valorization of fats.
- To strengthen our position in our core business on sourcing markets by pushing long-term and quality-based contracts.
- To focus on customer relationships and new product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

KEY FIGURES

Share of Adjusted EBITDA



Headcount (FTE)



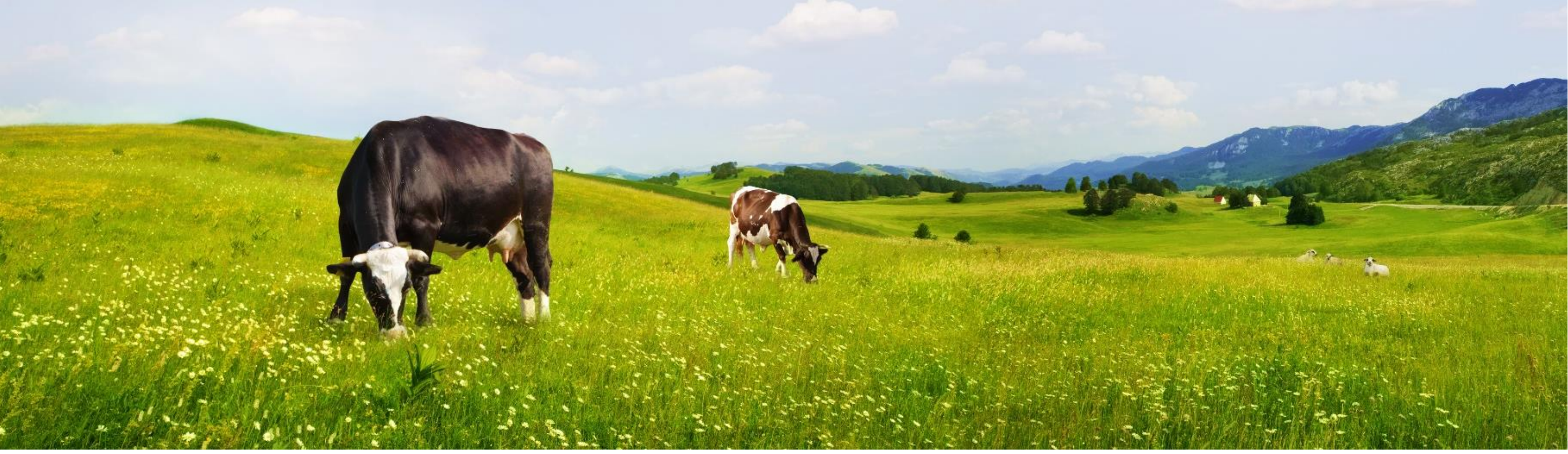
PB LEINER

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

- **Business in 2021**
  After a drop in demand in the second half of 2020 due to the COVID-19 pandemic, the global market for gelatin and collagen recovered much faster than expected in 2021. At the same time, sea and land transport became scarcer, and a reduced demand for meat affected raw material availability. Nevertheless, our operations team pulled out all the stops to meet customer demand as adequately as possible. The cost increases for energy, transport, and raw materials had a significant impact on the contribution margin of our operations. The turbulent times notwithstanding, we continued the implementation of our strategy in 2021 by focusing on Sales Excellence (this involved further strengthening the cooperation with our key customers on supply optimization and product development) and Operational Excellence (by the debottlenecking of plants, improving quality systems, optimizing processes, and stimulating a culture of employee engagement).

- **Outlook for 2022**
  In 2022, PB Leiner will continue to develop close relationships with our customers and will keep creating specialties in order to meet the demands and challenges of the food, pharma, and health & nutrition sectors. Furthermore, we will continue to ensure quality and delivery reliability for our customers, and we will keep investing in upgrading all of our plants. Meanwhile, a number of debottlenecking projects that experienced some delays due to the pandemic will be commissioned in 2022. Variable costs such as raw materials, energy, and transport will be monitored closely.

  The long-term outlook for the gelatin and collagen markets remains positive for several reasons: the growing global middle-class population, the increased consumption of medication in the developing world, and greater health and nutrition awareness and habits in all markets. The raw material supply remains a factor of potential instability, which is, among other things, linked to the evolution of the African swine flu.



AKIOLIS

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

- **Business in 2021**
  In the context of the continuing global COVID-19 pandemic, Akiolis, as a key player in the human food chain and guarantor of the continuity of the meat supply to many of the French households, managed to both boost its results and launch a complete rebranding of its activities. Thanks to a strict collective application of measures and the individual commitment of the teams, all collection centers and plants went through the pandemic in 2021 without suffering a significant impact.

  During this crisis period, Akiolis presented its new strategy of "Révelateur de valeur". This resulted in the launch of eight market and product brands as a promise of excellence and customer-oriented offers: Accuraks (oleochemistry), Biomaks (biofuel), Caloraks (bioenergy), Hydrofaks (aqua feed), Leveraks (animal feed), Regenaks (organic fertilization), Vivaks (pet food), and Atemax for the sanitary service of the dead animal collection sector. With this new positioning, Akiolis managed to take advantage of the favorable international context regarding the proteins and fats drivers and continued to focus on customer satisfaction, product quality, and service excellence, which allowed Akiolis' activities to reach an unexpected level. This was also the case for Violleau, which experienced a significant increase in demand.

  In parallel, in-house performance in logistics and production contributed to further securing sustainable relationships with key customers in strategic markets (e.g. pet food, aqua feed, biofertilization, and biodiesel), while strategic investments aimed at specializing in the valorization of mono-species ingredients from feathers, blood, duck, and pork were confirmed. 2021 was a special year for Akiolis considering both the context and the results, not to mention the conclusion of a new three-year contract with the breeders' associations for the collection of dead animals that led to the extension of Akiolis' collection area with a slight increase in the volumes.

- **Outlook for 2022**

  Sustainability and customer satisfaction will continue to be the keywords for Akiolis in 2022 with the deployment of the new strategic plan promoting Akiolis as a “Révélateur de valeur” and focusing on action plans in three strategic areas: strengthening of the basis, specialization in ingredients and service solutions, and the development of activities (collection and transformation) in new, sustainable markets. In particular, a higher level of valorization in the pet food and aqua feed markets will be realized with investments and patented new processes for feather and blood meal. These will start in Javené and Rion (France) before mid-2022. Meanwhile, the complete revamping of the Pontivy site will soon enable Akiolis to develop a new offer with genuine pork ingredients and guarantee less environmental impact.

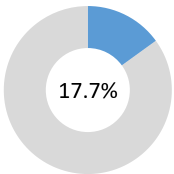
INDUSTRIAL SOLUTIONS SEGMENT

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

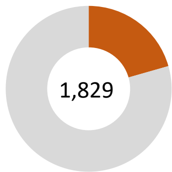
PRODUCTION LOCATIONS	**DYKA Group**: 8 production plants (2 in the Netherlands, 1 in Belgium, 2 in France, 1 in Germany, 1 in Poland and 1 in Hungary) and more than 70 branches in Europe. **Kuhlmann Europe**: 4 production plants (2 in Belgium, 1 in France and 1 in Switzerland). **Moleko**: 3 production plants (USA).
CORE MARKETS	Water, sewage, air and gas piping systems and services, water treatment, and mining services.
AREA OF ACTIVITY	Building and installation, public infrastructure and utility works, industrial and municipal markets, industry, and mining.
BUSINESS DRIVERS	▪ Clean water demand and hygiene - industry need for the sustainable purification of process water and valorization of water. ▪ Scarcity of natural resources and environmental footprint. ▪ Global warming, storm water (infiltration), energy neutral buildings, health and comfort. ▪ Base chemicals supply is driven by economic activity.
STRATEGIC FOCUS	**DYKA Group:** ▪ To optimize our energy footprint. To further grow customer intimacy, to introduce innovative systems and services, and to strengthen our position in various sectors, product ranges and key geographies. **Kuhlmann Europe:** ▪ To provide long-term and environmentally attractive solutions to industries and municipalities, turning by-products into value-added solutions. **Moleko:** ▪ To be the sustainable partner of choice for essential chemistry and technical solutions for mining and industrial applications.

KEY FIGURES

Share of Adjusted EBITDA



Headcount (FTE)



DYKA GROUP

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

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

- **Business in 2021**
  DYKA Group achieved excellent results in the challenging year that was 2021. These results were fueled by volume growth initiatives combined with positive demand in virtually all our markets, more specifically the “Building & Installation” markets. In addition, supply shortages and substantial raw material cost-push inflation were the main drivers behind the sales price evolution and proved to be a common theme throughout the year. DYKA Group managed unprecedented constraints in many areas, including, among other things, shortages in skilled personnel, raw materials, transport, and packaging. Nonetheless, we realized above-average growth in areas including DYKA AIR (ventilation), prefab solutions, and in-house products at JDP for the UK market. Finally, we strengthened our position in the French market with the successful integration and investment program at our La Chapelle-Saint-Ursin plant, which was acquired in 2020.

- **Outlook for 2022**
  In 2022, DYKA Group expects high volatility in the building and construction markets. On the one hand, economic forecasts are supportive with regard to overall market developments, especially the demand for new housing, combined with an increasing focus on sustainability and circularity, which falls in line with DYKA Group’s strategy. On the other hand, markets remain uncertain from the potential impact of a series of (ongoing) constraints in the value chain, in particular the availability of skilled personnel, various raw materials, and energy. We will expand our customer offering in both systems and services and make investments in order to improve the performance and capacity of production and logistics assets across all plants. In addition, we are aiming to increase our number of branches to deliver best-in-class service to our customers and make it easier to do business with us. In 2022, the production plant and the associated business of Pipelife France in Gaillon (France) will be integrated.

KUHLMANN EUROPE

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

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

- **Business in 2021**
  Kuhlmann Europe increased its sales thanks to ferric coagulants following continuous investments in the Loos and Tessenderlo production plants, which allowed us to support stronger demand for inorganic coagulants in water potabilization and in the treatment of wastewater. Market demand for our hydrochloric acid was very dynamic in 2021 as supply disruption had affected many players across Europe.

- **Outlook for 2022**
  Following a robust 2021, we expect demand in 2022 to remain healthy across our entire product range. We are monitoring incremental logistic costs, energy costs, and raw material costs, and we will adjust our sales price accordingly.

MOLEKO

- **Who are we?**
  Moleko (www.moleko.com) specializes in sulfur chemistry for mining and industrial markets. Our team serves customers across highly diverse sectors and in different continents. In mining, we serve both the base and precious metals segments. The industrial segments we serve include food processing, water treatment, remediation, oil and gas, pulp, paper & tanning. Our principal products are Thio-Gold® (thiosulfate-based lixiviants) and Cyntrol® (cyanide corrosion control). The moleko team is committed to providing unique solutions and services to our customers so they can obtain maximum value from their existing operations and explore new potential applications. Moleko is operated by Tessenderlo Kerley, Inc.

- **Business in 2021**
  Shifting market dynamics drove strong demand across multiple segments while increasing strains on an already tight supply landscape. Challenges ranged from the resurgence of COVID-19 cases, labor shortages, supply chain bottlenecks, and weather disruptions. These created cascading effects across the value chain, resulting in the significant cost increases and further imbalances for certain materials. By remaining connected with our partners and leveraging our flexible manufacturing/supply chain footprint, we were able to maintain market strength, despite the volatility. The precious metals market has proven resilient, while the base metals market has climbed to robust levels with continuing strong fundamentals. Other industrial markets are in various stages of recovery but are anticipated to strengthen as the pandemic is further controlled.

- **Outlook for 2022**
  The longer-term outlook remains bullish for the markets we serve, which are coupled to the macro drivers of sustainability for infrastructure, energy/electrification transformation, and food/water security. We will leverage our expertise to ensure that we understand the dynamically evolving needs of our partners and deliver innovative solutions centered on value creation. Our extensive manufacturing and supply chain will receive further investments and optimizations to help expand access to products, meeting our strategic intent to grow the market. Our technical specialists will continue to be the market stewards for the safe, effective, and efficient use of our products and solutions while focusing on fueling innovations in order to create the next generation of offerings.

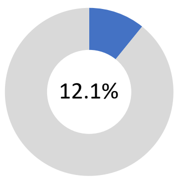
T-POWER SEGMENT

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

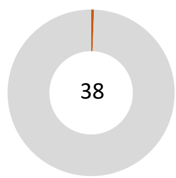
PRODUCTION LOCATIONS	1 power plant: Tessenderlo (Belgium).
CORE MARKET	Energy
AREA OF ACTIVITY	Production of electricity in gas fired power plants.
BUSINESS DRIVERS	Proper execution of the gas tolling agreement.
STRATEGIC FOCUS	Focus on the efficiency and availability of the existing assets.

KEY FIGURES

Share of Adjusted EBITDA



Headcount (FTE)



T-POWER

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

- **Business in 2021**
  The T-Power plant enjoyed a good running regime in 2021. Throughout the year, the plant maintained its excellent availability and health and safety records.

  Following the publication of the results of the first capacity remuneration mechanism (CRM) auction for the 2025-2026 delivery year by the system operator Elia in the fourth quarter of 2021, Tessenderlo Group was not selected to build its proposed 900 MW gas-fired power station. The group had been informed in October 2021 that it would not be granted a permit for the construction of this power station.

- **Outlook for 2022**
  In 2022, T-Power will continue to focus further on the efficiency, flexibility, and availability of the existing assets. In early March 2022, Tessenderlo Group submitted a new permit application to the Flemish Region for the construction of a new 900 MW combined cycle steam and gas turbine (CCGT) power plant in Tessenderlo, Belgium. With a view to future auctions, Tessenderlo Group adjusted its previously submitted project (an investment of approximately 500 million EUR) to respond to the objections that led to the refusal of that application.

  Tessenderlo Group will continue to closely monitor the evolution of the electricity market in Belgium. Based on the existing available production capacity and the expected evolution of electricity demand in Belgium, the group still sees a need for high-tech, controllable capacity in the energy transition.

CORPORATE GOVERNANCE STATEMENT 2021

TRANSPARENT MANAGEMENT

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

The Company's adherence to the principles of Corporate Governance is reflected in the Corporate Governance Charter (hereinafter referred to as the "Charter"). The Charter is available at www.picanolgroup.com.

CAPITAL & SHARES

CAPITAL

The capital of Picanol nv at December 31, 2021, amounts to 21,720,000 EUR.

SHARES

The share capital is represented by 17,700,000 shares without par value.

By decision of the extraordinary general meeting of shareholders of March 16, 2020, the loyalty voting right has been introduced. As a consequence, each share which has been fully paid up and which is registered in the name of the same shareholder in the register of registered shares since at least two uninterrupted years, gives right to a double vote in accordance with the BCCA.

All Picanol nv's shares are admitted for listing and trading on Euronext Brussels.

SHAREHOLDERS & SHAREHOLDERS' STRUCTURE

On the basis of the notifications provided to the Company, the status of the voting rights of the Company at December 31, 2021, is as follows:

	# voting rights	% voting rights
Artela nv	22,960,492	68.5%
Symphony Mills nv	8,664,268	25.8%
Other registered shares	201,582	0.6%
Free float	1,704,892	5.1%
Total	**33,531,234**	**100.0%**

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

Shareholders whose stake in Picanol nv's capital surpasses the threshold of 5% and each multiple of 5%, in either direction, are required to notify the Belgian Financial Services and Markets Authority (FSMA) (TRP.Fin@fsma.be) and Picanol nv (corporatecommunication@picanol.be).

GOVERNANCE STRUCTURE

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

BOARD OF DIRECTORS

COMPOSITION

At December 31, 2021, the composition of the Board of Directors of Picanol nv was as follows:

	Start of initial term	End of term
Independent Non-Executive Directors		
nv Kantoor Torrimmo, represented by its permanent representative Mr. Jean Pierre Dejaeghere	April 2010	May 2023
The Marble bv, represented by its permanent representative Mr. Luc Van Nevel	April 2016	May 2023
7 Capital sprl, represented by its permanent representative Mrs. Chantal De Vrieze	April 2017	May 2025
Ann Vereecke bv, represented by its permanent representative Mrs. Ann Vereecke	April 2019	May 2024
Non-Executive Directors		
Pasma nv, represented by its permanent representative Mr. Patrick Steverlynck	December 2009	May 2024
Executive Directors		
Mr. Luc Tack	July 2009	May 2024
Mr. Stefaan Haspeslagh – Chairman	April 2010	May 2022

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

On December 31, 2021, the Board of Directors was in full compliance with the Law of July 28, 2011, requiring that as of January 1, 2017, one-third of the members of the Board of Directors should be of the opposite gender.

All meetings of the Board of Directors were attended by the Secretary of the Board of Directors.

The mandates held in listed companies (other than Picanol) by the non-executive directors are:

- Patrick Steverlynck: none
- Jean Pierre Dejaeghere: TINC Comm V.A.
- Luc Van Nevel: none
- Chantal De Vrieze: EVS, Colruyt
- Ann Vereecke: Ter Beke

ACTIVITIES

The Board of Directors convened according to a previously determined schedule. The Board of Directors met six (6) times during 2021.

During 2021, the Board's main areas of discussion, review and decision were:

- the group's long-term strategy and budget;
- the financial statements and reports;
- proposals to the general and extraordinary shareholders' meetings;
- the reports of the Audit Committee and the Nomination and Remuneration Committee;
- the approval of the proposal for the (re)appointment of directors;
- the remuneration policy and the remuneration of the members of the ExCom and the directors (the decision not to grant any remuneration in shares of the company to the non-executive directors and the Excom for 2021 and the decision not to grant any minimum threshold of remuneration in the form of shares to the ExCom in 2021);
- the approval of various investment files;
- the discussion of the different measures taken related to cyber security;
- the follow-up of CSR topics such as environment and safety;
- the discussion on the impact of the supply chain disruption in 2021;
- the decision relating to the purchase of additional shares in Tessenderlo Group with application of art. 7:96 of the 'Belgian Code of Companies and Associations (BCCA);
- the decision on the acquisition of a minority share in Rieter Holding AG with application of art. 7:96 of the 'Belgian Code of Companies and Associations (BCCA);
- the decision to provide a 20 million EUR credit loan to Saurer Technologies GmbH with application of art. 7:96 of the 'Belgian Code of Companies and Associations (BCCA);
- transactions with related parties;
- …

EVALUATION OF THE BOARD OF DIRECTORS

Evaluations of the functioning of the Board of Directors, the Nomination and Remuneration Committee and the Audit Committee are performed periodically. In the context of such evaluations, the members can give a scoring (from 1-3) on different subjects relating to the board and committee functioning and can share their views on areas for improvement.

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

Where appropriate, the individual Directors also share their view on how the Board of Directors and the committees could improve their operation. The Chairman and the Secretary of the Board of Directors share the results of the evaluation with the Directors and formulate initiatives for improvement. In 2021 the Directors were invited to complete a self-assessment questionnaire for the evaluation of the Board of Directors.

APPOINTMENT OF THE MEMBERS OF THE BOARD OF DIRECTORS

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

BOARD COMMITTEES

On December 31, 2021, the following Committees were active within the Board of Directors of Picanol Group:

- The Nomination and Remuneration Committee;
- The Audit Committee.

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

NOMINATION AND REMUNERATION COMMITTEE

On December 31, 2021, the Nomination and Remuneration Committee was constituted as follows:

- The Marble bv, represented by its permanent representative Mr. Luc Van Nevel (Chairman);

- nv Kantoor Torrimmo, represented by its permanent representative Mr. Jean Pierre Dejaeghere;
- 7 Capital sprl, represented by its permanent representative Mrs. Chantal De Vrieze;
- Ann Vereecke bv, represented by its permanent representative Mrs. Ann Vereecke.

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

The Nomination and Remuneration Committee met two (2) times in 2021.

- ***Activities of the Nomination and Remuneration Committee***

In 2021, the Committee discussed the ExCom's remuneration package and made recommendations in this regard. The Committee also made recommendations with regard to the granting of remuneration in the form of shares to the Non-Executive Directors and ExCom, the determination of a minimum threshold of shares to be held by the ExCom and the determination of claw-back provisions in the agreements with the CEO and the CFO. The Nomination and Remuneration Committee also prepared the remuneration report, as included in the annual report and discussed CSR topics relating to our employees.

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

- ***Evaluation of the Nomination and Remuneration Committee***

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

AUDIT COMMITTEE

At December 31, 2021, the Audit Committee was constituted as follows:

- nv Kantoor Torrimmo, represented by its permanent representative Mr. Jean Pierre Dejaeghere (Chairman);
- The Marble bv, represented by its permanent representative Mr. Luc Van Nevel;
- 7 Capital sprl, represented by its permanent representative Mrs. Chantal De Vrieze;
- Ann Vereecke bv, represented by its permanent representative Mrs. Ann Vereecke.

The Audit Committee met according to a previously determined schedule; i.e. four (4) times during 2021.

The CEO, the CFO, the Internal Auditor, the statutory auditor and the corporate secretary attended the meetings of the Audit Committee. The other Directors were invited to participate to the meetings of the Audit Committee without any voting rights.

As legally required, the Audit Committee has among its members at least one independent Director with the necessary accounting and auditing expertise.

The members of the Audit Committee fulfil the criterion of competence with their own training and by the experience gathered during their previous functions. In compliance with the Charter, the majority of the members are independent Directors.

- ***Activities of the Audit Committee***

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

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

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

The Audit Committee also heard the Internal Auditor on the Internal Audit program for 2021, the risk assessment analysis and the activity reports of the internal audits which had been carried out, as well as on the review of the follow-up actions taken by the Company to remedy certain weaknesses identified by the Internal Audit Department. The Audit Committee also approved the internal control plan for the year 2021 and heard reports from Internal Control on its various findings.

- ***Evaluation of the Audit Committee***

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

Attendance rate for members of the Board of Directors meetings and members of the special committees meetings in 2021:

	Board of Directors	Audit Committee	Nomination & Remuneration Committee
Number of meetings in 2021	**6**	**4**	**2**
nv Kantoor Torrimmo, represented by its permanent representative Mr. Jean Pierre Dejaeghere	6/6	4/4	2/2
The Marble bv, represented by its permanent representative Mr. Luc Van Nevel	6/6	4/4	2/2
7 Capital sprl, represented by its permanent representative Mrs. Chantal De Vrieze	6/6	4/4	2/2
Ann Vereecke bv, represented by its permanent representative Mrs. Ann Vereecke	6/6	4/4	2/2
Pasma nv, represented by its permanent representative Mr. Patrick Steverlynck	6/6		
Mr. Luc Tack	6/6		
Mr. Stefaan Haspeslagh	6/6		

EXECUTIVE COMMITTEE (EXCOM)

ROLES AND RESPONSIBILITIES

As per December 31, 2021, the ExCom of Picanol Group was constituted as follows:

- Mr. Luc Tack (CEO);
- Mr. Stefaan Haspeslagh, representative of Findar BV (CFO).

The composition was unchanged from December 2020.

EVALUATION OF THE EXCOM

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

ACTIVITIES OF THE EXCOM

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

The CEO chairs the ExCom and ensures its organization and proper operation. In principle, the ExCom meets every week, and additional meetings may be convened at any time by any of its members. On a bi-weekly basis the ExCom meets with the company's Business Units in order to review and discuss the strategic decisions and the operational performance of the Business Units.

The ExCom is responsible for:

- running the Company;
- overseeing the proper organization and operation of the Company, ensuring oversight of its activities, including the introduction of internal control processes for the identification, assessment, management and monitoring of financial and other risks;
- the appointment of senior executives of the Company and determination of the senior executives compensation policies[1];
- the main decisions and investments involving amounts under the thresholds as defined in the Corporate Governance Charter;
- preparing the proposals for decisions on those matters under the competence of the Board of Directors, including the complete, timely, reliable and accurate preparation of the Company's annual accounts, in accordance with the applicable accounting standards and policies of the Company, as well as the Company's required disclosure of the financial statements and other material financial and non-financial information;
- presenting the Board of Directors a balanced and understandable assessment of the Company's financial situation;
- providing the Board of Directors in due time with all information necessary for the Board of Directors to carry out its duties;
- executing and implementing the decisions taken by the Board of Directors.

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

REMUNERATION REPORT

The remuneration report provides an overview of how Picanol Group's remuneration philosophy and policies for executive and non-executive directors are translated and how directors' remuneration is set taking into account individual and company-related performance. The Nomination and Remuneration Committee oversees the remuneration policies and related fees for executive and non-executive directors.

REMUNERATION DIRECTORS

Each Director receives a fixed annual fee of 17,500 EUR (unchanged from 2020). This remuneration covers the activities as member of the Board of Directors, the Audit Committee and the Nomination and Remuneration Committee. Moreover, the following additional fees are granted:

a) an attendance fee of 2,000 EUR per half day attendance;
b) an additional annual fee of 60,000 EUR for the Chairman of the Board of Directors.

