

Umicore Denmark ApS

Kogle Alle 1
2970 Hørsholm
CVR no. 38 89 23 04

Annual report for 2022

Adopted at the annual general
meeting on 15 June 2023

chairman

Joakim Reimer Thøgersen

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Statement by management on the annual report

The Executive Board have today discussed and approved the Annual Report of Umicore Denmark ApS for the financial year 1 January - 31 December 2022.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the management's review gives a fair review of the development in the Company's operations and financial matters, the result for the year and the Company's financial results.

Further, in our opinion, Management's Review includes a fair and true account of the matters dealt with in the Management's Review.

We recommend the adoption of the Annual Report at the Annual General Meeting.

Hørsholm, 15 June 2023

Executive board

Joakim Reimer Thøgersen

Bart Sap

Independent auditor's report

To the shareholder of Umicore Denmark ApS

Conclusion

We have audited the financial statements of Umicore Denmark ApS for the financial year 1 January – 31 December 2022, which comprise accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on management's review

Management is responsible for management's review.

Our opinion on the financial statements does not cover management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.

Copenhagen, 15 June 2023

EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Kim Thomsen
State Authorised Public Accountant
mne26736

Company details

The company

Umicore Denmark ApS
Kogle Alle 1
2970 Hørsholm

CVR no.: 38 89 23 04

Reporting period: 1 January - 31 December 2022

Established: 28 August 2017

Financial year: 5th financial year

Domicile: Rudersdal

Executive board

Joakim Reimer Thøgersen
Bart Sap

Auditors

EY Godkendt Revisionspartnerselskab
Dirch Passers Allé 36
2000 Frederiksberg

Financial highlights

Seen over a 5-year period, the development of the Company may be described by means of the following financial highlights:

	<u>2022</u> TDKK	<u>2021</u> TDKK	<u>2020</u> TDKK	<u>2019</u> TDKK	<u>2017/18</u> TDKK
Key figures					
Gross profit/loss	82,196	61,912	88,345	74,528	94,837
Profit/loss before net financials	6,934	-31,542	-56,302	-12,032	7,631
Net financials	782	503	-750	1,824	-1,755
Profit/loss for the year	13,759	-31,039	-57,052	-10,709	2,289
Balance sheet					
Balance sheet total	163,785	240,199	160,555	190,591	268,907
Investment in property, plant and equipment	2,202	7,364	46,807	22,799	52,340
Equity	51,575	37,816	31,855	51,630	62,339
Number of employees	56	96	114	112	111
Financial ratios					
Return on assets	3.4%	-15.7%	-32.1%	-5.2%	5.7%
Solvency ratio	31.5%	15.7%	19.8%	27.1%	23.2%
Return on equity	30.8%	-89.1%	-136.7%	-18.8%	7.3%

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies.

Management's Review

Business activities

Umicore Denmark ApS is a leading developer and distributor of high-performance catalysts for a wide range of industries serving customers from its R&D, Sales and Product Management facility in Hørsholm. Its Automotive catalysts are used in emission systems for on-road and non-road heavy-duty diesel (HDD) applications and ensure compliance with the most stringent emission norms, including Euro VI. Its Stationary business offers catalytic solutions to treat NOx emissions from industrial sources such as gas-fired power plants as well as marine applications.

Changes during the year

The closure of the production plant Frederiksund started in May 2021, followed by a site clean-up in April 2022. The restructuring process has not been completed by the end of 2022.

The rental contract with Haldor Topsøe for warehouse in Fredrikssund was discontinued and until November 2022 goods were moved to the new warehouse facility in Padborg (Syddanmark) rented from Tricolore Transport & Logistics.

Umicore decided in 2022 to also restructure the Stationary activities, by closing the dedicated stationary R&D test center and downsizing the sales department. R&D activities will be performed from the Automotive R&D test center on a need-basis. An amount of TDKK 18,419 was expensed due to the restructuring:

- Outstanding invoices from onerous contracts
- Impairments obsolete fixed assets

The restructuring programs completed the transformation of Umicore Denmark into a research and sales organisation, focusing on innovative product development, efficient scale-up and distribution of Automotive and Stationary catalysts in Europe and beyond.

Recognition and measurement uncertainties

There is no uncertainty relating to the recognized assets or liabilities.

