

Umicore Denmark ApS

Nøjsomhedsvej 20
2800 Kgs. Lyngby
CVR no. 38 89 23 04

Annual report for 2019

Adopted at the annual general
meeting on 12 June 2020

chairman

Joakim Thøgersen

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Statement by Management on the Annual Report

The Executive Board have today considered and approved the Annual Report of Umicore Denmark ApS for the financial year 1 January - 31 December 2019.

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

In our opinion, the Financial Statements give a true and fair view of the Company's financial position at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019.

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.

Kgs. Lyngby, 12 June 2020

Executive Board

Joakim Reimer Thøgersen

Ralph Konrad Kiessling

Wilfried Müller

Independent Auditor's Report

To the Shareholder of Umiore Denmark ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2019, and of the results of the Company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Umicore Denmark ApS for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

Independent Auditor's Report

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, and for such internal control as 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about 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 the 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 these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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.

Independent Auditor's Report

- 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 disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

Hellerup, 12 June 2020

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR no. 33 77 12 31

Bo Schou-Jacobsen
State Authorised Public Accountant
mne28703

Conrad Mattrup Lundsgaard
State Authorised Public Accountant
mne34529

Company Details

The Company

Umicore Denmark ApS
Nøjsomhedsvej 20
2800 Kgs. Lyngby

CVR no.: 38 89 23 04
Reporting period: 1 January - 31 December 2019
Financial year: 2nd financial year
Domicile: Lyngby-Taarbæk

Executive Board

Joakim Reimer Thøgersen
Ralph Konrad Kiessling
Wilfried Müller

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

Seen over a 2-year period, the development of the Company may be described by means of the following financial highlights:

	<u>2019</u> TDKK	<u>2017/18</u> TDKK
Key figures		
Gross profit/loss	74.528	94.837
Net financials	1.824	-1.755
Profit/loss for the year	-10.709	2.289
Balance sheet		
Balance sheet total	190.591	268.907
Investment in property, plant and equipment	22.799	52.340
Equity	51.630	62.339
Number of employees	112	111
Financial ratios		
Return on assets	-5,2%	5,7%
Solvency ratio	27,1%	23,2%
Return on equity	-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 producer of high-performance catalysts for a wide range of industries. 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. Umicore Denmark employed 112 people at the end of 2019, serving customers from its production plant in Frederikssund (59 colleagues) and R&D, sales and product management facilities in Kongens Lyngby (53 colleagues).

Activities and changes during the year

Umicore Denmark has been incorporated on 28 August 2017. On 30 November 2017 the entity purchased from Haldor Topsoe A/S the automotive and stationary business assets located in Denmark.

Through this acquisition Umicore gained access to an extended customer base, particularly in Europe and China, a broader product portfolio for heavy-duty diesel applications, as well as additional IP and technology in the field of emission control catalysis. It also provides Umicore with an entry into the stationary emission control segment.

The integration of Umicore Denmark in the Umicore organization has been ongoing during 2018 and 2019. Integration of our employees in the Umicore organization was our first priority. This has been done by exchange of a number of expats, participation in Umicore training programs and coordination of research projects and commercial activities. Business processes have been implemented across the organization.

Development during the year

Umicore Denmark's income statement for the year ended 31 December 2019 shows a net income of -10.7 million DKK. The balance sheet at 31 December 2019 was 190.6 million DKK of which equity of 51.6 million DKK. The employee turnover has been 14% in 2019, which is in line with the average industry turnover rate.

The income statement for the year show a negative result of 10.7 million DKK in 2019 compared to a positive result of 2.3 million DKK in 2017/2018, which was influenced by one off items relating to a goodwill gain of 20,3 million DKK. The income for the year has not been affected by one-off items.

The result for the year is in line with our expectations.

Management's Review

Management team

The executive board of Umicore Denmark consists of Ralph Kiessler (Executive Vice President in Umicore), Joakim Reimer Thøgersen (Vice President & Managing Director Umicore Denmark) and Wilfried Muller (Senior vice President Umicore).

