

Umicore Denmark ApS

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

Annual report for 2021

Adopted at the annual general
meeting on 24 May 2022

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 2021.

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

Further, 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.

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, 24 May 2022

Executive board

Joakim Reimer Thøgersen

Bart Sap

Independent auditor's report

To the shareholder of Umicore Denmark ApS

Opinion

We have audited the financial statements of Umicore Denmark ApS for the financial year 1 January – 31 December 2021, 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 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021 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 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.

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 the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 24 May 2022

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 2021

Established: 28 August 2017

Financial year: 4th 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 4-year period, the development of the Company may be described by means of the following financial highlights:

	<u>2021</u> TDKK	<u>2020</u> TDKK	<u>2019</u> TDKK	<u>2017/18</u> TDKK
Key figures				
Gross profit/loss	61,912	88,345	74,528	94,837
Net financials	503	-750	1,824	-1,755
Profit/loss for the year	-31,039	-57,052	-10,709	2,289
Balance sheet				
Balance sheet total	240,199	160,555	190,591	268,907
Investment in property, plant and equipment	7,364	46,807	22,799	52,340
Equity	37,816	31,855	51,630	62,339
Number of employees	61	114	112	111
Financial ratios				
Return on assets	-15.7%	-32.1%	-5.2%	5.7%
Solvency ratio	15.7%	19.8%	27.1%	23.2%
Return on equity	-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 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 61 people at the end of 2021, serving customers with its R&D, sales and product management facilities in Hørsholm. 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 IP owner.

Changes during the year

Following the global HDD strategy, Umicore announced in May 2021 to close its catalyst production plant in Frederikssund.

The closure does not impact Umicore Denmark's performance as a supplier. The company continues serving its customers with catalysts produced in China at same standard. The production activities in Frederikssund stopped in October 2021. Clean-up of the production facilities have been ongoing since then and will be completed in Q2 2022.

It is priority for the company to provide supports to the employees affected by the closure. This was done for example by offering internal occupations or outplacement trainings. Till end of 2021, 48 employees in Frederikssund have completed their offboarding frictionless.

The anticipated restructuring expenses amount to TDKK 45,100 are recognized in 2021.

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 2021 shows a loss of TDKK 31,039, and the balance sheet at 31 December 2021 shows equity of TDKK 37,816.

Management's Review

After a strong start in Q1, semiconductor chip shortage and global supply chain bottleneck started to hit the automotive industry heavily in the second half year. The resulting shipping costs spike and demand delays had a significant impact on the company's performance as an automotive catalyst supplier. Consequently the company missed the target to reach break-even in 2021. However, with efforts of a robust supply chain management, globalized production footprint and diversified business segments, the management was able to counterplay the unfavorable fluctuation and achieved a normalized gross profit of TDKK 97,000 after adjustment of TDKK 35,100 restructuring provisions, which represents 10% increase compared to 2020.

The balance sheet at 31 December 2021 was TDKK 240,200 with an equity of TDKK 37,800, which includes a capital injection of TDKK 37,000 approved in the extraordinary general meeting on 7 December 2021. The injection is intended to finance a stock up in Denmark with products shipped from China to guarantee high delivery performance to our customers in times of instable supply chains.

The adjusted employee turnover excl. the restructuring impact in 2021 was 3.5%, which is below the average industry turnover rate.

Subsequent events

Refer to note 14 for the description of subsequent events.

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 recovery curve of chip supply revenues for 2022 are expected to decrease by approx. 20 % for the automotive business. The stationary business will continue to grow on account of increasing concerns toward environment pollution coupled with stringency in norms to regulate the emissions. Net revenue for 2022 of stationary business is expected to increase by approx. 5 - 10%. Over all, the net result of Umicore Denmark for 2022 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. Therefore, it was decided to continue with the prudent approach and do not recognize any deferred tax assets in 2021.

Management's Review

Management team

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

The management team of Umicore Denmark consists of Joakim Reimer Thøgersen (Vice President & Managing Director Umicore Denmark), Trine Lengaard (HR director), Xiao Liang (finance director), Paer Gabrielsson (research & development automotive), Jennifer Marion Houghton (research & development automotive), Peter N. R. Vennestrøm (research & development automotive), Kim Pedersen (research & development stationary), Mikkel Nygaard Larsen (sales director stationary).

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.

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.

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 2021 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 2021 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.

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.

Leases

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

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 recognized 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.

Accounting Policies

Revenue is measured at the consideration received and is recognized 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.

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, government grants etc.

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.

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.

Accounting Policies

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.

Property, plant and equipment

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

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	4-15 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 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.

Accounting Policies

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.

Receivables

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

Prepayments

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

Provisions

Provisions are recognized 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.

Income tax and deferred tax

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

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

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.