Remuneration is paid during the year in which the meetings were held.

In its meeting on March 24, 2021, the Board of Directors decided not to grant any remuneration in shares of the company to the non-executive directors for 2021. For the year 2021, the company does not grant remuneration in the form of shares to the non-executive directors given that it considers that a payment in shares does not have a positive impact on decisions taken by these directors that support the long-term vision of the company, given the presence of a reference shareholder aimed at the sustainable creation of value within the company.

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

REMUNERATION RECEIVED

Member	2021	Earned fees (in EUR)
Mr. Stefaan Haspeslagh*	Fixed annual fee Attendance fee Additional fee as chairman **Total remuneration**	45,000 21,000 132,500 **198,500**
Mr. Luc Tack*	Fixed annual fee Attendance fee **Total remuneration**	45,000 21,000 **66,000**
Pasma nv, represented by its permanent representative Mr. Patrick Steverlynck	Fixed annual fee Attendance fee **Total remuneration**	17,500 12,000 **29,500**
nv Kantoor Torrimmo, represented by its permanent representative Mr. Jean Pierre Dejaeghere	Fixed annual fee Attendance fee **Total remuneration**	17,500 12,000 **29,500**
The Marble bv, represented by its permanent representative Mr. Luc Van Nevel	Fixed annual fee Attendance fee **Total remuneration**	17,500 12,000 **29,500**
7 Capital sprl, represented by its permanent representative Mrs. Chantal De Vrieze	Fixed annual fee Attendance fee **Total remuneration**	17,500 12,000 **29,500**
Ann Vereecke bv, represented by its permanent representative Mrs. Ann Vereecke	Fixed annual fee Attendance fee **Total remuneration**	17,500 12,000 **29,500**
GENERAL TOTAL		**412,000**

**include amounts paid in the Board of Picanol nv and Tessenderlo Group*

REMUNERATION EXECUTIVE COMMITTEE (EXCOM)

The ExCom remuneration package, including the remuneration paid within Tessenderlo Group, consists of the following items:

- fixed compensation;
- variable compensation;
- other compensation items.

Each year, the Nomination and Remuneration Committee evaluates the appropriate compensation of the ExCom.

Compensation of the CFO is reviewed on an annual basis by the Nomination and Remuneration Committee on the recommendation of the CEO, while compensation of the CEO is reviewed by the Nomination and Remuneration Committee on the recommendation of the Chairman of the Board of Directors.

Annual gross compensation earned by the ExCom[1] in 2021 is detailed below (including the compensation earned within subsidiary Tessenderlo Group):

	Component (amounts in EUR)	Amount CEO	Amount CFO/COO
Fixed Remuneration	Base salary	748,027	630,527
	Pension[2]	56,710	123,717
Variable Remuneration	Variable compensation Short Term[3]	587,781	666,152
	Variable compensation Long Term[4]	1,530,964	1,360,857
Other benefits[5]		43,614	26,103
TOTAL Remuneration		**2,967,096**	**2,807,356**
Proportion of fixed & variable remuneration		29% / 71%	28% / 72%

[1] The ExCom is composed of the CEO (Luc Tack) and one executive Director (the COO-CFO), Stefaan Haspeslagh/Findar bv, represented by Stefaan Haspeslagh.
All amounts are excluding social security contributions and VAT.
[2] Pension plan: annual service cost for 2021, as calculated by an actuary.
[3] Short-term incentive realization as determined by the Nomination and Remuneration Committee of Tessenderlo Group.
[4] Long-term incentive: no pay-out in 2021.
[5] Other benefits: same conditions applicable to other members of senior management and the ruling approved by the Belgian tax authorities for representation allowance.

Agreements on severance pay

Within Tessenderlo Group, the management agreement with the COO-CFO provides for a notice period of maximum 12 months. The management agreement with the CEO does not provide for a notice period. The CEO will therefore not be entitled to termination protection.

Claw-back provision

The agreements with the ExCom members within Tessenderlo Group contain an explicit "claw back provision" entitling the company to reclaim variable remuneration paid on the basis of incorrect financial data in circumstances of financial misconduct, fraud, deceit, non-competition and/or gross negligence. These claw-back provisions were not to be applied in 2021.

Remuneration in the form of shares - Principle 7.9 of the Corporate Governance Code 2020

For the year 2021, the Company does not grant a minimum threshold of remuneration in shares to the ExCom. Only the payment of the Long Term Incentive within Tessenderlo Group with respect to the years 2019, 2020 & 2021 will be paid out in shares during the year 2022. The Company considers that a payment in shares does not have a positive impact on decisions of the ExCom that support the long-term vision of the Company, given the presence of a reference shareholder who aims at the sustainable creation of value within the company.

Evolution remuneration ExCom versus company results

Annual change %	2021	2020	2019 *	2018	2017
Excom:					
Total remuneration ExCom**	2,882,631	2,697,218	2,340,888	1,549,166	1,539,662
Change YoY**	+6.9%	+15.2%	n/a	0.6%	7.6%
Company performance:					
Revenue (change YoY)	+25%	-1%	n/a	-3%	+8%
Adjusted EBITDA (change YoY)	19%	29%	n/a	-14%	-1%
Remuneration employees:					
Average FTE salary increase***	1.7%	1.7%	3.5%	2.0%	3.8%

* From 2019 onwards, Tessenderlo Group was consolidated within Picanol Group. In doing so, the composition of the ExCom and Adjusted EBITDA changed so the % change between 2018 and 2019 is not relevant.
** Excludes variable long term compensation as this is only paid out every 3 years.
*** Average within the mother company Picanol nv.

Total remuneration of CEO versus lowest remunerated employee
The below table shows a comparison of the 2021 remuneration of the CEO to the 2021 remuneration of the lowest paid fulltime Picanol nv employee. The remuneration includes base salary only. Variable remuneration, employee benefits & employer social security charges are not included.

	2021
Ratio Remuneration of CEO versus Lowest Picanol nv Remunerated Employee	1/23

Shareholders' approval
This Remuneration Report 2021 was approved by the Nomination and Remuneration Committee on March 23, 2022 and approved by the Board of Directors on March 23, 2022. The 2021 Remuneration Report will be submitted for approval to the Annual General Meeting of Shareholders on May 16, 2022. This Remuneration Report is also in line with the proposed 2020 Remuneration Policy approved by the Annual General Meeting on May 17, 2021.

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

INTERNAL CONTROL FRAMEWORK

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

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

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

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

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

Scope of the Internal Control Framework
The Internal Control System is based on the COSO Internal Control – Integrated Framework with the main focus on the internal control over the financial reporting by mitigating risks through group level controls, entity level controls, process level controls, general IT controls and segregation of duties.

INTERNAL CONTROL MONITORING

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

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

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

PREPARATION AND PROCESSING OF FINANCIAL AND ACCOUNTING INFORMATION

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

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

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

COMPLIANCE

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

ENTERPRISE RISK MANAGEMENT (ERM) SYSTEM

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

Every year a risk assessment exercise is performed by all business units. The identified risks are evaluated within the various Business Units or general supporting services and are followed-up in order to implement risk optimization. The status of these efforts is reported to the ExCom and to the Audit Committee on an annual basis.

RISK ANALYSIS

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

In 2021, the group's focus was on the following activities:

- Dealing with the risks associated with COVID-19 and the impact on our activities;
- Cyber security;
- Climate related risks;
- Compliance.

Ethics and Compliance
Risks can arise from potential failure to comply with the Code of Conduct of Picanol Group and the supporting internal procedures, as well as from changes to and application of the laws and regulations in the various jurisdictions in which Picanol Group operates. Picanol Group has a Code of Conduct that was revised in 2020 and supplemented with more specific guidelines. The Code of Conduct includes a possibility to report rule violations to the hierarchical superior and, if necessary, the Compliance Officer. In order to manage the risk, we will put increased focus on training worldwide on the application of the Code of Conduct, on handling of confidential information and on compliance with competition rules. In 2020, new procedures were launched regarding human- and labour rights and diversity and inclusion within Picanol Group. We also developed a supplier a Supplier Code of Conduct and submitted it to all our suppliers.

Safety at the workplace
A safety event which impacts the employees, sites, assets, environment or critical information could have negative consequences for the Company. In order to manage and prevent risks, Picanol Group has a strict safety policy in order to protect the employees. It is the culture of the company to put safety in the workplace first and make each individual responsible for it. Picanol Group is assisting with the necessary coaching, training and support.

Cyber security
In the Company there is a data protection policy in order to protect sensitive and confidential information within the group and programs are set up in order to manage security risks with regard to ICT and enhance cyber security within the group. A major cyberattack could have a negative impact on the Company's operations and results. Therefore, within Picanol Group, cyber defenses continue to improve to cope with the developments in cyberattacks.

Within the group, security risk management is carried out as follows:

- External experts carry out independent assessments of the risks. Based on this analysis, a plan is developed to better protect the company against cyberattacks.
- End-user safety training remains mandatory for all employees. To increase employee awareness, cyber security tips are published regularly.

- The company has acquired several ICT tools that allow us to increase the cyber security of the group's systems.
- Picanol Group continues to improve its cyber security strategy and management, to further develop its corporate information security program, and to investigate other functions/opportunities to improve the company's security status and response to cyber attacks.
- Various procedures and guidelines have been developed regarding the use of the computer systems and protecting cyber security, which were further rolled out in the group in 2021.

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

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

Usage of the Picanol Group products
The usage risk stems from the possibility of third parties being injured, suffering an adverse health impact or property damage caused by the use of a Picanol Group product as well as the resulting litigation or the inappropriate use of some Picanol Group products for applications and/or markets for which the product is not designed or not in accordance with Picanol Group’s instructions for use. Possible consequences are exposure to liability for injury or damage and product recalls. Product liability risk is the highest for products used in crop protection, food and healthcare applications. Apart from the various measures taken in order to inform third parties on the specifications and use of the product and to regularly assess and adjust product risks in line with regulations, the group has an insurance program in order to limit the financial impact of product liability risk.

Volatility of certain raw materials
The company is particularly sensitive to the fluctuations of the following raw materials: ammonia, potassium chloride and sulfur for the production of fertilizers, polyvinyl chloride for the production of plastic piping systems, pig and beef bones and hides for the gelatin production and different metals such as scrap metal, steel plate, cupper, ... in the Machines & Technologies segment. The group's most important purchase contracts are centralized at group or business unit level. This method allows the Company to strengthen its negotiating position. To the extent possible, price fluctuations are, where possible, translated into its sales prices of the products. We consider that, in normal circumstances and given the high inventory rotation, volatile raw material prices should have no material impact on the carrying amounts of the applicable assets and liabilities. In 2021 however, the exceptionally strong increase in raw material prices had a material impact on the group's results, mainly within the Machines & Technologies segment. The increase in raw material prices in 2021 was unprecedented compared to previous years, which meant that the group was unable to fully translate these price increases into its sales prices.

The Company is often active in markets and activities that are highly regulated by, among other things, strict rules and environmental provisions.
The Company cannot guarantee that in the future there will be no sudden or significant changes to, on the one hand, existing laws or regulations or, on the other hand, to trends where environmental awareness and sustainability requirements are central. Our Stakeholders may find that the Company and its subsidiaries have not responded adequately to these trends and that this may consequently have an impact on our business and financial results. These changes and the costs of adapting to them could have a significant impact on the activities. The Company ensures that, in the case of new investments or expansions, it always takes into account the impact on the environment and the sustainability of the solution in the long term in its decision. Moreover, with its activities in the Bio-Valorization and Industrial Solutions segments, Picanol Group plays in a closed loop model by reusing and valorizing different sources of raw materials. Picanol Group plays an important role in the transition to a low-carbon future. We do this with materials that respond to global trends of clean air and e-mobility, while our closed loop model conserves resources.

Climate change
Particularly in the Agro and the Industrial Solutions segments, exceptional weather conditions, such as sustained heat waves, flooding or natural disasters can have an important impact on the operational results. Risks related to climate change are increasing in frequency and severity, posing challenges with rising costs (energy, water and materials...) and

ultimately risks to our assets. This trend requires a more comprehensive approach to managing the risks relevant to the changing environment in which the Company operates and that gives our stakeholders confidence in the Company's sustainable growth and future.

To address this growing challenge and map the risks, in 2021 the Group selected a data and technology company with strong modeling and scientific expertise in climate. This analysis will lead to key recommendations for a viable and climate-adapted prevention plan in 2022.

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

In the context of the COVID-19 outbreak, the Company has taken some specific health, travel and safety measures in order to protect the employers and other persons from the disease in accordance with the guidelines imposed by the local authorities. These measures include rules on working from home, wearing a mouth mask at work and also respecting distance rules. In 2021, several sites also developed continuity plans to avoid any disruption of the supply chain due to the pandemic or any other crisis situation.

Risk related to the development of the economic and business cycle
The future results of segment Machines & Technologies are highly dependent on the evolution of the textile industry. Unexpected changes in the economic climate, customers' investment cycles, important developments in production and market acceptance of technologies may affect these industries and, consequently, the company's results.

The group is exposed to risks associated with growth economies
A substantial part of the activities of segment Machines & Technologies can be attributed to emerging markets in Asia and South America. Picanol’s activities in these markets are subject to the usual risks associated with doing business in developing economies, such as political and economic uncertainties, currency controls, exchange rate fluctuations and shifts in government policy.

Analysis of the financial risks
For a more detailed overview of the financial risks related to the situation in 2021 and the Picanol Group policy regarding the management of such risks, please see the Financial Instruments section in the Financial Report (note 26 – Financial instruments).

POLICY ON INSIDE INFORMATION AND MARKET MANIPULATION

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

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

In accordance with the Dealing Code, the Board of Directors has appointed a Compliance Officer. The Compliance Officer is responsible for supervising compliance with the Dealing Code. He/she is also the point of contact for questions about the application of the Dealing Code. Mrs. Karen D’Hondt holds the title of Compliance Officer.

EXTERNAL AUDIT

KPMG Bedrijfsrevisoren BV, with Mr. Patrick De Schutter as authorized representative, has been appointed as statutory auditor for Picanol Group since fiscal year 2018 (and re-appointed in 2021 for a term of 3 years) and for Tessenderlo Group since fiscal year 2019.

(Million EUR)	2021			
	Audit	Audit related	Other	Total
KPMG (Belgium)	0.4	0.0	0.1	0.4
KPMG (Outside Belgium)	0.7	0.0	0.0	0.7
Total	**1.1**	**0.0**	**0.1**	**1.1**
(Million EUR)	2020			
	Audit	Audit related	Other	Total
KPMG (Belgium)	0.4	0.0	0.1	0.4
KPMG (Outside Belgium)	0.7	0.0	0.0	0.7
Total	**1.1**	**0.0**	**0.1**	**1.1**

SUBSEQUENT EVENTS

- Following the launch of the new *Connect* generation weaving machines in 2021, Picanol introduced the OmniPlus-*i* TC *Connect* in January 2022. This dedicated execution for the weaving of tire cord fabrics has now been upgraded to the latest airjet technology and combined with the *Connect* generation features.
- In February 2022, Tessenderlo Group announced that it intends to acquire the production plant and the associated business of Pipelife France in Gaillon (Eure, France). The Gaillon plant specializes in the manufacturing of pipes for gas, water, and cable protection. The transaction is expected to reach completion in the course of 2022. After completion of the acquisition, Tessenderlo Group intends to integrate the business within the DYKA Group business unit (Industrial Solutions segment). This transaction will not materially impact the results of the group.
- The group also announced that its growth unit Violleau plans to construct a new production line for organic fertilizers in Vénérolles (Aisne, France). The new line will focus on the production of organic pellets, responding to the rising demand for organic fertilizers. It is scheduled to be operational from the first quarter of 2023 and it will be constructed on the site of Akiolis' manufacturing plant in Vénérolles. With effect from 2022, Violleau will be included in the Agro segment.
- In February 2022, Tessenderlo Group repurchased 35.0 million EUR of its outstanding 2022 bonds at a price of 102.875%. This repurchase resulted in a cash-out of 36.0 million EUR and the remaining amount of outstanding "2022 bonds" maturing in July 2022 stands at 130.5 million EUR. Also in February 2022, the group agreed two term loan credit facilities for 30.0 million EUR each, with a maturity of 7 years (starting April 2022) and a maturity of 5 years (starting August 2022) respectively. These loans, with quarterly capital reimbursements, have a fixed interest rate of 1.16% and 0.94% respectively, and contain no financial covenants. Both transactions will further reduce the liquidity risk as well as the interest costs of the group.
- In early March 2022, Tessenderlo Group submitted a new permit application to the Flemish Region for the construction of a new 900 MW combined cycle steam and gas turbine (CCGT) power plant in Tessenderlo, Belgium. With a view to future auctions, Tessenderlo Group adjusted its previously submitted project (an investment of approximately 500 million EUR) to respond to the objections that led to the refusal of that application.
- The current conflict in Eastern Europe and the subsequent economic and financial sanctions imposed are negatively affecting the supply and the cost prices of both raw materials and energy. In particular, MOP (muriate of potash) is the key raw material used for the production of SOP (sulfate of potash) fertilizers that are produced at Tessenderlo Kerley Ham (Belgium), within the Tessenderlo Group Agro segment. Tessenderlo Group currently sources MOP from Russia and Belarus, as well as some other countries. In this connection, the group is in the process of reviewing its sourcing mix, and it is therefore currently not possible to determine what the effect on the production would be, if any, although no significant impact is expected in the first half of 2022. At present, it is also difficult to estimate the impact on the other activities of the group.

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

At the board of directors meeting of March 13, 2021, Mr. Luc Tack declared a conflict of interest regarding the joint investment by Verbrugge nv and Symphony Mills nv in Rieter Holding AG. The procedure provided in Art 7:96 of the Companies code was applied. An extract of the minutes of this meeting is included in the statutory annual report.

At the board of directors meeting of May 12, 2021, Mr. Luc Tack declared a conflict of interest regarding the decision to acquire further Rieter Holding or Tessenderlo Group shares. The procedure provided in Art 7:96 of the Companies code was applied. An extract of the minutes of this meeting is included in the statutory annual report.

At the board of directors meeting of July 2, 2021, Mr Luc Tack and Mr. Stefaan Haspeslagh declared a conflict of interest regarding the decision to grant a bulk credit of 20 million EUR to Saurer Technologies. The procedure provided in Art 7:96 of the Companies code was applied. An extract of the minutes of this meeting is included in the statutory annual report.

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

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

The extraordinary shareholders' meeting of March 16, 2020, decided to authorize the Board of Directors, for a period of 5 years from the publication of the authorization in the Annex to the Belgian State Gazette, to increase the share capital, in one or more times, up to an amount of EUR 4,440,000 (for million four hundred and forty thousand EUR), in accordance with the provisions set out in the BCCA and the articles of association of the company. The Board of Directors is allowed to use the authorized capital to take protective measures for the Company through capital increases, with or without limitation or withdrawal of preferential rights, even outside the context of a possible public takeover bid, to the extent that the Company has not yet received a notification of the FSMA with respect to a public takeover bid on its securities.

Without prejudice to the possibility to realize the commitments that were validly entered into before receipt of the notification of the FSMA pursuant to article 7:202, paragraph 2, 1° of the BCCA, the Board of Directors is authorized, for a period of 3 years form the authorization by the extraordinary general meeting of March 16, 2020, to proceed to a capital increase within the framework of authorized capital, with or without limitation or withdrawal of preferential rights as the case may be in favor of one or more persons, following receipt of a notification of the FSMA with respect to a public takeover bid on the company's securities, in accordance with the conditions set out in article 7:202, paragraph 2, 2° of the BCCA and the articles of association of the company.

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

By decision of the extraordinary general meeting of shareholders of March 16, 2020, the loyalty voting right has been introduced. As a consequence, each share which has been fully paid up and which is registered in the name of the same shareholder in the register of registered shares since at least two uninterrupted years, gives right to a double vote in accordance with the BCCA. Each other share gives right to one vote at the general meeting.

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

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

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

Pursuant to the decision of the extraordinary general meeting of March 16, 2020, the Board of Directors is authorized, for a period of 5 years from the publication of the authorization in the Annex of the Belgian Official Gazette, to repurchase, in accordance with the conditions set by law, the company's shares, profit-sharing certificates or certificates relating thereto for the account of the company of which the accounting par value, including the securities previously acquired by the company and held by it, is not higher than 25% (twenty five per cent) of the issued capital and at a price ranging between minimum 20% (twenty per cent) below the average of the closing price of the company's share during the last 30 trading days preceding the Board's resolution to acquire such securities, and maximum 20% (twenty per cent) above the average of the closing price of the company's share during the last 30 trading days preceding the Board's resolution to acquire such securities, it being understood that the price will never be lower than 50 EUR (fifty EUR) or exceed 90 EUR (ninety EUR).

The Board of Directors is explicitly authorized according to the resolution of the extraordinary general meeting of March 16, 2020 to dispose of the acquired securities that are listed, on or outside the stock exchange, without the need for a prior consent or other intervention by the general meeting, without prejudice to the fact that the disposal possibilities of the Board of Directors are further mandatory organized under the new BCCA and these shall thus have to be respected in parallel by the Company for the remaining period of the authorization granted by the general meeting within the framework of the acquisition of own securities. The aforementioned provisions equally apply to the acquisition or transfer of the Company's securities by the Company's directly controlled subsidiaries or through the intermediary of a person acting in its own name but for the account of these subsidiaries, in accordance with articles 7:221 and 7:222 of the BCCA.

DIVIDEND POLICY

Picanol nv wil propose to the general assembly to pay out a dividend of 0.2 EUR per share for the financial year ending on December 31, 2021. The Company's dividend policy may be amended from time to time, and each dividend distribution remains subject to the Company's earnings, financial condition, share capital requirements and other important factors subject to proposal and approval by the competent corporate body of the Company and subject to the availability of distributable reserves as required by the BCCA and the articles of association. Any distributable reserves of the Company have to be computed in respect of its statutory balance sheet prepared in accordance with Belgian GAAP, which may differ from the consolidated financial statements in IFRS reported by the Company.

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

PROVISION 3.12 OF THE CORPORATE GOVERNANCE CODE 2020

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

PROVISION 7.6 OF THE CORPORATE GOVERNANCE CODE 2020 WITH RESPECT TO REMUNERATION OF NON-EXECUTIVE DIRECTORS

The Company does not grant any remuneration in the form of shares to the Non-Executive Directors for 2021, as it is of the opinion that a payment in shares does not have a positive impact on decisions of these Directors that support the long term vision of the Company, given the presence of a reference shareholder who aims to create sustainable value within the Company.

PROVISION 7.9 OF THE CORPORATE GOVERNANCE CODE 2020 WITH RESPECT TO REMUNERATION OF EXECUTIVE DIRECTORS

The Company does not grant any minimum threshold of remuneration in the form of shares to the ExCom in 2021, as it is of the opinion that a payment in shares does not have a positive impact on decisions of the ExCom that support the long term vision of the Company, given the presence of a reference shareholder who aims to create sustainable value within the Company. It was also decided not to modify the remuneration policy as already approved, during the course of the year.

