UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

(Mark One)

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) or (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2020

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report ________
For the transition period from ________ to ________
Commission file number: 001-37668

Ferroglobe PLC
(Exact name of Registrant as specified in its charter)

England and Wales
(Jurisdiction of incorporation or organization)

13 Chesterfield Street,
London W1J 5JN, United Kingdom
+44-(0)750-130-8322
(Address of principal executive offices)

Beatriz García-Cos Chief Financial Officer and Principal Accounting Officer
13 Chesterfield Street,
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(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Ordinary Shares (nominal value of $0.01)	**GSM**	**NASDAQ Global Select Market**

Securities registered or to be registered pursuant to Section 12(g) of the Act.
None
Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.
None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

Ordinary Shares (nominal value of $0.01) 169,197,366

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ☐ No ☒

Note—Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐
Emerging growth company☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

† Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report ☒

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☐ International Financial Reporting Standards as issued by the International Accounting Standards Board ☒ Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

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CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS

This annual report includes statements that are, or may be deemed to be, forward-looking statements within the meaning of the securities laws of certain applicable jurisdictions. These forward-looking statements are made under the "safe harbor" provision under Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts contained in this annual report, including, without limitation, those regarding our future financial position and results of operations, our strategy, plans, objectives, goals and targets, future developments in the markets in which we operate or are seeking to operate or anticipated regulatory changes in the markets in which we operate or intend to operate. These statements are often, but not always, made through the use of words or phrases such as “believe,” “anticipate,” “could,” “may,” “would,” “should,” “intend,” “plan,” “potential,” “predict(s),” “will,” “expect(s),” “estimate(s),” “project(s),” “positioned,” “strategy,” “outlook,” “aim,” “assume,” “continue,” “forecast,” “guidance,” “projected,” “risk” and similar expressions.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and are based on numerous assumptions. Our actual results of operations, financial condition and the development of events may differ materially from (and be more negative than) those made in, or suggested by, the forward-looking statements. Investors should read the section entitled “Item 3.D.—Key Information—Risk Factors” and the description of our segments in the section entitled “Item 4.B.—Information on the Company—Business Overview” for a more complete discussion of the factors that could affect us. All such forward-looking statements involve estimates and assumptions that are subject to risks, uncertainties and other factors that could cause actual results to differ materially from the results expressed in, or suggested by, the statements. Among the key factors that could cause actual results to differ materially from those projected in the forward-looking statements are the following:

- the impacts of the COVID-19 pandemic;
- our ability to sucessfully refinance our senior Notes due in 2022;
- the outcomes of pending or potential litigation;
- operating costs, customer loss and business disruption (including, without limitation, difficulties in maintaining relationships with employees, customers, clients or suppliers) may be greater than expected;
- the retention of certain key employees may be difficult;
- intense competition and expected increased competition in the future;
- our ability to adapt services to changes in technology or the marketplace;
- our ability to maintain and grow relationships with customers and clients;
- the historic cyclicality of the metals industry and the attendant swings in market price and demand;
- increases in energy costs and the effect on costs of production;
- energy prices, disruptions in the supply of power and changes in governmental regulation of the power sector;
- availability of raw materials and transportation;
- the cost of raw material inputs and the ability to pass along those costs to customers;

- costs associated with labor disputes and stoppages;
- our ability to maintain our liquidity and to generate sufficient cash to service indebtedness;
- integration and development of prior and future acquisitions;
- our ability to implement strategic initiatives and actions taken to increase sales growth;
- our ability to compete successfully;
- the availability and cost of maintaining adequate levels of insurance;
- our ability to protect trade secrets, trademarks and other intellectual property;
- equipment failures, delays in deliveries or catastrophic loss at any of our manufacturing facilities, which may not be covered under any insurance policy;
- exchange rate fluctuations;
- changes in laws protecting U.S., Canadian and European Union companies from unfair foreign competition (including antidumping and countervailing duty orders and laws) or the measures currently in place or expected to be imposed under those laws;
- compliance with, or potential liability under, environmental, health and safety laws and regulations (and changes in such laws and regulations, including in their enforcement or interpretation);
- risks from international operations, such as foreign exchange fluctuations, tariffs, duties and other taxation, inflation, increased costs, political risks and our ability to maintain and increase business in international markets;
- risks associated with mining operations, metallurgical smelting and other manufacturing activities;
- our ability to manage price and operational risks including industrial accidents and natural disasters;
- our ability to acquire or renew permits and approvals;
- potential losses due to unanticipated cancellations of service contracts;
- risks associated with potential unionization of employees or work stoppages that could adversely affect our operations;
- changes in tax laws (including under applicable tax treaties) and regulations or to the interpretation of such tax laws or regulations by governmental authorities;
- changes in general economic, business and political conditions, including changes in the financial markets;
- uncertainties and challenges surrounding the implementation and development of new technologies;
- risks related to our capital structure;
- risks related to our ordinary shares; and

- our ability to achieve the intended results of our transformation plan.

These and other factors are more fully discussed in the "Item 3.D.—Key Information—Risk Factors" and "Item 4.B.—Information on the Company—Business Overview" sections and elsewhere in this annual report.

The factors described above and set forth in "Item 3.D.—Key Information—Risk Factors" section are not exhaustive. Other sections of this annual report describe additional factors that could adversely affect our business, financial condition or results of operations. Moreover, we operate in a very competitive and rapidly changing commercial environment. New risk factors emerge from time to time and it is not possible for us to predict or list all such risks, nor can we assess the impact of all possible risks on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained, or implied by, in any forward-looking statements.

The forward-looking statements made in this annual report relate only to events or information as of the date on which the statements are made in this annual report. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this annual report and the documents we reference herein carefully and completely, with the understanding that our actual future results or performance may be materially different from what we anticipate.

CURRENCY PRESENTATION AND DEFINITIONS

In this annual report, references to "$," "US$" and "U.S. Dollars" are to the lawful currency of the United States of America, references to "Euro" and "€" are to the single currency adopted by participating member states of the European Union relating to Economic and Monetary Union and references to "Pound Sterling" and "£" are to the lawful currency of the United Kingdom.

Unless otherwise specified or the context requires otherwise, all financial information for the Company provided in this annual report is denominated in U.S. Dollars.

Definitions

Unless otherwise specified or the context requires otherwise in this annual report:

- the terms (1) "we," "us," "our," "Company," "Ferroglobe," and "our business" refer to Ferroglobe PLC and its subsidiaries, Globe Specialty Metals, Inc. ("Globe") and its consolidated subsidiaries and Grupo FerroAtlántica, S.A.U. ("FerroAtlántica") and its consolidated subsidiaries; (2) "Globe" refers solely to Globe Specialty Metals, Inc. and its consolidated subsidiaries and (3) "FerroAtlántica" or the "FerroAtlántica Group" refers solely to FerroAtlántica and its consolidated subsidiaries;

- "Business Combination" refers to the business combination of Globe and FerroAtlántica as wholly-owned subsidiaries of Ferroglobe PLC on December 23, 2015;

- "Class A Ordinary Shares" refers to share capital issued in connection with the Business Combination, which has subsequently been converted into ordinary shares of Ferroglobe PLC as a result of the distribution of beneficial interest units in the Ferroglobe Representation and Warranty Insurance Trust to certain Ferroglobe PLC shareholders on November 18, 2016;

- "Consolidated Financial Statements" refers to the audited consolidated financial statements of Ferroglobe PLC and its subsidiaries as of December 31, 2020 and December 31, 2019 and for each of the years ended December 31, 2020, 2019 and 2018, including the related notes thereto, prepared in accordance with IFRS (as such terms are defined herein);

- "IFRS" refers to International Financial Reporting Standards as issued by the International Accounting Standards Board;

- "Indenture" refers to the indenture, dated as of February 15, 2017, among Ferroglobe PLC and Globe Specialty Metals, Inc. as co-issuers, certain subsidiaries of Ferroglobe PLC as guarantors, and Wilmington Trust, National Association as trustee, registrar, transfer agent and paying agent;
- "Notes" refer to the $350,000,000 aggregate principal amount of senior unsecured notes bearing interest of 9.375% issued by Ferroglobe PLC and Globe Specialty Metals, Inc., due March 1, 2022 (the "Notes");
- "Predecessor" refers to FerroAtlántica for all periods prior to the Business Combination;
- "Revolving Credit Facility" refers to borrowings available under the credit agreement, dated as of February 27, 2018, as amended on or about October 31, 2018 and February 22, 2019, among Ferroglobe PLC, as borrower, certain subsidiaries of Ferroglobe PLC from time to time party thereto as guarantors, the financial institutions from time to time party thereto as lenders, PNC Bank, National Association, as administrative agent, issuing lender and swing loan lender, PNC Capital Markets LLC, Citizens Bank, National Association and BMO Capital Markets Corp., as joint legal arrangers and bookrunners, Citizens Bank, National Association, as syndication agent, and BMO Capital Markets Corp., as documentation agent, as amended from time to time;
- "shares" or "ordinary shares" refer to the authorized share capital of Ferroglobe PLC;
- "tons" refer to metric tons (approximately 2,204.6 pounds or 1.1 short tons);
- "U.S. Exchange Act" refers to the U.S. Securities Exchange Act of 1934, as amended; and
- "U.S. Securities Act" refers to the U.S. Securities Act of 1933, as amended.
- "ABL Revolver" refers to credit available under the credit agreement, dated as of October, 11, 2019, Ferroglobe subsidiaries Globe Specialty Metals, Inc., and QSIP Canada ULC, as borrowers, entered into a Credit and Security Agreement for a new $100 million north American asset-based revolving credit facility, with PNC Bank, N.A., as lender.
- "SPE" refers to Ferrous Receivables DAC, a special purpose entity domiciled and incorporated in Ireland to which trade receivables generated by the Company's subsidiaries in the United States, Canada, Spain and France were sold.
- "LIBOR" refers to the basic rate of interest used under the ABL Revolver, the interest to be paid will be LIBOR plus aplicable margin.
- "Leasing and Factoring Agent" refers to finance entity which has signed, on October 2, 2020, a factoring agreement with Grupo Ferroatlantica S.A.U. and Ferropem, Ferrgolobe's subsidiaries, to anticipate the collection of accounts receivable.
- "ZAR" refers to the currency abbreviation in forex markets for the South African Rand, the official currency of South Africa.

PRESENTATION OF FINANCIAL INFORMATION

The selected financial information as of December 31, 2020 and December 31, 2019 and for the years ended December 31, 2020, 2019 and 2018 is derived from our Consolidated Financial Statements, which are included elsewhere in this annual report and which are prepared in accordance with IFRS. The selected financial information related to other periods is derived as noted in "Item 3.—Key Information Selected Financial Data."

Certain numerical figures set out in this annual report, including financial data presented in millions or thousands and percentages describing market shares, have been subject to rounding adjustments, and, as a result, the totals of the data in this annual report may vary slightly from the actual arithmetic totals of such information. Percentages and amounts

reflecting changes over time periods relating to financial and other data set forth in "Item 5.—Operating and Financial Review and Prospects" are calculated using the numerical data in our Consolidated Financial Statements or the tabular presentation of other data (subject to rounding) contained in this annual report, as applicable, and not using the numerical data in the narrative description thereof.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. Selected Financial Data

The following selected financial information as of December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019, 2018, 2017 and 2016 is derived from our Consolidated Financial Statements, prepared in accordance with IFRS, which are included elsewhere in this annual report. Our Spanish hydroelectric operations were disposed of in August 2019. Accordingly, the consolidated income statements for 2018, 2017 and 2016 have been re-cast to show the results of the Spanish energy business within "Profit (loss) for the year from discontinued operations."

Ferroglobe was formed upon the consummation of the Business Combination on December 23, 2015. FerroAtlántica is the Company's "Predecessor" for accounting purposes. Therefore, the selected consolidated income statement of the Company for the year ended December 31, 2015 comprised the results of the following entities for the periods noted:

- Ferroglobe PLC for the period beginning February 5, 2015 (inception of the entity) and ended December 31, 2015;
- FerroAtlántica, the Company's "Predecessor," for the year ended December 31, 2015; and
- Globe for the eight-day period ended December 31, 2015.

The selected consolidated financial information as of and for the years ended December 31, 2020, 2019, 2018, 2017 and 2016 is not intended to be an indicator of our potential financial condition or results of operations in the future. The following tables should be read in conjunction with "Item 5.A.—Operating and Financial Review and Prospects—Operating Results," and our Consolidated Financial Statements included elsewhere in this annual report.

Consolidated Income Statement Data

($ thousands)	Year ended December 31, 2020	2019	2018 (1)	2017 (1)	2016 (1)
Sales	1,144,434	1,615,222	2,242,002	1,732,276	1,560,773
Cost of sales	(835,486)	(1,214,397)	(1,446,677)	(1,043,275)	(1,043,113)
Other operating income	33,627	54,213	45,844	18,100	26,020
Staff costs	(214,782)	(285,029)	(338,862)	(300,035)	(294,253)
Other operating expense	(132,059)	(225,705)	(277,560)	(234,399)	(237,350)
Depreciation and amortization charges, operating allowances and write-downs	(108,189)	(120,194)	(113,837)	(100,402)	(121,981)
Impairment losses	(73,344)	(175,899)	(58,919)	(31,641)	(267,450)
Net (loss) gain due to changes in the value of assets	158	(1,574)	(7,623)	7,504	1,891
(Loss) gain on disposal of non-current assets	1,292	(2,223)	14,564	(4,316)	340
Bargain purchase gain	—	—	40,142	—	—
Other losses	(1)	—	—	(2,613)	(40)
Operating (loss) profit	(184,350)	(355,586)	99,074	41,199	(375,163)
Finance income	177	1,380	4,858	2,409	1,591
Finance costs	(66,968)	(63,225)	(57,066)	(59,969)	(24,612)
Financial derivative gain (loss)	3,168	2,729	2,838	(6,850)	—
Exchange differences	25,553	2,884	(14,136)	8,214	(3,513)
(Loss) profit before tax	**(222,420)**	**(411,818)**	**35,568**	**(14,997)**	**(401,697)**
Income tax benefit (expense)	(21,939)	41,541	(20,459)	14,225	46,662
(Loss) profit for the year from continuing operations	**(244,359)**	**(370,277)**	**15,109**	**(772)**	**(355,035)**
Profit (loss) for the year from discontinued operations	(5,399)	84,637	9,464	(5,050)	(3,578)
(Loss) profit for the year	**(249,758)**	**(285,640)**	**24,573**	**(5,822)**	**(358,613)**
Loss attributable to non-controlling interests	3,419	5,039	19,088	5,144	20,186
(Loss) profit attributable to the Parent	**(246,339)**	**(280,601)**	**43,661**	**(678)**	**(338,427)**

Earnings (loss) per share

($ thousands except for share amounts)	2020	2019	2018 (1)	2017 (1)	2016 (1)
Profit (loss) attributable to the Parent	(246,339)	(280,601)	43,661	(678)	(338,427)
Weighted average basic shares outstanding	169,269,281	169,152,905	171,406,272	171,949,128	171,838,153
Basic profit (loss) per ordinary share	**(1.46)**	**(1.66)**	**0.25**	**—**	**(1.97)**
Weighted average basic shares outstanding	169,269,281	169,152,905	171,406,272	171,949,128	171,838,153
Effect of dilutive securities	—	—	123,340	—	—
Weighted average dilutive shares outstanding	169,269,281	169,152,905	171,529,612	171,949,128	171,838,153
Diluted earnings (loss) per ordinary share	**(1.46)**	**(1.66)**	**0.25**	**—**	**(1.97)**

(1) Our Spanish hydroelectric operations were disposed of in August 2019. Accordingly, the consolidated income statements for prior periods 2018, 2017 and 2016 have been restated to reclassify the results of the Spanish energy business within “Profit (loss) for the year from discontinued operations.”

Cash dividends declared

($ thousands except for share amounts)	2020	2019	2018	2017	2016
Cash dividends declared	—	—	20,642	—	54,988
Cash dividends declared per ordinary share	—	—	0.12	—	0.32

Consolidated Statement of Financial Position Data

	As of December 31,				
($ thousands)	2020	2019	2018	2017	2016
Cash and cash equivalents	102,714	94,852	216,647	184,472	196,931
Current restricted cash and cash equivalents	28,843	—	—	—	—
Non-current restricted cash and cash equivalents	—	28,323	—	—	—
Total assets	1,347,145	1,734,353	2,123,817	2,000,257	2,019,301
Non-current liabilities	548,640	734,599	740,368	612,303	500,503
Current liabilities	432,786	397,457	499,077	450,196	626,756
Equity	365,719	602,297	884,372	937,758	892,042

B. Capitalization and indebtedness.

Not applicable.

C. Reasons for the offer and use of proceeds.

Not applicable.

D. Risk factors.

An investment in our ordinary shares carries a significant degree of risk. You should carefully consider the following risks and all other information in this annual report, including our Consolidated Financial Statements elsewhere in the 20-F. Additional risks and uncertainties we are not presently aware of, or that we currently deem immaterial, could also affect our business operations and financial condition. If any of these risks are realized, our business, results of operations and financial condition could be adversely affected to a material degree. As a result, the trading price of our ordinary shares could decline and you could lose part or all of your investment.

Risks Related to Our Business and Industry

Our operations depend on industries including the aluminum, steel, polysilicon, silicone and photovoltaic/solar industries, which, in turn, rely on several end-markets. A downturn or change in these industries or end-markets could adversely affect our business, results of operations and financial condition.

Because we primarily sell silicon metal, silicon based alloys, manganese based alloys and other specialty alloys we produce to manufacturers of aluminum, steel, polysilicon, silicones, and photovoltaic products, our results are significantly affected by the economic trends in the steel, aluminum, polysilicon, silicone and photovoltaic industries. Primary end users that drive demand for steel and aluminum include construction companies, shipbuilders, electric appliance and car manufacturers, and companies operating in the rail and maritime industries. Primary end users that drive demand for polysilicon and silicones include the automotive, chemical, photovoltaic, pharmaceutical, construction and consumer products industries. Demand for steel, aluminum, polysilicon and silicones from such companies is strongly correlated with changes in gross domestic product and is affected by global economic conditions. Fluctuations in steel and aluminum prices may occur due to sustained price shifts reflecting underlying global economic and geopolitical factors, changes in industry supply-demand balances, the substitution of one product for another in times of scarcity, and changes in national

tariffs. Lower demand for steel and aluminum can quickly cause a substantial build-up of steel and aluminum stocks, resulting in a decline in demand for silicon metal, silicon-based alloys, manganese-based alloys, and other specialty alloys. Polysilicon and silicone producers are subject to fluctuations in crude oil, platinum, methanol and natural gas prices, which could adversely affect their businesses. Changes in power regulations in different countries, fluctuations in the relative costs of different sources of energy, and supply-demand balances in the different parts of the value chain, among other factors, may significantly affect the growth prospects of the photovoltaic industry. A significant and prolonged downturn in the end markets for steel, aluminum, polysilicon, silicone and photovoltaic products, could adversely affect these industries and, in turn, our business, results of operations and financial condition.

COVID-19 has had a material detrimental impact on our business and financial results, and such impact could continue and may worsen for an unknown period of time.

COVID-19 has been and continues to be a complex and evolving situation, with governments, public institutions and other organizations imposing or recommending, and businesses and individuals implementing, at various times and to varying degrees, restrictions on various activities or other actions to combat its spread, such as restrictions and bans on travel or transportation; limitations on the size of in-person gatherings, restrictions on freight transportations, closures of, or occupancy or other operating limitations on work facilities, and quarantines and lock-downs. COVID-19 and its consequences have significantly impacted and continue to impact our business, operations, and financial results. The extent to which COVID-19 impacts our business, operations, and financial results going forward will depend on the factors described above and numerous other evolving factors that we may not be able to accurately predict or assess, including the duration and scope of COVID-19; the availability and distribution of effective vaccines or treatments; COVID-19's impact on global and regional economies and economic activity, including the duration and magnitude of its impact on unemployment rates; its short and longer-term impact on the demand for our products, group business, and levels of customer confidence; the ability of our owners to successfully navigate the impacts of COVID-19; and how quickly economies, and demand recovers after the pandemic subsides.

COVID-19 has negatively impacted, and will in the future negatively impact to an extent we are unable to predict, our revenues. In addition, COVID-19 and its impact on global and regional economies, and the specialty chemical industry in particular, has made it difficult to obtain financing and has increased the probability that we will be unable or unwilling to service, repay or refinance existing indebtedness. If a significant number of our sales volumes are terminated as a result of bankruptcies, sales or foreclosures, our results of operations could be materially adversely affected. Also, testing our intangible assets or goodwill for impairments due to reduced revenues or cash flows could result in additional charges, which could be material. For the reasons set forth above, COVID-19 has had and may in the future will have a material adverse effect on our business, operations, and financial condition.

The metals industry is cyclical and has been subject in the past to swings in market price and demand which could lead to volatility in our revenues.

Our business has historically been subject to fluctuations in the price of our products and market demand for them, caused by general and regional economic cycles, raw material and energy price fluctuations, competition and other factors. The timing, magnitude and duration of these cycles and the resulting price fluctuations are difficult to predict. For example, we experienced a weakened economic environment in national and international metals markets, including a sharp decrease in silicon metal prices in all major markets, from late 2014 to late 2017. During the second half of 2018 and throughout 2019, we experienced the most dramatic decline in prevailing prices of our products, which adversely affected our results. In 2020, the business experienced a reduction in sales volumes as a result of lower customer demand and a decrease in prices variance.

Historically, Ferroglobe's indirect subsidiary Globe Metallurgical Inc., has been affected by recessionary conditions in the end markets for its products, such as the automotive and construction industries. In April 2003, Globe Metallurgical Inc. sought protection under Chapter 11 of the U.S. Bankruptcy Code following its inability to restructure or refinance its indebtedness amidst a confluence of several negative economic and other factors, including an influx of low priced, dumped imports, which caused it to default on then outstanding indebtedness. A recurrence of such economic factors could have a material adverse effect on our business, results of operations and financial condition.

Additionally, as a result of unfavorable conditions in the end markets for its products, Globe Metales S.R.L. (“Globe Metales”) went through reorganization proceedings (“concurso preventivo”) in 1999, which ended in February 2019. While such reorganization proceedings were ongoing (until February 2019), Globe Metales could not dispose of or encumber its registered assets (including its real estate) or perform any action outside its ordinary course of business without prior court approval.

In addition to the deterioration of market conditions for several of our products in the second half of 2018 and the whole of 2019, we also saw a contraction in sales volumes during 2020 which was primarily driven by the COVID-19 pandemic. Throughout 2020, COVID -19 and its consequences have significantly impacted and continue to impact our business, operations, and financial results. Such conditions, and any decline in the global silicon metal, manganese-based alloys and silicon-based alloys industries could have a material adverse effect on our business, results of operations and financial condition. Moreover, our business is directly related to the production levels of our customers, whose businesses are dependent on highly cyclical markets, such as the automotive, residential and non-residential construction, consumer durables, polysilicon, steel, and chemical industries. In response to unfavourable market conditions, customers may request delays in contract shipment dates or other contract modifications. If we grant modifications, these could adversely affect our anticipated revenues and results of operations. Also, many of our products are traded internationally at prices that are significantly affected by worldwide supply and demand. Consequently, our financial performance will fluctuate with the general economic cycle, which could have a material adverse effect on our business, results of operations and financial condition.

Our business is particularly sensitive to increases in energy costs, which could materially increase our cost of production.

Electricity is one of our largest production components. The price of electricity is determined in the applicable domestic jurisdiction and is influenced both by supply and demand dynamics and by domestic regulations. Changes in local energy policy, increased costs due to scarcity of energy supply, climate conditions, the termination or non-renewal of any of our power purchase contracts and other factors may affect the price of electricity supplied to our plants and adversely affect our results of operations and financial conditions.

Because electricity is indispensable to our operations and accounts for a high percentage of our production costs, we are particularly vulnerable to supply limitations and cost fluctuations in energy markets. For example, at our Argentine, South African and Chinese plants, production must be modulated to reduce consumption of energy in peak hours or in seasons with higher energy prices, in order for us to maintain profitability. Generation of electricity in France by our own hydroelectric power operations partially mitigates our exposure to price increases in that market. However, in the past we have pursued possibilities of disposing of those operations, and may do so in the future. Such a divestiture, if completed, may result in a greater exposure to increases in electricity prices. Similarly the disposal in 2019 of our hydroelectric assets in Spain may result in a greater exposure to price fluctuations, for our Spanish ferroalloys business and therefore impact margins.

Electrical power to our U.S. and Canadian facilities is supplied mostly by American Electric Power Co., Alabama Power Co., Brookfield Renewable Partners L.P. and Hydro-Québec, and the Tennessee Valley Authority through dedicated lines. Our Alloy, West Virginia facility obtains approximately 45% of its power needs under a fixed price power purchase agreement with a nearby hydroelectric facility owned by a Brookfield affiliate. This facility is over 70 years old and any breakdown could result in the Alloy facility having to purchase more grid power at higher rates. The hydropower contract with Brookfield for the Alloy plant expires in December, 2021. A contract extension is currently being negotiated but no assurance can be given that an arrangement will be reached and future rate increases may occur depending upon the outcome of those negotiations. The energy supply for our Mendoza, Argentina facility is supplied the national network administrator Cammesa under a power agreement expiring in December 2020 with a low rate specifically approved for ultra electrointensive industries. The contract extension was temporarily extended until 30 June, 2021. There can be no assurance that such negotiations will be completed on terms we consider to be commercially reasonable, or at all.

Energy supply to our facilities in South Africa is provided by Eskom (State-owned power utility) through rates that are approved annually by the national power regulator (NERSA). These rates have had an upward trend in the past years, due

to the instability of available supply, and are likely to continue increasing. Also, NERSA applies certain revisions to rates based on cost variances for Eskom that are not within our control.

In Spain, power is purchased in a competitive wholesale market. Our facilities have to pay access tariffs to the national grid and get certain payments in exchange for providing services to the grid (i.e., interruptibility services). The volatile nature of the wholesale market in Spain results in price uncertainty that can be only partially offset by financial hedging contracts. Also, the payment we receive for the services provided to the grid are a major component of our power supply arrangements in Spain, and regulation for such services has been altered several times during the past years and the economic benefits of such services vary significantly from one year to the next, affecting our production cost and results from our operations.

In addition, France, South Africa and the U.S., our energy purchase arrangements depend to a certain extent on rebates or revenues that we get for providing different services to the grid (interruptibility, load shaving, off-peak consumption, etc.). These rebates may be significant, but such arrangements with relevant grid operators and/or regulators may vary over time, which may affect our production costs and results from our operations.

Losses caused by disruptions in the supply of power would reduce our profitability.

