Campine

A year in review.

ANNUAL REPORT 2019

Content

Recover. Renew. Repeat.

Campine is creating new material solutions from waste. It's our second nature to care for people and planet and to manufacture products which protect people. Our processes and procedures are immersed in a culture of safety and responsibility.

About Campine

Campine is the only car battery recycler in the Benelux. Yearly, we prevent 80 million lead-acid batteries to end up in landfills. We recycle the lead and recover the acids.

Campine is – outside of China - the largest producer of the most important flame retardant product used in plastics and textiles called antimony trioxide. This product, used in many household and building products yearly saves thousands of lives by delaying or extinguishing flames in fire incidents.

Message of the Chairman

2019 was a difficult year for Campine. The expectations at the beginning of the year were good: high metal prices and high volumes. However, the volatility in the following months reduced the average metal prices significantly below those of 2018.

The evolution and predictability of raw material prices were seriously impacted by several world economic events. To name a few: geopolitical and geosocial tensions, trade wars between the US and China, slowdown of the growth in China, increasing attention to climate and environment, unprocessed stocks of certain metals, the uncertainties surrounding the Brexit, the problem of migration and refugees ...

> "In 2019 lots of efforts were given to improving operational efficiency and an ambitious investment program."

Consequently, market demand became more volatile and generally weak. Mainly for Specialty Chemicals the reduced volumes were also subject to lower sales prices and less good margins.

In 2019 lots of efforts were given to improving operational efficiency and an ambitious investment program - whose impact will become clear over the next few years - was launched.

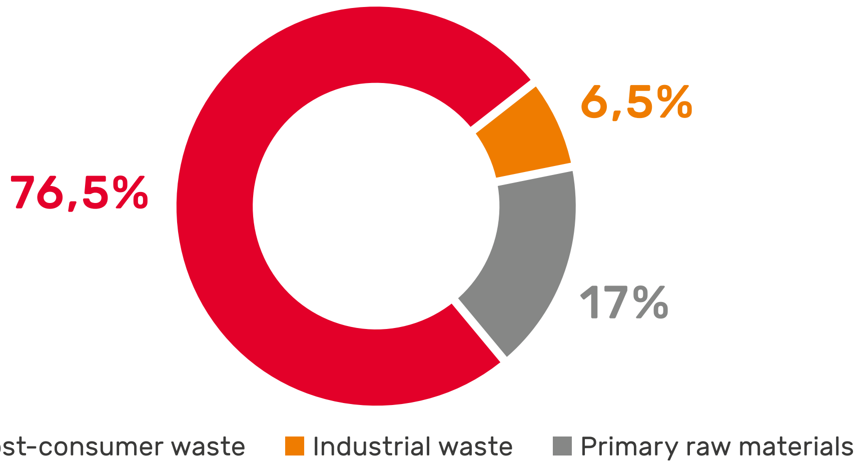
The result of 2019 was influenced by the decision of the General court of the EU, to refund part of the fine, imposed to Campine in 2017, for alledged participation in a purchase cartel in the used battery market. We can now leave this matter behind and are satisfied with the verdict of the court, which clearly recognized that Campine just stood on the sideline in this matter.

In 2020 Campine will continue to fulfill its role in the circular economy. It will focus on the continued implementation of its business plan with a special focus on modernisation, expansion, innovation, energy saving, social harmony and investments in safety. This will be achieved thanks to its committed personnel and valued support from its shareholders.

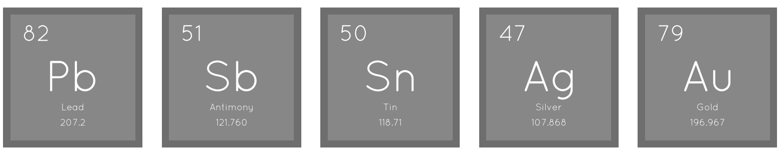
Patrick De Groote
Chairman of the Board of Directors

Circular economy

INCOMING MATERIALS



RECYCLED METALS



CEO talk

Employees, customers … and sustainable material solutions

The various wishes of the consumer or customer become increasingly important. Campine is shifting from an organization which ‘pushes’ commodities into the market towards a customer and employee centric company.

The world has indeed evolved from companies like Ford offering their Model-T in one-colour, one-engine, one-interior … one-everything to consumers being able to purchase a car in uncountable combinations of colours, engine-types and options. Campine lives in an environment where it produces both: the Ford-T type commodities such as lead metal up to deeply tailored flame retardant chemical mixtures. We operate simultaneously with a high degree of standardization, but need to be equally flexible and adaptive at the same time. We can only do this with committed and motivated people.

Our jobs become more customized to the employee rather than trying to push a candidate into a pre-described role. We increasingly allow people to deploy their best skills by sculpturing a job for them, in which they get a say in how, when and what. Despite our strict safety and Seveso regulations and the full continuous production regime (our factory runs 24/7 for 350 days a year) we try to accommodate this where possible. Our people are our most important assets and the results of the recent well-being survey reflect that we indeed adequately take care of them.

Campine also has lots of attention for the wider stakeholders, as we contribute massively to the global quest for sustainability. 5 out of 6 trucks entering our plant with raw materials are carrying waste, mostly post-consumer waste. These end-of-life products are reborn in our factory into new material solutions for our customers. We not only help to avoid waste landfill, but also reduce the need to deplete our natural resources. Campine is for instance a pioneer in recycling chemical and metallurgical

"These end-of-life products are reborn in our factory into new material solutions for our customers."

additives. Through innovative processes we recover antimony derivatives in consumer and industrial waste immediately into antimony trioxide (ATO). This Re-gen (regenerated) ATO can be used as polymerization catalyst or flame retardant additive for plastics. Re-gen is in high demand of customers, which travel a similar path like Campine and try to build products out of recycled materials.

The journey of turning waste into new customized material solutions is the right one for the future! All of Campine's stakeholders will benefit from it: shareholders, local communities and even the people around the world.

Wim De Vos
CEO

2019 Financials

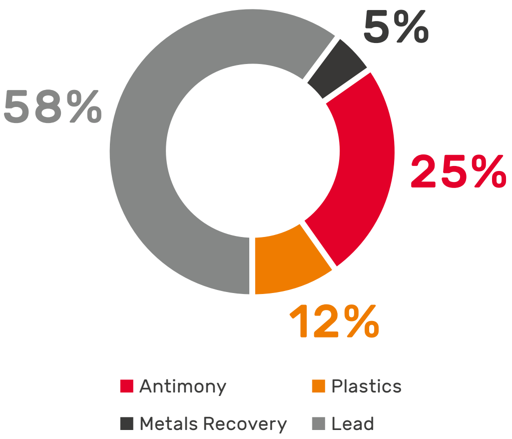
TURNOVER
€ 192,5m

EBIT
€ 9,6m

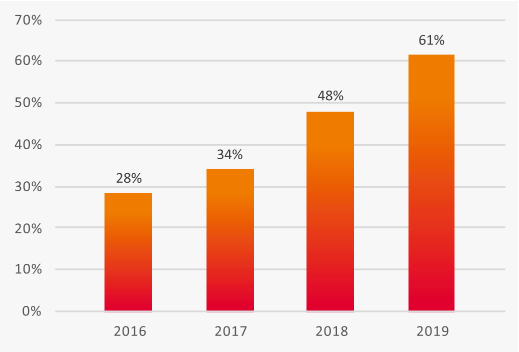
NET RESULT
€ 8,0m

SOLVENCY RATIO
61%

TURNOVER PER BU



EVOLUTION SOLVENCY RATIO



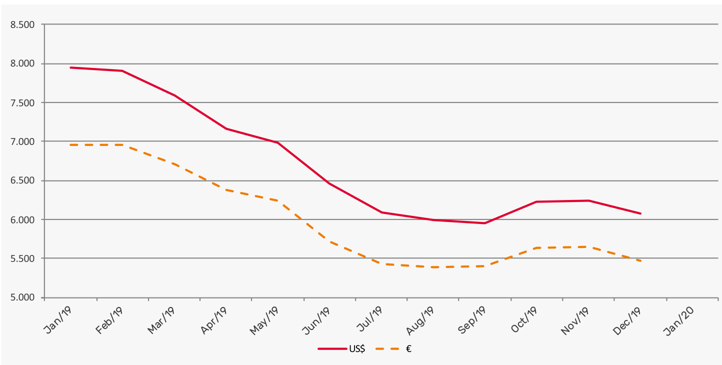
2019 Headlines

+ 50%

Campine outperforms the Belgian benchmark for well-being, safety and health at work. Our KPI's have improved by nearly 50% compared to the last survey in 2014.

- 2.000$/t

The drastic drop in antimony metal prices pushed Campine's Specialty Chemicals division in the red figures.



€ 3,9m

The General court of the EU rules in favour of Campine, resulting in a refund of 3,9 million €.

€ 8,0m

Record high net result: 8,0 million €.

Well-being survey

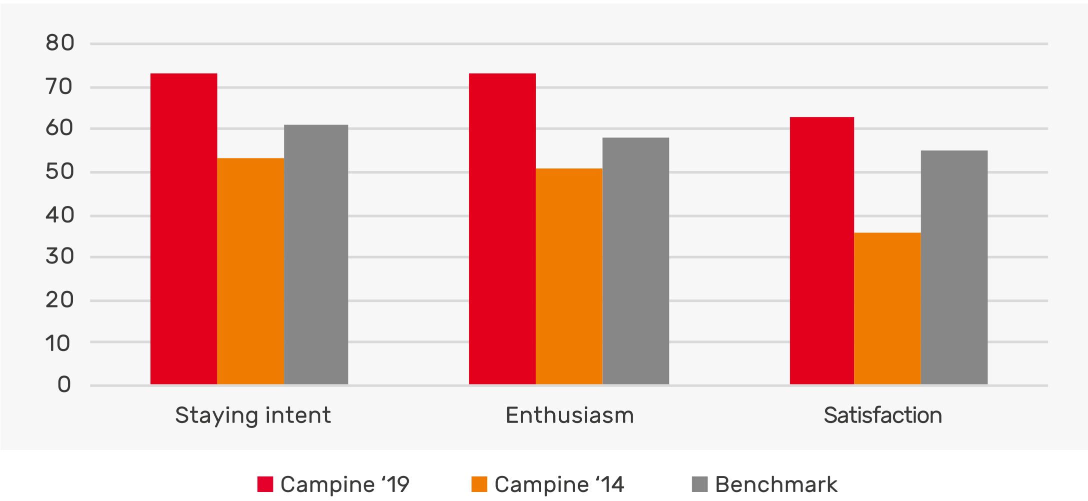
Committed, motivated employees are crucial to Campine. We assess our psychosocial well-being KPI's through a survey at our personnel every five years. In 2019 we asked our people to fill in an extensive questionnaire. With a response rate of over 75%, we got a very good view on our employee's satisfaction. Campine's results were compared with the Belgian benchmark, including service and industrial companies, even public services organisations.

Results showed that Campine scored significantly better than the Belgian benchmark in most areas.

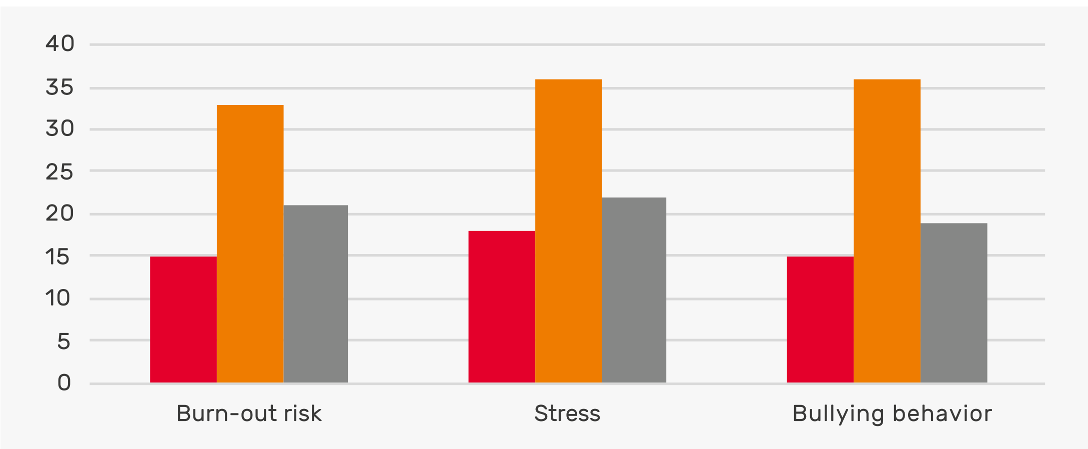
Jobsatisfaction, enthusiasm and the intention to keep their job at Campine scored more than 10% higher than the benchmark. We scored better (lower) than the Belgian benchmark for all 'ill-being indicators' such as stress, emotional exhaustion, distancing and burn-out risk.

Compared to our 2014 survey we scored roughly 50% better, which is a huge step forward. Nevertheless, you can never do enough on well-being and Campine will continue its efforts for further improvements.

WELFARE INDICATORS (IN %) - the higher the better



DISCOMFORT INDICATORS (IN %) - the lower the better



Corporate Social Responsibility

Recover, Renew, Repeat

Our ambition is to have al incoming raw materials only consisting of ‘waste’ or ‘end-of-life products’.

In 2019 sustainability became even more prominent in our activities. We increased our waste collection to recycle metals. This brings us again a step closer to a fully closed manufacturing loop. We develop our flame retardants in view of a wider application potential and evaluate these on their recyclability. We take the “design for recycling” concept into account where possible. We are building an innovative recycling furnace that will separate lead and antimony - the two main materials recovered in our processes - in one single step. We also initiated the project to recycle the PP plastic casings of lead batteries and give them a new life. The list of strategic projects containing elements to reach our sustainability goals (SDG’s) is long…

People oriented

Campine wants to create an enjoyable environment for its employees, neighbours, customers, suppliers, the surrounding community … in short, for all its stakeholders. We aspire to continuously improve working conditions and to create comfortable workplaces. Some older buildings were insulated to improve temperature control, the greater part of the offices has been renovated and we undertook several actions to further reduce exposure to dust and other substances on the shopfloor and beyond.

We wish to score even better in general well-being, as we want everybody at Campine to feel good! Allowing individual talents to develop theirselves and sustaining the curlture to nurish this, will be important for the future. We stimulate our own employees to attend trainings and support development projects for underprivileged people in the region.

The planet, our home

Campine aims to evolve to CO_2-neutral within its circular strategy. The new material solutions we produce, will eventually consist entirely of recycled materials or waste.

Today already 83% of our sales volumes are manufactured entirely from post-consumer or industrial waste. We strive for more innovation to extract all valuable resources and give them a rebirth in our new material solutions. We prospect actively for secondary raw materials and waste streams and develop new or improved extraction techniques.

We participate in various local biodiversity projects. The moor frog, the great crested newts, the bats, the Galloway cattle, the peregrin falcons, ... are not only at home in our own nature area, we are actively taking care of them. We construct new ponds, we built an insect hotel and foresee additional elevated berms to avoid noise and other artificial interference in the animal's habitat.

The market, our future

Campine intends to evolve towards full sustainability in harmony with its markets and we request the same of our suppliers and customers. The battery is more than ever central to the electrification of our vehicle park and also key to the storage of energy from natural sources such as solar, wind and geothermal. We want to remain a pioneer in our industry and by doing so, create additional value for our shareholders.

Keeping on track

In 2020 we will further develop our sustainability objectives in mutual agreement with our employees and stakeholders. Furthermore, we will set appropriate instruments to track the evolution of our efforts year after year.

6 values that define our company

Safety is our first concern

We engage in those things where we can make a significant contribution

We decide, act and finish what we started

We keep things simple

We are not afraid to say no

We respect people and planet


Mr. Peeters
STEPHANIE
GEERTS

The growing importance of "well-being at work"

Safety is not only one of the six Campine values, it is our absolute first concern. At Campine we try daily to enhance a safe and pleasant working environment. We premise that each employee, contractor, supplier or visitor should return home in good health.