PROVISION 8.7 OF THE CORPORATE GOVERNANCE CODE 2020 WITH RESPECT TO THE CONCLUSION OF A RELATIONSHIP AGREEMENT WITH ITS REFERENCE SHAREHOLDER

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

Ieper, March 23, 2022
On behalf of the Board of Directors

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

Financial report 2021

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

		For the year ended December 31	
(Million EUR)	**Note**	**2021**	**2020**
Revenue	3	2,741.7	2,188.5
Cost of sales		-2,111.1	-1,664.3
Gross profit		**630.6**	**524.2**
Distribution expenses		-131.2	-111.8
Administrative expenses		-150.2	-136.3
Sales and marketing expenses		-78.4	-72.4
Other operating income and expenses	5	-30.9	-33.5
Adjusted EBIT[2]	3	**239.9**	**170.2**
EBIT adjusting items	6	2.0	-12.0
EBIT (Profit (+) / loss (-) from operations)		**242.0**	**158.2**
Finance income	9	63.9	7.7
Finance cost	9	-19.5	-45.0
Finance (costs) / income - net	9	**44.4**	**-37.3**
Share of result of equity accounted investees, net of income tax		1.1	-1.9
Profit (+) / loss (-) before tax		**287.5**	**119.0**
Income tax expense	10	-49.8	-32.2
Profit (+) / loss (-) for the period		**237.7**	**86.8**
Non-controlling interest		77.0	31.4
Profit (+) / loss (-) for the period attributable to the equity holders of the company		**160.7**	**55.4**
Basic earnings per share (EUR)	20	9.1	3.1
Diluted earnings per share (EUR)	20	9.1	3.1

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

[2] Adjusted EBIT is considered by the group to be a relevant performance measure in order to compare results over the period 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.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the year ended December 31	
(Million EUR)	**Note**	**2021**	**2020**
Profit (+) / loss (-) for the period		**237.7**	**86.8**
Translation differences[3]		24.8	-14.7
Net change in fair value of derivative financial instruments, before tax	26	1.9	-0.2
Other movements		0.2	-0.2
Income tax on other comprehensive income	15	-0.5	0.1
Share in other comprehensive income of joint ventures accounted for using the equity method		0.0	0.0
Other comprehensive income to be reclassified to profit or loss in subsequent periods		**26.4**	**-15.1**
Remeasurements of the net defined benefit liability, before tax	23	18.0	-1.0
Income tax on other comprehensive income	15	-1.2	1.1
Other comprehensive income not being classified to profit or loss in subsequent periods		**16.7**	**0.1**
Other comprehensive income, net of income tax		**43.2**	**-14.9**
Total comprehensive income		**280.8**	**71.9**
Non-controlling interest		97.2	23.8
Total comprehensive income attributable to the equity holders of the company		**183.6**	**48.0**

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

[3] The 2021 translation differences are mainly impacted by the weakening of the EUR against the USD (-8%), while the 2020 translation differences were impacted by the strengthening of the EUR against the USD (+9%).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As per December 31	
(Million EUR)	**Note**	**2021**	**2020**
Assets			
Total non-current assets		**1,700.9**	**1,651.6**
Property, plant and equipment	11	1,086.0	1,061.8
Goodwill	12	42.1	42.1
Intangible assets	13	401.6	469.8
Investments accounted for using the equity method	14	19.2	20.0
Other investments	14	101.2	10.3
Deferred tax assets	15	34.5	33.2
Trade and other receivables	16	16.1	14.4
Total current assets		**1,331.2**	**1,111.1**
Inventories	17	486.2	393.4
Trade and other receivables	16	459.0	342.2
Current tax assets		8.5	9.3
Derivative financial instruments	26	0.6	0.0
Short term investments	18/22	10.0	20.0
Cash and cash equivalents	18/22	366.7	345.9
Assets held for sale		0.2	0.3
Total assets		**3,032.0**	**2,762.7**
Equity and Liabilities			
Equity			
Equity attributable to equity holders of the company		**992.8**	**816.3**
Issued capital		21.7	21.7
Share premium		1.5	1.5
Reserves and retained earnings		969.6	793.0
Non-controlling interest	21	**695.6**	**647.6**
Total equity		**1,688.4**	**1,463.8**
Liabilities			
Total non-current liabilities		**588.0**	**822.5**
Loans and borrowings	22	196.2	393.2
Employee benefits	23	59.9	71.2
Provisions	24	138.3	141.8
Trade and other payables	25	4.1	14.5
Derivative financial instruments	26	20.7	25.3
Deferred tax liabilities	15	168.8	176.5
Total current liabilities		**755.7**	**476.3**
Bank overdrafts	18/22	0.1	0.0
Loans and borrowings	22	215.3	69.8
Trade and other payables	25	513.9	374.0
Derivative financial instruments	26	8.6	11.8
Current tax liabilities		2.7	3.7
Employee benefits	23	1.5	1.8
Provisions	24	13.6	15.1
Total liabilities		**1,343.6**	**1,298.9**
Total equity and liabilities		**3,032.0**	**2,762.7**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Million EUR)	Note	Issued capital	Share premium	Other reserves and retained earnings	Translation differences	Repurchase treasury shares by subsidiaries	Equity attributable to equity holders of	Non-controlling interest	Total equity
Balance on January 1, 2021		**21.7**	**1.5**	**840.4**	**-43.2**	**-4.2**	**816.3**	**647.6**	**1,463.8**
Profit (+) / loss (-) for the period				160.7			160.7	77.0	237.7
Other comprehensive income:									
- Translation differences					14.1		14.1	10.7	24.8
- Remeasurements of the net defined benefit liability, net of tax				8.1			8.1	8.7	16.7
- Net change in fair value of derivative financial instruments, net of tax				0.7			0.7	0.7	1.4
- Other movements				0.1			0.1	0.1	0.2
Comprehensive income, net of income taxes		**0.0**	**0.0**	**169.5**	**14.1**		**183.6**	**97.2**	**280.8**
Transactions with owners, recorded directly in equity									
Repurchase treasury shares by subsidiaries				0.0			0.0		0.0
- Dividends paid to shareholders							0.0	-0.6	-0.6
- Change in non-controlling interest				-2.5	-4.6		-7.1	-48.6	-55.7
Total contributions by and distributions to owners		**0.0**	**0.0**	**-2.5**	**-4.6**		**-7.1**	**-49.2**	**-56.3**
Balance on December 31, 2021		**21.7**	**1.5**	**1,007.5**	**-33.7**	**-4.2**	**992.8**	**695.6**	**1,688.4**

(Million EUR)	Note	Issued capital	Share premium	Other reserves and retained earnings	Translation differences	Repurchase treasury shares by subsidiaries	Equity attributable to equity holders of the company	Non-controlling interest	Total equity
Balance on January 1, 2020		**21.7**	**1.5**	**783.2**	**-33.3**	**0.0**	**773.1**	**659.9**	**1,433.0**
Profit (+) / loss (-) for the period				55.4			55.4	31.4	86.8
Other comprehensive income:									
- Translation differences					-7.2		-7.2	-7.5	-14.7
- Remeasurements of the net defined benefit liability, net of tax				-0.1			-0.1	0.2	0.1
- Net change in fair value of derivative financial instruments, net of tax				-0.1			-0.1	-0.1	-0.2
- Other movements				-0.1			-0.1	-0.1	-0.2
Comprehensive income, net of income taxes		**0.0**	**0.0**	**55.2**	**-7.2**		**48.0**	**23.8**	**71.9**
Transactions with owners, recorded directly in equity									
Repurchase treasury shares by subsidiaries				1.8		-4.2	-2.4	-1.8	-4.2
- Dividends				-3.5			-3.5		-3.5
- Change in non-controlling interest				3.8	-2.7		1.1	-34.3	-33.3
Total contributions by and distributions to owners		**0.0**	**0.0**	**2.1**	**-2.7**	**-4.2**	**-4.9**	**-36.1**	**-41.0**
Balance on December 31, 2020		**21.7**	**1.5**	**840.4**	**-43.2**	**-4.2**	**816.3**	**647.6**	**1,463.8**

CONSOLIDATED STATEMENT OF CASH FLOWS

		For the year ended December 31	
(Million EUR)	**Note**	**2021**	**2020**
Operating activities			
Profit (+) / loss (-) for the period		237.7	86.8
Depreciation, amortization and impairment losses on tangible assets, goodwill and other intangible assets	8	192.2	194.6
Changes in provisions		-3.6	8.2
Finance costs	9	19.5	45.0
Finance income	9	-63.9	-7.7
Loss / (profit) on sale of non-current assets		-3.6	-1.7
Share of result of equity accounted investees, net of income tax		-1.1	1.9
Income tax expense	10	49.8	32.2
Changes in inventories		-81.2	-34.0
Changes in trade and other receivables		-111.7	2.6
Changes in trade and other payables		127.7	34.5
Change in write off on inventory	3/17	1.8	12.7
Other cash from operating activities		2.4	-6.5
Cash generated from operations		**366.0**	**368.6**
Income tax (paid)/received		-62.1	-45.6
Dividends received		0.1	0.1
Cash flow from operating activities		**304.0**	**323.1**
Investing activities			
Acquisition of property, plant and equipment	11	-112.1	-111.9
Acquisition of other intangible assets	13	-0.4	-1.1
Acquisition of subsidiaries net of cash acquired	4	0.0	-5.7
Acquisition of investments accounted for using the equity method	14	0.0	-2.0
Acquisition of shares	4	-53.1	0.0
Proceeds from the sale of property, plant and equipment		7.0	5.8
Proceeds from the sale of subsidiaries, net of cash disposed of		0.0	-0.1
Cash deposit paid for prequalification CRM auction (T-Power)		-16.3	0.0
Cash deposit reimbursed for prequalification CRM auction (T-Power)		16.3	0.0
Acquisition of short term investments[4]	18/22	-40.0	-20.0
Proceeds from sale of short term investments [4]	18/22	50.0	0.0
Cash flow from investing activities		**-148.6**	**-135.1**
Financing activities			
Acquisition of non-controlling interest	21	-55.7	-33.2
Repurchase of treasury shares by subsidiaries	19	0.0	-4.2
Payment of lease liabilities	11/22	-22.2	-24.2
Proceeds from new borrowings		1.3	7.8
Reimbursement of borrowings		-50.6	-56.0
Interest paid		-18.2	-18.1
Interest received		4.8	2.6
Dividends paid		-0.6	-3.5
Other cash flows from financing activities		3.2	-1.3
Cash flow from financing activities		**-138.0**	**-130.1**
Net increase / (decrease) in cash and cash equivalents		**17.5**	**57.9**
Effect of exchange rate differences		3.3	-2.2
Cash and cash eq. less bank overdrafts at the beginning of the period	18/22	**345.9**	**290.3**
Cash and cash eq. less bank overdrafts at the end of the period	18/22	**366.7**	**345.9**

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

[4] As per cashflow statement of December 31, 2020, the short term investments were included in the "Cashflow from financing activities". In 2021, these short term investments were included in "Cashflow from investing activities". The cashflow statement of December 31, 2020 has therefore been restated to present short term notes consistently within investing activities.

The cash flow from operating activities decreased from 323.1 million EUR in 2020 to 304.0 million EUR as per December 31, 2021. The increase of the 2021 operational result (increase of Adjusted EBITDA by +68.6 million EUR), mainly within Machines & Technologies, Agro and Industrial Solutions (note 3 - Segment reporting), was more than offset by an increase of the working capital. The changes in working capital led to a cash outflow of -65.2 million EUR in 2021 mainly impacted by higher inventories, due to higher production volumes, increased raw material prices and energy costs (-81.2 million EUR). The net impact of the variance in trade and other receivables and trade and other payables was limited to +16.1 million EUR. The increase in taxable result, resulted in higher income taxes paid (-62.1 million EUR in 2021 compared to only -45.6 million EUR in 2020).

The cash flow from investing activities amounted to -148.6 million EUR in 2021. Total capital expenditure amounts to -112.5 million EUR (2020: -113.1 million EUR) (note 3 - Segment reporting). The "Acquisition of shares" relates to the purchase of shares of Rieter Holding AG for 53.1 million EUR (see Note 4 - Acquisitions and disposals). The proceeds from the sale of property, plant and equipment for an amount of 7.0 million EUR mainly relate to the sale of the assets of the MPR and ECS activities (note 6 - EBIT adjusting items). In 2020 a cash consideration was paid for the acquisition of a production plant in La Chapelle-Saint-Ursin (France) by DYKA Tube SAS (operating segment Industrial Solutions), while there were no acquisitions in 2021 (note 4 - Acquisitions and disposals). A financial guarantee, through a cash deposit of 16.3 million EUR, was paid to Elia (the Belgian transmission system operator) as part of the prequalification file leading to the participation in the Belgian CRM auction in September 2021 for the construction of a second gas-fired power station in Tessenderlo (Belgium). As the group was not successful in the CRM auction, the guarantee was reimbursed before year-end 2021. As per year end 2021, an investment in a short term bank note is outstanding (included within Short term investments in the consolidated statement of financial position) for 10.0 million EUR compared to 20.0 million EUR per year-end 2020. The counterparty is a highly rated international bank. The outstanding note has an original duration of 9 months (maturing in January 2022) (note 18 - Cash and cash equivalents).

The cash flow from financing activities amounts to -138.0 million EUR as per year-end 2021 (2020: -130.1 million EUR). The acquisition of non-controlling interest for -55.7 million EUR is the purchase of additional shares of subsidiary Tessenderlo Group which resulted in an increase of the shareholders percentage from 46.65% at December 31, 2020 to 50.42% at the end of 2021. The reimbursement of borrowings (-50.6 million EUR) mainly relates to the reimbursement in 2021 of the outstanding amount of the commercial paper program (-19.0 million EUR as per December 31, 2020) and the half yearly reimbursements of the T-Power credit facility (-25.7 million EUR). In 2020, a new loan (+7.5 million EUR) was drawn by Tessenderlo Group nv to finance the purchase of vehicles within the operating segment Bio-valorization, while no significant new borrowings were drawn in 2021 (note 22 - Loans and borrowings). Also in 2020, the Tessenderlo Group bought 132,000 of its own shares at 32 EUR per share for a total amount of -4.2 million EUR (note 19 - Equity), while no further purchases were made in 2021.

As a result cash and cash equivalents less bank overdrafts increased from 345.9 million EUR to 366.7 million EUR (note 18 - Cash and cash equivalents).

CONSEQUENCES AND IMPACT OF THE COVID-19 PANDEMIC

In light of the latest developments concerning the corona pandemic, Picanol 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 consolidated financial statements of the group in 2020 and 2021 was not significant. Activities could be further impacted in 2022 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Picanol nv (hereafter referred to as the "company"), the parent company, is domiciled in Belgium. The consolidated financial statements for the year ended December 31, 2021, comprise the company and its subsidiaries (together referred to as the "group") and the group's interests in associates and in jointly controlled entities.

The IFRS financial statements were authorized for issue by the Board of Directors of Picanol nv on Wednesday March 23, 2022.

(A) Statement of compliance

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

(B) Basis of preparation

The financial statements are presented in euro, which is the company's functional currency, rounded to the nearest million which may not add up due to rounding. They are prepared on the historical cost basis except for derivative financial instruments, net defined benefit (liabilities)/assets and investments available-for-sale, which are stated at fair value. Assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

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

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

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

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

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

(C) Principles of consolidation

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

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

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

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

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

(D) Foreign currency

- ***Foreign currency transactions***

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

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

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

- ***Foreign currency translation***

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

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

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

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

- ***Exchange rates***

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

	Closing rate		Average rate	
1 EUR equals:	**2021**	**2020**	**2021**	**2020**
Brazilian real	6.31	6.37	6.38	5.89
Chinese yuan	7.19	8.02	7.63	7.87
Costa Rican colón	725.59	743.89	732.03	665.45
Czech crown	24.86	26.24	25.64	26.46
Hungarian forint	369.19	363.89	358.52	351.25
Indian rupee	84.23	89.66	87.44	84.64
Polish zloty	4.60	4.56	4.57	4.44
Pound sterling	0.84	0.90	0.86	0.89
Romanian leu	4.95	4.87	4.92	4.84
Swiss franc	1.03	1.08	1.08	1.07
Turkish lira	15.23	9.11	10.51	8.05
US dollar	1.13	1.23	1.18	1.14
Indonesian rupee	16,100	17,240	16,860	16,650
Mexican Peso	23.14	24.42	24.07	24.45

(E) Intangible assets

- ***Research and development***

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

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

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

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

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

- ***Borrowing costs***

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

- ***Emission allowances***

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

The fair value of forward purchase and sale contracts of emission allowance certificates is based on quoted market prices for futures of EU allowances (EUAs) and Certified Emission Reductions (CERs)[5].

- ***Intangible assets initial valuation***

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

- ***Subsequent expenditure***

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

- ***Amortization***

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

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

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

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

(F) Goodwill

- ***Business combination***

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

The group measures goodwill at the acquisition date as:

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

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

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

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

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

[5] The group did not have any such contracts during 2020 and 2021.

- ***Subsequent measurement of goodwill***

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

(G) Property, plant and equipment

- ***Owned assets***

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

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

- ***Subsequent expenditure***

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

- ***Depreciation***

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

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

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

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

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

- ***Government grants***

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

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

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

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

(H) Leased assets

The group has applied IFRS 16 *Leases* since January 1, 2019 using the modified retrospective approach, under which comparative information is not restated.

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

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

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

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

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

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

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

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

(I) Other and short term investments

Each category of other investments is accounted for at trade date.

- ***Investments in equity securities***

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

The entity has the following investments in equity securities:
- Rieter Holding AG: fair value changes through income statement

- ***Other investments***

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

- ***Short term investments***

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

(J) Impairment

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

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

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

- ***Calculation of recoverable amount***

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

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

- ***Reversal of impairment***

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

An impairment loss in respect of goodwill cannot be reversed.

- ***Financial assets***

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

(K) Inventories

Inventories are stated at the lower of cost and net realizable value. The cost is determined by the weighted average cost method for the divisions of Tessenderlo Group and according to FIFO method for the division Machines & Technologies.

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

(L) Trade and other receivables

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

(M) Cash and cash equivalents

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

(N) Issued capital

- ***Ordinary shares***

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

- ***Repurchase of issued capital***

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

- ***Dividends***

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

(O) Non-derivate financial liabilities

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

Export financing is used within the Machines & Technologies division. The company allows long-term payment of trade receivables provided that these are financed via export financing by banks and are guaranteed by Credendo.

Accounting processing of the export financing:
When a machine contract is invoiced, the client receivable (which is spread over several years) is booked under “trade and other receivables”. There are several options to finance these long-term receivables. If Picanol Group takes out a parallel supplier credit with a bank, this debt will be booked under "loans and borrowings". Picanol Group may also decide to proceed with discounting client receivables through a bank or a credit insurer. In this case, the client receivables will be settled the moment the risk of the asset is transferred. The discount costs are included in the profit and loss account under "finance costs”. The income related to re-invoicing the interest costs to the customer is included in the income statement under “finance income".

(P) Provisions

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

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

- ***Restructuring***

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

- ***Environmental obligations and dismantlement obligations***

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

- ***Onerous contracts***

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

- ***Warranties***

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

(Q) Employee benefits

- ***Post-employment benefits***

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

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

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

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

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

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

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

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

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

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

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

- ***Short-term benefits***

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

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

(R) Income tax

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

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

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

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

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

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

(S) Trade and other payables

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

(T) Income

- ***Revenue***

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

(1) Sale of goods
The majority of the group's revenue consists of the sale of goods. Products are generally sold directly or through distributors to the customers. Revenue is recognized based on the transfer of control of ownership. The point of recognition is dependent on the contract sales terms, known as the International Commercial terms (Incoterms). The timing of the revenue recognition is not significantly different from the transfer from risk and rewards. The sale of goods, including transportation, qualifies as a separate performance obligation. The related costs of transportation are incurred as part of the performance obligation to transfer goods to the customer. In the segment Machines & Technologies, the installation of the machine at the customer is seen as a separate performance obligation since it can also be performed by the customer or by an external party. However, the turnover with regard

to this installation is not material in the total turnover of the group.

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

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

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

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

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

- ***Finance income***

Finance income comprises interest receivable on funds invested, dividend income, foreign exchange gains, gains on derivative financial instruments and financing costs related to weaving machines contracts which are re-invoiced to the customers.

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

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

(U) Expenses

- ***Finance costs***

Finance costs comprise interest payable on loans and borrowings, unwinding of the discount on provisions, foreign exchange losses, losses on derivative financial instruments and finance costs related to weaving machines contracts.

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

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

(V) Derivative financial instruments

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

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

- ***Cash flow hedges***

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

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

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

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

(W) Earnings per share

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

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

(X) Segment reporting

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

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

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

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

(Y) Changes in accounting policy and disclosures

The following amendments and annual improvements to standards are mandatory for the first time for the financial year beginning January 1, 2021 and have been endorsed by the European Union. These did not have a significant impact on the financial statements of the group:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 *Interest Rate Benchmark Reform – Phase 2;*
- Amendments to IFRS 4 *Insurance Contracts – deferral of IFRS;*
- Amendments to IFRS 16 *Leases: Covid-19-Related Rent Concessions.*

The following new standards, amendments and interpretation to standards have been issued, have been endorsed by the European Union, and are effective for the first time for the financial year beginning on or January 1, 2022 and:

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

The group has not applied these new standards or amended standards in preparing the 2021 consolidated financial statements. The group is currently assessing the new rules, and at this stage, is not expecting any of these new rules to have a significant impact on the financial statements of the group.

The following new standards, amendments and interpretation to standards have been issued, and are effective for the first time for the financial year beginning January 1, 2023 and have not yet been endorsed by the European Union:

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

2. DETERMINATION OF FAIR VALUES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3. SEGMENT REPORTING

The group has 5 operating segments based on the principal business activities, economic environments and value chains in which they operate, as defined under IFRS 8 *Operating Segments*. The customers and main markets of these segments are different. The 5 operating segments fulfill the quantitative thresholds and are reported separately. The information provided below is consistent with the information that is available and evaluated regularly by the Chief Operating Decision Maker (the ExCom).

The following five operating segments meet the quantitative criteria and are reported separately:

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

Industrial Solutions also included the MPR/ECS activities until their sale in 2021 (note 4 - Acquisitions and disposals). Also within the operating segment Industrial Solutions, S8 Engineering ceased to exist in 2020 and the engineering and construction activities were integrated into Tessenderlo Kerley, Inc.

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

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

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

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

The majority of the group's revenue consists of the sale of goods. Products are generally sold directly or through distributors to the customers. Revenue is therefore recognized when the goods are delivered to the customers, where the point of recognition is dependent on the contract sales terms, known as the International Commercial terms (Incoterms). The group also recognizes revenue from the sale of services. These mainly relate to the collection of organic materials within Akiolis (operating segment Bio-valorization) and, until the disposal of these activities in 2021, water treatment services at industrial mining, refinery and oil and gas exploration water treatment locations within MPR and ECS (operating segment Industrial Solutions) and R&D services sold by PsiControl in segment Machines & Technologies. In this case, the revenue is recognized when the customers obtain control of the services, predominantly at a point in time. The group has executed engineering and construction activities through its subsidiary S8 Engineering Inc. For revenue out of projects, the amount of revenue is measured by reference to the progress made towards complete satisfaction of the performance obligation. These projects generally have a lifetime of less than one year.

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

(Million EUR)	note	Machines & Technologies		Agro		Bio-valorization		Industrial Solutions		T-Power		Non- allocated		Picanol Group	
		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Revenue (internal and external)		660.2	451.3	750.3	583.5	643.2	575.7	618.4	509.4	71.2	69.5	0.0	0.0	2,743.3	2,189.3
Less : Revenue (internal)				1.0	0.6	0.0	0.0	0.6	0.3	0.0	0.0	0.0	0.0	1.6	0.9
Revenue		**660.2**	**451.3**	**749.3**	**582.9**	**643.2**	**575.7**	**617.8**	**509.1**	**71.2**	**69.5**			**2,741.7**	**2,188.5**
Of which:															
- At a point in time		660.2	451.3	749.3	582.9	643.2	575.7	617.8	508.1	71.2	69.5	0.0	0.0	2,741.7	2,187.5
- Over time				0.0	0.0	0.0	0.0	0.0	1.0	0.0	0.0	0.0	0.0	0.0	1.0
Adjusted EBIT		**63.3**	**35.0**	**79.3**	**58.7**	**41.9**	**44.7**	**41.0**	**15.2**	**14.5**	**16.6**			**239.9**	**170.2**
Adjusted EBITDA		**76.1**	**47.1**	**147.4**	**125.6**	**78.5**	**81.9**	**76.1**	**53.0**	**52.2**	**54.1**			**430.3**	**361.7**
Return on revenue (Adjusted EBITDA/revenue)		*11.5%*	*10.4%*	*19.7%*	*21.5%*	*12.2%*	*14.2%*	*12.3%*	*10.4%*	*73.3%*	*77.8%*			*15.7%*	*16.5%*
Non-current segment assets (PPE, goodwill and intangible assets)		80.8	75.6	555.2	583.8	282.2	264.6	250.7	252.8	328.5	362.8	32.4	34.3	1,529.8	1,573.8
Other segment assets		186.3	136.8	341.7	248.1	237.4	206.2	177.6	144.5	4.5	2.6	22.4	21.4	970.0	759.6
Derivative financial instruments	26											0.6	0.0	0.6	0.0
Investments accounted for using the equity method	14	0.0		17.1	14.2	2.1	5.7	0.0	0.0	0.0	0.0	0.0	0.0	19.2	20.0
Other investments	14											101.2	10.3	101.2	10.3
Deferred tax assets	15											34.5	33.2	34.5	33.2
Short term investments	18/22											10.0	20.0	10.0	20.0
Cash and cash equivalents	18/22											366.7	345.9	366.7	345.9
Total assets		**267.1**	**212.4**	**914.1**	**846.1**	**512.8**	**476.5**	**428.3**	**397.3**	**333.1**	**365.4**	**567.8**	**465.1**	**3,032.0**	**2,762.7**
Segment liabilities		158.1	114.6	136.0	78.2	165.5	156.3	95.6	87.2	11.6	8.9	167.2	177.0	734.0	622.2
Derivative financial instruments	26											29.3	37.1	29.3	37.1
Loans and borrowings	22											411.6	463.0	411.6	463.0
Deferred tax liabilities	15											168.8	176.5	168.8	176.5
Total equity												1,688.4	1,463.8	1,688.4	1,463.8
Total Equity and Liabilities		**158.1**	**114.6**	**136.0**	**78.2**	**165.5**	**156.3**	**95.6**	**87.2**	**11.6**	**8.9**	**2,465.1**	**2,317.5**	**3,032.0**	**2,762.7**
Capital expenditures: property, plant and equipment and intangible assets	11/13	16.5	12.9	25.9	29.9	43.0	46.4	23.1	15.7	3.3	6.7	0.7	1.4	112.5	113.1
Depreciation, amortization and impairment losses on tangible assets, goodwill and intangible assets	8	-12.8	-12.1	-68.2	-66.9	-36.6	-37.2	-37.0	-40.9	-37.6	-37.4	0.0	0.0	-192.2	-194.6
Reversal/(additional) inventory write-offs	17	0.7	-2.0	0.9	-1.8	-1.2	-8.2	-2.3	-0.7	0.0	0.0	0.0	0.0	-1.8	-12.7

The increase of the other segment assets and segment liabilities in most Group segments is mainly linked to the increase of inventories, trade receivables and payables, which are impacted by a higher activity, timing and price inflation.