Large amounts of electricity are used to produce silicon metal, manganese and silicon based alloys and other specialty alloys, and our operations are heavily dependent upon a reliable supply of electrical power. We may incur losses due to a temporary or prolonged interruption of the supply of electrical power to our facilities, which can be caused by unusually high demand, blackouts, equipment failure, natural disasters or other catastrophic events, including failure of the hydroelectric facilities that currently provide power under contract to our West Virginia, Québec and Argentina facilities. Additionally, on occasion, we have been instructed to suspend operations for several hours by the sole energy supplier in South Africa due to a general power shortage in the country. It is possible that this supplier may instruct us to suspend our operations for a similar or longer period in the future. Such interruptions or reductions in the supply of electrical power adversely affect production levels and may result in reduced profitability. Our insurance coverage does not cover all interruption events and may not be sufficient to cover losses incurred as a result.

In addition, investments in Argentina’s electricity generation and transmission systems have been lower than the increase in demand in recent years. If this trend is not reversed, there could be electricity supply shortages as the result of inadequate generation and transmission capacity. Given the heavy dependence on electricity of our manufacturing operations, any electricity shortages could adversely affect our financial results.

Government regulations of electricity in Argentina give priority of use of hydroelectric power to residential users and subject violators of these restrictions to significant penalties. This preference is particularly acute during Argentina’s winter months due to a lack of natural gas. We have previously successfully petitioned the government to exempt us from these restrictions given the demands of our business for continuous supply of electric power. If we are unsuccessful in our petitions or in any action we take to ensure a stable supply of electricity, our production levels may be adversely affected and our profitability reduced.

Any decrease in the availability, or increase in the cost, of raw materials or transportation could materially increase our costs.

Principal components in the production of silicon metal, silicon based alloys and manganese based alloys include coal, charcoal, graphite and carbon electrodes, manganese ore, quartzite, wood chips, steel scrap, and other metals. While we own certain sources of raw materials, we also buy raw materials on a spot or contracted basis. The availability of these raw materials and the prices at which we purchase them from third party suppliers depend on market supply and demand and may be volatile. Our ability to obtain these materials in a cost efficient and timely manner is dependent on certain suppliers, their labor union relationships, mining and lumbering regulations and output, pandemic and general local economic conditions.

Over the previous years, certain raw materials (particularly graphite electrodes, coal, manganese ore, and other electrode components) have experienced significant price increases and quick price moves in relatively short periods of time. In some cases, this has been combined with certain shortage in the availability of such raw materials. While we try to anticipate potential shortages in the supply of critical raw materials with longer term contracts and other purchasing strategies, these price swings and supply shortages may affect our cost of production or even cause interruptions in our operations, which may have a material adverse effect on our business, results of operations and financial condition.

We make extensive use of shipping by sea, rail and truck to obtain the raw materials used in our production and deliver our products to customers, depending on the geographic region and product or input. Raw materials and products often must be transported over long distances between mines and other production sites and the plants where raw materials are consumed, and between those sites and our customers. Any severe delay, interruption or other disruption in such transportation, any material damage to raw materials utilized by us or to our products while being transported, or a sharp rise in transportation prices, either relates to COVID-19 or otherwise, could have a material adverse effect on our business, results of operations and financial condition. In addition, because we may not be able to obtain adequate supplies of raw materials from alternative sources on terms as favorable as our current arrangements, or at all, any disruption or shortfall in the production and delivery of raw materials could result in higher raw materials costs and likewise materially adversely affect our business, results of operations and financial condition.

Cost increases in raw material inputs may not be passed on to our customers, which could negatively impact our profitability.

The prices of our raw material inputs are determined by supply and demand, which may be influenced by, inter alia, economic growth and recession, changes in world politics, unstable governments in exporting nations, and inflation. The market prices of raw material inputs will thus fluctuate over time, and we may not be able to pass significant price increases on to our customers. If we do try to pass them on, we may lose sales and thereby revenue, in addition to having the higher costs. Additionally, decreases in the market prices of our products will not necessarily enable us to obtain lower prices from our suppliers.

Metallurgical manufacturing and mining are inherently dangerous activities and any accident resulting in injury or death of personnel or prolonged production shutdowns could adversely affect our business and operations.

Metallurgical manufacturing generally, and smelting in particular, is inherently dangerous and subject to risks of fire, explosion and sudden major equipment failure. Quartz and coal mining are also inherently dangerous and subject to numerous hazards, including collisions, equipment failure, accidents arising from the operation of large mining and rock transportation equipment, dust inhalation, flooding, collapse, blasting operations and operating in extreme climatic conditions. These hazards have led to accidents resulting in the serious injury and death of production personnel and prolonged production shutdowns in the past. We may experience fatal accidents or equipment malfunctions in the future, which could have a material adverse effect on our business and operations.

We are heavily dependent on our mining operations, which are subject to certain risks that are beyond our control and which could result in materially increased expenses and decreased production levels.

We mine quartz and quartzite at open pit mining operations and coal at underground and surface mining operations. We are heavily dependent on these mining operations for our quartz and coal supplies. Certain risks beyond our control could disrupt our mining operations, adversely affect production and shipments, and increase our operating costs, such as: the closure of operations as a result of the COVID-19 pandemic; a major incident at the mine site that causes all or part of the operations of the mine to cease for some period of time; mining, processing and plant equipment failures and unexpected maintenance problems; disruptions in the supply of fuel, power and/or water at the mine site; adverse changes in reclamation costs; the inability to renew mining concessions upon their expiration; the expropriation of territory subject to a valid concession without sufficient compensation; and adverse weather and natural disasters, such as heavy rains or snow, flooding and other natural events affecting operations, transportation or customers.

Regulatory agencies have the authority under certain circumstances following significant health and safety violations or incidents to order a mine to be temporarily or even permanently closed. If this occurs, we may be required to incur significant legal and capital expenditures to re open the affected mine. In addition, environmental regulations and enforcement could impose unexpected costs on our mining operations, and future regulations could increase those costs or limit our ability to produce quartz and sell coal. A failure to obtain and renew permits necessary for our mining operations could limit our production and negatively affect our business. It is also possible that we have extracted or may in the future extract quartz from territory beyond the boundary of our mining concession or mining right, which could result in penalties or other regulatory action or liabilities.

We are subject to environmental, health and safety regulations, including laws that impose substantial costs and the risk of material liabilities.

Our operations are subject to extensive foreign, federal, national, state, provincial and local environmental, health and safety laws and regulations governing, among other things, the generation, discharge, emission, storage, handling, transportation, use, treatment and disposal of hazardous substances; land use, reclamation and remediation; waste management and pollution prevention measures; greenhouse gas emissions; and the health and safety of our employees. We are also required to obtain permits from governmental authorities for certain operations, and to comply with related laws and regulations. We may not have been and may not be at all times in full compliance with such permits and related laws and regulations. If we violate or fail to comply with these permits and related laws and regulations, we could be subject to penalties, restrictions on operations or other sanctions, obligations to install or upgrade pollution control equipment and legal claims, including for alleged personal injury or property or environmental damages. Such liability could adversely affect our reputation, business, results of operations and financial condition. In addition, in the context of an investigation, the government may impose obligations to make technology upgrades to our facilities that could result in our incurring material capital expenses. For example, in addition to notices received with respect to other plants, we have received two Notices and Findings of Violation ("NOV/FOV") from the U.S. federal government, alleging numerous violations of the Clean Air Act relating to the Company's Beverly, Ohio facility. Should the Company and the federal government be unable to reach a negotiated resolution of the NOV/FOVs, the U.S. government could file a formal lawsuit in U.S. federal court for injunctive relief, potentially requiring the Company to implement emission reduction measures, and for civil penalties. The statutory maximum penalty is $93,750 per day per violation, from April, 2013 to the present. See "Item 8.A.—Financial Information—Consolidated Financial Statements and Other Financial Information—Legal proceedings" for additional information. The Beverly facility also is located in an area currently designated as Non-Attainment for the one hour SO2 National Ambient Air Quality Standards ("NAAQS"). The Company has worked with the Ohio Environmental Protection Agency to develop a plan that ensures the facility is not causing exceedances of the one-hour NAAQS standard for SO2. The plan has received the necessary approval from the United States Environmental Protection Agency ("EPA").

The metals and mining industry is generally subject to risks and hazards, including fire, explosion, toxic gas leaks, releases of other hazardous materials, rockfalls, and incidents involving mobile equipment, vehicles or machinery. These could occur by accident or by breach of operating and maintenance standards, and could result in personal injury, illness or death of employees or contractors, or in environmental damage, delays in production, monetary losses and possible legal liability.

Under certain environmental laws, we could be required to remediate or be held responsible for the costs relating to contamination at our or our predecessors' past or present facilities and at third party waste disposal sites. We could also be held liable under these environmental laws for sending or arranging for hazardous substances to be sent to third party disposal or treatment facilities if such facilities are found to be contaminated. Under these laws we could be held liable even if we did not know of, or did not cause, such contamination, or even if we never owned or operated the contaminated disposal or treatment facility.

There are a variety of laws and regulations in place or being considered at the international, federal, regional, state and local levels of government that restrict or propose to restrict and impose costs on emissions of carbon dioxide and other greenhouse gases. These legislative and regulatory developments may cause us to incur material costs if we are required to reduce or offset greenhouse gas emissions, or to purchase emission credits or allowances, and may result in a material increase in our energy costs due to additional regulation of power generators. Environmental laws are complex, change frequently and are likely to become more stringent in the future. Because environmental laws and regulations are becoming

more stringent and new environmental laws and regulations are continuously being enacted or proposed, such as those relating to greenhouse gas emissions and climate change, the level of expenditures required for environmental matters could increase in the future. Future legislative action and regulatory initiatives could result in changes to operating permits, additional remedial actions, material changes in operations, increased capital expenditures and operating costs, increased costs of the goods we sell, and decreased demand for our products that cannot be assessed with certainty at this time.

Therefore, our costs of complying with current and future environmental laws, and our liabilities arising from past or future releases of, or exposure to, hazardous substances may adversely affect our business, results of operations and financial condition.

Compliance with existing and proposed climate change laws and regulations could adversely affect our performance.

Under current European Union legislation, all industrial sites are subject to cap and trade programs, by which every facility with carbon emissions is required to purchase in the market emission rights for volumes of emission that exceed a certain allocated level. So far, and until 2021, the allocated level of emissions has been sufficient for our business such that any of emissions rights purchases will have a limited impact on our business. After 2021, however, new regulations reducing the allocation of free allowances may require us to make significant purchases of emissions rights in the market. Also, certain Canadian provinces have implemented cap and trade programs. As a result, our facilities in Canada and in the European Union may be required to purchase emission credits in the future. The requirement to purchase emissions rights in the market could result in material costs to the Company, in addition to increased compliance costs, additional operating restrictions for our business, and an increase in the cost of the products we produce, which could have a material adverse effect on our financial position, results of operations, and liquidity.

In the United States, it is likely that the new administration will place a greater emphasis on regulating greenhouse gas emissions, although no proposed regulations have been outlined to date. However, carbon taxes, clean energy standards, carbon offsets, and/or the requirement to participate in a cap-and-trade program are being explored by the administration and US Congress. Although it is impossible to predict what form such action will take, any action may result in material increased compliance costs additional operating restrictions for our business, and an increase in the cost of the products we produce, which could have a material adverse effect on our financial position, results of operations and liquidity.

We make a significant portion of our sales to a limited number of customers, and the loss of a portion of the sales to these customers could have a material adverse effect on our revenues and profits.

In the year ended December 31, 2020, our ten largest customers accounted for approximately 50.7% of Ferroglobe’s consolidated revenue. We expect that we will continue to derive a significant portion of our business from sales to these customers.

Some contracts with our customers do not entail commitments from the customer to purchase specified or minimum volumes of products over time. Accordingly, we face a risk of unexpected reduced demand for our products from such customers as a result of, for instance, downturns in the industries in which they operate or any other factor affecting their business, which could have a material adverse effect on our revenues and profits.

If we were to experience a significant reduction in the amount of sales we make to some or all of such customers and could not replace these sales with sales to other customers, this could have a material adverse effect on our revenues and profits.

Our business benefits from antidumping and countervailing duty orders and laws that protect our products by imposing special duties on unfairly traded imports from certain countries. If these duties or laws change, certain foreign competitors might be able to compete more effectively.

Antidumping and countervailing duty orders are designed to provide relief from imports sold at unfairly low or subsidized prices by imposing special duties on such imports. Such orders normally benefit domestic suppliers and foreign suppliers not covered by the orders. In the United States, final antidumping or countervailing duties are in effect covering silicon metal imports from China, Russia, Bosnia and Herzegovina, Iceland, and Kazakhstan. Preliminary antidumping duties

covering imports of silicon metal from Malaysia also are in effect and are expected to become final duties in June 2021. In the European Union, antidumping duties are in place covering silicon metal imports from China and ferrosilicon imports from China and Russia. In Canada, antidumping and countervailing duties are in place covering silicon metal imports from China.

The current antidumping and countervailing duty orders may not remain in effect and continue to be enforced from year to year, the products and countries now covered by orders may no longer be covered, and duties may not continue to be assessed at the same rates. In the United States, rates of duty can change as a result of "administrative reviews" of antidumping and countervailing duty orders. These orders can also be revoked as a result of periodic "sunset reviews," which determine whether the orders will continue to apply to imports from particular countries. Antidumping and countervailing duties in the European Union and Canada are also subject to periodic reviews. In the European Union and in Canada, such reviews can include interim reviews, expiry reviews and other types of proceedings that may result in changes in rates of duty or termination of the duties.

Similarly, export duties imposed by foreign governments that are currently in place may change. For example, duties on Chinese exports of types of ferroalloys produced by Ferroglobe could be reduced.

Changes in any of these factors could adversely affect our business and profitability. Finally, at times, in filing trade actions, we arguably act against the interests of our customers. Certain of our customers may not continue to do business with us as a result.

Products we manufacture may be subject to unfair import competition that may affect our profitability.

A number of the products we manufacture, including silicon metal and ferrosilicon, are globally-traded commodities that are sold primarily on the basis of price. As a result, our sales volumes and prices may be adversely affected by influxes of imports of these products that are dumped or are subsidized by foreign governments. Our silicon metal and ferrosilicon operations have been injured by such unfair import competition in the past. Applicable antidumping and countervailing duty laws and regulations may provide a remedy for unfairly traded imports in the form of special duties imposed to offset the unfairly low pricing or subsidization. However, the process for obtaining such relief is complex and uncertain. As a result, while we have sought and obtained such relief in the past, in some cases we have not been successful. Thus, there is no assurance that such relief will be obtained, and if it is not, unfair import competition could have a material adverse effect on our business, results of operations and financial condition.

Competitive pressure from Chinese steel, aluminum, polysilicon and silicone producers may adversely affect the business of our customers, reducing demand for our products. Our customers may relocate to China, where they may not continue purchasing from us.

China's aluminum, polysilicon and steel producing capacity exceeds local demand and has made China an increasingly large net exporter of aluminum and steel, and the Chinese silicone manufacturing industry is growing. Chinese aluminum, polysilicon, steel and silicone producers — who are unlikely to purchase silicon metal, manganese and silicon based alloys and other specialty metals from our subsidiaries outside of China due to the ample availability of domestic Chinese production — may gain global market share at the expense of our customers. An increase in Chinese aluminum, steel, polysilicon and silicone industry market share could adversely affect the production volumes, revenue and profits of our customers, resulting in reduced purchases of our products.

Moreover, our customers might seek to relocate or refocus their operations to China or other countries with lower labor costs and higher growth rates. Any that do so might thereafter choose to purchase from other suppliers of silicon metal, manganese- and silicon-based alloys and other specialty metals which in turn could have a material adverse effect on our business, results of operations and financial condition.

We are subject to the risk of union disputes and work stoppages at our facilities, which could have a material adverse effect on our business.

A majority of our employees are members of labor unions. In the future, we may experience protracted negotiations with labor unions, strikes, work stoppages or other industrial actions from time to time. Strikes called by employees or unions could materially disrupt our operations, including productions schedules and delivery times. We have experienced strikes by our employees at several of our facilities from time to time. Any such work stoppage could have a material adverse effect on our business, results of operations and financial condition.

New labor contracts will have to be negotiated to replace expiring contracts from time to time. It is possible that future collective bargaining agreements will contain terms less favorable than the current agreements. Any failure to negotiate renewals of labor contracts on terms acceptable to us, with or without work stoppages, could have a materially adverse effect on our business, results of operations and financial condition.

Many of our key customers or suppliers are similarly subject to union disputes and work stoppages, which may reduce their demand for our products or interrupt the supply of critical raw materials and impede their ability to fulfil their commitments under existing contracts, which could have a material adverse effect on our business, results of operations and financial condition.

We are dependent on key personnel.

Our success depends in part upon the retention of key employees. Competition for qualified personnel can be intense. Current and prospective employees may experience uncertainty about our business or industry, which may impair our ability to attract, retain and motivate key management, sales, technical and other personnel.

If key employees depart our overall business may be harmed. We also may have to incur significant costs in identifying, hiring and retaining replacements for departing employees, may lose significant expertise and talent relating to our business and our ability to further realize the anticipated benefits of the Business Combination may be adversely affected. In addition, the departure of key employees could cause disruption or distractions for management and other personnel. Furthermore, we cannot be certain that we will be able to attract and retain replacements of a similar caliber as departing key employees.

The long term success of our operations depends to a significant degree on the continued employment of our core senior management team. In particular, we are dependent on the skills, knowledge and experience of Javier López Madrid, our Executive Chairman, Marco Levi, our Chief Executive Officer, and Beatriz García-Cos, our Chief Financial Officer. If these employees are unable to continue in their respective roles, or if we are unable to attract and retain other skilled employees, our business, results of operations and financial condition could be adversely affected. We currently have employment agreements with Mr. López Madrid, Dr. Levi and Ms. García-Cos. These agreements contain certain non compete provisions, which may not be fully enforceable by us. Additionally, we are substantially dependent upon key personnel among our legal, financial and information technology staff, who enable us to meet our regulatory, contractual and financial reporting obligations, including reporting requirements under our credit facilities.

Shortages of skilled labor could adversely affect our operations.

We depend on skilled labor for the operation of our submerged arc furnaces and other facilities. Some of our facilities are located in areas where demand for skilled personnel often exceeds supply. Shortages of skilled furnace technicians and other skilled workers, including as a result of deaths, work stoppages or quarantines resulting from the COVID-19 pandemic, could restrict our ability to maintain or increase production rates, lead to production inefficiencies and increase our labor costs.

In certain circumstances, the members of our Board may have interests that may conflict with yours as a holder of ordinary shares.

Our directors have no duty to us with respect to any information such directors may obtain (i) otherwise than as our directors and (ii) in respect of which directors owe a duty of confidentiality to another person, provided that where a director's relationship with such other person gives rise to a conflict, such conflict has been authorized by our Board in accordance with our articles of association ("Articles"). Our Articles provide that a director shall not be in breach of the general duties directors owe to us pursuant to the UK Companies Act 2006 because such director:

- fails to disclose any such information to our Board, directors or officers; or
- fails to use or apply any such information in performing such director's duties as a director.

In such circumstances, certain interests of the members of our Board may not be aligned with your interests as a holder of ordinary shares and the members of our Board may engage in certain business and other transactions without any accountability or obligation to us.

We may not realize the cost savings and other benefits that we expect to achieve from the strategic plan.

We are constantly looking for opportunities to improve our operations through changes in processe,s technology, information systems, and management of best practices. These initiatives are complex and require skilled management and the support of our workforce to implement them.

In our efforts to improve our business fully and successfully, we may encounter material unanticipated problems, expenses, liabilities, competitive responses, loss of client relationships, and a resulting diversion of management's attention. The challenges include, among others:

- managing change throughout the company;
- coordinating geographically separate organizations;
- potential diversion of management focus and resources from ordinary operational matters and future strategic opportunities;
- retaining existing customers and attracting new customers;
- maintaining employee morale and retaining key management and other employees;
- integrating two unique business cultures that are not necessarily compatible;
- issues in achieving anticipated operating efficiencies, business opportunities and growth prospects;
- consolidating corporate and administrative infrastructures and eliminating duplicative operations;

- issues in integrating information technology, communications and other systems;
- changes in applicable laws and regulations;
- changes in tax laws (including under applicable tax treaties) and regulations or to the interpretation of such tax laws or regulations by the governmental authorities; and
- managing tax costs or inefficiencies associated with integrating our operations.

Many of these factors are outside of our control and any one of them could result in increased costs, decreased revenues and diversion of management's time and energy, which could materially impact our business, results of operations and financial condition.

Because the proceeds of the R&W Policy will not be sufficient to fully compensate for losses attributable to breaches of representations and warranties made by Grupo VM and FerroAtlántica in the Business Combination Agreement, and the proceeds under the R&W Policy are required to be distributed to the holders of the Trust Units, we may be required to use our existing cash on hand or draw under our credit facility to fund any actual loss incurred.

We purchased a Representations and Warranties insurance policy (the "R&W Policy") in connection with the Business Combination to insure us against breaches of certain representations and warranties made by Grupo Villar Mir S.A.U. ("Grupo VM") and FerroAtlántica in the Business Combination Agreement (as defined below). The R&W Policy has a face amount equal to $50,000,000 and is subject to an initial retention amount of $10,000,000, as well as other limitations and conditions. As a result of Grupo VM's ownership of the Company following completion of the Business Combination, the R&W Policy only provides insurance to the extent of approximately 43% of insurable losses incurred by us. Accordingly, the proceeds of the R&W Policy will not be sufficient to fully compensate for losses attributable to breaches of representations and warranties made by Grupo VM and FerroAtlántica. In addition, we will not be able to recover losses attributable to breaches of certain representations and warranties that are excluded from the R&W Policy or for which coverage under the R&W Policy expired in December 2018 or for losses that would result in payments under the R&W Policy in excess of the $50,000,000 face amount of the R&W Policy.

On November 18, 2016, Ferroglobe completed the distribution to the holders of our ordinary shares at the time of beneficial interest units (the "Trust Units") in a newly formed Delaware Statutory Trust, Ferroglobe Representation and Warranty Insurance Trust ("Ferroglobe R&W Trust"), to which Ferroglobe had assigned its interest in the R&W Policy. Having assigned the R&W Policy, if we suffer a loss attributable to breaches of representations and warranties by Grupo VM or FerroAtlántica, we will be required to use our existing cash on hand or draws under our credit facility to fund the actual loss incurred to the extent that it is not met by Grupo VM, in the case of a breach by Grupo VM. Losses attributable to breaches of representations and warranties by Grupo VM or FerroAtlántica could have a material adverse effect on our business, financial condition and results of operations.

Any failure to integrate recently acquired businesses successfully or to complete future acquisitions successfully could be disruptive of our business and limit our future growth.

From time to time, we expect to pursue acquisitions in support of our strategic goals. In connection with any such acquisition, we could face significant challenges in managing and integrating our expanded or combined operations, including acquired assets, operations and personnel. There can be no assurance that acquisition opportunities will be available on acceptable terms or at all or that we will be able to obtain necessary financing or regulatory approvals to complete potential acquisitions. Our ability to succeed in implementing our strategy will depend to some degree upon the ability of our management to identify, complete and successfully integrate commercially viable acquisitions. Acquisition transactions may disrupt our ongoing business and distract management from other responsibilities.

For example, in February 2018, we completed the acquisition from a wholly-owned subsidiary of Glencore International AG ("Glencore") of a 100% interest in Glencore's manganese alloys plants in Mo i Rana (Norway) and Dunkirk (France). Although the purchase was made under what we believe to be favorable financial terms, the acquisition increases the management complexity of our operations, adds a new currency (Norwegian Krone) to our foreign exchange exposure, and will require additional attention from management in order for us to successfully integrate and capture synergies. There can be no assurance that the acquisition will result in the realization of the benefits anticipated. Specifically, during 2018 the manganese alloys and the manganese ore markets evolved in such way that margins in these specific operations have significantly eroded and results and profitability from these operations were below historical averages, average selling prices of Manganese-based Alloys have decreased 10.4% in 2020 compared to 2019 .

Grupo VM, our principal shareholder, has significant voting power with respect to corporate matters considered by our shareholders.

Our principal shareholder, Grupo VM, owns shares representing approximately 54% of the aggregate voting power of our capital stock. By virtue of Grupo VM's voting power, as well as Grupo VM's representation on the Board, Grupo VM will have significant influence over the outcome of any corporate transaction or other matters submitted to our shareholders for approval. Grupo VM will be able to block any such matter, including ordinary resolutions, which, under English law, require approval by a majority of outstanding shares cast in the vote. Grupo VM will also be able to block special resolutions, which, under English law, require approval by the holders of at least 75% of the outstanding shares entitled to vote and voting on the resolution, such as an amendment of the Articles or the exclusion of preemptive rights. Our principal shareholder has, and will continue to have, directly or indirectly, the power, among other things, to affect our legal and capital structure and our day-to-day operations, as well as the ability to elect and change our management and to approve other changes to our operations.

Grupo VM, has pledged most of its shares in our company to secure a syndicate from Tyrus Capital; if Grupo VM defaults on the underlying loan prior to completion of our restructuring, we could experience a change in control.

Grupo VM has guaranteed its obligations pursuant to a credit agreement (the "GVM Credit Agreement") with respect to a loan granted to GVM by Tyrus Capital ("GVM Loan"). In addition, Grupo VM has entered into a security and pledge agreement (the "GVM Pledge Agreement"), with Tyrus pursuant to which Grupo VM agreed to pledge most of its shares to Tyrus to secure the outstanding GVM Loan.

In the event Grupo VM defaults under the GVM Credit Agreement, Tyrus may foreclose on the shares subject to the pledge. If such foreclosure were to occur prior to completion of the Company's financial restructuring, we could experience a change of control under the indenture governing the currently outstanding Senior Notes due 2022. Upon a change in control, each bondholder will have the right to require the Company to repurchase all or any part of such holder's notes at a purchase price in cash equal to 101% of the principal amount of the notes, plus any accrued and unpaid interest at the date of purchase, and we may be required, among other things, immediately to repay outstanding principal as well as, accrued interest and any other amounts owed by us under our other debt.

In connection with the preparation of our consolidated financial statements, we determined that there was a substantial doubt as to our ability to continue as a going concern within one year after the date of the issuance of our consolidated financial statements, in part to the uncertainties arising from the COVID-19 pandemic and the limited visibility we have of its possible effect on our business and in part due to the potential of a call for redemption of the Notes on a change of control of our Company or its major shareholder, Grupo VM. Moreover, there can be no assurance that the proposed restructuring will be completed. See Note 3.1.

Pursuant to the Lock-Up Agreement, the Reissued Notes and the $60m Notes will contain change of control definitions with significant exceptions compared with that contained in the indenture for the Senior Notes due 2022. Under the revised change of control definitions, no change of control shall occur or be deemed to occur by reason of, among other matters, any enforcement or exercise of remedies under the GVM Pledge Agreement or any disposal by Grupo VM of the Grupo VM shares for the purpose of repaying Grupo VM's debt to Tyrus.

