

TESSENDERLO GROUP: 2022 RESULTS OUTPERFORM HALF YEAR OUTLOOK DESPITE MORE CHALLENGING SECOND HALF YEAR - PROPOSED GROSS DIVIDEND OF 0.75 EUR/SHARE

1. KEY EVENTS

- On July 8, 2022, Tessenderlo Group and Picanol Group announced their intention to simplify and increase the transparency of the group structure of both companies, with a view to combining them into a single industrial group, with a single stock exchange listing and a single board of directors. In this context, Tessenderlo Group launched a voluntary public exchange offer for all shares issued by Picanol Group. More specifically, all Picanol Group shareholders were offered the opportunity to exchange their Picanol Group shares for new shares in Tessenderlo Group at an exchange ratio of 2.36 new shares in Tessenderlo Group per tendered share in Picanol Group. A third and final acceptance period had the effect of simplified squeeze-out. Shares that had not been tendered prior to the closing of the final acceptance period were transferred to Tessenderlo Group by force of law and the relevant shareholders will have to request payment of the offer price for their shares at the Belgian Deposit and Consignment Office. By the end of the first quarter of 2023, Tessenderlo Group was, therefore, holding 100% of the shares of Picanol Group. As a result of this transaction, Picanol Group became a business unit in the Machines & Technologies segment of Tessenderlo Group with effect from January 2023.
- In March 2022, Tessenderlo Group applied again to the Flemish Region for a construction permit for a new 900 MW Combined Cycle Gas Turbine plant (CCGT) in Tessenderlo (Belgium) (T-Power segment). The permit was obtained in September 2022 from the Flemish Minister of Justice and Enforcement, Environment, Energy and Tourism. However, the new plant will only be constructed if the group can present it as a viable project.
- In November 2022, PB Leiner (Bio-valorization segment) entered into a joint venture with Hainan Xiangtai Group in China for the production and sale of high-quality fish collagen peptides. Under this agreement, the joint venture (80% owned by the group) will produce fish collagen peptides based on PB Leiner's technology. The combined strengths of the two companies will enable a robust, premium product range to meet the increasing global demand for quality fish collagen peptides.
- Tessenderlo Kerley, Inc. began the construction of a new plant in Defiance (Ohio, USA) in the third quarter of 2022. This plant will produce the leading liquid and sulfur-based fertilizers Thio-Sul[®], KTS[®], K-Row 23[®], and sulfite chemicals for industrial markets (Agro and Industrial Solutions segments). The plant is scheduled to start operations by the end of 2024.
- In December 2022, Tessenderlo Kerley International (Agro segment) started the construction of a new plant for the production of Thio-Sul[®] (ammonium thiosulfate/ATS), in Geleen, the Netherlands. This fertilizer is used for large-scale crops and in the cultivation of trees and vegetables. The plant is expected to be operational by mid-2024.

After the balance sheet date

- In November 2022, the group announced that its PB Leiner business unit (Bio-valorization segment) had established a new joint venture with D&D Participações Societárias, which is one of Brazil's leading tannery groups. D&D Participações Societárias acquired a 40% minority stake in PB Leiner's Brazilian plant (PB Brasil Industria e Comercio de Gelatinas Ltda). The combined strength of the two companies will enable a long-term, sustainable supply of a premium bovine gelatin product range, based on PB Leiner's technology. The joint venture was subject to the fulfillment of a number of customary conditions precedent, and the transaction was closed in January 2023.

¹ The enclosed information constitutes regulated information as defined in the Royal Decree of November 14, 2007, regarding the duties of issuers of financial instruments which have been admitted for trading on a regulated market.

