2022 SHV

SHV Energy

Makro

Mammoet

ERIKS

Nutreco

Kiwa

NPM Capital

ONE-Dyas

SHV
COURAGE TO CARE
for generations to come

for our people
for our planet
for our performance

2022 SHV

SHV Holdings N.V.

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INTEGRITY
Courage to stay true to our principles

TRUST
Courage to let people lead

CURIOSITY
Courage to shape the future

INCLUSIVITY
Courage to see the best in all people

PASSION
Courage to deliver the exceptional

Our purpose

Courage to care for generations to come

We are tens of thousands talented individuals from all around the world. We are a family of companies active in various industries operating across continents. Our purpose with five accompanying values is the glue that connects us. A defined purpose makes the difference between knowing how we should go about our work and understanding why we are all proud to do so. A long-term vision supported by our shareholders.

From the day we began in 1896, our story has always been about people. Together, we forge our own path rather than follow short-term trends. We see change as an opportunity, not a threat. And we dare to seek new horizons, because they lead to real progress.

Our story is about people with the confidence to believe in themselves and trust in each other. We are driven by a bold entrepreneurial spirit to show curiosity. Think creatively. And shape the future rather than simply adapting to it. We are passionate about making exceptional things happen.

Our story is about people with a genuine determination to lead the way. We are inclusive, see the best in each other, and work with integrity. Never afraid to make tough choices, we stay true to our principles.

Above all, our story is about people with the courage to care for what we do. How we do it. And the impact this has on others, on performance, and on the planet. Always looking ahead. Always moving forwards.

Our story will always be written by people with the **courage to care** about a better world for today. And a better tomorrow **for generations to come.**

Supervisory Board of Directors

Mrs A.M. Fentener van Vlissingen, Chairman
R.W.J. Groenink, Deputy Chairman (until 8 April 2022)
P.J. Kennedy, Deputy Chairman
A.D. Boer, (Deputy Chairman as of 23 June 2022)
W. Dekker
J.M. Etlin
R.J. Frohn
K.K. Guha (as of 8 April 2022)
Ph.C.O.E.A. von Hammerstein-Loxten
Ms P. Mars Wright
M.L. Mautner Markhof
Mrs M.J. Oudeman

Executive Board of Directors

J.P. Drost, CEO
E.M. Hoekstra (as of 8 April 2022)
R. Kandelman
F.F.J. de Ryck

Staff

Company Secretary
B. van Hunnik

Finance
J. Oskam

Human Resources
J.C. de Vries (until 1 February 2022)
Mrs M. Groeneveld - Klunder (as of 1 February 2022)

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Key figures

26
Net Sales (€ bn)

400
Net Income (€ mln)

16
Total Assets (€ bn)

6,586
Shareholders Equity (€ mln)

6%
Return on Shareholders' Equity

42%
Solvency Ratio

79
Countries

60,450
Employees

A Family of Companies

SHV is a privately held family company with a strong position in a number of operational areas and selected investment activities.

Energy distribution

SHV Energy provides low-carbon and clean energy solutions to business and residential customers in over 25 countries across four continents. It is a leading global distributor of off-grid energy including LPG, small-scale LNG and biofuels.

Heavy lifting and transport

Mammoet provides clients with Smarter, Safer and Stronger solutions to any heavy lifting or transport challenge. Through deep and longstanding engineering expertise, combined with the highest quality and safety standards, Mammoet brings an intelligent and flexible approach to projects across a wide range of industry sectors.

Food cash-and-carry

Makro is a modern food cash-and-carry targeting professional food customers as well as end-consumers. At the end of 2022, Makro operated 106 stores across Argentina, Brazil, Colombia, and Venezuela.

Industrial services

ERIKS is an international industrial service provider. As a multi-product specialist it offers a wide range of high-quality mechanical engineering components and associated technical and logistical services.

Animal nutrition and aquafeed

Nutreco is a global leader in animal nutrition (Trouw Nutrition) and aquafeed (Skretting) with presence in 42 countries. Its advanced feed solutions are at the origin of food for millions of consumers worldwide.

Private equity investments

NPM Capital invests in medium-sized companies in the Benelux region, supporting them so they can complete the next growth phase of their development. The current portfolio comprises 20 companies by the end of 2022, with both majority and minority stakes and includes growth capital.

Testing, Inspection and Certification

Kiwa is an independent global company in Testing, Inspection and Certification (TIC). Kiwa creates trust in its customers' products, services, processes, (management) systems and employees, in a wide variety of market segments.

Oil & gas investments

SHV owns 49% of ONE-Dyas, the largest privately-owned Dutch oil & gas exploration and production company. Its core area of interest is the oil & gas basins of the North Sea.

Foreword

2022 was yet another intensive year that demanded much from everyone at SHV. The diminishing impact of COVID-19 opened opportunities for the Groups to return to more normal ways of operating. Yet the Russian invasion of Ukraine came as a shock to us all and disrupted doing business even more.

The Supervisory Board of Directors (SBD) is fully aligned with the decision to put an immediate halt to new investments, new projects, and new exports in and to Russia. The SBD has remained in close contact with the Executive Board of Directors (EBD) to stay informed of the situation. It is good to see we have already taken significant steps to withdraw most activities from Russia and efforts continue for the few still in place. We appreciate the hard work put in by the EBD, the Mammoet and Nutreco management boards, and the Ethics & Compliance colleagues to make sure this process is executed without violating any contractual obligations, sanctions, or regulations.

On a happier note, we finally celebrated our 125th anniversary after our original plans were postponed due to COVID-19 restrictions. At inspiring events attended by SHV shareholders and colleagues, artists from different genders, cultures, and backgrounds gave performances inspired by the SHV values. There were also celebration events with Group management teams, the Functional Directors, as well as with external partners. SHV has a long and proud history and we all feel the responsibility to carry this into the future. A digital tour of our history is now available on the SHV website, with future developments to be added on a regular basis.

After almost two years of online meetings, we were happy that we could finally get together in person. During these meetings, discussions focused on the strategy of the different Groups, especially in light of the challenging geo-political situation and ensuing market circumstances. Other topics included the ongoing execution of Makro's strategy; people; sustainability; safety; rolling forecasts; the performance management cycle; risk management; internal audits; and preserving liquidity and overall financial headroom. Major acquisitions and divestments were also high on the agenda, this year especially in relation to NPM Capital and Kiwa. In certain instances, there were additional calls to discuss specific subjects and projects.

SHV organised interesting company visits to two NPM Capital portfolio companies. After meeting *Conclusion*, which supports companies in their digital transformation, we were at the new state of the art, fully automated distribution centre at *Picnic*. And as the 'new kid on the block', Kiwa gave an extensive presentation detailing their activities and future strategy.

For the third year in a row, the Annual Shareholders' Meeting took place online due to COVID-19 restrictions. Mr Rijkman Groenink officially retired from the SBD at the close of the AGM of April 8, 2022, in accordance with the Articles of Association of SHV Holdings N.V. We would like to sincerely thank Rijkman for his significant contribution to the Board over the last 15 years. His critical mind, valuable insights, and great support to SHV will be missed.

At the same meeting, Mr Karl Guha was appointed as a member of the SBD for a period of four years. Mr Guha is an experienced banker with wide-ranging international knowledge on numerous subjects. Mr Rob Frohn, Mr Philipp von Hammerstein-Loxten, Mr Manfred Mautner Markhof, and Mrs Marjan Oudeman were re-appointed as SBD members for the next four years, all having made excellent contributions to the meetings.

We also officially welcomed Mr Eelco Hoekstra as a member of the EBD, following the transfer of Mr Fulco van Lede to Nutreco as CEO.

Looking back on 2022, we are even more proud of SHV and our people. Operating environments have been more than difficult for a number of years, and we have been impressed by the determination, perseverance, and commitment to delivering results shown by all colleagues. The continued efforts of the EBD, Jeroen, Ricardo, Floris, and Eelco were essential to keeping everyone engaged and focused on the job and we sincerely thank them for that.

The difficult times are not over. The financial outcome of 2022 is not at the level it should be. Given the challenges faced by the Groups, the SBD is ensured that everything possible is being done to drive growth and create value in the coming years. With the support of the EBD and Group management, together with the continued dedication of our colleagues across the organisation, we can look with confidence at 2023 and beyond.

Utrecht, 9 March 2023

On behalf of the Supervisory Board of Directors,

A.M. Fentener van Vlissingen
Chairman


one dyas

Highlights

2022: another year of challenge

2022 was a year of new and unexpected challenges. We set out with cautious optimism as vaccination rates increased and societies reopened. Yet we had no idea of the new and grave circumstances that were soon to follow. Needless to say, we were all shocked by the tragic events following the Russia Ukraine conflict that shook the international community.

These events had an additional impact on the already high raw material, commodity and energy prices, the ongoing supply chain disruptions, the rising inflation, as well as the extremely tight labour market.

Russia Ukraine

Mammoet and Nutreco were both directly impacted by the conflict: Mammoet, with a presence in Russia and activities encompassing several projects and Arctic LNG in particular; and Nutreco with a number of factories and sales operations in both countries.

Our immediate focus was on safeguarding our colleagues in the region as much as possible, then on assessing whether and how we could continue operating in the Ukraine and on how we could retract from Russia. We also put an immediate halt to new investments, new projects, and new exports in and to Russia. The Ethics & Compliance departments at SHV Holdings, Mammoet and Nutreco put a huge amount of time into making sure we remained compliant with the frequently changing rules and regulations.

After selling its livestock feed operation to local management in June, Nutreco no longer has any presence in Russia. Therefore, the exposure to Russia is driven by Mammoet's remaining in-country presence, comprising an operational company and the contractual commitments associated to the Arctic LNG project as all other contractual obligations have been fulfilled within the limitations of applicable sanctions. SHV's and Mammoet's main priority now is the full reduction of its exposure to Russia. Managing this is complicated due to the dynamic sanctions and intricate stakeholder landscapes. SHV is prioritizing the speed of execution and despite the complexity, progress has been made.

For Makro, the process of strategic reorientation has been ongoing after the sale in 2021 of Makro stores outside the São Paulo region. This entailed another period of reflection and analysis to assess the best possibilities to ensure future growth. In January of 2023 this has resulted in two transactions, in Brazil and in Venezuela. In Brazil, an agreement has been signed with Grupo Muffato for the sale of 16 stores in the area of São Paulo, pending approval of CADE, the Brazilian competition authority. The remaining 8 Makro stores will be sold or rented out to other interested parties. Once all finalised, Makro will no longer be present in the Brazilian market. In light of the successful cooperation of Makro Venezuela with Redvital, where they are offering not only food but also medicines, medical supplies and equipment in the stores, an agreement was signed to rent all Makro stores to Redvital for them to operate. Redvital will buy the Makro name and will remodel all the remaining stores to the new concept.