If upon a change of control we do not have sufficient funds available to repurchase the notes with our available cash, third party financing would be needed, yet may be impermissible under our other debt agreements. In addition, certain other contracts we are party to from time to time may contain change of control provisions. Upon a change in control, such provisions may be triggered, which could cause our contracts to be terminated or give rise to other obligations, each of which could have a material adverse effect on our business, results of operations and financial condition.

We may engage in related party transactions with affiliates of Grupo VM, our principal shareholder.

Conflicts of interest may arise between our principal shareholder and your interests as a shareholder. Our principal shareholder has, and will continue to have, directly or indirectly, the power, among other things, to affect our day-to-day operations, including the pursuit of related party transactions. We have entered, and may in the future enter, into agreements with companies who are affiliates of Grupo VM, our principal shareholder. Such agreements have been approved by, or would be subject to the approval of, the Board or the Audit Committee, as its delegate. The terms of such agreements may present material risks to our business and results of operations. For example, we have entered into a number of agreements with affiliates of Grupo VM with respect to, among other things, the provision of information technology and data processing services and the management of certain aspects of our hydroelectric plants. See “Item 7.B.—Major Shareholders and Related Party Transactions—Related Party Transactions.”

We are exposed to significant risks in relation to compliance with anti-bribery and corruption laws, anti-money laundering laws and regulations, and economic sanctions programs.

Doing business on a worldwide basis requires us to comply with the laws and regulations of various jurisdictions. In particular, our international operations are subject to anti-corruption laws, most notably the U.S. Foreign Corrupt Practices Act of 1977 (“FCPA”) and the UK Bribery Act of 2010 (the “Bribery Act”), international trade sanctions programs, most notably those administered by the U.N., U.S. and European Union, anti-money laundering laws and regulations, and laws against human trafficking and slavery, most notably the UK Modern Slavery Act 2015 (“Modern Slavery Act”).

The FCPA and Bribery Act prohibit offering or providing anything of value to foreign officials for the purposes of obtaining or retaining business or securing any improper business advantage. We may deal from time to time with both governments and state-owned business enterprises, the employees of which are considered foreign officials for purposes of these laws. International trade sanctions programs restrict our business dealings with or relating to certain sanctioned countries and certain sanctioned entities and persons no matter where located.

As a result of doing business internationally, we are exposed to a risk of violating applicable anti-bribery and corruption (“ABC”) laws, international trade sanctions, and anti-money laundering (“AML”) laws and regulations. Some of our operations are located in developing countries that lack well-functioning legal systems and have high levels of corruption. Our continued expansion and worldwide operations, including in developing countries, our development of joint venture relationships worldwide, and the engagement of local agents in the countries in which we operate tend to increase the risk of violations of such laws and regulations. Violations of ABC laws, AML laws and regulations, and trade sanctions are punishable by civil penalties, including fines, denial of export privileges, injunctions, asset seizures, debarment from government contracts (and termination of existing contracts) and revocations or restrictions of licenses, as well as criminal penalties including possible imprisonment. Moreover, any major violations could have a significant impact on our reputation and consequently on our ability to win future business.

For its part, the Modern Slavery Act requires any commercial organization that carries on a business or part of a business in the United Kingdom which (i) supplies goods or services and (ii) has an annual global turnover of £36 million to prepare a slavery and human trafficking statement for each financial year ending on or after March 31, 2016. In this statement, the commercial organization must set out the steps it has taken to ensure there is no modern slavery in its own business and its supply chain, or provide an appropriate negative statement. The UK Secretary of State may enforce this duty by means of civil proceedings. The nature of our operations and the regions in which we operate may make it difficult or impossible for us to detect all incidents of modern slavery in certain of our supply chains. Any failure in this regard would not violate the Modern Slavery Act *per se*, but could have a significant impact on our reputation and consequently on our ability to win future business.

We seek to build and continuously improve our systems of internal controls and to remedy any weaknesses identified. As part of our efforts to comply with all applicable law and regulation, we have introduced a global ethics and compliance program. We believe we are devoting appropriate time and resources to its implementation, related training, and to monitoring compliance. Despite these efforts, we cannot be certain that our policies and procedures will be followed at all times or that we will prevent or timely detect violations of applicable laws, regulations or policies by our personnel, partners or suppliers. Any actual or alleged failure to comply with applicable laws or regulations could lead to material liabilities not covered by insurance or other significant losses, which in turn could have a material adverse effect on our business, results of operations, and financial condition.

We operate in a highly competitive industry.

The silicon metal market and the silicon-based and manganese-based alloys markets are global, capital intensive and highly competitive. Our competitors may have greater financial resources, as well as other strategic advantages, to maintain, improve and possibly expand their facilities, and, as a result, they may be better positioned than we are to adapt to changes in the industry or the global economy. Advantages that our competitors have over us from time to time, new entrants that increase competition in our industry, and increases in the use of substitutes for certain of our products could have a material adverse effect on our business, results of operations and financial condition.

Though we are not currently operating at full capacity, we have historically operated at near the maximum capacity of our operating facilities. Because the cost of increasing capacity may be prohibitively expensive, we may have difficulty increasing our production and profits.

Our facilities are able to manufacture, collectively, approximately 355,000 tons of silicon metal (including Dow's portion of the capacity of our Alloy, West Virginia and Bécancour, Québec plants and excluding currently idled plants), 427,000 tons of silicon-based alloys and 655,000 tons of manganese-based alloys on an annual basis. Our ability to increase production and revenues will depend on expanding existing facilities, acquiring facilities or building new ones. Increasing capacity is difficult because:

- adding 30,000 tons of new production capacity to an existing silicon manufacturing plant would cost approximately $120 million and take at least 12 to 18 months to complete once permits are obtained;

- a greenfield development project would take at least three to five years to complete and would require significant capital expenditure and, regulatory compliance costs; and

- obtaining sufficient and dependable electric power at competitive rates in areas near the required natural resources is extremely difficult.

We may not have sufficient funds to expand existing facilities, acquire new facilities, or open new ones and may be required to incur significant debt to do so, which could have a material adverse effect on our business and financial condition.

We are subject to restrictive covenants under our credit facilities and other financing agreements. These covenants could significantly affect the way in which we conduct our business. Our failure to comply with these covenants could lead to an acceleration of our debt.

In March 2021 we took the decision to repay and close our North American Asset Based Revolver therefore removing any restrictions the facility placed upon our business. See *Note* 30 Events after the reporting period.

We have in the past breached certain financial covenants under our credit facilities, including financial maintenance covenants for the three months ended September 30 and December 31, 2016 under our then existing revolving credit facility. Our ability to comply with applicable debt covenants may be affected by events beyond our control, potentially leading to future breaches. The breach of any of the covenants contained in our credit facilities, unless waived, would

constitute an event of default, in turn permitting the lenders to terminate their commitments to extend credit under, and accelerate the maturity of, the credit facilities in question. If in such circumstances we were unable to repay lenders and holders, or obtain waivers from them on acceptable terms or at all, the lenders and holders could foreclose upon the collateral securing the credit facilities and exercise other rights. Such events, should they occur, could have a material adverse effect on our business, results of operations and financial condition. See "—Risks Related to Our Capital Structure—We are subject to restrictive covenants under our financing agreements, which could impair our ability to run our business" below.

Our insurance costs may increase materially, and insurance coverages may not be adequate to protect us against all risks and potential losses to which we may be subject.

We maintain various forms of insurance covering a number of specified and consequential risks and losses arising from insured events under the policies, including securities claims, certain business interruptions and claims for damage and loss caused by certain natural disasters, such as earthquakes, floods and windstorms. Our existing property and liability insurance coverage contains various exclusions and limitations on coverage. In some previous insurance policy renewals, we have acceded to larger premiums, self-insured retentions and deductibles. For example, as a result of the explosion at our facility in Chateau Feuillet, France, the applicable property insurance premium increased. We may also be subject to additional exclusions and limitations on coverage in future insurance policy renewals. There can be no assurance that the insurance policies we have in place are or will be sufficient to cover all potential losses we may incur. In addition, due to changes in our circumstances and in the global insurance market, insurance coverage may not continue to be available to us on terms we consider commercially reasonable or be sufficient to cover multiple large claims.

We have operations and assets in the United States, Spain, France, Canada, China, South Africa, Norway, Venezuela, Argentina, Mauritania and may have operations and assets in other countries in the future. Our international operations and assets may be subject to various economic, social and governmental risks.

Our international operations and sales may expose us to risks that are more significant in developing markets than in developed markets and which could negatively impact future revenue and profitability. Operations in developing countries may not operate or develop in the same way or at the same rate as might be expected in a country with an economy, government and legal system similar to western countries. The additional risks that we may be exposed to in such cases include, but are not limited to:

- tariffs and trade barriers;
- sanctions and other restrictions in our ability to conduct business with certain countries, companies or individuals;
- recessionary trends, inflation or instability of financial markets;
- regulations related to customs and import/export matters;
- tax issues, such as tax law changes, changes in tax treaties and variations in tax laws;
- absence of a reliable legal or court system;
- changes in regulations that affect our business, such as new or more stringent environmental requirements or sudden and unexpected raises in power rates;
- limited access to qualified staff;
- inadequate infrastructure;
- cultural and language differences;
- inadequate banking systems;

- restrictions on the repatriation of profits or payment of dividends;
- crime, strikes, riots, civil disturbances, terrorist attacks or wars;
- nationalization or expropriation of property;
- less access to urgent medical care for employees and key personnel in the case of severe illness;
- law enforcement authorities and courts that are weak or inexperienced in commercial matters; and
- deterioration of political relations among countries.

In addition to the foregoing, exchange controls and restrictions on transfers abroad and capital inflow restrictions have limited, and can be expected to continue to limit, the availability of international credit.

The critical social, political and economic conditions in Venezuela have adversely affected, and may continue to adversely affect, our results of operations.

Among other policies in recent years, the Venezuelan government has continuously devalued the Bolívar. The resulting inflation has devastated the country, which is experiencing all manner of shortages of basic materials and other goods and difficulties in importing raw materials. In 2016, we idled our Venezuelan operations and sought to determine the recoverable value of the long lived assets there. We concluded that the costs to dispose of the facility exceeded the fair value of the assets, primarily due to political and financial instability in Venezuela. Accordingly, we wrote down the full value of our Venezuelan facilities. However, our inability to generate cash in that market may cause us to default on some of our obligations there in the future, which may result in administrative intervention or other consequences. In addition, in the recent past the Venezuelan government has threatened to nationalize certain businesses and industries, which could result in a loss of our Venezuelan facilities for no consideration. If the social, political and economic conditions in Venezuela continue as they are, or worsen, our business, results of operations and financial condition could be adversely affected.

We are exposed to foreign currency exchange risk and our business and results of operations may be negatively affected by the fluctuation of different currencies.

We transact business in numerous countries around the world and a significant portion of our business entails cross border purchasing and sales. Our sales made in a particular currency do not exactly match the amount of our purchases in such currency. We prepare our consolidated financial statements in U.S. Dollars, while the financial statements of each of our subsidiaries are prepared in the entities functional currency. Accordingly, our revenues and earnings are continuously affected by fluctuations in foreign currency exchange rates. For example, our sales made in U.S. Dollars exceed the amount of our purchases made in U.S. Dollars, such that the appreciation of certain currencies (like the Euro or the South African Rand) against the U.S. Dollar would tend to have an adverse effect on our costs. Such adverse movements in relevant exchange rates could have a material adverse effect on our business, results of operations and financial condition.

We depend on a limited number of suppliers for certain key raw materials. The loss of one of these suppliers or the failure of one of any of them to meet contractual obligations to us could have a material adverse effect on our business.

Colombia and the United States are among the preferred sources for the coal consumed in the production of silicon metal and silicon-based alloys, and the vast majority of producers source coal from these two countries. In the year ended December 31, 2020, approximately 63% of our coal was purchased from third parties. Of our third party purchases, approximately 61% came from Colombia. New interesting developments were made with Kazakh coal. Additionally, nearly all of the manganese ore we purchase comes from suppliers located in South Africa and Gabon. We do not control these third party suppliers and must rely on them to perform in accordance with the terms of their contracts. If these suppliers fail to provide us with the required raw materials in a timely manner, or at all, or if the quantity or quality of the materials they provide is lower than that contractually agreed, we may not be able to procure adequate supplies of raw materials from alternative sources on comparable terms, or at all, which could have a material adverse effect on our

business, results of operations and financial condition. In addition, since many suppliers of these raw materials are located in the same region, if a natural disaster or event affected one of these regions it is likely alternative sources would also be similarly affected.

Planned investments in the expansion and improvement of existing facilities and in the construction of new facilities may not be successful.

We may engage in significant capital improvements to our existing facilities to upgrade and add capacity to those facilities. We also may engage in the development and construction of new facilities. Should any such efforts not be completed in a timely manner and within budget, or be unsuccessful otherwise, we may incur additional costs or impairments which could have a material adverse effect on our business, results of operations and financial condition.

Any delay or failure to procure, renew or maintain necessary governmental permits, including environmental permits and concessions to operate our hydropower plants would adversely affect our results of operations.

The operation of our hydropower plants is highly regulated, requires various governmental permits, including environmental permits and concessions, and may be subject to the imposition of conditions by government authorities. We cannot predict whether the conditions prescribed in such permits and concessions will be achievable. The denial of a permit essential to a hydropower plant or the imposition of impractical conditions would impair our ability to operate the plant. If we fail to satisfy the conditions or comply with the restrictions imposed by governmental permits or concessions, or restrictions imposed by other applicable statutory or regulatory requirements, we may face enforcement action and be subject to fines, penalties or additional costs or revocation of such permits or concessions. Any failure to procure, renew or abide by necessary permits and concessions would adversely affect the operation of our hydropower plants.

Equipment failures may lead to production curtailments or shutdowns and repairing any failure could require us to incur capital expenditures and other costs.

Many of our business activities are characterized by substantial investments in complex production facilities and manufacturing equipment. Because of the complex nature of our production facilities, any interruption in manufacturing resulting from fire, explosion, industrial accidents, natural disaster, equipment failures or otherwise could cause significant losses in operational capacity and could materially and adversely affect our business, results of operations and financial condition.

Our hydropower generation assets and other equipment may not continue to perform as they have in the past or as they are expected. A major equipment failure due to wear and tear, latent defect, design error or operator error, early obsolescence, natural disaster or other force majeure event could cause significant losses in operational capacity. Repairs following such failures could require us to incur capital expenditures and other costs. Such major failures also could result in damage to the environment or damages and harm to third parties or the public, which could expose us to significant liability. Such costs and liabilities could adversely affect our business, results of operations and financial condition.

We depend on proprietary manufacturing processes and software. These processes may not yield the cost savings that we anticipate and our proprietary technology may be challenged.

We rely on proprietary technologies and technical capabilities in order to compete effectively and produce high quality silicon metal and silicon-based alloys, including:

- computerized technology that monitors and controls production furnaces;
- electrode technology and operational know-how;
- metallurgical processes for the production of solar-grade silicon metal;

- production software that monitors the introduction of additives to alloys, allowing the precise formulation of the chemical composition of products; and
- flowcaster equipment, which maintains certain characteristics of silicon-based alloys as they are cast.

We are subject to a risk that:

- we may not have sufficient funds to develop new technology and to implement effectively our technologies as competitors improve their processes;
- if implemented, our technologies may not work as planned; and
- our proprietary technologies may be challenged and we may not be able to protect our rights to these technologies.

Patent or other intellectual property infringement claims may be asserted against us by a competitor or others. Our intellectual property rights may not be enforceable and may not enable us to prevent others from developing and marketing competitive products or methods. An infringement action against us may require the diversion of substantial funds from our operations and may require management to expend efforts that might otherwise be devoted to operations. A successful challenge to the validity of any of our patents may subject us to a significant award of damages, and may oblige us to secure licenses of others' intellectual property, which could have a material adverse effect on our business, results of operations and financial condition.

We also rely on trade secrets, know-how and continuing technological advancement to maintain our competitive position. We may not be able to effectively protect our rights to unpatented trade secrets and know-how.

Ferroglobe PLC is a holding company whose principal source of revenue is the income received from its subsidiaries.

Ferroglobe PLC is dependent on the income generated by its subsidiaries in order to earn distributable profits and pay dividends to shareholders. The amounts of distributions and dividends, if any, to be paid to us by any operating subsidiary will depend on many factors, including such subsidiary's results of operations and financial condition, limits on dividends under applicable law, its constitutional documents, documents governing any indebtedness, applicability of tax treaties and other factors which may be outside our control. If our operating subsidiaries do not generate sufficient cash flow, we may be unable to earn distributable profits and pay dividends on our shares.

Our business operations may be impacted by various types of claims, lawsuits, and other contingent obligations.

We are involved in various legal and regulatory proceedings including those that arise in the ordinary course of our business. We estimate such potential claims and contingent liabilities and, where appropriate, record provisions to address these contingent liabilities. The ultimate outcome of the legal matters currently pending against our Company is uncertain, and although such claims, lawsuits and other legal matters are not expected individually to have a material adverse effect, such matters in the aggregate could have a material adverse effect on our business, results of operations and financial condition. Furthermore, we could, in the future, be subject to judgments or enter into settlements of lawsuits and claims that could have a material adverse effect on our results of operations in any particular period. While we maintain insurance coverage in respect of certain risks and liabilities, we may not be able to obtain such insurance on acceptable terms in the future, if at all, and any such insurance may not provide adequate coverage against such claims. See "Item 8.A.—Financial Information—Consolidated Statements and Other Financial Information—Legal proceedings" for additional information regarding legal proceedings to which we are party.

We are exposed to changes in economic and political conditions where we operate and globally that are beyond our control.

Our industry is affected by changing economic conditions, including changes in national, regional and local unemployment levels, changes in national, regional and local economic development plans and budgets, shifts in business investment and

consumer spending patterns, credit availability, and business and consumer confidence. Disruptions in national economies and volatility in the financial markets may and often will reduce consumer confidence, negatively affecting business investment and consumer spending. The outlook for the global economy in the near to medium term is negative due to several factors, including the COVID-19 pandemic, geopolitical risks and concerns about global growth and stability. Concerns also remain regarding the sustainability of the European Monetary Union and its common currency, the Euro, in their current form, particularly following the referendum vote in favor of the United Kingdom's exit from the European Union in June 2016, the UK Prime Minister's formal delivery of a notice of withdrawal from the European Union in March 2017 ("Brexit"), and the UK House of Commons' repeated rejection of the proposed Agreement on the Withdrawal of the United Kingdom from the European Union in January and March 2019. On January, 29, 2020, the European Parliament ratified the Brexit agreement, which became effective on January 31, 2020.

In addition, we may face risks associated with the current uncertainty and the consequences that may result from such exit, in particular with respect to tax, customs and duty laws and regulations, volatility in exchange rates and interest rates and our ability to sell and transport products from manufacturing facilities on the continent to our customers in the United Kingdom.

We are not able to predict the timing or duration of periods economic growth in the countries where we operate or sell products, nor are we able to predict the timing or duration of any economic downturn or recession that may occur in the future.

Cybersecurity breaches and threats could disrupt our business operations and result in the loss of critical and confidential information.

We rely on the effective functioning and availability of our information technology and communication systems and the security of such systems for the secure processing, storage and transmission of confidential information. The sophistication and magnitude of cybersecurity incidents are increasing and include, among other things, unauthorized access, computer viruses, deceptive communications and malware. Information technology security processes may not effectively detect or prevent cybersecurity breaches or threats and the measures we have taken to protect against such incidents may not be sufficient to anticipate or prevent rapidly evolving types of cyber-attacks. Breaches of the security of our information technology and communication systems could result in destruction or corruption of data, the misappropriation, corruption or loss of critical or confidential information, business disruption, reputational damage, litigation and remediation costs.

Possible new tariffs and duties that might be imposed by certain governments, including the United States, the European Union and others, could have a material adverse effect on our results of operations.

The United States has imposed import tariffs of 25 percent on steel and 10 percent on aluminum, with exemptions for steel from Argentina, Australia, Brazil, Canada, Mexico, and South Korea, and aluminum from Argentina, Australia, Canada, and Mexico. These tariffs have been expanded to apply to steel and aluminum derivatives from most countries. China, the EU, and other countries have imposed retaliatory duties on products from the United States.

The United States also has imposed 25 percent tariffs on a wide array of Chinese products, including products produced and consumed by Ferroglobe, and 7.5 percent on a smaller range of products. The United States and China have reached an initial Phase 1 agreement to resolve the trade dispute between the two countries. The agreement has resulted in the suspension of Chinese retaliatory duties on certain U.S. products and the commitment by China to purchase products from the United States. It is unclear whether and, if so, when the two countries will reach a Phase 2 agreement that would resolve the dispute more broadly.

There are indications that China is trying to adhere to the Phase 1 agreement. However, if China were found to be in noncompliance, the United States could reimpose tariffs on Chinese products that are currently suspended or increase the existing tariffs.

Any "trade war" resulting from the imposition of tariffs could have a significant adverse effect on world trade and the world economy. To date, tariffs have not affected our business to a material degree.

Our suppliers, customers, agents or business partners may be subject to or affected by export controls or trade sanctions imposed by government authorities from time to time, which may restrict our ability to conduct business with them and potentially disrupt our production or our sales.

The United States, European Union, United Nations and other authorities have variously imposed export controls and trade sanctions on certain countries, companies, individuals and products, restricting our ability to trade normally with or in them. At present, compliance with such trade regulation is not affecting our business to a material degree. However, new trade regulations may be imposed at any time that target or otherwise affect our customers, suppliers, agents or business partners or their products. In particular, trade sanctions could be imposed that restrict our ability to do business with one or more critical suppliers and require special licenses to do so. Such events could potentially disrupt our production or sales and have a material adverse effect on our business, results of operations and financial condition.

We make significant investments in the development of new technologies and new products. The success of such technologies or products is inherently uncertain and the investments made may fail to render the desired increased in profitability.

In order to improve our processes and increase the margins in our products we have constantly invested significant amounts in the development of new technologies and in the development of new value added products. However, these developments are inherently uncertain, since they may fail to render the desired results when implemented at an industrial scale.

Specifically, we have invested in the construction of a factory to produce solar-grade silicon metal through a technology developed by the Company. We believe the technology presents several advantages when compared to current solar-grade silicon production processes since the technology has proven to render the desired technological and cost results at a laboratory scale. However, the implementation of the technology at an industrial scale is challenging especially in light of current market conditions. The current market for solar-grade silicon (or polysilicon) is very volatile and has suffered from declining prices in the past few years. Further investment in this project has been temporarily suspended and the future profitability of this project is uncertain.

Risks Related to Our Capital Structure

Our leverage may make it difficult for us to service our debt and operate our business.

We have significant outstanding indebtedness and debt service requirements. Our leverage could have important consequences, including:

- making it more difficult for us to satisfy our obligations to all creditors and holders;
- requiring us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thus reducing the availability of our cash flow to fund internal growth through working capital and capital expenditures and for other general corporate purposes;
- increasing our vulnerability to a downturn in our business or economic or industry conditions;
- placing us at a competitive disadvantage compared to our competitors that have less indebtedness in relation to cash flow;
- limiting our flexibility in planning for or reacting to changes in our business and our industry;
- restricting us from investing in growing our business, pursuing strategic acquisitions and exploiting certain business opportunities; and

- limiting, among other things, our and our subsidiaries' ability to incur additional indebtedness, including refinancing, or raise equity capital in the future and increasing the costs of such additional financings.

Our ability to service our indebtedness will depend on our future performance and liquidity, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, including the COVID-19 pandemic. Many of these factors are beyond our control. We may not be able to generate enough cash flow from operations or obtain enough capital to service our indebtedness or fund our planned capital expenditures. If we cannot service our indebtedness and meet our other obligations and commitments, we might be required to refinance our indebtedness, obtain additional financing, delay planned capital expenditures or to dispose of assets to obtain funds for such purpose. We cannot assure you that any refinancing or asset dispositions could be effected on a timely basis or on satisfactory terms, if at all, or would be permitted by the terms of our outstanding debt instruments.

The proposed restructuring may not be completed, and even if it is completed, we expect to incur significant costs in implementing it.

We are proposing to implement a restructuring which contemplates the occurrence of three inter-conditional transactions:

- the issuance of $60 million of new senior secured notes due June 30, 2025 (the "**Super Senior Notes**");
- the issuance of at least $40 million in new equity of Ferroglobe; and
- the extension of the maturity to December 31, 2025 and amendment to other terms of the Notes.

A committee of holders of the Notes (the "Ad Hoc Group Noteholders") has agreed to backstop the issuance of $60 million of Super Senior Notes and an affiliate of Tyrus Capital has agreed to backstop the issuance of up to $40 million in new equity of Ferroglobe. Such issuances are subject to certain conditions, and there can be no assurance that the proposed restructuring will be completed. Moreover, the extension of the maturity and amendment to other terms of the Notes will be implemented by an exchange offer which will require the support of substantially all of the holders of the Notes. As of the date of this annual report, holders holding approximately 96% in aggregate principal amount of Notes have signed a lock-up agreement (the "Lock-Up Agreement") with the Ad Hoc Group Noteholders, Grupo VM and affiliates of Tyrus Capital to support the proposed restructuring as set out in the Lock-Up Agreement, but there can be no assurance that such support will not be withdrawn prior to implementation of the proposed restructuring or that, if withdrawn, additional consents required to implement the proposed restructuring will be obtained. As a result of these uncertainties, we cannot assure you that the proposed restructuring will be implemented.

If we fail to implement the proposed restructuring, we will need to contemplate other means to restructure our balance sheet in light of the Notes maturing in 2022. Failure to implement a balance sheet restructuring will likely have a material adverse effect on our business, results of operation and financial condition.

Even if the proposed restructuring is implemented, we expect to incur significant cash fees, including cash fees which are to be settled in the form of ordinary shares ("equity fees"). Cash fees will partially offset the cash inflow from the transactions and equity fees will dilute the shareholdings of those shareholders who will not receive any ordinary shares. We expect to pay cash fees of approximately $11.9 million and equity fees, the amount of which will vary but will in the maximum represent 4.5% of our ordinary shares on a fully-diluted basis. In addition, in the event that any part or all of an expected initial tranche consisting of $40 million of the Super Senior Notes are redeemed prior to certain termination events under the Lock-Up Agreement (as set out in Exhibit B of Schedule 5 thereto), including the completion date of the proposed restructuring (the "Transaction Effective Date"), following any notice of redemption or acceleration, a make-whole premium of $17.5 million is payable (reduced pro rata if only a part of the $40 million in Super Senior Notes is redeemed).

We are subject to restrictive covenants under our financing agreements, which could impair our ability to run our business.