Enjoyable working environment

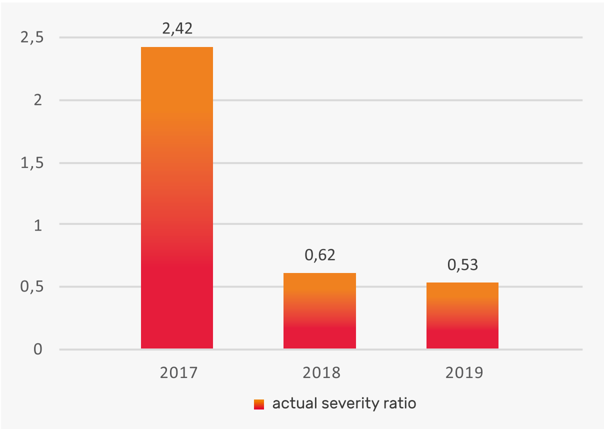
Campine wants to create an enjoyable workplace for every employee. We strive for zero accidents and try to minimise the exposure to hazardous substances. Based on a comprehensive safety prevention plan and the related annual action plans we continuously improve all working conditions.

Major achievements in 2019 were the complete covering of the first lead refinery pot, the increased filter capacity in various production areas, the reduction of dust emissions, the instalment of a new compartmentalized control room, etc.

We also made important steps forward in the field of process safety. Process risks-analysis were updated in all departments. In cooperation with the authorities a major Seveso exercise was performed for the first time at our premises. This was an important learning experience for all those involved. Based on the lessons learned from this exercise, the internal emergency plan will be further enhanced.

We are proud to continue making progress in safety and health. In 2019 we did not have one serious accident, so the positive (declining) trend of the accidents severity ratio continues.

Decreasing trend of accidents severity ratio



Our company doctor monitors proactively and consistantly the health of our employees. In 2019, we rolled out our Behavior Based Safety program. This is based on regular Safety Walks by the management and executives. We encourage exemplary behavior during these tours.

In 2020 Campine continues its quest to enhance safety and health for all its stakeholders. Major projects will regard to vehicle safety, emergency planning, process safety, dust and fume reduction as well as many actions resulting from the well-being survey. These will help us to further strengthen the Campine safety culture.

Digitisation

As in any other business we are digitising many processes at Campine. In 2019, a group of young potentials ensured that every Campine employee “remains” ‘fully connected, by developing an app with various functionalities for the entire workforce.

Campine Moments offers our employees the opportunity to stay updated with internal news and events, independent of time and place. Moreover, the users can also apply for a shift change or request a vacation day through the app itself. They can register for upcoming company events and give compliments to each other. Through Campine Moments requests, approvals, registrations, etc. which traditionally were done in writing are now handled digitally. This is a further contribution to sustainability.

The **Campine Moments** app is just one of many tools that will help us to digitise our company further in the coming years.

The Board of Directors of Campine nv reports to the shareholders on the company's activities and results over the financial year 2019. The consolidated annual accounts, the statutory annual accounts and this annual report were approved by the Board of Directors on 3 March 2020 and will be presented to the Annual General Meeting of 27 May 2020.

Annual review 2019

Mixed operational results

Needless to say that 2019 was characterized by lots of uncertainties like trade wars, Brexit, the climate change, continuous conflicts in the Middle East, migration..., which created more volatility in commodity markets.

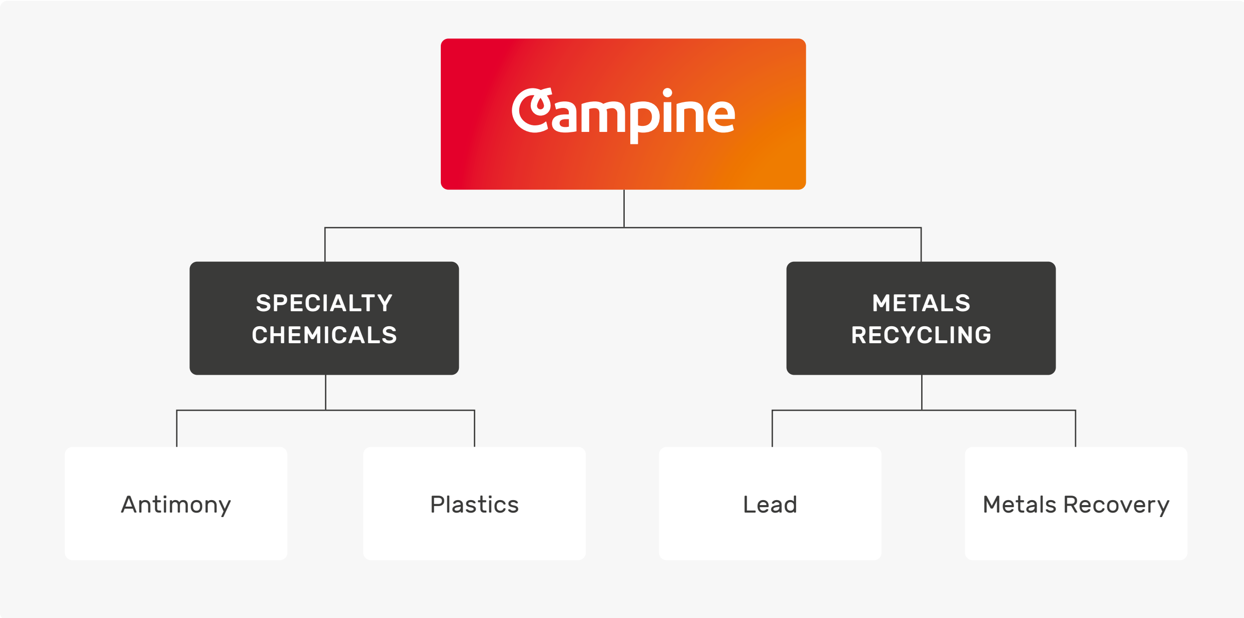
The climate change debate and continuous changing demands and taxes on combustion engine cars, forced the automotive sector in an accelerated transition / electrification phase. Campine's products have a certain dependency on the automotive markets. Not only are car batteries the main user of lead alloys from the Metals Recycling division, but cars also need lots of flame retardant plastics, which are supplied by Campine's Specialty Chemicals division. The slow down and uncertainties in the automotive market ultimately lead to a domino effect of lesser demand throughout our value chain.

We were able to counter the short-term lower demand in lead products. Campine even had a small growth thanks to volumes for new industrial customers and some higher sales to commodity traders. Unlike other base metals, the lead LME price was supported in 2019 by the 6 months outage of a large lead producer in Australia, reducing the expected global surplus in lead.

In our Specialty Chemicals division, it was much more difficult to fill the temporary lower demand, as several products are tailor-made for specific applications or customers. The lower demand in China for antimony products also lead to a higher Chinese export and thus more competition on the global markets. Beside the negative volume impact, the abundant supply of antimony in China (also caused by high availability of Russian antimony ore) created a downward price spiral for antimony products, which lasted for the main part of 2019.

Group results

In 2019 Campine realized a revenue of 192,5 mio €, in comparison with 212,4 mio € in 2018 (-9%). This lower revenue is related to the reduced metal prices (mainly antimony), which form the basis of Campine sales prices and the lower sales volumes in the Specialty Chemicals division.



The EBIT reached 9,6 mio €, which is 19% higher compared to the 8,1 mio € of 2018. Campine 's net result was largely impacted by the decision of the General court of the EU to refund Campine with 3,9 mio € on the original European Commission fine 8,2 mio €. The verdict in this appeal case was announced on 7 November 2019. It confirms the lesser involvement of Campine in the alleged purchase cartel. The 3,9 mio € refund, which was received on our bank accounts in December, has no tax implications as the original fine was not tax deductible. With legal expenses being booked in the previous years, the refund contributes almost in full amount to the net result in 2019 which amounted to 8,0 mio € (including the 3,9 mio € refund of the EC fine), compared to 5,8 mio € in 2018 (+37%).

CFO Jan Keuppens

The operational results of both divisions were substantially different from each other:

- The Metals recycling business reached a relatively normal result: in line with the slightly higher volumes and somewhat lower LME lead prices an EBIT result of 6,0 mio € was obtained.
- For our Specialty Chemicals division it really was a difficult year. The worldwide demand for our products had at least a stagnation in its growth and the continuous price fall resulted amongst others in de-stockings at and postponements of orders by our customers. Lower volumes and lower prices ultimately lead to a small loss of 0,2 mio € for the year.

Our balance sheet on the other hand has improved another consecutive year: with a solvency ratio of 61% (equity/balance total) and an equity which now grew to 35,5 mio €, we have lots of room for additional debt-financing of the large investment program, which is linked to our business plan.

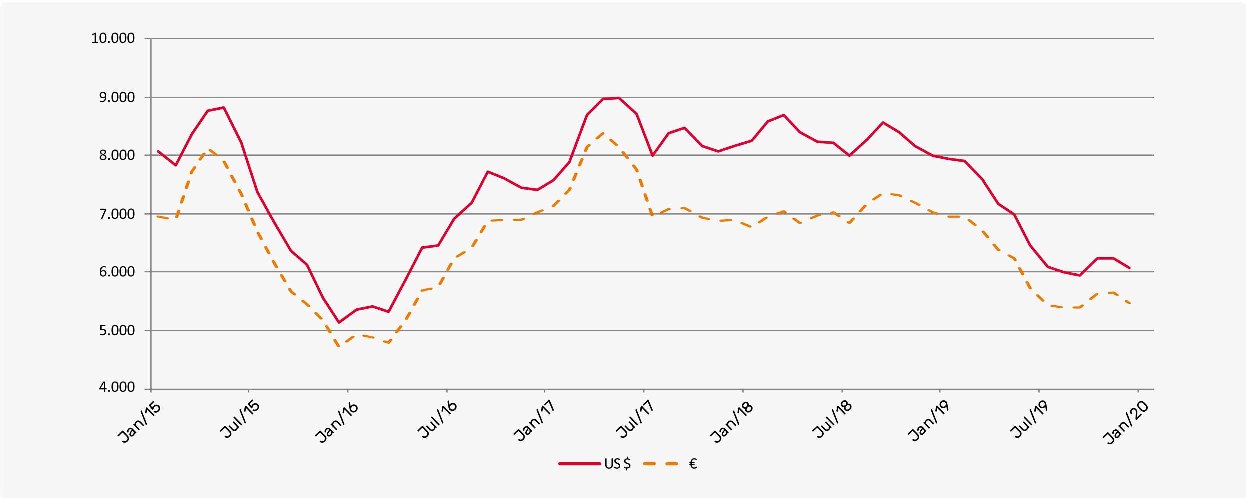
Division Specialty Chemicals

This division is composed of the Business Units Antimony and Plastics.

VOLUMES
Sales volumes in the Specialty Chemicals division reduced for the first time in years and reached approx. 13.600 ton. This represents a decrease of 12% compared to 2018.

REVENUE AND EBIT
Revenue is linked to the evolution of antimony metal prices. The average antimony Metal Bulletin price in 2019 of 6.722 USD/ton is substantially lower than the average of 8.316 USD/ton in 2018. Consequently our revenue amounted only to 77,1 mio €, which is 14% lower than the 89,8 mio € in 2018.

Antimony free market 99,6% in US$/ton and €/ton



The downward price trend continued during the entire year. This caused a significant value reduction of our stocks through the year as the antimony price on January 1st was 8.000 USD/ton and 6.000 USD/ton at the end of the year.

In relation with the lower sales volumes and the drastic price fall of antimony products in 2019, the EBIT reduced significantly to a loss of 0,2 mio €.

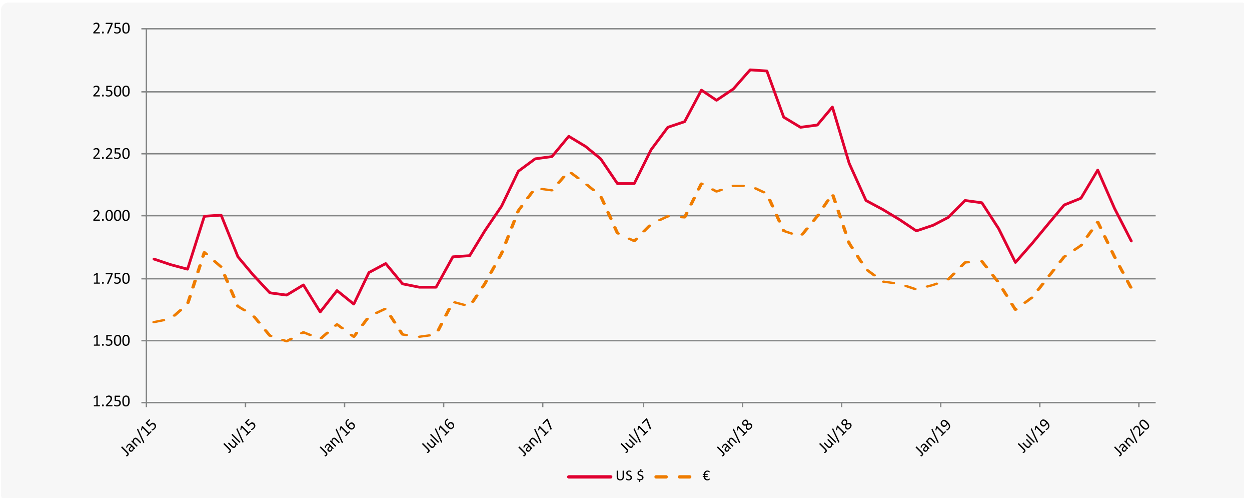
Division Metals Recycling

This division is composed of the Business Units Lead and Metals Recovery.

VOLUMES

The sales volumes in Metals Recycling amounted to 64.300 ton, which is a growth of approx. 1.500 ton (+2,5%) compared to the 62.700 ton of 2018.

Lead LME cash/ton in US$ and in €



REVENUE AND EBIT

Revenue and EBIT both strongly depend on the metal prices, mainly on the lead LME price. Our margins are under pressure when LME has a downward trend and margins recover during upward LME movements. Despite the small difference between the lead LME in January (1.746 €/ton) and December (1.707 €/ton) there was some volatility throughout the year, with an average LME even at 1.787 €/ton.

Revenue amounted to 128,6 mio € (down 4 % from 134,4 mio € in 2018). EBIT increased to 6,0 mio € (up 22 % from 4,9 mio € in 2018).

Perspectives for 2020

Giving a perspective on 2020 is extremely difficult under the current dramatic circumstances of the Corona epidemic.

Demand for our Specialty Chemicals products regained ground in the first quarter of 2020. Prices were in an upward trend due to shortages of antimony metal from China. This price uptake stabilized after the Chinese export geared up again, but has been falling amid the Corona epidemic in the rest of the world. We anticipate lower sales volumes for the second quarter related to the reduced demand from the market.

In our Metals Recycling division the impact is even bigger as the automotive industry is shutting down assembly lines, and thus the demand for lead acid batteries decreases. Industrial demand in the second quarter is expected to reduce by 40% or more, but Campine has options to sell and supply lead metal to the metal exchange (LME) warehouses or other material investors and traders. In line with lower demands the LME lead prices have – like most commodities - suffered a fierce decline, with low’s going below the 1.450 €/ton level. Campine’s profits in recycling are directly linked to LME lead values.

Some large investments will be carried out during 2020 in the Metals Recycling division: a 3rd line to recover metals from other industrial waste streams (other than batteries) will be built and should be operational at the end of 2020. In the lead refinery a new ingot line, which should increase our operational efficiency and overall capacity, will be taken into production early 2021. As to the project to recover the polypropylene plastic from the battery cases, construction work will start in the 2nd semester of 2020.

Diversity policy

Our workforce is one of the key-factors to our success. Each employee is unique thanks to his/her personal and specific knowledge, life experience, talents and other characteristics. All genders are considered equal in case of vacancies.

Based on our diversity policy we have built up a strong workforce with complementary teams. There are men and women of different nationalities, age, thoughts and belief …

Campine also complies with the Corporate Governance legislation regarding gender diversity in the Board of Directors.