The management team of Umicore Denmark consists of Joakim Reimer Thøgersen (Vice President & Managing Director Umicore Denmark), Trine Lengaard (HR director), Christophe Steverlynck (finance director), Magnus Lewander (product management automotive), Paer Gabrielsson (research & development automotive), Kim Pedersen (research & development stationary), Mikkel Nygaard Larsen (sales director stationary).

Expectations for the year ahead

Reference is made to note 14.

Although 2020 will be a financial challenging year, management expects to realize positive business development achievements. 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 2018 and 2019. The stationary business will continue to grow on account of increasing concerns toward environment pollution coupled with stringency in norms to regulate the emissions. The automotive business will win in 2020 new customer awards which will lead to higher revenue as from 2021 when the new platforms will be commercialized.

Recognition and measurement uncertainties

There is no uncertainty relating to the recognised assets or liabilities besides what is described in note 9.

Special risks apart from generally occurring risks in industry

Operating risks

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

Regulatory and legal risks

The company is exposed to changes in regulatory environment where it operates. The company's business stand to benefit from certain regulatory trends, notably those regarding more stringent emission controls for vehicles. 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.

Subsequent events

Refer to note 14 for the description of subsequent events.

Accounting Policies

The annual report of Umicore Denmark ApS for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C. Comparison period 2017/18 is an extended year, covering the period 28 August 2017 to 31 December 2018.

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

The Annual Report for 2019 is presented in TDKK.

Basis of recognition and measurement

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

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

Assets are recognised 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 recognised 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 amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation 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.

Translation policies

Danish kroner is used as reporting currency as most of the Company's transactions are in DKK. All other currencies are regarded as foreign currencies.

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 recognised 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 recognised in financial income and expenses in the income statement.

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

Derivative financial instruments

Derivative financial instruments are initially recognised 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 recognised asset or liability are recognised 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 recognised in other receivables or other payables and in equity. If the forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the forecast transaction results in income or expenses, amounts previously recognised 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 recognised in the income statement on a regular basis.

Leases

All leases, that are not classified as financial leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Accounting Policies

Business Combinations

The takeover method is applied for acquisitions if the company gains control of an entity and/or business. Identifiable assets, liabilities, and contingent liabilities in companies acquired are measured at their fair values at the dates of acquisition. Identifiable intangible assets are recognised, if they can be separated or arise from a contractual right. Deferred tax is recognised on fair value adjustments. Positive differences between the cost of acquisition and fair value of the identifiable assets, liabilities, and contingent liabilities acquired is recognised as goodwill under intangible assets, whereas negative differences (negative goodwill) are recognised directly in the income statement at the date of acquisition. Transaction costs relating to acquisitions are charged to the income statement as other external expenses at the time of acquisition.

A separate receivable is recognised for arrangements under which the company has the right to be reimbursed by the seller for the outcome of a contingency or uncertainty related to a specific asset or liability. The asset is measured at the amount equal to the value adjustment of the asset or liability in question to the extent that the right to obtain reimbursement is considered enforceable.

Goodwill and negative goodwill relating to acquired enterprises may be adjusted until the end of the financial year following the year of acquisition.

Profit or loss on sale or winding-up of subsidiaries and associates is stated as the difference between the selling price or the winding-up sum and the carrying amount of net assets at the time of sale as well as expected selling or winding-up costs.

Income statement

Gross profit

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

Revenue

Revenue from the sale of goods and services is recognised when the risks and rewards relating to the goods and services sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

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.

Accounting Policies

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

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.

Amortisation, depreciation and impairment losses

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

Financial income and expenses

Financial income and expenses are recognised 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 recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

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

Balance sheet

Intangible assets

Software are measured at the lower of cost less accumulated amortisation and recoverable amount. Software are amortised on a straight-line basis over the useful life, which is assessed at 2-7 years.