Restrictive covenants under our financing agreements, including the Indenture and the ABL Revolver, may restrict our ability to operate our business. Our failure to comply with these covenants, including as a result of events beyond our control, could result in an event of default that could materially and adversely affect our business, results of operations and financial condition.

The restrictions contained in our financing agreements could affect our ability to operate our business and may limit our ability to react to market conditions or take advantage of potential business opportunities as they arise. For example, such restrictions could adversely affect our ability to finance our operations, make strategic acquisitions, investments or alliances, restructure our organization or finance our capital needs. Additionally, our ability to comply with these covenants and restrictions may be affected by events beyond our control. These include prevailing economic, financial and industry conditions. If we breach any of these covenants or restrictions, we could be in default under our financing agreements.

If there were an event of default under any of our debt instruments that is not cured or waived, the holders of the defaulted debt could terminate their commitments thereunder and declare all amounts outstanding with respect to such indebtedness due and payable immediately, which, in turn, could result in cross-defaults under our other outstanding debt instruments. Any such actions could force us into bankruptcy or liquidation.

On March 16, 2021, the Company has repaid in its entirety the remaining balance of the ABL, cancelling its obligations derived from the contract. See *Note* 30 Events after the reporting period.

The covenants in the Amended Senior Notes (defined below) and the Super Senior Notes are more restrictive than the covenants in the indenture governing the Notes.

The terms of the Lock-Up Agreement require us to comply with the agreed terms of the indenture that will govern the new senior secured notes to be issued in exchange for the Notes that will mature on December 31, 2025 (the "Amended Senior Notes"), whose covenants will be generally more restrictive than the covenants for the Notes. The indenture governing the Super Senior Notes also contains covenants that are more restrictive than those in the indenture governing the Notes. As a result, we will have reduced discretion in operating our business and may have difficulty growing our business. See "Item 5.—Operating and Financial Review and Prospects— Capital Raising and Extension of the Maturity of the Notes."

We may not be able to generate sufficient cash to pay our accounts payable, meet our debt service obligations or meet our obligations under other financing agreements, in which case our creditors could declare all amounts owed to them due and payable, leading to liquidity issues.

Our ability to make interest payments and to meet our other debt service obligations, or to refinance our debt, depends on our future operating and financial performance, which, in turn, depends on our ability to successfully implement our business strategies and plans as well as general economic, financial, competitive, regulatory and other factors beyond our control, including the COVID-19 pandemic. If we cannot generate sufficient cash to meet our debt service requirements, we may, among other things, need to refinance all or a portion of our debt to obtain additional financing, delay planned capital expenditures or investments or sell material assets.

If we are not able to refinance any of our debt, obtain additional financing or sell assets on commercially reasonable terms or at all, we may not be able to satisfy our debt obligations. If we are also unable to satisfy our obligations on other financing arrangements, we could be in default under our existing financing agreements or other relevant financing agreements that we may enter into in the future. In the event of certain defaults under existing agreements, the lenders under the respective facilities or financing instruments could take certain actions, including terminating their commitments and declaring all principal amounts outstanding under our credit facilities and other indebtedness due and payable, together with accrued and unpaid interest. Such a default, or a failure to make interest payments, could cause borrowings under other debt instruments that contain cross-acceleration or cross-default provisions to become due and payable on an accelerated basis. If the debt under any of the material financing arrangements that we have entered into or will

subsequently enter into were to be accelerated, our assets may be insufficient to repay the outstanding debt in full. Any such actions could force us into bankruptcy or liquidation, and we might not be able to repay our obligations under our financing agreements in such an event.

We may not be able to repurchase the Notes upon a Change of Control.

The senior Notes require the Issuers to offer to repurchase all or any part of each holder's notes upon the occurrence of a change of control, as defined in the Indenture, at a purchase price equal to 101% of the principal amount, plus accrued and unpaid interest thereon, to the date of purchase. If such an event were to occur, we may not have sufficient financial resources available to satisfy all of those obligations.

Risks Related to Our Ordinary Shares

Our share price may be volatile, and purchasers of our ordinary shares could incur substantial losses.

Our share price has been volatile in the recent past and may be so in the future. Moreover, stock markets in general experience periods of extreme volatility that are often unrelated to the operating performance of particular companies. As a result of this volatility, you may not be able to sell our ordinary shares at or above the price at which you purchase them. The market price for our shares may be influenced by many factors, including:

- our ability to successfully refinance the Notes;
- the success of competitive products or technologies;
- regulatory developments in the United States and other countries;
- developments or disputes concerning patents or other proprietary rights;
- the recruitment or departure of key personnel;
- quarterly or annual variations in our financial results or those of companies that are perceived to be similar to us;
- market conditions in the industries in which we compete and issuance of new or changed securities analysts' reports or recommendations;
- the failure of securities analysts to cover our ordinary shares or changes in financial estimates by analysts;
- the inability to meet the financial estimates of analysts who follow our ordinary shares;
- investor perception of our Company and of the industries in which we compete; and
- general economic, political and market conditions.

Our shareholders' holdings of our ordinary shares may be substantially diluted in connection with the proposed restructuring.

In connection with the proposed restructuring, we expect to issue a substantial number of additional ordinary shares as fees and in connection with the issuance of at least $40 million in new equity of Ferroglobe. The ordinary shares representing at least $40 million in new equity may be issued at a significant discount to the trading price of our ordinary

shares and may result in a substantial dilution of the holdings of the shareholders that will not receive such fees or do not participate in the equity offering of at least $40 million in new equity of Ferroglobe.

If securities or industry analysts do not publish or cease publishing research reports about us, if they adversely change their recommendations regarding our ordinary shares, or if our operating results do not meet their expectations, the price of our ordinary shares could decline.

The trading market for our ordinary shares will be influenced by the research and reports that industry or securities analysts may publish about us, our business, our market or our competitors. Securities and industry analysts do not currently publish research on us. If there is limited or no securities or industry analyst coverage of us, the market price and trading volume of our ordinary shares would likely be negatively impacted. Moreover, if any of the analysts who may cover us downgrade our ordinary shares or provide relatively more favorable recommendations concerning our competitors, or as we experienced in 2019 and 2020, if our operating results or prospects do not meet their expectations, the market price of our ordinary shares could decline. If any of the analysts who may cover us were to cease coverage or fail regularly to publish reports about our Company, we could lose visibility in the financial markets, which, in turn, could cause our share price or trading volume to decline.

As a foreign private issuer and "controlled company" within the meaning of the rules of NASDAQ, we are subject to different U.S. securities laws and NASDAQ governance standards than domestic U.S. issuers of securities. These may afford relatively less protection to holders of our ordinary shares, who may not receive all corporate and company information and disclosures they are accustomed to receiving or in a manner to wich they are accustomed.

As a foreign private issuer, the rules governing the information that we are required to disclose differ from those governing U.S. corporations pursuant to the U.S. Exchange Act. Although we intend to report periodic financial results and certain material events, we are not required to file quarterly reports on Form 10-Q or provide current reports on Form 8-K disclosing significant events within four days of their occurrence. In addition, we are exempt from the SEC's proxy rules, and proxy statements that we distribute will not be subject to review by the SEC. Our exemption from Section 16 rules requiring the reporting of beneficial ownership and sales of shares by insiders means that you will have less data in this regard than shareholders of U.S. companies that are subject to this part of the U.S. Exchange Act and that our insiders are not subject to short-swing profit rules. As a result, in deciding whether to purchase our shares, you may not have all the data that you are accustomed to having when making investment decisions with respect to domestic U.S. public companies.

As a "controlled company" within the meaning of the corporate governance standards of NASDAQ, we may elect not to comply with certain corporate governance requirements, including:

- the requirement that a majority of our Board consist of independent directors;
- the requirement that our Board have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and
- the requirements that director nominees are selected, or recommended for selection by our Board, either by (1) independent directors constituting a majority of our Board's independent directors in a vote in which only independent directors participate, or (2) a nominations committee composed solely of independent directors, and that a formal written charter or board resolution, as applicable, addressing the nominations process is adopted.

We may utilize these exemptions for as long as we continue to qualify as a "controlled company." While exempt, we will not be required to have a majority of independent directors, our nominations and compensation committees will not be required to consist entirely of independent directors and such committees will not be required to undergo annual performance evaluations.

Furthermore, NASDAQ Rule 5615(a)(3) provides that a foreign private issuer, such as our Company, may rely on home country corporate governance practices in lieu of certain of the rules in the NASDAQ Rule 5600 Series and Rule 5250(d), provided that we nevertheless comply with NASDAQ's Notification of Noncompliance requirement (Rule 5625), the

Voting Rights requirement (Rule 5640) and that we have an audit committee that satisfies Rule 5605(c)(3), consisting of committee members that meet the independence requirements of Rule 5605(c)(2)(A)(ii). We are permitted to follow certain corporate governance rules that conform to U.K. requirements in lieu of many of the NASDAQ corporate governance rules, and we intend to comply with the NASDAQ corporate governance rules applicable to foreign private issuers. Accordingly, our shareholders will not have the same protections afforded to stockholders of U.S. companies that are subject to all of the corporate governance requirements of NASDAQ.

We may lose our foreign private issuer status in the future, which could result in significant additional costs and expenses.

We could cease to be a foreign private issuer if a majority of our outstanding voting securities are directly or indirectly held of record by U.S. residents and we fail to meet additional requirements necessary to avoid loss of foreign private issuer status. In that event, the regulatory and compliance costs we would incur as a domestic registrant may be significantly higher than we incur as a foreign private issuer, which could have a material adverse effect on our business, operating results and financial condition.

If Grupo VM's share ownership falls below 50%, we may no longer be considered a "controlled company" within the meaning of the rules of NASDAQ.

In the event Grupo VM sells shares in our Company to such an extent that it thereafter owns less than 50% of the total voting rights in our shares, we would no longer be considered a "controlled company" within the meaning of the corporate governance standards of NASDAQ. Under NASDAQ rules, a company that ceases to be a controlled company must comply with the independent board committee requirements as they relate to the nominating and corporate governance and compensation committees on the following phase-in schedule: (1) one independent committee member at the time it ceases to be a controlled company, (2) a majority of independent committee members within 90 days of the date it ceases to be a controlled company, and (3) all independent committee members within one year of the date it ceases to be a controlled company. Additionally, NASDAQ rules provide a 12 month phase-in period from the date a company ceases to be a controlled company to comply with the majority independent board requirement. If, within the phase-in periods, we are not able to recruit additional directors who would qualify as independent, or otherwise fail to comply with applicable NASDAQ rules, we may be subject to delisting by NASDAQ. Furthermore, a change in our board of directors and committee membership may result in a change in corporate strategy and operation philosophies, which could have a material adverse effect on our business, results of operations and financial condition.

As an English public limited company, certain capital structure decisions require shareholder approval, which may limit our flexibility to manage our capital structure.

English law provides that a board of directors may only allot shares (or rights or convertible into shares) with the prior authorization of shareholders, such authorization being up to the aggregate nominal amount of shares and for a maximum period of five years, each as specified in the articles of association or relevant shareholder resolution. The Articles authorize the allotment of additional shares for a period of five years from October 26, 2017 (being the date of the adoption of the Articles), which authorization will need to be renewed upon expiration (*i.e.*, at least every five years) but may be sought more frequently for additional five-year terms (or any shorter period).

English law also generally provides shareholders with preemptive rights when new shares are issued for cash. However, it is possible for the articles of association, or for shareholders acting in a general meeting, to exclude preemptive rights. Such an exclusion of preemptive rights may be for a maximum period of up to five years from the date of adoption of the articles of association, if the exclusion is contained in the articles of association, or from the date of the shareholder resolution, if the exclusion is by shareholder resolution. In either case, this exclusion would need to be renewed by our shareholders upon its expiration (*i.e.*, at least every five years). The Articles exclude preemptive rights for a period of five years from October 26, 2017, which exclusion will need to be renewed upon expiration (*i.e.*, at least every five years) to remain effective, but may be sought more frequently for additional five-year terms (or any shorter period).

English law also generally prohibits a public company from repurchasing its own shares without the prior approval of shareholders by ordinary resolution, such being a resolution passed by a simple majority of votes cast, and other formalities. As an English company listed on NASDAQ, we may not make on-market purchases of our shares and may make off-market purchases only for the purposes of or pursuant to an employees' share scheme where our shareholders have approved our doing so by ordinary resolution (and with a maximum duration of such approval of five years) or with the prior consent of our shareholders by ordinary resolution to the proposed contract for the purchase of our shares.

English law requires that we meet certain financial requirements before we declare dividends or repurchases.

Under English law, we may only declare dividends, make distributions or repurchase shares out of distributable reserves of the Company or distributable profits. "Distributable profits" are a company's accumulated, realized profits, so far as not previously utilized by distribution or capitalization, less its accumulated, realized losses, so far as not previously written off in a reduction or reorganization of capital duly made, as reported to the Companies House. In addition, as a public company, we may only make a distribution if the amount of our net assets is not less than the aggregate amount of our called-up share capital and undistributable reserves and if, and to the extent that, the distribution does not reduce the amount of those assets to less than that aggregate amount. The Articles permit declaration of dividends by ordinary resolution of the shareholders, provided that the directors have made a recommendation as to its amount. The dividend shall not exceed the amount recommended by the directors. The directors may also decide to pay interim dividends if it appears to them that the profits available for distribution justify the payment. When recommending or declaring the payment of a dividend, the directors will be required under English law to comply with their duties, including considering our future financial requirements.

The enforcement of shareholder judgments against us or certain of our directors may be more difficult.

Because we are a public limited company incorporated under English law, and because most of our directors and executive officers are non-residents of the United States and substantially all of the assets of such directors and executive officers are located outside of the United States, our shareholders could experience more difficulty enforcing judgments obtained against our Company or our directors in U.S. courts than would currently be the case for U.S. judgments obtained against a U.S. public company or U.S. resident directors. In addition, it may be more difficult (or impossible) to assert some types of claims against our Company or its directors in courts in England, or against certain of our directors in courts in Spain, than it would be to bring similar claims against a U.S. company or its directors in a U.S. court.

The United States is not currently bound by a treaty with Spain or the United Kingdom providing for reciprocal recognition and enforcement of judgments rendered in civil and commercial matters with Spain or the United Kingdom, other than arbitral awards. There is, therefore, doubt as to the enforceability of civil liabilities based upon U.S. federal securities laws in an action to enforce a U.S. judgment in Spain or the United Kingdom. In addition, the enforcement in Spain or the United Kingdom of any judgment obtained in a U.S. court based on civil liabilities, whether or not predicated solely upon U.S. federal securities laws, will be subject to certain conditions. There is also doubt that a court in Spain or the United Kingdom would have the requisite power or authority to grant remedies in an original action brought in Spain or the United Kingdom on the basis of U.S. federal securities laws violations.

Risks Related to Tax Matters

The application of Section 7874 of the Code, including under recent IRS guidance, and changes in law could affect our status as a foreign corporation for U.S. federal income tax purposes.

We believe that, under current law, we should be treated as a foreign corporation for U.S. federal income tax purposes. However, the U.S. Internal Revenue Service (the "IRS") may assert that we should be treated as a U.S. corporation for U.S. federal income tax purposes pursuant to Section 7874 of the Internal Revenue Code of 1986, as amended (the "Code"). Under Section 7874 of the Code, we would be treated as a U.S. corporation for U.S. federal income tax purposes if, after the Business Combination, (i) at least 80% of our ordinary shares (by vote or value) were considered to be held by former holders of common stock of Globe by reason of holding such common stock, as calculated for Section 7874 purposes, and (ii) our expanded affiliated group did not have substantial business activities in the United Kingdom (the "80% Test"). The percentage (by vote and value) of our ordinary shares considered to be held by former holders of common stock of

Globe immediately after the Business Combination by reason of their holding common stock of Globe is referred to in this disclosure as the "Section 7874 Percentage."

Determining the Section 7874 Percentage is complex and, with respect to the Business Combination, subject to legal uncertainties. In that regard, the IRS and U.S. Department of the Treasury ("U.S. Treasury") issued temporary Regulations in April 2016 and finalized Regulations in July 2018 (collectively, the "Section 7874 Regulations"), which include a rule that applies to certain transactions in which the Section 7874 Percentage is at least 60% and the parent company is organized in a jurisdiction different from that of the foreign target corporation (the "Third Country Rule"). This rule applies to transactions occurring on or after November 19, 2015, which date is prior to the closing of the Business Combination. If the Third Country Rule were to apply to the Business Combination, the 80% Test would be deemed met and we would be treated as a U.S. corporation for U.S. federal income tax purposes. While we believe the Section 7874 Percentage is less than 60% such that the Third Country Rule does not apply to us, we cannot assure you that the IRS will agree with this position and would not successfully challenge our status as a foreign corporation. If the IRS successfully challenged our status as a foreign corporation, significant adverse tax consequences would result for us and could apply to our shareholders.

In addition, changes to Section 7874 of the Code, the U.S. Treasury Regulations promulgated thereunder, or to other relevant tax laws (including under applicable tax treaties) could adversely affect our status or treatment as a foreign corporation, and the tax consequences to our affiliates, for U.S. federal income tax purposes, and any such changes could have prospective or retroactive application. Recent legislative proposals have aimed to expand the scope of U.S. corporate tax residence, including by potentially causing us to be treated as a U.S. corporation if the management and control of us and our affiliates were determined to be located primarily in the United States, or by reducing the Section 7874 Percentage at or above which we would be treated as a U.S. corporation such that it would be lower than the threshold imposed under the 80% Test.

Recent IRS guidance and changes in law could affect our ability to engage in certain acquisition strategies and certain internal restructurings.

Even if we are treated as a foreign corporation for U.S. federal income tax purposes, the Section 7874 Regulations materially changed the manner in which the Section 7874 Percentage will be calculated in certain future acquisitions of U.S. businesses in exchange for our equity, which may affect the tax efficiencies that otherwise might be achieved in transactions with third parties. For example, the Section 7874 Regulations would impact certain acquisitions of U.S. companies for our Ordinary Shares (or other stock) in the 36-month period beginning December 23, 2015, by excluding from the Section 7874 Percentage the portion of Ordinary Shares that are allocable to former holders of common stock of Globe. This rule would generally have the effect of increasing the otherwise applicable Section 7874 Percentage with respect to our future acquisition of a U.S. business. The Section 7874 Regulations also may more generally limit the ability to restructure the non-U.S. members of our Company to achieve tax efficiencies, unless an exception applies. However, no such acquisition of a U.S. business was made during the 36 months period.

Recent IRS proposed regulations and changes in laws or treaties could affect the expected financial synergies of the Business Combination.

The IRS and the U.S. Treasury also issued rules that provide that certain intercompany debt instruments issued on or after April 5, 2016, will be treated as equity for U.S. federal income tax purposes, therefore limiting U.S. tax benefits and resulting in possible U.S. withholding taxes. While these new rules are not retroactive, they could impact our ability to engage in future restructurings if such transactions cause an existing debt instrument to be treated as reissued. Furthermore, under certain circumstances, recent treaty proposals by the U.S. Treasury, if ultimately adopted by the United States and relevant foreign jurisdictions, could reduce the potential tax benefits for us and our affiliates by imposing U.S. withholding taxes on certain payments from our U.S. affiliates to related and unrelated foreign persons.

We are subject to tax laws of numerous jurisdictions and our interpretation of those laws is subject to challenge by the relevant governmental authorities.

We and our subsidiaries are subject to tax laws and regulations in the United Kingdom, the United States, France, Spain, South Africa, China and the other jurisdictions in which we operate. These laws and regulations are inherently complex, and we and our subsidiaries are (and have been) obligated to make judgments and interpretations about the application of these laws and regulations to us and our subsidiaries and their operations and businesses. The interpretation and application of these laws and regulations could be challenged by the relevant governmental authority, which could result in administrative or judicial procedures, actions or sanctions, which could be material an effect our effective tax rate.

We intend to operate so as to be treated exclusively as a resident of the United Kingdom for tax purposes, but the relevant tax authorities may treat us as also being a resident of another jurisdiction for tax purposes.

We are a company incorporated in the United Kingdom. Current U.K. tax law provides that we will be regarded as being a U.K. resident for tax purposes from incorporation and shall remain so unless (i) we were concurrently resident of another jurisdiction (applying the tax residence rules of that jurisdiction) that has a double tax treaty with the United Kingdom and (ii) there is a tiebreaker provision in that tax treaty which allocates exclusive residence to that other jurisdiction.

Based upon our management and organizational structure, we believe that we should be regarded solely as resident in the United Kingdom from our incorporation for tax purposes. However, because this analysis is highly factual and may depend on changes in our management and organizational structure, there can be no assurance regarding the final determination of our tax residence. Should we be treated as resident in a country or jurisdiction other than the United Kingdom, we could be subject to taxation in that country or jurisdiction on our worldwide income and may be required to comply with a number of material and formal tax obligations, including withholding tax and reporting obligations provided under the relevant tax law, which could result in additional costs and expenses and an increase of our effective tax rate.

We may not qualify for benefits under the tax treaties entered into between the United Kingdom and other countries.

We intend to operate in a manner such that, when relevant, we are eligible for benefits under the tax treaties entered into between the United Kingdom and other countries. However, our ability to qualify and continue to qualify for such benefits will depend upon the requirements contained within each treaty and the applicable domestic laws, as the case may be, on the facts and circumstances surrounding our operations and management, and on the relevant interpretation of the tax authorities and courts.

Our or our subsidiaries' failure to qualify for benefits under the tax treaties could result in adverse tax consequences to us and our subsidiaries and could result in certain tax consequences of owning or disposing of our ordinary shares differing from those discussed below.

Future changes to domestic or international tax laws or to the interpretation of these laws by the governmental authorities could adversely affect us and our subsidiaries.

The U.S. Congress, the U.K. Government, the Organization for Economic Co-operation and Development and other government agencies in jurisdictions where we and our affiliates do business have had an extended focus on issues related to the taxation of multinational corporations. One example is in the area of "base erosion and profit shifting" (or "BEPS"), in which payments are made between affiliates from a jurisdiction with high tax rates to a jurisdiction with lower tax rates. Thus, the tax laws in the United States, the United Kingdom or other countries in which we and our affiliates do business could change on a prospective or retroactive basis, and any such changes could adversely affect us. Furthermore, the interpretation and application of domestic or international tax laws made by us and our subsidiaries could differ from that of the relevant governmental authority, which could result in administrative or judicial procedures, actions or sanctions, which could be material. On July 1, 2018, OECD's so-called "Multi-Lateral Instrument" entered into force covering 87 jurisdictions and impacting over 1,200 double tax treaties. The adoption and transposition into domestic legislations of the Anti-Tax Avoidance Directives (known as "ATAD 1 & 2") by the European Union is another key development.

Further developments are to be seen in areas such as the “making tax digital - initiatives” allowing authorities to monitor multinationals’ tax position on a more real time basis and the contemplated introduction of new taxes, such as revenue-based digital services taxes aimed at technology companies, but which may impact traditional businesses as well in the sense of allocating a portion of the profitability of the given company to jurisdictions where it has significant sales even though it is not physically present. The latest development by the OECD in this field are the so-called Pillar One and Pillar Two. Under Pillar One, the OECD intends to set up the foundations for allocating to the market jurisdiction (i) non-routine profit; (ii) a fixed remuneration based on the Arm´s length Principle for baseline distribution and marketing functions; and (iii) an additional profit where in-country functions exceed the base-line activity already compensated. In principle, our business is not in scope of this measure as it refers to raw materials and commodities and this kind of business is excluded under the current drafting of the paper. Then, Pillar Two, also called GloBE (Global Anti-Base Erosion Proposal) consists of setting the ground for a minimum taxation, giving the countries the right to “tax back” profit that is currently taxed below a minimum rate. This goal is reached through several avenues, that is, (i) the inclusion of foreign income when taxed below the minimum rate; (ii) an undertaxed payment rule to related parties to deny deduction or impose taxation when payment was not subject to tax; (iii) switch over rule in the double tax treaties to allow the residence jurisdiction to switch from exemption to credit method when profit of permanent establishment is taxed below the minimum rate; and (iv) a subject to tax rule to allow withholding tax or other taxation or adjust eligibility to treaty benefits on payments not subject to the minimum rate. GloBE could affect our effective tax rate when implemented.

A significant legislative development has been the implementation in all EU Member States of the Council Directive (EU) 2018/822 of 25 May 2018 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements, commonly known as DAC 6. DAC 6 imposes mandatory disclosure of cross-border arrangements affecting at least one EU Member State that falls within one of several categories or “DAC6 hallmarks” identified as potentially indicative of aggressive tax planning. DAC 6 imposes heavy fines for non-compliance, as well as reputational risk. We work closely with DAC 6 tax experts in order for any transaction conducted by the group which falls within the DAC 6 hallmarks to be duly reported, either by the respective involved group entity or by the participant advisor as intermediary.

We may become subject to income or other taxes in jurisdictions which would adversely affect our financial results.

We and our subsidiaries are subject to the income tax laws of the United Kingdom, the United States, France, Spain, South Africa and the other jurisdictions in which we operate. Our effective tax rate in any period is impacted by the source and the amount of earnings among our different tax jurisdictions. A change in the division of our earnings among our tax jurisdictions could have a material impact on our effective tax rate and our financial results. In addition, we or our subsidiaries may be subject to additional income or other taxes in these and other jurisdictions by reason of the management and control of our subsidiaries, our activities and operations, where our production facilities are located or changes in tax laws, regulations or accounting principles like those referred to as to Pillar One and Pillar Two once fully developed and implemented. Although we have adopted guidelines and operating procedures to ensure our subsidiaries are appropriately managed and controlled, we may be subject to such taxes in the future and such taxes may be substantial. The imposition of such taxes could have a material adverse effect on our financial results.

We may incur current tax liabilities in our primary operating jurisdictions in the future.

We expect to make current tax payments in some of the jurisdictions where we do business in the normal course of our operations. Our ability to defer the payment of some level of income taxes to future periods is dependent upon the continued benefit of accelerated tax depreciation on our plant and equipment in some jurisdictions, the continued deductibility of external and intercompany financing arrangements, the application of tax losses prior to their expiration in certain tax jurisdictions and the application of tax credits including R&D credits, among other factors. The level of current tax payments we make in any of our primary operating jurisdictions could adversely affect our cash flows and have a material adverse effect on our financial results.

Changes in tax laws may result in additional taxes for us.

We cannot assure you that tax laws in the jurisdictions in which we reside or in which we conduct activities or operations will not be changed in the future. Such changes in tax law could result in additional taxes for us.

U.S. federal income tax reform could adversely affect us.

