



# ***Financial & Governance Report***

2021



**CONSOLIDATED  
FINANCIAL  
STATEMENTS  
2021**

# MANAGEMENT KEY FIGURES

(UNAUDITED)

In thousands of euro

	2021	2020	2019	2018	2017	2016
<b>Consolidated results</b>						
Revenue	1 679 923	1 975 529	3 295 130	3 521 130	3 083 004	2 725 702
EBITDA	271 145	294 316	554 463	651 687	541 429	428 146
EBITDA % of Revenue	16%	15%	17%	19%	18%	16%
EBIT	114 849	92 022	(1 269 599)	(67 522)	157 449	(152 675)
Net Result (share of the Group)	74 868	78 262	(671 754)	(126 079)	95 818	(247 189)
Net Result	76 603	51 847	(1 073 022)	(176 911)	99 211	(274 355)
<b>Cash flows</b>						
Free operating cash flow before IFRS16 leases	99 528	105 799	222 269	116 934	290 753	182 884
Cash from IFRS16 leases	(22 036)	(57 291)	(108 261)	-	-	-
Free operating cash flow	77 492	48 508	114 009	116 934	290 753	182 884
Acquisitions / disposals and land & reserves	(46 603)	69 358	463 792	(522 825)	24 143	14 523
<b>Funding (at year end)</b>						
Net cash / (debt)	146 833	168 163	(1 341 773)	(1 390 721)	(646 620)	(891 174)
Shareholder's equity	1 114 954	1 047 112	1 097 953	1 787 130	1 479 538	1 643 723
<b>Data / share</b>						
Earnings per share	172.17	183.97	(1 544.77)	(289.83)	220.18	(568.18)
Dividend (gross)	117.20	106.00	142.86	162.86	157.14	140.51
Total shares	470 170	470 170	470 170	470 170	470 170	470 170
Own shares	35 314	35 314	35 314	35 314	35 164	34 994
<b>Return on Capital Employed</b>						
Average Capital Employed	1 557 290	2 451 400	3 945 287	3 687 556	3 014 290	3 308 848
ROCE (EBIT / Avg Capital Employed)	7.4%	3.8%	(32.2%)	(1.8%)	5.2%	(4.6%)

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

<i>In thousands of euro</i>	Note	2021	2020
<b>Revenue</b>	8	<b>1 679 923</b>	<b>1 975 529</b>
<b>Cost of sales (-)</b>	8	<b>(1 301 410)</b>	<b>(1 620 952)</b>
<b>Gross profit</b>		<b>378 514</b>	<b>354 577</b>
Other operating income	9	16 046	62 338
SG&A expenses (-)	8	(237 077)	(265 861)
Other operating expenses (-)	10	(42 634)	(59 032)
<b>EBIT</b>		<b>114 849</b>	<b>92 022</b>
Financial income	13	3 881	50 108
Financial expenses (-)	13	(20 107)	(81 033)
Share of profit of equity-accounted investees (net of tax)	18	4 825	3 869
<b>Profit (loss) before income taxes</b>		<b>103 448</b>	<b>64 965</b>
Income taxes	14	(26 846)	(13 118)
<b>Profit (loss) for the period</b>		<b>76 603</b>	<b>51 847</b>
Attributable to:			
Owners of the Company		74 868	78 262
Non-controlling interests	5	1 735	(26 414)
		<b>76 603</b>	<b>51 847</b>

The accompanying notes 1-39 are an integral part of these consolidated financial statements

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>In thousands of euro</i>	For the year ended 31 December <b>2021</b>	For the year ended 31 December <b>2020</b>
<b>Profit (loss) for the period</b>	<b>76603</b>	<b>52425</b>
<b>Other comprehensive income :</b>		
Other comprehensive income to be reclassified to profit or loss in subsequent periods		
Foreign currency translation differences	20501	(103569)
Release OCI due to loss of control Covia	-	21495
Release OCI due to disposal of QMAG	-	11564
Release OCI due to Group scope changes	(1244)	(1642)
Effective portion of changes in fair value of cash flow hedges, net of tax	1526	(11902)
Fair value changes, net of tax	483	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		
Remeasurements employee benefits, net of tax	17680	(8807)
	<b>38945</b>	<b>(92861)</b>
<b>Total comprehensive income for the period</b>	<b>115548</b>	<b>(40435)</b>
Attributable to:		
Owners of the Company	113902	(23420)
Non-controlling interests	1646	(17015)
	<b>115548</b>	<b>(40435)</b>

The accompanying notes 1-39 are an integral part of these consolidated financial statements

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>In thousands of euro</i>	Note	<b>2021</b>	<b>2020</b>
<b>Assets</b>		<b>2047719</b>	<b>1913419</b>
<b>Non-current assets</b>		<b>1171575</b>	<b>1076474</b>
Property, plant and equipment	16	826431	793405
Intangible assets other than goodwill	17	90510	83341
Right-of-use assets	32	69186	63924
Goodwill	17	33937	14564
Equity-accounted investees	18	34928	30295
Deferred tax assets	20	90257	84219
Non-current financial assets	19	6100	3756
Employee benefit assets	27	13022	-
Other non-current assets	21	7206	2971
<b>Current assets</b>		<b>876144</b>	<b>836945</b>
Inventories	22	228119	195259
Current financial assets	19	1002	1834
Trade receivables	23	220229	188132
Other receivables	23	92361	76819
Current tax assets	15	14575	19204
Cash and cash equivalents	24	305833	348901
Assets classified as held for sale	11	14025	6796
<b>Equity and liabilities</b>		<b>2047719</b>	<b>1913419</b>
<b>Total equity</b>		<b>1121933</b>	<b>1052713</b>
<b>Equity attributable to equity holders</b>		<b>1114954</b>	<b>1047112</b>
Share capital	25	25000	25000
Share premium		12	12
Retained earnings and reserves		1089942	1022100
<b>Non-controlling interests</b>	<b>5</b>	<b>6979</b>	<b>5601</b>
<b>Non-current liabilities</b>		<b>442798</b>	<b>477865</b>
Interest bearing loans & borrowings	26	47778	72333
Lease obligations	32	50928	46281
Non-current provisions	28	254205	262866
Employee benefits	27	63323	73189
Deferred tax liabilities	20	23342	19905
Trade and other payables	29	-	562
Other non-current liabilities	30	3222	2729
<b>Current liabilities</b>		<b>482988</b>	<b>382840</b>
Bank overdrafts	26	1067	2415
Interest bearing loans & borrowings	26	41088	41985
Lease obligations	32	19430	17738
Current provisions	28	59158	41220
Trade and other payables	29	334993	260328
Current tax liabilities	15	10036	10287
Other current liabilities	30	6548	2028
Liabilities classified as held for sale	11	10667	6838

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## CONSOLIDATED STATEMENT OF EQUITY

<i>In thousand of euro</i>	Share capital	Share premium	Translation reserve	Hedging reserve	Fair value	Reserve for own shares	Retained earnings	Total	Non-controlling interests	Total equity
<b>Balance as at 1 January 2021</b>	<b>25 000</b>	<b>12</b>	<b>(173 091)</b>	<b>(463)</b>	<b>(3 231)</b>	<b>(68 032)</b>	<b>1 266 916</b>	<b>1 047 112</b>	<b>5 602</b>	<b>1 052 713</b>
<b>Profit/(loss) for the period</b>							<b>74 868</b>	<b>74 868</b>	<b>1 735</b>	<b>76 603</b>
Foreign currency translation differences	-	-	20 491	-	-	-	-	20 491	10	20 501
Release OCI due to Group scope changes	-	-	(1 153)	-	-	-	5	(1 148)	(96)	(1 244)
Cash flow hedges, net of tax	-	-	-	1 526	-	-	-	1 526	-	1 526
Fair value changes, net of tax	-	-	-	-	483	-	-	483	-	483
Remeasurements employee benefits, net of tax	-	-	-	-	-	-	17 682	17 682	(3)	17 680
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>19 338</b>	<b>1 526</b>	<b>483</b>	<b>-</b>	<b>17 687</b>	<b>39 034</b>	<b>(89)</b>	<b>38 945</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>19 338</b>	<b>1 526</b>	<b>483</b>	<b>-</b>	<b>92 555</b>	<b>113 902</b>	<b>1 646</b>	<b>115 548</b>
Own shares acquired	-	-	-	-	-	-	-	-	-	-
Equity-settled share-based payment	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	(46 060)	(46 060)	(268)	(46 328)
<b>Total contributions by and distributions to owners</b>							<b>(46 060)</b>	<b>(46 060)</b>	<b>(268)</b>	<b>(46 328)</b>
Other movements	-	-	-	-	-	(4 053)	4 053	-	(1)	(1)
<b>Total transactions with owners</b>						<b>(4 053)</b>	<b>(42 007)</b>	<b>(46 060)</b>	<b>(268)</b>	<b>(46 328)</b>
<b>Balance as at 31 December 2021</b>	<b>25 000</b>	<b>12</b>	<b>(153 753)</b>	<b>1 064</b>	<b>(2 748)</b>	<b>(72 085)</b>	<b>1 317 464</b>	<b>1 114 954</b>	<b>6 979</b>	<b>1 121 933</b>

<i>In thousands of euro</i>	Share capital	Share premium	Translation reserve	Hedging reserve	Fair value	Reserve for own shares	Retained earnings	Total	Non controlling interests	Total equity
<b>Balance as at 1 January 2020</b>	<b>25 000</b>	<b>12</b>	<b>(69 906)</b>	<b>(10 744)</b>	<b>(2 863)</b>	<b>(68 032)</b>	<b>1 224 485</b>	<b>1 097 952</b>	<b>15 811</b>	<b>1 113 762</b>
<b>Profit/(loss) for the period</b>							<b>78 262</b>	<b>78 262</b>	<b>(25 837)</b>	<b>52 425</b>
Foreign currency translation differences	-	-	(97 474)	-	-	-	-	(97 474)	(6 095)	(103 569)
Release OCI due to loss of control Covia	-	-	(15 152)	18 045	(10)	-	-	2 884	18 611	21 495
Release OCI due to disposal of QMAG	-	-	11 551	13	-	-	-	11 564	-	11 564
Release OCI due to disposal of subsidiaries	-	-	(1 642)	-	-	-	-	(1 642)	-	(1 642)
Cash flow hedges, net of tax	-	-	-	(7 671)	-	-	-	(7 671)	(4 230)	(11 902)
Fair value changes, net of tax	-	-	-	-	(368)	-	368	-	-	-
Remeasurements employee benefits, net of tax	-	-	-	-	-	-	(9 343)	(9 343)	535	(8 807)
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(102 717)</b>	<b>10 387</b>	<b>(378)</b>	<b>-</b>	<b>(8 975)</b>	<b>(101 682)</b>	<b>8 821</b>	<b>(92 861)</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(102 717)</b>	<b>10 387</b>	<b>(378)</b>	<b>-</b>	<b>69 287</b>	<b>(23 420)</b>	<b>(17 015)</b>	<b>(40 435)</b>
<b>Own shares acquired</b>										
Equity-settled share-based payment	-	-	-	-	-	-	1 073	1 073	-	1 073
Dividends to equity holders	-	-	-	-	-	-	(35 621)	(35 621)	(193)	(35 814)
NCI arising on a business combination	-	-	-	-	-	-	-	-	3 177	3 177
<b>Total contributions by and distributions to owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(34 548)</b>	<b>(34 548)</b>	<b>2 984</b>	<b>(31 564)</b>
Other movements	-	-	(468)	(106)	10	-	7 692	7 127	3 822	10 950
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>(468)</b>	<b>(106)</b>	<b>10</b>	<b>-</b>	<b>(26 856)</b>	<b>(27 420)</b>	<b>6 806</b>	<b>(20 614)</b>
<b>Balance as at 31 December 2020</b>	<b>25 000</b>	<b>12</b>	<b>(173 091)</b>	<b>(463)</b>	<b>(3 231)</b>	<b>(68 032)</b>	<b>1 266 916</b>	<b>1 047 112</b>	<b>5 602</b>	<b>1 052 713</b>

For more information on Capital and reserves – see note 25 *Capital and Share-based payments*.  
The accompanying notes 1-39 are an integral part of these consolidated financial statements

## CONSOLIDATED STATEMENT OF CASH FLOWS

<i>In thousands of euro</i>	Note	<b>2021</b>	<b>2020</b>
<b>Profit for the period</b>		<b>76 603</b>	51 847
<b>Adjustments for:</b>			
Amortisation, depreciation and impairment	16, 17, 32	134 321	195 663
Provisions and employee benefits	27, 28	37 086	8 791
Loss/(gain) on sale of property, plant and equipment		(754)	(24 895)
Changes in non-current assets classified as held for sale		-	(2 979)
Share of profit of equity accounted investees	18	(4 825)	(3 869)
Financial result	13	16 225	30 925
Income taxes	14	26 846	13 118
Share-based payment expense		-	1 651
Fair value revaluations		(770)	-
Other non-cash items (allowances trade receivables/write down inventories)		6 515	13 548
<b>Operating cash flow before working capital changes</b>		<b>291 246</b>	<b>283 801</b>
Changes in inventories		(34 093)	54 799
Changes in trade and other receivables		(112 963)	29 347
Changes in trade and other payables		139 192	(66 433)
Proceeds/payments forex risk hedges		(81)	587
<b>Working capital changes</b>		<b>(7 944)</b>	<b>18 300</b>
Use of provisions	28	(19 987)	(45 424)
Contributions pensions	27	(19 814)	(18 481)
<b>Operating cash flow</b>		<b>243 500</b>	<b>238 197</b>
Income taxes (paid)/received		(29 527)	(13 438)
Interest received		1 122	2 314
<b>Net cash from operating activities</b>		<b>215 095</b>	<b>227 073</b>
Proceeds from sale of property, plant and equipment		3 906	63 846
Proceeds from sale of intangible assets		38	83
Sale of subsidiaries, net of cash disposed of	4	2 978	(188 819)
Sale of associates/joint ventures		-	3
Repayment of granted loans		191	1 793
Other proceeds		691	458
Dividends received		1 214	3 936
<b>Investing cash inflows</b>		<b>9 018</b>	<b>(118 700)</b>
Business combinations, net of cash acquired	3	(40 249)	(22 633)
Acquisition of associates/joint ventures		-	(1 470)
Acquisition of property, plant and equipment	16	(115 224)	(117 794)
Acquisition of intangible assets	17	(10 081)	(8 580)
Granting of loans		(154)	(1 693)
Changes in other non-current assets		(879)	(730)

<b>Investing cash outflows</b>		<b>(166 588)</b>	<b>(152 900)</b>
<b>Net cash used in investing activities</b>		<b>(157 571)</b>	<b>(271 601)</b>
Drawing of borrowings	26	8 020	110 850
Repayment of borrowings	26	(39 509)	(152 060)
Increase (decrease) of finance lease liabilities	32	(22 350)	(59 329)
Interest paid		(8 196)	(53 427)
Dividends paid to shareholders	25	(47 839)	(35 442)
Changes in other financing activities		(1 183)	1 722
<b>Net cash used in financing activities</b>		<b>(111 058)</b>	<b>(187 685)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(53 534)</b>	<b>(232 212)</b>
<b>Cash and cash equivalents at beginning of the period</b>		<b>348 901</b>	<b>580 692</b>
Net increase / (decrease) in cash and cash equivalents		(53 534)	(232 212)
Effect on exchange rates fluctuations on cash held		10 467	(3 562)
Other		-	3 983
<b>Cash and cash equivalents at end of period</b>	<b>24</b>	<b>305 833</b>	<b>348 901</b>

The accompanying notes 1-39 are an integral part of these consolidated financial statements.

## 1. SIGNIFICANT ACCOUNTING POLICIES

SCR-Sibelco N.V. (“the Company”) is a company registered in Belgium, Plantin en Moretuslei 1a, BE-2018 Antwerp, Belgium. The consolidated financial statements of the Company comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associated entities and jointly controlled entities. The consolidated financial statements as at and for the year ended December 31, 2021 were authorized for issue by the Board of Directors on 10 March 2022.

The Group is principally engaged in the exploration for, development of and production of industrial minerals and serves its customers in the glass, ceramics, metal & casting, construction & engineering, chemical, electronics and other industries.

### A. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union.

### B. BASIS OF PREPARATION

#### I. Basis of measurement

The consolidated financial statements are presented in euro, which is the Company’s functional currency, and are rounded to the nearest thousands, except when otherwise indicated. They are prepared on the historical cost basis except for derivative financial instruments, financial liabilities at fair value through profit or loss and greenhouse gas emissions rights that have been measured at fair value – see note 13 *Net financing costs*.

#### II. Judgements, estimates and assumptions

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in each note whenever relevant.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- ◆ note 17 – key assumptions used in the impairment test for cash generating units;
- ◆ note 20 – utilisation of tax losses;
- ◆ note 27 – employee benefits;
- ◆ note 31 – financial instruments;
- ◆ note 28 – provisions for site restoration and plant demolition.

Non-recurring items are those that in management’s judgement need to be disclosed and are determined by the nature of the item or their incidence. Such items are disclosed separately in the notes to the financial statements – see note 9 *Other operating income* and note 10 *Other operating expenses*.

Non-recurring items are income or expense that arise from events that are clearly distinct from ordinary activities, not expected to recur frequently and that are unpredictable and unusual. Events which may give rise to non-recurring items are principally:

- ◆ Natural disasters and fire;
- ◆ Decisions taken by local authorities which reduce or restrict the Group’s rights on assets and which are out of the Group’s control;
- ◆ Decisions to discontinue operations;
- ◆ Disposal of legal entities, cash-generating units or major parts of a cash-generating unit; and
- ◆ Restructuring programmes.

The accounting policies have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by Group entities.

#### III. Changes in accounting policies and disclosures

##### New and amended standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

##### Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- ◆ A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- ◆ Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- ◆ Provide temporary relief to entities from having to meet the

separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

#### **Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16**

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021. However, the Group has not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within allowed period of application.

#### **IV. Presentation current and non-current assets and liabilities**

The Group has presented current and non-current assets, and current and non-current liabilities, as separate classifications in the statement of financial position. The Group has elected to present non-current assets and liabilities before current assets and liabilities.

An asset is current when it is either:

- ◆ Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- ◆ Held primarily for the purpose of trading;
- ◆ Expected to be realized within 12 months after the reporting period;
- ◆ Cash or cash equivalent, unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when either:

- ◆ It is expected to be settled in the normal operating cycle;
- ◆ It is held primarily for the purpose of trading;
- ◆ It is due to be settled within 12 months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### **C. BASIS OF CONSOLIDATION**

#### **I. Subsidiaries**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2021. Control is achieved when the Group 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. Specifically, the Group controls an investee if, and only if, the Group has all of the following:

- ◆ Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- ◆ Exposure, or rights, to variable returns from its involvement with the investee;
- ◆ The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting, or similar, rights of an investee, it considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- ◆ The contractual arrangement(s) with the other vote holders of the investee;
- ◆ Rights arising from other contractual arrangements;
- ◆ The Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Where the Group's interest is less than 100 percent, the profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if doing so causes the non-controlling interests to have a deficit balance.

When preparing the consolidated financial statements, adjustments to the financial statements of the subsidiaries might be necessary in order to bring their accounting policies in line with the Group's accounting policies.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

#### **II. Joint operations**

The Group undertakes a number of business activities through joint arrangements. A joint arrangement is an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control over an arrangement, which exists only when the decisions about the relevant activities (being those that

significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control.

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement.

In relation to its interests in joint operations, the Group recognises its:

- ◆ Assets, including its share of any assets held jointly;
- ◆ Liabilities, including its share of any liabilities incurred jointly;
- ◆ Revenue from the sale of its share of the output arising from the joint operation;
- ◆ Share of the revenue from the sale of the output by the joint operation;
- ◆ Expenses, including its share of any expenses incurred jointly.

### III. Equity accounted investees

Equity-accounted investees include associates and joint ventures. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds, directly or indirectly through subsidiaries, twenty percent or more of the voting power. Conversely, joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. The consideration made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

Associates and joint ventures are both accounted for by the Group using the equity method of accounting. Under this method, the investment is initially recorded at cost and adjusted thereafter for the changes in the Group's share of the net assets of the associate or joint venture after the acquisition date. The Group's investments in associates or joint venture include goodwill (net of impairment) on acquisition which is presented in the carrying amount of the investments. The consolidated financial statements of the Group include the Group's share of the profit or loss, OCI and movements directly recognised in equity of the equity accounted investees. The consolidated financial statements include the associates or joint venture from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

The aggregate of the Group's share of profit or loss of an equity-accounted investees is shown on the face of the statement of profit or loss outside EBIT and represents profit or loss after tax and non-controlling interests (if any) in the subsidiaries of the equity-accounted investees.

After the application of the equity method, the Group determines whether there is objective evidence that the investment in the equity-accounted investees is impaired. If there is such evidence then the Group estimates the recoverable amount of the investment and recognises an impairment loss representing the difference between the recoverable amount of the equity-accounted investee and its carrying amount. Such impairment loss is recognised within 'Share of profit of equity-accounted investees (net of tax)'.

When the Group's share of losses exceeds the carrying amount of the equity accounted investee, the carrying amount of the Group's interest (including any long-term investments) is reduced to nil and recognition of further losses is discontinued, except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee.

### IV. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### D. FOREIGN CURRENCY TRANSLATION

For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

#### I. Foreign currency transactions

Group's entities recognise transactions in foreign currencies in their respective functional currency at the spot rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are converted to the functional currency using the closing rate at the balance sheet date. Foreign exchange differences arising on translation are recognised in profit or loss (as finance income or expense), except for differences arising on non-monetary items that are measured at fair value, for example, financial assets measured at fair value through OCI or a financial liability designated as a hedge of the net investment in a foreign operation (see i) Derivative financial instruments and hedge accounting below). The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e.: translation differences on items whose fair value gain or loss is recognised in OCI are also recognised in OCI).

Non-monetary items which are carried at fair value are converted using the exchange rates existing when the values were determined.

Non-monetary items which result from transactions which took place in a foreign currency, but which are carried at historical cost, are reported using the exchange rate at the date of the transaction.

#### II. Foreign operations

The income and expenses of foreign operations are translated to euro at average exchange rates. The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on the acquisition of a foreign entity, are translated to euro at exchange rates at the reporting date.

Foreign exchange differences arising on translation are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. When a foreign operation is disposed of, in part or in full, the cumulative amount in the translation reserve is reclassified to profit or loss as part of the gain or loss on disposal.

## E. INTANGIBLE ASSETS

### I. Recognition and measurement

Intangible assets are recognised when the asset is identifiable, controlled by the Group, it is probable that future economic benefits specifically attributable to the asset will flow to the Group and when the cost of the asset can be measured reliably.

All costs related to intangible resources which do not meet the recognition criteria are recognised as expenses and are not subsequently reinstated as an asset.

Intangible assets which have been recognised as assets are not subsequently revalued.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable (see accounting policy m) Impairment).

Subsequent expenditure on capitalised intangible assets is capitalised only when it meets the recognition criteria of intangible assets (see above). All other expenditure is expensed as incurred.

Intangible assets are initially measured at cost. The cost of intangible assets acquired in a business combination are initially recognised at fair value on the date of acquisition.

### II. Intangible assets in respect of mining activities

Pre-acquisition prospecting, evaluation and exploration costs are charged to expense when incurred.

Acquisition of mineral rights includes legal rights to explore for, develop, and produce wasting resources on a mineral property. Direct costs, license costs and all costs which are incurred in acquiring legal rights to undeveloped mineral properties are capitalised as intangible assets.

Mineral rights and mineral properties shall be recognised as identifiable assets provided that the carrying value is expected to be recovered through successful development and exploitation or exploration and evaluation activities have, at balance sheet date, reached a stage which permits a reasonable assessment of the existence of reserves and resources and active significant operations are continuing.

Other potential reserves and resources and mineral rights, for which, in the Executive Committee's opinion, values cannot reliably be determined, are recognised as expense in profit or loss.

Post-acquisition exploration and evaluation (E&E) costs are initially recognised as an intangible asset pending the determination of whether commercially recoverable reserves have been found.

Post-acquisition E&E comprises following activities:

- ◆ Researching and analysing historical exploration data;
- ◆ Gathering exploration data through geophysical studies;
- ◆ Exploratory drilling and sampling;
- ◆ Determining and examining the volume and grade of the resource;
- ◆ Surveying transportation and infrastructure requirements;
- ◆ Conducting market and finance studies.

To justify a continuing presumption of future economic benefits of deferred post-acquisition exploration and evaluation costs, costs can only be deferred while further activity in the mineral deposit is planned and the post-acquisition exploration and evaluation activities are expected to result in commercial reserves within two years.

Amortisation of capitalised acquisition costs of mineral rights commences as soon as the first unit in a saleable form is produced and are amortised on a units of production basis.

Capitalised post-acquisition exploration and evaluation costs remain unamortised until commercially recoverable reserves are found. At the time of assessment of insufficient potential for commercial exploitation, capitalised costs are expensed (no reinstatement when subsequently reserves are found).

Once exploitation starts and the proven reserves are estimated the capitalised amounts are amortised using the unit-of-production method, except for capitalised construction costs for which a straight-line depreciation over useful life is applied.

### III. Research and development costs

Costs relating to research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are expensed to the statement of profit or loss as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in profit or loss as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation (see below) and impairment losses (see accounting policy m) Impairment).

### IV. Computer software

Expenditure on development activities within an ICT project are capitalised if the criteria for capitalisation of research and development costs (see research and development costs) are met.

## V. Amortisation

Intangible assets which have an indefinite useful life are not amortised but are subject to annual impairment testing.

Intangible assets which have a finite useful life are amortised from the date they are available for use using the straight-line method over their useful lives. The estimated useful lives are as follows:

Mineral rights and post-acquisition exploration and evaluation costs	Physical unit-of-production method
Development expenses	5 years
Marketing related intangible assets	5 years
Customer related intangible assets	5 years or if acquired through a business combination over the DCF model horizon up to a maximum of 10 years
Contract-based intangible assets	Over estimated economic or legal life (contract terms), whichever is shorter, up to a maximum of 10 years
Computer software	3 years

## F. EMISSION RIGHTS

Sibelco recognises a provision for emission in case it has caused emissions in excess of emission rights granted. The provision is measured at the fair value (market price) of emission rights necessary to compensate for that shortfall.

Emission rights held are accounted for as follows:

- ◆ Emission rights allocated for free by national authorities are accounted for as non-monetary government grants at its nominal value of nil;
- ◆ Emission rights purchased from other parties are accounted for at cost. If they are dedicated to offset a provision for in excess emission, they are deemed to be "reimbursement rights" and are accounted for at fair value;
- ◆ Proceeds from disposal of excess rights are recognised when incurred in other operating income at the sales price.

Deficits are measured based on an allocation that covers the entire period of the scheme provided that the entity is unconditionally entitled to all the allowances for the period concerned.

## G. GOODWILL

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- ◆ The fair value of consideration transferred; plus
- ◆ The recognised amount of any non-controlling interests in the acquiree (for each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets); plus
- ◆ If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- ◆ The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase price is immediately recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised, but instead the Group tests it for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired (see accounting policy m) Impairment).

The carrying amount of goodwill is allocated to a plant or mineral deposit or groups of plants and mineral deposits (cash-generating unit) that are expected to benefit from the synergies of the combination. The manner in which the goodwill is allocated to each plant or mineral deposit or groups of plants and mineral deposits represents the lowest level within a Group's entity at which the goodwill is monitored for internal management purposes.

## H. FINANCIAL INSTRUMENTS – INITIAL RECOGNITION & SUBSEQUENT MEASUREMENT

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### I. Financial assets

#### Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification is different for financial asset – debt instruments and financial asset – equity instrument. The most relevant financial assets – debt instruments that are held by the Group are trade receivables and other receivables (e.g.: VAT or cash deposits). The Group may enter into derivative instruments in order to manage certain financial risks.

The classification of debt instruments at initial recognition depends on the financial asset's contractual cash flow characteristics and

the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price as disclosed in section u) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model. The financial assets acquired and held by the Group, in general, contains plain vanilla features therefore pass the SPPI test. The Group does not invest or acquire debt instruments with complex features such as termination options with significant fair value at initial recognition, interest leveraged to on commodity price or principal amounts pegged to commodity price.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling. The most relevant type of debt instruments are trade receivables which are typically held for collecting cash flows and consequently, resulting in a classification as financial asset at amortised cost. The Group has limited number of non-recourse factoring arrangements in order to manage its liquidity risk which result in derecognising those receivables before their due date. The trade receivables that are susceptible to be factored are managed in a business model with the objective of both collecting and selling the financial assets therefore are classified as financial assets at FVOCI. The typical payment terms of the trade receivables range between 30 and 90 days, consequently, their fair value approximates the nominal amount therefore the classification as FVOCI has no significant impact on the carrying amount of these receivables.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- ◆ Financial assets at amortised cost (debt instruments)
- ◆ Financial assets at fair value through OCI with recycling of

cumulative gains and losses (debt instruments)

- ◆ Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- ◆ Financial assets at fair value through profit or loss

### Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, and loan to an associate and loan to a director included under other non-current financial assets.