Development during the year

The company's income statement for the year ended 31 December 2022 shows a profit for the year of TDKK 13,759 and an equity of TDKK 51,575. Despite of severe supply constraints and global logistics disruptions as well as the stationary restructuring, 2022 profit for the year came close to the initially foreseen range of TDKK 15,000-20,000 in the Management's Review last year. It was nevertheless the first break-even year since the acquisition by Umicore Group in 2017.

Management's Review

Integration efforts and restructuring during the last years, has resulted in the company becoming profitable. Management expectations for the years ahead has led to reassessment of the expected tax benefit flowing to the company from deferred tax assets and deferred tax assets of TDKK 6,043 has therefore been recognized in 2022.

Due to supply bottlenecks in China, Umicore Denmark experienced higher logistics costs in the beginning of 2022, which normalised to pre-crisis levels by the year-end. At the same time, fluctuating Automotive customer / canner forecast encouraged to build up a 3-month average safety stock in Denmark as a supply risk mitigation solution, instead of a usual 2-month reserve. Hence, more safety stock and growing future volume shipments out of Denmark, brought higher attention to cash management and liquidity.

TDKK 50,000 mid-term loan matured in November 2022 and was exchanged for a cash facility from Umicore In-house Bank (Treasury). Moreover, the credit line was increased from TDKK 75,000 – to TDKK 100,000.

There was neither new equity injection, nor dividend distribution during 2022.

The adjusted employee turnover excl. the restructuring impact in 2022 was 12.4%, which is below the average chemical industry turnover rate of 19.1% (source: Dansk Arbejdsgiverforening).

Subsequent events

The management has announced the restructuring of Stationary activities at the beginning of 2023, resulting in salary, severance and outplacements of released R&D and Sales personnel of TDKK 2,555.

Management has not subsequently noted any additional material changes in the valuation of assets and liabilities and considers the cash and credit facility resources reasonable.

Management's Review

Expectations for the year ahead

Umicore Denmark will continue to focus on innovation to stay at the forefront of developing sustainable technologies and products for its customers. The company will start reaping the benefits from all the integration efforts that took place in the last years. However, due to the unpredictable timeline for the phase-out of organic HDD catalysts, and switch to a new generation of water-based catalysts (later part of the German portfolio), revenues for 2023 are expected to decrease by approx. 25% for the Automotive business. The Stationary business was not growing as expected, with the recovery of the world and the business could suffer from increasing concerns toward environment pollution coupled with stringency in norms to regulate the emissions. Net revenue for 2023 of Stationary business is expected to increase by approx. 5 - 10%. Overall, the profit for the year of Umicore Denmark for 2023 is expected to be in the range of approx. TDKK 15,000 – 20,000. However, due to volatility of the global logistics market as well as the geopolitical situation currently with the Ukraine war, it is likely that the global car industry will enter into an escalation scenario with more severe impact.

Environment

Minimizing the impact of our operations on climate and the environment are key elements of Umicore Denmark's sustainability strategy and Zero Harm ambition on emissions to air and water. The Umicore Way and our mission of Materials for a Better Life drive our commitment to sustainability. As a materials technology company, Umicore Denmark aims to increase the efficient use of materials, energy and other inputs in operations to balance environmental and economic factors and work to increase closed-loop relationships with the customers. Achievements are measured in the ability to make sustainability a competitive advantage. 2030 RISE Strategy, launched in June 2022 by Umicore Group worldwide, supports decarbonization commitment to carbon neutrality for Scopes 1 and 2 greenhouse gas emissions (GHGs) by 2035, with different milestones along the way and using 2019 as the baseline.

In 2022, Umicore Denmark confirmed the following standard management certificates:

- ISO 14001 of Environmental management standards
- ISO 45001 of Occupational Health and Safety
- IATF 16494 of Quality Management.

Research and Development

The R&D activities, conducted on behalf of Umicore AG & Co. KG, ranging from generic researches to product development focus on technical innovation to introduce new products as well as enhance existing product effectiveness and expand potential applications for which Umicore products may be appropriate globally. All related R&D spending are charged to Umicore AG & Co. KG as the global intellectual property owner.