Legislation commonly known as the Tax Cuts and Jobs Act (the "TCJA") was enacted on December 22, 2017 in the United States. The TCJA made significant changes to the U.S. federal tax code, including a reduction in the U.S. federal corporate statutory tax rate from 35% to 21% as well as the introduction of a base erosion minimum tax ("BEAT"). The TCJA also made changes to the U.S. federal taxation of foreign earnings and to the timing of recognition of certain revenue and expenses and the deductibility of certain business expenses. We examined the impact the TCJA may have on our business in detail since enactment. Although further guidance continues to be released by the IRS, as of December 31, 2020, the most material impact on the taxation of our U.S. business relates to reduced deductibility of interest expense due to lower profitability in the U.S. In addition, there are several provisions within the TCJA that take effect beginning in 2022 that could negatively impact us. These provisions include the capitalization of research and development costs which would be amortized over a 5 year period, as well as the inability to addback depreciation and amortization expense in determining the amount of deductible interest expense, which would decrease the amount of interest expense deductible by us.

On March 27, 2020, legislation commonly known as the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was enacted in response to the global COVID-19 pandemic and generally provides economic stimulus measures to help the U.S. taxpayers. Some of the changes within the CARES Act modified legislation that the TCJA incorporated, from which we have benefited. These benefits included the ability to carryback net operating losses ("NOLs") five years to recoup taxes paid in prior years as well as temporary changes to the interest deductibility rules (for years 2019 and 2020) that will allow us to deduct more interest expense than otherwise allowable under the TCJA. We have examined the impact the CARES Act may have on our business since enactment and will continue to do so as our business moves forward.

Based on the outcomes of the recent U.S. elections, there is an increased likelihood that new tax legislation will be enacted. This includes an increased probability that the U.S. corporate statutory tax rate will increase, which, if enacted, would adversely impact us.

This annual report does not discuss in detail the TCJA or the manner in which it might affect us or our stockholders. We urge you to consult with your own legal and tax advisors with respect to the Tax Reform Act and the potential tax consequences of investing in our shares.

Our transfer pricing policies are open to challenge from taxation authorities internationally.

Tax authorities have become increasingly focused on transfer pricing in recent years. Due to our international operations and an increasing number of inter-company cross-border transactions, we are open to challenge from tax authorities with regards to the pricing of such transactions. A successful challenge by tax authorities may lead to a reallocation of taxable income to a different tax jurisdiction and may potentially lead to an increase of our effective tax rate.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

Ferroglobe PLC

Ferroglobe PLC, initially named VeloNewco Limited, was incorporated under the U.K. Companies Act 2006 as a private limited liability company in the United Kingdom on February 5, 2015, as a wholly-owned subsidiary of Grupo VM. On October 16, 2015 VeloNewco Limited re-registered as a public limited company. As a result of the Business Combination, which was completed on December 23, 2015, FerroAtlántica and Globe merged through corporate transactions to create Ferroglobe PLC, one of the largest producers worldwide of silicon metal and silicon and manganese-based alloys. To effect the Business Combination, Ferroglobe acquired from Grupo VM all of the issued and outstanding ordinary shares, par value €1,000 per share, of Grupo FerroAtlántica, SAU in exchange for 98,078,161 newly issued Class A Ordinary Shares, nominal value $7.50 per share, of Ferroglobe, after which FerroAtlántica became a wholly-owned subsidiary of

Ferroglobe. Immediately thereafter, Gordon Merger Sub, Inc., a wholly-owned subsidiary of Ferroglobe, merged with and into Globe Specialty Metals, Inc., and each outstanding share of common stock, par value $0.0001 per share, was converted into the right to receive one newly-issued ordinary share, nominal value $7.50 per share, of Ferroglobe. After these steps, Ferroglobe issued, in total, 171,838,153 shares, out of which 98,078,161 shares were issued to Grupo VM and 73,759,992 were issued to the former Globe shareholders. Our ordinary shares are currently traded on the NASDAQ under the symbol "GSM."

On June 22, 2016, we completed a reduction of our share capital, as a result of which the nominal value of each share was reduced from $7.50 to $0.01, with the amount of the capital reduction being credited to distributable reserves.

On November 18, 2016, our Class A Ordinary Shares were converted into ordinary shares of Ferroglobe as a result of the distribution of beneficial interest units in the Ferroglobe R&W Trust to certain Ferroglobe shareholders. Because the proceeds of the R&W Policy will not be sufficient to fully compensate for losses attributable to breaches of representations and warranties made by Grupo VM and FerroAtlántica in the Business Combination Agreement, and the proceeds under the R&W Policy are required to be distributed to the holders of the Trust Units, we may be required to use our existing cash on hand or borrow to fund any actual loss incurred.

On August 21, 2018, we announced a share repurchase program, which provided authorization to purchase up to $20 million of our ordinary shares in the period ending December 31, 2018. On November 7, 2018, we completed the repurchase program, resulting in the acquisition of a total of 2,894,049 ordinary shares for total consideration of $20,100 thousand, including applicable stamp duty. The average price paid per share was $6.89. The share repurchase program resulted in 1,152,958 ordinary shares purchased and cancelled and 1,741,091 ordinary shares purchased into treasury, all of which remained held in treasury at December 31, 2018. See "Item 16.E.— Purchases of Equity Securities by the Issuer and Affiliated Purchasers."

During the year under review, a small number of the ordinary shares held in treasury have been used to satisfy share awards made by the Company to its management team under the Ferroglobe PLC Equity Incentive Plan 2016. The number of ordinary shares held in Treasury as at December 31, 2020 was 1,666,406. See *Note* 13.

Significant milestones in our history are as follows:

- **1996:** acquisition of the Spanish company Hidro Nitro Española, S.A. ("Hidro Nitro Española"), operating in the ferroalloys and hydroelectric power businesses, and start of the quartz mining operations through the acquisition of Cuarzos Industriales S.A. from Portuguese cement manufacturer Cimpor;

- **1998:** expansion of our manganese- and silicon-based alloy operations through the acquisition of 80% of the share capital of FerroAtlántica de Venezuela (currently FerroVen, S.A.) from the Government of Venezuela in a public auction;

- **2000:** acquisition of 67% of the share capital of quartz mining company Rocas, Arcillas y Minerales, S.A. from Elkem, a Norwegian silicon metal and manganese- and silicon-based alloy producer;

- **2005:** acquisition of Pechiney Electrométallurgie, S.A., now renamed FerroPem, S.A.S., a silicon metal and silicon-based alloys producer with operations in France, along with its affiliate Silicon Smelters (Pty) Ltd. in South Africa;

- **2005:** acquisition of the metallurgical manufacturing plant in Alloy, West Virginia, and Alabama Sand and Gravel, Inc. in Billingsly, Alabama, both in the U.S.;

- **2006:** acquisition of Globe Metallurgical Inc., the largest merchant manufacturer of silicon metal in North America and largest specialty ferroalloy manufacturer in the United States;

- **2006:** acquisition of Stein Ferroaleaciones S.A., an Argentine producer of silicon-based specialty alloys, and its Polish affiliate, Ultracore Polska;
- **2007:** creation of Grupo FerroAtlántica, S.A.U., the holding company of our FerroAtlántica Group;
- **2007:** acquisition of Camargo Correa Metais S.A., a major Brazilian silicon metal manufacturer;
- **2008:** acquisition of Rand Carbide PLC, a ferrosilicon plant in South Africa, from South African mining and steel company Evraz Highveld Steel and Vanadium Limited, and creation of Silicio FerroSolar, S.L., which conducts research and development activities in the solar grade silicon sector;
- **2008:** acquisition of 81% of Solsil, Inc., a producer of high-purity silicon for use in photovoltaic solar cells
- **2008:** acquisition of a majority stake in Ningxia Yonvey Coal Industry Co., Ltd., a producer of carbon electrodes (the remaining stake subsequently purchased in 2012);
- **2009:** creation of French company Photosil Industries, S.A.S., which conducts research and development activities in the solar grade silicon sector;
- **2009:** sale of interest in Camargo Correa Metais S.A. in Brazil to Dow Corning Corporation and formation of a joint venture with Dow Corning at the Alloy, West Virginia facility;
- **2010:** acquisition of Core Metals Group LLC, one of North America's largest and most efficient producers and marketers of high-purity ferrosilicon and other specialty metals;
- **2010:** acquisition of Chinese silicon metal producer Mangshi Sinice Silicon Industry Company Limited;
- **2011:** acquisition of Alden Resources LLC, North America's leading miner, processor and supplier of specialty metallurgical coal to the silicon and silicon-based alloy industries;
- **2012:** acquisition of SamQuarz (Pty) Ltd, a South African producer of silica, with quartz mining operations;
- **2012:** acquisition of a majority stake (51%) in Bécancour Silicon, Inc., a silicon metal producer in Canada, operated as a joint venture with Dow Corning as the holder of the minority stake of 49%;
- **2014:** acquisition of Silicon Technology (Pty) Ltd. ("Siltech"), a ferrosilicon producer in South Africa;
- **2018:** acquisition from a subsidiary of Glencore PLC of a 100% interest in manganese alloys plants in Mo i Rana, Norway and Dunkirk, France, through newly-formed subsidiaries Ferroglobe Mangan Norge AS and Ferroglobe Manganèse France, SAS; and
- **2018:** sale of the majority interest in Hidro Nitro Española to an entity sponsored by a Spanish renewable energies fund.
- **2019:** sale of 100% interest in FerroAtlántica, S.A.U. ("FAU"), to investment vehicles affiliated with TPG Sixth Street Partners.
- **2019:** sale of 100% interest in Ultra Core Polska, z.o.o, to Cedie, S.A.

Corporate and Other Information

Our registered office is located at 5 Fleet Place, London EC4M 7RD, our Board of Directors is based at our London Office at 13 Chesterfield Street, London W1J 5JN, United Kingdom and our management is based in London and also at Torre Espacio, Paseo de la Castellana, 259-D, P49, 28046 Madrid, Spain. The telephone number of our Spanish Office is +34 915 903 219. Our Internet address is http://www.ferroglobe.com. The information on our website is not a part of this document. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at http://www.sec.gov.

B. Business Overview

Through its operating subsidiaries, Ferroglobe is one of the world's largest producers of silicon metal, silicon-based alloys and manganese-based alloys. Additionally, Ferroglobe currently has quartz mining activities in Spain, the United States, Canada, South Africa and Mauritania, low-ash metallurgical quality coal mining activities in the United States, and interests in hydroelectric power in France. Ferroglobe controls a meaningful portion of most of its raw materials and captures, recycles and sells most of the by-products generated in its production processes.

We sell our products to a diverse base of customers worldwide, in a varied range of industries. These industries include aluminum, silicone compounds used in the chemical industry, ductile iron, automotive parts, photovoltaic (solar) cells, electronic semiconductors and steel, all of which are key elements in the manufacturing of a wide range of industrial and consumer products.

We are able to supply our customers with the broadest range of specialty metals and alloys in the industry from our production centers in North America, Europe, South America, Africa and Asia. Our broad manufacturing platform and flexible capabilities allow us to optimize production and focus on products most likely to enhance profitability, including the production of customized solutions and high purity metals to meet specific customer requirements. We also benefit from low operating costs, resulting from our ownership of sources of critical raw materials and the flexibility derived from our ability to alternate production at certain of our furnaces between silicon metal and silicon-based alloy products.

Industry and Market Data

The statements and other information contained below regarding Ferroglobe's competitive position and market share are based on the reports periodically published by leading metals industry consultants and leading metals industry publications and information centers, as well as on the estimates of Ferroglobe's management.

Competitive Strengths and Strategy of Ferroglobe

Competitive Strengths

Leading market positions in silicon metal, silicon-based alloys and manganese-based alloys

We are a leading global producer in our core products based on merchant production capacity and hold the leading market share in certain of our products. Specifically, in the case of silicon metal, with maximum global production capacity of approximately 294 thousand metric tons (which includes 51% of our attributable joint venture capacity, and excludes the currently idled capacity at the Selma facilities in the United States, at the Polokwane facility in South Africa, at the Château-Feuillet facility in Europe and the permantly iddle capacity at the Niagara Falls facility, and considers the most favorable production mix), we have approximately 70% of the merchant production capacity market share in North America and approximately 20% of the global market share (all of the world excluding China), according to management estimates for our industry. In the case of manganese-based alloys, following the acquisition of the Dunkirk, France and Mo i Rana, Norway plants in 2018, our market share is approximately 15% in Europe, and we are among the three largest global producers of manganese alloys excluding China.

Our scale and global presence across five continents allows us to offer a wide range of products to serve a variety of end-markets, including those which we consider to be dynamic, such as the solar, automotive, consumer electronic products, semiconductors, construction and energy industries. As a result of our market leadership and breadth of products, we possess critical insight into market demand allowing for more efficient use of our resources and operating capacity. Our ability to supply critical sources of high-quality raw materials from within our Company group promotes operational and financial stability and reduces the need for us to compete with our competitors for supply. We believe this also provides a competitive advantage, allowing us to deliver an enhanced product offering with consistent quality on a cost-efficient basis to our customers.

Global production footprint and reach

Our diversified production base consists of production facilities across North America, Europe, South America, South Africa and Asia. We have the capability to produce our core products at multiple facilities, providing a competitive advantage when reacting to changing global demand trends and customer requirements. Furthermore, this broad base ensures reliability to our customers that value timely delivery and consistent product quality. Our diverse production base also enables us to optimize our production plans and shift production to the lowest cost facilities. Most of our production facilities are located close to sources of principal raw materials, key customers or major transport hubs to facilitate delivery of raw materials and distribution of finished products. This enables us to service our customers globally, while optimizing our working capital, as well as enabling our customers to optimize their inventory levels.

Diverse base of high-quality customers across growing industries

We sell our products to customers in over 30 countries, with our largest customer concentration in North America and in Europe. Our products are used in end products spanning a broad range of industries, including solar, personal care and healthcare products, automobile parts, carbon and stainless steel, water pipe, solar, semiconductor, oil and gas, infrastructure and construction. Although some of these end-markets have growth drivers similar to our own, others are less correlated and offer the benefits of diversification. This wide range of products, customers and end-markets provides significant diversity and stability to our business.

Many of our customers, we believe, are leaders in their end-markets and fields. We have built long-lasting relationships with customers based on the breadth and quality of our product offerings and our ability to produce products that meet specific customer requirements. For the year ended December 31, 2020 and December 31, 2019, Ferroglobe’s ten largest customers accounted for approximately 50.7% and 39.9%, respectively, of Ferroglobe’s consolidated revenue. Our customer relationships provide us with stability and visibility into our future volumes and earnings, though we are not reliant on any individual customer or end-market. Our customer relationships, together with our diversified product portfolio, provide us with opportunities to cross sell new products; for example, by offering silicon-based or manganese-based alloys to existing steelmaking customers.

Flexible and low-cost structure

We believe we have an efficient cost structure, enhanced over time by vertical integration through strategic acquisitions. The largest components of our cost base are raw materials and power. Our relatively low operating costs are primarily a result of our ownership of, and proximity to, sources of raw materials, our access to attractively priced power supplies and skilled labor and our efficient production processes.

We believe our vertically integrated business model and ownership of sources of raw materials provides us with a cost advantage over our competitors. Moreover, such ownership and the fact that we are not reliant on any single supplier for the remainder of our raw materials needs generally ensures stable, long term supply of raw materials for our production processes, thereby enhancing operational and financial stability. Transportation costs can be significant in our business; our proximity to sources of raw materials and customers improves logistics and represents another cost advantage. The proximity of our facilities to our customers also allows us to provide just in time delivery of finished goods and reduces the need to store excess inventory, resulting in more efficient use of working capital. Additionally, we believe we have competitive power supply contracts in place that provide us with reliable, long term access to power at reasonable rates.

We capture, recycle and sell most of the by-products generated in our production processes, which further reduces our costs.

We operate with a largely variable cost of production and our diversified production base allows us to shift our production and distribution between facilities and products in response to changes in market conditions over time. Additionally, the diversity of our currency and commodity exposures provides, to a degree, a natural hedge against foreign exchange and raw materials pricing volatility. Our production costs are mostly dependent on local factors while our product prices are influenced more by global factors. Depreciation of local, functional currencies relative to the U.S. Dollar, when it occurs, reduces the costs of our operations, offering an increased competitive edge in the international market.

We believe our scale and global presence enables us to sustain our operations throughout periods of economic downturn, volatile commodity prices and demand fluctuations.

Stable supply of critical, high quality raw materials

In order to ensure reliable supplies of high-quality raw materials for the production of our metallurgical products, we have invested in strategic acquisitions of sources that supply a meaningful portion of the inputs our manufacturing operations consume. Specifically, we own and operate specialty, low ash, metallurgical quality coal mines in the United States, high purity quartz quarries in the United States, Spain and South Africa, charcoal production units in South Africa, and our Yonvey production facility for carbon electrodes in Ningxia, China. For raw materials needs our subsidiaries cannot meet, we have qualified multiple suppliers in each operating region for each raw material, helping to ensure reliable access to high quality raw materials.

Efficient and environmentally friendly by-product usage

We utilize or sell most of the by-products of our manufacturing process, which reduces cost and the environmental impact of our operations. We have developed markets for the by-products generated by our production processes and have transformed our manufacturing operations so that little solid waste disposal is required. By-products not recycled in the manufacturing process are generally sold to companies, which process them for use in a variety of other applications. These materials include: silica fume (also known as microsilica), used as a concrete additive, refractory material and oil well conditioner; fines - the fine material resulting from crushing lumps; and dross, which results from the purification process during smelting.

Pioneer in innovation with focus on technological advances and development of next generation products

Our talented workforce has historically developed proprietary technological capabilities and next generation products in-house, which we believe give us a competitive advantage. In addition to a dedicated R&D division, we have cooperation agreements in place with various universities and research institutes in Spain, France and other countries around the world. Our R&D achievements include:

- ELSA electrode — Ferroglobe has internally developed a patented technology for electrodes used in silicon metal furnaces, which it has been able to sell to several major silicon producers globally. This technology, known as the ELSA electrode, improves the energy efficiency in the production process of silicon metal and eliminates contamination from iron. Ferroglobe has granted these producers the right to use the ELSA electrode against payment to Ferroglobe of royalties. Continuous improvements are made to keep this invention state of the art.

- Solar Grade Silicon — Ferroglobe has sought to produce solar grade silicon metal with a purity above 99.9999% through a new, potentially cost effective, electrometallurgical process. The traditional chemical process tends to be costly and involves high energy consumption and potentially environmentally hazardous processes. The new technology entirely developed by Ferroglobe at an earlier stage at its research and development facilities aims to reduce the costs and energy consumption associated with the production of solar grade silicon.

In furtherance of this project, FerroAtlántica obtained a loan, with a principal amount of approximately €45 million, from the Spanish Ministry of Industry and Energy for the purpose of building the UMG silicon plant. Due to the market environment for solar grade silicon (or polysilicon) worldwide, at the end of 2018 the Company suspended the investment in the project while preserving the technology and know-how in order to be able to finalize the construction of the factory when market circumstances change.

- High Purity Silicon Powders — Ferroglobe has launched the High Purity Silicon Powders project, which aims at producing silicon-based, tailor made products for high end applications. An important part of the technology developed for the Solar grade silicon project is used in this new project allowing Ferroglobe to have advantages in obtaining customized solutions for this emerging business and to put products in the market with a very low carbon footprint. At the same time, new know-how linked to specific milling technologies has been developed in the last years placing Ferroglobe in an excellent position in this new market. Among the various targeted applications, a specific project has been launched for Li-ion batteries.

- Li-ion batteries — The energy capacity of the anode in Li-ion batteries can be enhanced by adding silicon. This is a particularly attractive market because Silicon not only can increase capacity of the Li-ion batteries but can contribute to reduce costs, to reduce carbon footprint and to ease fast charging. All these benefits will help to develop new mobility solutions. In this specific field, Ferroglobe has established several technical partnerships and collaborations in order to rapidly advance the research and development work that a state-of-the-art market like this needs.

  New R&D works are being carried out by the Ferroglobe Innovation team to develop new products that could fit in the requirements of next generations of batteries.

Experienced management team in the metals and mining industry

We have a seasoned and experienced management team with extensive knowledge of the global metals and mining industry, operational and financial expertise and a track record of developing and managing large-scale operations. Our management team is committed to responding quickly and effectively to macroeconomic and industry developments, to identifying and delivering growth opportunities and to improving our performance by way of a continuous focus on operational cost control and a disciplined, value-based approach to capital allocation. Our management team is complemented by a skilled operating team with solid technical knowledge of production processes and strong relationships with key customers.

Business Strategy

Throughout 2020 we conducted a deep and broad evaluation of our Company with the goal of designing a strategic plan focused on bolstering the long term competiteness of the business and returning the Company to profitability by fundamentally changing the way we operate, both operationaly and financially. The multi-year turnaround plan we developed essentially impacts all the functional areas of our Company as we seek to drive changes that ensure competitiveness throughout the cycle. The key value drivers of our strategic plan are the following:

- Footprint optimization: One of the Company's core advantages is our large and diverse production platform. While our asset footprint provides flexibility, at times we are restricted in our ability to quickly adapt to changing market conditions due to inherent constraints in curtailing capacity, particularly for shorter durations. Going forward, our goal is to ensure that the operating platform is more flexible and modular so shifts in production, based on needs and relative costs, are incorporated swiftly. Through this value creation driver we aim to shift our capacity footprint by optimizing production to the most competitive assets.

- Continuous plant efficiency: We will continue to build on the success of our existing key technical metrics (KTM) program, which consists of specific initiatives aimed at enhancing our process, minimizing waste, and improving the overall efficiency to drive down costs. The Company maintains a pipeline of initiatives developed through the sharing of best practices amongst our numberous sites and through new improvements identified by

our research and development team. Under the strategic plan we have formalized the manner in which we execute such initiatives by creating operational and technical teams with the expertise critical for implementation. Furthermore, we are developing tools to track our key performance indicators in an ongoing effort to improve furnace level performance.

- Commercial excellence: we are focused on the design and delivery of commercial best practices that maximize profitable revenue, including programs aimed at consistently improve pricing, salesforce effectiveness, product mix, customer selection and focus. By organizing and analyzing client profitability we seek to optimize commercial opportunities. Our focus will be on portfoilio and account management, ensuring we have the proper customer relationship management tools and clearly defined objectives for each of our customers. Front line management will require us to re-design our commercial coverage and operating model in-line with our product and customer priorities. On the pricing side, we seek to enhance communication and transparency amongst our internal teams to realize target margins on each sale.

- Centralized purchasing: we are reshaping the organization so that purchasing of many consumables can be done centrally and to support a procurement culture centered on buying better and spending better. This will enable us to improve its tracking of needs, enhance our ability to schedule purchases and enable us to benefit from bulk purchases. Buying better is a supply-led effort that focuses on price and volume allocation, negotiating prices and terms, managing price risks, pooling volumes and contracts, shifting volumes to best-price suppliers and leveraging procurement networks. Spending better is an operation-led effort to control demand, enforce compliance, reduce complexity, and perform value engineering to fost efficient spending. Through the principles of buying better and spending better, we aim to attain more than just cost reduction. Through the new organization, we seek to reduce supply chain risk, supporting continuous quality and service improvement, fostering better decision-making about suppliers and optimizing resource allocation

- Selling, general and administration & corporate overhead reduction: during our corporate review conducted in 2020, we identified significat opportunity for further cost improvement through permanent cost cutting at the our plants, as well as the corporate levels. By tracking these costs vigorously and increasing accountability, we aim to bolster the overall cost structure at various levels. Through this value creation driver, we aim to create a culture focused on cost control and disciplines for deploying best practices to drive sound spending decisions without compromising our overall performance.

- Working capital improvement: Improving net working capital performance requires cross-functional cooperation and alignment. By increasing the collaboration amongst the global team, and having oversight and controls at the corporate level, we aim to make a significant improvement in our overall cash conversion cycle on sustainable basis. This value creation area touches on inventory management of our raw materials and finished goods, as well as monitoring and improving terms with both our suppliers and customers, commensurate with market levels.

With our new strategic plan we aim to:

Maintain and leverage industry leading position in core businesses and pursue long-term growth

We intend to maintain and leverage our position as a leading global producer of silicon metal and one of the leading global producers of ferroalloys based on production capacity. We believe we will achieve our goals through the execution of our current strategic plan, which focuses on right-sizing our asset footprint, making continuous improvements to increase productivity and reducing our cost structure. We plan to achieve organic growth by continually enhancing our production capabilities as well as by developing new products to further diversify our portfolio of products and expand our customer base. We intend to focus our production and sales efforts on high-margin products and end-markets that we consider to have the highest potential for profitability and growth. We will continue to capitalize on our global reach and the diversity of our production base to adapt to changes in market demands, shifting our production and distribution across facilities and between different products as necessary in order to remain competitive and maximize profitability. We aim to obtain further direct control of key raw materials to secure our long-term access to scarce reserves, which we believe will allow us to continue delivering enhanced products while maintaining our low-cost position. Additionally, we will continue

regularly to review our customer contracts in an effort to improve their terms and to optimize the balance between selling under long-term agreements and retaining some exposure to spot markets. We intend to maintain pricing that appropriately reflects the value of our products and our level of customer service and, in light of commodity prices and demand fluctuations, may decide to move away from contracts with index-based prices in favor of contracts with fixed prices, particularly at prices which ensure a profit throughout the cycles our business experiences.

Maintain low cost position while controlling inputs

We believe we have an efficient cost structure and, going forward, we will seek to further reduce costs and improve operational efficiency through a number of initiatives. We plan to focus on controlling the cost of our raw materials through our captive sources and long-term supply contracts and on lowering our fixed costs in order to reduce the unit costs of our silicon metal and ferroalloy production. We aim to improve our internal processes and further integrate our global footprint, such as benefits from value chain optimization, including enhancements in raw materials procurement and materials management; adoption of best practices and technical and operational know how across our platform; reduced freight costs from improved logistics as well as savings through the standardization of monitoring and reporting procedures, technology, systems and controls. We intend to enhance our production process through R&D and targeted capital expenditure and leverage our geographic footprint to shift production to the most cost effective and appropriate facilities and regions for such products. We will continue to regularly review our power supply contracts with a view to improving their terms and more competitive tariff structures. In addition, we will seek to maximize the value derived from the utilization and sale of by-products generated in our production processes and continue to focus on innovation to develop next generation products.

We believe we differentiate ourselves from our competitors on the basis of our technical expertise and innovation, which allow us to deliver new high-quality products to meet our customers' needs. We intend to keep using these capabilities in the future to retain existing customers and cultivate new business. We plan to leverage the expertise of our dedicated team of specialists to advance and to develop next generation products and technologies that fuel organic growth. In particular, we intend develop high value powders for high end applications, including silicon-based anodic materials for Li-ion batteries. We also aim to further develop our specialized foundry products, such as value-added inoculants and customized nodularizers, which are used in the production of iron to improve its tensile strength, ductility and impact properties, and to refine the homogeneity of the cast iron structure.