Corporate matters

SIGNIFICANT EVENTS AFTER THE CLOSE OF THE YEAR

The outbreak of the Corona virus and related epidemic will greatly influence Campine's income statement in 2020. At the time of closing this report (end of March 2020) it is impossible to give an exact forecast of this impact on the future results.

The overall industrial demand is falling and consequently commodity prices have fiercely decreased. The health of our employees, the availability of raw materials are additional uncertainties, which to date are a threat to keep our operations going.

In view of both our high solvency ratio and high liquidity level and access to additional liquidity if necessary (see undrawn committed borrowing facilities in note 5.16 Bank borrowings) we currently do not see any issue on the continuity of Campine.

USE OF FINANCIAL INSTRUMENTS BY THE COMPANY, TO THE EXTENT THAT THESE ARE SIGNIFICANT IN EVALUATING ITS ASSETS, LIABILITIES, FINANCIAL SITUATION AND EARNINGS

For a detailed description we refer to accounting policy 5.2.6. Financial instruments mentioned further in this report.

CIRCUMSTANCES WHICH COULD SIGNIFICANTLY INFLUENCE THE DEVELOPMENT OF THE COMPANY

There were no changes in circumstances which could substantially influence the development of the company.

RESEARCH AND DEVELOPMENT

Research and development is a constant theme in the improvement of the mastering of our production processes and the applicability of our products in specific markets. In each business unit, research projects were started up in collaboration with customers to develop new innovative products.

DIVIDEND

The Board proposes that the company pays a dividend of 2,625 mio € based on the 2019 result. A dividend of 1,875 mio € was paid on the basis of the 2018 result.

STATUTORY AUDITOR

In 2019 the statutory auditor fee for audit and non-audit services reached 102.525 € for the Group. The non-audit services in 2019 amounted to 15.345 € and were related to other attestation services.

DISCHARGE TO DIRECTORS AND STATUTORY AUDITOR

The Board of Directors proposes granting discharge to all directors and the statutory auditor in respect of the exercise of their mandates in 2019.

STATUTORY APPOINTMENTS

See composition Board of Directors.

FAIRNESS STATEMENT

The Board of Directors declares that to the best of their knowledge:

- The financial statements, prepared in accordance with the IFRS, give a true and fair view of the assets, liabilities, financial position and the results of the company, including its consolidated subsidiaries;
- The annual report gives a true and fair view of the development and results of the company, including its consolidated subsidiaries, together with a description of principal risks and uncertainties that they face.

Corporate Governance Statement

Campine's Corporate Governance Charter is established in accordance with the principles of the Belgian Corporate Governance Code 2020. This code can be found on the website of the Commission Corporate Governance (www.corporategovernancecommittee.be). The Charter describes amongst others the current procedures and rules regarding corporate governance, the functioning of the Board of Directors and its committees (Audit committee, Nomination & Remuneration committee and Strategy committee). It is updated in case of changes to the Belgian Corporate Governance Code or to Campine's Corporate Governance model. The Charter was adjusted in compliance with the new Code 2020 and was approved by the Board of Directors in December 2019. The Charter can be found on the website (www.campine.com) at "Investors/Shareholder information".

This Corporate Governance Statement mentions the actual implementation of the Corporate Governance Charter in 2019. It is established in accordance with the "comply or explain"-principles. The recommendations 3.4 and 4.3 of the Corporate Governance Code are only partially followed. The explanation for these deviations can be found further in this Statement.

1. Corporate capital and shareholding

1.1. CORPORATE CAPITAL

The corporate capital is set at 4.000.000,00 € represented by 1.500.000 shares without nominal value. The capital is fully paid up. One share represents one vote. There are no statutory nor legal restrictions regarding the transfer of shares, no special voting rights nor shareholders' agreements.

1.2. SHAREHOLDING STRUCTURE ON BALANCE SHEET DATE

As to the transparency notification of 9 July 2019, the current shareholder structure is:

Name	Number of shares	% of the voting rights
F.W. Hempel Metallurgical GmbH Weißensteinstraße 70, 46149 Oberhausen, Germany	1.077.900	71,86%

The ultimate controlling person is Mr Friedrich-Wilhelm Hempel.

The remaining shares (28,14%) are, as far as the company knows, held by the public. The company has until now not received any notices from other shareholders, who are compelled to disclose their shareholdings pursuant to Belgian law governing the notification of major shareholdings.

Public take-over bid

Proceedings in case of a public takeover bid are mentioned in articles 7 (Authorised capital) and 12 (Acquisition of own shares) of the Articles of Association.

Rules regarding the exercise of the voting rights

Rules regarding the exercise of the voting rights are mentioned in article 10 (Exercise of the rights attached to the shares) of the Articles of Association. No shareholder has any special rights. There are no statutory restrictions regarding the exercise of voting rights

2. The Board of Directors

2.1 COMPOSITION

Rules for the appointment and replacement of the Directors are mentioned in articles 13 (Composition of the Board of Directors) and 14 (Premature vacancy) of the Articles of Association.

On 31/12/2019 the Company's Board was composed of six members, being one executive Director and five non-executive Directors, of whom are two independent Directors:

DELOX BVBA, Chairman of the Board

- Non-executive Director represented by its permanent representative Mr Patrick De Groote (appointed on 28/05/2019 for a period of 4 years) and hereafter referred to as "DELOX";
- Board member of various companies.

Friedrich-Wilhelm Hempel

- Non-executive Director (appointed on 22/05/2018 for a period of 3 years);
- Shareholder and Director of various private companies in Europe.

Hans-Rudolf Orgs

- Non-executive Director (appointed on 22/05/2018 for a period of 4 years);
- Managing Director of the holding company F.W. Hempel & Co Erze & Metalle.

BERNUS BVBA

- Non-executive and independent Director represented by its permanent representative Ms An Nuyttens (appointed on 09/05/17 for a period of 3 years) and hereafter referred to as "BERNUS";
- President GBU Silica, Solvay.

FLG BELGIUM SPRL

- Non-executive and independent Director represented by its permanent representative Ms Dina Brughmans (appointed on 22/05/2018 for a period of 3 years) and hereafter referred to as "FLG BELGIUM";
- HR and Change Management senior Advisor.

ZENDICS BVBA

- Managing Director represented by its permanent representative Mr Willem De Vos (appointed on 28/05/2019 for a period of 4 years) and hereafter referred to as "ZENDICS";
- Board member and advisor to boards of various companies.

None of the Directors has an additional mandate in a Belgian company listed on the stock exchange.

Campine applies to the independence criteria as mentioned in the Corporate Governance Charter. The independent Directors declare that they comply with art. 7:87 § 1 of the Belgian Code on Companies and Associations.

The Corporate Governance Code 2020 (art 3.4) requires that the Board should comprise at least three independent Directors. In view of the limited size of the Board – which consists of 6 Directors in total - there were 2 independent Directors on 31/12/2019. This number represents one third of the total number of Directors. The Board is of the opinion that this ratio is sufficient.

With a 6-persons Board of Directors we have efficient decision-making whilst all Board members can largely contribute to the discussions with their experience and knowledge.

Diversity policy: In composing the Board, we ensure that the Board members have a complementary set of competences and talents. All genders are considered equal in case of vacancies. Thanks to our diversity policy, our Board of Directors is a compact yet divers group of men and women of different nationalities, age, thoughts and belief …

At the start of the nomination process, the Nomination and Remuneration committee draws up a profile - based on an evaluation of skills, experience and knowledge – which the candidates must meet.

Company secretary: Mrs Karin Leysen. She ensures that the Board procedures are complied with and that the Board acts in accordance with its obligations under the law, the Articles of Association and the internal rules and regulations.

2.2 FUNCTIONING

The Board meets on average four times a year. This frequency enables the Board to keep regular and continuous track of the consolidated and unconsolidated results, the general state of business and developments at both Campine and its subsidiary; investment programmes of Campine, acquisitions and divestments by the Group, development of the management, etc. The Board shall be called by the Chairman or the Managing Director whenever the company's corporate interest so requires. Upon request of at least two Directors additional meetings are convened.

The Board of Directors met 5 times in 2019:

	28/02/19	25/05/19	12/07/19	12/09/19	12/12/19
DELOX	✓	✓	✓	✓	✓
ZENDICS	✓	✓	✓	✓	✓
F.-W. Hempel	✓	✓	✓	-	✓
H.-R. Orgs	✓	✓	✓	✓	✓
BERNUS	✓	✓	✓	✓	✓
FLG Belgium	✓	✓	✓	✓	✓

The following subjects were discussed:

- Strategy
- Results of Campine and its subsidiary Campine Recycling
- Evaluation of last and current year's budget
- Determination of next year's budget
- Composition and evaluation Board of Directors
- New Belgian Code on Companies and Associations and new Corporate Governance Code 2020
- Approval of new investments
- Evaluation of running and completed investments
- Determination of the annual accounts for approval by the Annual General Meeting
- Composition of the annual report to the Annual General Meeting
- Approval of the invitation of the Annual General Meeting
- Approval of press releases to be published
- Proposal of the nominations to the Annual General Meeting
- Evaluation and determination of the risk position of lead and antimony, credit risk
- Evaluation general risks and exposures
- Credit loans and bank balances
- Status of the different departments (production, purchase, sales, …) of the different BU's
- Status: personnel and organisation
- Status: safety, health and environment

2.3 EVALUATION

Campine has historically opted for a "one-tier" governance structure with a Board of Directors. In view of the new Corporate Governance code 2020, this structure was evaluated and confirmed by the Board in December 2019. At least every five years, the Board will assess this structure. If this structure is considered as not appropriate anymore, it will propose a new governance structure to the general meeting.

The Board evaluates at least every three years its own performance as well as that of the specialised committees. The evaluation deals with the strategy, the operational efficiency, the relevance of the discussed topics, the preparation of the debates and the contribution of each Director in the decision making process.

The previous evaluation took place in 2018. The evaluation showed that the Board of Directors is unanimously satisfied with the contribution of the individual Directors, its own functioning and that of its committees.

Evaluation by the Nomination & Remuneration committee

The Nomination & Remuneration committee evaluates every two years its own efficiency and proposes - if necessary - adjustments to the Board of Directors.

Evaluation of the interaction with the Executive Management Team

The various members of the Executive Management Team are regularly invited to the meetings of the Board of Directors and the committees during which they present specific aspects regarding their responsibilities. They also have the opportunity to consult with the non-executive directors. Everyone considers this active interaction between the Executive Management Team and the Board of Directors positive.

3. Board committees

3.1 THE NOMINATION & REMUNERATION COMMITTEE

The Nomination & Remuneration committee (acting as a Remuneration committee within the meaning of article 7:100 of the Belgian Code on Companies and Associations) assists the Board in all matters related to the appointment and remuneration of the Directors and the Executive Management Team.

The Nomination & Remuneration committee prepares the Remuneration report and clarifies it during the Annual Meeting.

The Managing Director participates in the committee with an advisory vote, each time the Nomination & Remuneration committee is dealing with the remuneration of the members of the Executive Management Team and when the committee invites him.

On 31/12/2019 the Nomination & Remuneration committee consisted of the Chairman of the Board (DELOX), the independent Director BERNUS and the independent Director FLG BELGIUM.

All members have the necessary expertise in the field of remuneration as a result of their yearlong experience in the business environment and in business associations.

The Nomination & Remuneration committee met three times in 2019:

	22/02/19	12/07/19	11/12/19
DELOX	✓	✓	✓
BERNUS	✓	✓	✓
FLG Belgium	✓	✓	✓

The following subjects were discussed:

- Composition of the Board of Directors
- Preparation of the Remuneration report for the Board
- Director's remuneration: tantièmes and Director's remuneration
- Composition, evaluation and remuneration of the Executive Management Team
- Evaluation and functioning of the Board committees and Board members

3.2 THE AUDIT COMMITTEE

The Audit committee has, at least, the following tasks:

- Monitoring the financial reporting process
- Monitoring the effectiveness of the company's internal control and risk management systems
- Monitoring the internal audit and its effectiveness
- Monitoring the statutory audit of the annual and consolidated accounts, including any follow-up on any questions and recommendations made by the statutory auditor
- Reviewing and monitoring the independence of the statutory auditor, in particular regarding the provision of additional services to the company

Furthermore, the Audit committee monitors the functioning of the Executive Management Team. The Audit committee reports all matters in respect of which it considers that action or improvement is needed to the Board.

On 31/12/2019 the Audit committee consisted of Mr H.-R. Orgs and the independent Director FLG Belgium.

The Group complies with the requirements of the law and confirms that the independent Directors comply with the law as to independence and competence criteria in the field of accounting and audit thanks to their extensive experience in a production environment and broad knowledge of finance and metal trading.

Pursuant to the Corporate Governance Code 2020 (article 4.3) each committee should have at least three members. In 2019 the Audit committee only consisted of two Directors – of which one independent Director - due to the limited size of the company and the Board of Directors. The CEO and the CFO are invited to join each Audit committee meeting.

In 2019 the Audit committee met 4 times - of which 3 times with the statutory auditor.

	21/02/19	21/05/19	06/09/19	06/12/19
H.-R. Orgs	✓	✓	✓	✓
FLG Belgium	✓	✓	✓	✓

The following subjects were discussed:

- Evaluation results of the current year
- Preparation of the credit risk for the Board
- Preparation of the risk position of lead and antimony for the Board
- Risk analysis “market risks”
- Internal control
- Examination of the year and half-year figures and evaluation of the accounting estimates and judgements as a result of the closure of the financial year
- Examination legal cases
- Preparation of next year’s budget for the Board
- Evaluation of the current budget
- Press releases to be published: year results, half year results, …

3.3 THE STRATEGY COMMITTEE

The Strategy committee assists the Board in all matters related to the general management of the company and its subsidiary.

The Strategy committee consists of the Director DELOX, the independent Director BERNUS and ZENDICS.

The Strategy committee met on 23/08/2019; DELOX, BERNUS, ZENDICS were all present.

During this meeting the update of the new Business plan was presented. The long term strategy and developments per division were discussed thoroughly. Much attention was paid to the development of new markets and products. Some important innovative investment projects were also reviewed and monitored.

The committee’s regulations can be found in annex of the Corporate Governance Charter.

4. Executive Management Team

4.1 COMPOSITION

Willem De Vos	as permanent representative of ZENDICS BVBA Managing Director / Chief Operating Decision Maker
Leo Cazaerck	Maintenance Manager
Nicolas De Backer	Procurement Manager
Hilde Goovaerts	Manager Operational Excellence
Jan Keuppens	Finance and Control Manager
Hans Vercammen	Division Director Specialty Chemicals
David Wijmans	Division Director Metals Recycling

4.2 FUNCTIONING

The Managing Director's responsibilities include developing and monitoring of the business plans for each business unit, as approved by the Board, the implementation of the decisions of the Board and the setting up of the necessary investment programmes, which are then presented to the Board for approval. Furthermore, the Managing Director ensures that valid legislation is respected and that the company works in compliance with all valid safety, health and environmental regulations.

The Managing Director is assisted by the Executive Management Team. The Executive Management Team reports to the Managing Director and enables the Managing Director to properly perform his duties of daily management.

5. Internal control and risk management system

Campine organises the management of internal control and corporate risks by defining its control environment (general framework), identifying and classifying the main risks to which it is exposed, analysing its level of control of these risks and organising 'control of control'. It also pays particular attention to the reliability of the financial reporting and communication process.

5.1 CONTROL ENVIRONMENT

- Company organisation: The company is organised into a number of departments as set out in an organisation chart. Each person has a job description. There is a power of attorney procedure. The company's representation in different areas like human resources, purchasesales, … is integrated in the "internal powers" document. . In cases where the "potential" risks as a result of commitments taken, can fluctuate due to price volatility of the product (energy, raw materials, foreign currency, …) specific procedures apply.
- Management control is the responsibility of the controllers. The Finance & Control Manager is in charge of organising the risk management.
- Organisation of internal control: The Audit committee has a specific duty in terms of internal control and corporate risk management. Detailed information regarding the activities of the Audit committee can be found under item 3.2 above mentioned and in our Corporate Governance Charter.
- Ethics: The Board of Directors has drawn up the Corporate Governance Charter and Code of conduct (annex of the Charter). The current version can be consulted on the website of Campine. The board checked whether the Code of Conduct is complied with and is of the opinion that all persons concerned respect the Code of Conduct.