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.

Financial highlights

Definitions of financial ratios.

Return on assets	$\frac{\text{Profit/loss before financials} \times 100}{\text{Average assets}}$
Solvency ratio	$\frac{\text{Equity, end of year} \times 100}{\text{Total assets at year-end}}$
Return on equity	$\frac{\text{Profit/loss from ordinary operations after tax} \times 100}{\text{Average equity}}$

Income statement 1 January - 31 December

	<u>Note</u>	<u>2021</u> TDKK	<u>2020</u> TDKK
Gross profit		61,912	88,345
Staff expenses	1	<u>-77,000</u>	<u>-77,974</u>
Profit/loss before amortisation/depreciation and impairment losses		-15,088	10,371
Depreciation, amortization and impairment of intangible assets and property, plant and equipment	2	<u>-16,454</u>	<u>-66,673</u>
Profit/loss before net financials		-31,542	-56,302
Financial income	3	1,940	6
Financial expenses	4	<u>-1,437</u>	<u>-756</u>
Profit/loss for the year		<u>-31,039</u>	<u>-57,052</u>
Distribution of profit	5		

Balance sheet 31 December

	<u>Note</u>	<u>2021</u> TDKK	<u>2020</u> TDKK
Assets			
Software		1,051	487
Intangible assets	6	<u>1,051</u>	<u>487</u>
Other fixtures and fittings, tools and equipment		43,385	52,962
Property, plant and equipment in progress		2,245	2,659
Tangible assets	7	<u>45,630</u>	<u>55,621</u>
Other receivables	8	2,043	1,792
Fixed asset investments		<u>2,043</u>	<u>1,792</u>
Total non-current assets		<u>48,724</u>	<u>57,900</u>
Raw materials and consumables		12	10,958
Work in progress		0	4,016
Finished goods and goods for resale		88,192	26,713
Stocks		<u>88,204</u>	<u>41,687</u>
Trade receivables		42,903	36,749
Receivables from group enterprises		18,971	15,575
Other receivables	9	8,472	8,644
Receivables		<u>70,346</u>	<u>60,968</u>
Cash at bank and in hand		<u>32,925</u>	<u>0</u>
Total current assets		<u>191,475</u>	<u>102,655</u>
Total assets		<u>240,199</u>	<u>160,555</u>

Balance sheet 31 December

	<u>Note</u>	<u>2021</u> TDKK	<u>2020</u> TDKK
Equity and liabilities			
Share capital		37,777	37,777
Retained earnings		39	-5,922
Equity	10	<u>37,816</u>	<u>31,855</u>
Other provisions	11	0	10,415
Total provisions		<u>0</u>	<u>10,415</u>
Payables to group enterprises		0	50,000
Total non-current liabilities	12	<u>0</u>	<u>50,000</u>
Prepayments received from customers		3,852	5,540
Trade payables		16,691	28,120
Payables to group enterprises	12	136,201	11,922
Other payables		45,639	22,703
Total current liabilities		<u>202,383</u>	<u>68,285</u>
Total liabilities		<u>202,383</u>	<u>118,285</u>
Total equity and liabilities		<u>240,199</u>	<u>160,555</u>
Special items	13		
Subsequent events	14		
Contingent liabilities	15		
Derivative financial instruments and disclosure of fair values	16		
Related parties and ownership structure	17		

Statement of changes in equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 January 2021	37,777	-5,922	31,855
Cash capital increase	0	37,000	37,000
Net profit/loss for the year	0	-31,039	-31,039
Equity at 31 December 2021	37,777	39	37,816

Notes

	<u>2021</u> TDKK	<u>2020</u> TDKK
1 Staff expenses		
Wages and salaries	67,084	66,338
Pensions	6,332	6,436
Other social security costs	286	912
Other staff costs	<u>3,298</u>	<u>4,288</u>
	<u>77,000</u>	<u>77,974</u>
Including remuneration to the executive board:		
Executive Board	<u>1,650</u>	<u>2,070</u>
	<u>1,650</u>	<u>2,070</u>
Average number of employees	<u>61</u>	<u>114</u>
2 Depreciation, amortization and impairment of intangible assets and property, plant and equipment		
Depreciation intangible assets	144	398
Depreciation tangible assets	6,311	6,741
Impairment intangible assets	0	15,809
Impairment tangible assets	<u>9,999</u>	<u>43,725</u>
	<u>16,454</u>	<u>66,673</u>