### Financial assets at fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group's debt instruments at fair value through OCI includes mainly trade receivables that are managed in business model with the objective of both holding to collect contractual cash flows and selling, as in certain countries the Group has non-recourse factoring agreements and decides on case-by-case basis to make use of those factoring facilities.

### Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments. Dividends on listed equity investments are recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

### **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

The rights to receive cash flows from the asset have expired

Or

The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

### **Impairment**

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Group applies the simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due and the reason of non-payment is linked to the financial situation and health of the debtor. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

## **II. Financial liabilities**

### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

### **Subsequent measurement**

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- ◆ Financial liabilities at fair value through profit or loss (FVPL)
- ◆ Financial liabilities at amortised cost (loans and borrowings)

### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also financial liabilities at fair value through profit or loss unless they are designated as effective hedging instruments.

Gains or losses on financial liabilities FVPL are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

### **Financial liabilities at amortised cost (loans and borrowings)**

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 26 *Interest-bearing loans and borrowings*.

### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

## **III. Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## **I. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING**

### **Initial recognition and subsequent measurement**

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- ◆ Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- ◆ Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- ◆ Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- ◆ There is 'an economic relationship' between the hedged item and the hedging instrument.
- ◆ The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- ◆ The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

### **Fair value hedges**

The change in the fair value of a hedging instrument is recognised in the statement of profit or loss as other operating expense or financial expense depending on the hedged risk. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit or loss as other operating expense or financial expense depending on the hedged risk.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset

or liability with a corresponding gain or loss recognised in profit or loss.

### **Cash flow hedges**

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments, as well as forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to foreign currency contracts is recognised as other operating expense and the ineffective portion relating to commodity contracts is recognised in other operating expense or financial expense depending on the hedged risk.

The Group designates only the spot element of forward contracts as a hedging instrument. The forward element is recognised in other operating expense or financial expense depending on the hedged risk.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a nonfinancial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

### **Hedges of a net investment**

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as OCI while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

## **J. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprises cash balances and call deposits with maturities of three months or less that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short term commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

## K. PROPERTY, PLANT AND EQUIPMENT

### I. Recognition and measurement

All property, plant and equipment are recorded at historical cost less accumulated depreciation (see below) and impairment losses (see accounting policy m) Impairment).

Safety and environmental expenditure is capitalised when the item is needed to obtain future economic benefits from other assets.

Items such as spare parts, stand-by equipment and servicing equipment are recognised as property, plant and equipment if they are expected to be used during more than one reporting period, their cost can be measured reliably and it is probable that future economic benefits associated with the item will flow to the Group.

The cost of an item of property, plant and equipment includes expenditures that are directly attributable to the acquisition of the asset and where relevant, the costs of dismantling and removing the asset and restoring the site on which that asset is located, and capitalised borrowing costs.

Property, plant and equipment are not subsequently revalued.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The Group recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred, if it is probable that the future economic benefits embodied with the item will flow to the Group and when the cost of

the item can be measured reliably. All other costs are recognised in profit or loss as an expense as incurred.

Property, plant and equipment acquired in a business combination is recognised at fair value at the acquisition date.

### II. Property, plant and equipment in respect of mining activities

Acquisition of mineral property includes the costs incurred to purchase or lease mineral properties to explore for, develop, and produce wasting resources.

Development activities include costs for the establishment of access to the mineral reserves and for other preparations before commercial production. In general all development costs are capitalised and amortised on a units of production basis.

Initial stripping costs at new mines and at operating mines outside existing pit limits, that are expected to benefit future production beyond a minimum of one year, are capitalised as part of the costs of developing and amortised on a units of production basis.

Ongoing stripping costs to maintain production of operating mines are expensed to the statement of profit or loss when the stripping ratio (ratio of minerals extracted to overburden or waste material) over the life of the mine is expected to be relatively even.

Ongoing stripping costs are deferred using a life-of-mine based accounting model when the stripping ratio varies substantially during the life of a mine. It involves deferring costs when the actual stripping ratio incurred exceeds the expected average life-of-mine stripping ratio or recording a liability when the actual stripping ratio is less than the expected average life-of-mine ratio.

### III. Depreciation

Items of property, plant and equipment, other than mineral properties and mining development costs, are depreciated in profit or loss as from the date the asset is available for use using the straight-line method over the estimated useful life of the asset.

Mineral properties are depreciated as from the start of production by the proportion that the mineral reserves extracted in a period, correspond to total mineral reserves (physical unit-of-production method). Under the unit-of-production method the mineral reserves base used to depreciate includes the proven (both developed and undeveloped) and probable reserves. Mineral properties remain undepreciated until commercially recoverable reserves are extracted.

The Group assesses the stage of each mine under development/ construction to determine when a mine moves into the production phase, this being when the mine is substantially complete and ready for its intended use. The criteria used to assess the start date are determined based on the unique nature of each mine development/ construction project, such as the complexity of the project and its location. At this point, all related amounts are reclassified from 'Assets under construction' to 'Mineral Properties'.

Capitalised development costs are also depreciated on a unit-of-production basis.

At the time of assessment of insufficient potential for commercial exploitation, capitalised costs are expensed (no reinstatement when subsequently reserves are found).

Estimated residual salvage values are taken into account in determining depreciation.

The estimated useful lives are as follows:

Mineral property	Physical unit-of-production method
Mining development costs	Physical unit-of-production method
Administrative buildings	30 years
Plant and processing equipment	5 and 12 years
Mobile equipment	5 years
Laboratory equipment	7 years
Railroad equipment	10 – 25 years

Land which is not intended for mining activities is not depreciated.

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

### L. LEASES

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### I. Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section m) Impairment.

#### II. Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease term is determined as the non-cancellable period of a lease together with both (a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and (b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The Group considers all relevant facts and circumstances in the assessment whether an option is reasonably certain to be exercised such as significant leasehold improvements undertaken (or expected to be undertaken) over the term of the contract and costs relating to the termination of the lease, such as negotiation costs, relocation costs, costs of identifying another underlying asset suitable for the Group's needs.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is usually not readily determinable. The Group determines the incremental borrowing rate based on an applicable reference rate and a specific margin. The reference rate is based on the specific lessee's country reflecting the currency and country risk and taking into account the lease term of the contract. The margin reflects the incremental spread applicable to the Group based on market data and available funding contracts. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Interest-bearing loans and borrowings – see Note 26 *Interest-bearing loans and borrowings*.

### III. Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value which is defined as EUR 10 000 for the whole Group. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

#### Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

## M. IMPAIRMENT

At each reporting date, the Group assesses the carrying amount of its assets, other than inventories (see accounting policy n) Inventories), financial assets (see accounting policy h) and deferred tax assets (see accounting policy t) Income taxes), to determine whether there is any external or internal indication that those assets have been impaired.

If any such indication exists, the recoverable amount of the asset is estimated and compared to its carrying value in order to determine

the extent of the impairment loss (if any). For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time in December.

### I. Determination of recoverable amount

The recoverable amount of the assets tested for impairment is the greater of their fair value less costs of disposal and value in use.

For the fair value less costs of disposal, the fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The costs of disposal is deducted from the fair value and includes costs other than those that have been recognised as liabilities, for example, legal costs, stamp duty and similar transaction taxes.

In assessing value in use, the estimated future cash flows generated by the asset 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.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit or a cluster of cash generating units to which the asset belongs.

Estimated future cash flows are based on proven and probable reserve quantities as per the most recent life of the mine plan in determining the value in use of mineral properties. The Group uses a time horizon of maximum 10 years and in case the reserves are estimated to remain available after the maximum period, then it estimates a terminal value. Future cash flows of mineral properties include estimates of recoverable minerals, mineral prices (considering current and historical prices and price trends), production levels, capital and reclamation costs, all based on detailed engineering life of mine plans.

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 (impairment loss). Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (cluster of cash generating units) and then, to reduce the carrying amount of the other assets in the unit (cluster of cash generating units) on a pro rata basis. Impairment losses are immediately recognised in profit or loss.

After the recognition of an impairment loss, the depreciation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

### II. Reversal of impairment

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, where an impairment loss subsequently reverses as a result of a change in the estimates used to determine the recoverable amount, 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 (net of depreciation) if no impairment loss had been recognised for the asset (cash-generating unit) in prior years.

## N. INVENTORIES

### I. Recognition and measurement

Inventories are measured at the lower of cost and net realisable value.

Cost of raw materials comprises the purchase price (less discounts and rebates), import and other duties, non-refundable purchase taxes, transport and handling costs and other costs directly attributable to the acquisition of the inventories.

Cost of finished goods and work-in-progress comprises costs directly related to the units of production, such as labour and an appropriate proportion of variable and fixed production overheads.

Cost is determined on the weighted average cost basis for mining inventories and a first-in, first-out (FIFO) basis for trading inventories.

Inventories are written down to net realisable value when the cost of the inventories exceeds that value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling costs.

### II. Inventories in respect of mining activities

The cost of finished products comprises all costs related to the mineral reserves extracted and made ready for use or sale during the period.

The conversion costs include costs of direct labour in the mine and at the plant, both variable and fixed production costs and an appropriate portion of fixed and variable overhead costs.

Joint products are products having significant relative values emerging from a common production process. The cost of conversion is allocated between the joint products on the basis of physical measures such as weight, volume and energy content.

Ordinary spare parts (that are regularly replaced) and consumables are stated at cost less any write-down for obsolescence.

## O. HEDGE ACCOUNTING

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates and certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

### I. Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ('forward points') is separately accounted for as a cost of hedging and recognised in a costs of hedging reserve within equity.

### II. Fair value hedges

For fair value hedges, in which derivative financial instruments hedge the change in fair value of assets and liabilities or an unrecognised firm commitment, changes in the fair value of derivative financial instruments are recognised in profit or loss, together with changes in the fair value of the related hedged item in respect of the risk that is hedged.

### III. Hedge of net investment in foreign operation

Where a foreign currency liability hedges a net investment in a foreign operation, foreign exchange differences arising on translation of the liability to euro are recognised directly in other comprehensive income.

Where a derivative financial instrument hedges a net investment in a foreign operation, the portion of the gain or the loss on the hedging instrument that is determined to be an effective hedge is recognised directly in other comprehensive income and presented within equity

in the translation reserve, the ineffective portion is reported in the statement of profit or loss. When the hedged net investment is disposed of, in part or in full, the cumulative amount in the translation reserve is transferred to the statement of profit or loss as an adjustment to the gain or loss on disposal.

## P. SHARE CAPITAL

### I. Repurchase of share capital (treasury shares)

The Group's ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares are recognised as a deduction from equity, net of any tax effects.

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a change in equity. Repurchased shares are classified as treasury shares and presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

### II. Dividends

Dividends are recognised as a liability in the period in which they are declared.

## Q. PROVISIONS

### I. Recognition and measurement

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the reporting date. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money. The discount rate is based on long term market interest rate for a risk similar to the risk of the Group. When discounting is used, the increase of the carrying amount of the provision in each period to reflect the unwinding of the discount by the passage of time is recognised as an interest expense.

### II. Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced before the reporting date or has been announced to those affected by it (constructive obligation). Costs relating to the on-going activities of the Group are not provided for.

### III. Provisions for dismantling and removing assets

A provision for the full cost expected to be incurred at the end of the life of the asset on a discounted net present value basis is recognised at the beginning of each project and is capitalised as part of the cost of the asset.

Where discounting is used, the increase in the provision due to the passage of time is recognised as part of finance costs in the statement of profit or loss.

Initial measurement is determined based on the best estimate of the obligation taken into account advances in technology, productivity improvement and the particular circumstances faced by the operations or mines.

Subsequently the amount capitalised as part of the asset is depreciated over the useful life of that particular asset based on the straight-line method (see accounting policy k) Property, plant and equipment). The effect of a change in the discount and inflation rate is allocated to the remaining asset component. In case the asset component is fully depreciated the effect of a change in the discount and inflation rate is recognised as a finance income/expense.

### IV. Provisions for site restoration that results from mineral extraction

The Group provides for site restoration costs resulting from mining activities where a legal or constructive obligation exists.

A provision for the full cost expected to be incurred at the end of the life of the mine on a discounted net present value basis is recognised when post-acquisition exploration and appraisal activities commence and is capitalised as part of the cost of the asset. The full provision for site restoration costs does not exceed the period of the mining permission.

Initial measurement is determined based on the best estimate of the site restoration obligation taken into account advances in technology, productivity improvement and the particular circumstances faced by the operations or mines.

Subsequently the amount capitalised as part of the asset is depreciated over the time of the concession or permit, adopting a straight-line method not exceeding twelve years (see accounting policy k) Property, plant and equipment). The effect of a change in the discount and inflation rate is allocated to the remaining asset component. In case the asset component is fully depreciated the effect of a change in the discount and inflation rate is recognised as a finance income/expense.

## R. INCOME TAXES

Income tax expense represents the sum of current tax and deferred tax. Current tax and deferred tax expense is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax expense is recognised as an expense in the same period as the related accounting profit.

Current tax asset is recognised when the Group expects recovering income taxes paid in respect of the current or previous period. The Group's current tax liabilities (assets) for the current and prior periods is measured at the amount expected to be paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities and assets are not recognised if the temporary differences arise from the initial recognition of goodwill and from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. The Group does not use this initial recognition exemption for provisions for dismantling and removing assets, Provisions for site restoration that results from mineral extraction and lease contracts.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry-forward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized. Subsequently, the carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax is calculated at the tax rate that is expected to apply in the period when the asset is realised or the liability is settled, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset 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 or their tax assets and liabilities will be realised simultaneously.

## 5. EMPLOYEE BENEFITS

Short-term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided. A liability for short-term employee benefits is recognised for the amount expected to be settled wholly within 12 months after the end of the reporting period under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Termination benefits are recognised as an expense when the Group is demonstrably committed to either terminate the employment of

employees before the normal retirement date or when an employee decides accepting an offer of benefits from the Group in exchange for the termination of employment. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, there is a restriction on the Group's ability to withdraw the offer, and the number of acceptances can be estimated reliably.

Post-employment benefits are formal or informal arrangements under which the Group provides post-employment benefits for one or more employees and which are payable after the completion of employment.

The Group operates defined contribution and defined benefit plans. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Contributions to defined contribution plans are recognised as an expense as incurred. Any amount unpaid at the end of the period is recognised as a liability. The liability is discounted using the discount rate specified for defined benefit plans when the contributions are not expected to be settled wholly within 12 months after the end of the period. Contributions already paid exceeding contributions due for service before the reporting date are recognised as an asset to the extent that the prepayments are recoverable.

Following IAS 19R, defined contribution plans with a minimum funding guarantee are accounted for as defined benefit pension plans.

Under a defined benefit plan, actuarial risks and investment risks are borne by the Group. The determination of the defined benefit liability is based on demographic and financial assumptions which are unbiased and mutually compatible. The discount rate is determined by reference at the balance sheet date to high quality corporate bonds that have maturity dates approximating to the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

The Projected Unit Credit Method is used to determine the present value of the defined benefit obligation, the related current service cost and any past service cost. The valuations are carried out with sufficient regularity by a qualified actuary.

Plan assets held by a long-term employee benefit fund including qualifying insurance policies are measured at fair value.

Current service cost which is the actuarial cost of providing benefits in respect of service rendered is recognised as an expense in profit or loss for the current period.

Interest cost which arises as a result of the unwinding of the discount in the present value calculation is recognised in net finance cost in profit or loss for the current period (see accounting policy v) Finance income / expense). It is determined by multiplying the net defined benefit liability (asset) with the discount rate, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Re-measurements, comprising of actuarial gains and losses and the return on plan assets (excluding net interest), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

All past service costs are recognised at the earlier of when the amendment/curtailment occurs or when the related restructuring or termination costs are recognised.

## T. GOVERNMENT GRANTS

Government grants are recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the government grant relates to an expense item, it is recognised as income on a systematic basis in the same periods in which the expenses are incurred.

Where the grant relates to a depreciable asset, the grant is credited to a deferred income account and is recognised as other operating income over the periods and in the proportions in which depreciation on those assets is charged.

## U. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group is in the business of providing industrial minerals to serve its customers in the glass, ceramics, energy, metal & casting, construction & engineering, chemical, electronics and other industries. Revenues are primarily derived from contracts with customers with terms typically ranging from one to eight years in length. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group has generally concluded that it is the principal in its revenue arrangements, except for the agency services below, because it typically controls the goods or services before transferring them to the customer.

### I. Sale of goods

Revenue from sale of industrial minerals is recognised at the point in time when control of the asset is transferred to the customer, in accordance with delivery methods as stipulated in the underlying contract. Transfer of control to customers generally occurs when products leave the production facilities of the Group or at other

predetermined control transfer points. The normal credit term is 30 to 90 days upon delivery.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated but this happens only occasionally.

The transaction price is typically fixed, however, the Group considers the effects of variable consideration. The transaction price is not adjusted for the effects of a significant financing component, as the time period between transfer of control of the goods and expected payment is in general one year or less. Sales, value-added, and other similar taxes collected are excluded from revenue.

The main elements impacting the consideration to be received is based on the volumes and price of the product per ton as defined in the underlying contract. The price per ton is based on the market value for similar products plus costs associated with transportation and transloading, as applicable.

A part of the transaction price can be variable because the Group can sell goods to certain customers with rebates, discounts, take-or-pay provisions, or other features which are accounted for as variable consideration. Rebates and discounts are not material and have not been separately disclosed. Contracts that contain take-or-pay provisions obligate customers to pay shortfall payments if the required volumes, as defined in the contracts, are not purchased. Shortfall payments are recognized as revenues when the likelihood of the customer purchasing the minimum volume becomes remote subject to renegotiation of the contract and collectability.

By-products are ignored until they are sold, at which time revenues are recognised in profit or loss and classified as other income.

### (i) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts provide customers with volume rebates. The volume rebates give rise to variable consideration.

### (ii) Significant financing component

Generally, the Group receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

In case the Group receives long-term advances from customers the transaction price for such contracts is discounted, using the rate

that would be reflected in a separate financing transaction between the Group and its customers at contract inception, to take into consideration the significant financing component.

## II. Contract balances

### (i) Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

### (ii) Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

### (iii) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

## III. Rendering of services

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at the reporting date.

## V. FINANCE INCOME / EXPENSE

### I. Interest

Interest revenue and expense is recognised on a time proportion basis that takes into account the effective yield on the asset and liability. The effective yield is the rate of interest required to discount the stream of future cash receipts or future cash payments expected over the asset's or liability life to equate to the initial carrying amount of the asset or the liability.

### II. Dividend income

Dividends are recognised on a cash basis or when they are declared, which is usually the earliest time at which it is probable that they will flow to the holder of the investment.

### III. Finance expense

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, the interest cost of employee benefits, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

## W. NON-CURRENT ASSETS HELD-FOR-SALE AND DISCONTINUED OPERATIONS

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Immediately before classification as held for sale, the measurement of the assets (and all assets and liabilities in a disposal group) is brought up-to-date in accordance with the applicable Group accounting policies. Then, on initial classification as held-for-sale, non-current assets and disposal groups are recognised at the lower of carrying amount and fair value less costs of disposal.

A disposal group is a group of assets, possibly with some associated liabilities, which the Group intends to dispose of in a single transaction. The measurement basis required for non-current assets classified as held for sale is applied to the group as a whole, and any resulting impairment loss reduces the carrying amount of the non-current assets in the disposal group in the order of allocation required by IAS 36.

Impairment losses on initial classification as held-for-sale are included in profit or loss. The same applies to gains and losses on subsequent remeasurement, but gains are not recognised in excess of any cumulative impairment loss.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held-for-sale, if earlier. A disposal group that is to be abandoned may also qualify.

When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

## X. SHARE BASED PAYMENTS

The Company (through its subsidiary Covia Inc.) operated till the 29th of June 2020 several equity-settled share-based compensation plans that allowed for granting of non-qualified stock options, restricted stock units, and performance restricted stock units to employees. Although the award is not issued by the Company but a subsidiary within the Group, IFRS 2 requires classifying these plans as equity-settled share-based plans and therefore are accounted for using the general guidance. Since this subsidiary Covia was deconsolidated on the 29th of June 2020 following its filing for "Chapter 11", the Group has no remaining balances or risks associated with such share based payment plans per 31st of December 2020. There were also no new share based payment plans introduced in the course of 2021.

The fair value of the employee services received in exchange for the grant of the share-based awards is recognized at grant date fair value in employee benefits expense (refer to note 12), together with a corresponding increase in equity (other capital reserves), over the

period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period).

The cumulative expense recognized for equity-settled awards at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest, while no expense is recognized for awards that do not ultimately vest. The Group recognises stock based compensation expense using the Black-Scholes-Merton option-pricing model, using the input of certain variables that are dependent on future expectations, including the expected lives of the options from grant date to exercise date, the volatility of the shares, and the expected dividend rate. The estimates of these variables are made for the purpose of using the valuation model to determine an expense for each reporting period and are not subsequently adjusted. The Group also estimates a forfeiture rate based on our historical experience, which could change over time. The fair value of the restricted stock units is measured at the closing price of the shares as of the date of issuance of the award.

In the event of modification to the terms of an equity-settled award, the expense recognized is the expense as if the terms had not been modified at all. However, additional expense is recognized for any modification which increases the fair value of the share-based payment award or is otherwise beneficial to the employee as measured as of the date of modification. If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is immediately recognized. However, if a new award is substituted for a cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award. Any proceeds received, net of any directly attributable transaction costs, are credited to share capital and share premium when options are exercised.

## Y. NEW STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group considered to only list and address the ones expected to have an impact on the Group's financial position, performance, and/or disclosures. The Group intends to adopt these standards, if applicable, when they become effective.

### IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- ◆ A specific adaptation for contracts with direct participation features (the variable fee approach)
- ◆ A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. The Group is assessing the impact that this standard could have in relation to its captive but believes it will meet the criteria to apply the simplified approach (the premium allocation approach).

### Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- ◆ What is meant by a right to defer settlement
- ◆ That a right to defer must exist at the end of the reporting period
- ◆ That classification is unaffected by the likelihood that an entity will exercise its deferral right
- ◆ That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is further assessing the impact the amendments will have on current practice.

### Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. These amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

### Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment – Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items

of property, plant and equipment made available for use on or after the

beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

### **Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37**

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

### **IFRS 9 Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities**

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to

IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier

adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the

amendment. The amendments are not expected to have a material impact on the Group.

### **Definition of Accounting Estimates - Amendments to IAS 8**

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of ‘accounting estimates’. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Group.

### **Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2**

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

## 2. FINANCIAL RISK MANAGEMENT

### Overview

The Group has exposure to the following risks from its use of financial instruments:

- ◆ credit risk
- ◆ currency risk
- ◆ interest rate risk
- ◆ liquidity risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

No material exposure is considered to exist by virtue of the possible non-performance of the counterparties to financial instruments, other than trade and other receivables held by the Group.

Given the large number of internationally dispersed customers, the Group has limited concentration of credit risk with regard to its trade and other receivables.

This kind of financial risk is managed in a decentralised way.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables (see accounting policy h) Financial instruments & note 31 Financial instruments).

### Currency risk

The Group is exposed to different types of currency risks:

- ◆ translation
- ◆ economical
- ◆ transactional

The Group has currently no documented hedges in a net investment in a foreign operation.

Economical exposure is the risk that the company's competitive position is affected by foreign exchange rate movements.

Transactional exposure refers to contractual obligations in foreign currencies other than the functional currency.

The Group adopted in 2007 a policy with regard to the management of these risks.

Economical exposure can be hedged at entity level under strict conditions and within a limited time frame. Cash flow hedge accounting is then applied.

Transactional exposures are systematically hedged when material.

### Interest rate risk

Interest rate risk is managed for the Group's consolidated net financial debt with the primary objective of guaranteeing medium-term cost.

To do so, the Group manages this risk centrally, based on trends in the Group's consolidated net financial debt. Knowledge of this debt is provided by a regular reporting, that describes the financial debt of each entity and indicates its various components and characteristics.

The Group Treasury department issues regular advices to the Executive Committee in this respect.

In December 2021 the Group entered into an Interest Rate Swap (IRS) that it designated as a cash flow hedge. The purpose of this IRS is to hedge the interest rate of a highly probable future bond issue. The IRS has the same conditions (maturities, interest rate calculation etc.) than the expected bond issue and is considered to have a highly effective hedge relationship. Interest rate swaps are accounted for using a market approach.

In 2020 also the subsidiary Covia used Interest Rate Swaps up till its deconsolidation in June 2020. By end December 2020 these IRS's of Covia were no longer in the Group's Statement of Financial Position.

### Liquidity risk

To ensure liquidity and financial flexibility at all times, the Group, in addition to its available cash, has several uncommitted and committed credit lines at its disposal in several currencies and in amounts considered adequate for current and near-future financing needs. Further the Group has the option to use factoring as a supplementary source of liquidity.

### 3. BUSINESS COMBINATIONS AND ACQUISITION OF NON-CONTROLLING INTERESTS

#### A. (A) BUSINESS COMBINATIONS

Viridor Resource Management Ltd. and Parkwood Group Ltd.

##### Acquisition of glass recycling businesses

Below table provides an overview of the fair value of identifiable assets acquired and liabilities assumed at acquisition date related to the acquisition of two new glass recycling businesses:

- ◆ Acquisition of Solover SAS
- ◆ Acquisition of business assets of Viridor Waste Management Ltd.,

<i>In thousands of euro</i>	Note	Pre-acquisition carrying amounts	Provisional Fair value adjustments	Recognised values on acquisition
Property, plant and equipment	16	20 191	(4 038)	16 153
Intangible assets	17	8	-	8
Right-of-use assets	32	-	5 509	5 509
Inventories		3 433	(760)	2 673
Trade receivables		1 677	-	1 677
Other receivables		481	-	481
Cash and cash equivalents		2 591	-	2 591
<b>Total identifiable assets acquired</b>		<b>28 381</b>	<b>711</b>	<b>29 092</b>
Interest-bearing loans and borrowings		(4 002)	-	(4 002)
Lease obligations	32	-	(5 509)	(5 509)
Provisions	28	(133)	-	(133)
Trade payables		(1 128)	-	(1 128)
Other payables		(441)	-	(441)
<b>Total liabilities assumed</b>		<b>(5 705)</b>	<b>(5 509)</b>	<b>(11 214)</b>
<b>Net identifiable assets and liabilities</b>		<b>22 676</b>	<b>(4 799)</b>	<b>17 878</b>
Provisional goodwill on acquisition at closing rate	17	-	-	19 048
<b>Net assets acquired</b>				<b>36 926</b>
Consideration paid, satisfied in cash		-	-	36 926
Cash (acquired)		-	-	(2 591)
<b>Total net purchase consideration</b>				<b>34 335</b>

##### **Acquisition of Solover SAS per 25 October 2021**

On the 25<sup>th</sup> of October 2021 the Group obtained via SCR Sibelco NV control of Solover SAS by acquiring 100% of the shares of this entity. Solover SAS is a specialist in glass processing, located in France, that operates 2 plants processing container glass in St. Romain Le Puy and in Champforgeuil and 1 plant processing float glass, located in St.

Romain Le Puy. At December 31, 2021 there are no further contingent or deferred considerations payable.

The Group incurred €0.3 million transaction costs (legal fees, due diligence and notary expenses) to complete this acquisition.

The original book value of the total net assets at the acquisition date amounts to €12.1 million. A fair value adjustment of €0.8 million took place for inventories in order to align the spare parts with the Group's accounting policies. At December 31, 2021, the purchase price allocation exercise is still ongoing and will be finalized within the measurement period of one year after acquisition date.

A provisional goodwill amount of €19 million is recognized until further purchase price allocation takes place. As the recognized provisional goodwill is still subject to further purchase price allocation, no deferred tax has been recognized on this provisional goodwill.

This acquired entity in France contributed since its acquisition on the 25<sup>th</sup> of October 2021 to the Group's revenue for an amount of €1.8 million and to the net results of the Group for an amount of €0.1 million. If the acquisition would have taken place at the start of 2021, the impact on the Group's revenue and net results would have been respectively €11.0 million and €0.9 million.