5.2 RISK ANALYSIS AND CONTROL ACTIVITIES

All processes, from administration to effective production, are managed in a documented management system that is based on the different risk analyses systems. The risks regarding safety, health, environment & quality are inventorised, evaluated, managed and controlled in a dynamic way based on ‘continuous improvement’. The Audit committee reviews the risk analysis twice a year. The main risks are described in the note “market risks” in the annual report.

Major risks and uncertainties inherent to the sector. The management aims to tackle these in a constructive way and pays particular attention to:

- Fluctuations of the prices of raw materials and metal. Prices fluctuate as a result of changing supply and/or demand of raw materials and end products, but also because of pure speculation;
- Fluctuations in availability and cost of the energy;
- Changes in regulations (Flemish, Belgian, European and global) in the field of environment and safety/ health including legislation related to sale (REACH) and storage (SEVESO) of chemical products;
- Market risks include interest risk, foreign exchange risk, price risk and credit risk.

5.3 FINANCIAL INFORMATION AND COMMUNICATION

The process of establishing financial information is organised as follows:

A planning chart sets out the tasks to be completed for the monthly, half-yearly and annual closures of the company and its subsidiary, with deadlines. Campine has a check list of actions to be followed up by the financial department. The accounts team produces the accounting figures under the supervision of the Finance & Control Manager. The controllers check the validity of these figures and produce the reporting. The figures are checked using the following techniques:

- coherence tests by comparison with historical or budget figures;
- sample checks of transactions according to their materiality.

5.4 SUPERVISION AND ASSESSMENT OF INTERNAL CONTROL

The quality of internal control is assessed over the fiscal year:

- by the Audit committee. Over the fiscal year, the Audit committee reviewed the half-yearly closure and the specific accounting methods. It also reviewed the disputes and main risks facing the company.
- by the auditor in the context of their review of the half-yearly and annual accounts. When appropriate, the auditor makes recommendations concerning the keeping of the financial statements.
- by the Board of Directors in the context of the day-to-day management. Furthermore, the Board of Directors supervises the performance of the duties of the Audit committee in that connection, notably through that committee’s reporting.

5.5 DEALING CODE REGARDING TRANSACTIONS OF THE COMPANY’S SHARES

The dealing code – part of our Code of Conduct – stipulates the rules regarding transactions of shares of the company. It sets limitations for ‘key-persons’ regarding transactions in specific periods (“closed periods” and “prohibited periods”) and imposes a disclosure obligation to the Compliance Officer in case of transactions outside these periods.

The Board of Directors has appointed Mr Willem De Vos as Compliance Officer.

5.6 TRANSACTIONS NOT COVERED BY THE LEGAL PROVISION ON CONFLICTS OF INTEREST

All related party transactions are conducted on a business base and in accordance with all legal requirements and the Corporate Governance Charter.

During the financial year no conflict of interest (Articles 7:96 and 7:97 of the Belgian Code on Companies and Associations) occurred.

Remuneration report

1. Procedure determination remuneration policy and remuneration level

NON-EXECUTIVE DIRECTORS

The remuneration of the non-executive Directors and the Chairman is set in the Articles of Association of the company. This remuneration consists of:

- The director's remuneration for the performance of their mandate;
- The tantième which is paid the year following the related financial year;
- The additional compensation in respect of their participation in the meetings of the different Board committees of which they are member.

Non-executive Directors do not receive benefits in kind nor do they participate in a pension plan.

MANAGING DIRECTOR

The Board of Directors decides upon the remuneration of the Managing Director.

The objectives linked to the variable part of the remuneration are set by the Board of Directors after recommendation of the Nomination & Remuneration committee. The Nomination & Remuneration committee assesses the performance of the Managing Director including the realisation of the criteria to obtain the variable remuneration.

During a Board meeting – where the Managing Director is not present – the Chairman of the Nomination & Remuneration committee informs the members about this assessment which is consequently discussed.

The Managing Director does not receive any compensation for his duty as mere Director. As to article 23 of the Articles of Association, the Managing Director may be granted a compensation if the annual shareholders' meeting agrees to this by separate vote upon proposition of the Board of Directors.

OTHER MEMBERS OF THE EXECUTIVE MANAGEMENT TEAM

The Nomination & Remuneration committee advises on the nomination, remuneration and removal of the members of the Executive Management Team.

The objectives linked to the variable part of the remuneration are set by the Managing Director. The performance of the Executive Management Team is assessed by the Managing Director – in consultation with the Nomination & Remuneration committee.

2. Remuneration policy applied during 2019

NON-EXECUTIVE DIRECTORS

The compensation of the non-executive Directors is set in article 23 of the Articles of Association:

- The Directors who fulfil their mandate for the entire financial year, receive a compensation which amounts for the financial year 2019 to twenty thousand euro (20.000 €) gross, gross irrespective of any profits made or losses sustained by the company. The aforementioned amount is automatically increased by two hundred and fifty euro (250 €), on the first day of each new financial year. The Chairman of the Board of Directors who fulfils his mandate for the entire financial year, receives a compensation which amounts for the financial year 2019 to fourty thousand euro (40.000 €) gross irrespective of any profits made or losses sustained by the company. The aforementioned amount is automatically increased by five hundred euro (500 €), on the first day of each new financial year.

- The members of the Audit committee, Strategy committee and Nomination and Remuneration committee receive for the financial year 2019 each a compensation which amounts to one thousand two hundred and fifty euro (1.250 €) per attended meeting unless the meeting of a committee is held immediately prior to or after a board meeting or unless the meeting is held per telephone conference. The aforementioned amount is automatically increased by 25 € on the first day of each new financial year.
- Directors who are invited to a meeting of a committee of which they are not members receive in 2019 a compensation of one thousand two hundred and fifty euros (1.250 €) per meeting in which they participate, unless the meeting of the committee takes place immediately after or before a meeting of the board of directors or if the meeting is held by telephone. The aforementioned amount of 1.250 € will automatically be increased by 25 € on the first day of each financial year.
- Directors who did not fulfil their mandate for the entire financial year will be paid on a pro rata basis of full months performed.

On top of the Director's remuneration, the non-executive Directors are entitled to a tantième as set in article 39 of the Articles of Association:

If the company's net profit amounts to one and a half million euro (1.500.000 €) or more after deduction of taxes and part of the legal reserve capital, a tantième of fifteen thousand euro (15.000 €) will be granted to each Director with the exception of the Managing Director, whereas he is already compensated in his capacity of Managing Director. Only the Directors that have served on the Board of Directors for at least six months during the financial year to which this tantième relates are entitled to the tantième and not pro rata the term of their mandate in the relevant financial year. Directors having served less than six months on the board during the relevant financial year will not be entitled to any tantième unless the annual shareholders' meeting decides otherwise. The Managing Director may receive a tantième as stipulated in this article in the event the annual shareholders' meeting decides so upon proposition of the Board of Directors and such by separate vote. The tantième granted to the Chairman of the Board of Directors will amount to the double of the tantième granted to the Directors in accordance with this paragraph.

If in a specific case, the Board of Directors requests the assistance of a Director, the latter is entitled to a remuneration for actual working hours and expenses made.

Non-executive Directors do not receive benefits in kind nor do they participate in a pension plan.

MANAGING DIRECTOR AND OTHER MEMBERS OF THE EXECUTIVE MANAGEMENT TEAM

The Board – who finally decides upon the remuneration of the Managing Director and the Executive Management Team – oversees that the performance of the above is related to the continuity and long term results of the company and that their remuneration is in relation to their performance and in the interest of all stakeholders.

The obligation mentioned in articles 7:91 and 7:121 of the Belgian Code on Companies and Associations does not apply to executive Directors, the persons who, alone or together, are charged with the day-to-day management and other leaders of the company mentioned in article 3:6 of the Belgian Code on Companies and Associations.

MANAGING DIRECTOR - ZENDICS

ZENDICS does not receive any compensation for his duty as mere Director.

ZENDICS's remuneration for the execution of his function consisting of both a fixed and a variable compensation is based on market references.

The variable part consists of:

- a non-financial component (limited to 10% of the gross annual remuneration); and
- a financial result-related component (limited to 100 K€).

The objectives are set by the Board of Directors after recommendation of the Nomination & Remuneration committee. The objectives are set up annually and apply for the entire financial year and some possibly over multiple financial years. The choice of objective areas can change every year depending on economic circumstances, regulations, organisation, strategy and other factors.

The performance of ZENDICS - including the realisation of the criteria to obtain the variable remuneration - is assessed by the Nomination & Remuneration committee.

ZENDICS does not participate in a group and health insurance nor in any pension plan.

Other benefits are a monthly lump sum (1.285,64 €/m) for the reimbursement of all renting costs and daily travel costs. Futhermore all costs incurred for the execution of the function are reimbursed.

The contractual terms of hiring and termination arrangements of ZENDICS do not provide any specific compensation commitments, other than a term of notice of 12 months.

The company has no right to reclaim the variable remuneration when the variable remuneration was granted to ZENDICS based on incorrect financial data.

OTHER MEMBERS OF THE EXECUTIVE MANAGEMENT TEAM

The remuneration of the members of the Executive Management Team, consisting of both fixed and variable compensation, is based on a market study.

The variable salary of the Management Team members consists of 3 parts, each part with a maximum equivalent of 1 month of salary:

- linked to the financial performance of the company
- linked to personal objectives and performance throughout the year
- linked to a set KPI's in their area of responsibility

The objectives comprise both financial and non-financial targets. The objectives are set up annually and apply for the entire financial year and some possible over multiple financial years. The choice of objective areas can change every year depending on economic circumstances, regulations, organisation, strategy and other factors.

The members of the Executive Management Team participate in a pension plan based on fixed contributions.

The members of the Executive Management Team participate – as do all employees of the company – in a group and health insurance. Other benefits are representation allowance, company car, internet connection, company phone in compliance with local market practices.

The contractual terms of hiring and termination arrangements of the members of the Executive Management Team provide in the standard notice periods as foreseen by the law, with possible deviation to max 12 months in case of early termination.

The company has no right to reclaim the variable remuneration in favour of the company when the variable remuneration was granted to the Executive Management Team based on incorrect financial data.

At remaining circumstances, this remuneration policy is also applicable for the next two financial years.

3. Overview remuneration 2019

NON-EXECUTIVE DIRECTORS

In 2019 the non-executive Directors received the following gross compensation for fulfilling their duties as Directors:

	F.-W. Hempel	FLG Belgium	BERNUS	DELOX	H.-R. Orgs	Total
Director's remuneration	20.000 €	20.000 €	20.000 €	40.000 €	20.000 €	**120.000 €**
Remuneration participation commit	0 €	5.000 €	1.250 €	1.250 €	5.000 €	**12.500 €**
Total	**20.000 €**	**25.000 €**	**21.250 €**	**41.250 €**	**25.000 €**	**132.500 €**

For the financial year closed on 31/12/2019, the non-executive Directors will receive a tantième as follows:

	F.-W. Hempel	FLG Belgium	BERNUS	DELOX	H.-R. Orgs	Total
Tantième	15.000 €	15.000 €	15.000 €	30.000 €	15.000 €	**90.000 €**

In 2019, none of the non-executive Directors received any shares, share options or other rights to acquire shares of the company or Group, any benefits in kind nor benefits related to a pension plan.

Pursuant to the Corporate Governance Code 2020 (article 7.6) the non-executive board members should receive part of their remuneration in the form of shares in the company. This is not done by Campine as the free-float of the share volume is limited which means that there are not a lot of shares available. Paying part of the remuneration in shares would affect the share price too much. Moreover, the rules on insider trading and market abuse are very strict and Campine wants to avoid any kind of conflict of interest.

MANAGING DIRECTOR AND OTHER MEMBERS OF THE EXECUTIVE MANAGEMENT TEAM

Total cost for the company	ZENDICS	Other members of the Executive Management Team	Total
Number of persons	1	6	7
Fixed remuneration	300.000 €	997.802 €	1.297.802 €
Variable remuneration	106.840 €	172.817 €	279.657 €
Subtotal	**406.840 €**	**1.170.619 €**	**1.577.459 €**
Pensions (basis: defined contributions) and invalidity pension	0 €	52.200 €	52.200 €
Other benefits	15.428 €	39.593 €	55.021 €
Total	**422.268 €**	**1.262.412 €**	**1.684.680 €**

The fixed and variable component include the total cost for the employer, all employer contributions included for members with employee status and the total invoiced remuneration fee for members utilising a management company.

The variable remuneration is the remuneration earned for the performance in 2019 but which will only be paid out in 2020.

During the financial year closed on 31/12/2019, the Managing Director nor the members of the Executive Management (Leo Cazaerck, Nicolas De Backer, Hilde Goovaerts, Jan Keuppens, Hans Vercammen, David Wijmans) received any shares, share options or other rights to acquire shares of the company or Group.

Pursuant to article 7.9 of the Corporate Governance Code 2020, the Board of directors should set a minimum treshold of shares to be held by the executives.
Campine's Board of Directors did not set this as the free-float of the share volume is limited and even for this free-float the trading volumes are very low. By imposing a minimum threshold the members of the executive management team would be obliged to buy shares, which would affect the share price too much. Moreover, the rules on insider trading and market abuse are very strict and Campine wants to avoid any kind of conflict of interest.

4. Dividend policy

Campine's dividend policy is to pay out yearly dividends to its shareholders. The level of the dividend depends on certain financial parameters such as net profit level, availability of cash, future cash needs, etc. The targeted level of dividends should be about one third of the net profit, distributed over all shares.

The Board of Directors requests the Annual Meeting of Shareholders to approve the annual report of the Board including the corporate governance statement and the remuneration report.