Management's Review

Management team

The executive board of Umicore Denmark consists of Bart Sap (Executive Vice President) and Joakim Reimer Thøgersen (Senior Vice President & Managing Director Umicore Denmark).

The management team of Umicore Denmark consists of Joakim Reimer Thøgersen (Senior Vice President & Managing Director Umicore Denmark), Trine Lengaard (HR director), Ivan Arkhipov (Finance director), Pär Gabrielsson (Automotive Research & Development director), Jennifer Marion Houghton (Automotive Research & Development senior manager), Peter N. R. Vennestrøm (Automotive Research & Development senior manager), Thomas Kollin (Stationary Research & Development senior manager), Mikkel Nygaard Larsen (Stationary Sales director).

Special risks apart from generally occurring risks in industry

Operating risks

The company experiences competition in certain markets, which highlights the importance of continuous delivery performance and price competitiveness.

Credit risks

Credit risk is the risk of non-payment by any counterparty in relation to the sales of goods. In line with the Umicore group credit policy, this is managed by setting up internal credit lines which are approved as per the local authorisation matrix and reviewed annually.

Currency risks

All Umicore Denmark's transactional currency risk is hedged by Umicore Group Treasury conform to its policy. Besides, Umicore's hedging policy allows for hedging forward its structural currency exposure. In relation to the structural risk, the Umicore Group Treasury assesses the hedge effectiveness through a critical terms match between the hedged item (future probable cash flows) and the hedging instrument including amount and maturity. The Group applies a prudent approach in the application of structural hedging, never up to 100%, avoiding thereby ineffectiveness arising from difference in maturity between hedged item and hedging instrument or changes in exposure amounts.

Regulatory and legal risks

The company is exposed to changes in regulatory environment where it operates. The company's business stands to benefit from certain regulatory trends, notably those regarding more stringent emission controls for vehicles and European industries. Changes to existing product-related legislation and the introduction of new legislation might impact our business.

Management's Review

Technology and substitution

The company is a materials technology group with a strong focus on the development of innovative materials and processes. The choice and development of these technologies represents the single biggest opportunity and risk for the company. Achieving the best cost performance balance for materials is a priority for the company and its customers. There is always a risk that customers will seek alternative materials for their products should those of the company not provide this optimum balance.

Talent attraction and retention

The attraction and retention of skilled people are important factors in enabling Umicore to fulfill its strategic ambitions and to build further expertise, knowledge and capabilities in the business. Being unable to do so would compromise our ability to deliver on our goals.

Accounting Policies

The annual report of Umicore Denmark ApS for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied are consistent with those of last year.

The Annual Report for 2022 is presented in TDKK.

Basis of recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Revenues are recognized in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortized cost are recognized. Moreover, all expenses incurred to achieve the earnings for the year are recognized in the income statement, including depreciation, amortization, impairment losses and provisions.

Assets are recognized in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably. Liabilities are recognized in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortized cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortized cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortization of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Foreing currency translation

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognized in financial income and expenses in the income statement.

Accounting Policies

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognized in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Revenue

The Company has chosen IAS11/IAS18 as interpretation for revenue recognition.

Income from the sale of goods and services is recognised in revenue when the most significant rewards and risks have been transferred to the buyer, the income can be measured reliably, and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2020.

Revenue is measured at the fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

To the extent that customers are offered a right of return in connection with the sale, revenue corresponding to the Company's experience with returns is recognised.

Cost of goods and services sold

Costs of raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

Other operating income

Other operating income comprises items secondary to the principal activities of the Company, including rental income from the temporary lease out of production facilities, compensation, government grants, refund of wages and salaries, gains on the disposal of property, plant and equipment, etc. Compensation and grants are recognised when it is highly probable that they are received and that the conditions are fulfilled.

Government grants

Government grants include 2020 Covid-19 compensation scheme. Government grants are recognized when there is reasonable assurance that they will be received and are recognized in the period that the grants relates to.

Accounting Policies

Other external expenses

Other external expenses comprise advertising, administration, rent of leasehold, provisions for bad debt, other leases etc.

Staff expenses

Staff expenses comprise wages and salaries as well as other payroll expenses.

Amortization, depreciation and impairment losses

Amortization, depreciation and impairment losses comprise the year's amortization, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognized in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognized in the income statement, whereas the tax attributable to equity transactions is recognized directly in equity.