#### **Acquisition of business assets of Viridor Waste Management Ltd., Viridor Resource Management Ltd. and Parkwood Group Ltd.**

Viridor Waste Management Ltd., Viridor Resource Management Ltd. and Parkwood Group Ltd. (further referred to as the "Sellers") agreed on the 1<sup>st</sup> of April 2021 to sell its glass-recycling sites in Newhouse, Sheffield and Peterborough to Sibelco Green Solutions UK Ltd., previously named Ilamian Ltd.

The Group acquired these businesses on the 1st of June 2021. There is no further contingent or deferred consideration payable.

The Group incurred only immaterial transaction costs to complete this acquisition.

The deal was structured legally as an asset deal, acquiring both a set of inputs (assets) and processes (by taking over employee contracts of 52 employees). As the Group has obtained an integrated set of assets and processes that enable to continue running the glass recycling business, this deal represents a business combination in line with IFRS 3 and thus the Group applied the acquisition accounting method.

A preliminary purchase price allocation took place and as a result fair value adjustments were made on property, plant and equipment, using the Depreciated Replacement Cost method and the right-of-use assets and lease liabilities were measured using IFRS16 guidance. These fair value adjustments were pushed down to statutory books so that no temporary differences arise on these fair value adjustments and no deferred tax has to be recognized.

A fair value measurement for the plant demolition asset component and the related plant demolition provision is still pending as the closure plan is not yet finalized.

These acquired sites in the UK contributed since their acquisition on the 1<sup>th</sup> of June 2021 to the Group's revenue for an amount of €12.6 million and to the net results of the Group for an amount of €0.8 million. If the acquisition would have taken place at the start of 2021, the impact on the Group's revenue and net results would have been respectively €21.6 million and €1.4 million.

#### **Acquisition of silica businesses**

Below table provides an overview of the fair value of identifiable assets acquired and liabilities assumed at acquisition date related to the acquisition of two smaller silica-related businesses:

- ◆ Acquisition of a silica milling operation in the UK
- ◆ Acquisition of the Stemmer, Esther and Anna quarries and its related plant assets in Germany

<i>In thousands of euro</i>	Note	Pre-acquisition carrying amounts	Provisional Fair value adjustments	Recognised values on acquisition
Property, plant and equipment	16	2 794	879	3 673
Intangible assets	17	2 000	-	2 000
<b>Total identifiable assets acquired</b>		<b>4 794</b>	<b>879</b>	<b>5 673</b>
Interest-bearing loans and borrowings		-	-	-
Provisions	28	(272)	-	(272)
<b>Total liabilities assumed</b>		<b>(272)</b>		<b>(272)</b>
<b>Net identifiable assets and liabilities</b>		<b>4 521</b>	<b>879</b>	<b>5 400</b>
Bargain purchase gain on business combination	13	-	-	(607)
<b>Net assets acquired</b>				<b>4 794</b>
Consideration paid, satisfied in cash		-	-	4 794
Cash (acquired)		-	-	-
<b>Total net purchase consideration</b>				<b>4 794</b>

### **Acquisition of a silica milling operation in the UK.**

On the 23<sup>rd</sup> of March 2021 the Group - through its legal entity Sibelco UK Ltd. - acquired a silica milling facility in Staffordshire UK from Goodwin PLC. This operation has the capacity to mill between 40 and 50 thousand tonnes per year of silica.

The Group incurred only immaterial transaction costs to complete this acquisition.

At December 31<sup>st</sup>, 2021, there is no further contingent or deferred consideration payable related to this acquisition.

The deal was legally structured as an asset deal but as the Group has acquired all inputs of this milling operation, including employee contracts and also processes, the Group acquired an integrated set of activities. Therefore the Group considers this acquisition to be a business combination in line with IFRS 3 and applies the acquisition accounting method.

The Group performed a fair value calculation on the land and buildings, using a real-estate valuation report from an independent valuer and has assessed fair value of the processing equipment using the DRC method (Depreciated Replacement Cost). Furthermore a closure plan was established to calculate the plant demolition liability. This resulted in a total fair value adjustment of €0.9 million on property, plant and equipment, that is pushed down to local statutory books. Therefore no temporary differences arise on these fair value adjustments and no deferred tax recognition is required.

This business combination resulted in a bargain purchase gain of €0.6 million that has been recorded within financial income. This gain is explained by the higher fair value of the building that was not anticipated during deal negotiations.

The acquired milling site in the UK contributed since its acquisition on the 23<sup>rd</sup> of March 2021 to the Group's revenue for an amount of €2.4 million and to the net results of the Group for an amount of €0.1

million. If the acquisition would have taken place at the start of 2021, the impact on the Group's revenue and net results would have been respectively €3.6 million and €0.1 million.

### **Acquisition of the Stemmer, Esther and Anna quarries and its related plant assets in Germany.**

On the 2<sup>nd</sup> of August 2021, Sibelco Deutschland GmbH acquired legal ownership rights of a blending plant, a grinding plant, concrete sleepers and other plant assets that are linked to the Stemmer, Esther and Anna quarries. At that moment the Group also acquired the subsurface rights on the minerals of these quarries and took over 10 employee contracts. The purpose of the deal was mainly to take over the existing business of these entire quarries and to gain access to the available minerals on these quarries. The Group considered this asset deal to be a business combination according to IFRS.

The Group incurred only immaterial transaction costs to complete this acquisition.

The total consideration paid to acquire this business was €3.2 million and there is no further contingent or deferred consideration payable.

Below table provides an overview of the identifiable assets acquired and liabilities assumed at acquisition date related to the acquisition of these quarries. A valuation at fair value of the acquired assets and assumed liabilities is currently still ongoing and will be finalized within the measurement period.

The acquired sites in Germany contributed since their acquisition on the 2<sup>nd</sup> of August 2021 to the Group's revenue for an amount of €1.9 million and to the net results of the Group for an amount of €0.2 million.

As the deal was legally structured as an asset deal, it is currently impracticable to provide separate information on the impact on revenue and net earnings for the Group if the acquisition would have taken place since the 1<sup>st</sup> of January 2021.

## (b) Final purchase price allocations in 2021 of acquisitions made in 2020

On the 12<sup>th</sup> of December 2019, the Sibelco Group (through its holding company "Watts Blake Bearne International Holdings BV" – further referred to as "WBB") signed an agreement to acquire 100% of the shares of two new legal entities located in Ukraine, active in the clay business:

- ◆ Euromineral LLC (a Limited Liability Company)
- ◆ Kurdyumovsky Plant of Acid-Proofed Products PJSC (a Private Joint-Stock Company), further in the document called "Kurdyumovsky"

After having received the merger clearance by the Ukrainian authorities, the acquisition was formally closed on the 30<sup>th</sup> of April 2020 (acquisition date). These companies are since that moment officially part of the Group.

By the end of 2020 a provisional purchase price allocation has been conducted in line with IFRS 3 on this acquisition. In the course of 2021 and still within the measurement period, further information received resulted in a changed fair value measurement whereby an amount of €0.7 million was added to mineral properties and €0.1 million was added to deferred tax liabilities. Furthermore, there is no contingent consideration payable anymore by the end of 2021 as all remaining payments to the previous shareholders took place in the course of 2021.

Based on the above the final purchase price allocation resulted in the following effect on the Group's assets and liabilities for the acquisition of the two Ukrainian legal entities:

<i>In thousands of euro</i>	Note	Pre-acquisition carrying amounts	Fair value adjustments	Recognised values on acquisition
Property, plant and equipment	16	1 479	22 811	24 290
Intangible assets	17	42	581	624
Other non-current assets		3	-	3
Inventories		1 552	-	1 552
Trade receivables		683	-	683
Other receivables		910	-	910
Cash and cash equivalents		934	-	934
<b>Total identifiable assets acquired</b>		<b>5 602</b>	<b>23 393</b>	<b>28 995</b>
Interest-bearing loans and borrowings		-	-	-
Provisions	28	(114)	-	(114)
Employee benefits	27	-	-	-
Trade payables		(13)	-	(13)
Other payables		(129)	-	(129)
Deferred tax liabilities	20	-	(4 211)	(4 211)
<b>Total liabilities assumed</b>		<b>(256)</b>	<b>(4 211)</b>	<b>(4 466)</b>
<b>Net identifiable assets and liabilities</b>		<b>5 346</b>	<b>19 182</b>	<b>24 528</b>
Goodwill on acquisition at closing rate	17	-	-	0
<b>Net assets acquired</b>		<b>-</b>	<b>-</b>	<b>24 528</b>
Consideration paid, satisfied in cash		-	-	23 585
Contingent consideration		-	-	944
Cash (acquired)		-	-	(934)
<b>Total net purchase consideration</b>		<b>-</b>	<b>-</b>	<b>23 595</b>

## (c) Acquisition of non-controlling interests

No material acquisitions of non-controlling interests occurred during 2021.

## 4. DISPOSAL OR DECONSOLIDATION OF SUBSIDIARIES OR OTHER BUSINESSES

In January 2021 the Group has liquidated company Sibelco China Ltd (CH) resulting in a liquidation gain of €1.2 million – see note 13 *Net financing costs under Gain on disposal/liquidation of financial assets*.

In June 2021 the Group has signed a Sales and Purchase Agreement to sell a company in Indonesia and received a down payment of €3 million in this regard.

The Group expects to finalize this disposal in 2022. The assets and liabilities of this company are currently presented as held for sale.

During 2021 the Group has not sold any of its subsidiaries.

## 5. NON-CONTROLLING INTERESTS

Financial information of subsidiaries that have non-controlling interests is provided below. This information is based on amounts before intercompany eliminations:

### Proportion of equity interest held by non-controlling interests

Name	Country of incorporation and operation	2021	2020
Act&Sorb BV	Belgium	76.00%	76.00%
Sibelco Minerales SA	Spain	-	0.07%
Sibelco Minerales S.L.	Spain	0.02%	-
LLC Silica Holdings	The Netherlands	49.00%	49.00%
Novoselovskoe GOK	Ukraine	51.65%	51.65%
Ramenskiy GOK OJSC	Russian Federation	0.96%	0.96%
Kvarsevye peski CJSC	Russian Federation	0.96%	0.96%
Minérale SA	Belgium	50.00%	50.00%
High 5 Recycling Group NV	Belgium	50.00%	50.00%
France Pare-Brise Recyclage SA	France	-	50.00%
Sibelco Green Solutions S.R.L.	Italy	10.00%	10.00%
Sibelco Japan Ltd	Japan	30.00%	30.00%
Sibelco Turkey Madencilik Tic AS	Turkey	0.02%	-
Alinda Madencilik Sanayi Ve Ticaret AS	Turkey	0.02%	-
Alabanda Madencilik Dis Ticaret AS	Turkey	0.02%	-
Sibelco Minerales Ceramicos	Spain	0.02%	-
Sibelco Ukrainian Trading SL	Spain	0.02%	-

In June 2021 the Group has liquidated company France Pare-Brise Recyclage SA. In December 2021 Sibelco Minerales SA has merged in Sibelco Participaciones SL, which is afterwards renamed to Sibelco Minerales S.L.. As a result of this merger all subsidiaries of Sibelco Minerales S.L. generate (indirect) non-controlling interests.

Figures of 2020 include six months of Covia figures until moment of deconsolidation in June 2020.

### Summarised statement of profit or loss at 100%

<i>In thousands of euro</i>	<b>2021</b>	<b>2020</b>
<b>Revenue</b>	<b>392 036</b>	<b>642 739</b>
<b>Cost of sales (-)</b>	<b>(337 440)</b>	<b>(567 503)</b>
<b>Gross profit</b>	<b>54 595</b>	<b>75 236</b>
Other operating income	474	2 618
SG&A expenses (-)	(10 391)	(77 364)
Other operating expenses (-)	(10 810)	(23 580)
<b>EBIT</b>	<b>33 869</b>	<b>(23 089)</b>
Financial income	3 162	841
Financial expenses (-)	(3 691)	(56 730)
<b>Profit (loss) before income taxes</b>	<b>33 340</b>	<b>(78 979)</b>
Income taxes	(3 651)	11 040
<b>Profit (loss) for the period</b>	<b>29 689</b>	<b>(67 938)</b>
Attributable to non-controlling interests	1 735	(26 414)
Dividends paid to non-controlling interests	(233)	(199)

## Summarised statement of financial position as at 31 December at 100%

<i>In thousands of euro</i>	<b>2021</b>	<b>2020</b>
<b>Assets</b>	<b>426 992</b>	<b>182 659</b>
Non-current assets	262 228	103 447
Current assets	164 764	79 212
<b>Liabilities</b>	<b>164 474</b>	<b>94 614</b>
Non-current liabilities	71 555	45 221
Current liabilities	92 919	49 393
<b>Equity</b>	<b>262 519</b>	<b>88 045</b>
Attributable to:		
Equity holders of parent	255 539	82 444
Non-controlling interest	6 979	5 601

## Summarised cash flow information at 100%

<i>In thousands of euro</i>	<b>2021</b>	<b>2020</b>
Net cash from operating activities	42 193	70 905
Net cash used in investing activities	(27 236)	(32 674)
Net cash used in financing activities	(784)	(87 624)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>14 173</b>	<b>(49 393)</b>

## 6. INTEREST IN JOINT ARRANGEMENTS

### (a) Joint ventures

The Group has a 50 percent interest in Ficarex SRO, a joint venture involved in the extraction and processing of silica sand in the Czech Republic. The Group's interest in Ficarex SRO is accounted for using the equity method in the consolidated financial statements.

The Group has a 50 percent interest in Dansand A/S, a joint venture involved in the extraction and processing of silica sand in Denmark. The Group's interest in Dansand A/S is accounted for using the equity method in the consolidated financial statements.

The Group has a 49 percent interest in Recyverre SAS, a joint venture active in the float glass recycling market in France. The Group's interest in Recyverre SAS is accounted for using the equity method in the consolidated financial statements.

Summarised financial information of the joint ventures, based on its IFRS financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

### Summarised statement of financial position

<i>In thousands of euro</i>	<b>2021</b>	<b>2020</b>
<b>Assets</b>	<b>97 490</b>	<b>93 511</b>
Non-current assets	55 655	50 791
Current assets	41 835	42 720
<b>Liabilities</b>	<b>23 720</b>	<b>27 269</b>
Non-current liabilities	2 593	2 593
Current liabilities	21 127	24 676
<b>Equity</b>	<b>73 770</b>	<b>66 243</b>
Carrying amount of the investment	21 690	18 764

### Summarised statement of profit or loss

<i>In thousands of euro</i>	<b>2021</b>	<b>2020</b>
<b>Revenue</b>	<b>56 828</b>	<b>47 052</b>
<b>Cost of sales (-)</b>	<b>(39 503)</b>	<b>(30 681)</b>
<b>Gross profit</b>	<b>17 324</b>	<b>16 371</b>
Other operating income	529	109
SG&A expenses (-)	(7 388)	(6 117)
Other operating expenses (-)	(276)	-
<b>EBIT</b>	<b>10 190</b>	<b>10 363</b>
Financial income	131	125
Financial expenses (-)	(268)	(194)
<b>Profit (loss) before income taxes</b>	<b>10 053</b>	<b>10 294</b>
Income taxes	(2 214)	(2 763)
<b>Profit (loss) for the period</b>	<b>7 839</b>	<b>7 531</b>
<b>Group's share of profit for the period</b>	<b>3 215</b>	<b>3 016</b>

Ficarex SRO, Dansand A/S and Recyverre SAS have no contingent liabilities or capital commitments as at 31 December 2021 and 2020.

More information of these related parties can be found in note 35 *Related parties*.

#### **(b) Joint operation**

The Group has a material joint operation, Mineração Jundu Ltda involved in the extraction and processing of silica sand in Brazil.

The Group has a 50 percent share in the ownership of this Group (including its two subsidiaries Jundu Nordeste Mineracao Ltda and Portsmouth Participações Ltda) and is entitled to a proportionate share in the profits/losses. Judgement is required to classify this joint arrangement. The Group assessed their rights and obligations arising from the arrangement and concluded that the joint arrangement in Mineração Jundu Ltda qualifies as a joint operation.

## **7. INVESTMENTS IN ASSOCIATES**

The Group has interests in a number of associates, of which two associates are considered material: Maffei Sarda Silicati SRL in Italy and Glassflake Limited, a company in the United Kingdom. Both associates are private entities which are not listed on any public exchange.

The Group has a 49.90 percent interest in Maffei Sarda Silicati SRL, an Italian company involved in the production of feldspathic sand and feldspar. The Group's interest in Maffei Sarda Silicati SRL is accounted for using the equity method in the consolidated financial statements.

The Group has a 25.10 percent interest in Glassflake Limited, a company in the United Kingdom involved in the manufacturing of an innovative silica based product for potential use in painting, coatings and plastic. The Group's interest in Glassflake Limited is accounted for using the equity method in the consolidated financial statements.

The following tables illustrate the summarised financial information of the Group's investments:

#### **Summarised statement of financial position**

<i>In thousands of euro</i>	<b>2021</b>	<b>2020</b>
<b>Assets</b>	<b>45 909</b>	<b>41 382</b>
Non-current assets	18 256	17 635
Current assets	27 652	23 747
<b>Liabilities</b>	<b>15 616</b>	<b>14 970</b>
Non-current liabilities	9 655	9 604
Current liabilities	5 961	5 365
<b>Equity</b>	<b>30 293</b>	<b>26 413</b>
Carrying amount of the investment	13 237	11 530

## Summarised statement of profit or loss

<i>In thousands of euro</i>	<b>2021</b>	<b>2020</b>
<b>Revenue</b>	<b>38670</b>	<b>34580</b>
<b>Cost of sales (-)</b>	<b>(29360)</b>	<b>(27546)</b>
<b>Gross profit</b>	<b>9310</b>	<b>7034</b>
Other operating income	629	609
SG&A expenses (-)	(5027)	(4495)
Other operating expenses (-)	(133)	(385)
<b>EBIT</b>	<b>4779</b>	<b>2762</b>
Financial income	29	45
Financial expenses (-)	(63)	(77)
<b>Profit (loss) before income taxes</b>	<b>4745</b>	<b>2730</b>
Income taxes	(1251)	(796)
<b>Profit (loss) for the period</b>	<b>3494</b>	<b>1934</b>
<b>Group's share of profit for the period</b>	<b>1610</b>	<b>853</b>

### Restrictions

The Group cannot distribute its profits from its investments in associates, until it obtains the consent from the other partners. There are no further restrictions which impact the Group's ability to access or use the assets and settle its liabilities of its investments in associates.

## 8. DETAILED INFORMATION ON REVENUE, COST OF SALES AND SG&A

In June 2020, Covia Holding Corporation (“Covia”), a Sibelco subsidiary filed for Chapter 11. Consequently, Sibelco’s stake in Covia has been deconsolidated on June 30th, 2020. In March 2020, the Group sold QMAG Pty Ltd, its Magnesita business in Australia.

As a result of these events, the Group’s statement of profit or loss for 2020 included a half year of Covia results and one quarter of the Magnesita activities in Australia, while this is no longer included in 2021.

The decrease in revenue is mainly explained by several scope changes, which happened during 2020. The main impact is coming from the deconsolidation of Covia in June 2020 (€492.0 million impact, €492.0 million revenue in 2020), the closure of our activities in Australia (€75.4 million impact, €4.0 million revenue in 2021 compared to €79.4 million revenue in 2020) and the sale of QMAG Pty Ltd., our Magnesita business in Australia, in March 2020 (€19.0 million impact, €19.0 million revenue in 2020). This decrease in revenue has been, however, compensated by an increase in revenue over all remaining Sibelco entities (mainly in Europe) as sales are picking-up again after Covid-19 impacts in 2020 worldwide.

### Revenue by type

<i>In thousands of euro</i>	2021	2020
Sale of goods	1 653 594	1 950 761
Services	24 800	24 370
Commissions	341	128
Construction contracts	1 189	270
<b>Total</b>	<b>1 679 923</b>	<b>1 975 529</b>

### Revenue by region

<i>In thousands of euro</i>	2021	2020
Europe	1 288 424	1 071 545
International	391 499	903 984
<b>Total</b>	<b>1 679 923</b>	<b>1 975 529</b>

## Cost of sales

<i>In thousands of euro</i>	Note	2021	2020
Production expenses		1 185 938	1 450 651
Changes in provisions	28	2 751	115
Commissions		1 644	-
Revisions site restoration and plant demolition provisions		(5 083)	(140)
Depreciation and impairment of property, plant and equipment	16	96 991	142 510
Amortisation and impairment of intangible assets	17	1 747	5 685
Depreciation and impairment of right-of-use assets	32	17 422	22 131
<b>Total</b>		<b>1 301 410</b>	<b>1 620 952</b>

## Selling, general and administrative expenses

<i>In thousands of euro</i>	Note	2021	2020
Administrative expenses		226 202	242 917
Changes in allowance for uncollectible receivables	31	101	3 697
Changes in provisions	28	(4 271)	(135)
Depreciation and impairment of property, plant and equipment	16	2 682	4 388
Amortisation and impairment of intangible assets	17	8 210	9 310
Depreciation and impairment of right-of-use assets	32	4 154	5 684
<b>Total</b>		<b>237 077</b>	<b>265 861</b>

## 9. OTHER OPERATING INCOME

<i>In thousands of euro</i>	Note	2021	2020
By-products		172	1 802
Royalties and rentals		747	544
Government grants		242	916
Gain on disposal of property, plant and equipment		1 778	26 504
Gain on disposal of assets classified as held for sale		39	4 928
Reversal of provisions	28	3 213	9 360
Other operating income		9 856	17 144
Foreign exchange gains		-	1 140
<b>Total</b>		<b>16 046</b>	<b>62 338</b>

Other operating income amounts to €16.0 million.

Gain on disposal of property, plant and equipment mainly relates to the gain on sale on multiple properties and equipment in Australia (as the Group is closing its activities there) and in the UK.

Other operating income for the year was €9.9 million (2020: €17.1 million) and mainly originates from Luxembourg, Belgium, Brazil, France, the UK and Norway. It includes income generated by our captive on the handling of insurance claims, rental income and other sales related income.

## 10. OTHER OPERATING EXPENSES

<i>In thousands of euro</i>	Note	2021	2020
Loss on disposal of property, plant and equipment		1 054	1 609
Loss on disposal of assets classified as held for sale		8	1 949
Impairment losses on property, plant and equipment	16	3 115	1 293
Impairment losses on intangible assets and goodwill	17	-	1 639
Impairment losses on right-of-use assets	32	-	3 024
Additions to provisions	28	29 409	14 586
Other operating expenses		7 995	34 933
Foreign exchange losses		1 053	-
<b>Total</b>		<b>42 634</b>	<b>59 032</b>

Other operating expenses amount to €42.6 million.

Loss on disposal of property, plant and equipment of €1.1 million mostly relates to Norway and France.  
A total of €3.1 million impairment losses were recognised in Asia - see note 16 *Property, plant and equipment*.

Additions to provisions (€29.4 million) relate to restructuring provisions, aligned with the new Sibelco 2025.

The majority of the Other operating expenses (€8.0 million) mainly originates from the UK, Luxembourg, Belgium, Germany and Russia.

## 11. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

The Group decided in 2019 to exit its business in Australia. As of 2019 a formal plan is in place to sell the remaining assets in Australia. During 2021 assets in Australia were sold whilst the main part of those were sold in the course of 2020. We do expect some further sales and disposals during 2022.

In 2021, the Group entered into negotiations to sell a specific business. This business is composed out of several plants and entities within different countries. The criteria to classify this business per 31<sup>st</sup> of December 2021 as a disposal group are fulfilled.

This disposal group does not represent a major line of business or geographical location and as a result does not meet the criteria for classification as a discontinued operation.

Other assets and liabilities held for sale include disposal groups and separate assets in Belgium, Thailand and Indonesia.

The assets and liabilities of the disposal groups are measured at the lower of carrying amount and fair value less costs of disposal at the date of the classification. The fair value less costs of disposal is based on the transaction price. Any excess of the carrying amount over the fair value less costs to sell is recognized as an impairment loss.

The major classes of assets and liabilities classified as held for sale by disposal group as at 31 December are as follows:

<i>In thousands of euro</i>	Australia	Group of assets and entities	Other	2021	2020
Property, plant and equipment	471	5909	838	7218	2548
Inventories	-	1926	491	2417	2388
Trade receivables	-	1990	1323	3313	803
Other and tax receivables	-	-	1077	1077	1057
<b>Assets held for sale disposal groups</b>	<b>471</b>	<b>9826</b>	<b>3729</b>	<b>14025</b>	<b>6796</b>
Interest-bearing loans and borrowings	-	-	-	-	2038
Provisions	3201	2656	-	5857	4131
Employee benefits	-	-	190	190	162
Trade, other and tax payables	-	3631	991	4621	506
<b>Liabilities directly associated with assets held for sale disposal groups</b>	<b>3201</b>	<b>6286</b>	<b>1180</b>	<b>10667</b>	<b>6838</b>

## 12. PERSONNEL EXPENSES

<i>In thousands of euro</i>	Note	2021	2020
Wages and salaries		229 493	299 175
Compulsory social security contributions		43 335	47 299
Share-based payment expense		-	1 651
Other personnel costs		31 717	48 406
Contributions to defined contribution plans		12 438	10 124
Expenses for post employment benefits	27	3 971	3 352
Expenses for termination benefits	27	3	267
Expenses for other defined benefits	27	118	(1)
Expenses for other employee benefits (non DBO related)	27	13 400	108
<b>Total</b>		<b>334 475</b>	<b>410 381</b>
Full time equivalents (FTE) at 31 December		4 995	5 186

Personnel expenses are recognised in the following line items in the statement of profit or loss:

<i>In thousands of euro</i>	2021	2020
Cost of sales	183 153	272 799
Selling, general and administrative expenses	151 322	137 581
<b>Total</b>	<b>334 475</b>	<b>410 381</b>

## 13. NET FINANCING COSTS

<i>In thousands of euro</i>	Note	2021	2020
Interest income on cash and cash equivalents		491	1 756
Dividend income		7	10
Gain on disposal/liquidation of financial assets	4	1 668	47 807
Bargain purchase gain on business combinations	3	607	-
Change in discount rate provisions	28	468	-
Other financial income		640	534
<b>Financial income</b>		<b>3 881</b>	<b>50 108</b>
Interest expense on financial liabilities		(4 003)	(46 095)
Interest expense on lease obligations	32	(1 942)	(10 129)
Net foreign exchange losses		(1 028)	(409)
Unwinding of the discount rate provisions	28	(7 167)	(7 581)
Change in discount rate provisions	28	-	(7 270)
Net interest expense on defined benefit liability	27	(707)	(1 861)
Loss on disposal/liquidation of financial assets	4	(1)	(544)
Other financial expenses		(5 259)	(7 144)
<b>Financial expenses</b>		<b>(20 108)</b>	<b>(81 033)</b>
<b>Net finance cost</b>		<b>(16 225)</b>	<b>(30 925)</b>

Gain on disposal/liquidation of financial assets in 2021 primarily includes the gain on the liquidation of Sibelco China Ltd of €1.2 million. In 2020 it mainly included the gain on the deconsolidation of Covia Holdings Corporation for €31.9 million and the gain on the disposal of QMAG Pty Ltd for €14.4 million.

The interest expense for 2021 relates to the syndicated loan and the revolving credit facilities and also for €1 million to forward points on financing FX hedges. In 2020 it related for €41.7 million to Covia associated to the €1.4 billion term loan. As of June 2020, Covia has been deconsolidated from the Group accounts (see note 4 *Disposal or deconsolidation of subsidiaries or other businesses*). The full €1.4 billion liability has been derecognized. As of the emerging of Covia from its Chapter 11 in December 2020, Sibelco did lose its share in Covia and is fully relieved from any liability or obligation with respect to the Covia debt.

In 2020 the interest expense on lease obligations mainly related to Covia for an amount of €8.3 million.

The unwinding of the discount rate provisions and the change in discount rate provisions relates to site restoration and plant demolition – see note 28 *Provisions*.

In 2021 other financial expense mainly relates to guarantee fees, factoring interest expenses and fees and transactional bank charges. In 2020 other financial expense mainly included the amortisation till end June 2020 of capitalised financing costs related to the Term Loan of Covia for €2.2 million. The remaining included bank charges and contract transaction costs.