- In early January 2023, the Akiolis business unit (Bio-valorization segment) acquired the real estate and production assets of the former Spanish rendering company Promed 202 (Ribera d'Ondara, Lleida, Spain). The plant specializes in pig and poultry meat rendering and is located in one of the most intensive pig and poultry farming regions in Spain. The acquisition will expand Akiolis' operations on the Iberian Peninsula and strengthen its position in the European rendering market. Akiolis resumed operations during the first quarter of 2023 under the name Akiolis Iberia.
- Also in January 2023, Tessenderlo Group signed an agreement for the acquisition of the marketing and sales activities for ammonium thiosulfate (ATS) fertilizers produced by Esseco Srl (part of Esseco Group) in Trecate, Italy. These ATS fertilizers will be marketed by the Tessenderlo Kerley International business unit (Agro segment). Tessenderlo Group also acquired the Esseco trademarks Secofit® TS and Agrifix®, which are used in marketing this product range for agricultural applications. The deal was operational in March 2023.

2H22	2H21	% Change excluding fx effect	% Change as reported	Million EUR	2022	2021	% Change excluding fx effect ²	% Change as reported
1,248.0	1,060.5	12.9%	17.7%	Revenue	2,587.5	2,081.5	19.7%	24.3%
187.2	169.5	3.7%	10.4%	Adjusted EBITDA³	434.8	354.2	16.1%	22.7%
117.6	104.4	3.6%	12.6%	Adjusted EBIT⁴	300.1	223.8	25.1%	34.1%
63.2	91.0		-30.6%	Profit (+) / loss (-) for the period	226.8	188.3		20.4%
49.6	106.2		-53.3%	Total comprehensive income	268.4	227.8		17.8%
54.1	54.8		-1.3%	Capital expenditure	113.4	95.9		18.2%
102.5	94.2		8.8%	Cash flow from operating activities	199.8	248.1		-19.5%
68.5	59.4		15.4%	Operational free cash flow⁵	156.6	188.9		-17.1%
57.5	48.7		18.2%	Operational free cash flow (Excl. IFRS 16)	134.8	167.2		-19.4%
59.5	74.8		-20.5%	Net financial debt⁶	59.5	74.8		-20.5%

The half-year information included in the press release is unaudited.

2. REVENUE

2H22 revenue increased by +17.7% (or increased by +12.9% when excluding the foreign exchange effect) compared to the same period last year. Excluding the foreign exchange effect, the revenue of Agro increased by +6.8%, Bio-valorization revenue increased by +17.0%, the revenue of Industrial Solutions increased by +14.7%, while T-Power revenue increased by +22.2%. This revenue increase could be mainly realized thanks to higher sales prices, implemented to offset the increase of raw material, energy and transportation costs. The 2H21 comparable was already impacted by price increases leading to a lower 2H22 revenue increase (+12.9%) compared to a 1H22 increase of +26.8%.

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

² As the group results might be impacted significantly by foreign exchange changes, the group reports some key financial indicators excluding any foreign exchange impact. The “% change excluding foreign exchange effect” is calculated by translating the 2022 result of foreign currency entities at the average exchange rate of 2021. The variance between this calculated result and the previous year result shows the effective result variance excluding any foreign exchange impact.

³ Adjusted EBITDA equals Adjusted EBIT plus depreciation and amortization.

⁴ Adjusted EBIT is considered by the group to be a relevant performance measure in order to compare results over the period 2021-2022 as it excludes adjusting items from the EBIT (Earnings Before 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.

⁵ Operational free cash flow equals to Adjusted EBITDA minus capital expenditure minus change in trade working capital.

⁶ Net financial debt equals non-current and current loans and borrowings and bank overdrafts, minus cash and cash equivalents, short term investments and long term investments.

3. ADJUSTED EBITDA

The 2H22 Adjusted EBITDA amounts to 187.2 million EUR compared to 169.5 million EUR one year earlier (+10.4%). When excluding the impact of the foreign exchange effect, the Adjusted EBITDA increased by +6.2 million EUR (+3.7%) compared to 2H21. While the contribution of the operating segments Bio-valorization (+61.7%), Industrial Solutions (+5.7%) and T-Power (+30.1%) increased, the contribution of Agro decreased by -36.5% in 2H22.