Maintain financial discipline to facilitate ongoing operations and support growth

We believe maintaining financial discipline will provide us with the ability to manage the volatility in our business resulting from changes in commodity prices and demand fluctuations. We intend to preserve a strong and conservative balance sheet, with sufficient liquidity and financial flexibility to facilitate all of our ongoing operations, to support organic and strategic growth and to finance prudent capital expenditure programs aimed at placing us in a better position to generate increased revenues and cash flows by delivering a more comprehensive product mix and optimized production in response to market circumstances. We plan to become even more efficient in our working capital management through various initiatives aimed at optimizing inventory levels and accounts receivable. We will also seek to repay indebtedness from free cash flow and retain low leverage for maximum free cash flow generation.

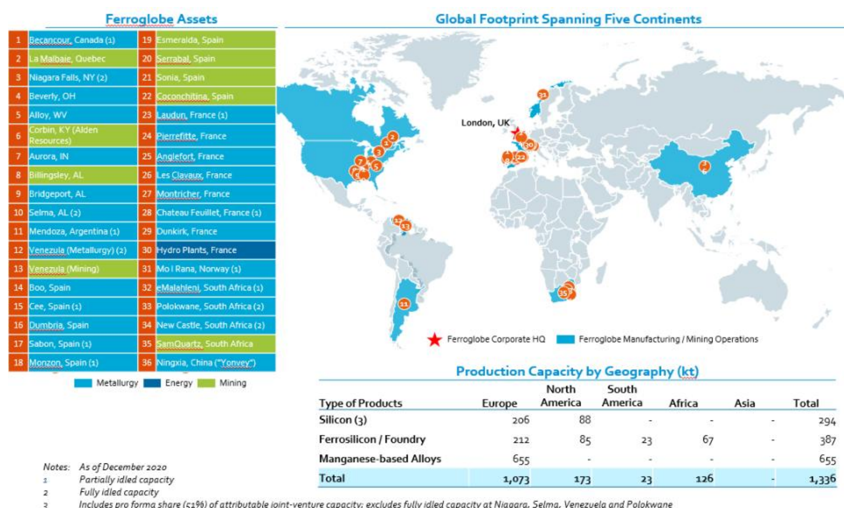
Pursue strategic opportunities

We have a proven track record of disciplined acquisitions of complementary businesses and successfully integrating them into existing operations while retaining a targeted approach through appropriate asset divestitures. Our past acquisitions have increased the vertical integration of our activities, allowing us to deliver an enhanced product offering on a cost-efficient basis. We regularly consider and evaluate strategic opportunities for our business and will continue to do so in the future with the objective of expanding our capabilities and leveraging our products and operations. In particular, we intend to pursue complementary acquisitions and other investments at appropriate valuations for the purpose of increasing our capacity, increasing our access to raw materials and other inputs, further refining existing products, broadening our product portfolio and entering new markets. We will consider such strategic opportunities in a disciplined fashion while maintaining a conservative leverage position and strong balance sheet.

We will also seek to evaluate our core business strategy on an ongoing basis and may divest certain non-core and lower margin businesses to improve our financial and operational results.

Facilities and Production Capacity

The following chart shows, as of December 31, 2020, the location of our assets and our production capacity, including 51% of the capacity of our joint ventures (of which we own 51%), by geography, of silicon, silicon-based alloys and manganese-based alloys. It is important to note that certain facilities may and do switch from time to time among different families of products (for instance, from silicon metal to silicon-based alloys and vice-versa) or among different products within the same family (for instance from ferromanganese to silicomanganese). Such switches change the production capacity at each plant.



Production Capacity by Geography (kt)

Type of Products	Europe	North America	South America	Africa	Asia	Total
Silicon (3)	206	88	-	-	-	294
Ferrosilicon / Foundry	212	85	23	67	-	387
Manganese-based Alloys	655	-	-	-	-	655
Total	**1,073**	**173**	**23**	**126**	-	**1,336**

Notes: As of December 2020
1 Partially idled capacity
2 Fully idled capacity
3 Includes pro forma share (51%) of attributable joint-venture capacity; excludes fully idled capacity at Niagara, Selma, Venezuela and Polokwane

Our production facilities are strategically located throughout the world. We operate quartz mines located in Spain, South Africa, Canada, and the United States, and charcoal production in South Africa. Additionally, we operate low-ash, metallurgical grade coal mines in the United States.

From time to time, in response to market conditions and to manage operating expenses, facilities are fully or partially idled. As of December 31, 2020, certain production facilities in the United States, Spain, Venezuela and South Africa are partially or fully idled, as a result of current market conditions. As part of our strategic plan, we have decided to shutter the capacity at Niagara Falls facility in the United States and at Château-Feuillet facility in France permanently. Ferroglobe has no installed power capacity in Spain as of December 31, 2020 and as of December, 31 2019. Ferroglobe subsidiaries own a total of 18.9 megawatts of hydro production capacity in France.

Products

For the years ended December 31, 2020, 2019 and 2018, Ferroglobe's consolidated sales by product were as follows:

	Year ended December 31,		
($ thousands)	**2020**	**2019**	**2018**
Silicon metal	463,217	539,872	933,366
Manganese-based alloys	267,469	447,311	527,757
Ferrosilicon	176,447	275,368	359,374
Other silicon-based alloys	126,817	181,736	215,697
Silica fume	25,888	33,540	37,061
Energy	—	—	12,149
Byproducts and other	84,596	137,395	156,598
Total Sales	**1,144,434**	**1,615,222**	**2,242,002**
Shipments in metric tons:			
Silicon metal	207,332	239,692	352,578
Manganese-based alloys	261,605	392,456	424,358
Ferrosilicon	134,849	203,761	205,246
Other silicon-based alloys	65,362	91,668	106,457
Average Selling price ($/MT):			
Silicon metal	2.234	2,252	2,647
Manganese-based alloys	1.022	1,140	1,244
Ferrosilicon	1.308	1,351	1,751
Other silicon-based alloys	1.940	1,983	2,026

Silicon metal

Ferroglobe is a leading global silicon metal producer with a total production capacity of approximately 293,750 tons (including 51% of the joint venture capacity attributable to us) per annum in several facilities in the United States, France, South Africa, Canada and Spain. For the years ended December 31, 2020, 2019 and 2018, Ferroglobe's revenues generated by silicon metal sales accounted for 40.5%, 33.4% and 41.6%, respectively, of Ferroglobe's total consolidated revenues.

Silicon metal is used by primary and secondary aluminum producers, who require silicon metal with certain requirements to produce aluminum alloys. For the year ended December 31, 2020, sales to aluminum producers represented approximately 45% of silicon metal revenues. The addition of silicon metal reduces shrinkage and the hot cracking tendencies of cast aluminum and improves the castability, hardness, corrosion resistance, tensile strength, wear resistance and weldability of the aluminum end products. Aluminum is used to manufacture a variety of automotive components, including engine pistons, housings, and cast aluminum wheels and trim, as well as high tension electrical wire, aircraft parts, beverage containers and other products which require aluminum properties.

Silicon metal is also used by several major silicone chemical producers. For the year ended December 31, 2020 sales to chemical producers represented approximately 43% of silicon metal revenues. Silicone chemicals are used in a broad range of applications, including personal care items, construction-related products, health care products and electronics. In construction and equipment applications, silicone chemicals promote adhesion, act as a sealer and have insulating properties. In personal care and health care products, silicone chemicals add a smooth texture, protect against ultraviolet rays and provide moisturizing and cleansing properties. Silicon metal is an essential component of the manufacture of silicone chemicals, accounting for approximately 20% of the cost of production.

In addition, silicon metal is the core material needed for the production of polysilicon, which is most widely used to manufacture solar cells and semiconductors. For the year ended December 31, 2020 sales to polysilicon producers represented approximately 10% of silicon metal revenues. Producers of polysilicon employ processes to further purify the

silicon metal and grow ingots from which wafers are cut. These wafers are the base material to produce solar cells, to convert sunlight to electricity. Individual solar cells are soldered together to make solar modules.

Manganese-based alloys

Ferroglobe is among the leading global manganese-based alloys producers based on production capacity. As of December 31, 2020, Ferroglobe maintained approximately 309,000 tons of annual silicomanganese production capacity and approximately 346,000 tons of annual ferromanganese production capacity in our factories in Spain, Norway, and France. During the year ended December 31, 2020, Ferroglobe sold 261,605 tons of manganese-based alloys. For the years ended December 31, 2020, 2019, and 2018, Ferroglobe's revenues generated by manganese-based alloys sales accounted for 23.4%, 27.7% and 23.5%, respectively, of Ferroglobe's total consolidated revenues over 90% of the global manganese based alloys produced are used in steel production, and all steelmakers use manganese and manganese alloys in their production processes.

Silicomanganese is used as deoxidizing agent in the steel manufacturing process. Silicomanganese is also produced in the form of refined silicomanganese, or silicomanganese AF, and super-refined silicomanganese, or silicomanganese LC.

Ferromanganese is used as a deoxidizing, desulphurizing and degassing agent in steel to remove nitrogen and other harmful elements that are present in steel in the initial smelting process, and to improve the mechanical properties, hardenability and resistance to abrasion of steel. The three types of ferromanganese that Ferroglobe produces are:

- high-carbon ferromanganese used to improve the hardenability of steel;
- medium-carbon ferromanganese, used to manufacture flat and other steel products; and
- low-carbon ferromanganese used in the production of stainless steel, steel with very low carbon levels, rolled steel plates and pipes for the oil industry.

Silicon-based alloys

Ferrosilicon

Ferroglobe is among the leading global ferrosilicon producers based on production output in recent years. During the year ended December 31, 2020, Ferroglobe sold 134,849 tons of ferrosilicon. For the years ended December 31, 2020, 2019 and 2018, Ferroglobe's revenues generated by ferrosilicon sales accounted for 15.4%, 17.0% and 16.0%, respectively, of Ferroglobe's total consolidated revenues.

Ferrosilicon is an alloy of iron and silicon (normally approximately 75% silicon). Ferrosilicon products are used to produce stainless steel, carbon steel, and various other steel alloys and to manufacture electrodes and, to a lesser extent, in the production of aluminum. Approximately 88% of ferrosilicon produced is used in steel production.

Ferrosilicon is generally used to remove oxygen from the steel and as alloying element to improve the quality and strength of iron and steel products. Silicon increases steel's strength and wear resistance, elasticity and scale resistance, and lowers the electrical conductivity and magnetostriction of steel.

Other silicon-based alloys

In addition to ferrosilicon, Ferroglobe produces various different silicon-based alloys, including calcium silicon and foundry products, which comprise inoculants and nodularizers. Ferroglobe produces more than 20 specialized varieties of foundry products, several of which are custom made for its customers. Demand for these specialty metals is increasing and, as such, they are becoming more important components of Ferroglobe's product offering.

During the year ended December 31, 2020, Ferroglobe sold 65,362 tons of silicon-based alloys (excluding ferrosilicon). For the years ended December 31, 2020, 2019 and 2018, Ferroglobe's revenues generated by silicon-based alloys (excluding ferrosilicon) accounted for 11.1%, 11.3% and 9.5%, respectively, of Ferroglobe's total consolidated revenues.

The primary use for calcium silicon is the deoxidation and desulfurization of liquid steel. In addition, calcium silicon is used to control the shape, size and distribution of oxide and sulfide inclusions, improving fluidity, ductility, and the transverse mechanical and impact properties of the final product. Calcium silicon is also used in the production of coatings for cast iron pipes, in the welding process of powder metal and in pyrotechnics.

The foundry products that Ferroglobe manufactures include nodularizers and inoculants, which are used in the production of iron to improve its tensile strength, ductility and impact properties, and to refine the homogeneity of the cast iron structure.

Silica fume

For the years ended December 31, 2020, 2019 and 2018, Ferroglobe's revenues generated by silica fume sales accounted for 2.3%, 2.1% and 1.6%, respectively, of Ferroglobe's total consolidated sales.

Silica fume is a by-product of the electrometallurgical process of silicon metal and ferrosilicon. This dust-like material, collected through Ferroglobe factories' air filtration systems, is mainly used in the production of high-performance concrete and mortar. The controlled addition of silica fume to these products results in increased durability, improving their impermeability from external agents, such as water. These types of concrete and mortar are used in large-scale projects such as bridges, viaducts, ports, skyscrapers and offshore platforms.

Services

Energy

The Company sold its Spanish hydroelectric business in 2019. For the years ended December 31, 2019 and 2018, Ferroglobe recognized a profit/(loss) as a result of the Spanish hydroelectric operations, in the amounts of ($450) thousand and $9,464 thousand, respectively.

In Spain, Ferroglobe sold all of the power it produces in the wholesale energy market that has been in place in Spain since 1998. Prior to 2013, Ferroglobe benefitted from a feed-in tariff support scheme, pursuant to which Ferroglobe was legally entitled to feed its electric production into the Spanish grid in exchange for a fixed applicable feed-in-tariff over a fixed period, and therefore received a higher price than the market price. However, the new regulatory regime introduced in Spain in 2013 eliminated the availability of the feed-in tariff support scheme for most of Ferroglobe's facilities. Ferroglobe was able to partly mitigate this reduction in prices through the optimization of its power generation such that it operates in peak-price hours, as well as through participation in the "ancillary services" markets whereby Ferroglobe agreed to generate power as needed to balance the supply and demand of energy in the markets in which it operates. See "Item 4.B—Regulatory Matters—Energy and electricity generation" below.

Villar Mir Energía, S.L. ("VM Energía"), a Spanish company controlled by Grupo VM, advised in the day-to-day operations of Ferroglobe's hydroelectric facilities in the Spanish wholesale market under a strategic advisory services contract (during 2019, this service was provided from January 1st to August 30th, date in which FAU was sold). Operating in the Spanish wholesale market requires specialized trading skills that VM Energía provided because of the broad base of both generating facilities and customers that it manages. During the year 2019, the Company sold its hydro-electric facilities in Spain; with this, the advisory agreement was terminated. For more information on the contractual arrangements between Ferroglobe and VM Energía, see "Item 7.B.—Major Shareholders and Related Party Transactions—Related Party Transactions" below. Ferroglobe also owns and operates 19.2 megawatts of hydro-electric power capacity in two plants in France. Given the small size of these operations and the specifics of the regulatory regime under which they operate, the results of operations and financial position with respect to these plants are included within our French operations.

Raw Materials, Logistics and Power Supply

The largest components of Ferroglobe's cost base are raw materials and power used for smelting at our metallurgical manufacturing facilities. In the year ended December 31, 2020, Ferroglobe's power consumption costs, represented approximately 27% of Ferroglobe's total consolidated cost of sales.

The primary raw materials Ferroglobe uses to produce its electrometallurgy products are carbon reductants (primarily coal, but also charcoal, metallurgical and petroleum coke, anthracite and wood) and minerals (manganese ore and quartz). Other raw materials used to produce Ferroglobe's electrometallurgy products include electrodes (consisting of graphite and carbon electrodes and electrode paste), slags and limestone, as well as certain specialty additive metals. Ferroglobe procures coal, manganese ore, quartz, petroleum and metallurgical coke, electrodes and most additive metals centrally under the responsibility of the corporate purchasing department. Some locally sourced raw materials are purchased at a decentralized level (country specific purchasers) under close cooperation with the corporate purchasing department.

Manganese ore

The global supply of manganese ore comprises standard- to high-grade manganese ore, with 35% to 56% manganese content, and low-grade manganese ore, with lower manganese content. Manganese ore production comes mainly from eight countries: South Africa, Australia, China, Gabon, Brazil, Ukraine, India and Ghana. However, the production of high-grade manganese ore is concentrated in Australia, Gabon, South Africa and Brazil.

The vast majority of the manganese ore Ferroglobe purchased in 2020 came from suppliers located in South Africa (49% of total purchases) and Gabon (32% of total purchases). In 2020, Ferroglobe diversified its supply out of South Africa as a consequence of the force majeure declared by South African mining companies from April 2020 as a result of COVID-19 pandemic. Global manganese ore prices are mainly driven by manganese demand from China and to a lower extent from India. Potential disruption of supply from South Africa, Australia, Brazil or Gabon due to logistical, labor or other reasons may have an impact on the availability and the pricing of manganese ore.

Coal

Coal is the major carbon reductant in silicon and silicon alloys production. Only washed and screened coal with ash content below 10% and with specific physical properties are used for production of silicon alloys. Colombia and the United States are the best source for the required type of coal and the vast majority of the silicon alloys industry, including Ferroglobe, is dependent on supply from these two countries.

Approximately 60% of the coal Ferroglobe purchased externally in 2020 for its facilities was sourced from one source in Colombia while the remaining 40% came from the United States, other Colombian mines, as well as from Kazakhstan and South Africa. Ferroglobe has a long-standing relationship with certain coal washing plants which price coal using spot, quarterly, semi-annual or annual contracts, based on market outlook. European coal prices, which are denominated in U.S. Dollars, are mainly based on API 2, the benchmark price reference for coal imported into northwest Europe.

Ferroglobe also owns Alden Resources LLC ("Alden") in the United States. Alden provides a stable and long-term supply of low ash metallurgical grade coal by fulfilling a substantial portion of our requirements to our North American operations.

See "—Mining Operations" below for further information.

Quartz

Quartz, also known as quarzite, is a key raw material in the manufacture silicon metal and silicon-based alloys.

Ferroglobe has secured access to quartz from its quartz mines in Spain, South Africa, the United States and Canada (see "—Mining Operations"). For the year ended December 31, 2020 approximately 75% of Ferroglobe's total consumption

of quartz was self-supplied. Ferroglobe purchases quartz from third-party suppliers on the basis of annual contractual arrangements. Ferroglobe’s quartz suppliers typically have operations in the same countries where Ferroglobe factories are located, or in close proximity, which minimizes logistical costs.

Ferroglobe controls quartzite mining operations located in Alabama and a concession to mine quartzite in Saint-Urbain, Québec (operated by a third-party miner). These mines supply our North American operations with a substantial portion of their requirements for quartz.

Other raw materials

Wood is needed for the production of silicon metal and silicon-based alloys. It is used directly in furnaces as woodchips or cut to produce charcoal, which is the major source of carbon reductant for Ferroglobe’s plants in South Africa. In South Africa, charcoal is a less expensive substitute for imported coal and provides desirable qualities to the silicon-based alloys it is used to produce. In the other countries where Ferroglobe operates, Ferroglobe purchases wood chips locally or logs for on-site wood chipping operations from a variety of suppliers.

In 2020, the sourcing of the metallurgical coke was predominantly from Russia and Spain, although some quantities were sourced in Poland, Colombia and China.

Petroleum coke, electrode related products, slag, limestone and additive metals are other relevant raw materials Ferroglobe utilizes to manufacture its electrometallurgy products. Procurement of these raw materials is either managed centrally or with each country’s raw materials procurement manager or plant manager and the materials purchased at spot prices or under contracts of a year or less.

In 2020, Graphite electrodes volumes decreased as a result of lower production volumes. The sourcing of graphite electrodes is diversified with supply from European Countries, India, Russia and China with a combination of spot and long-term agreements. Carbon electrodes supplies come from Russia and China, including from Ferroglobe´s own carbon electrode factory in Ningxia Province in China.

Cost of raw materials

The main raw materials sourced by Ferroglobe are quartz, manganese ore, coal, metallurgical coke, wood and charcoal. Manganese ore is the largest component of the cost base for manganese-based alloys. In 2020, more than 35% of Ferroglobe’s total $68.3 million expense with respect to manganese ore was supplied under an annual commitment, whilst the remaining was purchased on spot basis. Special coal is used as a major carbon reductant in silicon-based alloy production. In 2020, coal represented a $106.1 million expense for Ferroglobe. Metallurgical coke, which is used for manganese alloy production, represented a total purchase volume of $19.1 million in 2020.

Wood is both an important element for the production of silicon alloys and used to produce charcoal, which is used as a carbon reductant at Ferroglobe’s South African subsidiary Silicon Smelters (Pty.), Ltd. Ferroglobe’s wood expense amounted to $28.8 million in 2020.

Ferroglobe´s european subsidiaries source approximately 65% of their quartz needs from Spanish and South African mines, and North American subsidiaries source approximately 84% of their quartz needs from mines located in the United States and Canada. Total quartz consumption in 2020 represented an expense of $64.2 million.

Logistics

Logistical operations are managed centrally. Sea-freight operations are centralized at the corporate level, while rail logistics is centralized at country level. Road transportation is managed at plant level with centralized coordination in multi-site countries. Contractual commitments in respect of transportation and logistics match, to the extent possible, Ferroglobe’s contracts for raw materials and customer contracts.

Power

In Spain, energy is purchased through a supply contract with trading companies. The final energy price is subject to daily market volatility, but due to the pandemic context in 2020, the final average daily price resulted significantly lower than expected under ordinary circumstances and thus achieving a competitive energy price for the plants, even though the so called “interruptibility scheme” which resulted in credits to final energy cost since 2013, expired in July 2020. A new energy credit scheme is expected to enter into force in 2021. In 2020 Spanish plants were also granted with indirect costs compensation according to the EU-ETS regulation, but were significantly reduced by the Government as compared to the initial amount announced. Indirect cost compensation has been approved for 2021, almost tripling the budget for 2020. To achieve the most competitive energy costs, production is adjusted to the hourly scheme of power tariffs and energy efficiency management systems are implemented in all the plants.

Ferroglobe has negotiated a supply contract based on market prices covering 2020 to 2022 and is currently negotiating long-term supply contracts with suppliers in the marketplace. See also “Item 7.—Major Shareholders and Related Party Transactions—Related Party Transactions”. Regulation enacted in 2015 enables FerroPem SAS to benefit from reduced transmission tariffs resulting and compensation for its agreeing to interrupt production and respond to surges in demand, as well as receiving compensation for indirect CO2 costs under the EU Emission Trading System (ETS) regulation. These arrangements allow FerroPem SAS to operate competitively on a 12-month basis, but also concentrate production during periods when energy prices are lower if needed. Ferroglobe’s production of energy in France through its hydro-electric power plants partially mitigates its exposure to increases in power prices.

In the United States, we attempt to enter into long-term electric supply contracts that value our ability to interrupt load to achieve reasonable rates. Our power supply contracts have, in the past, resulted in stable price structures. In West Virginia, we have a contract with Brookfield Renewable Partners, LP to provide, on average, 45% of our power needs, from a dedicated hydro-electric facility, through December 2021 at a fixed rate. Our needs for non-hydroelectric power in West Virginia and Alabama are primarily sourced through special contracts that provide competitive rates. In Ohio, electricity is sourced at market-based rates.

In South Africa, energy prices are regulated by the NERSA and price increases are publicly announced in advance and applicable as from April each year. Silicon Smelters participate in demand reductions during peak hours that are compensated against the monthly power account. Production during winter periods is significantly reduced during peak hours in order to maintain control over production costs for the full year.

The level of power consumption of our submerged electric arc furnaces is highly dependent on which products are being produced and typically fall in the following ranges: (i) manganese-based alloys require between 2.0 and 3.8 megawatt hours to produce one ton of product, (ii) silicon-based alloys require between 3.5 and 8 megawatt hours to produce one ton of product and (iii) silicon metal requires approximately 12 megawatt hours to produce one ton of product. Accordingly, consistent access to low cost, reliable sources of electricity is essential to our business.

Mining Operations

Reserves

Reserves are defined by SEC Industry Guide 7 as the part of a mineral deposit that could be economically and legally extracted or produced at the time of the reserve determination. Proven, or measured, reserves are reserves for which (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes, and grade and/or quality are computed from the results of detailed sampling and (b) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well-established. Probable, or indicated, reserves are reserves for which quantity and grade and/or quality are computed from information similar to that used for proven reserves, but the sites for inspection, sampling, and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance for probable reserves, although lower than that for proven reserves, is high enough to assume continuity between points of observation. Reserve estimates were made by independent third party consultants, based primarily on dimensions revealed in outcrops, trenches, detailed sampling

and drilling studies performed. These estimates are reviewed and reassessed from time to time. Reserve estimates are based on various assumptions, and any material changes in these assumptions could have a material impact on the accuracy of Ferroglobe's reserve estimates.

The following table sets forth summary information on Ferroglobe's mines which were in production as of December 31, 2020.

Mine	Location	Mineral	Annual capacity kt	Production in 2020 kt	Mining Recovery	Proven reserves Mt[1]	Probable reserves Mt[1]	Mining Method	Reserve grade	Btus per lb.	Life[2]	Expiry date[3]
Sonia	Spain (Mañón)	Quartz	150	89	0.4	1.83	0.8	Open-pit	Metallurgical	N/A	18	2069
Esmeralda	Spain (Val do Dubra)	Quartz	50	19	0.4	0.07	0.11	Open-pit	Metallurgical	N/A	8	2029
Serrabal.	Spain (Vedra & Boqueixón)	Quartz	330	184	0.2	3.67	1.6	Open-pit	Metallurgical	N/A	18	2038
SamQuarz	South Africa (Delmas)	Quartzite	1,000	586	0.7	7.03	19.5	Open-pit	Metallurgical & Glass	N/A	37	2039
Mahale	South Africa (Limpopo)	Quartz	80	25	0.5	—	3.0	Open-pit	Metallurgical	N/A	30	2035
Roodepoort	South Africa (Limpopo)	Quartz	50	—	0.5	—	0.02	Open-pit	Metallurgical	N/A	1	2028
Fort Klipdam	South Africa (Limpopo)	Quartz	50	34	0.6	—	0.2	Open-pit	Metallurgical	N/A	2	2020 (4)
AS&G Meadows Pit	United States (Alabama)	Quartzite	300	257	0.4	3.20	—	Surface	Metallurgical	N/A	10	2027
			2,010	**1,194**		**15.80**	**25.23**					
Mosely Gap	United States (Kentucky)	Coal (active)	400	—	0.7	1.5	—	Surface	Metallurgical	14,000	4	2025
Right Fork	United States (Kentucky)	Coal (active)	240	3	0.7	0.5	—	Surface	Metallurgical	14,000	3	2023
Log Cabin No. 5	United States (Kentucky)	Coal (active)	168	156	0.6	0.6	—	Underground	Metallurgical	14,000	3	2023
Brick Plant	United States (Kentucky)	Coal (inactive)	200	—	0.7	0.4	—	Surface	Metallurgical	14,000	2	2023
Kimberly	United States (Kentucky)	Coal (inactive)	100	—	0.6	0.5	—	Surface	Metallurgical	14,000	5	2026
Bennett's Branch	United States (Kentucky)	Coal (inactive)	100	—	0.7	1.7	—	Underground	Metallurgical	14,000	15	2036
Bain Branch No. 3	United States (Kentucky)	Coal (inactive)	60	—	0.5	3.6	2.9	Underground	Metallurgical	14,000	25	2042
Harpes Creek 4A	United States (Kentucky)	Coal (inactive)	100	—	0.6	1.2	1.3	Underground	Metallurgical	14,000	12	2029
			1,368	**159**		**10.00**	**4.20**					

(1) The estimated recoverable proven and probable reserves represent the tons of product that can be used internally or sold to metallurgical or glass grade customers. The mining recovery is based on historical yields at each particular site. We estimate our permitted mining life based on the number of years we can sustain average production rates under current circumstances.