## 14. INCOME TAXES

### Recognised in the statement of profit or loss

<i>In thousands of euro</i>	Note	<b>2021</b>	<b>2020</b>
Current year		31 689	21 704
Adjustments for prior years		3 574	(27 027)
<b>Current tax expense</b>		<b>35 263</b>	<b>(5 323)</b>
Origination and reversal of temporary differences		(6 730)	14 484
Utilization previously recognised tax losses		2 898	565
Recognition current year's losses		(2 106)	(2 376)
Change in tax rate		(2)	-
Change in unrecognised temporary differences		(785)	5 853
Recognition of previously unrecognised tax losses		(1 692)	(85)
<b>Deferred tax expense/(income)</b>	<b>20</b>	<b>(8 418)</b>	<b>18 441</b>
<b>Income taxes in the statement of profit or loss</b>		<b>26 846</b>	<b>13 118</b>

## Reconciliation of effective tax rate

<i>In thousands of euro</i>	2021	%	2020	%
EBT	103 448	-	64 965	-
Share of profit of associates (net of tax)	(4 825)	-	(3 869)	-
<b>Profit before income taxes and share of profit of equity accounted investees</b>	<b>98 623</b>	<b>-</b>	<b>61 096</b>	<b>-</b>
Income tax using the domestic corporate tax rate	24 656	25.00%	15 274	25.00%
Effect of tax rates in foreign jurisdictions	(3 698)	(3.75%)	3 247	5.31%
Change in tax rate	(2)	(0.00%)	-	-
Effect of tax rate on specific gains	(499)	(0.51%)	(11 390)	(18.64%)
Non-deductible expenses	3 264	3.31%	4 843	7.93%
Withholding taxes and non-exempt part of dividends	893	0.91%	1 180	1.93%
Tax exempt revenues	(246)	(0.25%)	(6 120)	(10.02%)
Tax allowances	(2 615)	(2.65%)	(3 405)	(5.57%)
Utilisation of tax losses not previously recognised	(904)	(0.92%)	(9 507)	(15.56%)
Recognition previously unrecognised tax losses	(1 692)	(1.72%)	(85)	(0.14%)
Current year losses for which no deferred tax asset recognised	5 377	5.45%	37 354	61.14%
Under/(over) provided in prior years	1 985	2.01%	(27 027)	(44.24%)
Change in unrecognised temporary differences	781	0.79%	5 853	9.58%
Other	(455)	(0.46%)	2 900	4.75%
<b>Total</b>	<b>26 846</b>	<b>27.22%</b>	<b>13 118</b>	<b>21.47%</b>

The current year losses for which no deferred tax asset is recognised in 2021 refers to SCR Sibelco NV, Brazil and several Asian entities. This is partly offset by recognising previously unrecognised tax losses by Sibelco UK and High Five. In 2020, the current year losses for which no deferred tax asset is recognised referred to SCR-Sibelco NV, Maasgrit BV and Covia. This was partly offset by the Cares Act tax benefit recorded by Covia and reported under 'Under/(over) provided in prior years'.

The effect of tax rate on specific gains in 2020 related to the divestment of Qmag and the deconsolidation of Covia. At such time the reserves including currency translation differences were reversed. This led to a net gain which was not taxable.

## 15. CURRENT TAX ASSETS AND LIABILITIES

The current tax assets of €14.6 million (2020: €19.2 million) represent the amount of income taxes recoverable in respect of current and prior periods that exceed payments.

The current tax liabilities of €10.0 million (2020: €10.3 million) represent the estimated additional charges for income taxes.

## 16. PROPERTY, PLANT AND EQUIPMENT

<i>In thousands of euro</i>	Note	Land and buildings	Mineral properties	Processing equipment	Assets under construction	2021	2020
<b>Balance at end of previous period as reported</b>		<b>409673</b>	<b>327984</b>	<b>1 764982</b>	<b>111 135</b>	<b>2 613 775</b>	<b>6 361 571</b>
Additions		1 292	445	10 611	102 875	115 224	117 794
Acquisitions through business combinations	3	2 213	954	16 390	950	20 507	23 648
Disposals & retirements		(5 002)	(1 603)	(46 353)	(81)	(53 039)	(3 686 845)
Transfers		13 081	4 756	72 329	(90 218)	(52)	104
Asset component change site rest./plant dem.	28	-	1 148	492	-	1 640	39 314
Reclassification assets held for sale	11	(5 218)	-	(18 831)	(399)	(24 449)	(38 226)
Exchange differences		14 691	8 124	38 758	(8 946)	52 626	(184 418)
Other changes		808	(815)	(1 845)	(299)	(2 151)	(19 167)
<b>Balance at end of period as reported</b>		<b>431 538</b>	<b>340 993</b>	<b>1 836 533</b>	<b>115 017</b>	<b>2 724 082</b>	<b>2 613 775</b>

### Depreciation and impairment losses

<b>Balance at end of previous period as reported</b>		<b>(252 214)</b>	<b>(162 984)</b>	<b>(1 404 471)</b>	<b>(702)</b>	<b>(1 820 369)</b>	<b>(4 278 649)</b>
Depreciation	8	(11 268)	(15 010)	(73 227)	-	(99 505)	(148 665)
Impairment losses recognised	8, 10	(1 932)	(67)	(1 274)	(9)	(3 283)	474
Disposals & retirements		4 010	1 469	45 943	43	51 465	2 426 259
Transfer		-	-	93	-	93	79
Reclassification assets held for sale	11	2 900	-	15 640	-	18 540	41 892
Exchange differences		(7 900)	(3 713)	(30 881)	(55)	(42 549)	119 938
Other changes		(500)	775	(2 333)	14	(2 044)	18 299
<b>Balance at end of period as reported</b>		<b>(266 905)</b>	<b>(179 530)</b>	<b>(1 450 510)</b>	<b>(709)</b>	<b>(1 897 651)</b>	<b>(1 820 369)</b>
<b>Carrying amounts at 1 January as reported</b>		<b>157 460</b>	<b>164 999</b>	<b>360 512</b>	<b>110 433</b>	<b>793 405</b>	<b>2 082 922</b>
<b>Carrying amounts at 31 December as reported</b>		<b>164 633</b>	<b>161 463</b>	<b>386 023</b>	<b>114 309</b>	<b>826 431</b>	<b>793 405</b>

### Additions

Additions throughout the year mainly relate to additions of assets under construction and include the construction of new plants and expansion of facilities (e.g. new mills, replacing old facilities, new silo's) in Europe (Italy, Belgium, Turkey, the Netherlands, Spain and UK) and in North America.

### Acquisitions through business combinations

The Group engaged in several business combinations in 2021 – see note 3 *Business combinations and acquisition of non-controlling interest*. The acquisition of land and buildings is mainly related to the acquisition of a silica milling operation in the UK, which has been recognised in the Group's balance sheet at its fair value. Furthermore the Group also acquired processing equipment through the acquisition of the glass-recycling company Solover SAS in France and the acquisition of recycling business assets in the UK, the silica milling operation in the UK and some plant assets in Germany.

### Disposals & retirements

During 2021 entities have performed a clean-up of their property, plant and equipment register and assets, which were almost fully depreciated and have been scrapped. This mainly happened in Australia and in Europe (France, Spain, UK and Norway).

### Asset component change

As from 2015, detailed closure planning requirements were introduced through our closure plan policy, with each plant required to develop a closure plan as part of their life of asset plan. All closure plans for the site restoration and plant demolition were set up in 2017. Therefore, 2021 only includes adjustments to these closure plans in order to further reflect their best estimate. In addition, the asset component change is impacted by the yearly update of the underlying assumptions (inflation rate and discount rate).

## Depreciation and impairment losses recognised

<i>In thousands of euro</i>	Note	2021	2020
Cost of sales	8	96 991	142 510
Sales, general and administrative expenses	8	2 682	4 388
Other operating expenses	10	3 115	1 293
<b>Total</b>		<b>102 788</b>	<b>148 191</b>

During the year the Group tested property, plant and equipment for impairment – see note 17 *Intangible assets and goodwill* – as a result of the required yearly test on cash-generating units containing goodwill. No impairment losses were recognised for 2021 based on such required testing.

Further every year the Group assesses if there are indicators that assets need to be impaired. Individual assets (operating plants, a mill or kiln etc.) might be subject to impairment testing when following triggering events happen:

- ◆ An individual asset or group of assets (operating plant or plant cluster) is physically damaged (e.g. fire or natural disaster);
- ◆ An individual asset or group of assets (operating plant / plant cluster) is idle;
- ◆ Management has a plan to discontinue or to realign the strategic direction of individual assets or group of assets (operating plant / plant cluster) because economic performance is unsatisfactory;
- ◆ Decisions taken by local authorities which reduce or restrict the Group's rights on assets impacting market values.

Based on the occurrence of internal and external impairment indicators the Group reviewed the carrying amount of specific assets, asset groups or CGU's – see note 17 *Intangible assets and goodwill*. Based on these assessments, the Group impaired a total of €3.3 million in 2021 (€5.3 million in 2020), all on tangible assets (2020: €0.5 million) and nothing on intangible assets (2020: €1.9 million).

The depreciation and impairment charge is recognised in the following line items in the statement of profit or loss:

<i>In thousands of euro</i>	2021	2020
Impairment test for cash-generating units containing goodwill	-	-
Impairment based on internal and external impairment indicators	3 283	474
<b>Total impairment on tangible assets</b>	<b>3 283</b>	<b>474</b>

## Restrictions

As per 31 December 2021 there were no restriction on title and property, plant and equipment pledges as security for liabilities (2020: nil).

## 17. INTANGIBLE ASSETS AND GOODWILL

<i>In thousands of euro</i>	Note	Mineral rights and E&E costs	Goodwill	Develop- ment costs	Other	Intangible assets under construction	2021	2020
<b>Balance at end of previous period as reported</b>		<b>167 659</b>	<b>56 508</b>	<b>5 831</b>	<b>116 208</b>	<b>-</b>	<b>346 206</b>	<b>733 259</b>
Additions		187	-	1 279	51	8 565	10 081	8 580
Acquisitions through business combinations	3	2 000	19 048	-	8	-	21 057	4 754
Disposals		(3 319)	-	-	(1 429)	-	(4 748)	(368 321)
Transfers		-	-	44	4 454	(4 498)	-	(10)
Exchange differences		4 226	1 989	33	694	(58)	6 884	(25 140)
Other changes		-	-	(53)	-	4 727	4 674	(6 914)
<b>Balance at end of period as reported</b>		<b>170 754</b>	<b>77 545</b>	<b>7 133</b>	<b>119 986</b>	<b>8 737</b>	<b>384 154</b>	<b>346 206</b>
<b>Depreciation and impairment losses</b>								
<b>Balance at end of previous period as reported</b>		<b>(123 580)</b>	<b>(41 944)</b>	<b>(5 689)</b>	<b>(77 087)</b>	<b>-</b>	<b>(248 300)</b>	<b>(588 583)</b>
Amortisation	8	(1 355)	-	(286)	(8 316)	-	(9 957)	(14 758)
Impairment losses recognised	8, 10	-	-	-	-	-	-	(1 875)
Disposals		3 281	-	-	1 412	-	4 693	334 070
Transfer		-	-	-	-	-	-	9
Exchange differences		(3 786)	(1 664)	(33)	(544)	-	(6 027)	17 003
Other changes		-	-	(114)	(2)	-	(115)	5 832
<b>Balance at end of period as reported</b>		<b>(125 440)</b>	<b>(43 608)</b>	<b>(6 122)</b>	<b>(84 537)</b>	<b>-</b>	<b>(259 707)</b>	<b>(248 300)</b>
<b>Carrying amounts at 1 January as reported</b>		<b>44 079</b>	<b>14 564</b>	<b>141</b>	<b>39 121</b>	<b>-</b>	<b>97 905</b>	<b>144 676</b>
<b>Carrying amounts at 31 December as reported</b>		<b>45 313</b>	<b>33 937</b>	<b>1 011</b>	<b>35 450</b>	<b>8 737</b>	<b>124 447</b>	<b>97 905</b>

### Additions

Additions to Intangible assets under construction of €8.6 million in 2021 mainly relates to development costs of software (2020: €8.1 million).

### Acquisitions through business combinations

In 2021 the acquisitions through business combinations relate to the acquisition of mineral rights on the Stemmer, Anna and Esther quarries in Germany (€2.0 million) and to the provisional goodwill (€19.0 million) coming from the acquisition of the glass-recycling company Solover SAS in France. For both the acquisitions in France and in Germany a detailed purchase price allocation is ongoing and will be finalized within the measurement period of one year after the acquisition date. See also note 3 *Business Combinations*.

In 2020 the acquisitions through business combinations (€4.8 million) related to technology (included in other intangible assets) in Act&Sorb

BVBA for an amount of €4.1 million and to customer relations (included in other intangible assets) in Ukraine (Euromineral and Kurdyumovsky) for an amount of €0.6 million.

### Disposals

During 2021 entities have performed a clean-up of their intangible assets, which were almost fully amortized and have been scrapped. This mainly happened in Europe (Norway and Belgium).

### Amortisation and impairment losses recognised

Every year the Group assesses if there are indicators that assets need to be impaired – see note 16 *Property, plant and equipment*.

In the year ending December 2021, there were no impairments on intangible assets, only on tangible assets – see note 16 *Property, plant and equipment*.

The amortisation charge is recognised in the following line items in the statement of profit or loss:

<i>In thousands of euro</i>	Note	2021	2020
Cost of sales	8	1 747	5 699
Sales, general and administrative expenses	8	8 210	9 324
Other operating expenses	10	-	1 639
<b>Total</b>		<b>9 957</b>	<b>16 661</b>

### Impairment test for cash-generating units containing goodwill

The carrying amount of goodwill is as follows per cluster of cash-generating unit (CGU):

<i>In thousands of euro</i>	Note	2021	2020
<b>Goodwill</b>			
Spain		8 573	8 573
UK		4 966	4 642
France		1 350	1 350
<b>Provisional Goodwill</b>			
Solover (new acquisition in France)	3	19 048	-
<b>Total</b>		<b>33 937</b>	<b>14 564</b>

Goodwill acquired in a business combination shall, from the acquisition date, be allocated to a cash-generating unit (CGU) or a cluster of cash-generating units (CGUs), that is expected to benefit from the synergies of the combination.

A CGU represents an operating site, being the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets. A site includes (a collection of) locations and facilities belonging to the same profit center.

Each CGU or cluster of CGU's to which the goodwill is so allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes. A cluster of CGUs can represent a site-cluster, a legal entity, a country, or an operating segment (IFRS 8). Goodwill is tested for impairment at a level that reflects the way the Group manages its operations and with which the

goodwill would naturally be associated. A cluster of CGU's cannot be larger than an operating segment as defined by paragraph 5 of IFRS 8 which are since the reorganization in 2021 identified as the Group's sub-clusters:

- ◆ APAC
- ◆ Central & Eastern Europe
- ◆ Glass Recycling
- ◆ Iberia
- ◆ Nordics
- ◆ North America
- ◆ South America
- ◆ Southern Europe
- ◆ UK
- ◆ Western Europe

Each CGU or cluster of CGUs to which the goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

For impairment testing, the carrying amount of a CGU or a cluster of CGUs including goodwill is compared with the recoverable amount of the CGU or cluster of CGUs.

Notwithstanding, individual assets (operating plants, a mill or kiln etc.) might be subject to impairment testing when following triggering events happen:

- ◆ An individual asset or group of assets (operating plant/plants) is physically damaged (e.g. fire or natural disaster);
- ◆ An individual asset or group of assets (operating plant/plants) is idle;
- ◆ Management has a plan to discontinue or to realign the strategic direction of individual assets or group of assets (operating plant/plants) because economic performance is unsatisfactory;
- ◆ Decisions taken by local authorities which reduce or restrict the Group's rights on assets impacting market values.

When the carrying amount of an individual asset or (cluster of) CGU(s) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using an after-tax weighted average cost of capital (WACC) discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The discount factors are reviewed annually. In determining fair value less costs of disposal, recent market transactions are taken

into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGUs recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Goodwill is tested for impairment annually in December and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or cluster of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

The WACC ranged between 5.15 percent and 5.78 percent in nominal terms for goodwill impairment testing conducted for 2021:

## WACC's used for goodwill impairment testing in the year ending 31 December 2021

Discount rates for impairment testing	Spain	UK	France
<b>Group target ratio's</b>			
% debt	37%	37%	37%
% equity	63%	63%	63%
<b>Cost of debt</b>	<b>1.51%</b>	<b>1.71%</b>	<b>1.23%</b>
Risk free rate = Rt	0.28%	0.48%	0.00%
Default spread (BBB)	1.23%	1.23%	1.23%
Corporate tax rate	25.00%	19.00%	26.50%
<b>Cost of debt after tax</b>	<b>1.13%</b>	<b>1.39%</b>	<b>0.90%</b>
<b>Cost of equity = <math>R_t + \beta \cdot E_m</math></b>	<b>7.97%</b>	<b>8.36%</b>	<b>7.65%</b>
Risk free rate = Rt	0.28%	0.48%	0.00%
Beta = $\beta$	1.28	1.31	1.27
Size premium	-	-	-
Market equity risk premium = $E_m$	6.00%	6.00%	6.00%
<b>WACC - nominal</b>	<b>5.44%</b>	<b>5.78%</b>	<b>5.15%</b>

## WACC's used for goodwill impairment testing in the year ending 31 December 2020

Discount rates for impairment testing	Spain	UK	France
<b>Group target ratio's</b>			
% debt	25%	25%	25%
% equity	75%	75%	75%
<b>Cost of debt</b>			
Risk free rate = Rt	0.44%	0.47%	(0.10%)
Default spread (BBB)	1.86%	1.86%	1.86%
Corporate tax rate	25.00%	19.00%	28.00%
<b>Cost of debt after tax</b>			
	<b>1.73%</b>	<b>1.89%</b>	<b>1.27%</b>
<b>Cost of equity = <math>R_t + \beta \cdot E_m</math></b>			
Risk free rate = Rt	0.44%	0.47%	(0.10%)
Beta = $\beta$	1.18	1.19	1.17
Size premium	-	-	-
Market equity risk premium = $E_m$	6.00%	6.00%	6.00%
<b>WACC - nominal</b>			
	<b>6.05%</b>	<b>6.20%</b>	<b>5.49%</b>

These above calculations are corroborated by valuation multiples.

An increase of 1.0 percent in the rate used to discount the future cash flows and terminal values for goodwill impairment testing would have led to no additional impairment as there is still sufficient headroom.

An increase in inflation rates would have a positive impact on this headroom as business plans for goodwill impairment testing did not consider inflation increases.

## 18. EQUITY ACCOUNTED INVESTEEES

<i>In thousands of euro</i>	Note	2021	2020
<b>Carrying amount at 1 January</b>		<b>30 294</b>	<b>29 776</b>
Acquisition		-	1 470
Result of the period		4 825	3 869
Dividends		(1 207)	(3 926)
Exchange differences		1 014	(893)
Other		-	(1)
<b>Carrying amount at 31 December</b>		<b>34 927</b>	<b>30 294</b>
Attributable to:			
Interest in joint arrangements	6	21 690	18 764
Investments in associates	7	13 237	11 530

The Group's share in its associates and joint ventures recognised in profit or loss for the year ended 31 December 2021 was €4.8 million profit (2020: €3.9 million profit) – see note 6 *Interest in joint arrangements* and note 7 *Investments in associates*.

## 19. FINANCIAL ASSETS

### Non-current financial assets

<i>In thousands of euro</i>	Note	2021	2020
Loans to third parties at amortised cost		167	13
Loans to associates	35	544	544
Derivatives financial interest rate risk		1 455	-
Other		3 934	3 199
<b>Non-current financial assets</b>		<b>6 100</b>	<b>3 756</b>

### Current financial assets

<i>In thousands of euro</i>	Note	2021	2020
Loans to third parties at amortised cost		35	213
Derivatives forex	31	926	1 531
Other		40	89
<b>Current financial assets</b>		<b>1 002</b>	<b>1 834</b>

## 20. DEFERRED TAX ASSETS AND LIABILITIES

### Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following items:

<i>In thousands of euro</i>	Assets 2021	Assets 2020	Liabilities 2021	Liabilities 2020	<b>NET 2021</b>	<b>NET 2020</b>
Property, plant and equipment	(9 251)	(8 039)	46 229	45 191	36 978	37 152
Right-of-use assets	-	(124)	13 665	12 925	13 665	12 801
Intangible assets	(11 153)	(12 177)	15 121	15 257	3 968	3 080
Financial assets	(94)	(94)	24	312	(70)	218
Inventories	(4 744)	(3 779)	1 174	1 073	(3 571)	(2 706)
Trade and other receivables	(2 566)	(2 536)	1 023	2 230	(1 543)	(306)
Interest bearing loans and borrowings	(2 557)	(2 309)	1 209	618	(1 348)	(1 691)
Lease obligations	(11 255)	(11 471)	147	16	(11 108)	(11 455)
Provisions	(43 994)	(36 577)	8 839	7 327	(35 155)	(29 250)
Employee benefits	(9 982)	(11 848)	2 456	-	(7 526)	(11 848)
Trade and other payables	(3 509)	(3 618)	1 010	1 104	(2 499)	(2 514)
Other items	(91)	(94)	580	247	489	152
Tax loss carry-forwards	(59 194)	(57 944)	-	-	(59 194)	(57 944)
<b>Tax (assets)/liabilities</b>	<b>(158 391)</b>	<b>(150 613)</b>	<b>91 476</b>	<b>86 299</b>	<b>(66 915)</b>	<b>(64 314)</b>
Set off of tax	68 134	66 394	(68 134)	(66 394)	-	-
<b>Net tax (assets)/liabilities</b>	<b>(90 257)</b>	<b>(84 219)</b>	<b>23 342</b>	<b>19 905</b>	<b>(66 915)</b>	<b>(64 314)</b>

### Movement in temporary differences during the period

<i>In thousands of euro</i>	Balance 31, Dec. 2020	Recognised in profit or loss	Recognised in equity/OCI	Acquired in business combinations	Disposal group	Reclasses	Translation differences	Balance 31, Dec. 2021
Property, plant and equipment and RoU asset	37 152	(1 482)	42	114	-	69	1 083	36 978
Right-of-use assets	12 801	765	-	-	-	(149)	249	13 665
Intangible assets	3 080	1 048	(4)	(3)	-	4	(157)	3 968
Financial assets	218	(315)	4	-	-	24	-	(70)
Inventories	(2 706)	(797)	-	-	-	(5)	(63)	(3 571)
Trade and other receivables	(306)	(880)	-	-	-	(324)	(33)	(1 543)
Interest bearing loans and borrowings	(1 691)	(120)	399	-	-	12	53	(1 348)
Lease obligations	(11 455)	323	-	-	-	277	(253)	(11 108)
Provisions	(29 250)	(5 347)	(335)	-	-	84	(307)	(35 155)
Employee benefits	(11 848)	369	4 145	-	-	(35)	(158)	(7 526)
Trade and other payables	(2 514)	350	(40)	-	-	(165)	(129)	(2 499)
Other items	152	32	(1)	-	-	209	97	489
Tax loss carry-forwards	(57 944)	(2 362)	-	-	-	1 301	(189)	(59 194)
<b>Total</b>	<b>(64 314)</b>	<b>(8 418)</b>	<b>4 211</b>	<b>111</b>	<b>-</b>	<b>1 302</b>	<b>192</b>	<b>(66 914)</b>

<i>In thousands of euro</i>	Balance 31, Dec. 2019	Recognised in profit or loss	Recognised in equity/OCI	Acquired in business combinations	Disposal group	Reclasses	Translation differences	Balance 31, Dec. 2020
Property, plant and equipment and RoU asset	181 217	(1 292)	-	4 088	(134 201)	(11 267)	(1 393)	37 152
Right-of-use assets	-	2 427	-	-	-	10 351	23	12 801
Intangible assets	(10 646)	1 314	-	-	13 417	1	(1 006)	3 080
Financial assets	(2 065)	2 270	-	-	-	-	13	218
Inventories	(6 480)	1 656	-	-	2 092	(6)	32	(2 706)
Trade and other receivables	(1 484)	760	-	-	373	11	34	(306)
Interest bearing loans and borrowings	(90 761)	9 609	(21)	-	76 806	2 102	574	(1 691)
Lease obligations	-	(9 538)	-	-	-	(1 877)	(40)	(11 455)
Provisions	(31 242)	(129)	46	-	1 155	(67)	987	(29 250)
Employee benefits	(22 736)	4 347	(2 787)	-	9 049	-	277	(11 848)
Trade and other payables	(11 509)	(829)	(26)	-	9 826	(4)	28	(2 514)
Other items	(2 719)	7 193	1 514	-	1 526	(7 800)	436	152
Tax loss carry-forwards	(79 217)	653	-	-	20 758	(229)	92	(57 944)
<b>Total</b>	<b>(77 641)</b>	<b>18 441</b>	<b>(1 273)</b>	<b>4 088</b>	<b>800</b>	<b>(8 785)</b>	<b>58</b>	<b>(64 314)</b>

### Unrecognised deferred tax assets and liabilities

Deferred tax assets have not been recognised in respect of tax losses/credits for €122.6 million (2020: €116.4 million), because it is not probable that sufficient future taxable profit will be available

against which the Group can utilise these benefits. The majority of the tax losses have no legal expiry date and the legal expiry term of the remaining is on average 10 years.

## 21. OTHER NON-CURRENT ASSETS

<i>In thousands of euro</i>	2021	2020
Cash guarantees, at cost	1 564	929
Other	5 642	2 042
<b>Total</b>	<b>7 206</b>	<b>2 971</b>

Total other non-current assets amount to €7.2 million in 2021 (€3.0 million in 2020) and consist of cash guarantees, cash deposits, emission rights and royalty advances.

## 22. INVENTORIES

<i>In thousands of euro</i>	<b>2021</b>	<b>2020</b>
Raw materials	54 045	42 546
Consumables	17 882	13 464
Work in progress mining & industrial treatment	49 742	46 909
Finished goods mining & industrial treatment	82 157	73 046
Goods purchased for resale	33 246	28 105
Spare parts	44 126	33 071
Write-downs	(53 080)	(41 882)
<b>Total</b>	<b>228 119</b>	<b>195 259</b>

The cost of raw materials and consumables was €254.7 million (€224.6 million in 2020) and of goods purchased for resale €93.2 million (€62.7 million in 2020), both recognised as an expense in profit or loss.

Write-downs are related to slow moving inventories as they may be an indicator that the net realisable value is likely to be less than cost, i.e. it is likely to become obsolete before it can be sold. Write-downs are triggered whenever inventory exceeds twelve months production or sales volumes.

## 23. TRADE AND OTHER RECEIVABLES

### Current trade and other receivables

<i>In thousands of euro</i>	Note	<b>2021</b>	<b>2020</b>
Trade receivables		229 711	199 520
Impairment losses	31	(9 482)	(11 388)
<b>Trade receivables</b>		<b>220 229</b>	<b>188 132</b>
Other receivables		16 132	20 667
Interest receivables		29	34
Tax receivables, other than income taxes		39 387	21 735
Amounts due from customers for contract work		8	343
Advance payments, prepayments and prepaid expenses		36 015	33 128
Cash guarantees, at cost		193	210
Other current assets		597	702
<b>Other receivables</b>		<b>92 361</b>	<b>76 819</b>
<b>Total</b>		<b>312 590</b>	<b>264 951</b>

## 24. CASH AND CASH EQUIVALENTS

*In thousands of euro*

	<b>2021</b>	<b>2020</b>
Deposits with banks	10 354	42 724
Cash equivalents	91 986	65 412
Bank balances - Current accounts	203 275	240 384
Cash at hand	218	381
<b>Total</b>	<b>305 833</b>	<b>348 901</b>

Cash equivalents comprise invoices qualifying for sale under a factoring program as well as cheques received. The Group has a factoring program for receivables invoiced in the following countries: Belgium, France, Germany, Italy, Spain, The Netherlands and United Kingdom.

This program provides the Company the option to sell its receivables eligible for this program at any moment. Considering this option, the invoices qualifying for sale under the factoring program are readily convertible into known amounts of cash.

## 25. CAPITAL AND SHARE-BASED PAYMENTS

### Capital and reserves

The various components of capital and reserves and the changes therein from 31 December 2020 to 31 December 2021 are presented in the Consolidated Statement of Equity.

*In thousands of euros*

<b>Ordinary shares issued and fully paid</b>	<b>Number</b>	<b>Amount</b>
At 1 January 2020	470 170	25 000 000
Changes	-	-
At 31 December 2020	470 170	25 000 000
Changes	-	-
At 31 December 2021	470 170	25 000 000

### Share capital and share premium

The issued capital of the Company as per 31 December 2021 amounts to €25.0 million, represented by 470 170 fully paid ordinary shares without par value.

### Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign entities of the Company.