The impact of the revaluation of Tessenderlo Group (as a result of the acquisition of control) on the segment assets is: Agro +306.2 million EUR (+343.3 million EUR in 2020), Bio-valorization +18.6 million EUR (+20.6 million EUR in 2020), Industrial Solutions +67.1 million EUR (+75.2 million EUR in 2020), T-Power +9.1 million EUR in 2021 and 2020 and non-allocated +17.6 million EUR in 2021 and 2020.

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

The reconciliation of the profit before tax is as follows:

(Million EUR)	**2021**	**2020**
Adjusted EBIT	**239.9**	**170.2**
EBIT adjusting items	2.0	-12.0
Finance costs - net	44.4	-37.3
Share of result of equity accounted investees, net of income tax	1.1	-1.9
Profit (+) / loss (-) before tax	**287.5**	**119.0**

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

	Revenue by market		**Non-current segment assets**	
(Million EUR)	**2021**	**2020**	**2021**	**2020**
Europe	1,351.7	1,105.5	985.0	1,008.0
North-Amerika	673.1	576.2	470.2	495.0
South-Amerika	101.7	80.5	52.4	50.6
Asia	536.2	367.3	12.4	12.5
Other	79.0	59.2	9.9	7.6
Total	**2,741.7**	**2,188.5**	**1,529.8**	**1,573.8**

Revenue increased in all geographical segments, but most pronounced in Asia due to the strong recovery of the textile industry (segment Machines & Technologies) in 2021.

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

The decrease of the non-current segment assets in North America is mainly due to the depreciation of the fair value adjustment booked upon the initial consolidation of Tessenderlo Group (impact -37.1 million EUR).

4. ACQUISITIONS AND DISPOSALS

ACQUISITIONS

In March 2021, Picanol Group acquired a 10% minority stake in Rieter Holding AG (CH) for a price of 45.4 million EUR (or a price per share of CHF 107.5). Rieter is the world's leading supplier of systems for spinning short staple fibers. The company develops and manufactures machines, systems and components used to convert natural and synthetic fibers into yarns. With this financial participation, Picanol Group aims to further diversify its activities in the textile industry. During 2021, Picanol Group increased its stake to 11.2% bringing the total invested amount to 53.1 million EUR. Together with Symphony Mills, which is also controlled by Picanol's reference shareholder, Mr. Luc Tack, the share percentage amounts to 14.99% at December 31, 2021. Based on the share price of CHF 177 as of December 31, 2021, the fair value of the stake by Picanol Group is 89.4 million EUR.

Picanol Group has analyzed the accounting treatment to be applied to the investment in Rieter and in particular the classification into "investments in associates" (IAS28) versus "other equity investments" (IFRS9). In accordance with IAS28, a group is considered not to exercise significant influence if the percentage of the holding is less than 20%, unless significant influence can be clearly demonstrated. The existence of significant influence by an entity is usually evidenced in one or more of the following ways (a) representation on the board of directors or equivalent governing body of the investee; (b) participation in policy-making processes, including participation in decisions about dividends or other distributions; (c) material transactions between the entity and its investee; (d) exchange of managerial personnel; or (e) provision of essential technical information.

Picanol Group was represented on Rieter's board of directors by 1 director, Mr. Tack, from March 16, 2021 until the general meeting of April 15, 2021 and by 2 directors from April 15, 2021, following the Directors appointment of Mr. Haspeslagh. On August 30, 2021, Mr. Tack and Mr. Haspeslagh resigned from the Rieter board of directors following a conflict related to Saurer.

Based on these facts, it was concluded that:

- Picanol Group had a significant influence over Rieter from March 16 to August 30, 2021;
- Picanol Group lost this significant influence on August 30, 2021.

The stake in Rieter was then accounted for as follows:

- For the period from March 16, 2021 to August 30, 2021, the stake was accounted for as an "investment in associates" (IAS28). The share in Rieter's result of the first half of the year was accounted for using the equity method: this resulted in a "share in the result of associates accounted for using the equity method, net of income tax" of 0.4 million euro and a non-comprehensive income of 1.2 million euro (which was later recycled to financial result as the significant interest ceased).
- As of August 30, the shareholding was accounted for according to IFRS 9 "other equity investments" and valued at fair value. Based on the December 31, 2021 stock market price of 177 CHF, this resulted in a financial income of 35.9 million euro in 2021.

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.

DISPOSALS

In August 2021, the group reached an agreement to divest the MPR and ECS activities (operating segment Industrial Solutions). The main assets of this disposal group included property, plant and equipment (0.6 million EUR). The yearly contribution of MPR/ECS to the group's results was not significant. The sale was completed in the second half of 2021 and the result was included within EBIT adjusting items (note 6 - EBIT adjusting items).

5. OTHER OPERATING INCOME AND EXPENSES

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

(Million EUR)	note	2021	2020
Additions to provisions		-1.4	-0.9
Research and development cost		-24.7	-24.4
Taxes other than income taxes		-4.0	-5.1
Expenses related to defined benefit plans	23	-2.0	-1.5
Gains on disposal of property, plant and equipment and other intangible assets		0.7	0.2
Reversal/(recognition) of impairment losses on trade receivables		-0.2	-0.6
Other		0.7	-1.2
Total		**-30.9**	**-33.5**

Costs arising from the research phase of an internal project are expensed as incurred. The major part of research and development costs relates to salaries paid for an amount of -15.5 million EUR (2020: -16.3 million EUR) and include depreciation charges for an amount of -0.6 million EUR (2020: -0.6 million EUR). In 2021 and 2020, no significant development costs were capitalized. IWT subsidies received for R&D projects are deducted from the research and development costs.

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

6. EBIT ADJUSTING ITEMS

The EBIT adjusting items for 2021 show a net gain of +2.0 million EUR (2020: -12.0 million EUR).

(Million EUR)	2021	2020
Gains and losses on disposals	2.6	1.0
Restructuring	-1.7	-0.5
Impairment losses	-1.9	-3.0
Provisions and claims	4.0	-5.0
Other income and expenses	-1.0	-4.4
Total	**2.0**	**-12.0**

The gains and losses on disposals (+2.6 million EUR) mainly relate to the divestments of the MPR and ECS activities in August 2021 (operating segment Industrial Solutions) and the sale of several land and buildings, mainly within Bio-valorization.

Restructuring expenses (-1.7 million EUR) include several, individual insignificant, restructuring expenses within the operating segment Industrial Solutions (DYKA Group and Kuhlmann Europe). Kuhlmann Europe terminated its operating agreement in November 2021 for the production of sulfur derivatives in Tessenderlo, Belgium (Kuhlmann Belgium). The deteriorating market conditions, the continuing limited availability of raw materials, and increased electricity prices made the sulfur derivatives activity economically unfeasible. The group recognized, following this announcement, restructuring expenses in accordance with the termination clauses of the operating agreement.

Impairment losses (-1.9 million EUR) relate to assets, which will not be used anymore following changes in market conditions (within the operating segment Industrial Solutions).

Provisions and claims (+4.0 million EUR) mainly relate to the reversal of an asset retirement obligation following the sale of the ECS activity, as well as to the impact of the increase of the discount rate applied to the environmental provisions to cover the cost, over the period 2022-2054, for the remediation of historical soil and ground contamination of the factory sites in Belgium (Ham, Tessenderlo and Vilvoorde) and France (Loos). The discount rate as per December 31, 2021 varied between 0% and 1% (year end 2020: between 0% and 1%).

Other income and expenses (-1.0 million EUR) mainly include the impact of an electricity purchase agreement, for which the own-use exemption under IAS 39 is not applicable anymore and several other individually insignificant items.

7. PAYROLL AND RELATED BENEFITS

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

(Million EUR)	Note	2021	2020
Wages and salaries		-343.2	-313.6
Employer's social security contributions		-72.3	-67.6
Other personnel costs		-30.9	-25.5
Contributions to defined contribution plans		-11.4	-10.9
Expenses related to defined benefit plans	23	-8.1	-6.9
Total		**-466.0**	**-424.5**

The number of FTE's at year-end 2021 amounts to 7,058 (2020: 6,878).

8. ADDITIONAL INFORMATION ON OPERATING EXPENSES BY NATURE

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

(Million EUR)	Note	Depreciation on PPE		Amortization on intangible assets		Total	
		2021	2020	2021	2020	2021	2020
Cost of sales		-113.7	-113.3	-63.5	-63.7	-177.2	-177.0
Administrative expenses		-7.8	-7.7	-0.9	-1.5	-8.7	-9.3
Sales and marketing expenses		-0.8	-0.9	-3.3	-3.8	-4.1	-4.7
Other operating income and expenses		-0.5	-0.5	0.0	0.0	-0.5	-0.5
Total	11/13	**-122.8**	**-122.5**	**-67.7**	**-69.1**	**-190.4**	**-191.6**

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

(Million EUR)	Note	Property, plant and equipment		Intangible assets		Goodwill		Total	
		2021	2020	2021	2020	2021	2020	2021	2020
Impairment losses		-1.9	-3.0	0.0	0.0	0.0	0.0	-1.9	-3.0
Total	11/13	**-1.9**	**-3.0**	**0.0**	**0.0**	**0.0**	**0.0**	**-1.9**	**-3.0**

Total depreciation, amortization and impairment losses in 2021 amount to -192.2 million EUR compared to -194.6 million EUR in 2020 (note 11 - Property, plant and equipment, note 12 - Goodwill and note 13 - Intangible assets). These include depreciation charges on the revaluated assets of Tessenderlo Group for -47.2 million EUR of which -5.6 million EUR on tangible fixed assets and -41.6 million EUR on intangible assets.

9. FINANCE COSTS AND INCOME

Net finance costs and income amount to +44.4 million EUR as per December 31, 2021, compared to -37.3 million EUR as per December 31, 2020 and are detailed below:

(Million EUR)	2021			2020		
	Finance costs	Finance income	Total	Finance costs	Finance income	Total
Interest expense on loans and borrowings measured at amortized cost	-9.6	0.0	-9.6	-9.5	0.0	-9.5
Dividend income from other investments	0.0	0.0	0.0	0.0	0.1	0.1
Interest income from cash and cash equivalents	0.0	0.5	0.5	0.0	0.4	0.4
Expense for the unwinding of discounted provisions	-0.2	0.0	-0.2	-0.4	0.0	-0.4
Net interest (expense)/income on pension asset/(liability)	-0.2	0.1	-0.1	-0.4	0.0	-0.3
Net foreign exchange gains /(losses) (including revaluation to fair value and realization of derivative financial instruments)	-5.5	20.3	14.8	-32.2	2.7	-29.5
Interest (costs)/income on trade finance	-2.9	4.3	1.3	-1.7	2.0	0.3
Unrealized gains on investments in shares	0.0	35.9	35.9	0.0	0.0	0.0
Net other finance (costs)/income	-1.1	2.8	1.8	-1.0	2.6	1.6
Total	**-19.5**	**63.9**	**44.4**	**-45.0**	**7.7**	**-37.3**

The interest expenses on loans and borrowings amount to -9.6 million EUR (2020: -9.5 million EUR) and mainly consist of:

- The interest charges on the bonds (-6.7 million EUR), issued in 2015, with a maturity of 7 years (the “2022 bonds”) and 10 years (the “2025 bonds”) with a fixed rate of 2.875% and 3.375% respectively.
- The interest charge on the term loan facility of T-Power nv, which equals the EURIBOR plus a spread. For 80% of the outstanding loan, the EURIBOR was fixed at 5.6% per annum through a series of forward agreements. The fair value of these forward agreements amounted to -38.1 million EUR at acquisition date (recognized as derivative financial instruments in the statement of financial position, see also note 26 - Financial instruments). The 2021 interest paid for this long term facility loan resulted in a cash out of -7.0 million EUR (2020: -8.2 million EUR), of which -1.4 million EUR was recognized as interest expenses, while the remaining amount of -5.7 million EUR relates to the half yearly payments for forward rate agreements reaching their maturity date.
- The interest expenses on lease liabilities (in accordance with IFRS 16 *Leases*) for -1.1 million EUR (2020: -1.1 million EUR).

Total cash-out related to interest payments therefore amounts to -18.2 million EUR (mainly interest expenses for -9.6 million EUR and payments for forward rate agreements reaching their maturity date for -5.7 million EUR).

The net foreign exchange gain (+14.8 million EUR) can mainly be explained by unrealized foreign exchange gains on intercompany loans and cash and cash equivalents (mainly in USD), which are not hedged. The strengthening of the USD against the EUR (+8%) impacted this result. We refer to note 26 - Financial instruments for more information of the group’s exposure to foreign currency risk.

The unrealized gain on investments in shares relate to the unrealized profit on the Rieter shares. In 2021 Picanol Group purchased 521,829 Rieter shares (11.2%) for a total amount of 53.1 million EUR, at an average purchase price of 102 EUR per share. On December 31, 2021, the shares price was 177 CHF (171 EUR) implying a fair value of 89.4 million EUR and resulting in a financial gain of 35.9 million EUR (and a profit on equity accounted investees of 0.4 million EUR).

10. INCOME TAX EXPENSE

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

(Million EUR)	2021	2020
Recognized in the income statement		
Current tax expense	-61.4	-51.1
Adjustment current tax expense previous periods	-0.8	-0.1
Deferred tax - due to changes in temporary differences	9.2	22.0
Deferred tax - due to changes in tax rate	0.8	-3.6
Deferred taxes - recognition (derecognition) of tax losses	2.4	0.5
Total income tax expense in the income statement	**-49.8**	**-32.2**
Profit (+) / loss (-) before tax	287.5	119.0
Less share of result of equity accounted investees, net of income tax	1.1	-1.9
Profit (+) / loss (-) before tax and before result from equity accounted investees	**286.4**	**120.9**
Effective tax rate	**17.4%**	**26.6%**
Reconciliation of effective tax rate		
Profit (+) / loss (-) before tax and before result from equity accounted investees	**286.4**	**120.9**
Theoretical tax rate	25.0%	27.6%
Expected income tax at the theoretical tax rate	**-71.5**	**-33.3**
Difference between theoretical and effective tax expenses	**21.7**	**1.0**
Adjustment on deferred taxes	**3.3**	**-3.1**
Change in tax rates	0.9	-3.6
Recognition (+) / derecognition (-) of previously recognized tax losses	2.4	0.5
Adjustment on tax expenses	**18.5**	**4.0**
Expenses not deductible for tax purposes	-2.5	-2.5
Non taxable income	11.8	3.6
Tax incentives	2.1	2.0
Use or recognition of tax losses / tax credits not previously recognized	10.9	6.6
Tax losses / temporary differences for which no deferred tax asset has been recorded	-6.1	-13.7
Adjustment current tax expense previous periods	-0.8	-0.2
Other	3.1	8.2

The theoretical aggregated weighted tax rate amounted to 25.0% in 2021 compared to 27.6% in 2020. Variances of the tax rate can be explained by changes in the relative weight of the result of each subsidiary, with different individual theoretical tax rates, in the total group result.

There have been no corporate income tax reforms impacting significantly the 2021 tax expense. The majority of the current tax expense is related to the activities in the United States and Belgium. The total current tax expense amounts to -61.4 million EUR. As per December 2021, the group has a current tax receivable outstanding of 8.5 million EUR (2020: 9.3 million EUR), mainly due to advance payments made by Belgian subsidiaries and a current tax payable of -2.7 million EUR (2020: -3.7 million EUR). The income tax paid in 2021 amounts to -62.1 million EUR (2020: -45.6 million EUR).

The recognition of deferred tax assets on tax losses in 2021 (2.4 million EUR) is the result of a year-end 2021 review of the future taxable profits.

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

Non-taxable income mainly includes includes the non-realized gain on the Rieter shares (+9 million EUR tax impact) which becomes tax exempt 12 months after the purchase of the shares. It also includes credits for research.

Tax incentives in 2021 and 2020 include deductions claimed for capital expenditures in France, as well the foreign-derived intangible income (FDII) deduction in the United States.

The 2021 use of tax losses/tax credits mainly relates to the use of Belgian and French fiscal losses.

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

The 2020 items included in "Other" mainly related to statutory results on intragroup transactions, which were eliminated for consolidation purposes. These were less significant in 2021.

11. PROPERTY, PLANT AND EQUIPMENT

(Million EUR)	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Assets under construction	Total
Cost					
At January 1, 2021	363.8	838.3	143.0	68.3	1,413.2
- dismantlement provision	0.3	0.2	0.0	0.0	0.5
- capital expenditure	5.8	19.2	2.3	84.7	112.1
- IFRS 16 new leases	8.4	2.2	10.3	0.0	20.9
- sales and disposals	-9.9	-76.4	-32.4	0.0	-118.7
- transfers	16.5	37.4	20.9	-74.0	0.8
- translation differences	14.4	20.7	3.8	1.4	40.3
At December 31, 2021	399.4	841.5	147.9	80.4	1,469.0
Depreciation and impairment losses					
At January 1, 2021	-72.0	-203.5	-76.0	0.0	-351.4
- depreciation (note 8)	-24.4	-74.5	-23.8	0.0	-122.7
- impairment losses (note 6/8)	-0.5	-1.4	0.0	0.0	-1.9
- sales and disposals	9.5	75.1	32.3	0.0	116.9
- transfers	-0.3	0.5	-0.3	0.0	-0.2
- translation differences	-7.2	-13.8	-2.7	0.0	-23.6
At December 31, 2021	-94.9	-217.6	-70.6	0.0	-383.0
Carrying amounts					
At January 1, 2021	291.7	634.7	66.9	68.3	1,061.8
At December 31, 2021	304.5	623.9	77.3	80.4	1,086.0

(Million EUR)	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Assets under construction	Total
Cost					
At January 1, 2020	369.7	814.8	140.5	59.7	1,384.8
- change in consolidation scope (disposal)	0.0	0.0	-0.1	0.0	-0.1
- change in consolidation scope (acquisitions)	3.7	0.7	0.2	0.0	4.6
- dismantlement provision	0.4	0.5	0.0	0.0	0.9
- capital expenditure	1.6	25.0	3.0	82.3	111.9
- IFRS 16 new leases	2.9	0.6	10.8	0.0	14.3
- sales and disposals	-9.4	-16.2	-24.9	0.0	-50.5
- transfers	12.0	41.5	18.2	-72.3	-0.6
- translation differences	-17.1	-28.8	-4.7	-1.4	-52.0
At December 31, 2020	363.7	838.2	143.0	68.3	1,413.2

Depreciation and impairment losses					
At January 1, 2020	**-61.8**	**-163.5**	**-81.1**	**0.0**	**-306.4**
- change in consolidation scope (disposal)	0.0	0.0	0.1	0.0	0.1
- depreciation (note 8)	-26.1	-73.5	-22.8	0.0	-122.5
- impairment losses (note 6/8)	0.0	-3.0	0.0	0.0	-3.0
- sales and disposals	9.0	15.9	24.7	0.0	49.6
- transfers	-0.6	0.6	0.0	0.0	0.0
- translation differences	7.4	20.1	3.0	0.0	30.5
At December 31, 2020	**-72.0**	**-203.5**	**-76.0**	**0.0**	**-351.4**
Carrying amounts					
At January 1, 2020	**308.0**	**651.3**	**59.4**	**59.7**	**1,078.4**
At December 31, 2020	**291.7**	**634.7**	**66.9**	**68.3**	**1,061.8**

The capital expenditure on property, plant and equipment amounts to 112.1 million EUR and is presented per operating segment in note 3 - Segment reporting (including 0.4 million EUR of capex on intangible assets).

The majority of the capital expenditure relates to:

- the new electronics factory and SMD line for PsiControl Romania, the high-bay warehouse for Proferro, and various investments in new production equipment (segment Machines & Technologies);
- 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. The increased storage capacity guarantees a better service to farmers, as well as enables more flexibility and improved delivery times;
- investments in production efficiency improvements within DYKA Group (operating segment Industrial Solutions);
- investments in the expansion of the production capacity of water treatment coagulants at the site in Loos (France) within Kuhlmann Europe (operating segment Industrial Solutions) to meet the increasing demand for coagulants for wastewater treatment and drinking water production in Western Europe;
- a major maintenance outage and upgrade of the T-Power 425 MW gas-fired combined cycle power plant (CCGT);
- investments in the construction of a new Thio-Sul manufacturing plant in Geleen (the Netherlands). The factory is scheduled to be operational from the third quarter of 2023;
- the replacement of equipment and vehicles, which were previously leased, through purchase.

The 2021 sales and disposals are impacted by the migration to a new ERP system within segment Machines & Technologies which led to a disposal of fully depreciated assets, however with no net value impact. They also relate to the expiration of lease contracts, for which a right-of-use asset was recognized and fully depreciated in accordance with IFRS 16 Leases. In the second half of 2021, the group also completed the sale of the main assets of the activities MPR and ECS (note 4 -Acquisitions and disposals). The result on the sale of these assets was recognized in EBIT adjusting items (note 6 - EBIT Adjusting items).

Depreciation charges include depreciation on the revalued assets of Tessenderlo Group for 5.1 million EUR within plant, machinery and equipment and 0.5 million EUR in Land and buildings.

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

No amounts of borrowing costs were capitalized in 2021 and 2020.

The property, plant and equipment of T-Power nv (Tessenderlo, Belgium), as well as the headquarters of Tessenderlo Kerley, Inc. in Phoenix (Arizona, US), are pledged as securities for liabilities, with a carrying amount as per year-end 2021 of 221.5 million EUR and 12.6 million EUR respectively.

The carrying amount of the Right-of-use assets per category is shown in the table below:

(Million EUR)	Carrying amount right-of-use assets		Depreciation charges right-of-use assets	
	2021	2020	2021	2020
Land and buildings	22.1	18.9	5.4	5.5
Plant, machinery and equipment	3.3	2.7	1.7	1.9
Furniture and vehicles	28.0	31.5	14.5	16.1
Total	**53.3**	**53.0**	**21.7**	**23.5**

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

(Million EUR)	2021	2020
Machines & Technologies	2.5	2.9
Agro	9.4	8.3
Bio-valorization	11.1	12.3
Industrial Solutions	25.8	24.6
T-Power	0.0	0.0
Non-allocated	4.6	4.9
Total	**53.3**	**53.0**

The main leases consist of land and buildings (mainly the electronics factory of Machines & Technologies in Romania, sales branches within Industrial Solutions, the Akiolis headquarters in Le Mans (France) within Bio-valorization and the Brussels (Belgium) headquarters office within non-allocated), a large number of trucks and railcars (mainly within Agro and Bio-valorization), as well as company cars.

The group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The group has applied judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, the group considered all relevant factors that create an economic incentive for it to exercise the renewal. The main leases with an estimated remaining lease term of more than 5 years mainly relate to the sales branches within Industrial Solutions (a weighted average lease term of 11 years), the Akiolis headquarters office (remaining lease term of 9 years), the Brussels headquarters office (remaining lease term of 7 years) and the lease of a barge within Industrial Solutions (remaining lease term of 8 years). See note 26 - Financial instruments for the contractual maturities of the lease liabilities, including interest payments. Gross lease payments in 2021 amount to -23.3 million EUR (2020: -25.3 million EUR), which include interest charges for -1.1 million EUR (2020: -1.1 million EUR).

The depreciation charges recognized, on a straight-line basis over the shorter of the asset's useful life and its lease term, amount to 21.7 million EUR, compared to 23.5 million EUR in 2020 (note 8 - additional information operating expenses by nature).

