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Independent auditor report to the general meeting of Campine NV for the year ended 31 December 2022

In the context of the statutory audit of the Consolidated Financial Statements of Campine NV (the "Company") and its subsidiaries (together the "Group"), we report to you as statutory auditor. This report includes our opinion on the consolidated balance sheet as at 31 December 2022, the consolidated income statement, the consolidated overview of the comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and the disclosures (all elements together the "Consolidated Financial Statements") as well as our report on other legal and regulatory requirements. These two reports are considered one report and are inseparable.

We have been appointed as statutory auditor by the shareholders' meeting of 26 May 2021, in accordance with the proposition by the Board of Directors following recommendation of the Audit Committee and following recommendation of the workers' council. Our mandate expires at the shareholders' meeting that will deliberate on the Consolidated Financial Statements for the year ending 31 December 2023. We have performed the audit of the Consolidated Financial Statements of the Group during two consecutive years.

Report on the audit of the Consolidated Financial Statements

Unqualified opinion

We have audited the Consolidated Financial Statements of Campine NV, that comprise the consolidated balance sheet as at 31 December 2022, the consolidated income statement, the consolidated overview of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and the disclosures, which show a consolidated balance sheet total of K€ 127,593 and for which the consolidated income statement shows a profit for the year of K€ 15,805.

In our opinion, the Consolidated Financial Statements give a true and fair view of the consolidated net equity and financial position as at 31 December 2022, and of the consolidated result and the consolidated cash-flows for the year then ended, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") and with applicable legal and regulatory requirements in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA's") applicable in Belgium. In addition, we have applied the ISA's approved by the International Auditing and Assurance Standards Board ("IAASB") that apply at the current year-end date and have not yet been approved at national level. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the Consolidated Financial Statements" section of our report.

We have complied with all ethical requirements that are relevant to our audit of the Consolidated Financial Statements in Belgium, including those with respect to independence.

We have obtained from the Board of Directors and the officials of the Company the explanations and information necessary for the performance of our audit and we believe that the audit evidence we have 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 reporting 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 consequently we do not provide a separate opinion on these matters.

Significant impact of metal price fluctuations on the valuation of inventory, operating profit, and group hedging results

Description of the Key Audit Matter

The market prices of metals (mainly lead and antimony) may be subject to significant fluctuations due to supply and demand changes relating to these metals on the markets. This has a significant impact on the Group's valuation of the inventory, the operating result, and of the hedging results, and is therefore a key audit matter.

Inventory:

The inventory is valued according to the FIFO method, which means that the valuation closely matches the evolution of market prices. Consequently, significant price evolutions have a direct impact on the valuation of the inventory at the end of the closing period. As per 31 December 2022, the inventory consists of the following components: (i) raw materials (K€ 15,060), (ii) work in progress (K€ 12,314), and (iii) finished products (K€ 24,662).

As a result of frequent price changes in the market, the Group performs a monthly so-called ‘- “lower of cost or market” - or net recoverability analysis. The resulting “lower of cost or market” - provision is calculated on the raw materials of metals, the by-products and the finished goods. In calculating this provision, the Group compares the valuation of the aforementioned inventory items against independent market benchmarks (such as for example, the "London Metal Exchange" or “LME” for lead prices) or the Group uses its own valuation method that is close to the market price when the market price is not publicly available (such as for antimony, for example).

Operational and hedging result:

Since there is a time delay between the moment of a purchase and of a sale, there is a risk that the operating margin will be subject to the impact of price fluctuations for metals in the period between the purchase of the metal as a raw material and the sale of the finished products.

In order to reduce that price risk, the Group uses derivatives whereby a distinction must be made between the metals for which a liquid market exists (e.g. lead) and those for which there is no such market (e.g. antimony).

Hedging metals for which there is no liquid market is mainly done by means of natural hedging of physical positions, trying to align the buying and selling positions as closely as possible in order to minimize price risk. On the other hand, derivatives are used for metals for which there is a liquid market in order to limit the price risk on open inventory positions and future sales transactions. Due to the fact that the Group does not apply hedge accounting, the impact of the derivatives used, is recognized in the income statement, in accordance with the principles set out in IFRS 9 "Financial Instruments".

How our Audit addressed the Key Audit Matter

- Evaluation of the design of internal controls with regard to the valuation of inventory (and the related derivatives);
- Substantive audit procedures through sampling, on the valuation of raw materials inventory of metals and of the valuation of these raw materials included in the manufacturing price of work in progress and of finished goods;
- Substantive audit procedures of the market value determination and the analysis by management of determining the lower of cost or market provision, by reconciliation with independent market data for lead prices and alternative evidence for antimony prices. This included procedures to assess the reasonableness and consistency of the input used by management (such as contracted and expected sales, estimates of price evolutions, and price sensitivity analysis);
- An assessment of the detailed margin analysis per business unit, as prepared by management, and in which the operational results of these business units are discussed in relation to the evolution of the market prices;

- Verifying the completeness, existence, and valuation of the open hedging transactions by agreeing these positions with the confirmations received from the brokers;
- Verifying the accuracy of the hedge results recorded by agreeing these results with the confirmations received from the brokers for a sample of closed hedging transactions;
- Monitoring the application of the IFRS 9 accounting principles of the aforementioned hedging transactions and related hedge results;
- Assessment of the appropriateness of the information on derivatives in Notes 5.20 “Financial Instruments and 5.14.1 "Derivatives" and assessment of the appropriateness in Note 5.26.3 of management's price risk and the description of this risk and the related sensitivity analysis.