Decisions are based on the fact we feel that with both Redvital and Muffato as new owner, Makro Venezuela and Makro Brazil will have better possibilities to strengthen and further grow the business.

Resilient performance

Overall performance in 2022 was resilient despite the Groups facing the unprecedented consequences of the Russia Ukraine conflict and the indirect effect it had on supply chains and commodity markets. The high inflation levels affected all Groups, albeit to different extents. SHV Energy managed the volatile environment well through proactive margin management and a robust hedging strategy. Makro was able to improve its performance in Colombia and

Argentina yet continued to suffer from competitive pressure in Brazil. Mammoet, supported by a strong orderbook, increased its year-on-year performance in most regions, excluding Russia. In line with SHV's policy, an immediate halt was put to new investments and new projects and Mammoet has initiated an orderly exit of its activities in Russia, whilst remaining compliant with rules and regulations. Although ERIKS has been facing multiple supply challenges it was able to increase margins. To reflect the renewed strategy, the North American activities were divested, allowing ERIKS to focus more on the European operations. Nutreco experienced challenging market circumstances affecting volumes, margins and costs. Performance was impacted by increasing material costs, rising energy costs and inflation that pressured margins. Raising sales prices proved difficult due to deteriorated on-farm economics and farmers reducing herd sizes, following lower demand due to end-consumers decreasing the share of relatively expensive proteins in their diet. The execution of short-term cost initiatives limited the impact of these challenges. Kiwa managed to double its net sales through the acquisition of Vinçotte, Intega and CMW Geosciences, but also faced challenges, mainly related to the shortage of qualified staff. NPM Capital realised a number of profitable divestments, albeit lower compared to 2021. Due to the high oil & gas prices ONE-Dyas' operational performance improved.

The increase in income from operations before exceptional items and amortisation to € 691 million (2021: € 633 million) was offset by an increase in amortisation of intangible assets, mainly as a result of the acquisitions by Kiwa and lower exceptional items. Furthermore, NPM Capital generated a lower income from its private equity investments. The increase in the operational performance of our investments in affiliates, which mainly represents the result of One-Dyas, was offset by an increase in the total tax charge for the year, mainly due to the additional tax levies in the oil & gas industry within ONE-Dyas. Interest costs increased because of new additional financing at Corporate and the Groups and rising interest rates. Loss on the sale of subsidiaries, mainly reflecting the divestment of Nutreco' s Russian activities and the impairment of our investment in Lightyear resulted in negative other financial results. Overall, this resulted in a decrease in net income to € 400 million compared to last year (€ 979 million).

The challenging market circumstances also required that we kept looking ahead and stay alert in order to respond quickly if and when needed. Next to that, numerous other issues, be it internal or external took time and attention.

To reflect the increased focus on cash preservation and cash generation, additional efforts have been deployed to improve relevant cash flow insights as well as to increase the transparency regarding working capital levels within Groups. This is a broad and shared effort which will require further progress to enable a more detailed and integrated view to support improved decision making.

Looking forward, other priorities are related to the improvement of data flows between Groups and SHV Holdings to support the quicker generation of better insights in the business. Additional emphasis will furthermore be put on automation projects to reduce current required reporting efforts.

Sustainability reporting

New and upcoming EU regulations require SHV and the Groups to increasingly measure, disclose, and, where necessary, act upon the impact of their activities on people and on the planet - as well as the impact of a changing environment on their own operations. As perhaps the most significant regulation, the Corporate Sustainability Reporting Directive (CSRD) will apply from 1st of January 2025. Various workstreams have been set up in preparation, with relevant experts advising on the possible effects of CSRD and other sustainability-focused regulations. These workstreams will also benefit SHV and the Groups through improved risk management, better market positioning, and continued access to capital and financing.

The internal audit department continued to add value by identifying new opportunities to improve operations; prevent issues such as fraud, corruption, and avoidable losses; and support management in making balanced, risk-based decisions. An SHV-wide safety audit generated valuable insights to help reinforce the culture of safety across the organisation. In order to smoothen the integration of SunSource into SHV Energy, a so called welcome review was conducted.

Conducting business with integrity, and in full compliance with all applicable laws and regulations, ultimately depends on the conduct of individual colleagues. The subject of ‘Culture and Behaviour’ was frequently addressed during 2022, with management teams across all Groups acting upon the outcomes of their compliance culture assessments. Workshops were organised to improve insights in human rights-related risks.

Tax compliance

In line with this commitment to act with integrity and operate in an ethical manner, SHV also seeks to comply with all relevant tax frameworks and pay the right amount of tax at the right time. We believe that full transparency and accountability demonstrates this commitment and builds trust.

With this in mind, SHV will implement ‘Pillar Two’, a new G20/OECD initiative aimed at ensuring all multinationals pay a minimum of 15% tax in the countries in which they operate. As the Pillar Two rules are complex, an impact and readiness assessment based on the model rules published by the OECD was conducted. The implementation of a Pillar Two model into the financial reporting processes will be the next step, before the rules coming into effect at the start of the 2024 financial year.

In 2022, SHV also endorsed the Tax Governance Code issued by VNO-NCW (the Confederation of Netherlands Industry and Employers). SHV’s tax strategy has been updated accordingly, although most of the principles outlined were already being applied. From 2023 onward, SHV will start publishing more tax information in accordance with the Code.

SHV Procurement started to implement a more structured approach to commercial projects within the Groups, consolidating indirect spend, lowering costs, and aimed at achieving significant annual savings. A new Cross-Group Spend Dashboard, connecting SHV and the Groups, has been instrumental in generating additional savings across categories such as IT, temporary labour, professional services and insurance. A Value Tracking Tool was also deployed across all the Groups to increase the efficiency of project management and reporting. Together, these initiatives will provide a solid base for additional future cost savings.

Cyber security

Another priority is related to cyber security. Cyber related criminal activity is becoming ever more sophisticated, smarter, and stealthier due to increasingly advanced tools and larger scale attacks. Defending the organisation against these attacks involves an ongoing game of ‘cat and mouse’ and we have to continuously remain on top of developments.


SHV Group

This evolution in cybercrime, in addition to current geopolitical circumstances, have shaped a landscape of diverse threats from criminals, hacktivists, and even nation states. The situation calls for an agile and resilient defence based not on *if* an incident will occur, but on *how and when*. With this in mind, the focus is not just on protecting SHV from attacks, but also on detecting and responding to threats. A number of simulations have been organised across the Groups to practice and enhance the response and also a SHV wide audit related to ransomware readiness has been conducted. All this has resulted in SHV wide improvements of security measures related to prevention, detection and response to attacks.

Innovation has and always will play a key role in finding new ways to grow. The SHV cross-Group Innovation Community, sponsored by the EBD, has matured into a self-managed one, where the Innovation Leads from the Groups organise quarterly meetings with different innovation themes. Additionally, two successful SHV-wide Innovation Days were organised focusing on 'Business value through Innovation' and 'How to create value out of Data'. Over 100 colleagues from the management boards, innovation-, data-, communication- and IT teams joined from all Groups, collaborating together to scale up innovation throughout the SHV Family of Companies.

Adaptfy, SHV's global Data & Analytics (D&A) organisation, took a significant step to becoming the SHV Family of Companies' designated data analytics solution provider by doubling its team to 100 colleagues, and opening a hub in India to better service its clients. 55 projects have now been completed with another 18 ongoing. This allows Adaptfy to not only focus on ad hoc use cases, but to cross-pollinate and deploy scalable solutions across businesses.

Talent development

Being the employer of choice is playing an increasingly vital role in attracting and retaining talent in a time of labour shortages. The SHV approach to people development and leadership skills will play a key part in achieving this goal. Therefore, SHV will adopt a more pragmatic approach by shifting from a training culture to one of continuous learning by offering user-friendly, human-centred, futureproof learning programmes to attract and retain talent and stay closer to daily business.

As part of the drive to promote an inclusive learning culture, 'Management Essentials', a programme based on scientific research and designed to increase the basic leadership skills of managers was introduced. The programme covers topics such as the growth mindset, trust and psychological safety, and developmental feedback.

Going forwards, we will focus on a more structured collaboration between the Groups; an internal coaching and mentoring framework; and the gamification of our leadership values as part of the SHV onboarding process. Other initiatives include a 'Young SHV' community and an internal, cross-Group job site accessible to all SHV colleagues.

Special thanks

For the greater part of the last three years, our colleagues have faced a litany of demanding challenges: geopolitical conflicts, lockdowns, disrupted operating environments, supply chain disruptions, rising energy prices, and high inflation. Yet in the face of such incredibly tough conditions, their hard work and dedication have enabled SHV to report a set of results that we could never have hoped to achieve had we known what lay ahead.

So once again, we want to take this opportunity to thank each and every one of them for the remarkable job they have done. People have always been at the heart of SHV. And over the last few years, our people have shown that SHV is in their hearts as well.

Challenges ahead

Looking ahead, there is little doubt that 2023 will represent yet another year of challenge, with no significant improvement to the economic climate expected. The effects of the market disruptions that dominated 2022 will linger on and will unquestionably impact the performance of the Groups.

Supply chains will remain complex due to ongoing sanctions and other restrictions brought on by the geopolitical situation, increasing the need to secure supplies from different regions and sources. There are no signs of the labour shortage coming to an end. Energy prices will remain high and volatile. The unstable geopolitical situation, not only caused by the Russia Ukraine conflict but also by the growing tension between the US and China will have an impact as well.

Operational improvements across the entire SHV organisation will need to be driven by a disciplined execution of short term strategic initiatives, combined with an unwavering focus on cost control, working capital management and margin improvement. Now more than ever, the EBD will prioritise support for the Groups in managing these circumstances in the most effective ways possible.

J.P. Drost
CEO

Courage to care for generations to come

Courage to care

The courage to care means a promise to shape the future, not simply adapt to it. Groups have leading positions in (niche) markets, an essential role in the value chain and are diversified over industries, geographies and stages in the life cycle. They have the ability to adjust to rapidly changing times. SHV Holdings takes a strong interest in the well-being of its companies, without taking operational control. We empower the individual Groups and its employees with the right level of responsibility to run their day-to-day business.

Sustainability plays a key role in our Purpose. We are committed to be a force in driving change for generations to come. Also, we believe that sustainability will offer benefits to SHV and the Groups through improved risk management, better market positioning and continued access to capital and financing.

SHV cares for people, planet and performance:

Care for our people

People remain at the heart of SHV. We will never stop doing all we can to achieve the very best possible working conditions for each and every one of us and facilitate an inclusive and safe working environment.

Care for our planet

SHV acknowledges we are reaching several planetary boundaries and is committed to proactively reducing its impact on the world, to safeguard the planet for generations to come.

Care for our performance

SHV has established a long history of reliable performance, providing a solid foundation to fuel growth for generations to come.

On the following pages, an overview is provided on the way SHV addresses these topics.