The intangible assets under construction are capitalised development cost for the development of automotive catalysts.

Capitalised development cost are reflected as a reserve in equity in accordance with the Danish Financial Act section 83.

Property, plant and equipment

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

Accounting Policies

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

	Useful life
Other fixtures and fittings, tools and equipment	3-10 years

Depreciation period and residual value are reassessed annually.

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 amortisation 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 realisable value is lower than the cost, inventories are recognised at this lower value.

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

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

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Prepayments

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

Accounting Policies

Provisions

Provisions are recognised when, as a result of a past event, the company has a legal or constructive obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Deferred tax

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax liabilities and assets

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

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.

$$\text{Return on assets} = \frac{\text{Profit/loss before financials} \times 100}{\text{Average assets}}$$

$$\text{Solvency ratio} = \frac{\text{Equity at year-end} \times 100}{\text{Total assets at year-end}}$$

$$\text{Return on equity} = \frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$$

Income Statement 1 January - 31 December

	<u>Note</u>	<u>2019</u> TDKK	<u>2017/2018</u> TDKK
Gross profit		74.528	94.837
Staff expenses	1	<u>-77.602</u>	<u>-79.173</u>
Profit/loss before amortisation/depreciation and impairment losses		-3.074	15.664
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	<u>-8.958</u>	<u>-8.033</u>
Profit/loss before net financials		-12.032	7.631
Financial income	3	7.315	1.069
Financial expenses	4	<u>-5.491</u>	<u>-2.824</u>
Profit/loss before tax		-10.208	5.876
Tax on profit/loss for the year	5	<u>-501</u>	<u>-3.587</u>
Profit/loss for the year		<u>-10.709</u>	<u>2.289</u>
Distribution of profit	6		

Balance Sheet 31 December

	<u>Note</u>	<u>2019</u> TDKK	<u>2018</u> TDKK
Assets			
Software		3.662	3.592
Intangible fixed assets in progress		8.379	0
Intangible assets	7	<u>12.041</u>	<u>3.592</u>
Other fixtures and fittings, tools and equipment		41.794	43.698
Property, plant and equipment in progress		17.462	1.152
Property, plant and equipment	8	<u>59.256</u>	<u>44.850</u>
Total non-current assets		<u>71.297</u>	<u>48.442</u>
Raw materials and consumables		12.865	12.546
Work in progress		1.151	2.179
Finished goods and goods for resale		54.283	47.189
Stocks		<u>68.299</u>	<u>61.914</u>
Trade receivables		25.379	49.384
Receivables from group enterprises		13.868	43.176
Other receivables	9	11.748	24.684
Deferred tax asset		0	70
Prepayments		0	29
Receivables		<u>50.995</u>	<u>117.343</u>
Cash at bank and in hand		<u>0</u>	<u>41.208</u>
Total current assets		<u>119.294</u>	<u>220.465</u>
Total assets		<u>190.591</u>	<u>268.907</u>

Balance Sheet 31 December

	<u>Note</u>	<u>2019</u> TDKK	<u>2018</u> TDKK
Equity and liabilities			
Share capital		500	500
Reserve for development cost		6.536	0
Retained earnings		<u>44.594</u>	<u>61.839</u>
Equity	10	<u>51.630</u>	<u>62.339</u>
Other provisions	11	<u>6.764</u>	<u>8.557</u>
Total provisions		<u>6.764</u>	<u>8.557</u>
Payables to group enterprises		0	45.000
Other payables		<u>2.316</u>	<u>0</u>
Total non-current liabilities	12	<u>2.316</u>	<u>45.000</u>
Prepayments received from customers		4.112	4.989
Trade payables		28.336	31.954
Payables to group enterprises	12	85.101	16.124
Corporation tax		0	752
Other payables		<u>12.332</u>	<u>99.192</u>
Total current liabilities		<u>129.881</u>	<u>153.011</u>
Total liabilities		<u>132.197</u>	<u>198.011</u>
Total equity and liabilities		<u>190.591</u>	<u>268.907</u>
Special items	13		
Subsequent events	14		
Contingent assets, liabilities and other financial obligations	15		
Related parties and group relation	16		