Any changes in deferred tax due to changes to tax rates are recognized in the income statement.

Special items

Special items comprise income and cost which are special due to their size or nature e.g. redundancy costs, impairment losses and gain or loss of sale of assets, covid-19 government grants and other income relating reimbursement assets. Such items are included in the specific line items in the profit and loss statement but disclosed in a separate note in the Financial Statements.

Balance sheet

Intangible assets

Software are measured at the lower of cost less accumulated amortization and recoverable amount. Software are amortized on a straight-line basis over the useful life, which is assessed at 5-10 years.

On initial recognition, intangible assets are measured at cost.

Amortisation is made over the estimated economic life.

Accounting Policies

Gains and losses on the disposal of intangible assets are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating expenses, respectively.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. Production overheads and borrowing costs are not included in cost.

Depreciation is recognized on a straight-line basis over the useful life of the asset based on historical cost.

Depreciation period and net book value are determined at the acquisition date and are reassessed annually.

Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively.

Gains and losses on the disposal of property, plant and equipment are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating expenses, respectively.

	Useful life
Fixtures and furnitures, tools and equipment	4-10 years

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

Accounting Policies

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of future lease payments. In calculating the present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently accounted for as the Company's other assets. The capitalised residual lease commitment is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

Leases that do not transfer substantially all the risks and rewards incident to ownership to the entity are operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total liabilities relating to operating leases are disclosed under contingencies.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortization and depreciation.

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount. If so, the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Inventory

Inventories are measured at weighted average method for raw materials, trading goods and spare parts and with standard price calculation for semifinished and finished goods. Where the net realizable value is lower than the cost, inventories are recognized at this lower value.

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

The net realizable value of stocks is calculated as the expected selling price less direct costs of completion and expenses incurred to effect the sale. The net realizable value is determined taking into account marketability, obsolescence and expected selling price movements.

Accounting Policies

Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Receivables are measured at amortised cost.

Write-down for bad and doubtful debts is made when there is objective evidence that a receivable or a portfolio of receivables has been impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the country of domicile and credit ratings of the debtors in accordance with the credit risk management policy of the Company. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate of the individual receivable or portfolio is used as discount rate.

The Company's tax account deposits are classified as "Other receivables".

Prepayments

Prepayments recognized under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Cash and cash equivalents

Considering the nature of the scheme, account balances relating to the Group's cash pool scheme are not considered cash and cash equivalents, but are included in the financial statement item receivables/payables from group entities.

Equity

Dividends

Proposed dividend is recognised as a liability at the date when it is adopted at the annual general meeting (declaration date). Dividend expected to be distributed for the year is presented as a separate line item in equity.

Accounting Policies

Liabilities other than provisions

The Company has chosen IAS 39 as interpretation for recognition and measurement of liabilities.

Financial liabilities are recognised at the date of borrowing at the proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Trade payables are measured at amortized cost, i.e. at the net present value of the payable amount.

Unless the impact of discounting is material, the nominal value is taken.

Freeze liability, which comprises frozen holiday funds, is measured at net realisable value, including indexation. Indexation is recognized in the income statement as interest expenses, if material.

Other liabilities are measured at net realisable value.

Corporation tax and deferred tax

Current tax payables and receivables are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on taxable income in previous years and tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to non-deductible goodwill and on office premises and other items where temporary differences – apart from acquisitions – arise at the acquisition date without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Accounting Policies

Fair value

Fair value is determined based on the principal market. If no principal market exists, the fair value is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs. All assets and liabilities that are measured at fair value or whose fair value is disclosed are classified based on the fair value hierarchy, see below:

Level 1:

Value based on the fair value of similar assets/liabilities in an active market.

Level 2:

Value based on generally accepted valuation methods on the basis of observable market information.

Level 3:

Value based on generally accepted valuation methods and reasonable estimates based on non-observable market information.