Care for our people

Care for our people

People remain at the heart of the SHV story and integral to our purpose: *Courage to care for generations to come*.

In 2022, putting people first became more important than ever in the face of such unprecedented circumstances. The lingering effects of COVID-19, rising inflation, and high energy prices all had a profound impact on the lives of our employees. In response, we have increased our focus on supporting their overall physical, mental, and financial wellbeing. Discussions on these topics have taken place across the Groups, resulting in a raft of initiatives to offer tailored support and create awareness of the assistance available. In most cases these initiatives were aimed at local priorities and included measures such as stress prevention programmes and access to financial support organisations.

Mental health was also addressed in senior management meetings including the annual Top 100 management conference. Wellbeing and a safe working culture were also the headline topics at the 2022 SHV European Works Council meeting, with representatives from a number of SHV companies in EU countries.

Rising inflation was the driver for a renewed salary inflation policy across the Groups, designed to provide support, as the cost of living in many countries around the world increased. The policy incorporates clear guidelines on the use of inflation data, intermediate salary adjustments, and structural and one-off measures. In countries suffering hyperinflation, salaries are now reviewed on a monthly basis.

In addition, various Groups and countries took specific measures to directly mitigate local challenging living costs, such as one-off energy allowances and temporary increases in mobility allowances to compensate for high petrol prices.

Finally, we also broaden our scope from regular, usually annual, salary benchmarks to total reward packages, including compensation and benefits such as pensions, insurance, wellbeing benefits, and enhanced mobility schemes. Over the course of 2023, amongst others SHV Energy and Nutreco will continue to review their total offering against the local market and adjust as required.

The pursuit of ever higher safety performance

Caring about people means maintaining safe working conditions for everyone who works with SHV and for SHV. The unwavering aim across all Groups is that every single person returns home safely every single day. We call this philosophy Zero Harm, Zero Incidents.

To monitor safety performance, we measure the number of incidents per 100 employees per year - the Total Recordable Case Frequency (TRCF). With a consolidated TRCF of 1.21, our performance in 2022 represented a significant improvement over the 2021 figure of 1.50. Even so, there remains considerable room for improvement based on industry benchmarks.

As part of a tailored approach to manage safety, each Group has identified their main safety risks based on an assessment of industry specific hazards, Severe Injuries and Fatalities, potential Severe Injuries and Fatalities and other incidents. The main safety risks are the basis for the determination of the Life Saving Rules (LSR), which form a consistent approach to incident prevention. Each Group will (re)deploy a specific, tailor-made set of rules that focuses on the main relevant safety hazards of that Group. Every LSR highlights key standards to prevent safety incidents during activities that analysis has shown to be higher risk. The LSR (re)deployment has started in 2022 and will be continued in 2023 across each Group.

LSR in the Groups include Driving and Vehicles at SHV Energy to mitigate transportation risks. At Nutreco and ERIKS, with higher risk on injuries resulting from entrapment in machinery, one of the first LSR to be deployed concerns Log Out – Tag Out – Test Out which relates to the safe operation of machinery. Mammoet's LSR includes Safety of Operations, ensuring that employees strictly follow safety procedures and 'method statements' – for example, stating which tools and equipment to use. Makro focuses on fire prevention LSR to safeguard that stores are operated with the right equipment as well as employees trained to handle this. At Kiwa, with testing and inspection often taking place at customer sites, the so called Last Minute Risk Assessment, provides the critical last review to address any safety hazards before commencing the work.

In addition, the Just Culture programme, that stimulates an environment where we learn from mistakes by allowing people to safely report incidents, is adopted by several Groups. It aims to create an open, blame free and safe environment to address any safety topic and concern.

From 2022, all severe injuries and fatalities must be reported to the SHV EBD within 24 hours and followed by an immediate investigation. Learnings are then shared across the organisation. Groups also prepare monthly safety updates on TRCF performance, with results and areas for improvement discussed and shared between management teams. To our utmost regret, SHV suffered one fatality during the year.

An SHV-wide Safety Audit was launched to generate insights into the effectiveness of our safety-related efforts. With a particular focus on Life Saving Rules, TRCF reporting, and Visible Felt Leadership, the audit provided support for further improving safety performance.

As in previous years, a cross-Group Safety Week was organised to address and raise awareness of safety-related topics. Visible Felt Leadership is equally essential to maintaining safety, and management teams across the Groups have been provided with relevant training.

Building a culture of Diversity & Inclusion

We firmly believe that diverse and inclusive teams better understand our customers and stakeholders, enhance business performance, and work more creatively and innovatively. Therefore, we continue to develop a highly engaged workforce that reflects the makeup of the societies in which we operate.

Increasing the number of women holding senior management positions represents one of the key means of achieving this goal. By 2030, we aim to see women occupy a minimum 30% of senior leadership positions – compared to the current 17%. The SBD consists of eleven positions, including three females. The EBD comprises of four positions, none of which is female. All Groups have developed specific roadmaps towards the SHV ambition, focusing on recruitment, development and promotions. In 2022, measuring gender representation was started across SHV based on job grades, making figures directly comparable across the organisation. Different Groups are focusing on different areas of improvement, such as ensuring a balanced pipeline of emerging and high potential talent. Implementing best practices in recruitment, development, and promotions will also play an important role in meeting the targets. These initiatives will all be supported by educational and awareness programs.

As well as increasing female representation in leadership positions, the aim is also for all senior management teams to comprise at least two different nationalities by 2030. Reaching this is well on the way, with 74% of teams across the world already meeting this goal.

The successful *Make your message count* (formerly called *Taking the Stage*) training programme continues to empower female colleagues by providing guidance on both effective leadership and combatting bias. The development of *Sharing the Stage* was also continued, a training programme that brings together colleagues of different genders, cultures, and backgrounds to discuss ways of creating a truly unbiased and inclusive culture. Inclusion was the theme during the Diversity & Inclusion week, supported by several global webinars and workshops as well as local initiatives such as coaching of local HR teams on unconscious bias in relation to the job application process at SHV Energy.

Attracting and retaining talent

The SHV approach to HR is based on creating a learning environment for all combined with a competitive reward package, essential to competing in a structurally evolving and extremely tight labour market. In many countries, scarcity of labour is magnifying the challenge of finding the right people at all levels, from drivers and engineers to IT specialists and management. This shortage has been intensified by the post-COVID-19 era, with many employees now more flexible in their approach and open to moving jobs or even countries.

With this in mind, Groups are not only focusing on the development of attractive compensation and benefits packages, but also on clearly communicating these packages both internally and to the wider market. This should serve to improve the transparency and awareness of the SHV offering, not only helping to attract and retain talent, but also to provide transparency into remuneration and fairness of pay.

The launch of internal vacancy sites at Nutreco, ERIKS, Mammoet and KIWA provides employees greater insights into (international) career opportunities within their company and across the Groups, again supporting the aim to retain talents within SHV. At Makro, a new Learning Experience platform allows colleagues to design their own career development pathways, but also enables them to connect with peers in order to share knowledge and ideas.

The newly developed cross-Group Leadership Profile based on the SHV values, meanwhile, will help to strengthen management teams and ensure all levels are equipped with the required competencies. The Leadership Profile incorporates five themes, including *Putting People at the Heart* and *Ensuring Wellbeing*. The former highlights the courage to bring out the best in people by treating them with respect and investing in personal growth; the latter centres on a safe, positive, and inclusive work culture. In parallel, the Nutreco values were aligned with those of SHV and introduced to the workforce through value dialogues, a culture champion network and asocial media campaign.

In view of positive feedback from many employees, working from home has been embraced wherever possible in the wake of COVID-19. Many office locations now offer hybrid working. SHV continues to look for more ways to enhance its Employee Value Proposition.

The importance of data

The attention for data driven HR decisions relating to talent and reward management, as well as reporting requirements on HR data, such as D&I and fair pay are increasing. Therefore, SHV continues to focus on aligning accurate and complete HR data throughout SHV. The implementation of WorkDay in 2016 within ERIKS, Nutreco and SHV Energy has already provided an increasing amount of valuable data-driven HR insights.

Change Management

SHV needs to adjust to the different developments that change our operating environment, such as the energy transition and digital transformation. To address these subjects, an integrated approach is key and will be an important topic in investment decisions and SHV-wide leadership development programs. SHV Energy, Mammoet and Nutreco have all adopted change methodologies focusing on organisational and individual readiness, that are supported by workshops, surveys and trainings.

Every initiative related to HR and Safety stems from the unwavering commitment to care for people. As people continue to remain at the heart of our organisation, we will never stop doing all we can to achieve the very best possible working conditions for each and every one of us.

Start from the Heart

SHV strives to help shape the future by driving sustainable development around us through education and knowledge, including supporting the sustainable and positive development of the society in which we work and live. To offer education is to make a long-term investment in people and, ultimately, in communities.

Through the internal campaign "Start from the Heart" SHV commits to investing in people through education.

With a presence in so many countries all over the world, the Groups are uniquely positioned to understand the challenges and needs of their local communities and are encouraged to initiate and support local projects. By supporting educational programmes, we enable people to support themselves.

In recognition of all the great initiatives that take place locally, a Lapwing Award is presented to the best projects each year. The award encourages and acknowledges all the great work being done throughout SHV with respect to "Start from the Heart" activities.

Care for our planet

Care for our planet

SHV acknowledges we are reaching several planetary boundaries and is committed to proactively reducing its impact on the world, to safeguard the planet for generations to come. We continue to place sustainability at the heart of our purpose in the face of issues such as climate change, resource scarcity, biodiversity loss, and pollution.

Continuously looking to the outside world to understand current and future critical developments, we have not only reconfirmed our focus on reducing Greenhouse Gas (GHG) emissions, but are now also preparing to broaden the sustainability scope of impacts and opportunities to address. This involves all Groups conducting a *Double Materiality Assessment* (DMA) that looks at both *impact* materiality (our impact on people and environment) and *financial* materiality (the financial impact of sustainability issues on our business). Our DMA will cover both positive and negative impacts. Based on the outcomes, new focus areas will potentially be added to the existing ones, and SHV will secure alignment across the Groups.

SHV Energy and Nutreco have commenced their assessments and plan to finalise them early 2023. All other Groups have begun their preparations using SHV Energy and Nutreco as the blueprint. SHV will then take the Group-wide outcomes to shape a consolidated DMA later in the year. This will in turn form one of the main pillars in preparation for the upcoming Corporate Sustainability Reporting Directive (CSRD). The CSRD obliges businesses to provide independently verified reports on the environmental and social impact of their activities for greater levels of transparency. SHV will begin to report in line with CSRD requirements from 2025.

Greenhouse gas emissions

A reduction in GHG emissions is essential for keeping the rise in global warming to well below two degrees Celsius compared to pre-industrial levels. At the same time, our own impact materiality assessments clearly show that GHG represents one of the most material environmental issues across SHV. We therefore aim to contribute to the Paris Agreement by reducing consolidated absolute Scope 1 and 2 emissions by 30% by 2030, taking 2018 as our base year – the first year in which consolidated data became available.

