



## **Campine NV**

Statutory auditor's report to the shareholders' meeting for the year ended 31 December 2020 - Consolidated financial statements

The original text of this report is in Dutch

## Statutory auditor's report to the shareholders' meeting of Campine NV for the year ended 31 December 2020 - 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 27 May 2020, 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 expires on the date of the shareholders' meeting deliberating on the annual accounts for the year ended 31 December 2020, in view of Article 41 of EU Regulation nr. 537/2014 that states that as from 17 June 2020, an audit mandate can no longer be prolonged for those audit mandates running 20 years or more at the date of entry into force of the regulation. 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 23 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 2020, the consolidated income statement, the consolidated statement of changes in equity and the consolidated statement of cash flow 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 64 131 (000) EUR and the consolidated income statement shows a profit for the year then ended of 2 784 (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 2020 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
<p><b>Exposure of the economic performance to evolution in market prices</b></p> <p>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:</p> <p><u>Inventory valuation:</u> 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.</p> <p>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.</p> <p><u>Operating and hedging result:</u> 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.</p> <p>We refer to Note 5.27 Market risk for management's description of the price risk and related sensitivity analysis.</p>	<p>During our audit procedures, we have performed the following with respect to inventory valuation and operating and hedging result:</p> <p><u>Inventory valuation:</u> We have identified the relevant processes, key internal controls and accounting policies with respect to inventory valuation.</p> <p>We have substantively tested 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.</p> <p>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, as disclosed in Note 5.12, against independent market benchmarks for lead and antimony prices.</p> <p><u>Operating and hedging result:</u> We have identified the relevant processes, key internal controls and accounting policies 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.</p> <p>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.</p> <p>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</p>

	<p>brokers, in order to verify the accuracy of the results recorded.</p>
<p><b>Accounting of provisions for soil sanitation</b>                  As of 31 December 2020, the total provisions for liabilities and charges amounted to 1.135 KEUR, of which 945 KEUR relates to provisions for soil sanitation.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>We refer to Note 5.21 Provisions for the related disclosures.</p>	<p>During our audit procedures, we have performed the following with respect to the provisions for soil sanitation:</p> <p>We obtained an understanding of the recognition process, key internal controls and accounting policies for provisions for soil sanitation.</p> <p>We have reviewed all communication with the external environmental expert 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 previous years. We have evaluated the competence and the independence of the external environmental expert.</p> <p>Additionally, we have also reviewed with management the investment plans which were approved by the Board of Directors in order to review potential new sanitation obligations.</p> <p>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.</p> <p>For sanitation provisions, we have performed the following procedures:</p> <ul style="list-style-type: none"> <li>• Analyze the appropriateness and validity of the assumptions used by management to determine the provision;</li> <li>• Challenge the management estimates with the report from the external environmental expert;</li> <li>• Verify the existence and accuracy related to the soil piles as used in the calculations by the external environmental expert, during a plant visit.</li> <li>• Review consistency over time of the process with respect to the calculation of soil sanitation provisions.</li> </ul>

**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.

Signed at Antwerp.

**The statutory auditor**

---

**Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises BV/SRL**  
Represented by Luc Van Coppenolle

**Deloitte.**

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises BV/SRL  
Registered Office: Gateway building, Luchthaven Brussel Nationaal 1 J, B-1930 Zaventem  
VAT BE 0429.053.863 - RPR Brussel/RPM Bruxelles - IBAN BE86 5523 2431 0050 - BIC GKCCBEBB

Member of Deloitte Touche Tohmatsu Limited