DELOX BVBA,
represented by its permanent
representative Mr Patrick De Groote

ZENDICS BVBA,
represented by its permanent
representative Mr Willem De Vos

Mr Friedrich-Wilhelm Hempel

Mr Hans-Rudolf Orgs

BERNUS BVBA,
represented by its permanent
representative Mrs An Nuyttens

FLG BELGIUM SPRL,
represented by its permanent
representative Mrs Dina Brughmans

Consolidated financial statements 2019

1. Consolidated income statement for the year ended 31/12/2019

'000 €	Notes	**31/12/2019**	31/12/2018
Revenue	4	**192.533**	212.432
Other operating income		**4.930**	945
- Other operating income	*5*	***1.048***	*945*
- Fine European Commission - reduction in Appeal (*)		***3.882***	-
Raw materials and consumables used		**-158.351**	-176.024
Employee benefits expense	25	**-14.060**	-13.614
Depreciation and amortisation expense	9/10	**-3.235**	-2.756
Changes in restoration provision	21	**-**	-
Other operating expenses	5	**-12.170**	-12.857
Operating result (EBIT)		**9.647**	8.126
Operating result (EBIT) excl. EC fine (*)		**5.765**	*8.126*
Hedging results	14	**382**	504
- Closed Hedges		***32***	*705*
- Change in open position		***350***	*-201*
Finance costs	6	**-345**	-475
Net financial result		**37**	29
Result before tax (EBT)		**9.684**	8.155
Result before tax (EBT) excl. EC fine (*)		**5.802**	8.155
Income tax expense	7	**-1.669**	-2.325
Result for the year (EAT)		**8.015**	5.830
Result for the year (EAT) excl. EC fine (*)		**4.133**	5.830
Attributable to:			
Non-controlling interest		**-**	-
Equity holders of the parent		**8.015**	5.830
Equity holders of the parent		**4.133**	5.830
Result per share (in €)	8		
Number of shares		**1.500.000**	1.500.000
Result for the year (basic & diluted)		**5,34**	3,89
Result for the year (basic & diluted) excl. EC fine (*)		**2,76**	3,89

(*) Reduction fine due to Appeal of Campine against the decision of the European Commission. The initial fine of 8,2 mio € was imposed by a decision of the European Commission in February 2017, and integrated in the results of the financial year 2016. To ensure the comparability with last year, the figures of 2019 and 2018 are provided both inclusive and exclusive the reduction of the fine imposed by the European Commission

CONDENSED CONSOLIDATED OVERVIEW OF THE TOTAL RESULT

'000 €	Notes	**31/12/2019**	31/12/2018
Result for the year		**8.015**	5.830
Other comprehensive income:			
Comprehensive income to be reclassified to the profit or loss statement in the future		**-**	-
Comprehensive income not to be reclassified to the profit or loss statement in the future (actuarial results of retirement benefit obligations)	26	**-118**	12
Total result for the year		**7.897**	5.842
Attributable to:			
Non-controlling interest		**-**	-
Equity holders of the parent		**7.897**	5.842

2. Consolidated balance sheet on 31/12/2019

'000 €	Notes	**31/12/2019**	31/12/2018
ASSETS			
Non-current assets			
Property, plant and equipment	9	**12.978**	10.495
Right-of-use assets	23	**355**	-
Intangible assets	10	**170**	223
Deferred tax assets	17	**93**	83
Cash restricted in its use		**-**	275
		13.596	11.076
Current assets			
Inventories	12	**25.942**	27.740
Trade and other receivables	13	**15.231**	22.633
Derivatives	14	**291**	-
Cash and cash equivalents		**2.685**	121
		44.149	50.494
TOTAL ASSETS		**57.745**	61.570
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	15	**4.000**	4.000
Retained earnings		**31.491**	25.529
- Legal reserves		***965***	*965*
- Other reserves and retained results		***30.526***	*24.564*
Equity attributable to equity holders of the parent		**35.491**	29.529
Total equity		**35.491**	29.529
Non-current liabilities			
Retirement benefit obligation	26	**1.215**	1.205
Deferred tax liabilities	17	**-**	-
Provisions	21	**1.090**	1.090
Bank loans	16	**2.625**	-
Obligations under leases	23	**232**	-
		5.162	2.295
Current liabilities			
Retirement benefit obligation	26	**101**	104
Trade and other payables	18	**15.105**	16.356
Provisions	21	**-**	-
Derivatives	14	**-**	59
Current tax liabilities		**143**	4.020
Obligations under leases	23	**123**	-
Bank overdrafts and loans	16	**1.620**	2.035
Advances on factoring	16	**-**	7.172
		17.092	29.746
Total liabilities		**22.254**	32.041
TOTAL EQUITY AND LIABILITIES		**57.745**	61.570

3. Consolidated statement of changes in equity for the year ended 31/12/2019

'000 €	Share capital	Retained earnings	Attributable to equity holders of the parent	Total
Balance on 31 December 2017	4.000	20.582	24.582	24.582
Total result of the year	-	5.842	5.842	5.842
Dividends and tantième (note 8)	-	-895	-895	-895
Balance on 31 December 2018	4.000	25.529	29.529	29.529
Total result of the year	-	7.897	7.897	7.897
Dividends and tantième (note 8)	-	-1.935	-1.935	-1.935
Balance on 31 December 2019	**4.000**	**31.491**	**35.491**	**35.491**

4. Consolidated cash flow statement for the year ended 31/12/2019

'000 €	Notes	**31/12/2019**	31/12/2018
OPERATING ACTIVITIES			
Result for the year (EAT)		**8.015**	5.830
Adjustments for:			
Other gains and losses (investment grants)		**-**	-
Other gains and losses (hedging results)	14	**-382**	-504
Finance costs	6	**345**	475
(Deferred) tax expenses of the total result	7	**1.669**	2.325
Depreciation of property, plant and equipment	9/10	**3.235**	2.756
Change in provisions (incl. retirement benefit)		**-121**	-61
Change in inventory value reduction	12	**393**	-121
Change in trade receivables value reduction	13	**-**	38
Others		**9**	5
Operating cash flows before movements in working capital		**13.163**	10.743
Change in inventories	12	**1.405**	607
Change in receivables	13	**7.402**	12.842
Change in trade and other payables	18	**-1.251**	-4.182
Cash generated from operations		**20.719**	20.010
Hedging results		**32**	705
Interest paid	6	**-345**	-475
Income taxes paid		**-5.556**	-3.781
Net cash (used in) / from operating activities		**14.850**	16.459
INVESTING ACTIVITIES NVESTERINGEN			
Purchases of property, plant and equipment	9	**-5.486**	-5.708
Purchases of intangible assets	10	**-84**	-121
Net cash (used in) / from investing activities		**-5.570**	-5.829
FINANCING ACTIVITIES			
Dividends paid and tantièmes paid	8	**-1.935**	-895
Repayments of obligations under leases	23	**-94**	-
Repayments of borrowings	16	**-375**	-
New bank loans raised	16	**4.500**	-
Change in cash restricted in its use		**275**	-
Change in bank overdrafts	16	**-1.915**	-3.468
Change in advances on factoring	16	**-7.172**	-6.294
Net cash (used in) / from financing activities		**-6.716**	-10.657
Net change in cash and cash equivalents		**2.564**	-27
Cash and cash equivalents at the beginning of the year		**121**	148
Cash and cash equivalents at the end of the year		**2.685**	121

5. Notes to the consolidated financial statement for the year ended 31 31/12/2019

5.1. GENERAL INFORMATION

Campine nv (the company) is a limited liability company incorporated in Belgium. The addresses of its registered office and principal place of business are disclosed in the Corporate Data. The principal activities of the company and its subsidiaries (the Group) are described in this annual report.

5.2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU. The Group has adopted all new and revised standards and interpretations relevant for its activities and which became applicable for the financial year starting 1 January 2019.

Became applicable for 2019, but don't have a material impact on the presentation, notes or the financial statements of the Group:

- IFRS 16 Leases
- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments to IAS 19 Plan Amendment, Curtailment or Settlement
- Amendments to IAS 28 Long term interests in Associates and Joint Ventures
- Amendments to IFRS 9 Prepayment Features with Negative Compensation
- Annual improvements to IFRS Standards 2015-2017 Cycle

The impact of IFRS 16 Leases is explained in note 23.

Issued but not yet effective for 2019:

- Amendments to IAS 1 and IAS 8 Definition of Material (applicable for annual periods beginning on or after 1 January 2020
- Amendments to IFRS 3 Business Combinations (applicable for annual periods beginning on or after 1 January 2020, but not yet endorsed in the EU)
- Amendments to references to the Conceptual Framework in IFRS standards (applicable for annual periods beginning on or after 1 January 2020, but not yet endorsed in the EU)
- IFRS 17 Insurance Contracts (applicable for annual periods beginning on or after 1 January 2021[1], but not yet endorsed in the EU)
- Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform (applicable for annual periods beginning on or after 1 January 2020
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU)

At this stage, the Group does not expect first adoption of the amendments listed above to standards and new interpretations to have a material impact on the financial statements.

[1] *Exposure Draft 2019/4 of June 2019 proposes to postpone the EU effective date to 1 January 2023. (IASB meeting on 17 March 2020).*

5.2.1. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries). An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition and up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 39 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to noncontrolling interests even if this results in the noncontrolling interests having a deficit balance.

5.2.2. Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair values at the acquisition date, except for noncurrent assets (or disposal groups) that are classified as held for sale, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss. The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Acquisition-related costs are recognised in profit or loss as incurred. Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRS.

Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

5.2.3. Revenue from Contracts with Customers

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers:

- Identify the contract
- Identify the performance obligations
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as the Group satisfies a performance obligation

Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Nature of sales transactions: The Group is active in the metal business and thus contracts with customers generally concern the sale of these metal products, which qualify as separate performance obligations. Ancillary services, such as transport, are not material. As a result, revenue recognition generally occurs at a point in time, when control of the products is transferred to the customer, generally on delivery of the goods and considering the underlying incoterm.

The Group is not involved in transactions and/or contracts including volume rebates, trade discounts, (ancillary) services, customer assistance services or bundled sales contracts of a material nature.

Campine works with direct sales people for most of its sales in Europe and with distributors and agents in the rest of the world.

5.2.4. Leases

Definition of 'lease'

A contract is or contains a lease if it conveys a right to control the use of an identified asset for a period of time in exchange for a consideration.

To determine whether a lease confers the right to control use of a determined asset for a determined period of time, the entity must appreciate whether, throughout the period of use, it has the right to:

- obtain substantially all of the economic benefits from the use of the asset; and
- direct the use of the asset.

To determine the duration of the leases, any options for renewal or termination have been considered as required by IFRS 16 taking into account the probability of exercising the option and only if it is under the control of the lessee.

At the start of the lease, the lessee recognises a right-of-use asset and a lease liability. For leases with a maximum duration of 12 months or leases of assets with low value, Campine applies the practical exemption in IFRS 16. Hence, these leases are not presented on the balance sheet.

Right-of-use assets

The group recognises right-of-use assets on the commencement date of the contract, i.e. the date on which the asset becomes available for use. These assets are valued at the initial cost of the lease liability minus depreciation and any impairment, adjusted to take into account any revaluations of the lease liability. The initial cost of the right-of-use assets includes the present value of the lease liability, the initial costs incurred by the lessee, rent payments made on the start date or before that date, minus any incentives obtained by the lessee. These assets are depreciated over the estimated lifetime of the underlying asset or over the duration of the contract if this period is shorter, unless the group is sufficiently certain of obtaining ownership of the asset at the end of the contract.

Right-of-use assets are presented separately from other assets as a different line under non-current assets.

Lease liabilities
The lease liability is valued at the present value of the rent payments that have not yet been paid. The present value of the rent payments must be calculated using the interest rate implicit in the lease if it is possible to determine that rate. If not, the lessee must use its incremental borrowing rate.

The incremental borrowing rate is the interest rate that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

Over the duration of the contract, the lessee values the lease obligation as follows:

- by increasing the carrying amount to reflect the interest on the lease liabilities;
- by reducing the carrying amount to reflect the rent payments made;
- by revaluing the carrying amount to reflect the new value of the lease obligation or modifications to the lease.

Lease liabilities are presented in a separate line on the balance sheet. Payments for the capital reimbursement and the interests are presented under financing activities in the statement of cash flows.

5.2.5. Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in EUR, which is the functional currency of the company, and the presentation currency for the consolidated financial statements. In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions.

At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency remain at historical rate. Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period (within other operating income/expenses).

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in EUR using exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

5.2.6. Financial instruments

Classification and measurement of financial assets

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Trade receivables, cash and cash equivalents are classified and measured at amortised cost under IFRS 9.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principle and interest on the principal amount outstanding.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Classification and measurement of financial liabilities of the Group has not been modified by the requirements of IFRS 9. All financial liabilities of the Group are subsequently measured at amortised cost using the effective interest rate method.

Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets.

Specifically, IFRS 9 requires the Group to recognize a loss allowance for expected credit losses on trade receivables and cash and cash equivalents. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

IFRS 9 provides a simplified approach for measuring the loss allowance at an amount equal to lifetime expected credit losses for trade receivables without a significant financing component (short-term trade receivables). The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

All bank balances are assessed for expected credit losses at each reporting date as well.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the counterparty; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event;
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concessions(s) that the lender(s) would not otherwise consider;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to commodity price risk.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

5.2.7. Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred, unless they are directly attributable to qualifying assets, in which case they are capitalised.

5.2.8. Government grants

Government grants are recognised in profit or loss (in other operating income) over the periods necessary to match them with the related costs. Government grants related to later periods are presented in the financial statements as deferred income.

5.2.9. Retirement benefit costs and termination benefits

For defined benefit retirement benefit plans, the cost of providing benefits - as well as the defined contribution plans - is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements)
- Net interest expense or income
- Remeasurement

The Group presents the first 2 components of benefit costs in profit and loss in the line item employee benefits expense. Curtailment gains and losses are accounted for as past service costs. The 3rd component is recognised directly to equity.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

5.2.10. Taxation

Income tax expense represents the sum of the taks currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding taks bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

5.2.11. Property, plant and equipment

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

Properties in the course of construction for production, rental or administrative purposes, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

5.2.12. Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from the Group's development is recognised only if all of the following conditions are met:

- an asset is created that can be identified (such as software and new processes);
- it is probable that the asset created will generate future economic benefits and;
- the development cost of the asset can be measured reliably.

Internally-generated intangible assets are amortised on a straight-line basis over their estimated useful lives. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

5.2.13. Patents, trademarks and software purchased

Patents, trademarks and software purchased are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives.

5.2.14. Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

5.2.15. Inventories

Cost of the raw materials includes both the purchasing price (using the principle of First in First out ("FIFO")) and the direct purchasing costs, like import duties, transportation and completion costs. Cost of work in progress and finished products comprises all direct and indirect costs necessary that have been incurred in bringing the inventories to their present location condition on balance sheet date. Direct costs include, among others, the cost of the used raw materials and the direct labour costs.

Indirect costs include a systematical impute of fixed and variable indirect production costs proceeded from the conversion of raw materials in end products. The impute of fixed indirect production costs is based on the normal capacity of the production facilities.

For the determination of the cost, the standard cost price method is used. The standard cost price takes into account the normal use of raw and auxiliary materials, labour, efficiency and capacity. The standard cost price is frequently being evaluated and, if necessary, revised in consideration with the present conditions. The standard cost price of the raw and auxiliary materials, as also the appreciation of it in work in progress and in raw materials, will be revised every month on the basis of the new determined FIFO value of these raw and auxiliary materials.

The inventories are valued at the lower of cost, determined as described above, or net realisable value. The net realisable value represents the estimated selling price in normal circumstances less estimated cost of completion and costs to be incurred to realise sales (marketing, selling and distribution). The estimated selling price is affected by the LME quotation (London Metal Exchange) for lead and the MB (Metal Bulletin) quotation for antimony.

Value reductions are made for the old and slow moving inventories.

5.2.16. Trade receivables

Trade receivables are measured at initial recognition at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Based on a regular age analysis of the assets, it is determined case per case if a liability for doubtful debtors is needed.

Factoring

The Group entered into a factoring agreement with a credit institution, whereby the credit institution pays advances to the Group on trade receivables. As the credit risk of these receivables remains with the Group, not all risks and rewards of the transferred receivables are transferred. As a consequence, the receivables remain on the balance sheet of the Group and the advances received are recorded under the short term advances and loans received.

5.2.17. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits. Cash and cash equivalents are included at fair value.

5.2.18. Bank borrowings

Interest-bearing bank loans and overdrafts are measured at fair value. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see above).

5.2.19. Trade payables

Trade payables are measured at fair value.

5.2.20. Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

5.3. JUDGEMENT AND USE OF ESTIMATES

The preparation of financial statements requires the use of estimates and assumptions to determine the value of assets and liabilities, to assess the positive and negative consequences of unforeseen situations and events at the balance sheet date, and to form a judgment as to the revenues and expenses of the fiscal year.

Significant estimates made by the Group in preparation of the financial statements relate mainly to:

- Valuation of the recoverable amount of stocks (see note 5.12.). The inventories are valued at cost, determined as described above, or at net realisable value, if the latter is lower.
- Valuation of sanitation provisions (see note 5.21.). The Group has set up a provision for soil sanitation.
- Pension and related liabilities (see note 5.26.). The estimated liability arising from defined contribution retirement benefit plans of the Group, is based on actuarial assumptions. The pre-taks discount rate and estimated salary expectations are actuarial assumptions which can significantly affect the liability.
- Deferred tax assets are recognised for the carryforward of unused tax losses and unused taks credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. In making its judgement, the Board takes into account long-term business strategy. A major uncertainty in the determination of the future taxable result concerns the volatility and unpredictability of raw material prices.
- Others; litigation and lawsuits. The Group is, and can in the future become, involved in legal disputes. Until now, Campine is – as plaintive or defendant – involved in some legal proceedings which can have no important global impact on Campine – as to the information upon which the Group disposes on the date of this report: the probability of resulting assets or liabilities is particularly low and / or it concerns relatively insignificant amounts.