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

12. GOODWILL

Goodwill accounts for approximately 1.4% of the group's total assets as per December 31, 2021, or 42.1 million EUR (2020: 1.5%).

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

		2021			2020		
(Million EUR)	**Note**	**Cost**	**Impairment/ Amortization**	**Carrying amounts**	**Cost**	**Impairment/ Amortization**	**Carrying amounts**
Agro		19.1	0.0	19.1	19.1	0.0	19.1
Bio-valorization		6.8	0.0	6.8	6.8	0.0	6.8
Industrial Solutions		6.6	0.0	6.6	6.6	0.0	6.6
T-Power		9.7	0.0	9.7	9.7	0.0	9.7
Total		**42.1**	**0.0**	**42.1**	**42.1**	**0.0**	**42.1**

The goodwill was booked following the initial consolidation of the Tessenderlo Group on January 1, 2019 and was allocated to the various divisions on the basis of the respective net asset values.

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

(Million EUR)	**2021**	**2020**
Cost		
At January 1	**42.1**	**42.1**
- acquisitions through business combinations	0.0	0.0
- other movements	0.0	0.0
- translation differences	0.0	0.0
At December 31	**42.1**	**42.1**
Impairment losses		
At January 1	**0.0**	**0.0**
- other movements	0.0	0.0
- translation differences	0.0	0.0
At December 31	**0.0**	**0.0**
Carrying amounts		
At January 1	**42.1**	**42.1**
At December 31	**42.1**	**42.1**

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

The impairment testing on goodwill relies on a number of critical judgments, estimates and assumptions. Goodwill has been tested for impairment on the level of its cash-generating unit and is based on value-in-use calculations. The key judgments, estimates and assumptions used in these calculations are as follows:

- the cash flow projection of the first year is based on the 2022 financial budget approved by the Board of Directors of Tessenderlo Group;
- a future growth rate of 1 or 2% (depending on the CGU) was applied to calculate the terminal value;
- the terminal value is discounted at an after-tax Weighted Average Cost of Capital (WACC) between 5.9% and 8.6%);
- capital expenditures only include the cash outflows required to keep the assets in their current condition and do not include future capital expenditures significantly improving or enhancing the assets in excess of their originally assessed standard performance.

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

13. INTANGIBLE ASSETS

	Useful life				
	Finite				
(Million EUR)	Concessions, patents, licenses	Software	Customer lists	Other intangible assets	Total
Cost					
At January 1, 2021	**13.3**	**14.8**	**550.5**	**42.9**	**621.6**
- capital expenditure	0.0	0.4	0.0	0.0	0.4
- net change in emission allowances	0.0	0.0	0.0	-1.1	-1.1
- sales and disposals	-0.6	-7.6	0.0	0.0	-8.2
- transfers	0.1	-0.9	0.0	0.0	-0.9
- translation differences	4.0	0.2	1.3	1.7	7.2
At December 31, 2021	16.9	6.8	551.8	43.5	**619.0**
Amortization and impairment losses					
At January 1, 2021	**-4.3**	**-11.6**	**-120.7**	**-15.2**	**-151.8**
- amortization (note 8)	-3.2	-1.1	-60.5	-3.0	-67.7
- sales and disposals	0.6	7.6	0.0	0.0	8.2
- transfers	0.0	0.2	0.0	0.0	0.2
- translation differences	-3.4	-0.1	-1.2	-1.6	-6.4
At December 31, 2021	-10.3	-4.9	-182.4	-19.6	**-217.3**
Carrying amounts					
At January 1, 2021	**9.0**	**3.2**	**429.8**	**27.8**	**469.8**
At December 31, 2021	**6.5**	**1.9**	**369.4**	**23.8**	**401.6**

	Useful life				
	Finite				
(Million EUR)	Concessions, patents, licenses	Software	Customer lists	Other intangible assets	Total
Cost					
At January 1, 2020	**17.6**	**14.1**	**551.9**	**44.4**	**628.0**
- capital expenditure	0.0	1.1	0.0	0.0	1.1
- net change in emission allowances	0.0	0.0	0.0	0.3	0.3
- sales and disposals	-0.2	-0.4	0.0	0.0	-0.6
- transfers	0.3	0.3	0.0	0.0	0.7
- translation differences	-4.4	-0.3	-1.4	-1.8	-7.9
At December 31, 2020	**13.3**	**14.8**	**550.5**	**42.9**	**621.6**
Amortization and impairment losses					
At January 1, 2020	**-4.6**	**-10.6**	**-61.5**	**-13.4**	**-90.1**
- amortization (note 8)	-3.5	-1.6	-60.5	-3.4	-69.1
- sales and disposals	0.2	0.4	0.0	0.0	0.6
- transfers	0.0	0.0	0.0	0.0	0.0
- translation differences	3.6	0.2	1.3	1.7	6.8
At December 31, 2020	**-4.3**	**-11.6**	**-120.7**	**-15.2**	**-151.8**
Carrying amounts					
At January 1, 2020	**13.0**	**3.5**	**490.4**	**31.0**	**537.9**
At December 31, 2020	**9.0**	**3.2**	**429.8**	**27.8**	**469.8**

The capital expenditure on other intangible assets amounts to 0.4 million EUR (2020: 1.1 million EUR) and is presented per operating segment in note 3 - Segment reporting.

The decrease of the customer lists is explained on the one hand by the yearly amortization charge (-21.1 million EUR) of the customer list of T-Power nv. This customer list was recognized in 2018, after the acquisition of T-Power nv, for an amount of 163.7 million EUR and represents the fair value of a tolling agreement which was concluded with RWE group for a period of 15 years (until June 2026) for the full capacity of the plant. This customer list is amortized over the remaining duration of the tolling agreement and has been pledged as security for liabilities. On the other hand, the decrease of the customer list is explained by the depreciation on the revalued customer list of Tessenderlo Group (-39.1 million EUR) which was recognized in 2019 upon the initial consolidation of Tessenderlo Group and is depreciated over a period of 10 years.

No borrowing costs were capitalized during 2021 and 2020.

The "other" intangible assets with finite useful lives mainly consist of emission allowances purchased for own use, know-how, product labels, trademarks, and land-use rights. The product labels and the know-how are amortized on a straight-line basis over 10 to 20 years. The net change in emission allowances for -1.1 million EUR (2020: +0.3 million EUR) mainly relates to emission allowances acquired and used to cover operational emissions for products exposed to carbon leakage. As per December 31, 2021, the carrying amount of emission allowances included in intangible assets amounts to 2.1 million EUR (2020: 3.2 million EUR).

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

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD AND OTHER INVESTMENTS

On December 31, 2021, investments accounted for using the equity method consist solely of joint ventures of Tessenderlo Group.

The joint ventures of the group are:

		Ownership	
	Country	**2021**	**2020**
Jupiter Sulphur LLC	US	50%	50%
PB Shengda (Zhejiang) Biotechnology Co., Ltd	China	50%	50%
Établissements Michel SAS	France	50%	50%

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

PB Shengda (Zhejiang) Biotechnology Co., Ltd, a 50% joint-venture between Tessenderlo Group and Zhejiang Shengda Ocean Co., Ltd, a Chinese state-owned company was established in June 2020 for the construction of a marine collagen peptides plant. Both partners agreed in 2021 to terminate the joint-venture agreement. The total issued capital of the joint-venture was expected to amount to 10.0 million EUR. The group made a cash contribution of 2.0 million EUR in 2020, while the group's share in unpaid share capital (3.0 million EUR) was included in current trade and other payables in the consolidated statement of financial position as per December 31, 2020. Following the agreement to terminate the joint-venture, the current payable of 3.0 million EUR was reversed in 2021, while an insignificant write-off was recognized in the line item "other income and expenses" within EBIT adjusting items. The group expects to recover the remaining carrying amount of its investment (1.4 million EUR).

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

(Million EUR)		**2021**	**2020**
Jupiter Sulphur LLC		17.1	14.2
PB Shengda (Zhejiang) Biotechnology Co., Ltd		1.4	5.0
Établissements Michel SAS		0.8	0.8
Total		**19.2**	**20.0**

The "Other investments" (101.2 million EUR) mainly relate to the investment in Rieter shares that were valued at the December 31, 2021, share price at 89.4 million EUR (see Note 4. Acquisitions and disposals). They also include a loan granted by Tessenderlo Kerley, Inc. The loan of 11.0 million USD loan was granted to the joint-venture Jupiter Sulphur LLC, which was fully drawn in the period over 2017 and 2018, and which remains outstanding for 10.4 million USD (9.2 million EUR). Jupiter Sulphur LLC obtained the same amount from the other joint-venture partner. The loan is interest bearing (3.0%) and outstanding till December 2026 at the latest, whereby the cash needs in Jupiter Sulphur LLC will be taken into account. The granted loan is included in "Other investments" in the group's consolidated statement of financial position. The related interest income is considered to be insignificant and is not eliminated.

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

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

(Million EUR)	2021	2020
Non-current assets	103.8	98.4
Current assets	15.9	23.2
Total assets	**119.7**	**121.6**
Equity	39.0	39.9
Non-current liabilities	18.6	18.5
Current liabilities	62.1	63.2
Total equity and liabilities	**119.7**	**121.6**
Revenue	55.3	40.6
Cost of sales	-50.3	-43.6
Gross profit	4.9	-3.0
EBIT (Profit (+) / loss (-) from operations)	2.9	-4.0
Finance (costs) / income - net	-0.6	-1.0
Profit (+) / loss (-) before tax	2.3	-5.0
Profit (+) / loss (-) for the period	1.4	-3.7
Total comprehensive income for the period	1.4	-3.8

15. DEFERRED TAX ASSETS AND LIABILITIES

	Assets		Liabilities		Net	
(Million EUR)	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Property, plant and equipment	2.9	2.6	-80.0	-79.8	-77.1	-77.2
Intangible assets	4.9	5.0	-100.6	-117.6	-95.7	-112.6
Inventories	10.5	10.4	-2.1	-0.4	8.4	10.0
Employee benefits	10.2	12.1	-0.1	-0.3	10.1	11.8
Derivative financial instruments	3.4	5.3	0.0	0.0	3.4	5.3
Provisions	8.2	8.3	-13.7	-13.4	-5.5	-5.1
Other items	9.0	5.1	-11.4	-14.2	-2.5	-9.1
Losses carried forward	24.6	33.5	0.0	0.0	24.6	33.5
Gross deferred tax assets / (liabilities)	**73.7**	**82.3**	**-208.0**	**-225.7**	**-134.3**	**-143.4**
Set-off of tax	**-39.2**	**-49.1**	**39.2**	**49.1**	**0.0**	**0.0**
Net deferred tax assets / (liabilities)	**34.5**	**33.2**	**-168.8**	**-176.5**	**-134.3**	**-143.4**

The net deferred tax position on December 31, 2021 includes deferred taxes recognized upon the initial consolidation of Tessenderlo Group on property, plant and equipment for -25.9 million EUR (2020: -21.1 million EUR) and intangible assets for -74.1 million EUR (2020: -86.0 million EUR).

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

Deferred tax assets on fiscal losses carried forward recognized on the Belgian parent company, Tessenderlo Group nv, amount to 12.7 million EUR (total tax losses and tax credits carried forward in Tessenderlo Group nv amount to 193 million EUR) as per year-end 2021. The other deferred tax assets on fiscal losses carried forward recognized amount to 11.9 million EUR and mainly relate to French fiscal losses carried forward (42 million EUR) which were fully recognized. Deferred tax assets were recognized following a review of the future taxable profits as per year-end 2021. The 2021 fiscal results of the subsidiaries, for which deferred tax assets on fiscal losses carried forward were recognized, were positive.

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

Tax losses and tax credits carried forward on which no deferred tax asset is recognized amount to 247.7 million EUR (2020: 227.8 million EUR). Of these tax credits, 15.5 million EUR have a finite life (they expire mainly in the period 2022-2026). Deferred tax assets are only recognized based on the probability assessment whether future taxable profits (within the next 5 years) will be available, against which the unused tax losses and credits can be utilized.

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

(Million EUR)	Balance at December 31, 2020	Recognized in the income statement	Recognized in other comprehensive income	Translation differences	Balance at December 31, 2021
Property, plant and equipment	-77.2	1.9	0.0	-1.8	-77.1
Intangible assets	-112.5	16.8	0.0	0.1	-95.7
Inventories	9.9	-1.9	0.0	0.2	8.3
Employee benefits	11.7	-0.4	-1.2	0.0	10.2
Derivative financial instruments	5.4	-1.4	-0.5	0.0	3.4
Provisions	-5.1	-0.3	0.0	0.0	-5.5
Other items	-9.1	1.4	0.0	0.0	-7.7
Losses carried forward	33.4	-3.7	0.0	0.0	29.8
Total	**-143.4**	**12.4**	**-1.7**	**-1.6**	**-134.3**

The deferred taxes recognized in the income statement include +6.5 million EUR due the reversal of deferred tax liabilities related to the depreciation of the revalued assets of Tessenderlo Group (mainly in property plant and equipment and intangible assets).

16. TRADE AND OTHER RECEIVABLES

(Million EUR)		Note	2021	2020
Non-current trade and other receivables				
Trade receivables			3.1	2.0
	Gross trade receivables		3.1	2.0
	Amounts written off		0.0	0.0
Other receivables			3.9	6.4
Receivables from related parties			0.0	0.9
Assets related to employee benefit schemes		23	9.1	5.1
Total			**16.1**	**14.4**

(Million EUR)		Note	2021	2020
Current trade and other receivables				
Trade receivables		26	385.1	279.7
	Gross trade receivables	26	389.6	285.7
	Amounts written off	26	-4.5	-6.0
Other receivables			71.1	59.1
Prepayments			1.8	2.6
Receivables from related parties			1.0	0.8
Total			**459.0**	**342.2**

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

The 2020 non-current other receivables included a French tax receivable of 2.7 million EUR, related to tax credits for competitiveness, employment and research. In 2021, these receivables were used to offset French corporate income taxes. The outstanding amounts per December 31, 2021, relate to several, individually insignificant items.

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

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

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

The current other receivables mainly relate to other tax and VAT receivables for 28.4 million EUR (2020: 16.8 million EUR) which increased due to higher business activity. They also include Chinese bank notes (these are receivables with banks with a term of more than 3 months) for 23.0 million EUR in 2021 (2020: 20.0 million EUR). As per December 2020, the current other receivables also included an expected insurance reimbursement (7.2 million EUR) which was recognized following a fire incident at the plant of Environmentally Clean Systems LLC. The majority of the insurance reimbursement was received in 2021.

The non-recourse factoring program is suspended since 2015. There was no cash received under non-recourse factoring agreements, whereby trade receivables were sold at their nominal value minus a discount in exchange for cash.

17. INVENTORIES

(Million EUR)	**2021**	**2020**
Raw materials	131.6	77.9
Work in progress	21.5	19.3
Finished goods	286.8	245.5
Goods purchased for resale	31.3	36.2
Spare parts	15.0	14.7
Total	**486.2**	**393.4**

The increase of inventories can be mainly explained by higher production volumes and by the impact of increased raw material prices and energy costs, mainly within the operating segments Machines & Technologies, Agro and Industrial Solutions.

There are no inventories pledged as security. In 2021 inventories for 1,895.4 million EUR (2020: 1,468.2 million EUR) were recognized as an expense during the year and included in the line item cost of sales within the income statement.

Inventories are stated at the lower of cost and net realizable value. The calculation of a potential write-off is based on experience and on the assessment of market circumstances. The write down, included in cost of sales, amounts to -1.8 million EUR (2020: -12.7 million EUR). The COVID-19 pandemic impacted the ageing of inventories as well as the demand in 2020, explaining the higher write-off amount compared to 2021.

The group expects to recover or settle the inventory, available as per December 31, 2021, within the next twelve months, except for the inventory of non-strategic spare parts. These spare parts will be used whenever deemed necessary.

18. CASH AND CASH EQUIVALENTS

(Million EUR)	Note	2021	2020
Term accounts	26	160.1	204.7
Current accounts	26	206.7	141.2
Cash and cash equivalents		**366.7**	**345.9**
Bank overdrafts	22/26	-0.1	0.0
Cash and cash equivalents in the statement of cash flows		**366.7**	**345.9**

The term accounts have a maximum maturity of 1 month.
As per December 31, 2021, the cash and cash equivalents include 44.6 million USD or 39.4 million EUR (2020: 34.1 million USD or 27.8 million EUR). The cash held within Tessenderlo Group amounts to 320.3 million EUR (2020: 230.1 million EUR)

As per year end 2021, an investment in a short term bank note for 10.0 million EUR is outstanding. The counterparty is a highly rated international bank. The note has an original duration of 9 months (maturing in January 2022). As this note has an initial maturity of more than three months, it's not included within "Cash and cash equivalents", but in "Short term investments".

19. EQUITY

ISSUED CAPITAL AND SHARE PREMIUM

	Shares	
	2021	2020
On issue at January 1	17,700,000	17,700,000
Issued for cash	-	-
On issue at December 31 - fully paid	**17,700,000**	**17,700,000**

The number of shares comprised 15,996,140 registered shares (2020: 15,995,108) and 1,703,860 ordinary shares (2020: 1,704,892). The shares are without nominal value. The holders of Picanol nv shares are entitled to receive dividends as declared. In accordance with article 7:53 of the Belgian Code of Companies and Associations, the extraordinary meeting of shareholders of March 16, 2020, has decided to introduce a loyalty voting right for each fully paid-up share that has continuously been registered in the share register on the name of the same shareholder for at least two years. The number of voting rights on December 31, 2021 amounted to 33,531,234.

On the annual shareholders' meeting of Picanol nv on May 17, 2021, the shareholders approved the proposal of the Board of Directors not to pay out a dividend for the 2020 financial year.

No offering of shares to be subscribed by staff took place in 2021.

AUTHORIZED CAPITAL

According to the decision of the extraordinary general meeting of March 16, 2020, the Board of Directors was granted the authority, for a period of 5 years from the publication of the authorization in the Annex to the Belgian State Gazette, to increase the share capital, in one or more times, up to an amount of 4,440,000 EUR, in accordance with the provisions set out in the Belgian Companies Code and the articles of association of the company. The Board of Directors is allowed to use the authorized capital to take protective measures for the company through capital increases, with or without limitation or withdrawal of preferential rights, even outside the context of a possible public takeover bid, to the extent that the company has not yet received a notification of the FSMA with respect to a public takeover bid on its securities.

Without prejudice to the possibility to realize the commitments that were validly entered into before receipt of the notification of the FSMA pursuant to article 7:202, paragraph 2, 1° of the Belgian Code on Companies and Associations, the Board of Directors was authorized, for a period of 3 years from the authorization by the extraordinary general meeting of March 16, 2020, to proceed to a capital increase within the framework of authorized capital, with or without limitation or withdrawal of preferential rights as the case may be in favor of one or more persons, following receipt of a notification of the FSMA with respect to a public takeover bid on the company's securities, in accordance with the conditions set out in article 7:202, paragraph 2, 2° of the Belgian Code on Companies and Associations and the articles of association of the company.

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

LEGAL RESERVES

According to Belgian law, 5% of the statutory net income of a Belgian company must be transferred each year to a legal reserve until the legal reserve reaches 10% of the issued capital. At balance sheet date, the legal reserve of the company amounts to 2.2 million EUR. Generally, this reserve cannot be distributed to the shareholders other than upon liquidation.

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

TRANSLATION RESERVES

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

DIVIDENDS

The Board of Directors will propose to the shareholders, at the annual shareholders' meeting of May 16, 2022, to pay out a dividend of 0.2 EUR per share for the 2021 financial year.

CAPITAL MANAGEMENT

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of the issued capital, share premium and reserves. The Board of Directors seeks to maintain a balance between the higher returns that might be possible with borrowings and the advantages and security afforded by a strong capital position. The gearing ratio[8] at the end of 2021 is 3% (2020: 11%). The gearing is calculated as the net financial debt divided by the sum of the net financial debt and equity attributable to equity holders of the company.

20. EARNINGS PER SHARE

BASIC EARNINGS PER SHARE

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

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

	2021	2020
Adjusted weighted average number of ordinary shares at December 31*	**17,700,000**	**17,700,000**
Profit (+) / loss (-) attributable to equity holders of the company (million EUR)	160.7	55.4
Basic earnings per share (in EUR)	**9.1**	**3.1**

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

DILUTED EARNINGS PER SHARE

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

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

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

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

21. NON-CONTROLLING INTEREST

Tessenderlo Group became a subsidiary with a non-controlling interest on January 1, 2019. During 2021 Picanol, through its subsidiary Verbrugge nv, acquired 1,627,194 shares of Tessenderlo Group for a total value of 55.7 million EUR (at an average share price of 34.2 EUR). These purchases resulted in a decrease of the non-controlling interest with 3.8% from 53.2% to 49.4% per December 31, 2021.

In accordance with article 7:53 of the Belgian Code of Companies and Associations, Tessenderlo Group has introduced 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. On December 31, 2021, Picanol nv (through its subsidiary Verbrugge nv) held 62,9% of the voting rights of Tessenderlo Group.

There are no restrictions on dividend distribution for example from specific debt covenants imposed on Tessenderlo Group.

		Non-controlling interest percentage	
	Country	**2021**	**2020**
Tessenderlo Group nv	BE	49.4%	53.2%

Summary financial information of subsidiaries with a non-controlling interest at 100% as per December 31, 2021:

(Million EUR)	As reported	Fair value adjustments	After fair value adjustment
FIXED ASSETS	**1,105.4**	**378.8**	**1,484.3**
Goodwill	32.3	-32.3	0.0
Intangible fixed assets	109.2	291.4	400.6
Tangible fixed assets	886.6	119.7	1,006.3
Other fixed assets	77.4	0.0	77.4
CURRENT ASSETS	**1,101.6**	**0.0**	**1,101.6**
Inventories	393.4	0.0	393.4
Other current assets	708.2	0.0	708.2
NON-CURRENT LIABILITIES	**477.9**	**102.8**	**580.7**
Deferred tax liabilities	65.4	99.1	164.5
Loans and borrowings	193.6	3.7	197.3
Other liabilities > 1 year	218.9	0.0	218.9
CURRENT LIABILITIES	**597.7**	**0.0**	**597.7**
Net assets	**1,131.4**	**276.0**	**1,407.4**
Non-controlling interest %			49.4%
Non-controlling interest			**695.6**

(Million EUR)	As reported	Fair value adjustments	After fair value adjustment
Revenue	2,081.5		2,081.5
Profit (+) / loss (-) for the period	188.3	-38.1	150.2
Cash flow from operating activities	248.1		248.1
Cash flow from investing activities	-79.0		-79.0
Cash flow from financing activities	-80.1		-80.1
Net increase / (decrease) in cash and cash equivalents	89.1		89.1

For more information on the financial statements of the Tessenderlo Group, we refer to the annual report which is published on the website: www.tessenderlo.com.

22. LOANS AND BORROWINGS

(Million EUR)	Note	2021	2020
Non-current loans and borrowings		196.2	393.2
Current loans and borrowings		215.3	69.8
Total loans and borrowings		**411.6**	**463.0**
Cash and cash equivalents	18	-366.7	-345.9
Bank overdrafts	18	0.1	0.0
Short term investments	18	-10.0	-20.0
Net loans and borrowings		**34.9**	**97.1**

As per year-end 2021, the group net financial debt amounted to 34.9 million EUR, implying a leverage[9] of 0.1 and including a lease liability, in accordance with IFRS 16 *Leases*, for an amount of 56.5 million EUR (2020: 56.3 million EUR). Excluding the impact of IFRS 16 *Leases*, the net cash position would have amounted to 21.6 million EUR as per year-end 2021, compared to a net financial debt of 40.8 million EUR as per year-end 2020.