### Hedging reserves

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedge instruments related to hedged transactions that have not yet affected profit or loss.

## Reserve for treasury shares

At 31 December 2021 the Group held 35 314 (2020: 35 314) of the Company's shares. Throughout the year no new treasury shares were acquired.

*In thousands of euros*

Treasury shares	Number	Amount
At 1 January 2020 - restated	35 314	72 085
Changes	-	-
At 31 December 2020 - restated	35 314	72 085
Changes	-	-
At 31 December 2021	35 314	72 085

## Dividends

In March 2022 a dividend of €55 million (€117.20 per ordinary share) has been recommended by the Board of Directors, but has not yet been approved by the General Meeting of Shareholders of SCR-Sibelco NV. No interim dividend was paid out during 2021 nor during 2020.

The following dividends were declared and paid by the Group on the Company's shares, excluding dividends paid for treasury shares, for the year ended 31 December:

*In thousands of euros*

		2021	2020
<b>Final dividend</b>	117.20 per ordinary share for 2021 (106.00 per ordinary share for 2020)	<b>50 965</b>	<b>46 095</b>

## Share-based payments

The Group does not have any risks or obligations associated to share-based payment plans per 31st of December 2021.

restricted stock units ("RSUs") and nonqualified stock options ("Options" and, together with the RSUs, the "Awards").

Until the deconsolidation of Covia in June 2020, senior executives and directors of Covia were granted share options. They included

## 26. INTEREST-BEARING LOANS AND BORROWINGS

### A. INTEREST BEARING LOANS & BORROWINGS

<i>In thousands of euro</i>	<b>2021</b>	<b>2020</b>
Bank borrowings, non-current portion	17 142	11 803
Syndicated loans, non-current portion	28 571	57 143
<i>Amortizing Syndicated Loan at fixed rate</i>	14 286	28 571
<i>Amortizing Syndicated Loan at floating rate</i>	14 286	28 571
Other loans & borrowings	2 065	3 388
<b>Non-current</b>	<b>47 778</b>	<b>72 333</b>
Bank borrowings, current portion	11 750	12 982
Syndicated loans, current portion	28 571	28 571
<i>Amortizing Syndicated Loan at fixed rate</i>	14 286	14 286
<i>Amortizing Syndicated Loan at floating rate</i>	14 286	14 286
Other loans & borrowings	767	432
Bank overdrafts	1 067	2 415
<b>Current</b>	<b>42 155</b>	<b>44 400</b>
<b>Total</b>	<b>89 933</b>	<b>116 733</b>

#### Interest-bearing loans and borrowings

The Group has a €510 million Syndicated Revolver Credit Facility in place. This facility has a termination date in 2025 for €434 million out of the €510 million. The difference of €76 million matures in 2024. This facility contains financial covenants. The Group's financial covenants have been set to provide the Group with a very strong buffer in case

of further cash needs driven by working capital, Capex, acquisitions or pressure on its EBITDA. End of December 2021, the Group was well below any of these financial covenants.

At 31 December 2021, the Group had available €671 million of undrawn committed borrowing facilities.

### B. RECONCILIATION BETWEEN THE OPENING AND CLOSING BALANCES FOR LIABILITIES ARISING FROM FINANCING ACTIVITIES

<i>In thousands of euro</i>	<b>2020</b>	Non-cash changes				<b>2021</b>
		Cash flows	Acquisition /disposals	Foreign exchange translation	Foreign exchange revaluation in (profit) or loss	
Bank borrowings	24 785	(956)	3 654	-670	2 079	28 891
Syndicated loans	85 714	(28 571)	-	-	-	57 143
Lease obligations	64 020	(22 350)	25 115	1 633	1 942	70 358
Other loans & borrowings	3 819	(1 388)	347	-	65	2 844
Bank overdrafts	2 415	(1 457)	-	109	-	1 067
<b>Non-current</b>	<b>180 753</b>	<b>(54 724)</b>	<b>29 116</b>	<b>1 071</b>	<b>4 085</b>	<b>160 303</b>

The acquisitions in bank borrowings of €3.7 million is related to the borrowings of the newly acquired entity Solover SAS in France.

## C. TERMS AND DEBT REPAYMENT SCHEDULE

*In thousands of euro*

**2021**

**2020**

Bank loans	Nominal interest rate	Year of maturity	Face value	Carrying amount	Nominal interest rate	Year of maturity	Face value	Carrying amount
BRL	5.87%	2023	4 113	4 113	7.95%	2022	5 327	5 327
DKK	-	-	-	-	0.19%	2021	1 343	1 343
EUR	0.41%	2023	31 174	31 174	0.85%	2023	52 920	52 920
GBP	-	-	-	-	0.94%	2021	970	970
INR	9.40%	2022	4 650	4 650	7.81%	2021	3 681	3 681
MYR	3.07%	2022	2 927	2 927	1.78%	2021	1 401	1 401
NOK	0.80%	2022	29 048	29 048	0.99%	2021	22 819	22 819
RUB	8.60%	2022	9 034	9 034	8.06%	2021	4 534	4 534
SEK	-	-	-	-	0.92%	2021	6 565	6 565
THB	2.13%	2022	8 003	8 003	1.81%	2021	5 868	5 868
TRY	20.21%	2022	984	984	9.45%	2021	6 614	6 614
TWD	-	-	-	-	1.56%	2021	874	874
<b>Total</b>			<b>89 933</b>	<b>89 933</b>			<b>112 914</b>	<b>112 914</b>

*In thousands of euro*

	Face value	Carrying amount	Face value	Carrying amount
Loans with non-financial counterparties	-	-	3 819	3 819
Liabilities held for sale	-	-	-	-
Other	2 833	2 833	-	-
<b>Total</b>	<b>89 933</b>	<b>89 933</b>	<b>116 733</b>	<b>116 733</b>

## 27. EMPLOYEE BENEFITS

Sibelco Group companies maintain retirement and other long-term defined benefit plans in several countries in which the Group operates.

### Retirement plans

#### United Kingdom

The United Kingdom represents 67 percent of the obligations as per 31 December 2021. The Sibelco UK Final Salary Pension Scheme is closed to new entrants and future accruals. All previous active members of the Scheme entered a new defined contribution section of the Scheme from 1 January 2014, while all new employees hired since 1 January 2003 have been offered entry to a separate defined contribution plan. The Scheme is formally governed by a consolidated Trust deed and rules, which ensures the assets of the Scheme are segregated from those of the sponsoring employers. The Scheme has a statutory funding objective to ensure that it has sufficient and appropriate assets to cover its technical provisions (Pension Act 2004). Liabilities are exposed to interest rate risk, inflation risk and demographic risk (mortality, turnover). Assets are exposed to interest rate risk, market risk and credit risk. The Trustee has agreed that Scheme's defined benefit Section should have a strategic asset allocation.

The last completed triennial valuation as per 31 December 2019 was finalized in 2021. With the value of the UK Scheme's assets being less than the Trustee's technical provisions, a recovery plan has been agreed between the sponsoring companies and the Trustees of the Scheme to eliminate the difference by payment of additional "deficit" contributions. The aim is to eliminate the deficit by 31 December 2025 by making deficit contributions of £10.62 million in 2020, increasing by around 1.55 percent each first of January thereafter until and including 2022. Further deficit contributions are payable of £8.00 million in 2023, £6.09 million in 2024 and £6.15 million in 2025. This is in addition to a contribution towards the Scheme administration of £0.35 million per annum and to the Pension Protection Fund PPF levy premiums.

Closure to future accrual will limit future growth in the defined benefit obligation. Scheme designed trigger points will automatically switch growth assets to matching assets when their values have reached pre-agreed targets.

#### Europe (excluding the United Kingdom)

The plans in Europe (excluding the United Kingdom) represent overall 31 percent of the obligations as per 31 December 2021.

The main defined benefit plans are in the Netherlands, Germany and Sweden representing respectively 19 percent, 4 percent and 1 percent of the obligations as per 31 December 2021. The plans have been established in accordance with common practice and legal requirements. These are all retirement plans that generally provide a benefit related to years of service and rates of pay close to retirement. The plans in the Netherlands are insured and are closed for future

salary accruals and to new entrants. The plans in Germany are mainly closed unfunded book-reserved pension plans which cover active, deferred and retired members. The plan in Sweden refers to the so-called unfunded ITP2 defined benefit plan covering active, deferred and retired members.

The Belgian defined contribution pension plans are by law subject to minimum rates of return to be guaranteed by the employer. They have been reclassified as defined benefit plans in 2016. As from 1 January 2016, the minimum guaranteed rate of return on an annual basis is linked to the 24-month average of the Belgian government bond yields (OLO 10Y). Minimum rates can however not be lower than 1.75 percent and not be higher than 3.75 percent. For 2016 through 2020 the minimum guaranteed rate of return is 1.75 percent on employer and employee contributions. The previous rates (3.25 percent on employer contributions and 3.75 percent on employee contributions) continue to apply to the accumulated past contributions until 31 December 2015. The net liability equals €2.5 million as per 31 December 2021 (€2.5 million as per 31 December 2020).

Benefits in Italy, France, Poland, Turkey and Greece relate to the mandatory retirement benefits of the defined benefit type.

#### Asia & Australia

Australia represents 1 percent of the obligations as per 31 December 2021. The Australian defined benefit pension plan requires contributions to be made to a separately administered fund. There are only a small number of retired members participating to the plan.

The Group has a complementary funded retirement plan in Taiwan. The plan is closed for new entrants.

The reported liabilities for Thailand, India, Indonesia, Japan and Korea mainly relate to mandatory retirement benefits of the defined benefit type.

Liabilities in Asia account in total for 1 percent of the obligations as per 31 December 2021.

#### Termination benefits

The reported termination benefits are early retirement plans in Belgium.

#### Other long-term employee benefits

In 2011, the Board of Directors decided to set up long term incentive plans (LTI) for a selected number of key executives. Today the LTI plans of 2017, 2018, 2019, 2020 and 2021 are still in force with potential cash payments in future years based on the evolution of financial KPI's. At the end of 2021, the provision for all these plans has been estimated to be €15.3 million.

The other long-term benefit plans mainly relate to jubilee plans (4) in The Netherlands.

## Explanation of amounts in the financial statements

### Defined benefit liabilities

In thousands of euro

2021

2020

	Post-employment benefits	Termination benefits	Other	Total	Post-employment benefits	Termination benefits	Other	Total
Present value of funded obligations	418 931	-	-	418 931	425 124	-	-	425 124
Fair value of plan assets	(401 329)	-	-	(401 329)	(372 551)	-	-	(372 551)
<b>Present value of net funded obligations</b>	<b>17 602</b>	<b>-</b>	<b>-</b>	<b>17 602</b>	<b>52 573</b>	<b>-</b>	<b>-</b>	<b>52 573</b>
Present value of unfunded obligations	15 668	802	16 228	32 698	16 181	999	3 436	20 616
Reclassification liabilities held for sale	-	-	-	-	-	-	-	-
<b>Total defined benefit liabilities/(assets)</b>	<b>33 270</b>	<b>802</b>	<b>16 228</b>	<b>50 300</b>	<b>68 754</b>	<b>999</b>	<b>3 436</b>	<b>73 189</b>
Liabilities	46 292	802	16 228	63 322	68 754	999	3 436	73 189
(Assets)	(13 022)	-	-	(13 022)	-	-	-	-
<b>Net liability at 31 December</b>	<b>33 270</b>	<b>802</b>	<b>16 228</b>	<b>50 300</b>	<b>68 754</b>	<b>999</b>	<b>3 436</b>	<b>73 189</b>

### Movements in the net liability for defined benefit obligations recognised in the statement of financial position

In thousands of euro

2021

2020

	Post-employment benefits	Termination benefits	Other	Total	Post-employment benefits	Termination benefits	Other	Total
<b>At 1 January</b>	<b>68 755</b>	<b>998</b>	<b>3 436</b>	<b>73 189</b>	<b>125 464</b>	<b>965</b>	<b>5 605</b>	<b>132 034</b>
Contributions by employer	(18 880)	(198)	(736)	(19 814)	(17 758)	(224)	(498)	(18 480)
Expense (income) recognised in the statement of profit or loss	4 669	2	13 530	18 201	5 199	266	121	5 586
Remeasurements loss (gain) included in OCI	(21 980)	-	-	(21 980)	10 067	-	-	10 067
Business combinations, divestments	-	-	-	-	(50 925)	-	(1 367)	(52 292)
Other movements	(13)	-	-	(13)	395	(9)	(432)	(46)
Exchange differences	721	-	(1)	720	(3 687)	-	7	(3 680)
<b>At 31 December</b>	<b>33 272</b>	<b>802</b>	<b>16 229</b>	<b>50 303</b>	<b>68 755</b>	<b>998</b>	<b>3 436</b>	<b>73 189</b>

## Changes in the present value of the defined benefit obligations

In thousands of euro

2021

2020

Note	Post-employment benefits	Termination benefits	Other	Total	Post-employment benefits	Termination benefits	Other	Total
<b>At 1 January</b>	<b>441 346</b>	<b>998</b>	<b>3 582</b>	<b>445 926</b>	<b>624 577</b>	<b>942</b>	<b>5 751</b>	<b>631 270</b>
Service cost	3 611	10	13 513	17 134	4 937	14	219	5 170
Interest cost	4 919	(1)	12	4 930	9 883	(1)	15	9 897
Benefits paid	(14 135)	(198)	(736)	(15 069)	(28 048)	(224)	(498)	(28 770)
Actuarial losses (gains)	(21 099)	50	5	(21 044)	51 568	(56)	(73)	51 439
Past service cost	(98)	(57)	-	(155)	131	309	-	440
Losses (gains) on curtailments	-	-	-	-	(2 115)	-	(40)	(2 155)
Business combinations, divestments	-	-	-	-	(198 945)	-	(1 367)	(200 312)
Other movements	(54)	-	-	(54)	371	14	(432)	(47)
Exchange differences	20 109	-	(1)	20 108	(21 013)	-	7	(21 006)
<b>At 31 December</b>	<b>434 599</b>	<b>802</b>	<b>16 375</b>	<b>451 776</b>	<b>441 346</b>	<b>998</b>	<b>3 582</b>	<b>445 926</b>

Total DBO increased by €5.9 million, as a result of increase in other benefits partly offset by decrease in post-employment and termination benefits.

Increase in other benefits is due to the increase in service cost of which €13.4 million relates to long term incentive plans (LTI).

The decrease of the DBO on post-employment benefits is primarily due to the positive effect of the actuarial gains (€21 million) and the benefits paid (€14.1 million), partly offset by the interest cost and service cost during 2021 (€8.5 million) and the negative effect of exchange differences (€20.1 million), which mainly relates to the evolution in GBP currency.

### The specification of the actuarial gains and losses for 2021 is the following:

In thousands of euro

2021

2020

Experience adjustments	136	2 184
Changes in demographic assumptions	1 855	(2 857)
Changes financial assumptions	(23 034)	52 113
<b>Total</b>	<b>(21 043)</b>	<b>51 440</b>

Total actuarial gains and losses on the defined benefit obligations were €21 million, mainly arising from the change in financial assumptions (€23 million) primarily in the UK. These are

complemented by the total actuarial gains and losses on the fair value of plan assets (€ 0.9 million).

## Changes in the fair value of plan assets

In thousands of euro

2021

2020

	Note	Post-employment benefits	Termination benefits	Other	Total	Post-employment benefits	Termination benefits	Other	Total
<b>At 1 January</b>		<b>(372 592)</b>	<b>(1)</b>	<b>(146)</b>	<b>(372 739)</b>	<b>(499 113)</b>	<b>23</b>	<b>(146)</b>	<b>(499 236)</b>
Return on plan assets	13	(4 222)	-	-	(4 222)	(8 036)	-	-	(8 036)
Actuarial (gains) losses		(881)	-	-	(881)	(41 501)	-	-	(41 501)
Administration costs		459	-	-	459	526	-	-	526
Assets distributed on settlements		-	-	-	-	(127)	-	-	(127)
Contributions by employer and employee		(19 016)	(189)	(737)	(19 942)	(17 440)	(210)	(490)	(18 140)
Benefits paid		14 271	189	737	15 197	27 729	210	490	28 429
Business combinations, divestments		-	-	-	-	148 020	-	-	148 020
Other movements		41	-	-	41	24	(24)	-	-
Exchange differences		(19 388)	-	-	(19 388)	17 326	-	-	17 326
<b>At 31 December</b>		<b>(401 328)</b>	<b>(1)</b>	<b>(146)</b>	<b>(401 475)</b>	<b>(372 592)</b>	<b>(1)</b>	<b>(146)</b>	<b>(372 739)</b>

The increase of the plan assets on post-employment benefits is mainly due the real return on plan assets (€5.1 million), the contributions made (€19 million) and the positive effect of the exchange differences (€19.4 million; GBP evolution), partly offset by the benefits paid (€14.3 million).

## Expense recognised in profit or loss

In thousands of euro

2021

2020

	Note	Post-employment benefits	Termination benefits	Other	Total	Post-employment benefits	Termination benefits	Other	Total
Current service cost (net of employee contributions)	12	3 611	10	13 513	17 134	4 937	14	219	5 170
Administrative costs	12	459	-	-	459	526	-	-	526
Interest cost	13	4 919	(1)	12	4 930	9 883	(1)	15	9 897
Return on plan assets	13	(4 222)	-	-	(4 222)	(8 036)	-	-	(8 036)
Actuarial (gains) losses recognised in the period	12	N/A	50	5	55	N/A	(56)	(73)	(129)
Past service cost	12	(98)	(57)	-	(155)	131	309	-	440
(Gains) losses on curtailments & settlements	12	-	-	-	-	(2 242)	-	(40)	(2 282)
<b>Total</b>		<b>4 669</b>	<b>2</b>	<b>13 530</b>	<b>18 201</b>	<b>5 199</b>	<b>266</b>	<b>121</b>	<b>5 586</b>

## Comment on results post-employment benefits

During 2021, defined benefit obligations on post-employment benefits decreased and plan assets increased. Consequently our funded position, i.e. ratio of plan assets to defined benefit obligations, has significantly increased to 92 percent (2020: 84 percent).

## Expected benefit payments

<i>In thousands of euros</i>	Post-employment benefits	Termination benefits	Other	Total
Expected benefit payments due within 1 year	15 163	174	541	15 879
Expected benefit payments due between 2-5 years	64 360	597	15 247	80 203
Expected benefit payments due between 6-10 years	91 032	97	387	91 516

## Disaggregation fair values plan assets

The average weighing of the assets by the various asset categories are shown below (71 percent of the assets are quoted):

	2021	2020
Government bonds	0.16%	0.15%
Equity	7.55%	5.35%
Cash	0.31%	2.44%
Property	0.07%	0.07%
Insurance contracts	23.13%	25.66%
Other	68.77%	66.32%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

In the plan assets there are no own equity instruments and no property used by the Group. The real return on assets over 2021 amounts to €5.1 million or 1.4 percent (2020: €49.5 million or 9.9 percent).

## Significant actuarial assumptions

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2021	2020
Discount rate	1.67%	1.08%
Rate of salary increases	3.03%	2.67%
Inflation rate	2.70%	2.10%
Pension increase rate	2.67%	2.78%

The discount rate, the rate of salary increases and the inflation rate are weighted by the defined benefit obligation, and the pension increase rate is weighted by the defined benefit obligation of the plans paying pensions rather than lump sums on retirement.

The best estimate of the employer contributions which the Group expects to pay for 2022 amounts to €18 million (2021: €17.4 million).

The average duration of the defined benefit plan obligation at the end of the reporting period is 16 years (2020: 16 years).

### Sensitivity analysis

A 0.25 percent change in the actuarial assumptions would have the following effects:

<i>In thousands of euro</i>	2021		2020	
	25 basis points increase	25 basis points decrease	25 basis points increase	25 basis points decrease
<b>Discount rate</b>				
Effect on the aggregate of the service cost and finance cost increase/(decrease)	(628)	683	(727)	787
Effect on the defined benefit obligation increase/(decrease)	(16514)	17616	(17293)	18472
<b>Inflation rate</b>				
Effect on the aggregate of the service cost and finance cost increase/(decrease)	(170)	169	(240)	226
Effect on the defined benefit obligation increase/(decrease)	9072	(8991)	10088	(9802)

The sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the

projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

## 28. PROVISIONS

<i>In thousands of euro</i>	Note	Warranties and onerous contracts	Restructuring plans	Site restoration and plant demolition	Penalties, legal claims and other	2021	2020
<b>Balance at 1 January</b>		<b>253</b>	<b>8036</b>	<b>281 413</b>	<b>14 384</b>	<b>304 086</b>	<b>396 606</b>
<b>Movements through P&amp;L</b>		<b>(196)</b>	<b>26 063</b>	<b>1 502</b>	<b>(1 077)</b>	<b>26 292</b>	<b>19 915</b>
Additional provision	8, 9, 10	35	29 409	3 487	3 637	36 568	20 629
Unused amounts reversed	8, 9, 10	(231)	(3 347)	(8 583)	(4 814)	(16 975)	(15 564)
Revisions due to change of discount rate and inflation rate	13	-	-	(568)	100	(468)	7 270
Unwinding of the discount rate	13	-	-	7 167	-	7 167	7 581
<b>Other movements</b>		<b>12</b>	<b>(3 696)</b>	<b>(12 351)</b>	<b>(979)</b>	<b>(17 013)</b>	<b>(112 436)</b>
Business combinations	3	-	-	272	133	406	114
Disposals		-	-	-	-	-	(92 466)
Additional provision (variation of the asset component)	16	-	-	1 640	-	1 640	39 314
Provision used during the period		-	(3 795)	(14 860)	(1 332)	(19 987)	(45 424)
Exchange difference		12	99	2 973	(38)	3 047	(8 230)
Transfers		-	-	279	258	537	(2 623)
Reclassification liabilities held for sale	11	-	-	(2 656)	-	(2 656)	(3 121)
<b>Balance at 31 December</b>		<b>69</b>	<b>30 403</b>	<b>270 564</b>	<b>12 328</b>	<b>313 364</b>	<b>304 086</b>
Current		-	27 695	21 033	10 430	59 158	41 220
Non-current		69	2 709	249 530	1 898	254 205	262 866

### Restructuring plans

The increase in provisions for restructuring plans for €29.4 million mainly relates to the implementation of the Sibelco 2025, which was announced in November 2021 and mainly includes severance and outplacement payments. The proposed changes could lead to up to 600 redundancies globally by the end of 2022. – see note 10 Other operating expenses.

### Site restoration and plant demolition

The Group is subject to numerous environmental requirements in various countries in which it operates, including restoration and clean-up of its quarries and demolition of its plants. In order to comply with regulations, the Group has made significant expenditure and has set up provisions.

The obligation to restore the environment or dismantle an asset is provided in full at the time of the start of the operations. When the provision arises on initial recognition of an asset, the corresponding

debit is treated as part of the cost of the related asset and is not recognised immediately in profit or loss but gradually through the depreciation of the related asset. Changes in the estimate of the provision generally are adjusted against the carrying amount of the asset.

Due to the long-term nature of the liability, the biggest uncertainties in estimating the provision are the costs that will be incurred. The provision is measured at the best estimate of costs to be incurred. This takes the time value of money into account, if material. The best estimate typically will be based on the single most likely cost of mine closure and takes uncertainties into account in either the cash flows or the discount rate used in measuring the provision.

In particular, the Group has assumed that its quarries will be restored using technology and materials that are currently available. The corresponding provisions have been calculated taking into account future price increases and discount factors.

## 2021

	Currency	Discount rates 10Y	Inflation rates
Australia	AUD	3.23	2.06
Belgium	EUR	1.86	1.82
Brazil	BRL	10.06	3.50
Canada	CAD	3.02	2.01
Finland	EUR	1.77	1.72
France	EUR	1.87	1.46
Germany	EUR	1.59	1.97
Italy	EUR	2.76	1.10
Malaysia	MYR	4.91	2.00
Mexico	MXN	8.09	3.09
The Netherlands	EUR	1.69	1.63
Norway	NOK	3.08	2.08
Portugal	EUR	2.25	1.28
Russia	RUB	8.52	3.87
Spain	EUR	2.28	1.53
Sweden	SEK	2.15	1.68
Turkey	TRY	16.51	11.33
United Kingdom	GBP	2.48	1.98
Ukraine	UAH	14.63	5.59
United States	USD	3.15	2.38

There are many complexities in calculating an estimate of the expenditure to be incurred. Technological advances may reduce the ultimate cost of mine closure and may also affect the timing by extending the existing expected recoveries from the reserves. The estimate is updated at each reporting date.

Our active and inactive managed facilities are required to have closure plans. As from 2015, detailed closure planning requirements were introduced through our Closure Plan Policy, with each asset required to develop a closure plan as part of their life of asset plan. In addition, a new sustainability process was implemented focusing on closure planning, cost estimation and closure objectives at operating assets. Integrating closure planning in the early stages of project development and through an asset's lifecycle helps us to leave a positive legacy of sustainable development, minimize financial impacts and ensure stakeholder expectations are met. Closure plans provide the basis for estimating the financial costs of closure and the associated accounting closure and rehabilitation provisions.

Closure plans are reviewed at the following frequency:

- ◆ Every 5 years, or;
- ◆ When significant changes occur:
  - in the operation,
  - in local regulatory requirements or constructive obligations,
  - In stakeholder interests or the local environment that:
    - jeopardize the Group's long term viability (expected lifetime of the operation), or
    - risk renewal or prolongation of necessary permits and rights to exploit, or;
- ◆ Every year when the operation has an expected lifetime of less than 5 years.

During 2021, the best estimates of the closure plans were reviewed and adjusted, resulting in an addition to the provision of €3.5 million in the income statement, an addition to the asset component of €1.6 million and a release of the provision of €8.6 million. The main impacts for these additions and releases were both in Australia, as the Group is closing its activities there, and in Europe. The unwinding and change of the discount rate and inflation rate are both a non-cash

impact on the provision of €7.1 million and €0.6 million respectively, spread over several entities of the Sibelco Group. The use of the provision site restoration and plant demolition, for €14.9 million, was mainly situated in Europe and Australia.

### Contingencies

The group has different contingencies. These are described under note 34 *Contingencies*.

### Penalties, legal claims and other

Provisions for penalties, legal and other claims are mainly related to Europe and South America. It includes the additions of €3.6 million which mainly relates to provisions of emission rights in Belgium. During 2021 the Group has released several provisions for a total of €4.8 million, consisting of various claims and litigations mainly in Europe.

## 29. TRADE AND OTHER PAYABLES

### Non-current trade and other payables

<i>In thousands of euro</i>	Note	2021	2020
Deferred consideration on acquisitions		-	167
Other payables		-	395
<b>Trade and other payables - Non-current</b>	<b>31</b>	<b>-</b>	<b>562</b>

### Current trade and other payables

<i>In thousands of euro</i>	Note	2021	2020
Trade payables		209884	165000
Unearned revenues and advances		3731	3233
Other payables		66824	54824
Interest payable		100	70
Non-income tax payables		25035	18714
Accrued liabilities		29420	18487
<b>Trade and other payables - Current</b>	<b>31</b>	<b>334993</b>	<b>260328</b>

## 30. OTHER CURRENT AND NON-CURRENT LIABILITIES

### Other non-current liabilities

<i>In thousands of euro</i>	Note	2021	2020
Cash flow hedge, negative fair value	31	21	-
<b>Derivative financial instruments</b>		<b>21</b>	<b>-</b>
Government grants		3 173	1 499
Other		27	1 230
<b>Other liabilities - Non-current</b>		<b>3 222</b>	<b>2 729</b>

Other non-current liabilities of the Group were €3.2 million, compared to €2.7 million in 2020. The increase is mainly due to government grants for our new recycling facility in Genk, Belgium.

### Other current liabilities

<i>In thousands of euro</i>	Note	2021	2020
Other, negative fair value	31	1 101	798
<b>Derivative financial instruments</b>		<b>1 101</b>	<b>798</b>
Other		5 447	1 231
<b>Other liabilities - Current</b>		<b>6 548</b>	<b>2 028</b>

Other current liabilities of the Group were €6.5 million (2020: €2.0 million) and mainly consist of fair value derivatives for hedging

operational risk and a downpayment for the asset held for sale in Indonesia.

## 31. FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments to hedge the exposure to fluctuations in foreign exchange rates and interest rates. Some hedges qualify for hedge accounting, others are treated as 'free-standing instruments held for trading' for hedging financial assets and liabilities in foreign currencies compliant with the Group's FX policy.

The Group has decided to fix the interest rate for a significant portion of its debt. Following this decision, the interest rate risk is hedged by means of interest rate swaps for which cash flow hedge accounting is applied.