Accounting treatment of the environmental remediation provisions

Description of the Key Audit Matter

The total provision for risks and costs as per 31 December 2022 amounts to K€ 6,235, of which K€ 6,065 relates to environmental related provisions.

The decision to recognize these provisions is mainly determined by the expected liability and associated remediation obligation that exists at the balance sheet date or will take effect in the event that the Group starts its existing investment and remediation plans.

The evaluation of the extent of the remediation (and associated estimated cost) is determined on the basis of reports by external environmental experts and calculations made by competent government authorities that monitor compliance with environmental legislation.

The final settlement of these provisions may be significantly affected by (i) the effective pollution and the related remediation costs, (ii) any changes in managements decisions regarding investment plans (and related remediation), (iii) evolution of technology or (iv) changes in legislation. As a result, the final settlement of these provisions made may differ significantly from what was recorded based on previous estimates, which may have a material effect on the Group Financial Statements, and is therefore a key audit matter.

How our Audit addressed the Key Audit Matter

- Evaluation of management's assessment and used (investment) plans, regarding the probable outcome and possible financial risk of the relevant environmental remediation;
- We assessed the competence, expertise, and objectivity of the external environmental experts appointed by management to substantiate the assumptions and calculations regarding the determination of the provision;
- Assessing the completeness of the inventory of environmental related mediation as well as the evolutions, through discussions with management and the audit committee, as well as where possible through direct confirmations from the external advisors of the Group or relevant public authorities;
- Analyzing the minutes of the board of directors and of the audit committee, in which the environmental provisions and developments in this regard are discussed;
- Reading and analyzing pertinent and new correspondence between the parties involved, such as neighboring companies in the area, the respective authorities responsible for environmental matters, local governments, etc., that are important in the final settlement of the costs associated with these environmental remediations;
- Assessment of the recognition and valuation of environmental provisions in accordance with IAS 37 Provisions;
- Assessment of the adequacy of the remediation information as included in Note 5.21 of the Consolidated Financial Statements.

Business Combinations

Description of the Key Audit Matter

As described in Note 5.4 to the Consolidated Financial Statements, the Company entered into a business combination in July 2022 by the acquisition of certain activities from a French company Recylex SA and its subsidiary C2P.

The purchase price allocation exercise ("PPA"), described in Note 5.4.1, was provisionally completed during the year in accordance with IFRS 3 and resulted in a recognized a net gain on bargain purchase (net of taxes) of € 6.5 million as at 31 December 2022. The net gain on bargain purchase is still provisional considering that the Company has one year to finalize the PPA in accordance with IFRS 3.

A PPA involves significant judgments and estimates by the management to assess the fair value of the assets acquired and liabilities assumed in accordance with IFRS 3. This PPA also requires the alignment of the accounting policies of the acquired entities with the accounting policies of the Company.

For these reasons, the business combination described above is a key audit matter.

How our Audit addressed the Key Audit Matter

- We have evaluated the process followed and PPA assessment performed by management and the Board of Directors before, during, and after the acquisition through the examination of board minutes, contracts, final bid documents, review of due diligence materials and correspondence with relevant authorities in France;
- We have performed audit procedures on the financial information of the acquired entities at the date of acquisition. We have assessed and discussed the key findings identified during the due diligence procedures performed by the external experts engaged by the Company;
- We have validated the alignment of the accounting policies of the acquired entities with the accounting policies of the Group;
- We have validated, with the assistance of our internal valuation experts, that the methodologies used by the Company for the determination of the fair value of assets acquired and liabilities assumed, are in accordance with IFRS 3 and industry practices;
- With the assistance of our internal valuation experts, we have assessed and benchmarked the key inputs and assumptions (underlying opening balances, fair value of land, buildings, equipment, business plans, discount rates, growth rates,…) used in the PPA assessment prepared by the Company with assistance of the third party valuation experts;
- We have assessed the competence, independence and integrity of the third party valuation experts used by the Company;
- We have validated all significant accounting entries relating to the first consolidation of the acquired entities, including the fair value impacts on assets acquired and liabilities assumed resulting from the PPA;
- Furthermore, we have assessed the adequacy and completeness of the disclosures in Note 5.4.1to the Consolidated Financial Statements based with IFRS.