2022 consolidated emission for Scope 1 and 2 is around 730 ktons, an increase compared to 2018.

Scope 1 emissions are those emissions directly generated by assets owned or controlled by the Groups, while Scope 2 emissions relate to the electricity we purchase. Given the nature of their businesses, SHV Energy, Nutreco, and ONE-Dyas are the main contributors to Scope 1 and 2 emissions. Kiwa is not yet included, as the data are expected to become available in 2023, as Kiwa joined the SHV Family of Companies in 2021. ONE-Dyas' emissions are included in line with the SHV share percentage of 49%.

GHG classifications also include Scope 3, which covers all other indirect emissions across a company's value chain, both upstream and downstream, not captured in Scope 1 or 2. Scope 3 emissions are the most complex to measure due to the varied scope of activities across the value chain. Consolidated Scope 3 GHG emissions are estimated to comprise more than 90 percent of total emissions.

In 2022, we focused on further enhancing our GHG data. Accurate data represent one of the main requirements not only for monitoring emissions, but also for actively reducing them. As part of a deep dive into our GHG emissions over 2018-2021, we have examined reporting practices to identify gaps in our reporting guidelines, which are themselves based on the GHG Protocol - a widely recognised, global accounting standard.

The results have also identified areas that require fine-tuning, as well as differences in the reporting practices between the Groups. These findings will be followed-up in 2023 and subsequent actions will continually be monitored. We also plan to reconfirm the accuracy of the 2018 baseline data, as well as to assess whether this data has been adequately adjusted to reflect investments and divestments in line with GHG Protocol. Since all data requires further optimisation, GHG emission data of 2022 for all scopes remains indicative.

In addition to enhancing data quality, the next step for the Groups in 2023 is defining detailed GHG reduction plans. These plans will form the roadmap for reaching our shared 2030 reduction target.

Although at different stages of maturity, all Groups deploy various Group specific initiatives aimed at further reducing GHG emissions, all linked to their sustainability ambitions.

Nutreco – Feeding the future

Nutreco's purpose is encapsulated by *Feeding the Future.* This means helping industries to sustainably produce enough nutritious, high-quality food for the growing world population through the responsible use of natural resources, and protecting biodiversity, and ecosystems.

Nutreco's Scope 1 emissions largely originate from livestock manure as well as the use of natural gas and fuel oil in production. As the Group's main consumer of fuel oil, which is around fifty percent more polluting than natural gas, Skretting Ecuador plans to switch to gas later in 2023. Scope 2 emissions are relatively low, following significant reductions over the last few years thanks to the procurement of green electricity. Scope 3 accounts for the highest emissions by far, mostly driven by the use of raw materials such as soy, palm oil, and amino acids.

As one of the main contributors to SHV's consolidated GHG emissions, Nutreco has committed to Science Based Targets initiative (SBTi) for Scopes 1, 2 and 3. These targets are based on the latest scientific evidence for meeting Paris Agreement goals.

SHV Energy – Advancing energy together

SHV Energy supplies business and residential customers worldwide with the energy they need for heating, cooking, and transportation. By serving off-grid communities, the company makes cleaner energy more accessible and affordable, as LPG and LNG are less polluting compared to higher carbon fuels, such as coal and heating oil.

SHV Energy's Scope 1 emissions primarily relate to diesel usage by vehicles in the distribution network and energy consumption in filling operations. Scope 2 emissions are limited compared to Scope 1, thanks to the procurement of green electricity. Further lowering Scope 1 and 2 emissions is achieved by driving energy efficiency and adopting cleaner forms of energy, such as installing solar panels, and using alternative fuels for trucks and bioLPG in the company's own operations. Scope 3 represents most of the emissions, which are largely driven by purchased goods and services, as well as the use of products sold by the company. Reducing these emissions is an ongoing effort, which involves dedicated investments and partnerships with other industry leaders. The objective is to lead the industry on a path to more sustainable molecules to replace fossil ones, starting with HVO bioLPG and rDME. Besides this, SHV Energy is building businesses which offer end customers renewable energy solutions. The solar solutions of SunSource in India as well as Energy Efficiency services of EM3 focused on Europe are part of this.

ERIKS – Let's make industry work for a better tomorrow

As a leading specialised industrial service provider, ERIKS helps industry to work better. The company's expertise in products and applications also supports customer sustainability goals: using energy efficient motors to realise major energy savings, being just one example.

ERIKS' Scope 1 emissions are mostly generated by natural gas used for heating, in addition to the gasoline and diesel that power the car fleet. However, these emissions are relatively low as logistics are generally outsourced. Scope 2 emissions, meanwhile, are very limited, with electricity supplies largely classified as green. Scope 3, accounting for the major part of emissions, relates to the goods purchased to be sold on to customers as well as the use of sold products.

Makro – Driving sustainable cash and carry wholesale

Makro is a multinational cash and carry wholesaler striving to make a positive impact on the planet through both its products and its business practices. These efforts include minimising the use of natural resources and reducing GHG emissions.

Makro's Scope 1 emissions are limited, and Scope 2 emissions primarily originate from in-store refrigeration systems, although these have been significantly decreased over the past few years thanks to the procurement of green electricity. Other energy-efficient measures, such as LED lighting, have also been taken in the design and construction of stores. Scope 3 represents the lion's share of emissions, however, principally driven by the production of purchased goods and shipping logistics.

Mammoet – Helping the world grow sustainably

As the market leader in the heavy lifting and transportation industry, Mammoet is committed to taking action and setting inspiring sustainability goals. These ambitions are driving innovation and shaping new, more sustainable ways of working.

Mammoet's Scope 1 and 2 emissions principally derive from equipment, resulting in a need to develop new, 'fit for the future' equipment. Before this happens, however, data accuracy will be honed to provide a sound basis for defining further actions. Scope 3 emissions are largely driven by the procurement of equipment and estimated to represent a limited part of the consolidated SHV figure.

Kiwa – Certifying businesses to become more sustainable

Kiwa's testing, inspection, and certification activities support the health and safety of people. They also contribute to a more sustainable world in which quality assurance brings transparency and creates trust. Kiwa validates sustainable entrepreneurship by certifying sustainability initiatives such as ISO 14001 for environmental management, a standard that sets out the requirements for an environmental management system.

Kiwa started measuring GHG emissions in 2019 and extended their framework after joining the SHV Family of Companies in 2021. The next step lies in preparing more comprehensive GHG data from 2023 onwards, enabling the company to focus on further GHG reductions in line with overall SHV goals.


SHV
GOOD THINGS TAKE TIME
SHV

ONE-Dyas – Responsible oil & gas production

ONE-Dyas is committed to conducting its operations in the most sustainable manner possible, making every effort to prevent pollution and protect the environment. The business is focused on establishing itself as one of the industry's most responsible producers, using its core capabilities to improve the environmental performance of its portfolio, and create pragmatic solutions that contribute to the objectives of the energy transition.

ONE-Dyas' Scope 1 emissions primarily originate from operations and include combustion, flaring and venting. The company has developed a detailed GHG abatement plan at an asset and portfolio level to target Scopes 1 and 2, which aims for operational improvements, efficiency measures, and electrification. Scope 3 emissions chiefly arise from the product use of both oil & gas and accounts for the most significant proportion of emissions.

As a significant contributor to SHV's overall emissions, ONE-Dyas has pledged to reduce emissions to near-zero from operated oil & gas assets by 2030, and from its entire portfolio by 2035. All newly-built operated assets within the North Sea will produce with near-zero emissions – as demonstrated by the innovative GEMS gas field development, the first Dutch offshore gas treatment platform to run entirely on wind energy.

All Groups are fully aware of their responsibility to act in line with our Purpose and care for our planet. Going forward they will continue and increase efforts in order to achieve the goals that have been set.

Every initiative related to a reduction in GHG emissions stems from an unwavering commitment to care for our planet. This ethos remains at the very heart of our organisation, and we will never stop doing all we can to act as a force for positive change, proactively minimise the impact we have on the world around us, and act as a custodian of our planet for generations to come.

Care for our performance

Care for our performance

SHV has established a long history of reliable performance, providing a solid foundation to fuel growth for generations to come. This has been built on a strong and clear organisational structure that supports swift, entrepreneurial decision making, while at the same ensuring the appropriate checks and balances are in place.

The Supervisory Board of Directors (SBD) frequently meets with the Executive Board of Directors (EBD) to discuss strategy and results providing for an effective decision making process. Site visits also help the SBD to remain up to date with the Groups and their various businesses. The EBD plays a pivotal role by defining strategy and capital allocation, while Group management teams manage the individual businesses.

Main strategy pillars are periodically measured and monitored between the EBD and Group management by means of the Living Strategy programme. Strategy execution is measured and monitored based on the so-called Delivery & Development agenda, which classifies main strategy items into concrete topics. Delivery agenda items relate to execution-ready initiatives, whereas Development agenda items are strategic items which need to be further explored and detailed before going to the execution phase. This structured approach provides a solid framework for discussion on current performance as well as ongoing business developments.

Ethics & Compliance

Within SHV, we all share the responsibility to act with integrity in line with both the law and with our own policies. As part of a culture that never has—and never will—tolerate unethical or unlawful behaviour, we are duty-bound to conduct business in an ethical and compliant manner. Any failure to do so will be immediately investigated and any appropriate action will be taken.

A robust Ethics & Compliance framework incorporates a set of policies aimed at our main risk areas: Third Party Due Diligence, Anti-Bribery and Corruption, Trade Sanctions and Export Controls, Competition Law, Privacy, and Whistle Blowing. The Ethics & Compliance department works closely with a number of areas across the business including management, HR, Legal, and Internal Audit.

The Groups are responsible for implementing policies within their own organisations, adapting them to their own specific needs, and continuously ensuring they remain up to date. Where relevant, they may also incorporate additional policies such as Anti-Money Laundering and Workplace Conduct.

Dedicated Ethics & Compliance departments within each Group provide insight into the expected levels of behaviour and support management in maintaining unimpeachable standards. The departments also provide colleagues worldwide with all the right tools to deal with challenging circumstances and difficult dilemmas.

SHV also offers *Speak Up*, a confidential, company-wide phone line and webservice that allows all employees and stakeholders to safely voice any concerns they may have about workplace practices.

Taken together, this comprehensive set of measures helps to ensure that SHV continues to meet its strong commitment to a company-wide culture of integrity and trust.

Internal Control and Internal Audit

Besides the Shared Values and Ethics & Compliance guidelines, SHV gives clear guidance to Groups on expected business conduct.

The SHV Policies and Guidelines provide the Groups with clear direction on the standards that are expected from all colleagues. They not only help to ensure to conduct business better, but also help on the journey to becoming an ever more self-evaluating and faster learning organisation.