### Credit risk

#### Exposure to credit risk

At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

#### Impairment losses

The Group applies an allowance percentage on specific buckets in order to determine the total impairment loss on the trade receivables. The used percentages are 1 percent for receivables not past due; 3 percent for receivables past due 0 - 90 days; 50 percent for past due 91 - one year and 100 percent for receivables for more than one year. These are determined based on an Expected Credit Loss (ECL) model

which incorporates historic data and takes Covid-19 effects into account. The ageing of trade receivables at the reporting date was:

<i>In thousands of euro</i>	Note	2021		2020	
		Gross	Impairment	Gross	Impairment
Not past due		286 850	3 039	236 270	3 854
Past due 0 - 90 days		31 294	966	21 321	654
Past due 91 days - 1 year		2 698	1 489	1 587	1 210
More than 1 year		4 588	4 588	6 005	6 005
<b>Trade receivables</b>	23	<b>325 430</b>	<b>10 082</b>	<b>265 183</b>	<b>11 724</b>

The Group believes that, apart from the above, no additional impairment allowance is necessary in respect of trade receivables not past due.

The movement in the allowance for impairment in respect of trade receivables during the period was as follows:

<i>In thousands of euro</i>	Note	2021	2020
<b>Balance at 1 January</b>		<b>11 724</b>	<b>15 735</b>
Impairment loss recognised	8	(770)	4 994
Allowances used during the period		(858)	(2 502)
Exchange differences		(20)	(475)
Reclassification assets held for sale		-	61
Scope changes		7	(6 090)
<b>Balance at 31 December</b>	23	<b>10 082</b>	<b>11 724</b>

Total impairment loss reversed was €0.8 million, of which €0.1 million expensed as SG&A, €0.1 million as cost of sales (production expenses) and €1 million relates to a release in other operating - see note 8 *Detailed information on revenue, cost of sales and SG&A*.

## Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

**2021**

<i>In thousands of euro</i>	Note	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>						
Bank borrowings	26	28 891	(28 891)	(10 902)	(17 989)	-
Amortizing syndicated loan	26	57 143	(57 443)	(28 801)	(28 642)	-
Lease obligations	26	70 358	(74 937)	(19 118)	(43 195)	(12 625)
Other loans & borrowings	26	2 832	(2 832)	(767)	(2 065)	-
Bank overdrafts	26	1 067	(1 067)	(1 067)	-	-
<b>Total</b>		<b>160 291</b>	<b>(165 170)</b>	<b>(60 654)</b>	<b>(91 891)</b>	<b>(12 625)</b>
<b>Derivative financial liabilities</b>						
Interest rate swaps - hedge accounting	30	21	(21)	-	(21)	-
Other forward exchange contracts - no hedge accounting	30	1 101	(1 361)	(1 361)	-	-
Outflow		-	(88 226)	(88 226)	-	-
Inflow		-	86 865	86 865	-	-
<b>Total</b>		<b>1 123</b>	<b>(1 382)</b>	<b>(1 361)</b>	<b>(21)</b>	<b>-</b>
<b>Other financial liabilities</b>						
Trade and other payables	29	334 993	(334 993)	(334 993)	-	-
<b>Total</b>		<b>334 993</b>	<b>(334 993)</b>	<b>(334 993)</b>	<b>-</b>	<b>-</b>

**2020**

<i>In thousands of euro</i>	Note	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>						
Bank borrowings	26	24 785	(24 785)	(10 868)	(13 917)	-
Amortizing syndicated loan	26	85 714	(86 339)	(28 960)	(57 378)	-
Lease obligations	26	64 020	68 819	(18 142)	(30 470)	(20 207)
Other loans & borrowings	26	3 819	(3 797)	(401)	(3 396)	-
Bank overdrafts	26	2 415	(2 415)	(2 415)	-	-
<b>Total</b>		<b>180 753</b>	<b>(48 517)</b>	<b>(60 785)</b>	<b>(105 162)</b>	<b>(20 207)</b>
<b>Derivative financial liabilities</b>						
Other forward exchange contracts - no hedge accounting	30	798	(750)	(750)	-	-
Outflow		-	(33 258)	(33 258)	-	-
Inflow		-	32 508	32 508	-	-
<b>Total</b>		<b>798</b>	<b>(750)</b>	<b>(750)</b>	<b>-</b>	<b>-</b>
<b>Other financial liabilities</b>						
Trade and other payables	29	266 289	(266 289)	(265 727)	(562)	-
<b>Total</b>		<b>266 289</b>	<b>(266 289)</b>	<b>(265 727)</b>	<b>(562)</b>	<b>-</b>

The following table indicates the period in which the cash flows associated with derivatives that are cash flow hedges are expected to occur. They will be recycled through profit or loss in the same periods:

							<b>2021</b>
<i>In thousands of euro</i>	Note	Carrying amount	Expected cash flows	Less than 1 year	1-5 years	More than 5 years	
<b>IRS and forward-exchange contracts</b>							
Assets - forward exchange contracts	19	1.455	-	-	1.455	-	
Liabilities - IRS	30	21	-	-	21	-	
<b>Total</b>		<b>1.476</b>	<b>-</b>	<b>-</b>	<b>1.476</b>	<b>-</b>	

  

							<b>2020</b>
<i>In thousands of euro</i>	Note	Carrying amount	Expected cash flows	Less than 1 year	1-5 years	More than 5 years	
<b>IRS and forward-exchange contracts</b>							
Assets - forward exchange contracts	19	-	-	-	-	-	
Liabilities - IRS	30	-	-	-	-	-	
<b>Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

In December 2021 the Group introduced new interest rate swaps to hedge the interest rate risk on the highly probable forecasted bond issue for an aggregate nominal amount of approximately €300 million. The Group designated these interest rate swaps as cash flow hedges. Therefore the changes in fair value of these interest rate swaps will be presented within other comprehensive income for the effective part of the cash flow hedge. Following the bond issuance, the amounts accumulated in equity will be reclassified to profit or loss, on a linear basis, in the same period during which the hedged expected future cash flows affect profit or loss (i.e. the lifetime of the bond), adjusting interest expense. The Sibelco Group is exposed to interest rate risk (the yield variability of the forecast fixed interest bond issuance caused by the fluctuation of the long term interest rate) for the period between the start of the bonds issuance process and the effective issuance. These interest rate swaps will hedge this interest rate risk with a hedge ratio of 1:1 on a current notional basis.

## Currency risk

### Exposure to currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currency of the Group entities, primarily the US Dollar (USD), the euro (EUR), the British Pound (GBP) but also the Australian Dollar (AUD). The currencies in which these transactions primarily are denominated are EUR and USD.

The Group uses forward exchange contracts to hedge the foreign exchange risk compliant with the policy as detailed under 'Financial risk management' – see note 2 *Financial risk management*.

The Group's exposure to foreign currency risk was as follows based on notional amounts:

## Sensitivity analysis

<i>In thousands of EUR</i>	2021					2020				
	EUR	USD	GBP	AUD	Other	EUR	USD	GBP	AUD	Other
<b>Transactional Exposure</b>										
Trade, other receivables and Cash & Cash Equivalents	26 080	4 083	(36 652)	(83 266)	-	15 718	30 823	(123 832)	(38 403)	(2 884)
Interest bearing loans and borrowings	(4 819)	1 871	39 165	-	-	(4 939)	1 053	124 356	-	49 538
Trade and Other Payables	(29 788)	(37 332)	(104)	69	-	(17 784)	(19 859)	(309)	(31)	(3 571)
<b>Gross Exposure</b>	<b>(8 527)</b>	<b>(31 378)</b>	<b>2 409</b>	<b>(83 198)</b>	<b>-</b>	<b>(7 006)</b>	<b>12 016</b>	<b>215</b>	<b>(38 434)</b>	<b>43 082</b>
Forward Exchange Contracts	8 698	31 085	(1 289)	78 089	-	1 414	7 130	-	38 186	(46 355)
<b>Total</b>	<b>170</b>	<b>(294)</b>	<b>1 120</b>	<b>(5 109)</b>	<b>-</b>	<b>(5 592)</b>	<b>19 146</b>	<b>215</b>	<b>(248)</b>	<b>(3 273)</b>
<b>Economical Exposure</b>										
Estimated Forecasted sales/receivables	-	-	-	-	10 567	-	-	-	-	7 097
Estimated Purchases	-	-	-	-	-	-	(12 224)	-	-	-
<b>Gross Exposure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10 567</b>	<b>-</b>	<b>(12 224)</b>	<b>-</b>	<b>-</b>	<b>7 097</b>
Forward Exchange Contracts	-	-	-	-	(10 567)	-	12 224	-	-	(7 097)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

A 10 percent change of the euro against the other currencies at 31 December would have an insignificant impact on the hedge reserve included in equity nor on net profit (economical exposure), (2019: no risks on equity nor on net profit).

### Interest rate risk

The Group has 29% of its debt at Fixed rate. The floating part is mainly influenced by changes in the Euribor 3 months. A shift in interest rate of 1 percent has an impact of €0.6 million on interest result.

## Fair values

### Fair values versus carrying amounts

The fair values together with the carrying amounts shown in the statement of financial position are as follows:

<i>In thousands of EUR</i>	Note	Carrying amount 2021	Fair value 2021 Level 2	Carrying amount 2020	Fair value 2020 Level 2
<b>Fixed rate financial liabilities :</b>					
Non-current	26	(14 286)	(14 286)	(28 571)	(28 571)
Current	26	(14 286)	(14 286)	(14 286)	(14 286)
<b>Floating rate financial liabilities:</b>					
Non-current	26	(14 286)	(14 286)	(28 571)	(28 571)
Current	26	(14 286)	(14 286)	(14 286)	(14 286)
<b>Interest rate swaps:</b>					
Assets		1 455	1 455	-	-
Liabilities	30	(21)	(21)	-	-
<b>Forward exchange contracts:</b>					
Assets - hedge net financial position	19	906	906	824	824
Assets - hedge transactional and economical exposure	19	20	20	708	708
Liabilities - hedge net financial position	30	(1 050)	(1 050)	(798)	(798)
Liabilities - hedge transactional and economical exposure	30	(52)	(52)	-	-
<b>Total</b>		<b>(55 884)</b>	<b>(55 884)</b>	<b>(84 980)</b>	<b>(84 980)</b>

### Hierarchy and determination of fair values

All above fair values have a Level 2 nature, meaning that inputs used for measurement are other than quoted prices within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

The fair value of forward exchange contracts is determined using money market interest rates and the foreign exchange spot rates at the balance sheet date.

The fair value of interest rate swaps and cross currency interest rate swaps are calculated as the net present value of the future cash flows.

In the context of IFRS 13, the Group has made an assessment of non-performance risk in respect of derivatives. The Group assessed that no value adjustments are required, taken into account the financial strength of the counterparties (investment grade and the short term nature of the current portfolio).

For the valuation and testing of derivative financial instruments for which hedge accounting is applied, the Group is using a fair value model which meets the IFRS requirements regarding hedge effectiveness testing. For hedge effectiveness testing the dollar-offset method is applied.

## 32. LEASES

Per 31 December 2021, the Group leases mainly operating equipment, buildings, warehouses and cars under a number of lease agreements.

Until the end of June 2020, the Group also leased a large portion of railway equipment by its former subsidiary Covia Holdings Corporation. Following the deconsolidation of Covia Holdings Corporation on the 29<sup>th</sup> of June 2020 the majority of this railway

equipment was derecognized in 2020 for an amount of €131.3 million on right-of-use assets and for an amount of €274.0 million of lease liabilities.

The Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

### I. Right-of-use assets:

<i>In thousands of euro</i>	Note	Land and buildings	Processing equipment	Intangible assets	2021	2020
<b>Balance at end of previous period as reported</b>		<b>30025</b>	<b>33830</b>	<b>69</b>	<b>63924</b>	<b>204956</b>
Additions		4613	12512	-	17125	23892
Business Combinations	3	5456	53	-	5509	-
Lease remeasurements		886	1609	-	2496	(701)
Disposals		-	-	-	-	(131283)
Transfers		-	-	-	-	-
Exchange differences		577	1127	5	1708	(2093)
Other		-	-	-	-	(9)
Depreciation expense		(7799)	(13757)	(20)	(21576)	(27814)
Impairment expense		-	-	-	-	(3024)
<b>Balance at end of period as reported</b>		<b>33758</b>	<b>35374</b>	<b>53</b>	<b>69186</b>	<b>63924</b>

The Business Combinations mainly relate to the right-of-use assets that were acquired in the UK related to the acquisition of the

businesses in Newhouse, Sheffield and Peterborough. - see note 3 Business Combinations.

### II. Lease obligations:

<i>In thousands of euro</i>	Note	2021	2020
<b>Balance at end of previous period as reported</b>		<b>64020</b>	<b>366272</b>
Additions		17125	23892
Business Combinations		5509	-
Accretion of interest	13	1942	10130
Payments		(22350)	(59329)
Lease remeasurements		2480	(707)
Disposals		-	(273972)
Exchange differences		1633	(2221)
Other		-	(44)
<b>Balance at end of period as reported</b>		<b>70358</b>	<b>64020</b>
Non-current		50928	46281
Current		19430	17738

The business combinations of €5.5 million in 2021 relate to the acquisition of businesses in the UK in Newhouse, Sheffield and Peterborough.

The disposals in 2020 mainly relate to the derecognition of lease liabilities following the deconsolidation of Covia.

### III. Lease expenses:

<i>In thousands of euro</i>	Note	2021	2020
Depreciation expense of right-of-use assets PPE		21 556	27 787
Amortisation expense of right-of-use assets intangible assets		20	28
Impairment expense on right-of-use assets		-	3 024
Interest expense on lease liabilities	13	1 942	10 130
Expense relating to short-term leases (included in cost of sales)		5 993	11 128
Expense relating to short-term leases (included in SG&A expenses)		189	592
Expense relating to leases of low-value assets		570	922
Variable lease payments		1 823	3 146
<b>Total amount recognised in profit or loss</b>		<b>32 093</b>	<b>56 757</b>

Depreciation expenses in 2021 were €21.6 million (€27.8 million in 2020). The decrease versus last year results from the 6 months of Covia depreciations that were still included in the 2020 Group profit or loss.

In 2021, the Group recognised an expense of €32.1 million in profit or loss in respect of leases (€56.8 million in 2020). The variable lease payments are in relation to warehouse lease contracts where the Group can use flexible storage spaces and the contract does not define an underlying asset. The rented storage space always matches the needs of the Group.

## 33. COMMITMENTS

### Capital Commitments

At 31 December 2021, the Group had commitments relating to property, plant and equipment (mainly assets under construction) and intangible assets amounting to €7.1 million (2020: €15.3 million), all of which in Europe.

On the 13th of December 2021, the Group signed a sales purchase agreement with the Echave family to acquire 100% of the shares of Echasa S.A., a family-owned mining company active in silica and limestone, both extracted from the Laminoria quarry located in the Basque region (Northern Spain). Closing is expected to take place in first half of 2022.

## 34. CONTINGENCIES

In November 2021, Sibelco received a summons from one of its shareholders requesting the Antwerp court to appoint an expert to examine the merger of Fairmount Santrol and Unimin in 2017 and 2018. Sibelco is of the opinion that the legal conditions for such expert

appointment are not satisfied. As has been repeatedly communicated, the merger was based on sound industrial logic and was prepared in a professional and diligent manner by management and approved at the time at all stages by the board of directors of Sibelco. Sibelco will

pursue the matter through the relevant legal channels and has so far in written submissions, invoked a series of arguments why the claim should be dismissed.

On 22 December 2021, the same parties introduced a claim against certain directors of the Company before the Antwerp Business Court

and in this dispute Sibelco is also involved as a party because the claim is actually introduced on behalf of the Company.

Sibelco will continue to defend both cases in court.

## 35. RELATED PARTIES

### Identity of related parties

The Group has a related party relationship with its subsidiaries – see note 39 *Group entities*, equity accounted investees – see note 18 *Equity accounted investees* and with its directors and executive officers.

### Transactions with equity accounted investees

All outstanding balances with these related parties are priced at arm's length basis.

## 2021

<i>In thousands of euro</i>	Sales to related parties	Purchases from related parties	Other income from related parties	Other expenses to related parties	Amounts owed by related parties	Amounts owed to related parties	Granted loans to related parties	Dividends received from related parties
Glassflake Ltd	59	1	-	-	12	-	-	53
Maffei Sarda Silicati SRL	-	-	65	-	609	-	544	-
Ficarex SRO	-	-	-	-	-	-	-	1 154
Sklopisek Strelec AS	4	-	-	-	-	-	-	-
Dansand A/S	206	198	-	-	2	6	-	-
Recyverre	-	119	308	-	36	-	-	-
<b>Total</b>	<b>268</b>	<b>317</b>	<b>373</b>		<b>659</b>	<b>6</b>	<b>544</b>	<b>1 207</b>

## 2020

<i>In thousands of euro</i>	Sales to related parties	Purchases from related parties	Other income from related parties	Other expenses to related parties	Amounts owed by related parties	Amounts owed to related parties	Granted loans to related parties	Dividends received from related parties
Glassflake Ltd	66	2	-	-	10	-	-	79
Maffei Sarda Silicati SRL	-	-	27	-	611	-	544	349
Ficarex SRO	-	-	-	-	-	-	-	1 153
Sklopisek Strelec AS	-	-	-	-	-	-	-	-
Dansand A/S	123	166	-	-	4	14	-	2 344
Recyverre	198	1 536	-	-	1 421	161	-	-
<b>Total</b>	<b>387</b>	<b>1 704</b>	<b>27</b>		<b>2 046</b>	<b>175</b>	<b>544</b>	<b>3 926</b>

The Group has outstanding loans to associates for an amount of €0.5 million – see note 19 *Financial assets* and has received dividends from

its associates for a total amount of €1.2 million – see note 18 *Equity accounted investees*.

### Transactions with key management personnel

The total remuneration expense recognised in profit or loss in relation to the members of the Board of Directors and to the Executive Committee amounts to €9.2 million in 2021 (2020: €5.9 million), including bonus and accruals for long term incentives to be potentially

paid over the next years – see note 27 *Employee Benefits* – for the members of the Executive Committee, but excluding short term bonus payments over performance year 2021. None of key management personnel are granted share options or share based payments.

## 36. EXCHANGE RATES

The following exchange rates have been used in preparing the financial statements:

	Closing rate		Average rate	
	2021	2020	2021	2020
<i>1 euro equals :</i>				
AUD	1.5615	1.5896	1.5749	1.6551
BRL	6.3101	6.3735	6.3771	5.8931
CNY	7.1947	8.0225	7.6272	7.8734
CZK	24.8580	26.2420	25.6385	26.4549
DKK	7.4364	7.4409	7.4370	7.4542
EGP	17.7365	19.2532	18.5085	18.0066
GBP	0.8403	0.8990	0.8595	0.8896
HKD	8.8333	9.5142	9.1923	8.8588
IDR	16 100.4200	17 308.2460	16 919.8620	16 628.9866
INR	84.2292	89.6605	87.4340	84.6276
JPY	130.3800	126.4900	129.8911	121.8480
KRW	1 346.3800	1 336.0000	1 354.0942	1 345.3444
MYR	4.7184	4.9340	4.9015	4.7953
NOK	9.9888	10.4703	10.1627	10.7229
PLN	4.5969	4.5597	4.5653	4.4432
RUB	85.3004	91.4671	87.1374	82.7421
SEK	10.2503	10.0343	10.1467	10.4853
THB	37.6530	36.7270	37.8420	35.7074
TRY	15.2335	9.1131	10.5182	8.0566
TWD	31.3866	34.4508	33.0266	33.5860
UAH	30.9226	34.7396	32.3009	30.8013
USD	1.1326	1.2271	1.1826	1.1422

## 37. SUBSEQUENT EVENTS

Sibelco is following closely the developments in the conflict between Russia and Ukraine as it has several quarries and production sites in both countries. The military operations in Ukraine and the resulting economic sanctions against the Russian Federation are severely disrupting Sibelco's ability to operate these entities. In 2021, the

Group's operations in Ukraine and Russia contributed EUR 140.6 million to the Group's revenue. The contribution in the group total assets was €115.3 million at year-end for both countries. (€63.3 million and €52 million for Ukraine and Russia respectively).

Contribution of:	<b>UKRAINE</b>	<b>RUSSIA</b>
<i>In thousands of euro</i>		
Net non-current assets	39 732	28 711
Inventory	8 263	9 316
Trade receivables	2 682	4 042
Other receivables	8 096	3 189
Current tax assets	16	305
Cash	4 489	6 403
<b>Total assets</b>	<b>63 279</b>	<b>51 966</b>

The accounting impact (including impairments, CTA impacts and control assessments) will be continuously reassessed in 2022 based on continued geopolitical developments.

## 38. INFORMATION ON THE AUDITOR'S ASSIGNMENTS AND RELATED FEES

The worldwide audit and other fees in respect of services provided by EY and its network can be detailed as follows:

<i>In thousands of euro</i>	Note	<b>2021</b>	<b>2020</b>
Total audit fees for SCR-Sibelco N.V. and its subsidiaries		1 872	1 860
Other audit-related services		146	31
Tax		91	100
<b>Total</b>		<b>2 109</b>	<b>1 991</b>

## 39. GROUP ENTITIES

### Control of the Group

The Group's ultimate parent company is SCR-Sibelco N.V., Antwerp / Belgium.

Consolidated companies, December 31, 2021	Registered seat/location	Effective interest %
<b>Australia</b>		
Rutile Pty Ltd Consolidated	North Sydney (AU)	100.00%
Sibelco Asia Pacific Pty Ltd	North Sydney (AU)	100.00%
Sibelco Australia Pty Ltd	North Sydney (AU)	100.00%
Stradbroke Rutile Pty Ltd	North Sydney (AU)	100.00%
<b>Belgium</b>		
Act&Sorb BV	Houthalen-Helchteren (BE)	24.00%
Cofisa NV	Antwerpen (BE)	100.00%
High 5 Recycling Group NV	Antwerpen (BE)	50.00%
Limburgse Berggrinduitbating NV	Antwerpen (BE)	100.00%
Minérale SA	Lodelinsart (BE)	50.00%
NZM Grit NV	Dessel (BE)	100.00%
NZM NV	Dessel (BE)	100.00%
Sablères de Mettet SA	Mettet (BE)	100.00%
Silfin NV	Antwerpen (BE)	100.00%
<b>Brazil</b>		
Jundu Nordeste Mineracao Ltda	Descalvado (BR)	50.00%
Mineração Jundu Ltda	Descalvado (BR)	50.00%
Portsmouth Participações Ltda	Descalvado (BR)	50.00%
Tansan Industria Quimica Ltda	Pedra de Indaia (BR)	100.00%
Unimin do Brasil Ltda	Barueri (BR)	100.00%
Unimin Mineração	Barueri (BR)	100.00%
<b>China</b>		
Sibelco Changsu Minerals Co Ltd	Suzhou City (CN)	100.00%
Sibelco Shanghai Minerals Trading Co Ltd	Shanghai (CN)	100.00%
<b>Czech Republic</b>		
Kaolin Hlubany AS	Podborany (CZ)	100.00%
<b>Denmark</b>		
Sibelco Nordic A/S	Rønne (DK)	100.00%
<b>Egypt</b>		
Sibelco Egypt JSC	Cairo (EG)	100.00%
<b>Finland</b>		
Kalke Oy AB	Vihiti (FI)	100.00%
Sibelco Nordic OY AB	Nummela (FI)	100.00%
Vectori-South Oy AB	Espoo (FI)	100.00%

<b>France</b>		
CERES SCEA	Paris (FR)	100.00%
Sibelco France SAS	Paris (FR)	100.00%
Sibelco Green Solutions SAS	Crouy (FR)	100.00%
Solover	Saint-Romain-le-Puy (FR)	100.00%
<b>Georgia</b>		
Georgian Minerals Ltd	Tbilisi (GE)	80.00%
<b>Germany</b>		
Sibelco Deutschland GmbH	Ransbach-Baumbach (DE)	100.00%
Sibelco Minerals GmbH	Ransbach-Baumbach (DE)	100.00%
<b>Greece</b>		
Sibelco Hellas Mining SA	Thessaloniki (GR)	100.00%
<b>India</b>		
Adarsh India Mining Pvt Ltd	Hyderabad (IN)	100.00%
Sibelco India Minerals Pvt Ltd	Hyderabad (IN)	100.00%
<b>Indonesia</b>		
PT Bhumiadya	Bandung (ID)	100.00%
PT Sibelco Lautan Minerals	Jakarta (ID)	100.00%
<b>Italy</b>		
Sibelco Green Solutions S.R.L.	Robilante (IT)	90.00%
SGS Estate S.R.L.	Antegnate (IT)	100.00%
Sibelco Italia S.p.A.	Robilante (IT)	100.00%
<b>Japan</b>		
Sibelco Japan Ltd	Nagoya (JP)	70.00%
<b>Luxembourg</b>		
NZM Lux 1 SA	Strassen (LU)	100.00%
NZM Lux 2 SA	Strassen (LU)	100.00%
NZM Lux 3 SA	Strassen (LU)	100.00%
Sibelux SA	Luxembourg (LU)	100.00%
<b>Madagascar</b>		
Ambilobe Minerals SRLU	Antananarivo (MA)	100.00%
<b>Malaysia</b>		
Sera Kekal Sdn Bhd	Kuala Lumpur (MY)	100.00%
Sibelco Malaysia Sdn Bhd	Pasir Gudang (MY)	100.00%
Tinex Kaolin Corporation Sdn Bhd	Kuala Lumpur (MY)	100.00%

<b>The Netherlands</b>		
Ankerpoort NV	Maastricht (NL)	100.00%
Ankersmit Maalbedrijven BV	Maastricht (NL)	100.00%
Ecomineraal BV	Maastricht (NL)	100.00%
Eurogrit BV	Vreeswijk (NL)	100.00%
Filcom BV	Papendrecht (NL)	100.00%
Maasgrit B.V.	Maastricht (NL)	100.00%
Sibelco Benelux BV	Heerlen (NL)	100.00%
Sibelco Nederland NV	Papendrecht (NL)	100.00%
Watts Blake Bearne International Holdings BV	Amsterdam (NL)	100.00%
World Ceramic Minerals BV	Maastricht (NL)	100.00%
<b>Norway</b>		
Olivin AS	Rud (NO)	100.00%
Sibelco Nordic AS	Rud (NO)	100.00%
<b>Poland</b>		
Sibelco Poland sp.z.o.o.	Gdansk (PL)	100.00%
<b>Portugal</b>		
Sibelco Portuguesa Lda	Rio Maior (PT)	100.00%
<b>Russian Federation</b>		
Azimut LLC	Ramenskoye (RU)	100.00%
Kvarsevye peski CJSC	Eganovo (RU)	99.04%
Ramenskiy GOK OJSC	Eganovo (RU)	99.04%
Russian Mining Company CJSC	Nebochi (RU)	100.00%
Sibelco Nebolchi LLC	Nebolchi (RU)	100.00%
Sibelco Recycling LLC	Moscow (RU)	100.00%
Sibelco Rus LLC	Eganovo (RU)	100.00%
Sibelco Voronezh LLC	Posyolok Strelitsa (RU)	100.00%
Trading House Hercules Moscow LLC	Moscow (RU)	100.00%
<b>Singapore</b>		
Sibelco Asia Pte Ltd	Singapore (SG)	100.00%
SIKO Pte Ltd	Singapore (SG)	100.00%
<b>South Korea</b>		
Sibelco Korea Co. Ltd (South Korea)	Chungnam (SK)	100.00%
<b>Spain</b>		
Inversiones Indonesia S.L.	Bilbao (ES)	100.00%
Sibelco Inversiones Argentinas SL	Bilbao (ES)	100.00%
Sibelco Minerales Ceramicos SA	Castellon (ES)	99.98%
Sibelco Minerales S.L.	Bilbao (ES)	99.98%
Sibelco Ukrainian Trading SL	Barcelona (ES)	99.98%

<b>Sweden</b>		
Sibelco Nordic AB	Göteborg (SE)	100.00%
<b>Switzerland</b>		
Sibelco Switzerland GmbH	Pratteln (CH)	100.00%
<b>Taiwan</b>		
Sibelco Asia Pte Ltd, Bao Lin Branch	Taichung (TW)	100.00%
Sibelco Bao Lin Co Ltd	Taichung (TW)	100.00%
<b>Thailand</b>		
GTT Holdings Ltd	Amphur Muang (TH)	100.00%
Sibelco Minerals (Thailand) Ltd	Amphur Muang (TH)	100.00%
<b>Turkey</b>		
Alabanda Madencilik Dis Ticaret AS	Aydin (TR)	99.98%
Alinda Madencilik Sanayi Ve Ticaret AS	Aydin (TR)	99.98%
Sibelco Turkey Madencilik Tic AS	Aydin (TR)	99.98%
<b>Ukraine</b>		
Agrofirma Karavay LLC	Donetsk (UA)	100.00%
Donbas Clays JSC	Donetsk (UA)	100.00%
Euromineral LLC	Donetsk (UA)	100.00%
Kurdyumovsky Plant of Acid-Proofed Products PJSC	Donetsk (UA)	100.00%
LLC Silica Holdings	Kyiv (UA)	51.00%
PJSC Novoselovskoe GOK	Kharkiv (UA)	48.36%
<b>United Kingdom</b>		
Blubberhouses Moor Ltd	Sandbach (UK)	100.00%
Ellastone Investments	Sandbach (UK)	100.00%
Fordath Ltd	Sandbach (UK)	100.00%
Sibelco Green Solutions UK Limited	Sandbach (UK)	100.00%
Sibelco Minerals & Chemicals (Holdings) Ltd	Sandbach (UK)	100.00%
Sibelco UK Ltd	Sandbach (UK)	100.00%
Viaton Industries Ltd	Sandbach (UK)	100.00%
Watts Blake Bearne & Co Ltd	Sandbach (UK)	100.00%
WBB Eastern Europe Ltd	Sandbach (UK)	100.00%
<b>United States</b>		
Sibelco North America, Inc	Charlotte (North Carolina, US)	100.00%

Equity accounted investees, December 31, 2021	Registered seat/location	Effective interest %
<b>Czech Republic</b>		
Ficarex SRO	Teplice (CZ)	50.00%
Sklopisek Strelec AS	Mladejov (CZ)	32.55%
<b>Denmark</b>		
Dansand A/S	Silkeborg (DK)	50.00%
<b>France</b>		
Recyverre SAS	Avignon (FR)	49.00%
<b>Italy</b>		
Maffei Sarda Silicati SRL	Florinas (IT)	49.90%
<b>Ukraine</b>		
Ukrainian Ceramic Group JSC	Donetsk (UA)	11.93%
<b>United Kingdom</b>		
Glassflake Ltd	Leeds (UK)	25.10%
Prestige Sports Surfaces Ltd	Birmingham (UK)	50.00%

# REPORT OF THE BOARD OF DIRECTORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

IN ACCORDANCE WITH ART. 3:38 OF THE BELGIAN COMPANY CODE - FINANCIAL YEAR 2021  
TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS OF SCR-SIBELCO NV TO BE HELD ON 20 APRIL 2022

Ladies and Gentlemen,

We have the pleasure of submitting for your approval the financial statements for the financial year ended 31 December 2021 and reporting on the activities of the Company and its subsidiaries.