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

4. NET FINANCIAL DEBT

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

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

In 2022, a bond, issued in 2015, with a maturity of 7 years was reimbursed (165.5 million EUR). Also in 2022, the group agreed two term loan credit facilities for 30.0 million EUR each, with a maturity of 7 years (started in April 2022) and a maturity of 5 years (starting August 2022) respectively. These loans, with quarterly capital reimbursements, have a fixed interest rate of 1.17% and 0.94% respectively, and contain no financial covenants. Both transactions will further reduce the liquidity risk as well as the interest costs of the group.

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

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

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

6. OPERATIONAL FREE CASH FLOW

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



Outlook

The following statements are forward-looking and actual results may differ materially.

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

The group wishes to emphasize that it currently operates in a volatile geopolitical, economic, financial, and health environment.

OPERATING SEGMENTS PERFORMANCE REVIEW

GROUP KEY FIGURES – SECOND HALF YEAR				
Million EUR	2H22	2H21	% Change excluding fx effect	% Change as reported
Revenue Group	1,248.0	1,060.5	12.9%	17.7%
Agro	428.6	375.8	6.8%	14.1%
Bio-valorization	423.2	345.8	17.0%	22.4%
Industrial Solutions	352.2	302.9	14.7%	16.3%
T-Power	44.0	36.0	22.2%	22.2%
Adjusted EBITDA Group	187.2	169.5	3.7%	10.4%
Agro	51.8	72.3	-36.5%	-28.4%
Bio-valorization	64.0	36.6	61.7%	74.8%
Industrial Solutions	36.9	34.0	5.7%	8.3%
T-Power	34.6	26.6	30.1%	30.1%
Adjusted EBIT Group	117.6	104.4	3.6%	12.6%
Agro	33.3	56.6	-49.3%	-41.2%
Bio-valorization	45.8	19.3	115.9%	137.8%
Industrial Solutions	22.9	20.7	7.0%	10.3%
T-Power	15.6	7.8	100.4%	100.4%
EBIT adjusting items	-21.6	-0.0	nm	nm
EBIT	96.0	104.3	-17.6%	-8.0%

The half-year information included in the press release is unaudited.

GROUP KEY FIGURES - FULL YEAR				
Million EUR	2022	2021	% Change excluding fx effect	% Change as reported
Revenue Group	2,587.5	2,081.5	19.7%	24.3%
Agro	974.5	749.3	22.6%	30.1%
Bio-valorization	799.9	643.2	19.7%	24.4%
Industrial Solutions	732.5	617.8	17.0%	18.6%
T-Power	80.6	71.2	13.1%	13.1%
Adjusted EBITDA Group	434.8	354.2	16.1%	22.7%
Agro	173.4	147.4	7.4%	17.6%
Bio-valorization	114.2	78.5	36.7%	45.5%
Industrial Solutions	85.1	76.1	9.7%	11.7%
T-Power	62.2	52.2	19.1%	19.1%
Adjusted EBIT Group	300.1	223.8	25.1%	34.1%
Agro	138.7	116.4	8.0%	19.2%
Bio-valorization	79.2	43.8	67.6%	81.1%
Industrial Solutions	57.9	49.1	15.6%	18.0%
T-Power	24.2	14.5	66.4%	66.4%
EBIT adjusting items	-12.0	1.9	nm	nm
EBIT	288.1	225.7	18.0%	27.7%

AGRO				
Million EUR	2022	2021	% Change excluding fx effect	% Change as reported
Revenue	974.5	749.3	22.6%	30.1%
Adjusted EBITDA	173.4	147.4	7.4%	17.6%
Adjusted EBITDA margin	17.8%	19.7%		
Adjusted EBIT	138.7	116.4	8.0%	19.2%
Adjusted EBIT margin	14.2%	15.5%		