The Business Support Framework (BSF) equips Groups with the controls they need to monitor adherence to the SHV Policies and Guidelines. The BSF consists of 30 key controls, which are assessed throughout the year by the Groups themselves as well as by the independent Internal Control departments. Each Group is also required to supplement these 30 key controls with another 50 to 70 Group-specific ones.

The independent Internal Audit function, operating both at SHV and at Group level, provides insight and support to stakeholders through regular audits on business processes. Audits may also encompass large ad-hoc projects and specific topics.

This all allows Internal Control and Audit to provide the reassurance that all activities are conducted in line with the SHV business principles.

Risk

As part of the annual risk management cycle, the Executive Board of Directors (EBD) conducted a company-wide risk assessment over the course of 2022. The assessment aimed to identify key risk areas, validate the effectiveness of internal control measures, and identify the actions required to manage risk within SHV parameters.

The assessment confirmed the company's risk appetite as strategically open with a more cautious attitude to operations and finance while executing the chosen strategy. SHV remains committed to a way of working that makes no compromise on safety, quality, and compliance. With respect to the latter, the Executive Board of Directors reiterated a zero-tolerance approach to areas such as fraud, bribery and corruption.

By adopting an outside-in perspective and identifying focus areas, the assessment identified 10 key risks currently faced by the organisation. Geopolitical and macro-economic factors remain in wake of the global pandemic and political unrest - the effects of which will continue to be felt in the coming years. Challenges in the supply chain also pose a threat, linked to pandemic measures as well as climate change. The pace of digitalisation and technological developments also needs to be addressed by Group business models. And with the world confronted by increasingly severe cyber-attacks and ever more sophisticated cyber threats, IT security needs to be continually managed.

Risk is also present in continued tight labour markets that pose challenges to attract and retain the talent and specialist skills required by certain areas of the business. And finally, the speed and breadth of legislative change around the world creates a continuous need to stay abreast of all necessary compliance measures, laws, and regulations. For example, potential changes to ESG-related regulation represent a significant new risk - mainly pertaining to the financial sustainability aims of the European Commission and its Corporate Sustainability Reporting Directive (CSRD).

The company's regular business processes, together with a robust set of internal controls, continue to effectively manage these risks. As part of an update to internal control measurements, a number of processes have been improved to ensure this remains the case. For instance; Sustainability controls will focus on double materiality assessments as well as the completeness and accuracy of the reported sustainability data by the Groups. Furthermore, when Investment Proposals are prepared, their impact on Group's Sustainable Development Goals will also be considered. SHV also asks its Groups to duly apply the SHV Minimum Global Standards for Project Management, in order to strengthen the governance and execution of the business transformation projects. As the common element of these control measures, SHV increases focus on 'data' and its quality.

In terms of safety, we continued to increase awareness and promote a safe and healthy work environment through safety leadership programmes and Group-specific Life Saving Rules. On a cultural level, our purpose "Courage to care for generations to come" underpins the company culture by highlighting our core values. In 2023 the Health and Safety Community across SHV and its Groups will also focus on 'Visible & Felt Safety Leadership' to further embed the safety culture in the company.

The company tests the effectiveness of internal control measures throughout the organisation twice a year, with the results reported to local management, Group Management, the Executive Board of Directors and Supervisory Board of Directors.

Overall, the EBD considers that these measures, together with existing operating procedures and control frameworks, effectively address the risks that confront SHV both now and in the foreseeable future.

Financial review

Financial performance

2022 has been a turbulent year, marked by the Russia Ukraine conflict, record inflation levels as well as a degrading economic outlook. These events and trends have impacted financial performance of all Groups to different extents. The increase in income from operations before exceptional items and amortisation to € 691 million (2021: € 633 million) was offset by an increase in amortisation of intangible assets mainly as a result of the acquisitions by Kiwa and lower exceptional items. Furthermore, NPM Capital generated a lower income from its private equity investments.

Net sales

Net sales increased by 28% to € 25.6 billion (2021: € 20.0 billion). The increase was mainly the result of increased sales prices at SHV Energy (+€ 2.6 billion), Nutreco (+€ 1.9 billion), Makro (+€ 0.3 billion) due to increased commodity costs and high inflation. Due to high project volumes, Mammoet contributed positively as well (+€ 0.3 billion).

Net sales were furthermore impacted by several acquisitions and divestments. Acquisitions by Kiwa of Vinçotte, Intega and CMW Geosciences (+€ 0.4 billion), contributed positively, resulting in a doubling of its sales compared to 2021. This increase was partly offset by the loss of sales related to the stopping of Nutreco's and Mammoet's activities in Russia as well as the divestment of ERIKS North-America (-€ 0.3 billion) and the sale of a majority stake in Grupo Sada by Nutreco in Spain.

Operating performance

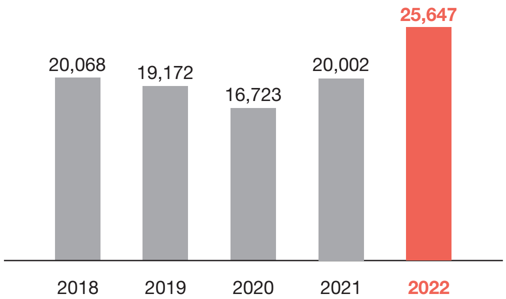
Income from operations before exceptional items and amortization increased to € 691 million (2021: € 633 million). The increase is primarily due to the contribution of operational Groups (excluding NPM Capital, ONE-Dyas and Corporate).

Improved margins at SHV Energy and ERIKS as well as strong volumes within Mammoet's non-Russian business contributed to the increase. Nutreco continued to experience very challenging market circumstances affecting both volumes, margins and costs. Performance was impacted by increasing material costs, rising energy costs and inflation that pressured margins. Raising sales prices proved difficult due to deteriorated on-farm economics and farmers reducing herd sizes, following lower demand due to end-consumers decreasing the share of relatively expensive proteins in their diet. Nutreco has been able to limit the impact of these challenges through the execution of short-term cost initiatives and will continue to strongly focus efforts on reducing costs and optimize pricing in 2023.

In addition, the Russia Ukraine conflict had a direct impact on Nutreco and Mammoet, forcing the gradual exiting and stopping of activities, with a negative impact on operating performance of approximately -€ 50 million. These activities have been profitable before 2022 and exiting will result in a reduction of profitability going forward.

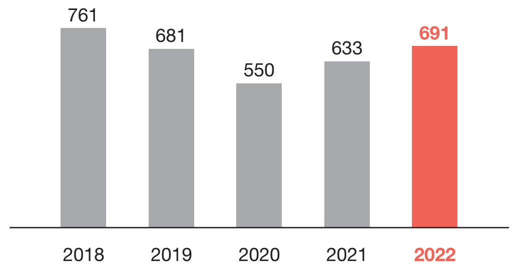
Net sales

In millions of euro



Income from operations before exceptional items and amortisation

In millions of euro



Net income

Net Income amounted to € 400 million. The decrease compared to 2021, (€ 979 million) is mostly the result of lower income generated by NPM Capital, lower exceptional items as well as an increase in amortisation of intangible assets.

Exceptional results amounting to -€ 50 million (2021: +€ 83 million) are the result of a few large effects. The Russia Ukraine conflict resulted in write-off's associated to the sale of Nutreco's Russian activities as well as impairments of Mammoet equipment that is locked in Russia, totaling -€ 100 million. Additional impairments in 2022 are related to Venezuela (- € 18 million), Nutreco's Yangtze plant (-€ 18 million) as well as SHV's investment in Lightyear (-€ 30 million).

These items are offset by a decrease of the special risk provision totaling € 184 million, which is the result of a broader reassessment of underlying specific risks. The sale of the Makro stores outside Sao Paulo (initiated in 2021) further yielded € 39 million in book profits.

An amount of +€ 56 million (2021: +€ 66 million) has been included in the income from operations.

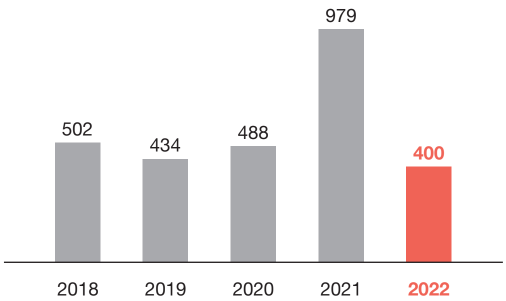
Amortisation costs grew to € 249 million (2021: € 174 million) caused by increased goodwill mainly associated to Kiwa's recent acquisitions.

Income from private equity investments and investments in affiliates decreased to € 507 million (2021: € 834 million) and is mainly the consequence of lower income from private equity investments which decreased to € 247 million (2021: € 632 million) due to lower divestment levels by NPM Capital. Income from investments in affiliates increased from € 203 million in 2021 to € 260 million, and is mainly related to SHV's minority stake in ONE-Dyas, following record high oil & gas prices.

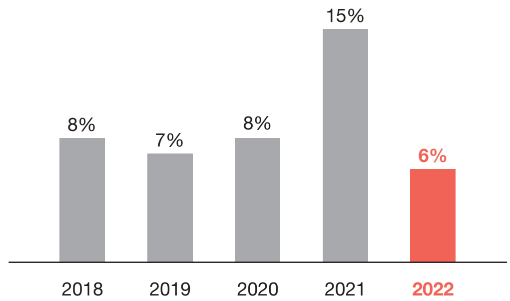
The effective tax rate increased to 43.4% and mainly relates to the higher taxes on income from investments in affiliates related to the result of ONE-Dyas, which was subject to additional UK tax levies in the oil & gas industry.

Net income to SHV

In millions of euro



Income as % of Shareholders Equity



Cash flow

Operational cash flows remained relatively stable at € 1,032 million (2021: € 1,060 million) whilst working capital throughout 2022 increased significantly. This development reflects increased prices as well as necessary safety stock levels following the increased supply chain unpredictability. Adequate action plans within the Groups mitigated the impact resulting in only a slight increase at year-end compared to last year.

The investment cash flow was slightly lower totaling € 1,179 million (2021: € 1,292 million), reflecting high sustained investments levels both in growth and replacements, a relative large share of which has been allocated to acquisitions by Kiwa, SHV Energy and NPM Capital.

A total of € 759 million was invested in tangible fixed assets, mainly related to cylinders and tanks in SHV Energy, lifting and transport equipment in Mammoet and expansion of production capacity at Nutreco. As a result, investments remain above current depreciation levels, which totaled € 522 million in 2022. To secure long term growth and supporting Group strategies, several acquisitions have been finalised. These include Vinçotte, Intega and CMW Geosciences by Kiwa, increasing density in the Benelux as well as Kiwa’s global footprint in the US and Australia. NPM Capital successfully acquired equity stakes in Otolift, a market leader in stairlifts and de Variabele and Casper de Haan (renamed to Omdus), both providing sustainability renovation services to the Dutch housing market. To further strengthen current participations several add-on investments were made. In addition, SHV Energy entered the Bangladesh market with the acquisition of Petromax and added Vulcangas to its Italian activities.