For the financial year 2021, the consolidated financial statements were established and published according to the International Financial Reporting Standards (IFRS) as adopted by the European Union.

SCR-Sibelco NV is a Belgian-based global leader in material solutions. The company sources, transforms and distributes an extensive portfolio of specialty industrial minerals. The Sibelco Group operates 120 production sites and has an industrial presence in 31 countries, with a team of some 5.100 people.

*\*Sibelco has a presence in 35 countries in total.*

## 1. FINANCIAL RESULTS OF THE GROUP

KEY FIGURES (million EUR)	2020	2021	Change %
<b>Consolidated results</b>			
Revenue	1 976	1 680	-15%
EBITDA <sup>1</sup> *	294	271	-8%
EBITDA as % of revenue (excl. Covia)	16%	16%	-
EBIT	92	115	+25%
Net result (share of the Group)	78	75	-4%
Net Result	52	77	+48%
<b>Cash flows</b>			
Free operating cash flow*	49	77	+57%
Acquisitions, disposals, land & reserves	69	(47)	n/a
<b>Funding</b>			
Net cash / (debt)	168	147	-13%
Shareholders' equity	1 047	1 115	+6%
<b>Data per share</b>			
Earnings EUR	184.0	172.2	-6%
Dividend (gross) EUR	106.0	117.2	+11%
Total shares	470 170	470 170	-
Own shares	35 314	35 314	-
<b>Return on capital employed</b>			
ROCE* (Reported Group EBIT last 12 months / Average capital employed last 12 months)	3.8%	7.4%	+95%
Capital employed year end*	1 529	1 565	+2%
Average capital employed last 12 months*	2 451	1 557	-37%

1 \* Unaudited non-IFRS metric.

## A. GROUP RESULTS

For the purpose of the discussion of Sibelco's results below we focus on pro-forma key metrics for the continuing operations as this is the most relevant baseline for 2021 and beyond.

Reported revenues were down 15% to EUR 1,680 million. Excluding the impact of divestments & closures Sibelco recorded an increase in revenue of 20% (from EUR 1,393 million to EUR 1,674 million). This increase was driven primarily by higher sales volumes resulting from the recovery in most of Sibelco's end-markets. This recovery gathered pace through the year and came in almost all industrial sectors and regions served by Sibelco.

Reported EBITDA was 8% lower at EUR 271 million. For Sibelco's continuing operations, the improvement in EBITDA was 32% (from EUR 204 million to EUR 270 million) which represents a recovery to 12% above the levels of 2019. The outperformance was more pronounced in the first half of 2021 as the corresponding period in the previous year was more significantly impacted by the effects of the COVID pandemic. The EBITDA margin of Sibelco's continuing operations improved from 15% to 16%.

Sibelco's continuing operations recorded a non-recurring charge of EUR 29 million at EBIT level. The majority of this amount (EUR 26 million) was related to the restructuring initiative announced in November 2021. This initiative is currently being implemented and is expected to be completed by the end of 2022.

Return on capital employed (ROCE) for the continuing operations was 7.4% including the EUR 29 million non-recurring EBIT charge. This compares to 8.2% in 2020. Excluding the non-recurring effect, ROCE would have been 9.8%.

The total effective tax rate for the group was 27%.

The net result (Group share) was EUR 75 million compared to EUR 78 million in 2020.

## B. COST AND PRICE MANAGEMENT

Sibelco implemented substantial price increases during 2021, primarily to address cost inflation – particularly in logistics and transport – and the resulting unsustainable pressure on margins. Overall corporate costs increased slightly during the year but remained stable as a percentage of revenue.

## C. CAPITAL EXPENDITURES & ACQUISITIONS

Total capital expenditures were EUR 114 million in 2021 compared to EUR 119 million in 2020. The main growth investments were linked to

the continuation of projects initiated in previous periods such as the increased clay production in the UK, new glass recycling production in Italy, investments in Turkish feldspar, cristobalite capacity growth and the construction of the Act&Sorb facility in Belgium.

Sibelco completed two acquisitions in its glass recycling activities in 2021:

In the UK, Sibelco acquired glass recycling plants in Sheffield, Glasgow and Peterborough from Viridor. This provides a platform for Sibelco to grow its recycling footprint and support the circular economy in the UK. In October, Sibelco acquired household glass and float glass recycling plants from Solover in Southern France.

In February, Sibelco also acquired a minerals processing facility in Talke, UK. This plant processes silica sand into silica flour for specific customer applications such as fibre glass production.

## D. CASH FLOW AND FUNDING

Sibelco generated positive cash flows during the year, although the improving business environment and resulting higher sales led to a slight increase in net working capital. Total free operating cash flow (adjusted for leasing) reached EUR 77 million for the Group. Taking into consideration the cash impact from acquisitions and interest payments, EUR 48 million of dividend payments and foreign exchange impacts and scope changes, this resulted in a slight net cash decrease of EUR 21 million. The net cash position at year-end remained very strong at EUR 147 million compared to EUR 168 million at 31 December 2020.

## E. DIVIDEND

The Board of Directors will propose a dividend of EUR 117.2 per share for the full year of 2021 for approval by shareholders at the Annual Shareholders' Meeting in April 2022. This represents an 11% increase compared to 2020 and reflects the Board's confidence in the cash flow generating potential for Sibelco going forward.

## F. NOTE ON COVIA

Covia was deconsolidated from Sibelco at the end of June 2020 and Sibelco's exit from Covia was confirmed on 31 December 2020. Sibelco's financial statements therefore contain all P&L and cash flow elements for Covia only for the first half of 2020.

## 2. OUTLOOK

Demand for Sibelco's products has been robust during the first two months of the year. Cost inflation remains prevalent, notably for energy and transportation, and management is continuing to take steps to mitigate the impact of these higher costs. Although overall trends

point to a continued improvement in profitability in 2022, the conflict in Ukraine has the potential to undermine the global economic recovery and is impacting Sibelco's business in both Ukraine and Russia, which together account for some 8% of Sibelco's revenues.

## 3. TECHNOLOGY & INNOVATION

Our Technology & Innovation programmes are fully-aligned with our purpose and Sibelco 2025 vision.

Technology & Innovation (T&I) sits at the heart of Sibelco. Our global T&I team and strategy support the business in three key areas:

- ◆ maximising the value of current assets and resources
- ◆ helping to achieve sustainability objectives (those of Sibelco and our customers) and protect our licence to operate
- ◆ achieving longer term growth through the development of innovative new material solutions

We have fully aligned our T&I resources and programmes with our Sibelco 2025 vision. This year we further sharpened our focus on key priority areas, reducing the number of projects being worked on simultaneously in order to optimise use of resources and ensure faster momentum and progress.

Each of our T&I programmes addresses one or more of the key market trends and challenges Sibelco faces today, including decarbonisation, the circular economy and zero waste, changing

health and safety regulations, rising operating costs and increased market competition.

To tackle these challenges, our T&I team support Sibelco with specific capabilities, namely:

- ◆ application and mineral processing expertise
- ◆ networking and knowledge development
- ◆ technical collaboration and joint venture / acquisition scouting
- ◆ monitoring of technological dynamics across our markets

T&I projects range in size and scope, from mineral processing efficiency through to glass melting technologies through to the development of new materials and markets.

In 2021 work began to integrate a new Technology & Innovation Hub within our existing office facilities in Maastricht (Netherlands). The new hub will serve as a centre of excellence for innovation, helping to accelerate and enhance the exchange of knowledge and collaboration across business disciplines and geographic borders.

## 4. RISK MANAGEMENT REPORT

### A. FINANCIAL RISK MANAGEMENT

#### I. Overview

The Group has exposure to the following risks from its use of financial instruments:

- ◆ credit risk
- ◆ currency risk
- ◆ interest rate risk
- ◆ liquidity risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

#### II. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

No material exposure is considered to exist by virtue of the possible non-performance of the counterparties to financial instruments, other than trade and other receivables held by the Group.

Given the large number of internationally dispersed customers, the Group has limited concentration of credit risk with regard to its trade and other receivables.

This kind of financial risk is managed in a decentralised way.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables (see accounting policy h) Financial instruments & note 31 Financial instruments).

#### III. Currency risk

The Group is exposed to different types of currency risks:

- ◆ translation
- ◆ economical
- ◆ transactional

The Group has currently no documented hedges in a net investment in a foreign operation. Economical exposure is the risk that the company's competitive position is affected by foreign exchange rate movements. Transactional exposure refers to contractual obligations in foreign currencies other than the functional currency. The Group adopted in 2007 a policy with regard to the management of these risks. Economical exposure can be hedged at entity level under strict conditions and within a limited time frame. Cash flow hedge accounting is then applied. Transactional exposures are systematically hedged when material.

#### IV. Interest rate risk

Interest rate risk is managed for the Group's consolidated net financial debt with the primary objective of guaranteeing medium-term cost.

To do so, the Group manages this risk centrally, based on trends in the Group's consolidated net financial debt. Knowledge of this debt is provided by a regular reporting, that describes the financial debt of each entity and indicates its various components and characteristics.

The Group Treasury department issues regular advice to the Executive Committee in this respect.

For the Interest Rate swaps, the cash flows are based upon the calculation of the market value. Since the deconsolidation of Covia in 2020 no more Interest Rate Swaps are used per end December 2020. The interest rate risk was mainly concentrated within Covia as the main part of our financial debt was attributable to this subsidiary. Therefore this hedging instrument is no longer needed within the interest rate risk management strategy of the Group.

#### V. Liquidity risk

To ensure liquidity and financial flexibility at all times, the Group, in addition to its available cash, has several uncommitted and committed credit lines at its disposal in several currencies and in amounts considered adequate for current and near-future financing

needs. Furthermore, the Group has the option to use factoring as a supplementary source of liquidity.

### B. OPERATIONAL RISK MANAGEMENT

For the protection of our assets and earnings against insurable risks, different international insurance programs are in place. This international coverage enables us to benefit from optimal terms and conditions while optimising its costs. All international insurance coverage is of the "all risks except" type and is taken out with financially sound insurance companies of outstanding reputation.

The main group insurance programs are:

- ◆ General and product liability insurance, covered by a basket of different insurers
- ◆ Property damage and business interruption insurance, placed with an A-rated insurer, covering all major production plants worldwide.
- ◆ Directors' and Officers' insurance, covering the Directors and Officers of Sibelco and all its affiliates
- ◆ Marine cargo insurance, covering all transport over water.

Sibelco also reaches out to the insurance market to cover the specific risks of some of our non – recurring activities and to cover risks for which insurance is compulsory.

We also have some risks partially insured through Sibelco's reinsurance captive, as we consider those thereby to be better controlled and managed than market average. Some of the property, liability, workers' compensation and marine cargo exposures below a relevant threshold are retained within the captive.

For further information on Enterprise Risk Management and the way risks are identified and assessed, we refer to the Internal Audit section of the Corporate Governance report.

## 5. EVENTS AFTER THE CLOSING OF THE FINANCIAL YEAR

Sibelco is following closely the developments in the conflict between Russia and Ukraine as it has several quarries and production sites in both countries. The military operations in Ukraine and the resulting economic sanctions against the Russian Federation are severely disrupting Sibelco's ability to operate these entities. In 2021, the Group's operations in Ukraine and Russia contributed EUR 140.6

million to the Group's revenue. The contribution in the group total assets was €115.3 million at year-end for both countries. (€63.3 million and €52 million for Ukraine and Russia respectively). The accounting impact (including impairments, CTA impacts and control assessments) will be continuously reassessed in 2022 based on continued geopolitical developments.

The Members of the Board wish to thank all Sibelco Group staff and employees all over the world for their dedicated efforts in achieving the commented results.

Antwerp, 10 March 2022

Signed by the Members of the Board

## Independent auditor's report to the general meeting of SCR-Sibelco NV for the year ended 31 December 2021

As required by law and the Company's articles of association, we report to you as statutory auditor of SCR-Sibelco NV (the "Company") and its subsidiaries (together the "Group"). This report includes our opinion on the consolidated statement of the financial position as at 31 December 2021, the consolidated statement of profit and loss (consolidated statement of income and consolidated statement of comprehensive income), the consolidated statement of equity and the consolidated statement of cash flows for the year ended 31 December 2021 and the disclosures (all elements together the "Consolidated Financial Statements" and as included on page 5 to 93 within the section of the Financial Report 2021) 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 17 April 2019, 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 2021. We performed the audit of the Consolidated Financial Statements of the Group during 9 consecutive years.

### Report on the audit of the Consolidated Financial Statements

#### Unqualified opinion

We have audited the Consolidated Financial Statements of SCR-Sibelco NV, that comprise of the consolidated statement of the financial position on 31 December 2021, the consolidated statement of profit and loss (consolidated statement of income and consolidated statement of comprehensive income), the consolidated statement of equity and the consolidated statement of cash flows of the year and the disclosures, which show a consolidated balance sheet total of € 2.047.719 (in thousands) and of which the consolidated income statement shows a profit for the year of € 76.603 (in thousands).

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 2021, and of its consolidated results 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 ("ISAs"). 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.

#### 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 Company 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 ISAs, 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 Company's 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.

## 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

In our opinion, after carrying out specific procedures on the Board of Directors' report, the Board of Directors' 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 contains 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. In addition, we do not provide any assurance regarding the Board of Director's report.

### 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 related to additional services which are compatible with the audit of the Consolidated Financial Statements as referred to in article 3:65 of the Code of companies and associations were duly itemized and valued in the notes to the Consolidated Financial Statements.

Antwerp, 16 March 2022

EY Bedrijfsrevisoren BV  
Statutory auditor  
Represented by



Patrick Rottiers \*  
Partner  
\*Acting on behalf of a BV/SRL



Christoph Oris \*  
Partner  
\*Acting on behalf of a BV/SRL

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# STATUTORY FINANCIAL STATEMENTS 2021

## BALANCE SHEET

from 1 January to 31 December 2021

### Assets

<i>In thousands of euro</i>	<b>2021</b>	<b>2020</b>
<b>FIXED ASSETS</b>	<b>1 872 401</b>	<b>1 844 404</b>
<b>Intangible assets</b>	<b>32 763</b>	<b>25 861</b>
<b>Tangible assets</b>	<b>38 050</b>	<b>33 533</b>
Land and buildings	8 451	13 883
Plant, machinery and equipment	11 179	10 241
Furniture and vehicles	1 123	1 401
Other tangible assets	1 190	1 419
Assets under construction and advance payments	8 807	6 589
<b>Financial assets</b>	<b>1 809 887</b>	<b>1 785 010</b>
Affiliated enterprises	1 808 783	1 784 853
Participating interests	1 802 595	1 783 896
Amounts receivable	6 189	957
Other financial assets	104	157
Shares	59	113
Amounts receivable and cash guarantees	45	44
<b>CURRENT ASSETS</b>	<b>82 276</b>	<b>70 841</b>
<b>Stocks and contracts in progress</b>	<b>6 207</b>	<b>5 785</b>
Stocks	6 207	5 785
Raw materials and consumables	3 632	2 720
Work in progress	251	159
Finished goods	2 277	2 346
Goods purchased for resale	24	66
Advance payments	23	494
<b>Amounts receivable within one year</b>	<b>58 104</b>	<b>42 114</b>
Trade debtors	54 670	33 524
Other amounts receivable	3 434	8 590
<b>Investments</b>	<b>5 385</b>	<b>5 113</b>
Own Shares	3 971	3 971
Other investments and deposits	1 414	1 142
<b>Cash at bank and in hand</b>	<b>6 864</b>	<b>5 788</b>
<b>Deferred charges and accrued income</b>	<b>5 716</b>	<b>12 041</b>
<b>TOTAL ASSETS</b>	<b>1 954 677</b>	<b>1 915 245</b>

## BALANCE SHEET

from 1 January to 31 December 2021

### Liabilities

*In thousands of euro*

	<b>2021</b>	<b>2020</b>
<b>CAPITAL AND RESERVES</b>	<b>1 614 621</b>	<b>1 580 469</b>
<b>Capital</b>	<b>25 000</b>	<b>25 000</b>
Issued capital	25 000	25 000
<b>Share premium account</b>	<b>12</b>	<b>12</b>
<b>Revaluation surplus</b>	<b>324</b>	<b>324</b>
<b>Reserves</b>	<b>1 554 809</b>	<b>1 554 870</b>
Legal reserve	2 500	2 500
Reserves not available for distribution	4 223	4 223
For own shares	3 971	3 971
Other	252	252
Untaxed reserves	19 348	19 348
Reserves available for distribution	1 563 050	1 528 799
<b>Investment grants</b>	<b>164</b>	<b>263</b>
<b>PROVISIONS AND DEFERRED TAXATION</b>	<b>2 536</b>	<b>2 039</b>
<b>Provisions for liabilities and charges</b>	<b>2 536</b>	<b>2 039</b>
Pensions and similar obligations	637	934
Environmental liabilities	1 204	1 105
Other risks and costs	695	-
<b>CREDITORS</b>	<b>393 778</b>	<b>332 737</b>
<b>Amounts payable after more than one year</b>	<b>244 982</b>	<b>222 626</b>
Financial debts	244 982	222 626
Other loans	244 982	222 626
<b>Amounts payable within one year</b>	<b>142 970</b>	<b>107 373</b>
Current portion of amounts payable after more than one year	7 994	-
Financial debts	-	2 677
Other loans	-	2 677
Trade debts	46 557	36 461
Suppliers	46 557	36 461
Taxes, remuneration and social security	26 415	14 501
Taxes	2 059	2 918
Remuneration and social security	24 356	11 583
Other amounts payable	62 004	53 734
<b>Accrued charges and deferred income</b>	<b>5 826</b>	<b>2 738</b>
<b>TOTAL LIABILITIES</b>	<b>1 954 677</b>	<b>1 915 245</b>

## INCOME STATEMENT

from 1 January to 31 December 2021

<i>In thousands of euro</i>	<b>2021</b>	<b>2020</b>
<b>Operating income</b>	<b>204 416</b>	<b>186 990</b>
Turnover	125 969	111 193
Increase (+), decrease (-) in stocks of finished goods, work and contracts in progress	23	486
Produced fixed assets	2 354	2 290
Other operating income	76 069	69 146
Non-recurring operating income	-	3 875
<b>Operating charges</b>	<b>(218 165)</b>	<b>(212 691)</b>
Raw materials, consumables and goods for resale	(17 277)	(17 146)
Purchases	(18 035)	(17 391)
Increase (-), decrease (+) in stocks	757	245
Services and other goods	(108 712)	(112 982)
Remuneration, social security costs and pensions	(53 291)	(36 456)
Depreciation of and other amounts written off formation expenses, intangible and tangible fixed assets	(14 438)	(14 850)
Increase (+), decrease (-) in amounts written off stocks, contracts in progress and trade debtors	99	(866)
Increase (+), decrease (-) in provisions for liabilities and charges	(497)	223
Other operating charges	(24 049)	(30 614)
<b>Operating profit (Loss)</b>	<b>(13 749)</b>	<b>(25 701)</b>
<b>Financial income</b>	<b>459 139</b>	<b>235 656</b>
Income from financial fixed assets	62 294	67 822
Income from current assets	407	10
Other financial income	772	4 030
Non-recurring financial income	395 666	163 794
<b>Financial charges</b>	<b>(411 062)</b>	<b>(432 079)</b>
Interest and other debt charges	(2 755)	(3 808)
Other financial charges	(1 003)	(3 872)
Non-recurring financial charges	(407 304)	(424 399)
<b>Profit (Loss) on ordinary activities before taxes</b>	<b>34 328</b>	<b>(222 124)</b>
<b>Profit (Loss) for the period before taxes</b>	<b>34 328</b>	<b>(222 124)</b>
<b>Income taxes</b>	<b>(77)</b>	<b>(11)</b>
Income taxes	(77)	(17)
Adjustment of income taxes and write-back of tax provisions	-	6
<b>Profit (Loss) for the period</b>	<b>34 251</b>	<b>(222 135)</b>
<b>Profit (Loss) for the period available for appropriation</b>	<b>34 251</b>	<b>(222 135)</b>

# NOTES

## SUMMARY OF THE VALUATION REGULATIONS

The valuation regulations were determined in accordance with the provisions of the Royal Decree of 30/01/2001 with regard to the annual accounts of the company.

### I. Intangible fixed assets

- ◆ Software: is entered at purchase value. Depreciation is entered according to the linear method over a period of 5 years.
- ◆ Emission rights: according to the Belgian annual accounts law, the emission rights assigned or obtained are entered as intangible fixed assets.

If they were purchased on the market, they are valued at their purchase value. If they were obtained at a lower value or free of charge, they may be entered at nominal value or zero value. No depreciation is entered. However, an impairment test is performed.

### II. Tangible fixed assets: are valued at purchase value. Depreciation is according to the linear or degressive method.

Investments from 2020 are only depreciated on a linear basis.

The annual depreciation percentages are:

- Buildings: 5 – 14.28%
- Sites for development: 7.14%
- Machines and installations: 10 – 14.28%
- Computer equipment: hardware 20%
- Furniture and office equipment: 20%
- Rolling stock: 20 – 33.33%
- Furnishing leased property: 5%
- Advance operating costs for running quarry: 7.14%

### III. Financial fixed assets

Participating interests are valued at purchase price. Losses are applied in the case of sustained downward value adjustments.

### IV. In absence of legal criteria which allow to identify the transactions with related parties outside normal market conditions, no information could be included under VOL-kap 6.15.

### V. Stocks:

- ◆ Finished products: are valued at direct production costs except if these are higher than the net selling price.
- ◆ Consumer goods, ancillary materials and commercial goods are entered at purchase value (FIFO), except if this is higher than the market price.

### VI. Accounts receivable

Accounts receivable are valued at nominal value. Downward value adjustments for doubtful debtors are entered and deducted from the items of the asset to which they relate.

### VII. Conversion of foreign currency

Outstanding accounts receivable and debts in foreign currency are valued at the exchange rates that apply on the balance sheet date. Transactions in foreign currency included in the profit and loss account are converted using rates that approximate the actual exchange rates at the time of the payment. Exchange rates results are booked as net financial results.

### VIII. Provisions.

In order to fulfil the statutory obligations, provisions are made for pensions and similar obligations. Restructuring of the quarry: various authorities impose obligations on us to restore operated sites to their original condition; provisions are made for these restorations based on a very detailed estimate.

### IX. Cash pooling: most availabilities (current account) are subject to daily zero balancing. They are presented on the balance sheet 41 and 48 accounts.

### X. Financial instruments:

Financial instruments are used to cover interest risks and exchange rate risks. With regard to interest hedging, in accordance with the accounting principles of hedging transactions, neither positive nor negative fluctuations in the market value of the hedging instrument at the end of the period are included in the result. Where free-standing (speculative) financial instruments are concerned, only the deferred debts are included in the result according to the lower of cost or market method. These deferred losses are entered on the accrued liabilities and other financial costs account. Taking into account the principle of caution, deferred surplus values are not qualified as fixed income and are consequently not included in the result.

The forward contracts to hedge exchange rate fluctuations of foreign currencies are revalued at the end of the financial year in line with the official exchange rate at the end of the financial year.

# REPORT OF THE BOARD OF DIRECTORS ON THE STATUTORY FINANCIAL STATEMENTS

IN ACCORDANCE WITH ART. 3:6 OF THE BELGIAN COMPANY CODE - FINANCIAL YEAR 2021  
TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS OF 20 APRIL 2022 OF NV SCR-SIBELCO NV

Ladies and Gentlemen,

We have the pleasure of submitting for your approval the statutory financial statements for the financial year ending 31 December 2021 and of reporting on the activities of the Company and its subsidiaries.

For the financial year 2021, the consolidated financial statements were established and published according to the International Financial Reporting Standards (IFRS) as adopted by the European Commission.

The statutory financial statements were established according to Belgian GAAP.

SCR-Sibelco NV is a Belgian company which combines its domestic industrial operations in three major silica sand production facilities and its shareholding and management of subsidiaries all specialized in the extraction, production and distribution of a broad range of high quality industrial minerals, located in 31 countries worldwide.

## STATUTORY FINANCIAL RESULT

*In thousands of euro*

	2021	2020
<b>Condensed income statement</b>		
Operating income	204 416	186 990
Operating charges	(218 165)	(212 691)
Operating profit/(loss)	(13 749)	(25 701)
Financial result	48 077	(196 423)
<b>Profit/(Loss) for the period before taxes</b>	<b>34 328</b>	<b>(222 124)</b>
<b>Income taxes</b>	<b>(77)</b>	<b>(11)</b>
<b>Profit/(Loss) for the period</b>	<b>34 251</b>	<b>(222 135)</b>
<b>Other key balance sheet elements</b>		
Financial assets	1 808 887	1 785 010
Intangible & Fixed assets	63 514	59 394
Other assets	82 276	70 841
<b>Total Assets</b>	<b>1 954 677</b>	<b>1 915 245</b>
<b>Capital and reserves</b>	<b>1 558 362</b>	<b>1 580 408</b>
<b>Liabilities</b>	<b>396 314</b>	<b>334 837</b>

Operating income amounted to EUR 204.4 million and includes revenue (EUR 126 million), other operating income (EUR 76.1 million) and produced fixed assets (EUR 2 million).

Our plant in Dessel contributed 71% of the total revenue, whilst Lommel and Maasmechelen accounted for 17% and 12% respectively. The revenue increased by 13.3% from EUR 111.2 million to EUR 126.0 million, which increase is driven by our Cristobalite production in Dessel as the worldwide demand for this product is booming.

Other operating income mainly includes the recharged management fees and IT costs across all Sibelco subsidiaries.

Operating charges were EUR 218.2 million, which is slightly higher compared to last year (+2.6% or + EUR 5.5 million), due to higher personnel costs (+ EUR 16.8 million) being partly offset by lower

consultancy fees, other services costs (-EUR 4.3 million) and lower other operating charges (-EUR 6.6 million). Personnel costs in 2021 included higher accruals for both short and long term incentive plans as a result of the outperformance of the actual group results in 2021 compared to the targeted budget. The other operating charges were exceptionally high in 2020 as they included some fees and costs associated by the Chapter 11 of Covia and some windups related to the Lime deconsolidation.