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

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

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

BIO-VALORIZATION				
Million EUR	2022	2021	% Change excluding fx effect	% Change as reported
Revenue	799.9	643.2	19.7%	24.4%
Adjusted EBITDA	114.2	78.5	36.7%	45.5%
Adjusted EBITDA margin	14.3%	12.2%		
Adjusted EBIT	79.2	43.8	67.6%	81.1%
Adjusted EBIT margin	9.9%	6.8%		

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

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



INDUSTRIAL SOLUTIONS				
Million EUR	2022	2021	% Change excluding fx effect	% Change as reported
Revenue	732.5	617.8	17.0%	18.6%
Adjusted EBITDA	85.1	76.1	9.7%	11.7%
Adjusted EBITDA margin	11.6%	12.3%		
Adjusted EBIT	57.9	49.1	15.6%	18.0%
Adjusted EBIT margin	7.9%	7.9%		

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

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

The Adjusted EBITDA of moleko decreased in 2022, impacted by the expiration of the customer agreement with Barrick Gold, while the Adjusted EBITDA of Kuhlmann Europe increased, thanks to favorable market circumstances.

T-POWER				
Million EUR	2022	2021	% Change excluding fx effect	% Change as reported
Revenue	80.6	71.2	13.1%	13.1%
Adjusted EBITDA	62.2	52.2	19.1%	19.1%
Adjusted EBITDA margin	77.2%	73.3%		
Adjusted EBIT	24.2	14.5	66.4%	66.4%
Adjusted EBIT margin	30.0%	20.4%		

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

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

CONSOLIDATED FINANCIAL INFORMATION AT DECEMBER 31, 2022

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

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

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



CONSOLIDATED STATEMENT OF CASH FLOWS		
Million EUR	31/12/2022	31/12/2021
OPERATING ACTIVITIES		
Profit (+) / loss (-) for the period	226.8	188.3
Depreciation, amortization and impairment losses on tangible assets, goodwill and intangible assets	172.4	132.3
Changes in provisions	-16.8	-3.5
Finance costs	41.5	15.1
Finance income	-37.8	-19.6
Loss / (profit) on sale of non-current assets	-0.8	-3.6
Share of result of equity accounted investees, net of income tax	-4.8	-0.7
Income tax expense	62.4	42.6
Other non-cash items	-1.0	2.3
Changes in inventories	-160.6	-50.5
Changes in trade and other receivables	-36.3	-94.7
Changes in trade and other payables	20.7	83.9
Change in accounting estimates - inventory write off	10.3	2.5
Net change in emission allowances recognized within intangible assets	1.2	1.1
Revaluation electricity forward contracts	-7.4	-0.8
Bargain purchase recognized following the acquisition of the activities of DYKA Réseaux SAS	-2.7	-
Settlement loss UK pension fund	7.3	-
Cash generated from operations	274.5	294.7
Income tax paid	-74.6	-46.6
Dividends received	-	0.1
Cash flow from operating activities	199.8	248.1
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	-112.8	-95.7
Acquisition of intangible assets	-0.6	-0.3
Acquisition of businesses, net of cash acquired	-42.1	-
Proceeds from the sale of property, plant and equipment	1.6	7.0
Cash deposit paid for prequalification CRM auction (T-Power)	-16.2	-16.3
Cash deposit reimbursed for prequalification CRM auction (T-Power)	16.2	16.3
Acquisition of short term investments	-	-40.0
Proceeds from sale of short term investments	10.0	50.0
Acquisition of long term investments	-50.0	-
Cash flow from investing activities	-194.0	-79.0
FINANCING ACTIVITIES		
Repurchase of own shares	-0.6	-
Payment of lease liabilities	-20.7	-20.6
Proceeds from new borrowings	60.0	1.3
Reimbursement of borrowings	-198.0	-48.7
Interest paid	-13.8	-15.1
Interest received	0.9	0.4
Other finance costs paid	-1.6	-1.0
Decrease/(increase) of long-term receivables	1.8	4.2
Capital increase by non-controlling interest	0.1	-
Dividends paid to non-controlling interests	-	-0.6
Cash flow from financing activities	-171.8	-80.1
Net increase / (decrease) in cash and cash equivalents	-165.9	89.1
Effect of exchange rate differences	1.7	1.1
Cash and cash equivalents less bank overdrafts at the beginning of the period	320.2	230.0
Cash and cash equivalents less bank overdrafts at the end of the period	156.0	320.2