Return on shareholders' equity

Group equity reached € 6.7 billion at the end of 2022 (2021: € 6.5 billion), and includes a positive foreign exchange effect of € 68 million. Total liquidity levels remained strong, totaling € 1.3 billion, whilst net debt increased to € 1.9 billion. Due to a lower Net Income, the return on shareholders’ equity was reduced from 15% to 6%.

Tax

SHV is committed to achieving the highest standards of Ethics and Integrity. In line with this commitment, SHV believes its obligation as a responsible taxpayer is to pay the amount of taxes legally due in any territory, in accordance with rules set by governments. We believe that taxes are vital to fund the public services and infrastructure that are critical to societies. SHV and its Groups contribute by paying direct and indirect taxes, and by collecting taxes from employees and customers on behalf of governments. That is also one of the reasons why SHV endorses the Tax Governance Code issued by the Confederation of Netherlands Industry and Employers (VNO-NCW). We have updated our tax strategy to align it with the tax principles of the Tax Governance Code. The Tax Governance Code requires companies to be open about their tax payments, so that people can understand how much is paid, where and why. SHV supports this as transparency can build trust. It is about putting the numbers into context, but also about demonstrating the commitment to comply with legislation and explaining a company's approach to tax. SHV is currently performing a gap analysis to get a clear overview what is needed to comply with the transparency initiatives of the Code.

SHV uses business structures that are aligned with business activities and that are only driven by commercial considerations. SHV only makes use of tax incentives where they are aligned with business activities and operational objectives, generally available to all market participants and specified by law. As such, tax always follows the business.

SHV pays tax on profits according to where value is created within the normal course of its business activities. SHV does not use aggressive tax planning strategies or tax havens to minimise its tax burden. The transfer pricing of intercompany transactions is done in accordance with the arm's length principle developed by the OECD and is applied consistently.

SHV maintains an open and constructive dialogue with tax authorities based on transparency and trust. SHV engages with them with honesty, integrity and respect.

SHV and its Groups have more than 700 legal entities in 79 countries. Each year, SHV files a so-called country-by-country report with the Dutch tax authorities containing high-level data on the global allocation of income and taxes, and certain other measures of economic activity for all companies over which SHV has management control. The Dutch tax authorities exchange this information with other tax authorities around the world.

SHV provides an overview of the total corporate income tax expenses and corporate income tax payments in 2022 to tax authorities in the ten countries where SHV has the largest presence. These 10 countries represent around two-third of the business.

For each country SHV reports the earnings before tax, the corporate income tax expense in the income statement as well as the amount of corporate income tax paid and received on a cash basis. The tax expense reported in the income statement is the amount of current and deferred tax expense incurred in this financial year based on accounting rules. The tax paid means the net amount of corporate income tax actually paid to or received from the tax authorities in this year.

The following table specifies the net sales (before elimination of intercompany sales), earnings before tax, income tax expense and income tax paid in 2022 for the top 10 countries. In this table, tax expenses are presented as negative amounts (income as positive amounts) and tax payments are presented as negative amounts (refunds as positive amounts). The data shown in the table on the next page is derived from internal management information systems. Net sales in France are mainly generated by SHV Energy Supply & Risk Management, of which a significant part is intercompany sales.

#	Country	Net sales	Income before income taxes	Income tax expenses	Income tax paid
1	France	4,068.7	62.6	(17.9)	(14.9)
2	Brazil	2,371.8	103.2	(44.9)	(21.4)
3	The Netherlands	2,251.5	363.3	(173.0)	(10.1)
4	Spain	2,146.4	1.3	4.9	(11.4)
5	Canada	1,674.2	10.4	(8.0)	(7.7)
6	United States of America	1,592.3	(60.8)	2.5	(9.6)
7	United Kingdom	1,394.4	29.8	(1.8)	(1.2)
8	China	1,070.5	(6.1)	(3.0)	(2.8)
9	Italy	910.1	28.8	(9.1)	(12.8)
10	Germany	855.1	34.0	(15.1)	(8.1)
	Total top 10	18,335.0	566.5	(265.4)	(100.0)
	Other countries	12,358.1	195.6	(65.5)	(69.1)
	Total	30,693.1	762.1	(330.9)	(169.1)

Note: net sales represent sales on a country level and are reported on a non-consolidated basis.

The 2022 effective tax rate increased from 21.4% to 43.4%. The effective income tax impact for this year mainly relates to higher taxes on income from investments in affiliates related to the result of ONE-Dyas, a Dutch based company, which was subject to additional tax levies in the oil & gas industry.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Business review

SHV Energy

SHV Energy is a leading global distributor of off-grid energy including LPG and small-scale LNG, as well as being active in sustainable fuels and renewable energy solutions. Its products and services provide decentralised, low-carbon, and clean energy solutions to 30 million business and residential customers predominantly for heating, cooking, and transportation. The company operates in over 25 countries and across four continents through brands such as Calor, Ipragaz, Liquigas, Pinnacle, Primagaz, Xiwei, Supergas, Supergasbras, PetroMax, EM3, and SunSource.

In 2016, SHV Energy launched '*Advancing Energy Together*', a strategy aimed at driving growth, efficiency, and sustainability across the different brands. By capturing the full potential of the Group and collaborating on a global scale, the strategy is designed to make the energy solutions of the future a reality by providing customers with cleaner and affordable options. This will be achieved through a combination of organic growth, acquisitions, and investments in sustainable fuels and renewable solutions to support the energy transition for generations to come.

Higher margins

In the first half of 2022, volumes started to recover from the impact of COVID-19. However, as a result of global tensions following the Russia Ukraine conflict, the cost of gas increased significantly in the first part of the year. This resulted in volatile commodity markets and an increased awareness among consumers about their gas consumption. Together with a relatively mild winter and warm autumn, these challenging conditions had a negative impact on demand. Even so, solid pricing management and effective hedging strategies led to higher margins, more than offsetting the lower volumes and increased costs caused by inflationary pressure.

In the third quarter, SHV Energy acquired Petromax in Bangladesh. This acquisition will provide access to an attractive new market, as well as opening new opportunities to support the transition to LPG as a cleaner energy alternative. A detailed roadmap is being implemented in close collaboration with relevant global functions to ensure a smooth integration. A transaction with Vulcangas in Italy was also completed to increase the density of activities in the region.

During the year, SHV Energy continued to roll out digital solutions to improve efficiency and enhance the customer experience, including a revamped digital strategy across all business units. A global Security Operations Centre (SOC), set up in 2020, continued to closely monitor IT systems and mitigate ICT and cybersecurity risks. And in January 2022, two new global projects designed to further improve processes and information security were also introduced across the Group.

Renewable solutions

Over the course of the year, the organisation continued to develop sustainable fuels and renewable solutions to remain at the heart of the energy transition. SunSource Energy became a fully owned subsidiary and successfully commissioned its first open access project. This represents a positive first step towards growth as a provider of mid-to-large-scale solar projects for commercial and industrial customers in the Indian market.

EM3 grew revenues and continues to provide energy efficient solutions to industrial customers in the food & beverage and pharmaceutical sectors. A joint venture with UGI (Dimeta) will accelerate the development of rDME, a sustainable alternative to help de-fossilise the LPG industry. And another joint venture with KEW Technology (Circular Fuels Limited) continues to develop a first-of-its-kind demo site, with production of rDME expected to start in 2023 and full-scale production by 2025.

SHV Energy continues to invest in an extensive R&D portfolio that pursues innovation in the energy sector, including research on rLPG and eLPG. It also collaborates with external sources by means of an Open Innovation program, which last year selected two winners focused on efficient bioLPG production. The program has now been expanded to address environmental challenges by including solutions that reduce Scope 1 & 2 CO_2 emissions. And a number of partnerships with start-ups are seeking to develop disruptive solutions such as using LPG or solar energy to power diesel trucks.

Innovation also contributes to the continuous improvement of operational performance. In Brazil, for example, visual technologies that automatically count and weigh cylinders have improved efficiency in filling plants.

Other examples include advanced analytics models that support better forecasting and the optimization of asset distribution across plants, increasing the availability of existing cylinders and decreasing the need to purchase new ones.

Following a strong 2021, operational performance continued to improve in 2022, favoured by stronger margins, despite lower volumes due to a warmer year and the impact of inflation. Income remained at healthy historical levels, favoured by the increase in earnings, however, closed below 2021 levels impacted by higher financing expenses and other exceptional items.

Makro

Makro is a food cash-and-carry company targeting professional Horeca customers and end consumers. The chain's current strategy is aimed at reinforcing its position as relevant partner for both target groups, significantly increasing its customer base and visit frequency by providing an overall better shopping experience. At the end of 2022, Makro operated 106 stores across Argentina, Brazil, Colombia, and Venezuela.

Vaccination programmes across all Makro countries allowed governments to ease restrictions. Yet political instability and tight monetary policies continued to negatively affect the economic outlook. High inflation and interest rates slowed down consumer spending across most markets. Makro continued to implement its new food cash & carry model while at the same time focusing on overall cash preservation, including strict cost controls and limited investments.

Within the food cash and carry strategy a number of (ongoing) initiatives have been implemented during the year to drive future growth. Establishing and maintaining a balanced assortment to existing and evolving customer needs, and the further development of own brand products to increase customer loyalty and margin performance. Fresh food is one of the areas of differentiation with competitors by offering a better, deep and high quality selection of products and a more personalised customer experience.

New sales channels

To meet growing customer demand for online ordering and delivery, Makro accelerated the deployment of several new sales channels. The company is also exploring new partnerships with e-commerce platforms to fulfil deliveries and offer an important alternative to store traffic, increasing convenience for both sets of customers.

Makro Brazil was particularly impacted by strong competition within the Cash & Carry sector, with the São Paulo region seeing a record amount of new stores opened by leading players. This has led to aggressive promotions from competitors and increased pressure on margins. Several mitigating actions were put in place to boost sales while keeping tight control over costs. Following the sale of Makro stores outside the São Paulo region that started in 2020, in the beginning of 2023 another 16 stores were sold and looking for options to sell the remaining 8 are ongoing.

Makro Argentina has had to deal with a thorough economic crisis leading to both high inflation and government-imposed price regulations aimed at increasing consumption. Combined with disruptions in the supply chain, these conditions made it difficult to build and maintain adequate stock levels and meet customer demand in a cost efficient manner. Even so, the company saw growth in both store traffic and margins. It has also launched a new partnership with a third party delivery company in a number of stores. This will be implemented in the remaining stores across the country during 2023.