Due to the uncertainties inherent in all valuation processes, the Group revises its estimates on the basis of regularly updated information. Future results may differ from these estimates. As well as the use of estimates, Group management also uses judgment in defining the accounting treatment for certain operations and transactions not addressed under the IFRS standards and interpretations currently in force.

5.4. OPERATIONAL SEGMENTS

5.4.1. Geographical segments

The Group's manufacturing operations are located in Belgium.

The following table provides an analysis of the Group's sales by geographical market.

The income from recovery of waste is no longer integrated in "other operating revenue" but in "ordinary operating revenue". The turnover of recovery of waste amounted to 1.531 K€ in 2019 (2018: 2.170 K€).

	31/12/2019 '000 €		31/12/2018 '000 €	
Belgium	**7.868**	**4,1%**	9.709	4,6%
Germany	**69.413**	**36,1%**	71.437	33,6%
Switzerland	**28.588**	**14,8%**	40.769	19,2%
Italy	**16.302**	**8,5%**	21.014	9,9%
France	**9.841**	**5,1%**	10.782	5,1%
Romania	**8.242**	**4,3%**	9.452	4,4%
The Netherlands	**7.386**	**3,8%**	8.285	3,9%
United Kingdom	**1.898**	**1,0%**	3.139	1,5%
Other European countries	**10.261**	**5,3%**	10.916	5,1%
North America	**15.563**	**8,1%**	17.072	8,0%
Asia	**12.861**	**6,7%**	4.788	2,3%
Others	**4.310**	**2,2%**	5.069	2,4%
	192.533	**100%**	212.432	100%

There is one customer in BU Lead who represents more than 10% of the Group's turnover (23,2%).

94% of the turnover of Metals Recycling was realised in Europe whereas 66% of the turnover of Specialty Chemicals was achieved in Europe.

5.4.2. Business segments

Campine has two operational divisions. The main activities are:

- **Specialty Chemicals** hosts all businesses which serve end-markets with chemical products and derivates. The manufacturing of antimony trioxide used as flame-retardant, polymerization catalyst and pigment reagent) and the production of different types of polymer and plastic masterbatches. The Specialty Chemicals Division comprises the BU Antimony and BU Plastics.

Specialty Chemicals	BU Antimony			BU Plastics			Total		
	2019	2018	Δ	**2019**	2018	Δ	**2019**	2018	Δ
Turnover € '000	**52.295**	62.924	-16,9%	**24.822**	26.835	-7,5%	**77.117**	89.759	-14,1%

The turnover of Specialty Chemicals division represents a volume of 13.622 ton (31/12/2018: 15.617 ton) (-12,8%).

- **Metals Recycling** hosts the businesses in which metals are being recovered from industrial and post-consumer waste streams. The main activity is the manufacturing of lead alloys. To this business is added the growing activity of the recycling of other metals such as antimony and tin. This Division comprises the BU Lead and BU Metals Recovery

Metals Recycling	BU Metals Recovery			BU Lead			Total		
	2019	2018	Δ	**2019**	2018	Δ	**2019**	2018	Δ
Turnover € '000	**9.641**	8.469	13,8%	**118.909**	125.876	-5,5%	**128.550**	134.345	-4,3%

The turnover of the Metals Recycling division represents a volume of 64.283 ton (31/12/2018: 62.713 ton) (+2,5%).

'000 €	Specialty Chemicals 31/12/2019	Metals Recycling 31/12/2019	Eliminations/ Unallocated 31/12/2019	Total 31/12/2019
REVENUE				
External sales	77.117	115.416	-	192.533
Cross-business unit sales in the same segment	-	13.134	-13.134	-
Total revenue	**77.117**	**128.550**	**-13.134**	**192.533**
RESULT				
Segment operating result	-213	5.978	-	5.765
Fine European Commission - reduction in Appeal	-	-	3.882	3.882
Operating result (EBIT)				9.647
Investment revenues				-
Hedging results	-	382	-	382
Other gains and losses				0
Finance costs	-	-	-345	-345
Result before tax				9.684
Income tax expense				-1.669
Result for the period				**8.015**

'000 €	Specialty Chemicals 31/12/2019	Metals Recycling 31/12/2019	Eliminations/ Unallocated 31/12/2019	Total 31/12/2019
OTHER INFORMATION				
Capital additions	1.535	2.701	1.334	5.570
Depreciation and amortisation	-820	-1.832	-583	-3.235
BALANCE SHEET				
Assets				
Fixed assets	3.500	7.261	2.387	13.148
Right-of-use assets	-	-	355	355
Deferred tax	-	-	93	93
Cash restricted in its use	-	-	-	-
Stocks	11.730	11.959	2.253	25.942
Trade and other receivables	9.072	5.182	977	15.231
Derivatives	-	291	-	291
Cash and cash equivalent	-	-	2.685	2.685
Total assets	**24.302**	**24.693**	**8.750**	**57.745**
Long term liabilities				
Retirement benefit obligation	-	-	1.215	1.215
Deferred tax liabilities	-	-	-	-
Bank loans	-	-	2.625	2.625
Obligations under leases	-	-	232	232
Provisions	-	-	1.090	1.090
Short term liabilities				
Retirement benefit obligation			101	101
Trade and other payables	2.435	9.380	3.290	15.105
Derivatives	-	-	-	-
Current tax liabilities	-	-	143	143
Obligations under leases	-	-	123	123
Bank overdrafts and loans	-	-	1.620	1.620
Provisions	-	-	-	-
Total liabilities	**2.435**	**9.380**	**10.439**	**22.254**

'000 €	Specialty Chemicals 31/12/2018	Metals Recycling 31/12/2018	Eliminations/ Unallocated 31/12/2018	Total 31/12/2018
REVENUE				
External sales	89.759	122.673	-	212.432
Cross-business unit sales in the same segment	-	11.672	-11.672	-
Total revenue	**89.759**	**134.345**	**-11.672**	**212.432**
RESULT				
Segment operating result	3.217	4.909	-	8.126
Fine European Commission - reduction in Appeal	-	-	-	-
Operating result (EBIT)				8.126
Hedging results	-	504	-	504
Finance costs	-	-	-475	-475
Result before tax				8.155
Income tax expense			-2.325	-2.325
Result for the period				**5.830**

'000 €	Specialty Chemicals 31/12/2018	Metals Recycling 31/12/2018	Eliminations/ Unallocated 31/12/2018	Total 31/12/2018
OTHER INFORMATION				
Capital additions	1.176	4.311	342	5.829
Depreciation and amortisation	-745	-1.580	-431	-2.756
BALANCE SHEET				
Assets				
Fixed assets	2.785	6.392	1.541	10.718
Deferred tax	-	-	83	83
Cash restricted in its use	-	275	-	275
Stocks	13.940	12.230	1.570	27.740
Trade and other receivables	10.223	11.961	449	22.633
Derivatives	-	-	-	-
Cash and cash equivalent	-	-	121	121
Total assets	**26.948**	**30.858**	**3.764**	**61.570**
Long term liabilities				
Retirement benefit obligation	-	-	1.205	1.205
Deferred tax liabilities	-	-	-	-
Bank loans	-	-	-	-
Provisions	-	1.090	-	1.090
Short term liabilities				
Retirement benefit obligation	-	-	104	104
Trade and other payables	3.433	8.662	4.261	16.356
Derivatives	-	59	-	59
Current tax liabilities	-	-	4.020	4.020
Bank overdrafts and loans	-	-	9.207	9.207
Provisions	-	-	-	-
Total liabilities	**3.433**	**9.811**	**18.797**	**32.041**

5.5. OTHER OPERATING EXPENSE AND INCOME

'000 €	**31/12/2019**	31/12/2018
OTHER OPERATING EXPENSE		
Office expenses & IT	**734**	649
Fees	**580**	779
Insurances	**483**	523
Interim personnel	**1.530**	1.408
Expenses related to personnel	**217**	252
Carry-off of waste	**3.077**	2.632
Travel expenses	**317**	273
Transportation costs	**2.632**	2.817
Other purchase and sales expenses	**521**	615
Expenses on operational hedge	**649**	1.236
Trade receivables value reduction	**-**	38
Research & development	**223**	376
Renting	**180**	181
Subscriptions	**451**	351
Other taxes (unrelated to result)	**54**	168
Financial costs (other than interest)	**245**	209
Others	**277**	350
	12.170	12.857

The "carry-off of waste" cost is reduced by the recovery of waste streams and often only a toll conversion fee is charged.
Some of these waste streams are now also sold externally. Consequently the carry-off cost increases while on the other hand these external sales generate additional income.

'000 €	**31/12/2019**	31/12/2018
OTHER OPERATING INCOME		
Operating hedge results	**259**	312
Finance income (other than interest)	**22**	6
Claims	**378**	91
Subsidies	**302**	430
Others	**87**	106
	1.048	945
Fine European Commission - reduction in Appeal	**3.882**	-
	4.930	945

The income from recovery of waste is no longer integrated in "other operating revenue" but in "ordinary operating revenue". The turnover of recovery of waste amounted to 1.531 K€ in 2019 (2018: 2.170 K€).
Due to this transfer the other operating income of 2018 amounted only to 945 K€ (in stead of 3.115 K€).

5.6. FINANCE COSTS

'000 €	31/12/2019	31/12/2018
Interest on bank overdrafts, loans and factoring	**337**	465
Interest cost on leases	**8**	10
Total borrowing costs	**345**	475

5.7. INCOME TAX EXPENSE

'000 €	31/12/2019	31/12/2018
Current tax	**1.640**	2.278
Deferred tax	**29**	47
Income tax expense for the year	**1.669**	2.325

Domestic income tax is calculated at 29,58% (2018: 29,58%) of the estimated assessable result for the year.

'000 €	31/12/2019	31/12/2018
Result before tax	**9.684**	8.155
Fine European Commission - reduction in Appeal (deductible in determining taxable result)	**-3.882**	-
Result subject to tax	**5.802**	8.155
Tax at the domestic income tax rate of 29,58% (2018: 29,58%)	**1.716**	2.412
Tax effect of expenses that are not deductible in determining taxable result	**-**	36
Tax effect of Notional Interest Deduction (NID)	**-3**	-1
Tax settlement previous years	**-46**	-52
Tax effect of utilisation of tax losses previously not recognised and timing differences	**26**	-44
Tax penalty (unsufficient prepayments)	**5**	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	**-29**	-26
Tax expense and effective tax rate for the period	**1.669**	2.325

On 31/12/2019 deferred tax assets amount to 93 K€ (83 K€ on 31/12/2018) and the deferred tax liabilities amount to 0 € (0 € on 31/12/2018).

5.8. DIVIDENDS AND TANTIÈME

The board proposes to pay a dividend amounting to 2,625 mio € based on the 2019 results. A total dividend of 1,875 mio € was paid on the basis of the 2018 result.

The Board proposes that the company pays a tantième to the non-executive Directors for the financial year closed on 31/12/2019 as follows:

	F.-W. Hempel	FLG Belgium	BERNUS	DELOX	H.-R. Orgs	Total
Tantièmes	15.000 €	15.000 €	15.000 €	30.000 €	15.000 €	**90.000 €**

For the financial year closed on 31/12/2018 a total tantième of 60 K€ was paid.

5.8.1. Result per share

As no potential shares – which could lead to dilution – were issued and no activities were ceased, the diluted result per share equals the basic result per share.

The calculation of the basic and diluted result per share attributable to the ordinary equity holders of the parent is based on the following data:

'000 €	**31/12/2019**	31/12/2018
RESULT		
Result for purposes of basic and diluted results per share (result for the year attributable to equity holders of the parent)	**8.015**	5.830
NUMBER OF SHARES		
Weighted average number of ordinary shares for the purposes of basic and diluted results per share	**1.500.000**	1.500.000

5.9. PROPERTY, PLANT AND EQUIPMENT

'000 €	Land and buildings	Properties under construction	Fixtures and equipment	Total
COST OR VALUATION				
On 31 December 2017	13.639	119	60.028	73.786
Additions	-	-	5.708	5.708
Transfers	-	-119	119	0
Disposals	-	-	-615	-615
On 31 December 2018	13.639	-	65.240	78.879
Additions	746	1.045	3.695	5.486
Transfers	-	-	-	-
Disposals	-	-	-	-
On 31 December 2019	**14.385**	**1.045**	**68.935**	**84.365**
ACCUMULATED DEPRECIATION				
On 31 December 2017	12.480	-	53.920	66.400
Deprecation charge for the year	173	-	2.426	2.599
Eliminated on disposals	-	-	-615	-615
On 31 December 2018	12.653	-	55.731	68.384
Deprecation charge for the year	163	-	2.841	3.004
Eliminated on disposals	-	-	-	-
On 31 December 2019	**12.816**	**-**	**58.572**	**71.388**
CARRYING AMOUNT				
On 31 December 2019	**1.569**	**1.045**	**10.364**	**12.978**
On 31 December 2018	986	-	9.509	10.495

We always depreciate until residual value 0. The following depreciation rates are used for property, plant and equipment:

Industrial, administrative, commercial buildings	5%
Furniture	20%
Vehicles	25%
Installations, machinery and equipment	min 5% – max 33% depending on the life time

The Group has not pledged land and buildings to secure banking facilities granted to the Group.

5.10. INTANGIBLE ASSETS

'000 €	Patents, trademarks and software purchased
COST	
On 31 December 2017	1.722
Additions	120
On 31 December 2018	1.842
Additions	84
On 31 December 2019	**1.926**
ACCUMULATED DEPRECIATION	
On 31 December 2017	1.463
Charge for the year	156
On 31 December 2018	1.619
Charge for the year	137
On 31 December 2019	**1.756**
CARRYING AMOUNT	
On 31 December 2019	**170**
On 31 December 2018	223

The intangible assets included in the table have finite useful lifes. Intangible assets are, depending on the category, depreciated over 3 to 8 years.

5.11. SUBSIDIARIES

Details of the Group's subsidiaries on 31/12/2019 are as follows:

Name of subsidiary	Place of incorporation (or registration) and operation	Proportion of ownership interest	Proportion of voting power held	Principal activity
Campine Recycling nv VAT: BE0474.955.451	Belgium	99,99%	100%	Lead recycling

There are no restrictions on the access to and use of the assets of the subsidiaries nor on the proceedings to settle commitments of the Group.

5.12. INVENTORIES

'000 €	**31/12/2019**	31/12/2018
Raw materials	**7.146**	7.690
Work-in-progress	**4.662**	7.165
Finished goods	**14.134**	12.885
	25.942	27.740

The inventory per year-end includes an amount written-off of 759 K€ (2018: 366 K€) because of the lower of cost and net realisable value. The inventory value is related to the cost of completion of the products which is linked to the LME quotation (London Metal Exchange) for lead and the MB (Metal Bulletin) quotation for antimony.

5.13. FINANCIAL ASSETS

5.13.1. Trade and other receivables

'000 €	**31/12/2019**	31/12/2018
Amounts receivable from the sale of goods	**14.254**	21.763
Other receivables	**977**	870
	15.231	22.633

An allowance has been recorded for estimated irrecoverable amounts from the sale of goods of 1.011 K€ (2018: 1.011 K€). This allowance has been determined on a case-by-case basis. Balances are written off when sufficiently certain that the receivable is definitely lost. The Board of Directors confirms that the carrying amount of trade and other receivables approximates their fair value as those balances are short-term.

The total amount from sales of goods amounting to 14.254 K€ includes 12.718 K€ subject to commercial factoring by a credit institute. Based on these receivables the credit institute can deposit advances on the account of Campine (0 € on 31/12/2019, see note 16. Bank borrowings) and afterwards collects the receivables itself. The credit risk stays at Campine and is covered by a credit insurance.

There are no significant overdue amounts, older than 30 days, which are not provided for and/or are not fully covered by a credit insurance.

Management has evaluated the expected loss provision on trade receivables but concluded that there was no need for a (material) additional provision on top of the specific bad debt provisions already recorded.