7. TRANSACTION TESSENDERLO GROUP AND PICANOL GROUP: PRO FORMA FINANCIAL STATEMENTS

As from January 2023, Picanol Group will be fully consolidated in the results of Tessenderlo Group. The pro forma financial information, meaning if the transaction which took place throughout 2023, occurred in the statement of financial position as per December 31, 2022 and in the income statement as from January 1, 2022, below reflects the adjustments to give effect of the contribution in the consolidated financial statements of the group and is prepared in accordance with the basis of preparation as described below.

Management of the group considered that the accounting policy, to be adopted by the group with respect to the contribution in the consolidated financial statements of the group prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, is not in scope of IFRS 3 as:

- if the group would be viewed as the accounting acquirer of Picanol, the transaction meets the definition of a business combination, but is excluded from the scope of IFRS 3 as it incorporates a business combination between entities under common control and;
- if the group is not viewed as the accounting acquirer, the contribution is not a business combination as Picanol is already controlling Tessenderlo Group before the contribution and will not obtain control as a result of the contribution.

The transaction is assessed to be a 'common control' transaction as the control before and after the transaction remains ultimately in the hands of the same majority shareholder (Mr. Luc Tack).

As a result, the group concluded that the contribution is outside the scope of IFRS 3, and concluded that there are no IFRS requirements that specifically apply to the contribution. Consequently the group considered the requirements of IAS 8.10-12 to develop the following accounting policies for the contribution:

- Assets and liabilities are measured at their carrying amounts as reported in the financial statements of Picanol Group as before the transaction, including the acquisition accounting adjustments applied by Picanol Group on Tessenderlo Group on January 1, 2019 and the related goodwill as a result of the acquisition. This implies that assets and liabilities will reconcile with the published consolidated financial statements of Picanol Group for the year ended December 31, 2022. In the absence of IFRS principles, management considered US GAAP guidance ASC 805-50-30-5 in this respect which states: *"When accounting for a transfer of assets or exchange of shares between entities under common control, the entity that receives the net assets or the equity interests shall initially measure the recognized assets and liabilities transferred at their carrying amounts in the accounts of the transferring entity at the date of transfer. If the carrying amounts of the assets and liabilities transferred differ from the historical cost of the parent of the entities under common control, for example, because pushdown accounting had not been applied, then the financial statements of the receiving entity shall reflect the transferred assets and liabilities at the historical cost of the parent of the entities under common control"*. The acquisition accounting adjustments applied by Picanol Group on Tessenderlo Group on January 1, 2019 relate to:
 - Fair value adjustments on property, plant and equipment
 - Recognition of goodwill
 - Fair value adjustments on intangible assets
 - Fair value adjustments on an interest-bearing financial liability
 - Deferred tax liabilities as a result of the fair value adjustments described above

The impact of the purchase price allocation adjustments on the consolidated income statement relate to:

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

These adjustments will impact the consolidated income statement of Tessenderlo group in the future. The remaining net carrying amount of the fair value adjustments, recognized by Picanol Group, amounted to 286 million EUR as per December 31, 2022, while the 2022 net impact on the Picanol Group consolidated income statement amounted to -33 million EUR.

- The total amount of equity is measured as the one reported in the published consolidation financial statements of Picanol Group for the year ended December 31, 2022.
- The own shares held by Picanol Group (Picanol Group is holding 21,860,003 shares of Tessenderlo Group through its subsidiary Verbrugge nv) are valued on the basis of the value of a Tessenderlo Group share as determined before the determination of the exchange ratio (40.59 EUR). As a further simplification of the group after the transaction Verbrugge nv's indirect cross-shareholding in the group might be cancelled.