Derivative financial instruments

Derivative financial instruments are initially recognized in the balance sheet at cost and are subsequently measured at fair value.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognized asset or liability are recognized in the income statement together with changes in the fair value of the hedged asset or liability. Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets and liabilities are recognized in other receivables or other payables and in equity. If the forecast transaction results in the recognition of assets or liabilities, amounts previously recognized in equity are transferred to the cost of the asset or liability, respectively. If the forecast transaction results in income or expenses, amounts previously recognized in equity are transferred to the income statement in the period in which the hedged item affects profit or loss.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognized in the income statement on a regular basis.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, the Company has not prepared a cash flow statement as the cash flow statement is included in the consolidated financial statements of Umicore International S.A.

Accounting Policies

Financial Highlights

Definitions of financial ratios.

Return on assets	$\frac{\text{Profit/loss before financials} \times 100}{\text{Average assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$

Income statement 1 January - 31 December

	<u>Note</u>	<u>2022</u> TDKK	<u>2021</u> TDKK
Gross profit		82,196	61,912
Staff expenses	1	<u>-53,404</u>	<u>-77,000</u>
Profit/loss before amortisation/depreciation and impairment losses		28,792	-15,088
Depreciation, amortization and impairment of intangible assets and property, plant and equipment	2	<u>-21,858</u>	<u>-16,454</u>
Profit/loss before net financials		6,934	-31,542
Financial income	3	2,205	1,940
Financial expenses	4	<u>-1,423</u>	<u>-1,437</u>
Profit/loss before tax		7,716	-31,039
Tax on profit/loss for the year		<u>6,043</u>	<u>0</u>
Profit/loss for the year		<u>13,759</u>	<u>-31,039</u>
Distribution of profit	5		

Balance sheet 31 December

	<u>Note</u>	<u>2022</u> TDKK	<u>2021</u> TDKK
Assets			
Software		0	1,051
Intangible assets	6	<u>0</u>	<u>1,051</u>
Other fixtures and fittings, tools and equipment		24,033	43,385
Property, plant and equipment under construction		368	2,245
Tangible assets	7	<u>24,401</u>	<u>45,630</u>
Other receivables	8	2,090	2,043
Fixed asset investments		<u>2,090</u>	<u>2,043</u>
Total non-current assets		<u>26,491</u>	<u>48,724</u>
Raw materials and consumables		0	12
Finished goods and goods for resale		73,547	88,192
Stocks		<u>73,547</u>	<u>88,204</u>
Trade receivables		21,271	42,903
Receivables from group enterprises		32,246	18,971
Other receivables		4,187	8,472
Deferred tax asset	9	6,043	0
Receivables		<u>63,747</u>	<u>70,346</u>
Cash at bank and in hand		<u>0</u>	<u>32,925</u>
Total current assets		<u>137,294</u>	<u>191,475</u>
Total assets		<u>163,785</u>	<u>240,199</u>

Balance sheet 31 December

	<u>Note</u>	<u>2022</u> TDKK	<u>2021</u> TDKK
Equity and liabilities			
Share capital		37,777	37,777
Retained earnings		<u>13,798</u>	<u>39</u>
Equity	10	<u>51,575</u>	<u>37,816</u>
Prepayments received from customers		380	3,852
Trade payables		7,799	16,691
Payables to group enterprises		88,500	136,201
Other payables		<u>15,531</u>	<u>45,639</u>
Total current liabilities		<u>112,210</u>	<u>202,383</u>
Total liabilities		<u>112,210</u>	<u>202,383</u>
Total equity and liabilities		<u>163,785</u>	<u>240,199</u>
Special items	11		
Subsequent events	12		
Contingent liabilities	13		
Derivative financial instruments and disclosure of fair values	14		
Related parties and ownership structure	15		

Statement of changes in equity

	<u>Share capital</u> TDKK	<u>Retained earnings</u> TDKK	<u>Total</u> TDKK
Equity at 1 January 2022	37,777	39	37,816
Net profit/loss for the year	<u>0</u>	<u>13,759</u>	<u>13,759</u>
Equity at 31 December 2022	<u>37,777</u>	<u>13,798</u>	<u>51,575</u>