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

	Note	Bank overdrafts	Cash and cash equivalents	Short term investments	Lease payable within 1 year	Lease payable more than 1 year	Current loans and borrowings	Non-current loans and borrowings	Total
Net financial debt as per December 31, 2020		**0.0**	**345.9**	**20.0**	**-19.6**	**-37.1**	**-50.3**	**-356.1**	**-97.1**
Cash flows, net		0.0	17.6	-10.0	22.2	0.0	49.4	0.0	79.1
IFRS 16 new leases and lease modifications		0.0	0.0	0.0	-2.2	-18.7	0.0	0.0	-20.9
Depreciate revaluation on bond		0.0	0.0	0.0	0.0	0.0	-2.2	4.8	2.6
Transfers		0.0	0.0	0.0	-18.5	18.5	-193.7	193.7	0.0
Effect of exchange rate differences		0.0	3.3	0.0	-0.5	-0.8	-0.1	-0.4	1.5
Net financial debt as per December 31, 2021		**-0.1**	**366.7**	**10.0**	**-18.5**	**-38.1**	**-196.9**	**-158.1**	**-34.9**

	Note	Bank overdrafts	Cash and cash equivalents	Short term investments	Lease payable within 1 year	Lease payable more than 1 year	Current loans and borrowings	Non-current loans and borrowings	Total
Net financial debt as per December 31, 2019		**-0.1**	**290.3**	**0.0**	**-22.7**	**-44.9**	**-76.2**	**-381.4**	**-235.1**
Cash flows, net		0.1	62.6	20.0	24.2	0.0	53.7	-5.6	155.0
Acquisitions through business combinations		0.0	-5.7	0.0	-0.1	-0.1	0.0	0.0	-5.9
IFRS 16 new leases and lease modifications		0.0	0.0	0.0	-2.2	-12.6	0.0	0.0	-14.8
Depreciate revaluation on bond		0.0	0.0	0.0	0.0	0.0	0.0	2.6	2.6
Transfers		0.0	0.0	0.0	-19.5	19.5	-27.8	27.8	0.0
Effect of exchange rate differences		0.0	-1.4	0.0	0.6	0.9	0.1	0.5	0.7
Net financial debt as per December 31, 2020		**0.0**	**345.9**	**20.0**	**-19.6**	**-37.1**	**-50.3**	**-356.1**	**-97.1**

[9] Refer to Alternative Performance Measures for the calculation of the leverage ratio.

NON-CURRENT AND CURRENT LOANS AND BORROWINGS

(Million EUR)	Note	2021	2020
Non-current loans and borrowings			
Non-current lease liabilities		38.1	37.0
Bonds		59.5	229.8
Credit facility T-Power nv		90.1	115.8
Credit institutions		8.5	10.6
Total		**196.2**	**393.2**
Current loans and borrowings			
Current lease liabilities		18.5	19.6
Bonds		167.7	0.0
Current portion credit facility T-Power nv		25.7	25.7
Credit institutions		3.5	5.5
Commercial paper		0.0	19.0
Total	**26**	**215.3**	**69.8**

The non-current loans and borrowings include a bond, issued in July 2015, with a maturity of 10 years (the “2025 bond”), with a fixed rate of 3.375%. The other bond, also issued in July 2015, with a maturity of 7 years (the “2022 bonds”), with a fixed rate of 2.875%, is included in the current loans and borrowings. The group repurchased “2022 bonds” for a nominal amount of 0.1 million EUR at a price of 101.5% in 2020. In February 2022, the group repurchased 35.0 million EUR of the “2022 bonds” at a price of 102.875% in order to reduce liquidity risk as well as the interest cost (note 31 - Subsequent events).

The outstanding loan of T-Power nv as per December 31, 2021 amounts to 115.8 million EUR. The T-Power nv assets and shares are serving as guarantee for the loan. The term loan credit facility contains a covenant stating a minimum required debt service cover ratio (based on the last 12 months cash flow available for debt service). This covenant has been complied with as per December 31, 2021.

Tessenderlo Kerley Inc. has a loan outstanding of 5.6 million EUR, of which 0.9 million EUR is current. The loan has a maturity of 10 years (2018-2028) at a fixed rate of 3.95%. The financed Phoenix headquarters building (Arizona, US) is serving as guarantee for the loan.

Tessenderlo Group nv has a loan outstanding of 5.4 million EUR, of which 1.7 million EUR is current. The loan has a maturity of 5 years (2020-2025) at a fixed rate of 0.33%. The loan was drawn to finance the purchase of vehicles within the operating segment Bio-valorization, which were previously leased, and has no financial covenants.

Within segment Machines & Technologies, the current loans with credit institutions include export financing for 0.2 million EUR (1.9 million EUR in 2020) which have been discounted with the credit insurance company but for which the risk has not yet been transferred as the first installment date has not yet past.

The lease liability, in accordance with IFRS 16 *Leases*, amounts to 56.5 million EUR (2020: 56.3 million EUR), of which 38.1 million EUR is included in non-current and 18.4 million EUR in current loans and borrowings (note 26 - Financial instruments). The weighted average borrowing rate applied to lease liabilities was 2.2% in 2021 (2020: 2,0%). See note 26 - Financial instruments for the contractual maturities of the lease liabilities, including interest payments.

The group has access to a Belgian commercial paper program of 200.0 million EUR which was unused at the end of December 2021 (December 31, 2020: 19.0 million EUR). These were previously issued by Tessenderlo Group nv and included in current loans and borrowings.

There has been no drawdown as per December 31, 2021 on the 5 year committed bi-lateral credit lines, which were renewed for 5 years in December 2019. The committed bi-lateral credit lines amount to 142.5 million EUR (of which part can be drawn in USD).

NON-CURRENT AND CURRENT LOANS AND BORROWINGS BY CURRENCY

Analysis of non-current and current loans and borrowings by currency, expressed in EUR (2021):

(Million EUR)	EUR	USD	Other	Total
Current lease liabilities	11.2	4.7	2.6	18.5
Other current loans and borrowings	195.3	0.9	0.7	196.9
Non-current lease liabilities	25.6	6.1	6.4	38.1
Other non-current loans and borrowings	153.4	4.7	0.0	158.1
Total loans and borrowings	**385.4**	**16.4**	**9.7**	**411.6**
In percentage of total loans and borrowings	**93.7%**	**4.0%**	**2.4%**	**100.00%**

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

(Million EUR)	EUR	USD	Other	Total
Current lease liabilities	12.3	4.7	2.5	19.5
Other current loans and borrowings	49.1	1.1	0.0	50.2
Non-current lease liabilities	26.3	4.0	6.8	37.1
Other non-current loans and borrowings	351.0	5.2	0.0	356.2
Total loans and borrowings	**438.7**	**15.0**	**9.3**	**463.0**
In percentage of total loans and borrowings	**94.8%**	**3.2%**	**2.0%**	**100.00%**

23. EMPLOYEE BENEFITS

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

	2021				2020			
(Million EUR)	Early retirement provision	Defined benefit liability	Other employee benefits	Total	Early retirement provision	Defined benefit liability	Other employee benefits	Total
Non-current	2.2	49.8	7.9	59.9	2.5	61.0	7.7	71.2
Current	0.8	0.0	0.6	1.5	1.1	0.0	0.7	1.8
Total	**3.0**	**49.8**	**8.5**	**61.4**	**3.6**	**61.0**	**8.4**	**72.9**

	2021			
(Million EUR)	Early retirement provision	Defined benefit liability	Other employee benefits	Total
Balance at December 31, 2020	**3.6**	**61.0**	**8.4**	**72.9**
Additions	1.0	7.8	1.0	9.8
Use of provision	-1.0	-4.6	-0.3	-5.8
Reversal of provisions	-0.6	-14.5	-0.4	-15.6
Translation differences	0.0	0.1	-0.1	0.0
Balance at December 31, 2021	**3.0**	**49.8**	**8.5**	**61.4**

The provisions for other employee benefits include long-service benefits (e.g. medal of honor of labor, jubilee premiums, …).

GENERAL DESCRIPTION OF THE TYPE OF PLAN

- ***Post-employment benefits***

These liabilities are recorded to cover the post-employment benefits and cover the pension plans and other benefits in accordance with local practices and conditions, following an actuarial calculation taking into account the financing of insurance companies and other pension funds. The most important pension plans are located in Belgium, the Netherlands, the United Kingdom and Germany.

- ***Defined contribution pension plans***

Defined contribution pension plans are plans for which the group pays pre-determined contributions to a legal entity or a separate fund, in accordance with the settings of the plan. The group's legal or constructive obligation is limited to the amount contributed. The contributions are recognized as an expense in the income statement as incurred and are included in note 7 - Payroll and related benefits.

- ***Defined benefit pension plans***

The defined benefit pension plans provide benefits related to the level of salaries and the years of service. These plans are financed externally by pension funds or insurance companies. Independent actuaries perform an actuarial valuation on an annual basis for the most important pension plans.

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

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

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

The UK and German pension plans are final salary pension plans providing a guaranteed pension payable for life. The UK plan is covered by a trustee administered pension fund and the German plan is covered by recognized provisions in the consolidated statement of financial position. For the UK and Belgian plans covered by trustee administered pension funds, the board of trustees must consist of representatives of the company and plan participants in accordance with the plan regulations. The governance responsibility for these plans rests with the board of trustees.

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

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

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

DEFINED BENEFIT PENSION PLANS

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

(Million EUR)	Note	2021	2020
Present value of wholly funded obligations		-51.1	-49.8
Present value of partially funded obligations		-123.6	-124.9
Present value of wholly unfunded obligations		-28.6	-32.3
Total present value of obligations		**-203.4**	**-207.0**
Fair value of plan assets		162.6	151.1
Net defined benefit (liability)/asset		**-40.7**	**-55.9**
Amounts in the statement of financial position:			
Liabilities		-49.8	-61.0
Assets	16	9.1	5.1
Net defined benefit (liability)/asset		**-40.7**	**-55.9**

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

	2021			2020		
(Million EUR)	Present value of obligations	Fair value of plan assets	Net defined benefit (liability)/ asset	Present value of obligations	Fair value of plan assets	Net defined benefit (liability)/ asset
Balance at January 1	**-207.0**	**150.9**	**-55.9**	**-197.3**	**145.3**	**-52.0**
Included in profit or loss						
Current service cost	-7.3	0.0	-7.3	-6.8	0.0	-6.8
Past service (cost)/benefit	-0.9	0.0	-0.9	0.0	0.0	0.0
Current service cost - Employee contribution	0.0	0.4	0.4	0.0	0.4	0.4
Interest (cost) / income	-1.4	1.4	0.0	-2.0	1.9	-0.2
Administrative expenses	0.0	-0.4	-0.4	0.0	-0.4	-0.4
Total included in profit or loss	**-9.6**	**1.4**	**-8.1**	**-8.8**	**1.9**	**-6.9**
Included in other comprehensive income						
Remeasurements:						
- Gain/(loss) from change in demographic assumptions	0.5	0.0	0.5	1.6	0.0	1.6
- Gain/(loss) from change in financial assumptions	7.8	-1.3	6.6	-12.1	0.0	-12.1
- Experience gains/(losses)	3.3	7.5	10.8	0.3	9.2	9.5
Total included in other comprehensive income	**11.7**	**6.2**	**18.0**	**-10.2**	**9.2**	**-1.0**
Other						
Exchange differences on foreign plans	-4.1	4.4	0.3	3.4	-3.4	0.0
Contributions by employer	0.0	5.1	5.1	0.0	4.8	4.8
Benefits paid	5.6	-5.6	0.0	6.7	-6.7	0.0
Change in consolidation scope (acquisitions)	0.0	0.0	0.0	-0.8	0.0	-0.8
Total other	**1.6**	**3.8**	**5.4**	**9.3**	**-5.4**	**4.0**
Balance at December 31	**-203.4**	**162.6**	**-40.7**	**-207.0**	**150.9**	**-55.9**

The 2021 gain from change in financial assumptions, included in other comprehensive income that will not be reclassified subsequently to profit or loss in subsequent periods, is mainly the result of the increase of the discount rate used to calculate the present value of the defined benefit obligations (2021 weighted average discount rate of 1.1%, compared to 0.7% in 2020). The 2021 experience gains, included in other comprehensive income that will not be reclassified subsequently to profit or loss in subsequent periods, are mainly the result of higher than expected return on plan assets.

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

(Million EUR)	Note	2021	2020
Cost of sales		-1.0	-1.0
Distribution expenses		-0.1	-0.1
Sales and marketing expenses		-0.1	-0.2
Administrative expenses		-4.7	-3.9
Other operating income and expenses		-2.0	-1.5
EBIT adjusting items		0.0	0.0
Finance (costs) / income - net	9	-0.1	-0.3
Total		**-8.1**	**-6.9**

The actual return on plan assets in 2021 was +10.0 million EUR (2020: +10.2 million EUR).

The group expects to contribute 5.1 million EUR to its defined benefit pension plans in 2022.
The fair value of the major categories of plan assets is as follows:

	2021				2020			
(Million EUR)	**Quoted**	**Unquoted**	**Total**	**%**	**Quoted**	**Unquoted**	**Total**	**%**
Property	0.0	4.0	4.0	2.5%	0.0	4.0	4.0	2.7%
Qualifying insurance policies	0.0	43.4	43.4	26.7%	0.0	42.2	42.0	27.8%
Cash and cash equivalents	0.0	26.6	26.6	16.3%	0.0	4.4	4.4	2.9%
Investment funds	86.6	0.0	86.6	53.2%	98.4	0.0	98.4	65.2%
Tessenderlo Group bond with maturity date July 15, 2022	2.1	0.0	2.1	1.3%	2.1	0.0	2.1	1.4%
Total	**88.8**	**74.0**	**162.6**	**100.0%**	**100.6**	**50.6**	**150.9**	**100.0%**

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

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

A part of the investment funds (equity invested) of the UK pension plan was divested in 2021 and transferred into cash. The intention exists to move this cash in 2022 into assets that more closely match the fund's liabilities. This transfer further reduced the fund's overall risk exposure and safeguarded the previous achieved return on assets

The principal actuarial assumptions used in determining pension benefit obligations for the group's plans at the balance sheet date (expressed as weighted averages) are:

	2021	2020
Discount rate at December 31	1.1%	0.7%
Future salary increases	1.9%	1.4%
Inflation	2.3%	2.0%

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

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

For the UK and Belgian plans covered by trustee administered pension funds, an asset-liability matching exercise is performed at least every 3 years, in line with the Statements of Investment Principles (SIP) of the funds. The trustees ensure that the investment strategy as outlined in the SIP is in line with the assets and liabilities management (ALM) strategy and is closely followed by the investment managers. For the UK plan the next triennial funding valuation will be completed in 2023. For the Belgian plan a funding valuation is completed every year. The group does not expect the regular contributions to increase significantly.

The weighted average duration of the defined benefit obligation is 12 years for the pension plans in the euro zone. The duration of the UK pension plan is 18 years.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions, as per December 31, 2021, is:

	Change in assumption	Impact on defined benefit obligation *	Change in assumption	Impact on defined benefit obligation *
Discount rate	+0.5%	-6.3%	-0.5%	6.9%
Salary growth rate	+0.5%	0.9%	-0.5%	-0.8%
Pension growth/inflation rate	+0.5%	3.7%	-0.5%	-3.4%
Life expectancy	+ 1 year	2.0%	- 1 year	-2.0%

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

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

SHARE-BASED PAYMENTS

There are no warrants outstanding as per December 31, 2021 nor per December 31, 2020. No new offering of warrants to the group's senior management took place in 2020 and 2021.

24. PROVISIONS

		2021			2020		
(Million EUR)	Note	Current	Non-Current	Total	Current	Non-Current	Total
Environment	28	4.9	108.5	113.4	7.8	111.9	119.7
Dismantlement		0.0	22.1	22.1	0.0	23.2	23.2
Restructuring		1.6	0.0	1.6	1.0	0.0	1.0
Other		7.1	7.7	14.8	6.3	6.7	13.0
Total		**13.6**	**138.3**	**151.9**	**15.1**	**141.8**	**157.0**

	Environment	Dismantlement	Restructuring	Other	Total
Balance at January 1, 2021	**119.7**	**23.2**	**1.0**	**13.1**	**157.0**
Additions	0.0	0.5	1.7	3.7	6.0
Use of provisions	-5.7	0.0	-1.2	-0.5	-7.3
Reversal of provisions	0.0	-1.9	0.0	-1.5	-3.4
Effect of discounting	-0.8	0.0	0.0	0.0	-0.8
Translation differences	0.2	0.3	0.0	0.0	0.5
Balance at December 31, 2021	**113.4**	**22.1**	**1.6**	**14.9**	**151.9**

The environmental provisions amount to 113.4 million EUR and mainly relate to environmental provisions to cover the cost for the remediation of historical soil and ground contamination of the factory sites in Belgium (Ham, Tessenderlo and Vilvoorde) and France (Loos). A reliable estimate of the amount of outflow of resources to settle this obligation was made, but a change in assumptions was made by increasing the discount rate applied. The outstanding environmental provisions reflect the discounted value of the expected future cash out, spread over the period 2022-2054. The discount rate, derived from the yield curve of Belgian and French government bonds, varied between 0% and 1% in 2021 (between 0% and 1% at year-end 2020). An increase of the discount rate by 1% would lower the environmental provisions by approximately -9 million EUR.

The use of environmental provisions amounts to -5.7 million EUR in 2021 (2020: -6.5 million EUR), while the effect of unwinding the discount amounts to -0.2 million EUR in 2021 (2020: -0.4 million EUR), which is included in finance costs (note 9 - Finance costs and income). The impact on environmental provisions, following an adjustment of the timing and discounting of future cash outs, amounts to +1.0 million EUR (2020: -5.5 million EUR) and was recognized in EBIT adjusting items.

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

In France, some facilities are subject to regulations pertaining to environmentally regulated facilities (Classified Facilities for the Protection of the Environment "ICPE"). This legislation requires to dismantle the classified facilities. The dismantlement provision is included in the cost basis of the related property, plant and equipment, which cost is depreciated accordingly. The total provision recognized on those French facilities amounts to 18.7 million EUR as per December 31, 2021 (2020: 18.5 million EUR). The amounts recognized are based on an internal assessment and on the gross book value of the related assets. They reflect management's best estimate of the expected expenditures. The expected timing of the cash outflow is not yet known. However, no significant cash outflow is expected to take place within the foreseeable future.

The restructuring provisions (1.6 million EUR) include several, individual insignificant, restructuring provisions within the operating segment Industrial Solutions (DYKA Group and Kuhlmann Europe). They reflect management's best estimate of the expected expenditures of the expected cash outflows required to settle the present obligation at balance sheet date.

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

Except for the remaining balance of an insurance receivable following a fire incident in 2020 at Environmentally Clean Systems LLC, no other assets have been recognized as all expected reimbursements, if any are deemed immaterial (e.g. resulting from the execution of environmental and dismantlement plans).

25. TRADE AND OTHER PAYABLES

(Million EUR)	2021	2020
Non-current trade and other payables		
Accrued charges and deferred income	3.5	3.8
Remuneration and social security	0.0	8.9
Other amounts payable	0.6	1.8
Total	**4.1**	**14.5**
Current trade and other payables		
Trade payables	365.2	255.4
Remuneration and social security	113.5	82.6
VAT and other taxes	12.1	13.3
Accrued charges and deferred income	9.3	10.0
Trade and other payables from related parties	4.0	4.0
Other amounts payable	9.7	8.8
Total	**513.9**	**374.0**

The non-current remuneration and social security per December 31, 2020 (8.9 million EUR) related to the accrued charges for a long-term incentive plan for members of senior management within Tessenderlo Group. This long-term incentive plan covered a 3 year period (calendar years 2019-2021), based on pre-set performance metrics of the group, and will be paid out in 2022. The accrued amount as per December 31, 2021 (12.9 million EUR) is therefore included within current remuneration and social security. The increase of the outstanding amount of current remuneration and social security compared to prior year can furthermore be explained by higher accrued charges for the 2021 short-term incentive plan for employees, based on pre-set group, business and individual performance metrics, with pay-out foreseen in 2022. These accrued charges increased in line with the evolution of the operational performance of the group.

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

Trade payables increased, impacted by timing, the higher business activity and the increase of raw material, energy and transport costs, mainly within the operating segments Machines & Technologies, Agro and Industrial Solutions.

The trade and other payables from related parties relate to trade payables outstanding with the joint venture Jupiter Sulphur LLC as per December 31, 2021.

26. FINANCIAL INSTRUMENTS

FOREIGN CURRENCY RISK

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

The main management tools to hedge foreign currency risks are the spot purchases and sales of currencies followed by currency swaps.

Group borrowings are generally carried out by the group's holding and finance companies, which make the proceeds of these borrowings available to the operating entities. In principle, operating entities are financed in their functional currency. The group does not use currency swaps to hedge intragroup loans.

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

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

(Million EUR)	2021		2020		
	EUR*	USD	EUR*	USD	GBP
Assets	37.0	452.1	21.3	391.3	2.4
Liabilities	-29.7	-275.8	-25.2	-150.9	-4.6
Gross exposure	**7.2**	**176.3**	**-3.9**	**240.4**	**-2.2**
Foreign currency swaps	-11.2	0.0	-5.5	0.0	-1.0
Net exposure	**-4.0**	**176.3**	**-9.4**	**240.4**	**-3.2**
Net exposure (in EUR)	**-4.0**	**155.7**	**-9.3**	**195.9**	**-3.6**

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

The USD exposure is mainly due to intragroup loans which are no longer hedged since March 2015. In 2021, the GBP exposure is no longer significant. This evolution can be explained by the conversion of intragroup loans in GBP, granted by Tessenderlo Group nv to Tessenderlo Holding UK Ltd., into equity at year-end 2020.

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

(Million EUR)	Change in rate	Impact on the income statement: loss(-)/gain(+)	Impact on equity: loss(-)/gain(+)
At December 31, 2021			
USD	+10%	-24.5	-48.8
	-10%	29.9	59.6
At December 31, 2020			
USD	+10%	-30.0	-44.2
	-10%	36.7	54.0
GBP	+10%	-5.0	-8.5
	-10%	6.1	10.4

CREDIT RISK

The group is subject to the risk that the counterparties with whom it conducts its business (in particular its customers) and who have to make payments to the group, are unable to make such payments in a timely manner or at all. In order to manage its credit exposure, a credit committee or credit manager per Business Unit has been created to determine a credit policy with credit limit requests, approval procedures, continuous monitoring of the credit exposure and dunning procedure in case of delays. The group has moreover elaborated a credit insurance program to protect accounts receivable from third party customers against non-payment. The large majority of legal entities of the group is participating to this program and the insurance is provided by highly top rated international credit insurance companies. A large majority of the receivables (around 95%) is covered under this group credit insurance program. The contract protects the insured activities against non-payment with a deductible of 5 to 10% and foresees an indemnification cap at group level. The program foresees a pay-out of the insured claims within 6 months after due date.

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

The maximum exposure to credit risk amounts to 862.9 million EUR as per December 31, 2021 (2020: 722.5 million EUR). This amount consists of current and non-current trade and other receivables (475.1 million EUR, note 16 - Trade and other receivables), the loan granted (10.5 million EUR, note 14 - Investments accounted for using the equity method), short term investments (10.0 million EUR), current derivative financial instruments (0.6 million EUR) and cash & cash equivalents (366.7 million EUR, note 18 - Cash and cash equivalents).

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

(Million EUR)	Note	2021	2020
Machines & Technologies		55.8	44.3
Agro		153.0	94.3
Bio-valorization		99.7	79.7
Industrial Solutions		77.8	63.3
T-Power		1.8	0.2
Non-allocated		0.1	0.0
Total	**16**	**388.2**	**281.7**

The ageing of trade receivables at the reporting date was:

(Million EUR)	Note	2021		2020	
		Gross	Amounts written off	Gross	Amounts written off
Not past due		347.1	0.0	247.5	0.0
Past due 0-120 days		39.5	-0.4	34.0	-0.6
Past due 121-365 days		2.8	-0.9	1.5	-0.6
More than one year		3.3	-3.2	4.9	-4.8
Total	**16**	**392.7**	**-4.5**	**287.8**	**-6.0**

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

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

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

(Million EUR)	Note	2021	2020
Balance at January 1		**-6.0**	**-7.5**
Use of impairment loss		0.9	0.4
Reversal / (recognition) of impairment losses		0.6	1.1
Other movements		0.0	0.0
Balance at December 31	16	**-4.5**	**-6.0**

INTEREST RISK

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

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

(Million EUR)	Note	2021	2020
Fixed rate instruments			
Cash and cash equivalents	18	160.1	204.7
Short term investments	18	10.0	20.0
Loans and borrowings	22	295.0	301.6
Variable rate instruments			
Cash and cash equivalents	18	206.7	141.2
Bank overdrafts	22	0.1	0.0
Loans and borrowings	22	116.5	161.4

The loans and borrowings with a variable rate mainly relate to the long term facility loan of T-Power nv. The decrease compared to prior year can be explained by the two half-yearly reimbursements (25.7 million EUR). The remaining outstanding capital of the T-Power nv long term facility loan amounts to 115.8 million EUR as per December 31, 2021 (2020: 141.5 million EUR). Approximately 80% of the loan is hedged through a series of forward rate agreements (the EURIBOR was fixed at 5.6% per annum). Movements in interest rates would therefore not have a significant impact on the group's cash flow or result. The remaining loans and borrowings with a variable rate in 2020 can be mainly explained by the commercial paper program of 19.0 million EUR, while no balance was outstanding as per December 31, 2021.

LIQUIDITY RISK

Liquidity risk is defined as the risk that a company may have insufficient resources to fulfill its financial obligations at any time. Failure to meet financial obligations can result in significantly higher costs, and it can negatively affect reputation.