5.13.2. Bank balances and cash

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

5.13.3. Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are after allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Concentrations of credit risk with respect to trade receivables are limited due to the Group's customer base being large and unrelated. Due to this, the Board of Directors believes that there is no further credit risk provision required in excess of the allowance for bad and doubtful debts.

Roll-forward of the allowances for doubtful debtors:

'000 €	**31/12/2019**	31/12/2018
Opening allowance doubtful debtors	**1.011**	973
Additions	**-**	38
Reversals	**-**	-
Closing allowance doubtful debtors	**1.011**	1.011

Included in the Group's trade receivable balance are debtors with a carrying amount of 1.034 K€ (2018: 2.016 K€) which are past due at the reporting date but for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group has taken out a credit insurance for these amounts. The average age of these receivables is 7 days past due (2018: 19 days).

5.14. OTHER FINANCIAL ASSETS AND LIABILITIES

5.14.1. Derivatives

For a detailed description we refer to accounting policy 5.2.6 Financial instruments mentioned in this report.

The table below summarises the net change in fair value – realised and unrealised – of the positions on the LME lead / tin futures market where it sells forward lead and tin via future contracts.

'000 €	Fair value of current instruments	Underlying lead volumes (in ton)	Change in fair value in income statement
On 31 December 2018	-59	1.675	504
On 31 December 2019	**291**	**2.125**	**382**

The fair value of the derivatives are included in the balance sheet as current assets – derivatives for 291 K€.

The classification of the fair value of the hedge instruments is level 1 (unadjusted quoted prices in an active market for identical assets or liabilities) in the "fair value hierarchy" of IFRS 13.

5.15. SHARE CAPITAL

'000 €	**31/12/2019**	31/12/2018
Authorised		
1.500.000 ordinary shares of par value € 2,67 each	**4.000**	4.000
Issued and fully paid	**4.000**	4.000

The company has one class of ordinary shares which carry no right to fixed income.

5.16. BANK BORROWINGS (LEASE OBLIGATIONS INCLUDED)

'000 €	**31/12/2019**	31/12/2018
Bank loans - investment credit	**4.125**	-
Bank overdrafts	**120**	2.035
Advances on factoring	**-**	7.172
	4.245	9.207
Repayable borrowings		
Bank loans after more than one year	**2.625**	-
Bank loans within one year	**1.500**	-
Bank overdrafts	**120**	2.035
Advances on factoring	**-**	7.172
	4.245	9.207
Average interest rates paid		
Bank overdrafts	**2,47%**	3,19%
Advances on factoring	**1,42%**	1,62%
Bank loans - investment credit	**1,50%**	-

The Group has concluded commercial finance agreements on 1 April 2014 to protect liquidity against possible price fluctuations.

Campine contracted new investment credits for an amount of 4.500 K€. The repayments will be spread over a period of 3 years with the first repayment (375 K€) in December 2019.

Bank loans are arranged at fixed interest rates. Other borrowings (bank overdrafts and advances on factoring: 120 K€ on 31/12/2019 (on 31/12/2018: 9.207 K€)) are arranged at floating rates, thus exposing the Group to an interest rate risk (see note 5.27.1.). On 31/12/2019, the Group had available 22.720 K€ (31/12/2018: 16.137 K€) of undrawn committed borrowing facilities.

In the credit agreements with our banks a number of covenants are agreed upon based on equity, solvency and stock rotation. On 31/12/2019 Campine complied with all covenants:

- The equity (corrected for intangible fixed assets and deferred taxes) amounted to 35.228 K€ on 31/12/2019 compared to the required minimum of 22.000 K€.
- The solvency ratio on 31/12/2019 (61%) is in compliance with the required ratio of 30%.
- Campine was in compliance with its stock rotation on 31/12/2019.

Roll forward financial liabilities and reconciliation with cash flow:

'000 €	**31/12/2019**	Financing cash-flow	31/12/2018
Bank overdrafts	**120**	-1.915	2.035
Advances on factoring	**-**	-7.172	7.172
Bank loans - investment credit	**4.125**	4.125	-
	4.245	-4.962	9.207

Lease obligations

'000 €	Company cars
Initial balance on 1 January 2019	**314**
Additions	**135**
Accrued intrests	**8**
Reimbursement obligations under leases	**-102**
On 31 December 2019	**355**

5.17. DEFERRED TAX

The following are the major deferred tax liabilities and assets recognised by the Group, and the movements thereon, during the current and prior reporting periods.

'000 €	Timing differences on fixed assets	Positive fair value derivatives	Retirement benefit obligations	Fiscal losses	Others	Total
On 31 December 2017	6	42	-227	-	44	-135
Charge/(credit) to result for the year	-1	-42	135	-	-44	48
Charge/(credit) to other comprehensive income	-	-	4	-	-	4
On 31 December 2018	5	0	-88	-	0	-83
Charge/(credit) to result for the year	-1	73	21	-	-64	29
Charge/(credit) to other comprehensive income	-	-	-39	-	-	-39
On 31 December 2019	**4**	**73**	**-106**	**-**	**-64**	**-93**

The balance of -93 K€ consists out of a deferred tax asset ad 93 K€. There are no deferred tax liabilities. Certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy.

5.18. TRADE AND OTHER PAYABLES

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The Board of Directors consider that the carrying amount of trade payables approximates their fair value as those balances are short-term.

There are no trade payables older than 60 days (with the exception of disputes), hence an age analysis is irrelevant.

'000 €	**31/12/2019**	31/12/2018
Trade creditors and accruals	**11.765**	13.207
Other payables and accruals	**3.340**	3.149
	15.105	16.356

5.19. LIQUIDITY RISK

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	31/12/19			31/12/18		
'000 €	**< 1 year**	**1-5 years**	**> 5 years**	< 1 year	1-5 years	> 5 years
Trade and other liabilities	**15.105**	**-**	**-**	16.356	-	-
Bank overdrafts and loans	**1.620**	**2.625**	**-**	2.035	-	-
Advances on factoring	**-**	**-**	**-**	7.172	-	-
Lease obligations	**123**	**232**	**-**	-	-	-

5.20. FINANCIAL INSTRUMENTS

The major financial instruments of the Group are financial and trade receivables and payables, investments, cash and cash equivalents as well as derivatives.

The financial instruments as on 31/12/2019 are presented below:

'000 €	Categories	Book value	Fair value	Level
I. Fixed assets				
II. Current Assets				
Trade and other receivables	A	15.231	15.231	2
Cash and cash equivalents	B	2.685	2.685	2
Derivatives	C	291	291	1
Total financial instruments on the assets side of the balance sheet		**18.207**	**18.207**	
I. Non-current liabilities				
Interest-bearing liabilities	A	2.625	2.625	2
Other non-current liabilities	A	-	-	2
Obligations under leases	A	232	232	2
Other financial liabilities	C	-	-	2
II. Current liabilities				
Interest-bearing liabilities	A	1.620	1.620	2
Current trade and other debts	A	15.105	15.105	2
Obligations under leases	A	123	123	2
Derivatives	C	-	-	1
Total financial instruments on the liabilities side of the balance sheet		**19.705**	**19.705**	

The financial instruments as on 31/12/2018 are presented below:

'000 €	Categories	Book value	Fair value	Level
I. Fixed assets				
II. Current Assets				
Trade and other receivables	A	22.633	22.633	2
Cash and cash equivalents	B	121	121	2
Derivatives	C	-	-	1
Total financial instruments on the assets side of the balance sheet		**22.754**	**22.754**	
I. Non-current liabilities				
Interest-bearing liabilities	A	-	-	2
Other non-current liabilities	A	-	-	2
Other financial liabilities	C	-	-	2
II. Current liabilities				
Interest-bearing liabilities	A	9.207	9.207	2
Current trade and other debts	A	16.356	16.356	2
Derivatives	C	59	59	1
Total financial instruments on the liabilities side of the balance sheet		**25.622**	**25.622**	

The categories correspond with the following financial instruments:

A. Financial assets or liabilities held until maturity, at the amortised cost.

B. Investments held until maturity, at the amortised cost.

C. Assets or liabilities, held at the fair value through the profit and loss account.

The aggregate financial instruments of the Group correspond with levels 1 and 2 in the fair values hierarchy.

- Level 1: unadjusted quoted prices in an active market for identical assets or liabilities.
- Level 2: the fair value based on other information, which can, directly or indirectly, be determined for the relevant assets or liabilities.

The valuation techniques regarding the fair value of the level 2 financial instruments are the following:

- The fair value of the other level 2 financial assets and liabilities is almost equal to their book value:
  - either because they have a short-term maturity (like trade receivables and debts),
  - or because they have a variable interest rate.
- For fixed-income payables the fair value was determined using interest rates that apply to active markets.

5.21. PROVISIONS

'000 €	Soil sanitation cost	Other	Total
On 31 December 2018	1.090	-	1.090
Additional provision in the year	-	-	0
On 31 December 2019	**1.090**	**-**	**1.090**

'000 €	**31/12/2019**	31/12/2018
Analysed as:		
Current liabilities	**-**	-
Non-current liabilities	**1.090**	1.090
	1.090	**1.090**

The provisions amounted to 1.090 K€ on 31/12/2019. These mainly relate to the soil sanitation obligation on and around the site of the Group and were determined in compliance with the requirements of OVAM – by an independent study bureau.

5.22. CONTINGENT LIABILITIES

The power to pledge the trade fund was granted to the banks for an amount of 14.653 K€ (31/12/2018: 10.680 K€).

5.23. LEASE ARRANGEMENTS

IFRS 16 sets out the principles for the recognition, measurement, presentation, and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model, similar to the accounting for finance leases under IAS 17. At the commencement date of a lease, lessees will recognize a lease liability (i.e. a liability to make lease payments), and a right-of-use asset (i.e. an asset representing the right to use the underlying asset over the lease term). The right-of-use asset will be depreciated over the term of the lease, unless the lease transfers ownership of the underlying asset to Campine at the end of the lease. In latter case, it will be depreciated over the useful life of the underlying asset. Interest expense will be recognized on the lease liability. The lease liability will be remeasured upon the occurrence of certain events (e.g. a change in the lease term or a change in future lease payments resulting from a change in index). Such remeasurements of the lease liability will generally be recognized as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 Leases is substantially unchanged from previous accounting under IAS 17 Leases. Finally, disclosure requirements under IFRS 16 Leases are more extensive when compared with IAS 17 Leases.

The Group applies IFRS 16, using the modified retrospective approach (i.e. without restatement of the 2018 figures) and will exclude services from its lease liabilities. On 01/01/2019, the right-of-use assets were measured at an amount equal to the respective lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the consolidated statement of financial position immediately before 01/01/2019.

The lease liabilities recognized on 01/01/2019 amount to 314 K€. There is no impact on equity on 01/01/2019. The weighted average incremental borrowing rate used for discounting of the future lease payments at transition date is 2,90%.

Roll forward of right-of-use assets:

'000 €	
On 01/01/2019	314
Additions	135
Deprecation charge for the year	-94
Disposals	-
On 31/12/2019	**355**

Note IAS 17 (2018):
Existing operating leases as lessee:

'000 €	31/12/2018
Minimum lease payments under operating leases recognised as an expense in the year	152

Operating lease payments represent rentals payable by the Group for vehicles and equipment. This concerns company cars, copiers and printers. There were no restrictions nor purchase obligations added to the agreements and these were not index related. Leases are negotiated for an average term of four years.

'000 €	
Total of future miminim lease payments regarding non-terminable operational lease arrangements (non-discounted) on 31/12/18	321
Discounting effect	-7
Leases with limited duration and low value	-
Total discounted lease liabilities at 01/01/2019	**314**
Consisting of:	
- Non-current lease liabilities	197
- Current lease liabilities	117

Leased assets relate to company cars. The repayments of operating lease liabilities during 2019, which will no longer be recognized as an operating lease expense as was the case in accordance with IAS 17 Leases but rather as a repayment of lease liabilities, amount to 102 K€. The depreciation charges reached 94 K€ and the financial charges amounted to 8 K€.

The Group also applies the practical expedients for operating leases of which the contract has a limited duration or operating leases where the underlying assets have a low value. These types of operating leases were disclosed under IAS 17 as future lease payments.

5.24. SHARE-BASED PAYMENTS

During the financial year closed on 31/12/2019 none of the members of the Executive Management Team received any shares, share options or other rights to acquire shares of the company or Group.

5.25. EMPLOYEE BENEFITS EXPENSE

'000 €	**31/12/2019**	31/12/2018
Long term		
Pension cost (incl. early retirement)	**248**	309
Short term		
Salaries	**10.113**	9.744
Contribution social security	**2.946**	2.888
Structural reduction social contribution	**-843**	-819
Other employee benefits expense	**1.596**	1.492
	14.060	13.614
Average number of FTE's	**188**	179

5.26. POST RETIREMENT BENEFITS

Following amounts with regard to the (early) retirement are booked on the balance sheet:

'000 €	**31/12/2019**	31/12/2018
Defined benefit plan	**1.060**	910
Early retirement provision	**256**	399
	1.316	1.309

5.26.1. Defined benefit plan

The Group operates a funded defined benefit plan for qualifying employees of Campine and its subsidiary in Belgium. The defined benefit plan foresees an amount based on the salary and seniority payable as of the age of 60. For the financed plans, plan assets consist of mixed portfolio's of shares, bonds or insurance contracts.

The plan assets do not contain direct investments in Campine shares or in fixed assets or other assets used by the Group.

The current value of the retirement benefit obligations and the assets has evolved as follows:

'000 €	Pension obligation (IAS 19 R)	Plan Assets	Deficit	Net liability / (asset)
On 31 December 2018	5.201	-4.291	910	910
Components of defined benefit cost				
Service cost in P/L				-
Current service cost (net of employee contributions)	372			372
Past service cost (incl effect of curtailments)				-
Settlement (gain)/loss				-
Service cost				**372**
Net interest on the net liability / (asset) in P/L				
Interest cost on pension obligation	81			81
Interest income on plan assets		-70		-70
Interest on effect of the asset ceiling				-
Net interest				**11**
Administration costs paid from plan assets in P/L				-
Components of defined benefit cost recognised in P/L				**383**
Remeasurements of the net liability / (asset) in OCI				
Actuarial (gain) / loss arising from				
• Changes in demographic assumptions	71			71
• Changes in financial assumptions	773			773
• Experience adjustments	50			50
Return on plan assets (excl. amounts in net interest)		-736		-736
Change in effect of the asset ceiling (excl. amounts in net interest)				-
Total remeasurement recognised in OCI				**158**
Defined benefit cost (total amount recognised in P/L and OCI)				**541**
Cash Flows				
Employee contributions	-	-	-	-
Employer contributions to plan assets (incl. 4,4% taxes)	-	-391	-	-391
Benefit payments from plan assets	-30	30	-	0
Direct benefit payments by employer	-	-	-	-
Taxes paid from plan assets (4,4%)	-15	15	-	0
Taxes paid directly by employer (8,86%)	-31	31	-	0
On 31 December 2019	**6.472**	**-5.412**	**1.060**	**1.060**

'000 €	Pension obligation (IAS 19 R)	Plan Assets	Deficit	Net liability / (asset)
On 31 December 2017	5.154	-4.247	907	907
Components of defined benefit cost				
Service cost in P/L				-
Current service cost (net of employee contributions)	393			393
Past service cost (incl effect of curtailments)				-
Settlement (gain)/loss				-
Service cost				**393**
Net interest on the net liability / (asset) in P/L				
Interest cost on pension obligation	66			66
Interest income on plan assets		-56		-56
Interest on effect of the asset ceiling				-
Net interest				**10**
Administration costs paid from plan assets in P/L				-
Components of defined benefit cost recognised in P/L				**403**
Remeasurements of the net liability / (asset) in OCI				
Actuarial (gain) / loss arising from				
• Changes in demographic assumptions				-
• Changes in financial assumptions	-248			-248
• Experience adjustments	67			67
Return on plan assets (excl. amounts in net interest)		165		165
Change in effect of the asset ceiling (excl. amounts in net interest)				-
Total remeasurement recognised in OCI				**-16**
Defined benefit cost (total amount recognised in P/L and OCI)				**387**
Cash Flows				
Employee contributions	-	-	-	-
Employer contributions to plan assets (incl. 4,4% taxes)	-	-384	-	-384
Benefit payments from plan assets	-186	186	-	0
Direct benefit payments by employer			-	-
Taxes paid from plan assets (4,4%)	-15	15	-	0
Taxes paid directly by employer (8,86%)	-30	30	-	0
On 31 December 2018	**5.201**	**-4.291**	**910**	**910**

The average duration of the benefit plan with fixed income is 13 years.