Responsibilities of the Board of Directors for the preparation of the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the Consolidated Financial Statements that give a true and fair view in accordance with IFRS and with applicable legal and regulatory requirements in Belgium and for such internal controls relevant to the preparation of the Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of Consolidated Financial Statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, and provide, if applicable, information on matters impacting going concern. The Board of Directors should prepare the financial statements using the going concern basis of accounting, unless the Board of Directors either intends to liquidate the Group or to cease business operations or has no realistic alternative but to do so.

Our responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance whether the Consolidated Financial Statements are free from material misstatement, whether due to fraud or error, and to express an opinion on these Consolidated Financial Statements based on our audit. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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.

In performing our audit, we comply with the legal, regulatory and normative framework that applies to the audit of the Consolidated Financial Statements in Belgium. However, a statutory audit does not provide assurance about the future viability of the Company and the Group, nor about the efficiency or effectiveness with which the board of directors has taken or will undertake the Company's and the Group's business operations. Our responsibilities with regards to the going concern assumption used by the board of directors are described below.

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

- identification and assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, the planning and execution of audit procedures to respond to these risks and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatements resulting from fraud is higher than when such misstatements result from errors, since fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining insight in the system of internal controls that are relevant for the audit and with the objective 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 and Company internal control;
- evaluating the selected and applied accounting policies, and evaluating the reasonability of the accounting estimates and related disclosures made by the Board of Directors as well as the underlying information given by the Board of Directors;
- conclude on the appropriateness of the Board of Directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, whether or not a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's or 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 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 audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going-concern;
- evaluating the overall presentation, structure and content of the Consolidated Financial Statements, and evaluating whether the Consolidated Financial Statements reflect a true and fair view of the underlying transactions and events.

We communicate with the Audit Committee within the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the audits of the subsidiaries. In this respect we have determined the nature and extent of the audit procedures to be carried out for Group entities.

We provide the Audit Committee within the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee within the Board of Directors, 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 the law or regulations prohibit this.

Report on 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 Board of Directors' report on the Consolidated Financial Statements.

Responsibilities of the auditor

In the context of our mandate and in accordance with the additional standard to the ISAs applicable in Belgium, it is our responsibility to verify, in all material respects, the Board of Directors' report on the Consolidated Financial Statements, as well as to report on these matters.

Aspects relating to Board of Directors' report on the Consolidated Financial Statements and other information included in the annual report

In our opinion, after carrying out specific procedures on the Board of Directors' report, the Board of Directors' report (pages 20 to 25 of the Annual Report) is consistent with the Consolidated Financial Statements and has been prepared in accordance with article 3:32 of the Code of companies and associations.

In the context of our audit of the Consolidated Financial Statements, we are also responsible to consider whether, based on the information that we became aware of during the performance of our audit, the Board of Directors' report and other information included in the annual report, being:

- "2022 Financials" (pages 18 and 19;
- The Corporate Governance statement (pages 26 to 32);
- The remuneration report (pages 33 to 39).

contain any material inconsistencies or contains information that is inaccurate or otherwise misleading. In light of the work performed, there are no material inconsistencies to be reported.

Independence matters

Our audit firm and our network have not performed any services that are not compatible with the audit of the Consolidated Financial Statements and have remained independent of the Company during the course of our mandate.

The fees for additional services which are compatible with the statutory audit of the Consolidated Financial Statements referred to in article 3:65 of the Companies' and Associations' Code are correctly disclosed and itemized in the Board of Directors' report to the Consolidated Financial Statements.

European single electronic format ("ESEF")

In accordance with the standard on the audit of the conformity of the financial statements with the European single electronic format (hereinafter "ESEF"), we have carried out the audit of the compliance of the ESEF format with the regulatory technical standards set by the European Delegated Regulation No 2019/815 of 17 December 2018 (hereinafter: "Delegated Regulation").

The board of directors is responsible for the preparation, in accordance with the ESEF requirements, of the Consolidated Financial Statements in the form of an electronic file in ESEF format in the official Dutch language as well as the free translation into English (hereinafter 'the digital consolidated financial statements') included on the portal of the FSMA (https://www.fsma.be/en/data-portal) in the official Dutch language as well as the free translation into English.

It is our responsibility to obtain sufficient and appropriate supporting evidence to conclude that the format and markup language of the digital consolidated financial statements comply in all material respects with the ESEF requirements under the Delegated Regulation.

Based on the work performed by us, we conclude that the format and tagging of information in the digital consolidated financial statements included in the annual financial report available on the portal of the FSMA (https://www.fsma.be/en/data-portal) in the official Dutch language are, in all material respects, in accordance with the ESEF requirements under the Delegated Regulation, and we conclude that the format of the free translation of the digital consolidated financial statements included in annual report in English corresponds to the digital consolidated financial statements included in the annual financial report in the official Dutch language.

Other communications.

- This report is consistent with our supplementary declaration to the Audit Committee as specified in article 11 of the regulation (EU) nr. 537/2014.

Antwerp, 24 April 2023

EY Bedrijfsrevisoren BV
Statutory auditor
Represented by

Harry Everaerts *
Partner
*Acting on behalf of a BV

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