Notes

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
1 Staff expenses		
Wages and salaries	45,553	67,084
Pensions	4,519	6,332
Other social security costs	318	286
Other staff costs	<u>3,014</u>	<u>3,298</u>
	<u>53,404</u>	<u>77,000</u>
Including remuneration to the executive board:		
Executive Board	<u>2,076</u>	<u>1,650</u>
	<u>2,076</u>	<u>1,650</u>
Average number of employees	<u>56</u>	<u>96</u>
2 Depreciation, amortization and impairment of intangible assets and property, plant and equipment		
Depreciation intangible assets	269	144
Depreciation tangible assets	3,884	6,311
Impairment intangible assets	438	0
Impairment tangible assets	<u>17,267</u>	<u>9,999</u>
	<u>21,858</u>	<u>16,454</u>

Notes

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
3 Financial income		
Interest received from group enterprises	138	5
Other financial income	5	1
Exchange gains	<u>2,062</u>	<u>1,934</u>
	<u>2,205</u>	<u>1,940</u>
4 Financial expenses		
Interest paid to group enterprises	1,315	1,318
Other financial expenses	<u>108</u>	<u>119</u>
	<u>1,423</u>	<u>1,437</u>
5 Distribution of profit		
Retained earnings	<u>13,759</u>	<u>-31,039</u>
	<u>13,759</u>	<u>-31,039</u>

Notes

6 Intangible assets

	Software TDKK
Cost at 1 January 2022	5,479
Cost at 31 December 2022	5,479
Impairment losses and amortisation at 1 January 2022	4,428
Impairment losses for the year	782
Amortisation for the year	269
Impairment losses and amortisation at 31 December 2022	5,479
Carrying amount at 31 December 2022	0

Notes

7 Tangible assets

	Other fixtures and fittings, tools and equipment	Property, plant and equipment under construction
	TDKK	TDKK
Cost at 1 January 2022	164,036	2,245
Additions for the year	955	1,247
Disposals for the year	-2,389	0
Transfers for the year	3,007	-3,124
Cost at 31 December 2022	<u>165,609</u>	<u>368</u>
Impairment losses and depreciation at 1 January 2022	120,651	0
Impairment losses for the year	19,396	0
Depreciation for the year	3,885	0
Reversal of depreciations of sold assets	-2,356	0
Impairment losses and depreciation at 31 December 2022	<u>141,576</u>	<u>0</u>
Carrying amount at 31 December 2022	<u>24,033</u>	<u>368</u>

Notes

8 Fixed asset investments

	Other receivables TDKK
Cost at 1 January 2022	2,043
Additions for the year	<u>47</u>
Cost at 31 December 2022	<u>2,090</u>
Carrying amount at 31 December 2022	<u>2,090</u>

In 2020, Umicore paid TDKK 1,792 as a rent deposit related to lease contracts which last until 2035. Additional payments in 2021 of TDKK 251 and in 2022 of TDKK 47.

	2022 TDKK	2021 TDKK
9 Deferred tax		
Provision for deferred tax at 1 January	0	0
Deferred tax adjustment for the year	<u>6,043</u>	<u>0</u>
Provision for deferred tax at 31 December	<u>6,043</u>	<u>0</u>

Deferred tax is mainly related to temporary differences in Property, plant and equipment and Provisions as well as to tax loss carryforward. It is expected that the deferred tax assets of TDKK 6,043 recognized at 31 December 2022 will be realized as current tax from taxable income by reversals of temporary differences between the carrying amount and its tax base as well as by utilization of tax loss carry forward within a period of 5 years.

The expected due dates of deferred tax:

Within one year	2,470	0
Between 1 and 5 years	3,573	0
Over 5 years	<u>0</u>	<u>0</u>
Deferred tax at 31 December 2022	<u>6,043</u>	<u>0</u>

Notes

10 Equity

The share capital consists of 37,777,001 shares of a nominal value of DKK 1. No shares carry any special rights.

The share capital has developed as follows:

	2022	2021	2020	2019	2018
	TDKK	TDKK	TDKK	TDKK	TDKK
Share capital at 1 January	37,777	37,777	500	500	500
Additions for the year	0	0	37,277	0	0
Share capital	37,777	37,777	37,777	500	500

Notes

11 Special items

Special items are recognised in the below line items:

Gross profit TDKK 1,090 (2021: TDKK -35,129)

Depreciation, amortization and impairment of intangible assets and property, plant and equipment TDKK -17,705 (2021: TDKK -9,999)

Tax on profit/loss for the year TDKK 6,043 (2021: TDKK 0)

Total TDKK -10,572 (2021: TDKK -45,128)

2022

In 2022, Umicore has recognized in total TDKK 18,419 for expenses related to restructuring of Stationary business.