While the Colombian government continues to pursue a number of social and economic initiatives, economic growth slowed in the face of falling consumption and rising inflation. Nevertheless, the recovery at Makro Colombia that started in 2021 continued in 2022. The implementation of the Food Cash & Carry concept is demonstrating promising results with solid customer growth accompanied by higher sales and growing margins. 60% of stores have now transitioned to the new Food Cash & Carry concept. As a result Makro Colombia increased its market share.

Redvital agreement

Although over the course of the last year the situation in Venezuela gradually improved the environment remained a challenging due to the political situation as well as operational difficulties. In partnership with Redvital, Makro Venezuela continues to remodel its stores around a new concept offering medicines, medical supplies, and medical equipment in addition to food. Four more stores made the transition during 2022, making eight in total. Given the successful cooperation and the right cultural fit, at the beginning of 2023 it was agreed that all Makro stores will be rented out and operated by Redvital so that Makro Venezuela will have better possibilities to strengthen and further grow the business.

Operational results were negatively impacted mainly by the challenges that Makro Brazil faced. Overall, the performance was lower compared to 2021, due to a delay into 2023 of the transfer of sold stores outside the São Paulo region.

Mammoet

Mammoet provides customers with smarter, safer, and stronger solutions to heavy lifting and transport challenges. The combination of in-depth engineering expertise, and the highest standards of quality and safety, a unique global network, an unparalleled fleet of equipment, offers an intelligent and flexible approach across a wide and balanced range of industry sectors. By building long-term relationships, the company is able to develop a deep understanding of individual customer needs to deliver the most efficient and cost-effective solution.

Mammoet had a strong year with a pick-up in activities around the globe with the exception of Russia. The energy transition is driving the company's diversification into more sustainable end markets particularly wind power—and this approach has fast become an essential strategic pillar. In 2022, there was an increasing demand for its services because of the growing wind sector as well additional investments in the oil & gas sector, power and infrastructure renewal. The order intake was above average and utilisation levels for cranes were buoyant. The execution of large projects in North America and a strong day market activity supported the earnings in 2022.

Unfortunately, the Russia Ukraine conflict significantly affected both people and operations. Immediate action was taken to safeguard the wellbeing of all colleagues in the region, and to assess whether and how to continue operations within the limitations of applicable sanctions. In line with the SHV-wide stance, the company put an immediate halt to new investments and projects in Russia. This meant that only existing commitments were fulfilled. As a consequence the regional organisation has been scaled down over the year to reflect the depleted order book, and an exit strategy from Russia is under review.

Performance improvement

Continued improvement to the performance of Mammoet is being pursued. Cost savings remained high on the agenda. A number of plans were implemented across different regions to simplify the organisational structure, reduce overheads, strengthen the internal organisation, and increase profitable growth. The most significant change included the winding down of local smaller positions in several operations in APAC and MEA. An organisation-wide optimisation process is near completion with the formation of an international projects organisation based in Dubai serving clients globally on an in-and-out basis only for larger projects. This is reducing overheads and allowing projects to be executed more efficiently.

Another important step forward is the start of the ERP implementation project SHERPA, focused on rolling out unified business tools (ERP) and associated optimised processes across the entire organisation. This will reduce costs further, as well as enhance utilisation rates of assets.

In 2022, Mammoet made good progress on its mission to become one of the world's most sustainable heavy lift and transportation specialist. Reducing the carbon footprint of the equipment fleet represents an important focus area for innovation. One way this is being achieved is through the purchase of new assets, while converting existing fuel-powered equipment to run on electrical and hydrogen power is another. A special milestone was reached when the company replaced a production vessel in a Dutch chemical plant with using electrical energy only – the first fully electrically-powered transport.

Operational results (excluding Russia) improved again in 2022 and in line with the strategic plan, supported by the execution of large projects in North-America and strong day market activity in key regions. However, both operational and exceptional losses due to impairments were incurred in 2022 caused by Mammoet's activities in Russia. As a result a loss was incurred in 2022.

ERIKS

ERIKS is a leading specialised industrial service provider in Europe, with a presence in Asia. The ERIKS tagline Let's make industry work better emphasises the company's mission to increase efficiency, reduce waste within industrial processes, and ultimately support customers to work more sustainably. To maintain its position as a leading industry provider, ERIKS' strategy is focused on digital solutions, innovation, and sustainability as a business driver for growth. With a presence spanning Europe and Asia, ERIKS serves customers in Original Equipment Manufacturing (OEM) as well as Maintenance, Repair, and Overhaul operations (MRO) across a wide variety of industrial segments.

Fuel for Growth

In 2022, following the ease of COVID-19 restrictions markets circumstances for ERIKS improved, but were still characterised by inflation, rising energy- and raw material prices, a tight labour market, ongoing supply chain issues, and product scarcity. However, thanks to the successful execution of the first phase of *Fuel for Growth,* the strategic improvement program, solid progress was made to return ERIKS to benchmark profitability. A number of organisational initiatives have consolidated parts of the workforce and reduced the cost of support functions. This has already delivered cost savings in both indirect procurement and discretionary operational costs.

In an environment of inflation, pricing was of crucial importance to protect ERIKS from rising purchasing costs. Best practices were implemented globally that have enabled the business to identify and capitalise on opportunities to pass on the impact of inflation to customers.

The supply chain has been optimized by consolidating the warehouse footprint into fewer, automated distribution centres. New distribution centres in the UK and Germany helped to integrate operations and supply chains across multiple countries in Europe. A Procurement and Core Assortment Enhancement (PACE) workstream has led to cost savings and improved margins. PACE has optimised the procurement process by developing and focusing sales on a core product range.

To further drive the transformation a new Operations leadership team has been formed that has taken ownership of coordinating and delivering the changes to drive consistency across operations, scope and prioritise new capabilities to be developed. The team will be responsible for the operational daily execution, while expertise and sales is further developed locally.

In March 2022, the company sold its North American businesses to LKCM Headwater Investments, a US-based private investment firm and was an important step in the process to create more focus on Europe as well as Asia.

Marketing has further strengthened the ERIKS brand story and launched campaigns to increase customer awareness. International Sales Development is building new business upon this increased brand awareness image with sales plans for targeted international customers. These efforts are paying off as sales to ERIKS' International Key Accounts grew well above average in 2022. A good example has been the development of new opportunities in the semi-conductor industry with a new investment in clean room manufacturing being sanctioned in 2022 for delivery in 2023.

IT systems are key to support future strategic programs and activities. Digital efforts were focused on creating lean and efficient structures that provide a resilient technology foundation. A new, improved solution platform for customers was launched, that enables them to directly build and configure their own specialist products online.

Overall, following higher sales levels, effective pricing initiatives, strict cost control, improved organisational efficiency together with the timely execution of the *Fuel for Growth* program resulted in a better performance compared to 2021.

Nutreco

Nutreco produces nutritious and high-quality food for the growing world population in a sustainable way. This is key to meeting the increased demand for high-quality protein in a world with limited natural resources.

The world population is expected to reach almost 10 billion in 2050. An increasing proportion of this population is gaining disposable income and this will lead to even greater consumption of proteins such as meat, fish, milk and eggs. Nutreco plays a critical role in ensuring the industry can provide the protein people need in a way that is more sustainable for the planet. With its purpose of Feeding the Future, the vision is to be recognised as a leading partner in providing functional and nutritional solutions for sustainable farming.

The year 2022 was extraordinary from a geo-political, economic and market perspective. After gradually leaving the global COVID-19 pandemic behind, the start of the year was marked by the Russia Ukraine conflict.

For Nutreco, the first priority was and remains the health and safety of its employees, business partners and customers in Ukraine, and to support the Ukrainian colleagues and their families in the best way possible. Furthermore, it was decided to divest the livestock feed operations in Russia through a management buyout and refrain from all other business activities in Russia.

Direct and indirect impact

The Russia Ukraine conflict also has had a significant direct and indirect impact on the businesses across the world, predominantly through surging raw material prices and energy costs. Furthermore, supply chains faced considerable disruptions. Through decisive actions it was possible to secure supply to customers, and the working capital challenges were managed successfully during 2022.

As a result of the challenging market circumstances, volumes (excluding the impact of the divestment of the Russian business and Sada) declined slightly. This was mainly driven by soft market demand in the large Canadian and Iberian markets, a decline in animal numbers in Europe as well as deteriorating economic circumstances and animal diseases such as Avian Influenza and African Swine Fever. Both Livestock and Aquaculture business in Latin America continued to show growth.

High inflation, high raw material prices, combined with lower volumes resulted in higher unit costs. Dedicated efforts to increase prices and optimise margins resulted partly in covering these but not in full.

In parallel with addressing the market circumstances, the implementation of the strategy was continued, together with initiatives to structurally lower the cost base. The head office was delayered and functional departments were reorganised to ensure a more efficient organisational structure. This process will be continued in 2023 to achieve further efficiency gains. Additional investments to enhance the efficiency of in the organisation were made by accelerating a number of global initiatives: Operational Excellence, Integrated Business Planning, One Procurement, and Transactional Finance.

Next to the exit from Russia and the sale of Sada, several non-core activities were divested while the production footprint optimisation continued. In Spain, one production site was closed to drive higher efficiencies across the rest of the plants. Furthermore, a majority stake in the poultry farming and processing operation Sada was divested to a strong local partner specialised in farming and processing. This will enable Nutreco to focus on the production of feed, while the partner focuses on the poultry operation. Lastly, the business in Myanmar was sold.

Strengthening market positions

Nutreco also made several acquisitions to strengthen market positions. The shareholding in Eruvaka was increased to almost 100%. Eruvaka is an Indian supplier of cloud-based aquaculture pond management solutions – such as smart feeders and real-time monitoring devices – to shrimp farmers, especially in Latin America. Nutreco also acquired 100% of

Mosegården in Denmark, a supplier of minerals and animal health products for pigs and cattle. A newly created joint venture in Canada with German genetics company ILD will enable us to increase our market share in the poultry feed business. Finally, joint ventures were set up, in Kenya for aqua nutrition and in Uganda for livestock nutrition.

The innovation efforts continued to focus on key themes that define customers' needs: sustainability, health and competitiveness. New products were launched specifically aimed at young animals. Better nutrition in the early stage of an animal can greatly contribute to a healthier and more productive animal and hence a more sustainable way of producing proteins. Also, a digital offering was developed to create more insights into the footprint of feed formulation for customers. A new research centre for shrimp feed was opened in Ecuador and a first ultra-specialty product, developed by the new NutEx team, was launched for testing with clients in the USA.

NuFrontiers, Nutreco's venture capital and investment team, continues to fuel Nutreco's innovation pipeline by investing in technology start-ups, scale-ups, projects, and partnerships. During 2022, the team invested in Andfjord Salmon, a Norwegian sustainable aquaculture farming company, and Roslin Technologies, a Scottish developer of cell lines for cultivated protein production.