Pro forma consolidated income statement for the year ended December 31, 2022

(Million EUR)	For the year ended December 31		
	2022		
	Tessengerlo Group as published	Pro forma adjustments	Pro forma Tessenderlo Group
Revenue	2,587.5	734.2	3,321.7
Cost of sales	-1,919.5	-680.3	-2,599.8
Gross profit	668.1	53.9	721.9
Distribution expenses	-147.9	-17.1	-165.1
Sales and marketing expenses	-70.8	-20.6	-91.4
Administrative expenses	-130.4	-29.6	-160.1
Other operating income and expenses	-18.8	-15.3	-34.1
Adjusted EBIT	300.1	-28.8	271.3
EBIT adjusting items	-12.0	-0.2	-12.2
EBIT (Profit (+) / loss (-) from operations)	288.1	-29.0	259.1
Finance costs	-41.5	-41.8	-83.3
Finance income	37.8	9.1	46.9
Finance (costs) / income - net	-3.8	-32.7	-36.5
Share of result of equity accounted investees, net of income tax	4.8	-	4.8
Profit (+) / loss (-) before tax	289.2	-61.7	227.5
Income tax expense	-62.4	6.1	-56.3
Profit (+) / loss (-) for the period	226.8	-55.6	171.2
Attributable to:			
- Equity holders of the company	226.9	-55.6	171.3
- Non-controlling interest	-0.1	-	-0.1
Basic earnings per share (EUR)	5.26	-2.57	2.69
Diluted earnings per share (EUR)	5.26	-2.57	2.69

(Million EUR)	For the year ended December 31		
	2022		
	Tessenderlo Group as published	Pro forma adjustments	Pro forma Tessenderlo Group
Profit (+) / loss (-) for the period	226.8	-55.6	171.2
Translation differences	14.6	-0.4	14.1
Net change in fair value of derivative financial instruments, before tax	5.8	-	5.8
Other movements	-0.0	-	-0.0
Income tax on other comprehensive income	-1.5	-	-1.5
Items of other comprehensive income that are or may be reclassified subsequently to profit or loss	18.9	-0.4	18.5
Remeasurements of the net defined benefit liability, before tax	27.1	-0.2	26.9
Income tax on other comprehensive income	-4.4	-	-4.4
Items of other comprehensive income that will not be reclassified subsequently to profit or loss	22.7	-0.2	22.5
Other comprehensive income, net of income tax	41.6	-0.7	40.9
Total comprehensive income	268.4	-56.3	212.1
Attributable to:			
- Equity holders of the company	268.4	-56.3	212.1
- Non-controlling interest	-0.0	-	-0.0