(2) Current estimated mine life in years.

(3) Expiry date of Ferroglobe's mining concession.

(4) The expiry date relates to last approved mining permit relating to an area within Fort Klipdam farm. The mining right has not been renewed and the last mining permit has been submitted for a 1-year renewal period until end 2021. Once the permit has been depleted, mine closure application will follow.

Ferroglobe considers its Conchitina and Conchitina Segunda mines as a single mining project legally supported by the formation of Coto Minero, formally approved by the Mining Authority in March 2018. In addition, Ferroglobe currently holds all necessary permits to start production at its Conchitina mines. Although Ferroglobe has not received formal approval from the Spanish Mining Authority over its 2021 Annual Mining Plan, we are not legally prevented from commencing mining operations in the area based on the fully-authorized 2020 Annual Mining Plan.

Reserves for the Conchitina mine are, accordingly, considered to be probable reserves, and the following table sets forth summary information on the Conchitina and Conchitina Segunda mines:

Mine	Location	Mineralization	Mining Recovery	Recoverable Reserves Proven MT(1)	Recoverable Reserves Probable MT(1)	Reserve Grade	Mining Method
Conchitina and Conchitina Segunda	Spain (O Vicedo)	Quartz	0.35	—	0.97	Metallurgical	Open-pit

(1) Estimates of recoverable probable reserves represent the tons of product that can be used internally or which are of metallurgical grade and can be delivered to Ferroglobe's customers.

Ferroglobe has additional mining rights in Spain (Cristina, Trasmonte and Merlán), but none of these mines are currently producing or undergoing mine development activities as the Spanish Mining Authority started cancelling mining rights for Merlán and Trasmonte in September 2015 and February 2017, respectively. The Spanish Mining Authority started the cancellation process for our mining rights for Cristina in December 2017. Ferroglobe does not consider certain Venezuelan mines to be mining assets (La Candelaria, El Manteco and El Merey) as the minerals are fully-depleted and because it will be difficult to obtain new mining rights at these locations given the current economic and political environment in Venezuela.

Spanish mining concessions

Sonia

The Sonia mining concession previously belonged to Cuarzos Industriales S.A.U., which acquired the mining concession in 1979. Ferroglobe acquired Cuarzos Industriales S.A.U., which is the owner of the properties currently mined at Sonia, along with the Sonia mining concession, in 1996 from the Portuguese cement manufacturer Cimpor. The surface area covered by the Sonia mining concession is 387 hectares. The concession is due to expire in 2069.

Esmeralda

The original Esmeralda mining concession was granted in 1999 to Cuarzos Industriales, S.A.U., the owner of the properties currently mined at Esmeralda, after proper mining research had been conducted and the mining potential of the area had been demonstrated to the relevant public authority. The surface area covered by the Esmeralda mining concession is 84 hectares. The concession is due to expire in 2029.

Serrabal

The Serrabal mining concession was originally granted in 1978 to Rocas, Arcillas y Minerales S.A. Ferroglobe acquired control of this company, which is the owner of the properties currently mined at Serrabal, along with the Serrabal mining concession, in 2000. Rocas, Arcillas y Minerales, S.A. has applied for the renewal of the concession. Pursuant to an interim measure approved by the applicable mining authority, Rocas Arcillas y Minerales S.A. is permitted to continue mining operations in Serrabal indefinitely until a final decision on the renewal of the concession has been made. If the renewal is granted, the concession will expire in 2038. The surface area covered by Serrabal mining concession is 861 hectares.

Conchitina

The Conchitina mining concession previously belonged to Cuarzos Industriales S.A.U., which acquired the mining concession in 1979. Ferroglobe acquired this company, along with Conchitina mining concession, in 1996 from the Portuguese cement manufacturer Cimpor. The Conchitina Segunda mining concession was granted to Cuarzos Industriales S.A.U. in 1997 for a 30-year term after proper mining research had been conducted and the mining potential of the area had been demonstrated. The Conchitina concession expired in 2009 and Cuarzos Industriales S.A.U. applied for its renewal, also requesting the competent authority to consolidate the concession with that of Conchitina Segunda.

The legal support for the consolidation request was that both mining rights apply over a unique quartz deposit. Approval was formally granted by the authority in March 2018. Cuarzos Industriales S.A.U. is the owner of the properties currently mined at Conchitina. The surface area covered by Conchitina concessions is 497 hectares.

Cabanetas

The mining right granting process and tax regulations applicable to the Cabanetas limestone quarry slightly differ from those applicable to other Ferroglobe mines in Spain because Cabanetas is classified as a quarry, rather than a mine. Ferroglobe is currently operating the Cabanetas quarry pursuant to a permit resolution, which authorized the extension of the original mining concession, issued in 2013 by the competent mining authority. The extension is for a period of 30 years and, consequently, the concession will expire in 2043. Limestone extracted from the Cabanetas quarry was intended to be used by the FerroAtlántica del Cinca S.L. Monzón electrometallurgy plant. However, because new metallurgical techniques require low consumption of this product, most of the Cabanetas limestone is generally sold to the civil engineering and construction industries. The production level of the Cabanetas quarry has fallen considerably in recent years, mainly due to difficulties in the local construction industry.

The land on which the mining property is located is owned by Mancomunidad de Propietarios de Fincas Las Sierras and the plot containing the mining property is leased to FerroAtlantica del Cinca S.L. pursuant to a lease agreement entered into in 1950, which was subsequently restated in 2000 and due to expire in 2020. The lease agreement has been extended to 2050. To retain the lease, FerroAtlantica del Cinca S.L. pays the landlord an annual fee currently equal to €0.15 per ton of limestone quarried out of the mine. The quarry covers a surface area of approximately 180 hectares. The area affected by the planned exploitation during the current extension of the concession area is 6.9 hectares.

For further information regarding Spanish regulations applicable to mining concessions, as well as environmental and other regulations, see "—Laws and regulations applicable to Ferroglobe's mining operations—Spain.

South African mining rights

SamQuartz

The SamQuarz mining rights were transferred from the original owners, Glass South Africa Holdings (Pty) Ltd and Samancor Limited, to SamQuarz (Pty) Ltd. ("SamQuarz") in 1997. In 2009, the Minister of Mineral Resources converted the then-existing SamQuarz mining rights into new order mining rights due to expire after 30 years in 2039. In 2012, FerroAtlántica acquired control of SamQuarz along with the mining rights. At the end of 2014, SamQuarz mining rights were transferred from SamQuarz to its sole shareholder, Thaba Chueu Mining (Pty) Ltd ("TCM"). During 2017, ownership of the properties currently mined in Delmas were transferred from SamQuarz to TCM. The total surface area covered by SamQuarz mine is 118.1 hectares. The mine supplies some rock to Ferroglobe South African smelters, but mainly Flint Sand to the Glass Manufacturing Industry and other Metallurgical operations locally.

Mahale

Mahale is state-owned land, lawfully occupied by the Mahale community. TCM currently leases the land pursuant to an agreement with the Majeje Traditional Authority and runs mining operations on the area with mining rights owned by TCM and licensed to it. The latest mining right license was granted by the Department of Mineral Resources in December 2014 and registered at the mining titles deeds office in early 2016. The license is for a 20-year period and will expire in 2035. The total surface area covered by Mahale mine is 329.7 hectares. The lease agreement between TCM and the Majeje Traditional Authority will be in force for the entire duration of the mining right or as long as it is economically viable for the lessee to mine. Under the lease agreement, a monthly rent of ZAR 10 per ton is paid to the lessor in the form of a royalty. Mining volumes have been reduced significantly at the Mahale mine through the stoppage of the Polokwane smelter in July 2019.

Roodepoort

The Roodepoort mining right is held by Ferroglobe's subsidiary, Silicon Smelters (Pty.), Ltd. ("Silicon Smelters"), and will expire in 2028. In 2009, Silicon Smelters applied for a conversion of the mining right into a new mining right under the South African Mineral and Petroleum Resources Development Act (the "MPRDA"), which came into force in 2004. The new mining right has been granted and is valid for the continuation of our mining activities at the Roodeport mine until. Silicon Smelters is currently in the process of transferring this mining right to its mining subsidiary, TCM, in order that all licenses and permits in South Africa are held under this entity.

The total surface area covered by Roodepoort mine is 17.6 hectares. The mining area covers the cobble and block areas. The land in which Roodepoort mine is located is owned by Alpha Sand, which also conducts all mining operations as a contractor for Silicon Smelters. An agreement is in place whereby Alpha Sand operates the mine and Silicon Smelters purchases the quartz mined from Alpha Sand based on the quartz requirements of Silicon Smelters and at prices that are reviewed annually on the basis of increases in production costs and diesel fuel. The agreement with Alpha Sand will terminate at the expiry of the mining right or when it is no longer economically viable to mine quartz in the area. Mining activities were suspended in July 2019 when a decision was taken to stop production at the Polokwane smelter and agreement was reached with the authorities to suspend activities legally until such time when the silicon metal market recovers significantly in order to allow the restart of the Polokwane smelter.

Fort Klipdam

The land on which Fort Klipdam is located is owned by Silicon Smelters. The mining rights application filed by Silicon Smelters was rejected on the basis of the alleged inadequacy of the mine social and labor plan. An appeal has been filed by Silicon Smelters. As the appeal process has been unsuccessful to date, mining operations can only be conducted in areas specified under valid permits that have been obtained on the land. Additional permits were also obtained by the mining contractor on the adjacent property and their materials are brought to Fort Klipdam for processing and stockpiling. A comprehensive mining permit was issued in 2019 that covers the full remaining block quartz area and valid until the end 2020. The mining right has not been renewed and the last mining permit has been submitted for a 1-year renewal period until end 2021. Once the permit has been depleted, mine closure application will follow. The total surface area covered by the Fort Klipdam farm portion is 640.9 hectares. The mining permits and mining rights only relates to an area of 136.1 hectares.

For further information regarding South African regulations applicable to mining concessions, as well as environmental and other regulations, see "—Laws and regulations applicable to Ferroglobe's mining operations—South Africa."

French mining rights

Soleyron

FerroPem, SAS, a subsidiary of Ferroglobe, owns 7.5 hectares of the overall Soleyron mine area. The Saint-Hippolyte de Montaigu Municipality owns the remaining 12.9 hectares. In February 2015, FerroPem, SA, entered into a lease and royalty agreement with the municipality, which is valid for five years. The effective date of the agreement and the relevant term coincide with the effective date and term of the prefectural authorization renewal, which was granted to FerroPem, SAS in March 2015. With the end of the reachable reserves, operation at the mine was terminated on December 2016 and no extension of the permit was requested. The lease and royalty agreement with the municipality was terminated on December 2016. Rehabilitation of the site still has to be performed.

United States and Canadian mining rights

Coal

As of December 31, 2020, we had three active coal mines (two surface mines and one underground mine) located in Knox, Whitley and Bell County, Kentucky. We also had five inactive permitted coal mines available for extraction located in

Kentucky and Alabama. All of our coal mines are leased and the remaining term of the leases range from 2 to 40 years. The majority of the coal production is consumed by the Company's facilities in the production of silicon metal and silicon-based alloys. As of December 31, 2020, we estimate our proven and probable reserves to be approximately 14,200,000 tons with an average permitted life of approximately 35 years at present operating levels. Present operating levels are determined based on a three-year annual average production rate. Reserve estimates were made by our geologists, engineers and third parties based primarily on drilling studies performed. These estimates are reviewed and reassessed from time to time. Reserve estimates are based on various assumptions, and any material changes in these assumptions could have a material impact on the accuracy of our reserve estimates.

We currently have two coal processing facilities in Kentucky, one of which is inactive. The active facility processes approximately 500,000 tons of coal annually, with a capacity of 2,500,000 tons. The average coal processing recovery rate is approximately 65%.

Quartzite

We have an open-pit quartz mining operation in Lowndesboro, Alabama. It has wash-plant facilities. We also have a concession to mine quartzite in Saint-Urbain, Québec (operated by a third party miner). These mines supply our North American operations with a substantial portion of their requirements for quartzite.

Mauritania mining rights

In 2013, the Company signed an option to purchase two exploration permits for Quartz over a 2,000 square kilometer area located in northern Mauritania, approximately 250 kilometers from Nouadhibou harbor. After a successful exploration program and the granting of the right to acquire mining rights pursuant to both exploration permits at the Vadel 1 and Vadel 2 Mines respectively, Ferroglobe exercised the purchase option on June 30, 2016. The mining at the Vadel 1 and Vadel 2 Mines are held by Ferroquartz Mauritania SARL, a subsidiary of Ferroglobe, and will expire in 2031. The total surface area covered by Vadel 1 Mine is 195 square kilometers and by Vadel 2 Mine is 240 square kilometers. The Company shipped 12,417 tons from Vadel 2 during 2018. Since 2019, the Company has not shipped any material from mines Vadel 1 and Vadel 2.

Laws and regulations applicable to Ferroglobe's mining operations

Spain

In Spain, mining concessions have an average term of 30 years and are extendable for additional 30-year terms, up to a maximum of 90 years. In order to extend the concession term, the concessionaire must file an application with the competent public authority. The application, which must be filed three years prior to the expiration of the concession term, must be accompanied by a detailed report demonstrating the continuity of mineral deposits and the technical ability to extract such deposits, as well as reserve estimates, an overall mining plan for the term of the concession and a detailed description of extraction and treatment techniques. The renewal process is straightforward for a mining company that has been mining the concession regularly. The main impediments to renewal are a lack of mining activity and legal conflicts. Every year in January, in order to maintain the validity of the mining concession, an annual mining plan must be submitted to the competent public authority. This document must detail the work to be developed during the year.

Regarding the environmental requirements applicable to Ferroglobe's mining operations in Spain, each of Serrabal, Esmeralda, Conchitina and Conchitina Segunda is subject to an "environmental impact statement" (or "EIS"), issued by the relevant environmental authority and specifically tailored to the environmental features of the relevant mine. The EIS requires compliance with high environmental standards and is based on the environmental impact study performed by the mining concession applicant in connection with each mining project. It is the result of a consultation process involving several public administrations, including cultural, archaeology, landscape, urbanistic, health, agriculture, water and industrial administrations. The EIS sets forth all conditions to be fulfilled by the applicant, including in connection with the protection of air, water, soil, flora and fauna, landscape, cultural heritage, restoration and the interaction of such elements. The EIS covers mining activities, auxiliary facilities and heaps carried out in a determined perimeter of each

mine and includes a program of surveillance and environmental monitoring. The relevant authority regularly verifies compliance with it.

Sonia is subject to a “restoration plan” which provides for less stringent environmental requirements than an EIS and is mainly aimed at ensuring that the new areas generated as a result of the mining activity are properly restored in an environmentally friendly manner. The restoration plan is submitted by the mining concession applicant for the approval of the relevant authority together with the mining project for the area. Information about the exploitation project, including area of operation, annual production, method and operating system, and designed top and bottom level of the pit is included in the restoration plan.

All mines, with the exception of Cabanetas, also need to obtain from the relevant public administration an authorization for the discharge of the water used at the mine. This authorization is subject to certain conditions, including analyzing the water before any such discharge is made. In addition, when presenting to the competent mining authorities its annual mining plans, Ferroglobe must include an environmental report describing all environmental actions carried out during the year. Authorities are able to oversee such actions upon their annual inspections. Because Cabanetas is classified as a quarry and not as a mine, environmental requirements are generally less stringent and an environmental report is not required. The environmental license for Cabanetas is included in the mining permit and is formalized in the annual work plan and the annual restoration plan approved by the mining authority.

The main recurring payment obligation in connection with Ferroglobe’s mines in Spain relates to a tax payable annually, calculated on the basis of the budget included in the relevant annual mining plan provided to the authority. In addition, with the exception of Cabanetas, a small surface tax is paid annually to the administration on the basis of the mine property extension. A levy also applies to water consumption at each mine property, which is paid at irregular intervals whenever the relevant public administration requires it.

South Africa

In South Africa, mining rights are valid for a maximum of 30 years and may be renewed for further periods of up to 30 years per renewal. Prior to granting and renewing a mining right, the competent authority must be satisfied with the technical and financial capacity of the intended mining operator and the mining work program according to which the operator intends to mine. In addition, a species rescue, relocation and re-introduction plan must be developed and implemented by a qualified person prior to the commencement of excavation, a detailed vegetation and habitat and rehabilitation plan must be developed by a qualified person and a permit must be obtained from the South African Heritage Resource Agency prior to the commencement of excavations. The mining right holder must also compile a labor and social plan for its mining operations and comply with certain additional regulatory requirements relating to, among other things, human resource development, employment equity, housing and living conditions and health and safety of employees, and the usage of water, which must be licensed.

It is a condition of the mining right that the holder disposes of all minerals and products derived from exploitation of the mineral at competitive market prices, which means, in all cases, non-discriminatory prices or non-export parity prices. If the minerals are sold to any entity which is an affiliate or non-affiliate agent or subsidy of the mining right holder, or is directly or indirectly controlled by the holder, such purchaser must unconditionally undertake in writing to dispose of the minerals and any products from the minerals and any products produced from the minerals, at competitive market prices. The mining right, a shareholding, an equity, an interest or participation in the right or joint venture, or a controlling interest in a company, close corporation or joint venture, may not be encumbered, ceded, transferred, mortgaged, let, sublet, assigned, alienated or otherwise disposed of without the written consent of the Minister of Mineral Resources, except in the case of a change of controlling interest in listed companies.

Environmental requirements applicable to mining operations in South Africa are mostly set out in the MPRDA. Pursuant to the MPRDA, in order to obtain reconnaissance permissions as well as actual mining rights, applicants must have in place an approved environmental management plan, pursuant to which, among other things, all boreholes, excavations and openings sunk or made during the duration of the mining right must be sealed, closed, fenced and made safe by the mining operator. Further environmental requirements apply in connection with health and safety matters, waste management and

water usage. The MPRDA further requires mining right applicants to conduct an environmental impact assessment on the area of interest and submit an environmental management program setting forth, among other things, baseline information concerning the affected environment to determine protection, remedial measures and environmental management objectives, and describing the manner in which the applicant intends to modify, remedy, control or stop any action, activity or process which causes pollution or environmental degradation, contain or remedy the cause of pollution or degradation and migration of pollutants and comply with any prescribed waste standard or management standards or practices. In addition, applicants must provide sufficient insurance, bank guarantees, trust funds or cash to ensure the availability of sufficient funds to undertake the agreed work programs and for the rehabilitation, management and remediation of any negative environmental impact on the interested areas. Holders of a mining right must conduct continuous monitoring of the environmental management plan, conduct performance assessments of the plan and compile and submit a performance assessment report to the competent authority, the frequency of which must be as approved in the environmental management program, or every two years or as otherwise agreed by the authority in writing. Mine closure costs are evaluated and reported on an annual basis, but are typically only incurred at mine closure.

The mining right holder must also be in compliance with an important governmental regulation called Black Economic Empowerment (“BEE”), a program launched by the South African government to redress certain racial inequalities. In order for a mining right to be granted, a mining company must agree on certain BEE-related conditions with the Department of Mineral and Petroleum Resources. Such conditions relate to, among other things, the company’s ownership and employment equity and require the submission of a social and labor plan. Failure to comply with any of these BEE conditions may have an impact on, among other things, the ability of the mining company to retain the mining right or obtain its renewal upon expiry. In addition, companies subject to BEE must conduct, on an annual basis, a BEE rating audit on several aspects of the business, including black ownership, management control, employment equity, skills development, preferential procurement, enterprise development and socio-economic development. Poor performance on the BEE rating audit may have a negative impact on the company’s ability to do business with other companies, to the extent that a company’s low rating is likely to reduce the rating of its business partners.

Mining rights are subject to payments of royalties to the tax authority, the South African Revenue Services. Such payments are generally made by June 30 and December 31 each year and upon the approval of the concessionaire’s annual financial statements.

France

In France, mining rights are subject to a prefectural authorization. The authorization provides details of all requirements, including environmental requirements, which the mining operator and its subcontractors must comply with to operate the mine. Such requirements mainly concern archaeology, water protection, air pollution, control of noise, visual impact and safety matters. The authorization also contains the requirements relating to the remediation of the land after the end of the mining operations, including the provision of adequate financial guarantees by the mining operator. Mines are regularly inspected by the administration and local environmental commissions, comprising representatives of the relevant municipality, administration, several associations and the mining operator, which must meet at least once a year.

United States

The Coal Mine Health and Safety Act of 1969 and the Federal Mine Safety and Health Act of 1977 impose stringent safety and health standards on all aspects of mining operations. Also, the state of Kentucky, in which we operate underground and surface coal mines, has state mine safety and health regulations. The Mine Safety and Health Administration (the “MSHA”) inspects mine sites and enforces safety regulations and the Company must comply with ongoing regulatory reporting to the MSHA. Numerous governmental permits, licenses or approvals are required for mining operations. In order to obtain mining permits and approvals from state regulatory authorities, we must submit a reclamation plan for restoring, upon the completion of mining operations, the mined property to its prior or better condition, productive use or other permitted condition. We are also required to establish performance bonds, consistent with state requirements, to secure our financial obligations for reclamation, including removal of mining structures and ponds, backfilling and regrading and revegetation.

Customers and Markets

The following table details the breakdown of Ferroglobe's revenues by geographic end market for the years ended December 31, 2020, 2019 and 2018.

	Year ended December 31,		
($ thousands)	**2020**	**2019**	**2018**
United States of America	404,633	533,764	674,243
Europe			
Spain	133,370	183,969	242,733
Germany	191,107	249,911	359,737
Italy	42,067	99,796	138,796
Rest of Europe	167,934	329,988	487,340
Total revenues in Europe	534,478	863,664	1,228,606
Rest of the World	205,323	217,794	339,153
Total	**1,144,434**	**1,615,222**	**2,242,002**

Customer base

We have a diversified customer base across our key product categories. We have built long-lasting relationships with our customers based on the breadth and quality of our product offerings and our ability to frequently offer lower-cost and more reliable supply options than our competitors who do not have production facilities located near the customers' facilities or production capabilities to meet specific customer requirements. We sell our products to customers in over 50 countries across five continents, though our largest customer concentration is in the United States and Europe.

For the year ended December 31, 2020, Ferroglobe's ten largest customers accounted for approximately 50.7% of Ferroglobe's consolidated sales. During 2020, sales corresponding to Dow Silicones Corporation represented 13.2% of the Company's sales. During the year ended December 31, 2019, the Company had no customer that accounted for more than 10% of consolidated sales.

For the year ended December 31, 2020, approximately 46.7% of our metallurgical segment sales were to customers in Europe, approximately 35.4% were to customers in the United States and approximately 17.9% were to the rest of the world.

Customer contracts

Our contracting strategy seeks to lock in significant revenue while remaining flexible to benefit from any price increases. Our silicon metal, manganese-based ferroalloys and silicon-based ferroalloys are typically sold under annual and quarterly contracts. Historically, we have targeted to contract approximately 50 – 65% of our silicon metal, manganese-based ferroalloys production and silicon-based ferroalloy production in the fourth quarter for the following calendar year. Typically, approximately 50% of contracted production has fixed prices whereas the other 50% are indexed to benchmarks.

The remaining balance of our silicon metal, manganese-based ferroalloys and our silicon-based ferroalloy production are sold under quarterly contracts or on a spot basis. By selling on a spot basis, we are able to take advantage of premiums for prompt delivery. We believe that our diversified contract portfolio allows us to lock in a significant amount of revenues while also allowing us to remain flexible and benefit from unexpected price and demand upticks. Given current spot price and current market dynamics, we are looking to enter into contracts for 2021 with shorter terms in order to benefit from expected price increases.

Sales and Marketing Activities

Ferroglobe generally sells the majority of its silicon products under annual or longer contracts for silicone producers, and between three months to one year for aluminum producing customers. All contracts generally include a volume framework and price formula based on the spot market price and other elements, including production costs and premiums. Ferroglobe also makes spot sales to customers with whom it does not have a contract as well as through quarterly agreements at prices that generally reflect market spot prices. In addition, Ferroglobe sells certain high quality products at prices that are not directly correlated with the market prices for the metals or alloys from which they are composed.

With the exception of the manganese-based business (as further detailed below), the vast majority of Ferroglobe’s products are sold directly by its own sales force located in Spain, France, the United States and Germany, as well as in all of the countries in which Ferroglobe operates.

On February 1, 2018, Ferroglobe completed the acquisition from a wholly-owned subsidiary of Glencore International AG ("Glencore") of a 100% interest in Glencore's manganese alloys plants in Mo i Rana (Norway) and Dunkirk (France). Simultaneously with the acquisition, Glencore and Ferroglobe entered into an exclusive agency arrangement for the marketing of Ferroglobe's manganese alloys products worldwide, and for the procurement of manganese ores to supply Ferroglobe's plants, in both cases for a period of ten years. For Ferroglobe, the partnership facilitates access to Glencore's global clients in the steel industry, and provides a broad sales and procurement network. For our customers and suppliers, it provides access to an extended volume and range of products that adds value to our commercial relationships.

Competition

The most significant competitive factor in the silicon metal, manganese and silicon-based alloys and specialty metals markets is price. Other factors include consistency of the chemical and physical specifications over time and reliability of supply.

The silicon metal, manganese- and silicon-based alloys and specialty metals markets are highly competitive, global markets, in which suppliers are able to reach customers across different geographies, and in which local presence is generally a minor advantage. In the silicon metal market, Ferroglobe’s primary competitors include Chinese producers, which have production capacity that exceeds total global demand. Aside from Chinese producers, Ferroglobe’s competitors include Elkem, a Norwegian manufacturer of silicon metal, ferrosilicon, foundry products, silica fumes, carbon products and energy, Dow Chemical, an American company specializing, inter alia, in silicone and silicon-based technology, Rusal, a Russian company that is a leading global aluminum and silicon metal producer, Rima, a Brazilian silicon metal and ferrosilicon producer, Liasa, a Brazilian producer of silicon, Wacker, a German chemical business which manufactures silicon, and Simcoa Operations, an Australian company specializing in the production of silicon as well as several other smaller companies.

In the manganese and silicon alloys market, Ferroglobe’s competitors include Privat Group, a Ukrainian company with operations in Australia, Ghana and Ukraine, Eramet, a French mining and metallurgical group, CHEMK Industrial Group, a Russian conglomerate which is one of the largest silicon-based alloy producers in the world, South 32 (formerly BHP Billiton), a global mining company with operations in Australia and South Africa and Vale, a mining and metals group based in Brazil, Asia Minerals and OM Holdings in Malaysia and Elkem in Norway.

In the silica fumes market, Ferroglobe’s competitors include Elkem and Dow.