The financial result for 2021 amounts to EUR 48.1 million, mainly explained by an income of EUR 62.3 million on dividends received from different group companies, by interest costs (-EUR 2.6 million) and by costs associated to the statutory impairment incurred on our participation of Sibelco Switzerland (- EUR 11.7million). Back in 2020 our financial result was impacted by several statutory impairments – mainly on our Covia participation (EUR 273.7 million).

## BALANCE SHEET

During 2021, the portfolio of financial investments of the parent company SCR-Sibelco NV, increased by a total amount of EUR 18.7 million, due to the acquisition of Solover for EUR 30.4 million, and an impairment on our participation in Sibelco Switzerland by EUR 11.7 million.

On the level of intangible and fixed assets, main movements recorded in 2021 relate to investments (EUR 15.3 million) and emission rights (EUR 3.7 million), as well as to an accelerated depreciation on the previous ERP system of EUR 3.2 million and recurring amortizations and depreciations.

Total investments of the commented year include EUR 10.2 million of IT related activations (software and hardware including the new ERP system and infrastructure improvement projects related to our network's wireless access), and include also EUR 4.0 million in purchases of plant and processing equipment (of which EUR 1.2 million for a new dredge for the production site of Maasmechelen).

The trade receivables increased by EUR 21.1 million, mainly because of outstanding receivables with our subsidiaries. Amounts recharged to our subsidiaries increased and these increases only happened at the end of 2021, while these were spread throughout the year during 2020.

Deferred charges and accrued income are related to prepaid expenses and are in line with 2020. Last year they included included the balance of the receivable from the liquidation of Sibelco Nordic Region AB for an amount of EUR 6.3 million.

The total Liabilities increased by EUR 61.5 million to EUR 396.3 million in 2021, mainly as a result of the following elements: a new loan of EUR 30 million with Silfin NV for the purchase of the participation in Solover; higher trade payables (+EUR 10.1 million) due to the impact management fee charged by our subsidiaries; increased social debts (+EUR 11.9 million) due to higher accruals for short and long term incentive plans; and the dividend payable of the year (+5.3 EUR million).

## EVENTS AFTER THE CLOSING OF THE FINANCIAL YEAR

Sibelco is following closely the developments in the conflict between Russia and Ukraine as it has several quarries and production sites in both countries. The military operations in Ukraine and the resulting economic sanctions against the Russian Federation are severely disrupting Sibelco's ability to operate these entities. In 2021, the Group's operations in Ukraine and Russia contributed EUR 140.6

million to the Group's revenue. The contribution in the group total assets was €115.3 million at year-end for both countries. (€63.3 million and €52 million for Ukraine and Russia respectively). The accounting impact (including impairments, CTA impacts and control assessments) will be continuously reassessed in 2022 based on continued geopolitical developments.

## PORTFOLIO OF OWN SHARES

At the end of December 2021, the total number of own shares held by the company, either directly or through 100 % subsidiaries of the

Sibelco Group incorporated in Belgium and in Luxemburg, amounted to 35 314 shares or 7.51 % of the outstanding share capital.

## FINANCIAL INSTRUMENTS

SCR-Sibelco NV uses derivative financial instruments – such as interest swaps and foreign exchange swaps – exclusively to manage the exposure to interest rates and foreign exchange rates.

## FINANCIAL RISK MANAGEMENT

Other than the credit risk related to trade and other receivables held by the Company, no material exposure is considered to exist by virtue of the possible non-performance of the counterparties to financial instruments.

The Company is exposed to currency risks resulting from trade and other receivables/payables in foreign currency. Currency exposures are systematically hedged when material.

## TECHNOLOGY & INNOVATION

Our Technology & Innovation programmes are fully-aligned with our purpose and Sibelco 2025 vision.

Technology & Innovation (T&I) sits at the heart of Sibelco. Our global T&I team and strategy support the business in three key areas:

- ◆ maximising the value of current assets and resources
- ◆ helping to achieve sustainability objectives (those of Sibelco and our customers) and protect our licence to operate
- ◆ achieving longer term growth through the development of innovative new material solutions

We have fully aligned our T&I resources and programmes with our Sibelco 2025 vision. This year we further sharpened our focus on key priority areas, reducing the number of projects being worked on simultaneously in order to optimise use of resources and ensure faster momentum and progress.

Each of our T&I programmes addresses one or more of the key market trends and challenges Sibelco faces today, including decarbonisation, the circular economy and zero waste, changing

SCR-Sibelco NV does not use derivative financial instruments for speculative trading, nor issues them for that purpose.

Interest rate risk is managed for the Company's net financial position with the primary objective of guaranteeing medium-term cost.

To ensure liquidity and financial flexibility at all times, the Company, in addition to its available cash, has several credit lines at its disposal in amounts considered adequate for current and near-future financing needs.

health and safety regulations, rising operating costs and increased market competition.

To tackle these challenges, our T&I team support Sibelco with specific capabilities, namely:

- ◆ application and mineral processing expertise
- ◆ networking and knowledge development
- ◆ technical collaboration and joint-venture / acquisition scouting
- ◆ monitoring of technological dynamics across our markets

T&I projects range in size and scope, from mineral processing efficiency through to glass melting technologies through to the development of new materials and markets.

In 2021 work began to integrate a new Technology & Innovation Hub within our existing office facilities in Maastricht (Netherlands). The new hub will serve as a centre of excellence for innovation, helping to accelerate and enhance the exchange of knowledge and collaboration across business disciplines and geographic borders.

## CIRCUMSTANCES WHICH CAN HAVE A SIGNIFICANT INFLUENCE ON THE DEVELOPMENT OF THE COMPANY

Sibelco is following closely the developments in the conflict between Russia and Ukraine as it has several quarries and production sites in both countries. The military operations in Ukraine and the resulting economic sanctions against the Russian Federation are severely

disrupting Sibelco's ability to operate these entities.

The accounting impact (including impairments, CTA impacts and control assessments) will be continuously reassessed in 2022 based on continued geopolitical developments.

## RISK PROFILE

The mixed character of SCR-Sibelco NV, its activities as a holding company and as an industrial Group, the geographical spread of its participations and investments, together with the broad product portfolio and diversification, result in a healthy and well-balanced risk profile.

## CORPORATE GOVERNANCE

This report covers information on governance relevant to the reporting year 2021 and the mandate year 2021-2022, at the level of the different corporate bodies of the company.

## GENERAL MEETING AND SHAREHOLDER COMMUNICATIONS

The company held its Ordinary General Meeting on Wednesday 21 April 2021 in a virtual session, with live voting and extensive live Q&A session. Questions included the company's financial performance as well as specific questions in relation to Covia's Chapter 11 process and the rumour concerning the minority stake of 23% being for sale. Besides this formal shareholders' meeting, shareholders were kept informed of company results and news through [4] shareholder webcasts and [5] shareholder newsletters.

The Ordinary General Meeting of 21 April 2021 also approved, as usual, the Board remuneration for the year 2020, as part of the approval of the statutory accounts and the proposal of the distribution of the profit of SCR-Sibelco NV, but it also approved the principle of Board Members' remuneration to be applied for the mandate year commencing as per 21 April 2021.

As such, the following Board Member remuneration principle was approved to be applied as of May 2021 : EUR 45 000 gross fixed remuneration per mandate year and EUR 3 000 gross remuneration per formal meeting attended, with a cap of EUR 30 000. A travel allowance for independent, foreign directors of EUR 2 000 per meeting physically attended can also be allocated.

## MINORITY SHAREHOLDERS

On 9 November 2021, Sibelco received a summons from two of its shareholders requesting the Antwerp court to appoint an expert to examine the merger of Fairmount Santrol and Unimin in 2017/2018.

On 22 December 2021, the same parties introduced a claim against certain directors of the Company before the Antwerp Business Court and in this dispute Sibelco is also involved as a party.

The board of directors has no knowledge of any material risk or material uncertainty the company is confronted with, for which no provision or clarification has been included in the annual accounts of 31 December 2021. We refer to the risk management report that is part of the consolidated accounts for a more detailed description of the risk analysis and risk management.

Sibelco is of the opinion that the legal conditions for such expert appointment are not satisfied. As has been repeatedly communicated, the merger was based on sound industrial logic and was prepared in a professional and diligent manner by management and approved at the time at all stages by the board of directors of Sibelco.

The board has kept the shareholders informed on a regular basis of the merger and the shareholders granted discharge to the directors at the general annual meeting. Previous requests from these shareholders to have an expert appointed by the shareholders have been rejected by the majority of the shareholders. Furthermore, a US court has refused any actions against Sibelco with respect to the merger. Sibelco is pursuing this litigation through the relevant legal channels.

## DIVIDEND POLICY

At its December 2021 meeting, the Board, advised by the Audit Committee, proposed to adopt a Dividend Policy and aims to distribute annually, the higher of EUR 55 million or 50% of its Unlevered Free Cash Flow through dividends. The above rule will apply for the first time to the dividend paid in 2022 in respect of the 2021 result. In certain well-defined cases, the Board may propose an extra-ordinary dividend.

The Board believes that the proposed Dividend Policy provides for an optimal balance between (i) prudent financial flexibility to pursue both organic and inorganic growth opportunities, (ii) attractive and sustainable shareholder returns, (iii) flexible access to capital markets and (iv) pursuit of Sibelco's broader sustainability objectives.

The final decision on a dividend distribution remains at all times with the Sibelco Shareholders at a General Assembly.

## BOARD OF DIRECTORS

The Board of Directors of SCR-Sibelco NV is the highest corporate body within the Sibelco Group and it is assisted by an Audit Committee and a Nomination and Remuneration Committee.

## Powers and Meetings

The Board of Directors performs all the powers conferred upon it by the law and the company by-laws. Furthermore, according to the Board and Governance Rules, the following powers are specifically reserved to the Board:

- ◆ the determination/approval of the general strategy of the Company. This includes the authority to determine the important strategic issues within the Company, to approve plans, yearly and other budgets and important structural changes (including any acquisition or disposal of shares, activities, strategic assets, a company or business), and the responsibility for the relationship between the Company and its shareholders. The general strategy shall be formulated in close co-operation with the Exco under the leadership of the CEO;
- ◆ the adoption/establishing of the statutory and consolidated annual accounts of the Company for approval by the General Meeting, and the approval of the annual report. In connection herewith, the Board should:
- ◆ approve a framework of internal control and risk management for the Company and the Group set up by the ExCo, and monitor the implementation of the framework and the use of available resources thereto;
- ◆ ensure the integrity and timely disclosure of the financial statements of the Company and the Group; and
- ◆ supervise the performance of the Statutory Auditor and supervise the internal audit function;
- ◆ the calling and organization of the Company's General Meetings;
- ◆ the election of the Chairman of the Board, and the approval of the division of responsibilities between the Chairman and the CEO;
- ◆ defining the mission, powers, composition and remuneration of the Audit Committee, Remuneration and Nomination Committee and other Board Committees they decide to create, and appointing and dismissing the members of these Board Committees;
- ◆ the monitoring and review of the effectiveness of the Board Committees;
- ◆ the determination of the structure, powers and duties of the Company's ExCo. This includes primarily the appointment, dismissal and remuneration of the CEO and the other members of the ExCo and the formulation of the criteria according to which the ExCo will manage the Group;
- ◆ the supervision of the performance of the ExCo: the Board will in its supervisory task be guided by the Chairman with the help of the Board Committees. The CEO shall inform the Board, in great detail, at the end of each quarter, about the evolution and prospects of the Company. The CEO shall provide the Board at least two times per year with follow-up reports regarding the major strategic programs of the Company;
- ◆ The co-optation of new Directors in case of vacancy.

During the mandate year 2021, the Board of Directors convened eleven times, either through a physical meeting or, mostly, by teleconference.

## Election of Board members and Composition of the Board

Members of the Board are appointed for a period of three years.

In April 2021, the mandates of M. Svein Richard Brandtzæg came to an end during the Ordinary General Assembly.

The mandates of France de Sadeleer, Walter Emsens, Calavon Finance SAS with permanent representative Jean-Pierre Labroue and IDw Consult BVBA with permanent representative Bert De Graeve were renewed for another term of 3 years, until the Ordinary General Meeting of 2024.

Kerstin Konradsson and Srinivasan Venkatakrishnan were elected as new Board members for a term of three years, until the Ordinary General Meeting of 2024.

Due to these changes, the composition of the Board of Directors of SCR-Sibelco NV as per 31 December 2021 was as follows:

- ◆ Bert DE GRAEVE (perm. repr. of IDw Consult BV)  
Non-Executive Chairman
- ◆ Jean-Louis de CARTIER de MARCHIENNE  
(perm. repr. of ASSaPP NV)
- ◆ France de SADELEER
- ◆ Michel DELLOYE (perm. repr. of Cytifinance SA)
- ◆ Pascal EMSSENS , (perm. repr. of Argali Capital BV)
- ◆ Walter EMSSENS
- ◆ Hans-Josef GREHL
- ◆ Christoph GROSSPETER
- ◆ Kerstin KONRADSSON
- ◆ Jean-Pierre LABROUE (perm. repr. of Calavon Finance SAS)
- ◆ Jean-Marc UEBERECKEN
- ◆ Evrard van ZUYLEN van NYEVELT, (perm. repr. of Zuyfin SPRL)
- ◆ Srinivasan VENKATAKRISHNAN
- ◆ Michel VERHAEGHE de NAEYER (perm. repr. of Soverin SA)

## Honorary Chairmen

- ◆ Stanislas EMSSENS († 2018)
- ◆ Gaëtan EMSSENS († 2020)

## AUDIT COMMITTEE

The Audit Committee's primary duties and responsibilities are to:

- ◆ monitor the financial reporting process and recommend approval of half and annual financial statements, including the review and recommendation for the approval of any earnings releases;
- ◆ monitor the effectiveness of the company's system of internal control and risk management; review the process by which risk appetite are determined
- ◆ monitor the internal audit function and its effectiveness; approve the Internal Audit plan and review significant internal audit reports and findings
- ◆ monitor and assess the statutory audit of the company's annual and consolidated accounts and follow up on questions and recommendations made by the external auditors;
- ◆ review the independence of the external auditor in particular where he is providing the company with additional services, review audit plan and scope of work and review of external Audit findings

The four non-executive Board members who composed the Audit Committee are: Cytifinance SA having M. Michel Delloye as a permanent representative (Chairman of the Committee), Argali Capital BV with M. Pascal Emsens as permanent representative, M. Srinivasan Venkatakrishnan and Zuyfin SPRL, with M. Evrard van Zuylen van Nyevelt as permanent representative, and with this composition it has the financial knowledge and experience required by the Charter of the Audit Committee.

The following persons attended these meetings on a regular basis:

IDw Consult BV having M. Bert De Graeve as permanent representative, Hilmar Rode, Group CEO consecutively; Anne Van Loy, Group CFO ai; Cedric Mulfinger, Head of Internal Audit and Risk Management, and Patrick Rottiers and Christoph Oris as permanent representatives of the external auditor, Ernst & Young Bedrijfsrevisoren.

During the mandate year 2021-2022, the Audit Committee convened five times.

## NOMINATION AND REMUNERATION COMMITTEE

This Committee advises the Board in connection with:

- ◆ the appointment and re-appointment of Board members and ExCo members, after due evaluation;
- ◆ the most appropriate remuneration policy and benchmarking as well as compensation of Board members and ExCo members including rules on bonuses and long-term incentives and main terms of employment and termination of employment;
- ◆ the disclosure on the amounts of Directors' and Executives' compensation;
- ◆ the appropriate budget for training of employees and follow up of career development and succession planning applied in the company.

The Nomination and Remuneration Committee was composed of the following Board members: Calavon Finance SAS, having as permanent representative M. Jean-Pierre Labroue (Chairman of the Committee), M. Walter Emsens, Mrs. Kerstin Konradsson and Soverin SA, with permanent representative M. Michel Verhaeghe de Naeyer.

The Committee convened six times during the mandate year. The persons attending these meetings on a regular basis were: IDw Consult BV having M. Bert De Graeve as a permanent representative, Chairman of the Board, Hilmar Rode, Group CEO, and Karine Parent, Group CHRO.

## EXECUTIVE COMMITTEE

Since 2006, the Board has delegated its management and operational powers to the Executive Committee (ExCo) or Directiecomité as defined in the then Article 524 of Belgian corporate law. The ExCo operates under the leadership of the CEO.

The objectives of the ExCo are:

- ◆ To ensure sustainable returns for our shareholders;
- ◆ To ensure the continued growth of the Group.

The responsibilities of the ExCo include, among others:

- ◆ the development, implementation and monitoring of the strategy of the Group and each of its components and business segments;
- ◆ the development and monitoring of the short and long term plans, and the monitoring of the results of the various business segments and regional operations of the Group;
- ◆ the implementation of internal controls based on the internal control and risk management framework approved by the Board;
- ◆ the preparation of the annual accounts for presentation to and timely disclosure by the Board.

The ExCo acts under the supervision of the Board and is in charge of implementing the decisions of the Board.

The CEO functions as the prime interface between the Board and the ExCo.

As per 01/02/2021, Lisa Brown joined the Executive Committee as Chief Legal Officer, having taken over this function from Laurence Boens who continued in the capacity of Corporate Secretary. As per 01/03/2021, Laurence Boens left the Executive Committee to fully concentrate on the Corporate Secretary services.

As per 22/04/2021, Birger Nilsen joined the Executive Committee in the capacity of EVP International.

As per 30/04/2021, Kurt Decat, Group CFO, left the company; being temporarily replaced by Anne Van Loy as Group CFO ad interim until Frédéric Deslypere joined Sibelco as Chief Financial Officer As per 1 January 2022.

As per 01/07/2021, Paolo Gennari joined the Executive Committee as EVP Commercial Europe.

As per 31/07/2021 Ilse Kenis and Olivier Lambrechts left the Executive Committee.

On 15/11/2021, Sandrine Besnard-Corblet joined the Executive Committee as Chief Legal Officer, to replace the former Chief Legal Officer Lisa Brown who left the company as per 30/11/2021.

On 10/01/2022, Ian Sedgman fulfilled the newly created position of Chief Strategy and Business Development Officer.

Following these changes, the composition of the Executive Committee at present looks as follows:

- ◆ Hilmar RODE  
Chief Executive Officer
- ◆ Sandrine BESNARD-CORBLET  
Chief Legal Officer
- ◆ Frédéric DESLYPERE  
Chief Financial Officer
- ◆ Paolo GENNARI  
EVP Commercial Europe
- ◆ Birger NILSEN  
EVP International
- ◆ Karine PARENT  
Chief Human Resources Officer
- ◆ Ian SEDGMAN  
Chief Strategy & Business Development Officer
- ◆ John VAN PUT  
EVP Operations Europe and Chief Industrial Officer

The ExCo exercises the powers of management of the company and the Group's components within the limits of the corporate purpose and subject to the powers expressly vested by law in the Shareholders' General Meeting and Board of Directors. The CEO is supported in the exercise of his duties by the other members of the Exco.

For matters belonging to the authority of the ExCo, the Company shall be validly represented towards third parties by the joint signature of two members of the ExCo.

## AUDIT FUNCTION

The Internal Audit's primary mission is to provide the key stakeholders (CEO/Board of Directors/Audit Committee) independent and objective assurance on the efficiency, effectiveness and soundness of the Sibelco Group processes and controls to manage its risks and achieve its objectives. Internal audit also validates that the Sibelco Group operations are conducted according to the highest ethical standards and the Sibelco values.

The Internal audit and risk management department is led by Cedric Mulfingher, appointed VP Group Internal Audit and Risk Management in October 2019 and supported by two experienced Internal audit managers since 2021.

Sibelco Group's external auditors is EY Bedrijfsrevisoren BV (IRE N° B00160), with permanent representatives Patrick Rottiers (IRE N° A01365) and Christoph Oris (IRE N° A02341).

## Enterprise Risk Management

At the request of the Board of Directors and the Audit Committee, Sibelco's governance framework reflects Sibelco's risk philosophy and assists in managing risks effectively through the application of the Enterprise Risk Management process, coordinated by the global risk management function (VP Group Internal Audit and Risk Management). It ensures that the information about risk management is appropriately reported and used as a basis for decision making and accountability at all relevant levels of the Sibelco organization. The governance is applicable to Sibelco entities and risk exercises which occur as part of the Enterprise Risk Management program. It is embedded across the organization, by adopting the 'three lines of defence model'. The model distinguishes between functions that own and manage risks, functions overseeing risks and functions providing independent assurance. Identified risks (Sibelco's Risk Universe) are classified into four different categories: strategy, operations, legal and financial/reporting. Key risks are evaluated and ranked by impact and likelihood on basis of a standardised scale. Ownership is assigned and action plans (including deadlines) defined with the Exco and functional leaders to further mitigate the identified risks.

## Internal Controls Framework

At the request of the Board of Directors and the Audit Committee, management, in collaboration with internal audit, has designed a global internal controls framework. The global internal controls framework consist of the following core fundamentals : Group Policies and Standards, definition of roles and responsibilities, segregation of Duties (SOD), documented processes and related controls in procedures, execution and evidencing of a defined set of Minimum Internal Controls Standards established by the functions covering specific risks and periodic monitoring through on-line annual Control Self-Assessment.

All Sibelco entities are required to comply with the internal control framework and document compliance with these core fundamentals.

## Global Internal Audit

At the request of the Audit Committee, the global internal audit strategy focusses on:

- ◆ improvement of the internal controls and risk management maturity;
- ◆ adding value and improving Sibelco's operations through sharing best practices based on internal and external experiences / competencies;
- ◆ continuous communication and sharing with all stakeholders within the organisation;
- ◆ focus on key company activities and increase risk based auditing;
- ◆ embedding 'cost-benefit realisation' in its audit missions and advisory approach : pragmatic with focus on risk mitigation, internal controls, process standardization/harmonisation and efficiency.

The starting point is that all audit activities are risk based and in order to realise the strategy, four different types of audits have been defined on top of the advisory role: theme/functional audits, plant reviews, process audits and ad hoc management requests. Based upon the group risk assessment (see ERM section) a global internal audit plan has been defined and validated by the Audit Committee on annual basis.

## PAYMENTS TO GOVERNMENTS

A report on Payments to Governments has been established in accordance with legal provisions and was approved and signed by the members of the Board.

## CONVENING GENERAL MEETING

Article 25 of the company's by-laws stipulates that the Ordinary Annual Meeting of Shareholders will be held on the penultimate Wednesday of April, at 2.00 pm.

For the financial year 2021, the Annual Meeting of Shareholders will as a consequence take place on Wednesday 20 April 2022.

The Board of Directors of SCR-Sibelco NV invites the shareholders for the General Meeting of Shareholders to be held physically on 20 April 2022 at 14.00h at 't Kristallijn, Blauwe Keidreef 3, 2400 Mol-Rauw.

## AGENDA

1. Report of the Board of Directors to the Shareholders
2. Report of the company auditor to the Shareholders
3. Approval of the audited statutory financial statements of the year 2021 and presentation of the consolidated results
4. Attribution of the profit and declaration of the dividend – remuneration of directors
5. Discharge to the directors
6. Discharge to the auditors
7. Nomination of directors
8. Nomination of auditors

For the conditions of admission to the general meeting of 20 April 2022, we refer to the Shareholder Section of the Company's website, [www.sibelco.com](http://www.sibelco.com), where shareholders will find the necessary documents and most recent information on the practical arrangements for their participation to the general meeting.

## ATTRIBUTION OF THE RESULT OF SCR-SIBELCO NV

The shareholders will be asked to vote for the attribution of (i) the results of the year towards the reserves available for distribution and

the (ii) allocation of the available reserves towards dividends and tantièmes of SCR-Sibelco NV, in line with the following proposal:

*In euro*

**2021**

<b>Reserves available for distribution before result and dividend</b>	<b>1 528 779 117</b>
Profit/(loss) of the year	34 250 804
Gross Dividend	(55 033 370)
Tantièmes	(1 225 333)
<b>Reserves available for distribution after result allocation and dividend</b>	<b>1 506 791 218</b>

The proposed gross dividend amount of EUR 55 033 370 corresponds to a total dividend per share of EUR 117.20. Since 2021, following the new Belgian Company law (Art. 7:217.§3), the entitlement on dividends of treasury shares held by SCR-Sibelco NV itself are cancelled. Hence the 602 treasury shares held by the Company are not accounted for.

For the financial year 2021, no interim dividend was paid out. Once approved at the shareholders meeting, the dividend of EUR 117.20 gross per share will be paid out as of 12 May 2022. The record date has been set on 11 May 2021. The System Paying Agent designated for the payment of the 2021 dividend is ING Bank, Marnixlaan 24, 1000 Brussels with Bank Degroof Petercam, Nijverheidsstraat 44, 1000 Brussels as co-agent.

## DISCHARGE IN FAVOR OF BOARD MEMBERS AND AUDITORS

After approval of the annual accounts, shareholders will be asked to pronounce themselves by means of a special vote on the discharge to

be granted individually to the members of the Board of Directors and to the auditor.

## NOMINATIONS OF DIRECTORS

The mandates of Cytifinance SA, with permanent representative Michel Delloye, ASSaPP SA, with permanent representative Jean-Louis de Cartier de Marchienne, and Jean-Marc Ueberecken will expire at this Annual General Meeting.

On the agenda of the meeting there are however four Board members' mandates to be decided upon by the shareholders, the three actual Board members as mentioned are presented for re-election by the Board and one candidate is presented for election by a shareholder group, Quarzwerke GmbH and LL Holdings GmbH as a consequence of the fact that Hans-Josef Grehl, who's mandate normally lasted until the AGM of April 2023, has decided to resign as a member of the Board with effect as of 20 April 2022.

After a due screening process the following Board members are presented to be re-elected as a Board member for a mandate of 3 years: Cytifinance SA, with permanent representative Michel Delloye, ASSaPP SA, with permanent representative Jean-Louis de Cartier de Marchienne, and Jean-Marc Ueberecken. Their renewed mandates will expire at the General Meeting of 2025.

After a due screening process Pierre Nothomb is presented to be elected as a Board member for a mandate that will expire at the General Meeting of April 2023.

The mandate of the statutory auditor, EY Bedrijfsrevisoren BV, with Patrick Rottiers and Christoph Oris as permanent representatives, expires at the current General Meeting, and on the advice of the Audit Committee, the Board of Directors proposes to re-elect EY Bedrijfsrevisoren BV for a new mandate as the Company's statutory auditor. This mandate will expire at the General Meeting in 2025. After confirmation by the Audit Committee, EY Bedrijfsrevisoren BV appoints Mr. Patrick Rottiers and Mr. Christoph Oris as permanent representatives.

The Members of the Board wish to thank all SCR-Sibelco NV staff and employees all over the world for their dedicated efforts in achieving our goals.

Antwerp, 10 March 2022

Signed by the Members of the Board

## CONDITIONS FOR ADMISSION TO THE GENERAL MEETING OF SHAREHOLDERS OF 20 APRIL 2022

Pursuant to Articles 7:133 and 7:134 of the Belgian Companies Code and to Article 28 of the articles of association, the board of directors has decided that the shareholders will be admitted to, and can vote at, the general meeting of 20 April 2022 if the company can determine, on the basis of the evidence submitted in accordance with the procedure described below, that they were holding on Tuesday

12 April 2022, before the close of business (Belgian time) (the "Record Date"), the shares of which they intend to exercise the voting rights at the general meeting.

In order to establish towards Sibelco that they hold their shares on the Record Date, the shareholders must proceed as follows:

### FOR HOLDERS OF REGISTERED SHARES:

A confirmation of the number of shares for which they want their shareholding to be established on the Record Date, must reach SCR-Sibelco NV at the latest on Tuesday 12 April 2022 at close of business (Belgian time) by ordinary letter or by e-mail at [shareholder@sibelco.com](mailto:shareholder@sibelco.com).

The holding of the shares on the Record Date will be assessed by SCR-Sibelco NV on the basis of the entries in the register of registered shares.

### FOR HOLDERS OF DEMATERIALIZED SHARES:

Holders of dematerialized shares will have to notify their bank or financial institution of the number of shares for which they want their shareholding to be established on the Record Date, before Tuesday 12 April 2022. The banks and other financial institutions should

confirm to ING the number of shares registered by their clients for the purpose of participating in the ordinary general meeting at the latest on Tuesday 12 April 2022 at close of business (Belgian time).