Pro forma consolidated statement of financial position as of December 31, 2022

(Million EUR)	As per December 31		
	2022		
	Tessengerlo Group	Pro forma restatements	Pro forma Messengerlo Group
Assets			
Total non-current assets	1,147.5	541.6	1,689.1
Property, plant and equipment	888.7	202.9	1,091.6
Goodwill	32.1	10.0	42.1
Intangible assets	107.0	250.6	357.6
Investments accounted for using the equity method	26.2	-	26.2
Other investments and guarantees	10.9	75.2	86.0
Deferred tax assets	18.2	1.3	19.5
Trade and other receivables	14.5	1.6	16.1
Long term investments	50.0	-	50.0
Total current assets	1,153.3	258.9	1,412.3
Inventories	566.9	107.5	674.4
Trade and other receivables	412.9	105.8	518.7
Current tax assets	16.8	6.4	23.2
Derivative financial instruments	0.6	-	0.6
Cash and cash equivalents	156.1	39.3	195.4
Assets held for sale	-	0.2	0.2
Total assets	2,300.9	800.7	3,101.6
Equity and liabilities			
Equity			
Equity attributable to equity holders of the company	1,401.8	516.0	1,917.8
Issued capital	216.2	212.0	428.3
Share premium	238.0	1,505.6	1,743.6
Reserves and retained earnings	947.6	-1,201.7	-254.1
Non-controlling interest	1.5	-	1.5
Total equity	1,403.2	516.0	1,919.2
Liabilities			
Total non-current liabilities	444.0	97.8	541.8
Loans and borrowings	209.3	2.8	212.1
Employee benefits	40.1	3.0	43.1
Provisions	121.3	-	121.3
Trade and other payables	6.9	-	6.9
Derivative financial instruments	10.1	-	10.1
Deferred tax liabilities	56.3	92.0	148.3
Total current liabilities	453.6	187.0	640.6
Bank overdrafts	0.1	-	0.1
Loans and borrowings	56.2	2.5	58.7
Trade and other payables	383.2	178.6	561.9
Derivative financial instruments	1.6	-	1.6
Current tax liabilities	1.9	1.8	3.7
Employee benefits	0.7	0.6	1.3
Provisions	9.8	3.4	13.3
Total liabilities	897.6	284.7	1,182.4
Total equity and liabilities	2,300.9	800.7	3,101.6

Reconciliation of the pro forma equity as of December 31, 2022

(Million EUR)	As per December 31		
	2022		
	Consolidated equity of Tessenderlo Group as published	Pro forma adjustments	Pro forma equity
Equity attributable to equity holders of the company	1,401.8	516.0	1,917.8
Issued capital	216.2	212.0	428.3
Share premium	238.0	1,505.6	1,743.6
Own shares	-1.0	-887.3	-888.3
Reserves and retained earnings	948.5	-	948.5
Reserves related to the Picanol acquisition	-	-314.4	-314.4
Non-controlling interest	1.5	-	1.5
Total equity	1,403.2	516.0	1,919.2

8. DIVIDEND

The Board of Directors will propose to the shareholders, at the annual shareholders' meeting of May 9, 2023, to approve a gross dividend per share of 0.75 EUR. The policy going forward will be to distribute a dividend of between 7 and 15% of the annual Adjusted EBITDA, taking into account the cash availability and the short-term cash needs.

9. STATEMENT OF THE STATUTORY AUDITOR

The statutory auditor, KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises, represented by Joachim Hoebeek, has confirmed that the audit procedures, which have been substantially completed, have not revealed any material misstatement in the accounting information included in the Company's annual announcement.

10. FINANCIAL CALENDAR

The annual report for the 2022 financial year and the sustainability report will be available with effect from April 6, 2023, on the corporate website www.tessengerlo.com

- Annual General Meeting of shareholders May 9, 2023
- Half year 2023 results August 24, 2023

Agenda for March 23, 2023:

3pm CET/2pm UK - conference call and webcast for analysts and investors.

Registration details are available at: www.tessengerlo.com.



About Tessenderlo Group

Tessenderlo Group is an industrial group that focuses on agriculture, valorizing bio-residuals, machinery, mechanical engineering, electronics, energy, and providing industrial solutions with a focus on water. With its headquarters in Belgium, the group is active in over 100 countries and it has a global team of more than 7,000 employees. Its belief that “Every Molecule Counts” is at the heart of the strategy of the group: Tessenderlo Group continually strives to valorize its products and processes to the maximum and to add value to everything it does. In 2022, Tessenderlo Group recorded a consolidated revenue of 2.6 billion EUR, or a pro forma revenue (including Picanol Group) of 3.3 billion EUR. Tessenderlo Group is listed on Euronext Brussels and is part of the Next 150 and BEL Mid indices. Financial News wires: Bloomberg: TESB BB – Reuters: TESB.BR – Datastream: B:Tes. For more information about Tessenderlo Group, its people, its brands, and its results, please visit www.tessenderlo.com.

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This **press release** is available in **Dutch and English** on the website www.tessenderlo.com.

Disclaimer

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