Statement of changes in equity

	Share capital	Reserve for development cost	Retained earnings	Total
	<u>TDKK</u>	<u>TDKK</u>	<u>TDKK</u>	<u>TDKK</u>
Equity at 1 January 2019	500	0	61.839	62.339
Reserve for development cost less of deferred tax	0	6.536	-6.536	0
Net profit/loss for the year	<u>0</u>	<u>0</u>	<u>-10.709</u>	<u>-10.709</u>
Equity at 31 December 2019	<u>500</u>	<u>6.536</u>	<u>44.594</u>	<u>51.630</u>

Notes to the Financial Statements

	<u>2019</u> TDKK	<u>2017/2018</u> TDKK
1 Staff expenses		
Wages and salaries	66.120	71.737
Pensions	6.430	6.797
Other social security costs	2.066	639
Other staff costs	2.986	0
Staff expenses total	<u>77.602</u>	<u>79.173</u>
Remuneration to the Executive Board	1.892	1.992
	<u>1.892</u>	<u>1.992</u>
Average number of employees	<u>112</u>	<u>111</u>
2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Amortisation of intangible assets	565	544
Depreciation and amortisation of property, plant and equipment	8.393	7.489
	<u>8.958</u>	<u>8.033</u>
3 Financial income		
Exchange gains	7.315	1.069
	<u>7.315</u>	<u>1.069</u>

Notes to the Financial Statements

	<u>2019</u> TDKK	<u>2017/2018</u> TDKK
4 Financial expenses		
Interest paid to group enterprises	1.135	1.489
Other financial expenses	<u>4.356</u>	<u>1.335</u>
	<u>5.491</u>	<u>2.824</u>
5 Tax on profit/loss for the year		
Current tax for the year	0	753
Deferred tax for the year	70	2.834
Adjustment of tax concerning previous years	<u>431</u>	<u>0</u>
	<u>501</u>	<u>3.587</u>
6 Distribution of profit		
Retained earnings	<u>-10.709</u>	<u>2.289</u>
	<u>-10.709</u>	<u>2.289</u>

Notes to the Financial Statements

7 Intangible assets

	Software	Intangible fixed assets in progress
	TDKK	TDKK
Cost at 1 January 2019	4.136	0
Additions for the year	635	8.379
Cost at 31 December 2019	<u>4.771</u>	<u>8.379</u>
Impairment losses and amortisation at 1 January 2019	544	0
Amortisation for the year	565	0
Impairment losses and amortisation at 31 December 2019	<u>1.109</u>	<u>0</u>
Carrying amount at 31 December 2019	<u>3.662</u>	<u>8.379</u>

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress
	TDKK	TDKK
Cost at 1 January 2019	51.187	1.152
Additions for the year	6.489	16.310
Cost at 31 December 2019	<u>57.676</u>	<u>17.462</u>
Impairment losses and depreciation at 1 January 2019	7.489	0
Depreciation and amortisation for the year	8.393	0
Impairment losses and depreciation at 31 December 2019	<u>15.882</u>	<u>0</u>
Carrying amount at 31 December 2019	<u>41.794</u>	<u>17.462</u>

Notes to the Financial Statements

9 Other receivables

In 2018 in connection with a business combination, a receivable was recognised for the reimbursement of losses, if any, on certain inventory items and certain trade receivables. Certain conditions must be met to obtain the reimbursement.

Management has assessed that there is a significant risk that the conditions cannot be met in full and consequently, Management recognised a net receivable at DKK 9 million included in Other receivables at year end 2018. In 2019 the company has received DKK 5 million. Reimbursement assets included in Other receivables at year end 2019 amounts to DKK 4.0 million and is expected to be received more than one year from the balance sheet date but within 5 years.