Due to lower volumes and higher costs that could not be fully passed on to customers combined with additional investments related to the restructuring and optimising of the organisation were the cause of a negative operational result. The write-offs following the closing of activities in Russia had an additional negative effect.

Kiwa

Kiwa is an independent global supplier of Testing, Inspection and Certification (TIC) services. The company serves a wide variety of international markets from renewable energy to food, feed & farm; from industrial safety to cyber security; and from building & construction to drinking water. Alongside these core activities, Kiwa also provides education and training courses, R&D technical consultancy, and data services.

Globalisation has led to a growing need for trust in all aspects of international manufacturing and trade. This trust is built on measurable, tangible proof that substantiates any claim related to the quality, health, safety, sustainability, or reliability of people, products, and services. Kiwa provides impartial verification through laboratory testing, statutory inspection, auditing, calibration, and certification based on widely-supported and independently-defined standards and requirements.

A revamped '*Kiwa Route 2027*' strategy aims to substantially grow the company's relevance, service scope, and size. This leap forward, driven by both organic growth and acquisitions with a focus on certain geographies and business sectors, will be essential for maintaining Kiwa as a relevant, independent, and strongly-positioned player in an ever-consolidating and internationalising TIC market.

Kiwa became part of the SHV Family of Companies in 2021, and the integration is now almost complete. Strategic agendas, reporting, people performance management, and audit processes to safeguard Group-wide excellence levels are now all aligned. Several colleagues from SHV joined Kiwa at the Board and at functional levels to further smoothen collaboration while visits to county organisations gave people the opportunity to get acquainted with SHV, its purpose and values. Furthermore, Kiwa colleagues are participating in the SHV management development programmes.

The year was marked by what appeared to be the end of the global COVID-19 pandemic; the increasing effects of climate change; and turmoil from the Russia Ukraine conflict, which impacted the business through the knock-on energy crisis, high inflation, and rising costs. Yet these economic, social, and environmental uncertainties also increased demand for Kiwa services. Sales were boosted by the growing number of policies, the ever-increasing need for digitisation and connectivity, the acceleration of virtual inspections, and cybersecurity-related certifications. A challenge that needs continuous attention is the recruitment and training of people in order to keep up with the growing demand for the Kiwa services.

Growth through acquisitions

In 2022, Kiwa celebrated significant new milestones by reaching over 1 billion euros in turnover, a growth of around 60% compared to 2021, and employing over 10,000 people in 40 countries. These achievements represented the execution of a successful business strategy focused on expanding the service portfolio and geographical network in certain geographies and business sectors on a global scale.

In May 2022, Kiwa acquired Belgium's leading industrial inspections company, Vinçotte. The integration into Kiwa and SHV are proceeding as planned and an overall turnaround plan is being executed. Focus for Vinçotte will be on adding value by consolidating the number one position in the Benelux while also contributing to the global commercial activities of Kiwa in certain segments and in digitalisation.

The Intega companies in Australia were acquired in 2021 and their inspection and infrastructure activities have been reinforced by the add-ons of CMW Geosciences in Australia and New Zealand. This will open new opportunities for further profitable growth in the region. The Intega integration and development of results are in line with expectations.

As part of the consolidation in the market and to further strengthen its position in certain geographies and business segments, several smaller acquisitions were made: ASI (US), C&D Certified (Ecuador), RN Electronics (UK), BCC (China), PI Berlin and MPA Dresden (Germany), Brand Compliance and ExTEL Energy (Taiwan), Hudson Cybertec (The Netherlands), and CQR (Colombia).

To increasingly position Kiwa at the heart of global markets, a network of Business Sectors to boost international cooperation and sales was further reinforced with a focus on construction, food, feed & farm, medical devices, industrial assets, water appliances, renewable energy and cyber security. Internally, a number of technical platforms have been established to enhance collaboration in fields such as certification, non-destructive testing, personal development & qualification, laboratories, and digital services.

Flow! is a company-wide business transformation and harmonisation program aimed at further digitising and innovating service delivery and supporting Kiwa professionals in their work. During the course of 2022, the program was rolled out across the major Kiwa countries of Norway, Germany, France, and the UK, plus additional companies in the Netherlands. In 2023, the rollout will continue throughout the Netherlands, Sweden, Finland, and Vinçotte in Belgium.

Total revenue grew significantly in 2022 following organic growth as well as the results of the acquisitions of Intega, Vinçotte, and other smaller companies. Europe continues to be the main contributor to the results, despite continued challenges resulting from inflation pressure and skilled labour shortages. Therefore, results excluding amortization were higher compared to 2021.

NPM Capital

NPM Capital is an investment company building the businesses of the future. With a focus on medium to large sized firms in the Benelux, the Group provides growth capital and takes both majority and minority stakes in portfolio companies. Working to flexible investment horizons, NPM pursues long term value creation by actively supporting the management teams of portfolio companies – currently numbering 20 by the end of 2022.

Investments are shaped by four themes: 1) Everything is Digital, 2) Feeding the World, 3) Sustainable Future, and 4) Healthy Life and Learning. In addition to in-house studies and expert support, NPM also draws on the insights of expert advisory boards to better understand markets relevant to these themes.

2022 was a year of increasing economic uncertainty and rising interest rates triggered by the Russia Ukraine conflict, energy and commodity price increases, and high inflation. In the face of this perfect storm, markets cooled and multiples declining slightly. Even so, the market retained enough liquidity to support high and stable valuations, although EBITDA growth is increasingly becoming the key value driver.

To support this growth, NPM has introduced individual Value Creation Plans to several portfolio companies. The main objectives of these plans have been to minimise the impact of supply chains shortages, recruit talent in an overheated labour market, and manage rising inflation.

During the year, NPM sold three portfolio companies to new investors. Hendrix Genetics, a worldwide active multi species animal breeder, was divested in March; The IT Channel Company, a distributor of ERP software, in July; and Groendus, a leading Dutch sustainable energy partner for corporations, in November.

New investments

The Group also made a number of significant investments in new portfolio companies. These included the acquisitions of De Variabele and Caspar the Haan, two companies active in the Dutch real estate maintenance sector. Having merged under the name Omdus, the new entity will act as a platform for future add-on acquisitions. In October NPM also acquired a majority stake in Otolift, a leading European manufacturers of stair lifts. And late December, NPM signed the acquisition of HQ Pack, a packaging company active in the semiconductor industry. The closing is expected in the first half of 2023.

In addition to these transactions, NPM reinvested in several of its participations. The company supported Infinitas in acquiring the Portuguese firm LeYa, and Kubo in the acquisition of Dutch outfit Peter Dekker Installaties. Growth capital was also provided to several portfolio companies, including Ultimaker and Ohpen.

NPM showed a strong bottom line performance, mainly due to the different successful exists and to a lesser extent the received dividends from current participations.

ONE-Dyas

Established in 2019, following the merger of Oranje-Nassau Energie and Dyas, ONE-Dyas is the largest privately-owned Dutch company focused on oil & gas exploration and production with core interests in the North Sea.

The strategy of ONE-Dyas is focused on developing an already strong portfolio of operated and non-operated assets and investments in the UK, the Netherlands and Germany. ONE-Dyas is uniquely positioned to take growth opportunities and create both short- and long-term value for all stakeholders, including SHV, which owns a 49% share in the ONE-Dyas group.

The role of the North Sea natural gas in the energy transition and in the security of supply has been increasing and being promoted at government level. However, at the same time, the investment climate has being eroding with permitting processes not being accelerated. Therefore, the challenge remains to making the right decisions that create added value for all stakeholders. This ultimately also benefits society, as locally produced gas still has a clear role in the energy transition, helping to reduce emissions and guarantee security of supply.

Security of supply

The Russia Ukraine conflict greatly impacted market dynamics in 2022. For an Exploration & Production company such as ONE-Dyas, it meant a shift in how the market, governments and society view the importance of security of supply. Natural gas sourcing from the largest supplier to Europe declined and that had an immediate and profound effect on the market. The traditionally volatile market was increasingly surprised with ever-rising prices as the year progressed. This unprecedented situation and prices prompted governments to increase pressure on operators such as ONE-Dyas to maximise production from existing reserves and accelerate new developments in the North Sea. Simultaneously, governments introduced significant additional taxes given the increased energy prices, including the windfall tax in the UK, the EU Solidarity Tax, and additional royalties in the Netherlands for 2023 and 2024.

The production volumes from the operated assets remained stable throughout the year. There was a higher operational activity level due to new discoveries and appraisals, including Clover and Ijssel. In September 2022, ONE-Dyas and its joint venture partners, Hansa Hydrocarbons and Dutch state-owned EBN, approved the development of GEMS in the North Sea region of the Netherlands and Germany, following the issuance of permits by the Dutch Ministry of Economic Affairs and Climate and a license in Germany.

As part of the strategic review initiated in 2021, ONE-Dyas sold its shares in ONE-Dyas Norge AS to Pandion Energy in June 2022 and signed an agreement for the sale of its Gabonese assets in January 2023.

Despite experiencing setbacks on a few assets, good performance of other non-operated assets (such as Arran and Elgin Franklin) contributed to overall good results. The portfolio remains of high quality and led to outstanding operational performance for ONE-Dyas. However, the results will be strongly impacted by the aforementioned windfall taxes in the UK and the Netherlands, reduction of commodity prices due to a warmer winter and lower demand, also leading to added pressure on future net income, investments and refinancing risks.

Five year overview

	2018	2019	2020	2021	2022
Results, in millions of euro					
Net sales	20,068	19,172	16,723	20,002	25,647
Income from operations before exceptional items and amortisation	761	681	550	633	691
Income from operations	613	305	602	525	499
Income	502	434	488	979	400
Amortisation, depreciation and impairments	766	680	663	671	860
Income taxes	168	100	138	273	331
Dividend	289	251	233	291	291
Cash flows, in millions of euro					
Changes in working capital	(276)	(88)	345	(323)	(115)
Operational cash flow	806	927	1,063	1,060	1,032
Investment cash flow	(1,153)	(628)	(701)	(1,292)	(1,179)
Financing cash flow	(141)	(485)	(121)	161	330
Financial position, in millions of euro					
Shareholders' equity	6,175	6,381	6,331	6,438	6,586
Equity of the Group	6,279	6,489	6,412	6,520	6,677
Total assets	13,211	13,078	12,535	14,722	15,885
Ratio information					
Income as a percentage of shareholders' equity	8%	7%	8%	15%	6%
Equity of the Group as a percentage of total assets	48%	50%	51%	44%	42%
Current assets in relation to short-term liabilities	1.33	1.32	1.39	1.16	1.15
Employees, at December 31					
Nominal number	59,000	57,500	51,600	56,750	60,450
Amounts per share					
Income	68.96	59.68	67.13	134.55	55.05
Dividend	39.75	34.50	32.00	40.00	40.00

The figures for the years 2018 - 2020 have been restated.

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