The average duration of the benefit plan with fixed costs is 17 years.

Major actuarial assumptions in use at balance sheet date:

	Valuation on	
	31/12/2019	31/12/2018
Discount rate	**0,77%**	1,57%
Expected rate of salary increases	**2,90%**	2,90%
Inflation	**1,90%**	1,90%

Split of the plan assets on balance sheet date:

	31/12/2019	31/12/2018
Equity securities, incl. cash	**6%**	7%
Fixed income securities	**94%**	93%
Total	**100%**	100%

Sensitivity analysis of a percentage increase or decrease in the discount rate or an increase in salary to the retirement benefit obligation:

Discount rate	**-0,50%**		**0,50%**
Assumptions	**0,27%**	0,77%	**1,27%**
Pension obligation (K€)	**7.034**	6.472	**5.973**

Salary increase	**-0,50%**		**0,50%**
Assumptions	**2,40%**	2,90%	**3,40%**
Pension obligation (K€)	**6.413**	6.472	**6.536**

The Group expects to contribute 365 K€ to its defined benefit plans.

5.26.2. Early retirement provisions

Early retirement provisions are set up based on agreements with those affected on amounts to be paid until the age of 65 year. The provision on 31/12/2019 amounts to 256 K€ (on 31/12/2018: 399 K€).

5.27. MARKET RISK

5.27.1. Interest risk

Funding of the company is done through bank loans, bank overdrafts and factoring.

On 31/12/2019 bank loans amounted to 4.125 K€, bank overdrafts and advances on factoring amounted to 120 K€. Bank loans are arranged at fixed rates. The bank overdrafts and advances on factoring are arranged at variable rates (see note 5.16.).

An increase or decrease of the interest with 10% would have an impact on the income statement of -0 € (in case of 10% increase) or 0 € (in case of 10% decrease) based upon the amount on 31/12/2019. The retained earnings will also be influenced.

5.27.2. Foreign Exchange risk

The Group is managing its foreign currency risk by matching foreign currency cash inflows with foreign cash outflows (USD is our main foreign currency).

An increase or decrease of the USD/EUR rate with 10% would have an impact on the income statement of -285 K€ (in case of 10% increase) or +285 K€ (in case of 10% decrease) based upon the assets and liabilities denominated in USD on 31/12/2019. The retained earnings will also be influenced.

5.27.3. Price risk

The value of these fixed price contracts and the future LME commitments are both shown in the balance sheet; changes in the values will be shown in the profit and loss account (see note 5.14.1. Derivatives).

There is no price risk on the fixed price contracts as the impact of price fluctuation on respective fixed purchase and sell contracts are compensated by the impact on the respective sell and purchase contracts on the LME.

A movement of the LME lead- and tin futures price by 10% would have impacts on the income statement. The immediate effect based on the underlying open position on 31/12/2019 of a price fall of 10% would be +364 K€ or of a price raise of 10% would be -364 K€.

5.28. EVENTS AFTER THE BALANCE SHEET DATE

The outbreak of the Corona virus and related epidemic will greatly influence Campine's income statement in 2020. At the time of closing this report (end of March 2020) it is impossible to give an exact forecast of this impact on the future results.

The overall industrial demand is falling and consequently commodity prices have fiercely decreased. The health of our employees, the availability of raw materials are additional uncertainties, which to date are a threat to keep our operations going.

In view of both our high solvency ratio and high liquidity level and access to additional liquidity if necessary (see undrawn committed borrowing facilities in note 5.16 Bank borrowings) we currently do not see any issue on the continuity of Campine.

5.29. RELATED PARTIES

As to the transparency notification of 9 July 2019 the current shareholder structure of Campine is:

Name	Number of shares	% of the share capital
F.W. Hempel Metallurgical GmbH Weißensteinstraße 70, 46149 Oberhausen, Germany	1.077.900	71,86%

F.W. Hempel Metallurgical Holding GmbH stated that it acquired the participation in Campine NV from F.W. Hempel Metallurgical GmbH (35.86%) and from Hempel Special Metals Holding GmbH (36%) due to a merger by way of absorption of said companies (under German law). This in the framework of a simplification of the structure of the Hempel group.

F.W. Hempel Metallurgical Holding GmbH changed, in the notarial merger deed and after the merger operations, its name into F.W. Hempel Metallurgical GmbH.

F.W. Hempel Metallurgical GmbH (ex-F.W. Hempel Metallurgical Holding GmbH) holds now 71.86% of Campine NV's voting rights so that the threshold of 70% was exceeded. Mr. Friedrich Wilhelm Hempel remains the ultimate controlling person with 71,68% of Campine NV's voting rights.

Transactions between the company and its subsidiary, which are related parties of the company, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and the management and key-management are disclosed in the Remuneration report. Details of transactions between the Group and other related parties are disclosed below.

5.30. RELATED PARTY TRANSACTIONS

All related party transactions are conducted on a business base and in accordance with all legal requirements and the Corporate Governance Charter.

5.30.1. Trading transactions

In 2019, Group entities entered into the following trading transactions with related parties that are not members of the Group:

- Purchase of lead wastes from Hempel Legierungsmetalle GmbH for 863 K€ (2018: 1.465 K€). There is no open amount on 31/12/2019.

5.30.2. Other transactions

The companies below passed through personnel and IT expenses to the Campine Group:

- Hempel Special Metals Asia: 66 K€ (2018: 60 K€). There is no open amount on 31/12/2019.
- F.W. Hempel Metallurgical: 277 K€ (2018: 324 K€). Open amount on 31/12/2019: 9.757 €.
- F.W. Hempel & Co Erze und Metalle: 109 K€ (2018: 92 K€). There is no open amount on 31/12/2019.

The Campine Group passed through personnel and IT expenses to:

- F.W. Hempel & Co Erze und Metalle: 8 K€ (2018: 8 K€). There is no open amount on 31/12/2019.

5.31. RIGHTS AND OBLIGATIONS NOT INCLUDED IN THE BALANCE SHEET

Commercial commitments:

There are firm commitments to deliver or receive metals to customers or from suppliers at fixed prices.

'000 €	**31/12/2019**	31/12/2018
Commercial commitments for metals purchased (to be received)	**8.754**	10.735
Commercial commitments for metals sold (to be delivered)	**14.049**	15.412

5.32. COMPENSATION OF KEY MANAGEMENT PERSONNEL

The total remuneration of the Executive Management Team including the Board members amounts to 1.907 K€ (2018: 1.400 K€). For further details, we refer to the Remuneration report.

None of the above mentioned persons received any shares, share options or other rights to acquire shares of the company or Group. The remuneration of the members of the Executive Management Team is decided upon by the Nomination and Remuneration committee, based on market trends and individual performances.

5.33. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorised for issue on 3 March 2020.

Statutory auditor's report

to the shareholders' meeting of Campine nv for the year ended 31 December 2019

Consolidated financial statements

In the context of the statutory audit of the consolidated financial statements of Campine NV ("the company") and its subsidiaries (jointly "the group"), we hereby submit our statutory audit report. This report includes our report on the consolidated financial statements and the other legal and regulatory requirements. These parts should be considered as integral to the report.

We were appointed in our capacity as statutory auditor by the shareholders' meeting of 9 May 2017, in accordance with the proposal of the board of directors ("bestuursorgaan" / "organe d'administration") issued upon recommendation of the audit committee and presentation of the works council. Our mandate will expire on the date of the shareholders' meeting deliberating on the financial statements for the year ending 31 December 2019. Due to a lack of online archives dating back prior to 1997, we have not been able to determine exactly the first year of our appointment. We have performed the statutory audit of the consolidated financial statements of Campine NV for at least 22 consecutive periods.

Report on the consolidated financial statements

UNQUALIFIED OPINION

We have audited the consolidated financial statements of the group, which comprise the consolidated balance sheet as at 31 December 2019, the consolidated income statement, the consolidated overview of the total result, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated balance sheet shows total assets of 57 745 (000) EUR and the consolidated income statement shows a consolidated net profit for the year then ended of 8 015 (000) EUR.

In our opinion, the consolidated financial statements give a true and fair view of the group's net equity and financial position as of 31 December 2019 and of its consolidated results and its consolidated cash flow for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

BASIS FOR THE UNQUALIFIED OPINION

We conducted our audit in accordance with International Standards on Auditing (ISA), as applicable in Belgium. In addition, we have applied the International Standards on Auditing approved by the IAASB applicable to the current financial year, but not yet approved at national level. Our responsibilities under those standards are further described in the "Responsibilities of the statutory auditor for the audit of the consolidated financial statements" section of our report. We have complied with all ethical requirements relevant to the statutory audit of consolidated financial statements in Belgium, including those regarding independence.

We have obtained from the board of directors and the company's officials the explanations and information necessary for performing our audit.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Exposure of the economic performance to evolution in market prices	
The company's earnings are highly dependent on the market prices of raw materials and metals, which are subject to (significant) fluctuations because of changing supply and/or demand of raw materials and end products, or because of speculation on the market. This can affect the company's financial statements in the following areas:	During our audit procedures, we have performed the following with respect to inventory valuation and operating and hedging result:
Inventory valuation: Inventories are valued according to the FIFO method due to which they are closely aligned with the evolution of market prices. Consequently, significant price evolutions have a direct impact on the valuation of inventory.	**Inventory valuation:** We have reviewed the valuation of raw materials as well as the valuation of these raw materials in work in progress and finished goods in order to conclude on the correct valuation of the inventory following the FIFO principle.
As a result of frequent price changes in the market, the company performs a monthly Lower of Cost or Market analysis. The provision for Lower of Cost or Market is mainly calculated on the raw materials and the byproducts as the finished goods are manufactured when a client order is received. During its analysis of the Lower of Cost or Market provision, the company reviews the valuation of its inventory against independent market benchmarks for lead and antimony prices.	Additionally, we also verified the calculations and challenged the analyses and judgments made by management in determining the provision for Lower of Cost or Market against independent market benchmarks for lead and antimony prices.

Operating and hedging result:
Fluctuations in market prices have a direct impact on the turnover and the cost of goods sold, however the company is confronted with a time lag on the price levels of both financial flows and accordingly is subject to potential significant impacts on the operational margin. To manage exposures on open inventory balances, the company enters into hedge contracts for lead activities.

Operating and hedging result:
We have identified the relevant key internal controls with respect to the revenue and expenditure business cycle. We have substantively tested revenue and expenditure to conclude on the appropriateness of revenue and cost of goods sold being recognized.

We reviewed the detailed analysis of the margin per business unit as prepared by management in which the operational results of these business units are rationalized versus the evolution of market prices.

The market value of the hedging contracts as disclosed in note 5.14 are reconciled with the confirmations of the brokers, and the fair market value of the outstanding hedge contracts is rationalized. Additionally, for a sample of settled hedge transactions, the results accounted for are validated with the settlement agreements received from the brokers, in order to verify the accuracy of the results recorded.

Accounting of provisions for soil sanitation

As of 31 December 2019, the total provisions for liabilities and charges amounted to 1.090 KEUR, of which the full amount relates to provisions for soil sanitation.

These provisions are set up based on sanitation obligations that exist as of today or will become effective based on management's investments decisions, which were formally approved at balance sheet date. The decision to construct new warehouses or production facilities often involves the obligation to sanitize the underlying soil.

The liability and sanitation responsibility as well as the costs with respect to the sanitation operations are determined based on a report received from an external environmental expert who ensures compliance with the environmental regulation.

We have focused on this area of the financial statements as changes in management decisions or changes in legislation can significantly impact the amount recorded with respect to provisions for soil sanitation in the financial statements

.

During our audit procedures, we have performed the following with respect to the provisions for soil sanitation, as disclosed in note 5.21:

We obtained an understanding of the recognition process for provisions for soil sanitation.

We have reviewed all communication with the external service provider to identify any changes regarding the current sanitation obligations or changes in legislation which might result in a correction with respect to the provisions recognized in the result of previous years.

Additionally, we have also discussed with management the investment plans which were approved by the Board of Directors in order to review potential new sanitation obligations.

We have also performed a test of detail with respect to the actual sanitation operations executed in the current period in order to benchmark the budgeted sanitation cost provided for in prior periods against the actual sanitation cost incurred in the current period.

For sanitation provisions, we have performed the following procedures:

- Analyze the appropriateness and validity of the assumptions used by management to determine the provision
- Challenge the management estimates with the report from the external service provider
- Review consistency of the process with respect to the calculation of soil sanitation provisions.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters to be considered for going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the group or to cease operations, or has no other realistic alternative but to do so.

RESPONSIBILITIES OF THE STATUTORY AUDITOR FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a statutory 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 ISA 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 consolidated financial statements.

During the performance of our audit, we comply with the legal, regulatory and normative framework as applicable to the audit of consolidated financial statements in Belgium. The scope of the audit does not comprise any assurance regarding the future viability of the company nor regarding the efficiency or effectiveness demonstrated by the board of directors in the way that the company's business has been conducted or will be conducted.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated 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 an 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 group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- conclude on the appropriateness of the use of the going concern basis of accounting by the board of directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the consolidated 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 statutory auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated financial statements, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, amongst 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.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate with them about all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes any public disclosure about the matter.

Other legal and regulatory requirements

RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements.

RESPONSIBILITIES OF THE STATUTORY AUDITOR

As part of our mandate and in accordance with the Belgian standard complementary to the International Standards on Auditing (ISA) as applicable in Belgium, our responsibility is to verify, in all material respects, the director's report on the consolidated financial statements as well as to report on these matters.

ASPECTS REGARDING THE DIRECTORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS AND OTHER INFORMATION DISCLOSED IN THE ANNUAL REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

In our opinion, after performing the specific procedures on the directors' report on the consolidated financial statements, this report is consistent with the consolidated financial statements for that same year and has been established in accordance with the requirements of article 3:32 of the Code of companies and associations.

In the context of our statutory audit of the consolidated financial statements we are also responsible to consider, in particular based on information that we became aware of during the audit, if the directors' report on the consolidated financial statements is free of material misstatement, either by information that is incorrectly stated or otherwise misleading. In the context of the procedures performed, we are not aware of such material misstatement.

STATEMENTS REGARDING INDEPENDENCE

- Our audit firm and our network have not performed any prohibited services and our audit firm has remained independent from the group during the performance of our mandate.
- The fees for the additional non-audit services compatible with the statutory audit, as defined in article 3:65 of the Code of companies and associations, have been properly disclosed and disaggregated in the notes to the consolidated financial statements.

OTHER STATEMENTS

- This report is consistent with our additional report to the audit committee referred to in article 11 of Regulation (EU) No 537/2014.

Antwerp, 30 March 2020

The statutory auditor
Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises CVBA/SCRL
Represented by Luc Van Coppenolle

Corporate Data

Corporate data

Headquarters
Campine nv
Nijverheidsstraat 2
2340 Beerse
Belgium

BTW BE0403.807.337
Tel: +32 14 60 15 11
www.campine.com

Investor & media relations
karin.leysen@campine.com

Auditor
Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises CVBA/SCRL
Represented by Luc Van Coppenolle

Financial calender

27 May 2020	General meeting of Shareholders
12 June 2020	Payment of dividend
11 June 2020	Record date
10 June 2020	Ex-date
Last week of September 2020	Announcement of half-year results 2020
Last week of March 2021	Announcement of 2020 annual results

Recover.
Renew.
Repeat.

Nijverheidsstraat 2
2340 Beerse, Belgium

T +32 14 60 15 11
info@campine.com

campine.com