Management assesses that a contingent asset of DKK 16.1 million (2018: DKK 16.1 million) exist as of 31 December 2019 which has not been recognized due to uncertainty.

10 Equity

The share capital consists of 500 shares of a nominal value of DKK 1.000. No shares carry any special rights.

11 Other provisions

	2019 TDKK	2018 TDKK
Balance at beginning of year at 1 January 2019	8.557	0
Additions for the year	0	13.200
Use of provisions	-1.793	-4.643
Balance at 31 December	6.764	8.557

The provision is expected to mature as follows:

Between 1 and 5 years	6.764	8.557
	6.764	8.557

Other provisions relate to onerous contracts relating to two leases of premises taken over in the business acquisition.

Notes to the Financial Statements

12 Long term debt

Payables to group enterprises

Between 1 and 5 years	0	45.000
Non-current portion	0	45.000
Other short-term debt to subsidiaries	85.101	16.124
Current portion	85.101	16.124
	85.101	61.124

Other payables

Between 1 and 5 years	2.316	0
Non-current part	2.316	0
Within 1 year	0	0
	2.316	0

13 Special items

In 2017/2018 gross profit includes a badwill gain of 20.3 million DKK.

In 2019 no special items have been recorded.

Notes to the Financial Statements

14 Subsequent events

The implications of the COVID-19 outbreak with many governments across the world deciding to "close down their countries" will have great impact on the global economy. In its full year results 2019 press release of February 7 2020, the ultimate parent company Umicore highlighted the risks related to the impact of the coronavirus outbreak on its 2020 outlook. Umicore ultimate parent company provided an update of the impact in its March 26 and April 30 2020 press releases.

As for the ultimate parent company Umicore, in view of the substantial uncertainty related to the magnitude and duration, it is impossible for Umicore Denmark to predict the full and precise impact of COVID-19 outbreak on its markets and activities. As of the signature date, Management expects 2020 to be a loss making year due to the impact of the COVID-19 outbreak on its automotive business. The loss will likely be higher than 2019. The automotive segment is being impacted the most. It is, however, too early yet to give an opinion as to the extent of the negative implications on Umicore Denmark. Management will offset the negative impact of lower volumes as much as possible with the implementation of cost saving initiatives. Umicore Denmark will also make use of the support initiatives that the Danish government launched to support local businesses after the COVID-19 outbreak.

The COVID-19 outbreak is considered a non-adjusting subsequent event. Management has not subsequently noted any material changes in the valuation of assets and liabilities. Despite the mentioned impact of COVID-19, management considers the cash and credit facility resources reasonable.

Notes to the Financial Statements

15 Contingent assets, liabilities and other financial obligations

The Company has entered into 6 operating leases with expiration between 14 – 48 months, with an average monthly lease payment of DKK 980 thousand. Total lease obligation amounts to DKK 18,268 thousand.

Other than the financial obligations related to the FX derivatives and leases, there are no other contingent liabilities to report.

The Company is using FX derivatives to hedge it's position and reduce as such the FX risks.

At year-end, the Company has entered into the following forward contracts:

Sale EUR 3.2 million (DKK 24.1 million)
Purchase CNY 10.4 million (DKK 9.8 million)
Purchase EUR 2.5 million (DKK 18.6 million)
Purchase USD 0.8 million (DKK 5.5 million)

At year-end a positive market value of DKK 0.1 million is included in Other receivables and the loss of DKK 0.3 million is included in financial income.

There are no collateral or securities as of 31 december 2019.

The Company is the subject of a couple of claims and legal proceedings 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.

Notes to the Financial Statements

16 Related parties and group relation

Controlling interest

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

Transactions

Transactions with related parties has been carried out at arm's length terms.

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/>.