Provision of TDKK 714 recognized in gross profit with cash impact for onerous contracts.

Impairment of TDKK 17,705 for obsolete fixed assets, recognized in Depreciation, amortization and impairment of intangible assets and property, plant and equipment in the income statement due to uncertain future usage.

Most actual Management review allowed Umicore to release part of provision with an amount of TDKK 1,804 related to restructuring of Frederikssund plant.

In 2022, Umicore has recognized TDKK 6,043 tax income related to deferred tax. The corresponding deferred tax asset is recognized at the expected value of utilization. Under consideration of integration efforts and restructuring during the last years, the company was transformed profitable. Stopped losses and management expectations for the years ahead led to reassessment of the expected tax benefit flowing to the company from deferred tax asset.

2021

In 2021, Umicore has recognized in total TDKK 45,100 as provision for expenses related to the closure of Frederikssund plant.

Provision of TDKK 35,100 recognized in gross profit, among which TDKK 21,400 with cash impact for clean-up activities and onerous contracts, TDKK 11,500 with cash impact for severance payments and TDKK 2,200 for obsolete inventories.

Remaining provision of TDKK 10,000 for impairment of obsolete fixed assets, recognized in Depreciation, amortization and impairment of intangible assets and property, plant and equipment in the income statement due to uncertain future usage.

Notes

12 Subsequent events

The management has announced the restructuring of Stationary activities at the beginning of 2023, resulting in salary, severance and outplacements of released R&D and Sales personnel of TDKK 2,555.

Management has not subsequently noted any additional material changes in the valuation of assets and liabilities and considers the cash and credit facility resources reasonable.

13 Contingent liabilities

The Company has entered into 8 operating leases with expiration between 6 – 23 months, with an average monthly lease payment of TDKK 622. Total lease obligation amounts to TDKK 4,388.

There are no collateral or securities as of 31 december 2022. The Company is the subject of a claim and legal proceeding incidental to the normal conduct of its business. Management does not believe that such claims and proceedings are likely to have a material adverse effect on the financial condition of Umicore.

14 Derivative financial instruments and disclosure of fair values

Expected future transactions

The Company uses forward exchange contracts to hedge recognised and non-recognised transactions. The derivative financial instruments do not qualify for hedge accounting and are therefore recognised in the income statement on an ongoing basis.

TDKK	Contractual value		Gains and losses recognised in P&L	
	2022	2021	2022	2021
Purchases	109,484	29,373	0	0
Sales	134,926	58,305	0	0
Market-to-market at year end			1,409	3,056

Fair value level: Level 2: Value based on generally accepted valuation methods on the basis of observable market information.

Notes

15 Related parties and ownership structure

Controlling interest

Immediate and ultimate owner is: Umicore S.A., Broekstraat 31, 1000 Brussels, Belgium

Transactions

Sale of goods to group entities TDKK 6,038

Purchase of goods from group entities TDKK 103,077

Purchase of services from group entities TDKK 18,553

Interest income from group entities TDKK 138

Interest expenses, group entities TDKK 1,315

Receivables from group entities TDKK 32,246

Payables to group entities TDKK 88,500

The Umicore Financial Service SA has concluded agreements regarding cash pool schemes with several leading banks, according to which Umicore Financial Service SA is the account holder and Umicore Denmark ApS is the sub-account holder together with the Group's other group entities. Under the terms agreed for the cash pool schemes, the bank is entitled to settle transactions required for the functioning of the cash pool, for and between participants of the scheme.

Umicore Denmark ApS account in the cash pool scheme, which is recognized as a payable from group entities, made up an account balance of TDKK 65,085 at 31 December 2022 (at 31 December 2021: a liability of TDKK 32,915).

Consolidated financial statements

The Company is included in the Group Annual Report of Umicore International S.A.

The Group Annual Report of Umicore International S.A. may be obtained at the following address:

Umicore International S.A.
L-4940 Bascharage
Zone d'Activités Econo-miques
R. Steichenrue Bommel 5
Luxembourg

Or on: <https://www.umicore.com/en/investors/>.