In order to limit this risk, Tessenderlo group has access to:

- a factoring program, set up at the end of 2009, and which was put on hold since 2015.
- a Belgian commercial paper program of maximum 200.0 million EUR (no amount outstanding as per December 31, 2021, compared to an outstanding amount of 19.0 million EUR one year earlier).
- committed bi-lateral agreements till 2024 for a total amount of 142.5 million EUR (of which part can be drawn in USD) with four banks. These committed bi-lateral agreements have no financial covenants and ensure maximum flexibility for the different activities. As per December 31, 2021 none of these credit lines were used.

In addition, Picanol nv has non-committed credit lines for 52.1 million EUR excluding bank guarantees or 69.1 million EUR including bank guarantees.

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

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

(Million EUR)		2021				
	Note	Carrying amount	Contractual cash flows	Less than one year	Between 1 and 5 years	More than 5 years
Non-derivative loans and borrowings						
Bond with maturity date July 15, 2022		167.7	170.1	170.1	0.0	0.0
Bond with maturity date July 15, 2025		59.5	66.4	2.0	64.4	0.0
Credit facility T-Power nv		115.8	117.6	26.1	91.5	0.0
Credit institutions		12.0	12.8	3.7	7.7	1.3
Bank overdrafts[10]		0.1	0.1	0.1	0.0	0.0
Finance lease liabilities		56.6	61.6	19.0	31.9	10.6
Total	**22**	**411.6**	**428.6**	**221.0**	**195.6**	**12.0**
Derivatives						
Foreign currency swaps		0.1	0.0	0.0	0.0	0.0
Inflow		0.0	11.3	11.3	0.0	0.0
Outflow		0.0	-11.2	-11.2	0.0	0.0
Interest rate swaps		-13.5	0.0	0.0	0.0	0.0
Inflow		0.0	0.2	0.0	0.2	0.0
Outflow		0.0	-13.6	-5.3	-8.3	0.0
Total		**-13.4**	**-13.4**	**-5.2**	**-8.1**	**0.0**

(Million EUR)		2020				
	Note	Carrying amount	Contractual cash flows	Less than one year	Between 1 and 5 years	More than 5 years
Non-derivative loans and borrowings						
Bond with maturity date July 15, 2022		169.9	177.1	4.9	172.2	0.0
Bond with maturity date July 15, 2025		59.9	68.8	2.1	66.8	0.0
Syndicated credit facility T-Power nv		141.5	142.7	26.0	103.7	12.9
Credit institutions (commercial paper)		20.9	20.9	20.9	0.0	0.0
Credit institutions		14.2	15.2	3.8	9.2	2.1
Bank overdrafts		0.0	0.0	0.0	0.0	0.0
Finance lease liabilities		56.5	61.3	19.7	31.1	10.5
Total	**22**	**463.0**	**486.0**	**77.5**	**383.0**	**25.5**
Derivatives						
Foreign currency swaps		0.0	0.0	0.0	0.0	0.0
Inflow		0.0	0.0	0.0	0.0	0.0
Outflow		0.0	6.5	6.5	0.0	0.0
Interest rate swaps		0.0	-6.6	-6.6	0.0	0.0
Inflow		-21.0	0.0	0.0	0.0	0.0
Outflow		0.0	-20.8	-6.6	-13.8	-0.3
Total		**-21.0**	**-20.8**	**-6.7**	**-13.8**	**-0.3**

ESTIMATION OF FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair value of non-derivative loans and borrowings is calculated based on the net present value of future principal and interest cash flows discounted at market rate. These are based on market inputs from reliable financial information providers. Therefore, the fair value of the fixed interest-bearing loans and borrowings is within level 2 of the fair value hierarchy.

[10] A bank overdraft is a flexible borrowing facility on a bank current account, which is repayable on demand.

The fair value of the non-current loans and borrowings at fixed interest rate, measured at amortized cost in the statement of financial position as per December 31 is presented below:

(Million EUR)	Note	2021		2020	
		Carrying amount	Fair value	Carrying amount	Fair value
Non-current loans and borrowings					
Leasing liabilities	22	-38.1	-39.3	-37.0	-38.1
Credit institutions	22	-8.5	-8.8	-10.6	-11.8
Bonds (maturity date in 2022*and 2025)	22	-59.5	-60.5	-229.8	-230.7

* only applicable for the 2020 figures

The bonds issued in 2015 with a maturity of 10 years (the "2025 bonds") were quoted at 104.3% as per December 31, 2021.

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

- trade and other receivables
- other investments
- short term investments
- cash and cash equivalents
- current loans and borrowings
- trade and other payables.

FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS

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

(Million EUR)	2021							
	Carrying amount balance sheet				Fair value hierarchy			
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Level 1	Level 2	Level 3	Total
Foreign currency swaps	0.1	-	0.0	-	-	0.1	-	0.1
Interest rate swaps	-	-	-5.3	-8.2	-	-13.5	-	-13.5
Electricity forward contracts	-	-	-3.3	-12.5	-	-	-15.8	-15.8
Electricity and gas forward contracts	0.5	-	-	-	-	0.5	-	0.5
Total	**0.6**	**0.0**	**-8.6**	**-20.7**	**0.0**	**-12.9**	**-15.8**	**-28.7**

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

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

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

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

The following table indicates the fair values of all outstanding derivative and other financial instruments at year-end:

(Million EUR)	2021		2020	
	Contractual amount	Fair value	Contractual amount	Fair value
Foreign currency swaps	11.3	0.1	6.5	-0.0
Interest rate swaps	-13.4	-13.5	-20.8	-21.0
Electricity and gas forward contracts	N/A	-15.3	N/A	-16.1
Total	**-2.2**	**-28.7**	**-14.2**	**-37.1**

The contractual amount indicates the volume of outstanding derivatives at the balance sheet date and therefore does not reflect the group's exposure to risks from such transactions.

The total fair value of the derivative financial instruments at December 31, 2021 amounts to -28.7 million EUR (2020: -37.1 million EUR) and consists of:

- forward interest rate agreements at T-Power nv, with maturity date in the period 2022-2026;
- foreign currency swaps, with maturity date in January 2022;
- an electricity forward contract, with maturity date in June 2026 (-15.8 million EUR);
- electricity and gas forward contracts, with maturity date in the first quarter of 2022 (+0.5 million EUR).

The outstanding interest rate swaps of T-Power nv (which fixed the 6 months EURIBOR at 5.6% per annum for approximately 80% of the outstanding loan with maturity dates till 2026) are, in accordance with the requirements of IFRS 9, designated as hedging instruments in a cash flow relationship as per December 31, 2021. The effective portion of the change in fair value is therefore recognized in the hedging reserves (Other comprehensive income). A level 2 fair value measurement is applied for the fair value measurement of these agreements.

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

(Million)	2021		2020	
	Amount in foreign currency	Amount in EUR	Amount in foreign currency	Amount in EUR
GBP	2.6	3.1	1.0	1.1
JPY	579.6	4.5	443.2	3.5
Other		3.7		2.0
Total		**11.3**		**6.5**

The group sold the majority of its PVC/Chlor-Alkali activities in the third quarter of 2011. The electricity purchase agreement relating to that activity was not part of the sale transaction and therefore the group is still under an obligation to purchase certain quantities of electricity. As the group no longer needs the electricity for its own use, it needs to sell the electricity on the market until the end of the contract. Because of significant unobservable inputs, a level 3 fair value measurement is applied for the fair value measurement of the electricity purchase agreement ('PPA' - Purchase Power Agreement), for which the own-use exemption under IFRS 9 is not applicable anymore. The value of the contract is depending on the current and future difference between market electricity prices and the generation cost based on market gas prices (the "spark spread"), and on the effect of the hourly pricing optimization as foreseen in the contract. Forward prices are only available for a 3-year period and for a base load product. The uncertainty beyond that period is higher on different important parameters (including also the regulatory environment), however based on more favourable market and regulatory condition assumptions, the fair value of the PPA contract is set to zero beyond the initial 3 years. The used base load future prices are calculated based on the 2021 average daily Zeebrugge Gas Yearly forward prices and on the 2021 average daily Endex Yearly forward electricity prices for Belgium. The future hourly optimization effect is calculated as an extrapolation of the trend since the start of the contract.

As per December 31, 2021 the inputs above lead to a net fair value of -15.8 million EUR compared to a net fair value of -16.1 million EUR as per December 31, 2020. The change in net fair value for an amount of +0.3 million EUR has been recognized as an EBIT adjusting item (note 6 - EBIT adjusting items).

The key assumptions used in the valuation as per December 31, 2021, are:

		2022	2023	2024
Gas forward price	EUR/MWh	33.7	23.6	20.1
Electricity forward price	EUR/MWh	85.9	66.4	59.3
Discount rate	0.0%			

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

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

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

Change in assumption		Impact fair value (Million EUR)	
		2021	2020
Gas price	+1 EUR/MWh	-2.6	-2.5
Electricity price	+1 EUR/MWh	1.3	1.3
Spark spread optimization	+1 EUR/MWh	1.3	1.3
Discount rate	+1%	0.3	0.3
Running hours T-Power	+10%	-1.8	-0.9

The above sensitivity analyses are based on a change in one assumption while holding all other assumptions stable. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. If the key assumptions of 2024 would also have been applied for the period 2025-June 2026, a period for which no market data is available, the fair value of the contract (2022-June 2026) would have amounted to -26.0 million EUR.

In the fourth quarter of 2021, the group also concluded some additional electricity and gas forward agreements with maturity in the first quarter of 2022. These agreements have been concluded in order to partially fix the “clean spark spread” revenue of the Purchase Power Agreement for the first quarter of 2022 by selling the electricity and locking in the generation costs via forward transactions. The fair value of these instruments amounts to +0.5 million EUR as per December 31, 2021 and has been recognized as an EBIT adjusting item (note 6 - EBIT adjusting items).

The net change in fair value of derivative financial instruments before tax, as included in the other comprehensive income, amounts to +1.9 million EUR, and can be explained by the change in fair value of the interest rate swaps of the subsidiary T-Power nv.

27. GUARANTEES AND COMMITMENTS

(Million EUR)	2021	2020
Guarantees given by third parties on behalf of the group	40.2	29.6
Guarantees given on behalf of third parties	1.5	1.7
Guarantees received from third parties	7.2	3.7
Commitments related to capital expenditures	57.9	33.0

Guarantees given by third parties on behalf of the group mainly relate to the fulfillment of environmental obligations for 21.0 million EUR of Tessenderlo Group nv (2020: 20.8 million EUR). The remaining balance consists of bank guarantees for commercial purpose and numerous other guarantees to secure financing, custom and other obligations.

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

The guarantees received from third parties concern guarantees, which suppliers grant to the group as guarantee for the proper execution of investment projects (mainly the construction of a new Thio-Sul plant in Geleen, The Netherlands).

Capital expenditure contracted for at the end of the reporting period, but not yet incurred, amounts to 57.9 million EUR (2020: 33.0 million EUR). These commitments mainly include the capital expenditure related to the construction of a new Thio-Sul manufacturing plant in Geleen, The Netherlands (operating segment Agro), capital expenditure to facilitate an improved valorization of animal by-products (operating segment Bio-valorization), as well as the purchase of trucks which were previously leased.

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

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

28. CONTINGENCIES

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

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

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

As stated in note 24 - Provisions, the environmental provisions in accordance with the above policies aggregated to 113.4 million EUR at December 31, 2021 (December 31, 2020: 119.7 million EUR).

While it is not feasible to predict the outcome of all pending environmental exposures, it cannot be excluded that there will be a need for future provisions for environmental costs. In management's opinion, based on information currently available, such provisions would not have a material effect on the group's financial position, taking into account the current financial structure of the group. However it cannot be excluded that such provisions could have a material impact on the income statement of a specific accounting period.

Acquisition, investment and joint venture agreements as well as divestments may contain habitual provisions leading to price adjustments. In addition, for divestments, proper consideration has been given to provisions for possible indemnifications payable to the acquirer, if any, including matters in the area of health, environment, tax, product liability, restructuring, competition, pensions and share incentives. Based on information currently available, the possibility of any significant cash outflow is considered to be remote.

Some plants of the group need to comply with the European regulations to cover operational emissions for products exposed to carbon leakage. In a case of a deficit, additional emission allowances will be purchased. The cost of additional emission allowances purchased during 2021 was insignificant. The surplus or deficit of emission allowances over the next year may vary, depending on several factors such as future production volumes, process optimizations and energy efficiency improvements. The carrying amount of emission allowances included in intangible assets amounts to 2.1 million EUR as per December 31, 2021 (2020: 3.2 million EUR).

29. RELATED PARTIES

Picanol Group has a related party relationship with its subsidiaries, joint ventures, its main shareholder, 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.

The controlling shareholder of the Picanol Group is Mr. Luc Tack through Symphony Mills nv and Artela nv (see shareholders' structure on page 30 in the Corporate Governance Statement).

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

Premiums for an amount of 1.8 million EUR were paid to the Belgian pension fund, "OFP Pensioenfonds" (2020: 1.7 million EUR). Liabilities related to employee benefit schemes as per December 31, 2021 include 8.1 million EUR related to the "OFP Pensioenfonds" (2020: 13.1 million EUR).

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

TRANSACTIONS WITH THE MAIN SHAREHOLDER

(Million EUR)	2021	2020
Trade and other receivables	0.0	0.0
Trade and other payables	0.0	-0.2
Revenue	0.8	1.1
Cost of goods sold	0.0	0.0

For the shareholders' structure we refer to the Corporate Governance Statement on page 30.

The transactions are commercial transactions related to the sales of weaving machines and spare parts to companies linked to the main shareholder.

TRANSACTIONS WITH JOINT-VENTURES[11]

(Million EUR)	2021	2020
Transactions with joint ventures - Sales	-	0.8
Transactions with joint ventures - Purchases	-33.9	-19.0
Non-current assets	9.2	9.9
Current assets	1.0	0.7
Current liabilities	4.0	4.0

The higher amount of purchases with joint-ventures (33.9 million EUR in 2021 compared to 19.0 million EUR in 2020) can be explained by an increase of volumes, combined with higher purchase prices.

Tessenderlo Kerley Inc. has granted a 11.0 million USD loan to the joint-venture Jupiter Sulphur LLC, which was fully drawn in the period over 2017 and 2018, and which remains outstanding for 10.4 million USD (9.2 million EUR). Jupiter Sulphur LLC obtained the same amount from the other joint-venture partner. The loan is interest bearing (3.0%) and was originally reimbursable to Tessenderlo Kerley, Inc. in the period 2020-2023. In 2020, the duration of the loan was extended till December 2026 at the latest, whereby the cash needs in Jupiter Sulphur LLC will be taken into account. The granted loan is included in "Other investments" in the group's consolidated statement of financial position. The related interest income is considered to be insignificant and is not eliminated.

[11] We refer to note 14 - Investments accounted for using the equity method for more information on the group's joint ventures.

TRANSACTIONS WITH THE MEMBERS OF THE EXECUTIVE COMMITTEE

(Million EUR)	2021	2020
Short-term employee benefits	5.6	2.7
Post-employment benefits	0.2	0.1
Total	**5.8**	**2.8**

The Executive Committee on December 31, 2021, consists of Luc Tack (CEO) en Stefaan Haspeslagh (CFO) and was unchanged from previous year.

Short-term employee benefits include salaries and accrued bonuses over 2021 (including social security contributions), car leases and other allowances where applicable.

The short-term employee benefits include 1.5 million EUR fix and 4.1 million EUR variable employee benefits (2020: 1.6 million EUR and 1.1 million EUR respectively). The variable employee benefits consist of 1.3 million EUR short term variable compensation (2020: 1.1 million EUR) and 2.9 million EUR long term variable compensation (2020: nil), both payable within 12 months after the end of the period.

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

There was no new emission of warrants in 2021 and no warrants were exercised by members of the ExCom during 2021.

Starting in 2021, Tessenderlo Kerley, Inc. rents office space of the Phoenix (United States) headquarters building to Talalay Global (United States), a company owned by Luc Tack. The contract, which is insignificant, was concluded at arm's length conditions and was approved by the Board of Directors.

No transactions, except for those mentioned above, have occurred with the members of the ExCom.

TRANSACTIONS WITH THE MEMBERS OF THE BOARD OF DIRECTORS

Members	Remuneration in EUR	2021	2020
Stefaan Haspeslagh (executive director)*	Fixed annual fee	45,000	42,500
	Additional fixed fee for chairman of the Board	132,500	90,000
	Variable fee per half day attended	21,000	24,000
	Total remuneration	**198,500**	**156,500**
Luc Tack (executive director)*	Fixed annual fee	45,000	42,500
	Variable fee per half day attended	21,000	24,000
	Total remuneration	**66,000**	**66,500**
Patrick Steverlynck, as permanent representative of Pasma nv (non-executive director)	Fixed annual fee	17,500	17,500
	Variable fee per half day attended	12,000	12,000
	Total remuneration	**29,500**	**29,500**
Jean Pierre Dejaeghere, as permanent representative of nv Kantoor Torrimmo (independent non-executive director)	Fixed annual fee	17,500	17,500
	Variable fee per half day attended	12,000	12,000
	Total remuneration	**29,500**	**29,500**
Luc Van Nevel, as permanent representative of The Marble BV (independent non-executive director)	Fixed annual fee	17,500	17,500
	Variable fee per half day attended	12,000	12,000
	Total remuneration	**29,500**	**29,500**
Chantal De Vrieze, as permanent representative of 7 Capital sprl (independent non-executive director)	Fixed annual fee	17,500	17,500
	Variable fee per half day attended	12,000	12,000
	Total remuneration	**29,500**	**29,500**
Ann Vereecke, as permanent representative of Ann Vereecke bva (independent non-executive director)	Fixed annual fee	17,500	17,500
	Variable fee per half day attended	12,000	12,000
	Total remuneration	**29,500**	**29,500**
Total		**412,000**	**370,500**

**include amounts paid in the Board of Picanol nv and Tessenderlo Group*

30. AUDITOR'S FEES

KPMG Bedrijfsrevisoren BV, with Mr. Patrick De Schutter as authorized representative, has been appointed as statutory auditor for Picanol Group since fiscal year 2018 and for Tessenderlo Group since fiscal year 2019.

(Million EUR)	2021			
	Audit	Audit related	Other	Total
KPMG (Belgium)	0.4	0.0	0.1	0.4
KPMG (Outside Belgium)	0.7	0.0	0.0	0.7
Total	**1.1**	**0.0**	**0.1**	**1.1**

(Million EUR)	2020			
	Audit	Audit related	Other	Total
KPMG (Belgium)	0.4	0.0	0.1	0.4
KPMG (Outside Belgium)	0.7	0.0	0.0	0.7
Total	**1.1**	**0.0**	**0.1**	**1.1**

31. SUBSEQUENT EVENTS

- Following the launch of the new *Connect* generation weaving machines in 2021, Picanol introduced the OmniPlus-*i* TC *Connect* in January 2022. This dedicated execution for the weaving of tire cord fabrics has now been upgraded to the latest airjet technology and combined with the *Connect* generation features.
- In February 2022, Tessenderlo Group announced that it intends to acquire the production plant and the associated business of Pipelife France in Gaillon (France). The Gaillon plant specializes in the manufacturing of pipes for gas, water, and cable protection. The transaction is expected to reach completion in the course of 2022. After completion of the acquisition, Tessenderlo Group intends to integrate the business within the DYKA Group business unit (Industrial Solutions segment). This transaction will not materially impact the results of the group.
- The group also announced that its growth unit Violleau plans to construct a new production line for organic fertilizers in Vénérolles (France). The new line will focus on the production of organic pellets, responding to the rising demand for organic fertilizers. It is scheduled to be operational from the first quarter of 2023 and it will be constructed on the site of Akiolis' manufacturing plant in Vénérolles. With effect from 2022, Violleau will be included in the Agro segment.
- In February 2022, Tessenderlo Group repurchased 35.0 million EUR of its outstanding 2022 bonds at a price of 102.875%. This repurchase resulted in a cash-out of 36.0 million EUR and the remaining amount of outstanding "2022 bonds" maturing in July 2022 stands at 130.5 million EUR. Also in February 2022, the group agreed two term loan credit facilities for 30.0 million EUR each, with a maturity of 7 years (starting April 2022) and a maturity of 5 years (starting August 2022) respectively. These loans, with quarterly capital reimbursements, have a fixed interest rate of 1.16% and 0.94% respectively, and contain no financial covenants. Both transactions will further reduce the liquidity risk as well as the interest costs of the group.
- In early March 2022, Tessenderlo Group submitted a new permit application to the Flemish Region for the construction of a new 900 MW combined cycle steam and gas turbine (CCGT) power plant in Tessenderlo, Belgium. With a view to future auctions, Tessenderlo Group adjusted its previously submitted project (an investment of approximately 500 million EUR) to respond to the objections that led to the refusal of that application.
- The current conflict in Eastern Europe and the subsequent economic and financial sanctions imposed are negatively affecting the supply and the cost prices of both raw materials and energy. In particular, MOP (muriate of potash) is the key raw material used for the production of SOP (sulfate of potash) fertilizers that are produced at Tessenderlo Kerley Ham (Belgium), within the Tessenderlo Group Agro segment. Tessenderlo Group currently sources MOP from Russia and Belarus, as well as some other countries. In this connection, the group is in the process of reviewing its sourcing mix, and it is therefore currently not possible to determine what the effect on the production would be, if any, although no significant impact is expected in the first half of 2022. At present, it is also difficult to estimate the impact on the other activities of the group.

32. GROUP COMPANIES

Listed below are all the group companies. The total number of consolidated companies is 76[12]. List of the consolidated companies on December 31, 2021, accounted for by the full consolidation method:

Country	Entity	Address	Belgian company number	Ownership
Belgium	Picanol nv	8900 Ieper	0405502362	Parent Company
Belgium	Proferro nv	8900 Ieper	0438243426	100%
Belgium	PsiControl nv	8900 Ieper	0437446145	100%
Belgium	Verbrugge nv	8900 Ieper	0441554490	100%
Belgium	Melotte nv	3520 Zonhoven	0407155421	100%
Belgium	Picanol Group nv	8900 Ieper	0643795829	100%
Belgium	Tessenderlo Group *	1050 Brussels	0412101728	50.4%
France	Burcklé SAS (in liquidation)	68290 Bourbach-le-Bas		100%
Romania	PsiControl Srl	505400 Rasnov, Brasov County		100%
US	Picanol of America	Greenville SC 29605		100%
Brasil	Picanol Do Brazil	Americana/ SP CEP 13471-030		100%
China	Picanol (Suzhou Industrial Park) Textile Machinery Co. Ltd.	Suzhou 215122		100%
China	Picanol (Suzhou) Trading Co., Ltd.	Suzhou 215122		100%
India	Picanol India	New Delhi, India, 110 015		100%
Indonesia	PT. Picanol Indonesia	Bandung 40261, West Java		100%
Mexico	Picanol de Mexico	08400, Mexico D.F.		100%
Turkey	Picanol Tekstil Makinalari	34149 Yesilkoy, Istanbul		100%

Tessenderlo Group*: since January 1, 2019, Tessenderlo Group is consolidated according to the full consolidation method. List of the consolidated companies of Tessenderlo Group by the full consolidation method where the ownership is the % held by Tessenderlo Group:

Country	Entity	Address	Belgian company number	Ownership
Belgium	DYKA Plastics nv	3900 Pelt	0414467340	100%
Belgium	Limburgse Rubber Produkten nv	1050 Brussels	0415296392	100%
Belgium	Tessenderlo Chemie International nv	1050 Brussels	0407247372	100%
Belgium	Tessenderlo Group nv	1050 Brussels	0412101728	parent company
Belgium	Tessenderlo Development Services nv	1050 Brussels	0724619989	100%
Belgium	T-Power Energy Services bv	1050 Brussels	0838489378	100%
Belgium	T-Power nv	1050 Brussels	0875650771	100%
Czech Republic	DYKA s.r.o.	27361 Velka Dobra		100%
France	Akiolis Group SAS	72100 Le Mans		100%
France	Atemax France SAS	72100 Le Mans		100%
France	DYKA SAS	62140 Sainte Austreberthe		100%
France	DYKA Tube SAS	18570 La Chapelle-Saint-Ursin		100%
France	DYKA Réseaux SAS	72100 Le Mans		100%
France	Etablissements Charvet Père et Fils SAS	91490 Milly-La-Forêt		100%
France	Etablissements Violleau SAS	79380 La Forêt sur Sèvre		100%
France	Kuhlmann France SAS	59120 Loos		100%
France	Tefipar SAS	59120 Loos		100%
France	Tessenderlo Kerley France SAS	59120 Loos		100%
France	Tessenderlo Services SARL	59120 Loos		100%
France	SCI Les Violettes	79380 La Forêt sur Sèvre		100%
France	Soleval France SAS	72100 Le Mans		100%
Germany	BT Nyloplast GmbH	86551 Aichach		100%

[12] DYKA Réseaux SAS and Tessenderlo Kerley Netherlands B.V. are new created companies in 2021. Tessenderlo Kerley Australia PTY LTD was liquidated in 2021. Names of Kuhlmann France SAS (before Produits Chimiques de Loos SAS) and Kuhlmann Switzerland AG (before Tessenderlo Schweiz AG) have changed in 2021.