Notes

	<u>2021</u>	<u>2020</u>
	TDKK	TDKK
3 Financial income		
Interest received from group enterprises	5	6
Other financial income	1	0
Exchange gains	<u>1,934</u>	<u>0</u>
	<u>1,940</u>	<u>6</u>
4 Financial expenses		
Interest paid to group enterprises	1,318	716
Other financial expenses	119	17
Exchange loss	<u>0</u>	<u>23</u>
	<u>1,437</u>	<u>756</u>
5 Distribution of profit		
Retained earnings	<u>-31,039</u>	<u>-57,052</u>
	<u>-31,039</u>	<u>-57,052</u>

Notes

6 Intangible assets

	Software
	<u>TDKK</u>
Cost at 1 January 2021	4,771
Additions for the year	<u>708</u>
Cost at 31 December 2021	<u>5,479</u>
Impairment losses and amortisation at 1 January 2021	4,284
Amortisation for the year	<u>144</u>
Impairment losses and amortisation at 31 December 2021	<u>4,428</u>
Carrying amount at 31 December 2021	<u>1,051</u>

Notes

7 Tangible assets

	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress
	TDKK	TDKK
Cost at 1 January 2021	157,663	2,659
Additions for the year	5,244	2,120
Disposals for the year	-1,405	0
Transfers for the year	2,534	-2,534
Cost at 31 December 2021	<u>164,036</u>	<u>2,245</u>
Impairment losses and depreciation at 1 January 2021	104,701	0
Impairment losses for the year	9,999	0
Depreciation for the year	6,311	0
Reversal of depreciations of sold assets	-360	0
Impairment losses and depreciation at 31 December 2021	<u>120,651</u>	<u>0</u>
Carrying amount at 31 December 2021	<u>43,385</u>	<u>2,245</u>

Notes

8 Fixed asset investments

	Other receivables
	<u>TDKK</u>
Cost at 1 January 2021	1,792
Additions for the year	<u>251</u>
Cost at 31 December 2021	<u>2,043</u>
Carrying amount at 31 December 2021	<u>2,043</u>

In 2020, Umicore paid TDKK 1,800 as a rent deposit related to lease contracts which last until 2035. In 2021, an additional payment of TDKK 200.

9 Other receivables

The company has recognized a bad debt allowance of TDKK 300 related to certain trade receivables.

10 Equity

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

In December 2021, the company had a capital increase of TDKK 37,000, distributed between share capital and share premium. The authorized share capital of the company was increased from DKK 37,777,000 to DKK 37,777,001. Share premium has been transferred to retained earnings.

Notes

	<u>2021</u>	<u>2020</u>
	TDKK	TDKK
11 Other provisions		
Balance at beginning of year at 1 January 2021	10,415	6,764
Exchange adjustment	0	-4,971
Provision in year	0	10,868
Applied in the year	<u>-10,415</u>	<u>-2,246</u>
Balance at 31 December 2021	<u>0</u>	<u>10,415</u>
The expected due dates of other provisions are:		
Between 1 and 5 years	<u>0</u>	<u>10,415</u>
	<u>0</u>	<u>10,415</u>
12 Long term debt		
Payables to group enterprises		
Between 1 and 5 years	<u>0</u>	<u>50,000</u>
Non-current portion	0	50,000
Other short-term debt to subsidiaries	<u>136,201</u>	<u>11,922</u>
Current portion	<u>136,201</u>	<u>11,922</u>
	<u>136,201</u>	<u>61,922</u>

Notes

13 Special items

Special items are recognised in the below line items:

Gross profit TDKK -35,129 (2020: TDKK 6,228)

Depreciation, amortization and impairment of intangible assets and property, plant and equipment TDKK -9,999 (2020: TDKK -59,534)

Total -45,128 (2020: TDKK -53,306)

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.

2020

In 2020, Umicore had a positive impact of TDKK 6,200 in gross profit related to governmental subsidy due to COVID-19 outbreak. Additional TDKK 59,500 negative impact in depreciation, amortization and impairment of intangible assets and property, plant and equipment consisted of TDKK 46,500 for impaired obsolete production equipment and obsolete production software, and TDKK 13,000 impairment of capitalized development costs.

Notes

14 Subsequent events

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

15 Contingent liabilities

The Company has entered into 10 operating leases with expiration between 6 – 23 months, with an average monthly lease payment of TDKK 854. Total lease obligation amounts to TDKK 6,715.

There are no collateral or securities as of 31 december 2020 and 2021. 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.

16 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 equity	
	2021	2020	2021	2020
Purchases	29,373	43,327	0	0
Sales	58,305	56,071	0	0
MTM at year end			3,056	-238

Fair value level: Level 1: Value based on the fair value of similar assets/liabilities in an active market.

Notes

17 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 11,743

Purchase of goods from group entities TDKK 117,038

Purchase of services from group entities TDKK 11,714

Interest income from group entities TDKK 5

Interest expenses, group entities TDKK 1,318

Receivables from group entities TDKK 18,971

Payables to group entities TDKK 136,201

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/>.