Germany	PB Gelatins GmbH	31582 Nienburg		100%
Hungary	BT Nyloplast Kft	3636 Vadna		100%
Luxembourg	Terelux SA	2163 Luxembourg		100%
Poland	DYKA Sp.z.o.o.	55-221 Jelcz-Laskowice		100%
Romania	DYKA Plastic Pipe Systems S.R.L.	76100 Bucarest, sector 1		100%
Slovakia	DYKA SK s.r.o.	82109 Bratislava		100%
Switzerland	Kuhlmann Switzerland AG	5332 Rekingen		100%
The Netherlands	BT Nyloplast B.V.	3295 KG 's Gravendeel		100%
The Netherlands	DYKA B.V.	8331 LJ Steenwijk		100%
The Netherlands	Tessenderlo Kerley Netherlands B.V.	4825 AV Breda		100%
The Netherlands	Tessenderlo NL Holding B.V.	4825 AV Breda		100%
United Kingdom	DYKA UK Ltd.	Longtown-Carlisle Cumbria CA6 5LY		100%
United Kingdom	John Davidson Holdings Ltd.	Edinburgh EH3 8UL		100%
United Kingdom	John Davidson Pipes Ltd.	Edinburgh EH3 8UL		100%
United Kingdom	PB Gelatins UK Ltd.	Pontypridd CF 375 SQ		100%
United Kingdom	Tessenderlo Holding UK Ltd.	Pontypridd CF 375 SQ		100%
US	Environmentally Clean Systems LLC	Dover, DE 19904		69.01%
US	ECS Myton, LLC	Dover, DE 19904		51.00%
US	Kerley Trading Inc.	Wilmington, DE 19801		100%
US	MPR Services Inc.	Wilmington, DE 19801		100%
US	PB Leiner USA Corporation	Davenport, Iowa 52806		100%
US	Tessenderlo Kerley, Inc.	Dover, DE 19904		100%
US	Tessenderlo USA Inc.	Dover, DE 19904		100%
Argentina	PB Leiner Argentina SA	Ciudad Autónoma de Buenos Aires		100%
Belarus	Tessenderlo Kerley Bela LLC	220036 Minsk		100%
Brazil	PB Brasil Industria e Comercio de Gelatinas Ltda	Acorizal, Mato Grosso CEP 78480-000		100%
Chile	Kerley Latinoamericana Comercializadora Limitada	9358 Santiago		100%
China	PB Gelatins (Heilongjiang) Co. Ltd.	Xinyi Village, Kongguo County, Nehe City, Qiqihaer City, Heilongjiang Province		100%
Costa Rica	Tessenderlo Kerley Costa Rica SA	La Union Tres Rios - Cartago		100%
India	Tessenderlo Kerley India Private Ltd.	9the Floor, Regus I-Tech Business Centra, Spaze Itech Park, A1-Tower, sector 49, Gurgaon, Haryana, 122018, in the state of Haryana		100%
Japan	TKI Japan KK	Tokyo - Chiyoda-ku		100%
Mexico	Tessenderlo Kerley Mexico SA de CV	Ciudad Obregon, Estado de Sonora		100%
Paraguay	Maramba S.R.L.	Chacoi Villa Hayes - Asuncion del Paraguay		100%
Peru	TKP Peru S.A.C.	Ciudad de Lima - Provincia de Lima		100%
Turkey	Tessenderlo Kerley Turkey Tarim Ve Kimya Sanayi Ve. Tic. Ltd. STI	35730 Kemalpasa - Izmir		100%

List of the consolidated companies of Tessenderlo Group on December 31, 2021 accounted for by the equity method:

Country				
France	Etablissements Michel SAS	31800 Villeneuve de Rivière		50%
China	PB Shengda (Zhejiang) Biotechnology Co., Ltd	Zhoushan City, Zhejiang Province		50%
US	Jupiter Sulphur LLC	Wilmington, DE 19801		50%

List of the non-consolidated companies on December 31, 2021 due to their insignificant impact on the consolidated figures:

Country				
Belgium	Syndicaat van Belgische textielmachinebouwers	1030 Brussel		34%

33. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the financial statements in conformity with IFRS as adopted for use by the European Union requires management to make judgments, estimates and assumptions that affect the application of the accounting policies, the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Management bases its estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making the reported amounts of revenue and expenses that may not be readily apparent from other sources. Actual results could differ from those estimates.

Estimates and assumptions are reviewed periodically and the effects of revisions, if needed, are reflected in the financial statements.

The areas of judgments, estimates and assumptions used in preparing the consolidated financial statements as per December 31, 2021 are the same as those applied and disclosed in the consolidated financial statements at December 31, 2020.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are addressed below:

- Impairments. The carrying amount of property, plant and equipment, goodwill and intangible assets is reviewed at each balance sheet date to determine whether an indication of impairment exits. If any such indication exists, the asset's recoverable amount is estimated (note 11 - Property, plant and equipment, note 12 - Goodwill and note 13 - Intangible assets).
- Leases. The company leases various items of Property, plant and equipment, mainly including real estate and vehicles. Some leases contain extension options, allowing operational flexibility, exercisable by the group. The group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The group has applied judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, the group considered all relevant factors that create an economic incentive for it to exercise the renewal (note 11 - Property, plant and equipment).
- Inventory obsolescence and lower of cost of net realizable value adjustments, which are determined based on experience and the assessment of market circumstances (note 17 - Inventories).
- Employee benefits. The calculation of defined benefit obligations is based on actuarial assumptions such as future salary increases, inflation and through the use of a discount rate (note 23 - Employee benefits).
- Deferred taxes. Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and credits can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. In making its judgment, management takes into account the long term business strategy (note 15 - Deferred tax assets and liabilities).
- Provisions and contingencies. The amounts recognized reflect management's best estimate of the expected expenditures required to settle the present obligation at balance sheet date. If the effect is material, provisions are determined by discounting the expected future cash flows. Provisions can change substantially due to the emergence of additional information on the nature or extent of the contamination, a change in legislation, a change in best practices for sanitation, a change in timing of cash outflows, a change in agreement with authorities on the treatment of the polluted site or other factors of a similar nature (note 24 - Provisions).
- Financial instruments (note 26 - Financial instruments). These are measured at fair value in the statement of financial position based on:
  - inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); or
  - inputs for the asset or liability that are not based on observable market data.

STATEMENT ON THE TRUE AND FAIR VIEW OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE FAIR OVERVIEW OF THE MANAGEMENT REPORT

Mr. Luc Tack (CEO) and Mr. Stefaan Haspeslagh, representative of Findar BV (CFO), certify, on behalf and for the account of the company, that, to his/their knowledge,

a) the consolidated financial statements which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position, the income statement of the company, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows, and the entities included in the consolidation as a whole,

b) the consolidated management report includes a fair overview of the development and performance of the business and the position of the company, and the entities included in the consolidation, together with a description of the principal risks and uncertainties which they are exposed to.

AUDITOR'S REPORT

STATUTORY AUDITOR'S REPORT TO THE GENERAL MEETING OF PICANOL NV ON THE CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2021

In the context of the statutory audit of the consolidated financial statements of Picanol nv ("the Company") and its subsidiaries (jointly "the Group"), we provide you with our statutory auditor's report. This includes our report on the consolidated financial statements for the year ended 31 December 2021, as well as other legal and regulatory requirements. Our report is one and indivisible.

We were appointed as statutory auditor by the general meeting of 17 May 2021, in accordance with the proposal of the board of directors issued on the recommendation of the audit committee and as presented by the workers' council. Our mandate will expire on the date of the general meeting deliberating on the annual accounts for the year ended 31 December 2023. We have performed the statutory audit of the consolidated financial statements of the Group for 4 consecutive financial years.

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Unqualified opinion

We have audited the consolidated financial statements of the Group as of and for the year ended 31 December 2021, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2021, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information. The total of the consolidated statement of financial position amounts to EUR 3,032,000,(000) and the consolidated statement of profit or loss shows a profit for the year of EUR 237,700,(000).

In our opinion, the consolidated financial statements give a true and fair view of the Group's equity and financial position as at 31 December 2021 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

Basis for our unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") as adopted in Belgium. In addition, we have applied the ISAs as issued by the IAASB and applicable for the current accounting year while these have not been adopted in Belgium yet. Our responsibilities under those standards are further described in the "Statutory auditors' responsibility for the audit of the consolidated financial statements" section of our report. We have complied with the ethical requirements that are relevant to our audit of the consolidated financial statements in Belgium, including the independence requirements.

We have obtained from the board of directors and the Company's officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Impairment of goodwill, intangible assets and property, plant and equipment

We refer to Notes 11, 12 and 13 being respectively 'Property, plant and equipment', 'Goodwill' and 'Intangible assets' of the consolidated financial statements.

- Description

  Goodwill, intangible assets and property plant and equipment amount to EUR 1,529.7 million as at 31 December 2021 and represent 50.5% of the Group's total assets as at 31 December 2021.

  The Group performs a yearly impairment assessment over goodwill and in case of triggering events the Group performs an impairment assessment over goodwill, intangible assets and property, plant and equipment ('PPE'). This assessment is performed for each smallest group of assets that generate largely independent cash flows (the cash generating unit or 'CGU'). Management prepares a recoverable amount assessment by discounting future cash flow projections to determine whether these assets are impaired at the reporting date as well as the level of impairment charge to be recognized.

  Impairment of goodwill, intangible assets and property, plant and equipment is identified as a key audit matter due its significance to the balance sheet total and the level of judgement required by management and potential management bias in the assessment of impairment, which principally related to the inputs used in both forecasting and discounting future cash flows to determine the recoverable amount.

- Our audit procedures

  Our audit procedures included among others:
  - Challenging management's assessment of potential indicators of impairment based on our own expectations developed from our knowledge of the Group and our understanding of internal and external factors relevant to the Group;
  - Challenging management's identification of CGUs with reference to our understanding of the Group's business and the requirements of the prevailing accounting standards;
  - Evaluating the process by which management's cash flow forecasts were prepared, including testing the underlying calculations and reconciling them to the latest board of directors approved financial targets;
  - Analyzing the Group's previous ability to forecast cash flows accurately by comparing key assumptions to historical results. We also challenged key inputs and data used to develop the forecasted cash flows based on our knowledge of the business;
  - Assessing the appropriateness of the Group's valuation methodology and its determination of discount rates by involving our own valuation specialists;
  - Testing the mathematical accuracy of the discounted cash flow models;
  - Performing sensitivity analyses around the key assumptions used for the determination and discounting of cash flow forecasts, in particular EBIT, CAPEX, weighted average cost of capital and growth rates used by the Group; and

  Assessing the appropriateness of the Group's disclosures in respect of impairment of goodwill, intangible assets and property plant and equipment as included in Notes 11, 12 and 13 to the consolidated financial statements.

Post-employment benefit provisions

We refer to Note 23 section 'Employee benefits' of the consolidated financial statements.

- Description

  The Group provides retirement benefits predominantly in Belgium, Germany and the UK. Retirement benefits are organized through defined contributions plans as well as defined benefit plans. As described in Note 23, the Group sponsors defined benefit pension plans in Belgium, Germany and the UK and defined contribution plans in Belgium.

  Post – employment benefits are considered as a key audit matter due to the complexity and judgment involved in determining the key assumptions used in the determination of the Group's obligations as well as the assumptions used in determining the fair value of the plan assets. In addition, small changes in key assumptions used to determine the obligations and fair value of the Group's pension plans.

- Our audit procedures

  Our audit procedures included among others:
  - We obtained an understanding of the Group's valuation process;
  - We assessed the competence, objectivity and capabilities of the external actuarial experts engaged by management;

- We challenged management's key actuarial assumptions, being the discount rates, inflation rates, mortality expectations, future salary increases and personnel turnover underlying the valuation of the Group's post-employment benefit obligations with the assistance of our actuarial specialists. This includes a comparison of key assumptions used against externally derived data;
- With the assistance of our own financial instrument specialist, we reconciled the fair value of the plan assets with direct external confirmations and verified the adequacy of the fair value of the plan assets;
- We assessed overall reasonableness of the valuation outcome; and
- We assessed the appropriateness of the Group's disclosures in respect of employee benefits, which are included in Note 23 to the consolidated financial statements.

Board of directors' responsibilities for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium, and for such internal control as board of directors determines, is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Statutory auditor's responsibilities for the audit of the consolidated financial statements

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

When performing our audit we comply with the legal, regulatory and professional requirements applicable to audits of the consolidated financial statements in Belgium. The scope of the statutory audit of the consolidated financial statements does not extend to providing assurance on the future viability of the Group nor on the efficiency or effectivity of how the board of directors has conducted or will conduct the business of the Group. Our responsibilities regarding the going concern basis of accounting applied by the board of directors are described below.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also perform the following procedures:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by board of directors;
- Conclude on the appropriateness of board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Responsibilities of the Board of directors

The board of directors is responsible for the preparation and the content of the board of directors' annual report on the consolidated financial statements, the statement of the non-financial information attached to the board of directors' annual report on the consolidated financial statements and the other information included in the annual report.

Statutory auditor's responsibilities

In the context of our engagement and in accordance with the Belgian standard which is complementary to the International Standards on Auditing as applicable in Belgium, our responsibility is to verify, in all material respects, the board of directors' annual report on the consolidated financial statements, the statement of the non-financial information attached to the board of directors' annual report on the consolidated financial statements and the other information included in the annual report, and to report on these matters.

Aspects concerning the board of directors' annual report on the consolidated financial statements and other information included in the annual report

Based on specific work performed on the board of directors' annual report on the consolidated financial statements, we are of the opinion that this report is consistent with the consolidated financial statements for the same period and has been prepared in accordance with article 3:32 of the Companies' and Associations' Code.

In the context of our audit of the consolidated financial statements, we are also responsible for considering, in particular based on the knowledge gained throughout the audit, whether the board of directors' annual report on the consolidated financial statements and other information included in the annual report:

- Activity report 2021
- Corporate Governance statement 2021

contain material misstatements, or information that is incorrectly stated or misleading. In the context of the procedures carried out, we did not identify any material misstatements that we have to report to you.

The non-financial information required by article 3:32 §2 of the Companies' and Associations' Code has been included in a separate report attached to the board of directors' annual report on the consolidated financial statements, which is the 2021 Sustainability Report. This report on the non-financial information contains the information required by article 3:32 §2 of the Companies' and Associations' Code and is consistent with the consolidated financial statements for the same period. The Company has prepared this non-financial information based on the Global Reporting Initiative framework (GRI). In accordance with art 3:80 §1, 1st paragraph, 5° of the Companies' and Associations' Code, we do not comment on whether this non-financial information has been prepared in accordance with the GRI mentioned in the separate 2021 Sustainability Report.

Information about the independence

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

European Single Electronic Format (ESEF)

In accordance with the draft standard on the audit of compliance of the Financial Statements with the European Single Electronic Format (hereafter "ESEF"), we have audited as well whether the ESEF-format is in accordance with the regulatory technical standards as laid down in the EU Delegated Regulation nr. 2019/815 of 17 December 2018 (hereafter "Delegated Regulation").

The Board of Directors is responsible for the preparation, in accordance with the ESEF requirements, of the consolidated financial statements in the form of an electronic file in ESEF format (hereafter "digital consolidated financial statements") included in the annual financial report.

It is our responsibility to obtain sufficient and appropriate information to conclude whether the format and the tagging of the digital consolidated financial statements comply, in all material respects, with the ESEF requirements under the Delegated Regulation.

In our opinion, based on our work performed, the format of and the tagging of information in the official English version of the digital consolidated financial statements as per 31 December 2021, included in the annual financial report of Picanol nv, are, in all material respects, prepared in compliance with the ESEF requirements under the Delegated Regulation.

Other aspect

- This report is consistent with our additional report to the audit committee on the basis of Article 11 of Regulation (EU) No 537/2014.

Zaventem, March 28, 2022
KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises
Statutory Auditor
represented by

Patrick De Schutter
Bedrijfsrevisor / Réviseur d'Entreprises

STATUTORY FINANCIAL REPORT

BALANCE SHEET OF PICANOL NV

(Million EUR)	2021	2020
Total assets		
Non-current assets	**121.8**	**122.3**
Other intangible assets	0.6	0.8
Property, plant and equipment	13.6	14.1
Financial assets	107.7	107.4
Current assets	**635.4**	**537.5**
Non-current trade and other receivables	522.1	415.3
Inventories	44.3	24.2
Current trade and other receivables	38.2	30.6
Other investments	0.0	20.0
Cash and cash equivalents	29.8	46.1
Prepaid expenses and accrued income	1.0	1.3
Total assets	**757.2**	**659.9**
Total liabilities		
Shareholders' equity	**602.3**	**576.3**
Issued capital	22.2	22.2
Share premium	1.5	1.5
Reserves	45.2	45.2
Retained earnings	533.4	507.4
Capital grants	0.0	0.0
Provisions and deferred taxes	**5.8**	**5.9**
Provisions	5.8	5.9
Deferred taxes	0.0	0.0
Liabilities	**149.2**	**77.7**
Liabilities due in more than one year	0.0	0.0
Liabilities due within one year	146.1	75.2
Accrued expenses and deferred income	3.0	2.5
Total liabilities	**757.2**	**659.9**

PROFIT AND LOSS STATEMENT OF PICANOL NV

(Million EUR)	2021	2020
Total operating income	**510.1**	**317.1**
Sales	472.3	300.3
Change in work in progress, finished goods and orders in progress (increase+/decrease-)	23.2	3.6
Production capitalized	0.0	0.0
Other operating income	14.6	13.1
Non-recurring operating income	0.0	0.0
Total operating charges	**-485.7**	**-304.7**
Raw materials and goods purchased for resale	-373.0	-212.8
Services and other goods	-61.6	-51.4
Wages, salaries, social charges and pensions	-48.9	-38.9
Depreciations and amortizations on formation expenses, tangible and intangible assets	-3.1	-3.4
Amounts written-off stocks and trade receivable (charges (-) / write-back (+))	1.4	1.2
Provision for liabilities and charges (utilizations and write-backs less charges)	0.1	1.1
Other operating charges	-0.5	-0.4
Non-recurring operating charges	-0.1	0.0
Operating result	**24.4**	**12.5**
Finance income	13.7	8.9
Finance costs	-3.0	-2.9
Profit before taxes	**35.0**	**18.4**
Income taxes	-5.5	-1.7
Deferred taxes		
Profit (+) / losses (-)	**29.5**	**16.8**
Untaxed reserves	0.0	0.0
Profit (+) / losses (-) for the year to be allocated	**29.5**	**16.8**

ALLOCATIONS AND DISTRIBUTIONS

(Million EUR)	2021	2020
The Picanol nv Board of Directors proposes to allocate the		
- Profits, being	29.5	16.8
- Increased by prior years' retained earnings	507.4	490.6
Totaling:	**536.9**	**507.4**
In the following manner:		
- Reserves		
- Dividends	3.5	0.0
- Retained earnings	533.4	507.4
Totaling:	**536.9**	**507.4**

EXTRACT FROM THE PICANOL NV SEPARATE (NON-CONSOLIDATED) FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH BELGIAN GAAP

The preceding information is extracted from the separate Belgian GAAP financial statements of Picanol nv. These separate financial statements, together with the management report of the Board of Directors to the general assembly of shareholders as well as the auditors' report, will be filed with the National Bank of Belgium within the legally foreseen time limits. These documents are also available on request at Picanol nv, Steverlyncklaan 15, 8900 Ieper.

It should be noted that only the consolidated financial statements present a true and fair view of the financial position and performance of the group.

An integral version of the statutory financial statements, including the related reports is published on the company website: www.picanolgroup.com.

The statutory auditor's report is unqualified and certifies that the non-consolidated financial statements of Picanol nv prepared in accordance with Belgian GAAP for the year ended December 31, 2021, give a true and fair view of the financial position and results of Picanol nv in accordance with all legal and regulatory dispositions.

FINANCIAL GLOSSARY

Adjusted EBIT
Earnings before interests, taxes and EBIT adjusting items.

Adjusted EBITDA
Earnings before interests, taxes and EBIT adjusting items plus depreciation and amortization.

Basic earnings per share (Basic EPS)
Profit (+)/loss (-) for the period attributable to equity holders of the company divided by the weighted average number of ordinary shares outstanding during the period.

Capital expenditure
Amount of money spent to upgrade, acquire or maintain property, plant and equipment (PP&E) and other intangible assets.

Dividend per share (gross)
Total amount paid as dividend divided by the number of shares issued at closing date.

Diluted earnings per share (Diluted EPS)
Profit (+)/loss (-) for the period attributable to equity holders of the company divided by the fully diluted weighted average number of ordinary shares outstanding during the period.

Diluted weighted average number of ordinary shares
Weighted average number of ordinary shares, adjusted by the effect of warrants on issue.

EBIT
Profit(+)/loss(-) from operations.

EBIT adjusting items
EBIT adjusting items are those items that in management's judgment need to be disclosed by virtue of their size or incidence. Such items are disclosed in the notes to the financial statements. Transactions which may be recognized as EBIT adjusting items are principally related to restructuring, impairment losses, provisions, gains or losses on significant disposals of assets or subsidiaries and the effect of the electricity purchase agreement.

Gearing
Net financial debt divided by the sum of net financial debt and equity attributable to equity holders of the company.

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

Market capitalization
Number of shares issued (at the end of the period) multiplied by the market price per share (at the end of the period).

Net financial debt
Non-current and current loans and borrowings minus cash and cash equivalents and bank overdrafts.

Theoretical aggregated weighted tax rate
Calculated by applying the statutory tax rate of each country on the profit before tax of each entity and by dividing the resulting tax charge by the total profit before tax of the group.

Weighted average number of ordinary shares
Number of shares outstanding at the beginning of the period, adjusted by the number of shares cancelled, repurchased or issued during the period multiplied by a time-weighting factor.

ALTERNATIVE PERFORMANCE MEASURES

The following alternative performance measures are considered to be relevant in order to compare the results over the period 2021 - 2020 and can be reconciled to the consolidated financial statements as follows:

Reconciliation from Adjusted EBIT to EBIT

(Million EUR)	Note	2021	2020
Adjusted EBIT	**3**	**239.9**	**170.2**
Gains and losses on disposals	6	2.6	1.0
Restructuring	6	-1.7	-0.5
Impairment losses	6	-1.9	-3.0
Provisions and claims	6	4.0	-5.0
Other income and expenses	6	-1.0	-4.4
EBIT (Profit (+) / loss (-) from operations)		**242.0**	**158.2**

Reconciliation from Adjusted EBITDA to EBIT

(Million EUR)	Note	2021	2020
Adjusted EBITDA	**3**	**430.3**	**361.7**
Gains and losses on disposals	6	2.6	1.0
Restructuring	6	-1.7	-0.5
Provisions and claims	6	4.0	-5.0
Other income and expenses	6	-1.0	-4.4
EBITDA		**434.2**	**352.8**
Depreciation	8	-190.4	-191.5
Impairment losses	8	-1.9	-3.0
EBIT (Profit (+) / loss (-) from operations)		**242.0**	**158.2**

Reconciliation gearing

(Million EUR)	Note	2021	2020
Non-current loans and borrowings	22	196.2	393.2
Current loans and borrowings	22	215.3	69.8
Short term investments	22	-10.0	-20.0
Cash and cash equivalents	18/22	-366.7	-345.9
Bank overdrafts	18/22	0.1	0.0
Net financial debt	**22**	**34.9**	**97.1**
Equity attributable to equity holders of the company		992.8	816.3
Gearing (net financial debt / (equity + net financial debt))	**19**	**3.4%**	**10.6%**

Reconciliation leverage

(Million EUR)	Note	2021	2020
Non-current loans and borrowings	22	196.2	393.2
Current loans and borrowings	22	215.3	69.8
Short term investments	22	-10.0	-20.0
Cash and cash equivalents	18/22	-366.7	-345.9
Bank overdrafts	18/22	0.1	0.0
Net financial debt	**22**	**34.9**	**97.1**
Adjusted EBITDA	3	430.3	361.7
Leverage (net financial debt / Adjusted EBITDA last 12 months)	**22**	**0.1**	**0.3**

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