Ferroglobe strives to be a highly efficient, low-cost producer, offering competitive pricing and engaging in manufacturing processes that capture most of its production by-products for reuse or resale. Additionally, through the vertical integration of its quartz mines in Spain, the United States, Canada and South Africa and its metallurgical coal mines in the United States, Ferroglobe has ensured access to some of the high quality raw materials that are essential in silicon metal, manganese- and silicon-based alloys and specialty metals production processes and has been able to gain a competitive advantage over some of its competitors because it has reduced the contribution of these raw materials to its cost base.

Research and Development (R&D)

Ferroglobe focuses on continually developing its technology in an effort to improve its products and production processes. Ferroglobe also has cooperation agreements in place with various universities and research institutes in Spain, France and other countries around the world. Set forth below is a description of Ferroglobe's significant ongoing research and development projects.

ELSA electrode

Ferroglobe has internally developed a patented technology for electrodes used in silicon metal furnaces, which it has been able to sell to several major silicon producers globally. This technology, known as the ELSA electrode, improves the energy efficiency in the production process of silicon metal and eliminates contamination with iron. Ferroglobe has granted these producers the right to use the ELSA electrode against payment to Ferroglobe of royalties. Continuous improvements are made in an effort to keep this invention state of the art.

Solar grade silicon

Ferroglobe has sought to produce solar grade silicon metal with a purity above 99.9999% through a new, potentially cost-effective, electrometallurgical process. The traditional chemical process tends to be costly and involves high energy consumption and potentially environmentally hazardous processes. The new technology, entirely developed by Ferroglobe at an earlier stage at its research and development facilities aims to reduce the costs and energy consumption associated with the production of solar grade silicon.

In 2016, FerroAtlántica entered into a project with Aurinka Photovoltaic Group, S.L. ("Aurinka") for a feasibility study and basic engineering for an upgraded metallurgical grade ("UMG") solar silicon manufacturing plant. On December 20, 2016, Grupo FerroAtlántica, S.A.U., along with certain of its subsidiaries, entered into a joint venture agreement (the "Solar JV Agreement") with Blue Power Corporation, S.L. ("Blue Power") and Aurinka providing for the formation and operation of a joint venture with the purpose of producing UMG solar silicon. In furtherance of this project, FerroAtlántica obtained a loan, with a principal amount of approximately €45 million, from the Spanish Ministry of Industry and Energy for the purpose of building the UMG silicon plant. Due to the market environment for solar grade silicon (or polysilicon) worldwide, at the end of 2018 the Company suspended the investment in the project while preserving the technology and know-how in order to be able to finalize the construction of the factory when market circumstances change. In July 2019, the Solar JV Agreement was terminated. See "Item 7.B – Related Party Transactions – Aurinka and the Solar JV, below.

High value powders – Li-ion batteries

Ferroglobe has launched the High Value Powder project, which aims at producing silicon-based, tailor made products for high end applications. Among the various targeted applications, is a particularly attractive market in anodes for Li-ion batteries. In this specific field, Ferroglobe has developed several partnerships and technical collaborations to develop successful research and development solutions to enhance the energy capacity of the anode in Li-ion batteries by adding silicon.

An important part of the technology developed for the Solar grade silicon project is used in this new project allowing Ferroglobe to have advantages in obtaining tailor made solutions in this emerging business and to put in the market products with a very low carbon footprint. At the same time, new knowledge linked to specific milling technologies has been developed in the last years placing Ferroglobe in an excellent position in this new market.

Anyway, new R&D works are carrying out by the Ferroglobe innovation team to develop new products that could fit in the requirements of new generations of batteries.

Proprietary Rights and Licensing

The majority of Ferroglobe's intellectual property consists of proprietary know-how and trade secrets. Ferroglobe's intellectual property strategy is focused on developing and protecting proprietary know-how and trade secrets, which are maintained through employee and third-party confidentiality agreements and physical security measures. Although Ferroglobe owns some patented technology, we believe that the Company's businesses and profitability do not rely fundamentally upon patented technology and that the publication implicit in the patenting process may in certain instances be detrimental to Ferroglobe's ability to protect its proprietary information.

Regulatory Matters

Environmental and health and safety

Ferroglobe operates facilities worldwide, which are subject to foreign, national, regional, provincial and local environmental, health and safety laws and regulations, including, among others, those requirements governing the discharge of materials into the environment, the generation, use, storage and disposal of hazardous substances, the extraction and use of water, land use, reclamation and remediation and the health and safety of Ferroglobe's employees. These laws and regulations require Ferroglobe to obtain from governmental authorities permits to conduct its regulated activities, which permits may be subject to modification or revocation by such authorities.

Ferroglobe may not be at all times in full compliance with such laws, regulations and permits, although Ferroglobe is not aware of any material past or current noncompliance. Failure to comply with these laws, regulations and permits may result in the assessment of administrative, civil and criminal penalties or other sanctions by regulators, the imposition of obligations to conduct remediation or upgrade or install pollution or dust control equipment, the issuance of injunctions limiting or preventing Ferroglobe's activities, legal claims for personal injury or property damages, and other liabilities.

Under these laws, regulations and permits, Ferroglobe could also be held liable for any consequences arising out of human exposure to hazardous substances or environmental damage that relates to Ferroglobe's current or former operations or properties. Environmental, health and safety laws are likely to become more stringent in the future. Ferroglobe purchases insurance to cover these potential liabilities, but the costs of complying with current and future environmental, health and safety laws, and its liabilities arising from past or future releases of, or exposure to, hazardous substances, may exceed insured, budgeted or reserved amounts and adversely affect Ferroglobe's business, results of operations and financial condition.

Some environmental laws assess liability on current or previous owners or operators of real property for the cost of removal or remediation of hazardous substances. In addition to cleanup, cost recovery or compensatory actions brought by foreign, national, provincial and local agencies, neighbors, employees or other third parties could make personal injury, property damage or other private claims relating to the presence or release of hazardous substances. Environmental laws often impose liability even if the owner or operator did not know of, or did not cause, the release of hazardous substances. Persons who arrange for the disposal or treatment of hazardous substances also may be responsible for the cost of removal or remediation of these substances. Such persons can be responsible for removal and remediation costs even if they never owned or operated the disposal or treatment facility. In addition, such owners or operators of real property and persons who arrange for the disposal or treatment of hazardous substances can be held responsible for damages to natural resources.

There are a variety of laws and regulations in place or being considered at the international, national, regional, provincial and local levels of government that restrict or are reasonably likely to result in limitations on, or additional costs related to, emissions of carbon dioxide and other greenhouse gases. These legislative and regulatory developments may cause Ferroglobe to incur material costs to reduce the greenhouse gas emissions from its operations (through additional environmental control equipment or retiring and replacing existing equipment) or to obtain emission allowance or credits, or result in the incurrence of material taxes, fees or other governmental impositions on account of such emissions. In addition, such developments may have indirect impacts on Ferroglobe's operations, which could be material. For example, they may impose significant additional costs or limitations on electricity generators, which could result in a material increase in energy costs.

For a summary of regulatory matters applicable to Ferroglobe's mining operations, see "—Laws and regulations applicable to Ferroglobe's mining operations."

Energy and electricity generation

Ferroglobe operates hydro-electric plants in France, which are subject to energy, environmental, health and safety laws and regulations, including those governing the generation of electricity and the use of water and river basins. These laws and regulations require Ferroglobe to obtain permits from governmental authorities, which may be subject to modification or revocation by these authorities.

Trade

Ferroglobe benefits from antidumping and countervailing duty orders and laws that protect its products by imposing special duties on unfairly traded imports from certain countries. These orders may be subject to revision, revocation or rescission as a result of periodic and five-year reviews.

In the United States, final antidumping or countervailing duties are in effect covering silicon metal imports from China, Russia, Bosnia and Herzegovina, Iceland, and Kazakhstan, and preliminary duties are in effect on imports from Malaysia.

In June 2020, Globe Specialty Metals, Inc. ("GSM") petitioned the U.S. Department of Commerce ("Commerce") and the U.S. International Trade Commission ("ITC") to stop silicon metal producers in Bosnia and Herzegovina, Iceland, Malaysia and Kazakhstan from selling dumped and unfairly subsidized silicon metal imports into the United States. In January and February 2021, Commerce determined that imports from these countries are unfairly dumped or subsidized. In March 2021, the ITC determined that such imports from Bosnia and Herzegovina, Iceland, and Kazakhstan are materially injuring the U.S. industry, clearing the way for Commerce to issue final orders imposing antidumping and countervailing duties on imports from these countries for five years. Due to scheduling differences at Commerce, the Malaysia case is proceeding on a later timetable. However, imports of silicon metal from Malaysia are currently subject to preliminary antidumping duties, which also are in effect and are expected to become final in June 2021. Additionally, in June 2020, the Russia antidumping duty order was renewed for another five years after Commerce and the ITC determined that revocation of the order would lead to continued or recurrent dumping and injury to the U.S. industry. Similarly, in June 2018, the China antidumping duty order was renewed for an additional five years after the ITC and Commerce determined that revocation of the order on Chinese silicon metal imports would lead to continued or recurrent dumping and injury to the U.S. industry, respectively.

In Canada, antidumping and countervailing duties covering silicon metal imports from China are in effect. An expiry review of the Canadian antidumping/countervailing duty order covering silicon metal imports from China concluded on August 22, 2019. As a result of that proceeding, the order was continued for a further five-year period with the result that antidumping and countervailing duties continue to apply to imports of silicon metal from China into Canada.

In the European Union, antidumping duties are in place covering silicon metal imports from China and ferrosilicon imports from China and Russia. In April 2019, the European Commission initiated a review to determine whether to maintain the antidumping measures in place and the rates of duty to be imposed. In June 2020, and as a result of this proceeding, the European Commission renewed the orders on ferrosilicon from China and Russia for another five years.

Seasonality

Electrometallurgy

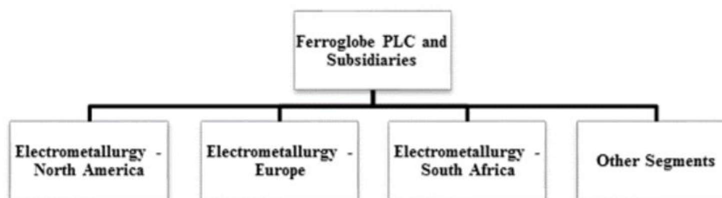
Due to the cyclicality of energy prices and the energy-intensive nature of the production processes for silicon metal, manganese- and silicon-based alloys and specialty metals, Ferroglobe does not operate its electrometallurgy plants during certain periods or times of day when energy prices are at their peak. Demand for Ferroglobe's manganese- and silicon-based alloy and specialty metals products is lower during these periods as its customers also suspend their energy-intensive production processes involving Ferroglobe's products. As a result, sales within particular geographic regions are subject to seasonality.

Energy

Ferroglobe's hydro-electric power generation is dependent on the amount of rainfall in the regions in which its hydropower facilities are located, which varies considerably from season to season.

C. Organizational structure.

The organizational structure remains as follows as of December 31, 2020:



For a list of subsidiaries and ownership structure see *Note* 2 in the Consolidated Financial Statements.

D. Property, Plant and Equipment.

See "Item 4.B.—Information on the Company—Business Overview."

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

A. Operating Results

Introduction

The following "management's discussion and analysis" should be read in conjunction with the Consolidated Financial Statements of Ferroglobe as of December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018, which are included in this annual report. This discussion includes forward-looking statements, which, although based on assumptions that Ferroglobe considers reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements. See "Cautionary Statements Regarding Forward-Looking Statements." For a discussion of risks and uncertainties facing Ferroglobe, see "Item 3.D.—Key Information—Risk Factors."

In accordance with IAS 21 — The Effects of Changes in Foreign Exchange Rates, Ferroglobe's consolidated income statements and consolidated statement of financial position have been translated from the functional currency of each subsidiary, which is determined by the primary economic environment in which each subsidiary operates, into the reporting currency of the Company that is U.S. Dollars.

Principal Factors Affecting Our Results of Operations

Sale prices

Ferroglobe's operating performance is highly correlated to market prices and cost to serve, in a global competitive environment. In particular, segment performance in 2020 and respective participation was largely affected by the second quarter destruction in demand driven by COVID-19. Market prices are influenced by several different factors that vary across Ferroglobe's segments.

Silicon metal pricing appreciated throughout 2020, primarily in the fourth quarter due to stronger weighting into premium sectors, like chemicals, along with increased demand in the aluminum and other commodity sectors.

Historically, manganese-based alloy prices have shown a significant correlation with the price of manganese ore, but from 2018 up to middle 2020, the correlation was disrupted, causing a margin squeeze for Ferroglobe as a non-integrated producer. Since the middle of 2020 the alloy pricing spread over ore recovered from the disconnected levels experienced during 2018/19 levels. We anticipate these improved dynamics to continue to 2021, driven by an oversupply situation in manganese ore coupled with improved manganese alloy prices into the European steel sector.

Our Ferrosilicon business pricing improved steadily throughout 2020, from historical lows, and we expect further improvements driven by the filling of supply chains, stimulate by COVID-19 industrial recovery, in particular the steel industry stimulated by the construction and auto sectors.

Ferroglobe follows a pricing policy aimed at maintaining balance between exposures to termed contracts, based on formula pricing, and exposure to the spot market. This approach allows Ferroglobe to remain flexible in adjusting its production and sales footprint depending on changing market conditions, which traditionally have been volatile.

Cost of raw materials

The main raw materials sourced by Ferroglobe are quartz, manganese ore, coal, metallurgical coke, wood and charcoal. Manganese ore is the largest component of the cost base for manganese-based alloys. In 2020, more than 35% of Ferroglobe's total $68.3 million expense with respect to manganese ore fell under an annual commitment, whilst the remaining was purchased on spot basis. Special coal is used as a major carbon reductant in silicon-based alloy production. In 2020, coal represented a $106.1 million expense for Ferroglobe. Metallurgical coke, which is used for Mn Alloys production, represented a total purchase volume of $19.1 million in 2020. Wood is both an important element for the production of silicon alloys and used to produce charcoal, which is used as a carbon reductant at Ferroglobe's South African subsidiary Silicon Smelters (Pty.), Ltd. Ferroglobe's wood expense amounted to $28.8 million in 2020. The FerroAtlántica subsidiaries of Ferroglobe source approximately 65% of their quartz needs from FerroAtlántica's mines in Spain and South Africa, and Globe subsidiaries source approximately 84% of their quartz needs from Globe's mines in the United States and Canada. Total quartz consumption in 2020 represented an expense of $64.2 million.

Power

Power constitutes one of the single largest expenses for most of Ferroglobe's products. Ferroglobe focuses on minimizing energy prices and unit consumption throughout its operations by concentrating its silicon and manganese-based alloy production during periods when energy prices are lower. In 2020, Ferroglobe's total power consumption was 6,585 gigawatt-hours, with power contracts that vary across its operations.

In Spain and France, FerroAtlántica receives a rebate on a portion of its energy costs in exchange for an agreement to interrupt production, and thus power usage, upon request. FerroAtlántica has power contracts to partly hedge risks related to energy price volatility in Spain.

In France, FerroPem SAS. has traditionally had access to relatively low power prices, as it benefited from Electricité de France's green tariff ("Tarif Vert"), and a discount thereon. The green tariffs expired at the end of 2015 and Ferroglobe

has negotiated supply contracts based on market prices with two suppliers for years 2016 to 2019 and is currently negotiating long-term supply contracts with suppliers in the market place. A new contract covers 2020 to 2022. See also "Item 7.—Major Shareholders and Related Party Transactions—Related Party Transactions". Regulation enacted in 2015 enables FerroPem SAS to benefit from reduced tariffs resulting from its agreeing to interrupt production and respond to surges in demand, as well as receiving compensation for indirect CO_2 costs under the EU Emission Trading System (ETS) regulation. These arrangements allow FerroPem SAS. to operate competitively on a 12-month basis, but also concentrate production during periods when energy prices are lower if needed.

In the United States, we attempt to enter into long-term electric supply contracts that value our ability to interrupt load to achieve reasonable rates. Our power supply contracts have, in the past, resulted in stable price structures. In West Virginia, we have a contract with Brookfield Renewable Power to provide, on average, 45% of our power needs, from a dedicated hydro-electric facility, through December 2021 at a fixed rate. Our power needs for the non-hydroelectric component of West Virginia, Ohio, and Alabama are primarily sourced through special contracts that provide competitive rates whereas a portion of the power is also priced at market rates.

In South Africa, we have an "evergreen" supply agreement with Eskom, the parastatal electricity supplier, for our Polokwane, eMalahleni, Newcastle (Siltech) and Thaba Chueu mining plants. Eskom's energy prices are regulated by the National Energy Regulator (NERSA) and price increases are publicly announced in advance. The specific agreement been approved by NERSA in 2018 for silicon production in Polokwane for three furnaces and in eMalahleni for one furnace was terminated during 2019. All smelters in South Africa were operating on normal tariffs as from the end of 2019. Silicon Metal pricing during 2020 deteriorated further and supported the desision by Ferroglobe to stop Silicon metal production in South Africa due to working capital constraints and logistical delays to export customers. In eMalahleni, focus remained on ferrosilicon production although one furnace was stopped during 2020 to compensate for lower local demand from customers. Profitability however remained and resulted in strong EBITDA figures for this plant, despite the impact of the Covid pandemic that resulted in significantly reduced production during two full months. The eMalahleni plant continued to participate in an interruptibility program where curtailments for power to Eskom is compensated on an hourly basis. This effectively has a positive contribution to the overall price paid for electricity. In addition, emphasis is placed to produce maximum products during summer months when power is cheaper and to reduce production over winter periods (June, July and August), to a minimum. Production in evening Peak Hours is also limited if there is no curtailment programmed.

In 2020, the South Africa Government announced that it will allow Private Power Producers to make use of the Eskom network to assist in providing the shortage of power. This will also lead to the establishment of Private Power suppliers in future that could give better prices than Eskom and negotiations are current under way between Industry, Mining, Eskom and Government to establish an Industrial Tariff that is expected to be implemented in 2023/24 with a power increase forecast that is fixed for a period of 5-years minimum. Progress wih negotiations were hampered by the Covid pandemic.

Foreign currency fluctuation

Ferroglobe has a diversified production base consisting of production facilities across the United States, Europe, South America, South Africa and Asia. Ferroglobe production costs are mostly dependent on local factors, with the exception of the cost of manganese ore and coal, which are dependent on global commodity prices. The relative strength of the functional currencies of Ferroglobe's subsidiaries influences its competitiveness in the international market, most notably in the case of Ferroglobe's South African operations, which have historically exported a majority of their production to the U.S. and the European Union. For additional information see "Item 11.—Quantitative and Qualitative Disclosures About Market Risk—Foreign Exchange Rate Risk."

Regulatory changes

See "Item 4.B.—Business Overview—Regulatory Matters."

Critical Accounting Policies

The discussion and analysis of Ferroglobe's financial condition and results of operations is based upon its Consolidated Financial Statements, which have been prepared in accordance with IFRS. The preparation of those financial statements requires Ferroglobe to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses, the disclosure of contingent assets and liabilities and related disclosure at the date of its financial statements. The estimates and related assumptions are based on available information at the date of preparation of the financial statements, on historical experience and on other relevant factors. Actual results may differ from these estimates under different assumptions and conditions. Critical accounting policies are those that reflect significant judgments of uncertainties and potentially result in materially different results under different assumptions and conditions. The principal items affected by estimates are business combinations, impairment of long-lived assets, inventories and income taxes. The following are Ferroglobe's most critical accounting policies, because they generally involve a comparatively higher degree of judgment in their application. For a description of all of Ferroglobe's principal accounting policies, see *Note* 4 to the Consolidated Financial Statements of Ferroglobe included elsewhere in this annual report.

Business combinations

Ferroglobe subsidiaries have completed a number of significant business acquisitions over the past several years. Our business strategy contemplates that we may pursue additional acquisitions in the future. When we acquire a business, the purchase price is allocated based on the fair value of tangible assets and identifiable intangible assets acquired and liabilities assumed. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Goodwill as of the acquisition date is measured as the residual of the excess of the consideration transferred, plus the fair value of any non-controlling interest in the acquiree at the acquisition date, over the fair value of the identifiable net assets acquired. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the excess is recognized immediately in profit or loss as a bargain purchase gain. We generally engage independent third-party appraisal firms to assist in determining the fair value of assets acquired and liabilities assumed. Such a valuation requires management to make significant estimates, especially with respect to intangible assets. These estimates are based on historical experience and information obtained from the management of the acquired companies. These estimates are inherently uncertain and may impact reported depreciation and amortization in future periods, as well as any related impairment of goodwill or other long lived assets.

See *Note* 5 to the accompanying audited Consolidated Financial Statements for detailed disclosures related to our acquisitions.

Goodwill

Goodwill represents the excess purchase price of acquired businesses over fair values attributed to underlying net tangible assets and identifiable intangible assets. For the purpose of impairment testing, goodwill is allocated to each of the Company's cash-generating units (or groups of cash generating units) that is expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The valuation of the Company's cash generating units requires significant judgment in evaluation of, among other things, recent indicators of market activity and estimated future cash flows, discount rates and other factors. The estimates of cash flows, future earnings, and discount rate are subject to change due to the economic environment and business trends, including such factors as raw material and product pricing, interest rates, expected market returns and volatility of markets served, as well as our future manufacturing capabilities, government regulation, technological change and operational improvements and cost efficiencies driven by the implementation of the new strategy.

Management has worked closely with a third-party consultant and identified a number of operational enhancement opportunities that could release significant value over the Business Plan horizon. The main driver for profitability rest on the ability to improve the operational footprint whilst retaining sufficient flexibility to increase production in response to favorable demand. In parallel, Management will continue to drive organizational change through the adoption of best practices and a cohesive internal culture.

The plan focused on five initiatives on Footprint Optimization, Continuous Plant Efficiency Improvements, Commercial Excellence, SG&A Cost Reduction and Centralized Procurement. Additionally, Management also is working on a one-off liquidity impact through a Working Capital improvement.

We believe that the estimates of future cash flows, future earnings, and fair value are reasonable; however, changes in estimates such as volumes, pricing, costs, discount rate, circumstances or conditions could have a significant impact on our fair valuation estimation, which could then result in an impairment charge in the future.

During the year ended December 31, 2020, the Company has concluded that there are no indications for impairment of goodwill.

During the year ended December 31, 2019, in connection with our annual goodwill impairment test, an impairment charge of $174,008 thousand was recognized related to the complete impairment of goodwill in Canada and partial impairment of goodwill in the United States, resulting from a decline in future estimated projections and increase of the discount rate which caused the Company to revise its expected future cash flows from its Canadian and United States business operations.

Ferroglobe operates in a cyclical market, and silicon and silicon-based alloy index pricing and foreign import pressure into the U.S. and Canadian markets impact the future projected cash flows used in our impairment analysis.

Long-lived assets (excluding goodwill)

In order to ascertain whether its assets have become impaired, Ferroglobe compares their carrying amount with their recoverable amount if there are indications that the assets might have become impaired. Where the asset itself does not generate cash flows that are independent from other assets, Ferroglobe estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value and value in use, which is the present value of the future cash flows that are expected to be derived from continuing use of the asset and from its ultimate disposal at the end of its useful life, discounted at a rate which reflects the time value of money and the risks specific to the business to which the asset belongs.

If the recoverable amount of an asset or cash-generating unit is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount, and an impairment loss is recognized as an expense under “net impairment losses” in the consolidated income statement. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment is recognized as “other income” in the consolidated income statement. The basis for depreciation or amortization is the carrying amount of the assets, deemed to be the acquisition cost less any accumulated impairment losses.

During year ended December 31, 2020 the Company recognized an impairment of $73,344 thousand in relation to; our idled capacity at the Niagara facilities in the United States $35,685 thousand, at the Polokwane facility in South Africa $8,677 thousand, at Château Feuillet facility in Europe $17,941 thousand and an impairment of $11,041 thousand in relation to our solar-grade silicon metal project in Puertollano, Spain; during 2019, the Company recognized during year ended December 31, 2019 an impairment of $1,435 thousand. At the end of 2018 the Company decided to temporarily suspend investment in the project due to deterioration in the market environment for solar grade silicon (or polysilicon) worldwide. The Company is preserving the technology and know-how in order to be able to finalize the construction of the factory as soon as market circumstances change. The Company continues to recognize these project assets at $50,413

thousand based on the fair value less costs of disposal. Fair value less costs of disposal related to land and buildings was determined based on recent sales of comparable industrial properties located near the project. Fair value less costs of disposal related to machinery and equipment was determined by assessing the recoverability of the assets to a market participant.

Inventories

Cost of inventories is determined by the average cost method. Inventories are valued at the lower of cost or market value. Circumstances may arise (e.g., reductions in market pricing, obsolete, slow moving or defective inventory) that require the carrying amount of our inventory to be written down to net realizable value. We estimate market and net realizable value based on current and future expected selling prices, as well as expected costs to complete, including utilization of parts and supplies in our manufacturing process. We believe that these estimates are reasonable; however, future market price decreases caused by changing economic conditions, customer demand, or other factors could result in future inventory write-downs that could be material.

Income taxes

The current income tax expense incurred by Ferroglobe subsidiaries on an individual basis is determined by applying the applicable tax rate to the taxable profit for the year, calculated on the basis of accounting profit before tax, increased or decreased, as appropriate, by the permanent differences arising from the application of tax legislation and by the elimination of any tax consolidation adjustments, taking into account tax relief and tax credits. The consolidated income tax expense is calculated by adding together the expense recognized by each of the consolidated subsidiaries, increased or decreased, as appropriate, as a result of the tax effect of consolidation adjustments for accounting purposes.

Ferroglobe’s deferred tax assets and liabilities include temporary differences measured at the amounts expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their tax bases, and tax loss and tax credit carryforwards. These amounts are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled. Deferred tax liabilities are recognized for all taxable temporary differences, except for those arising from the initial recognition of goodwill. Deferred tax assets are recognized to the extent that it is considered probable that Ferroglobe will have taxable profits in the future against which the deferred tax assets can be utilized. The deferred tax assets and liabilities recognized are reassessed at each reporting date in order to ascertain whether they still exist, and the appropriate adjustments are made on the basis of the findings of the analyses performed.

Significant judgment is required in determining income tax provisions and tax positions. Ferroglobe may be challenged upon review by the applicable taxing authorities, and positions taken may not be sustained. The accounting for uncertain income tax positions requires consideration of timing and judgments about tax issues and potential outcomes and is a subjective estimate. In certain circumstances, the ultimate outcome of exposures and risks involves significant uncertainties. If actual outcomes differ materially from these estimates, they could have a material impact on Ferroglobe’s results of operations and financial condition. Interest and penalties related to uncertain tax positions are recognized in income tax expense.

Results of Operations — Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

($ thousands)	Year ended December 31,	
	2020	2019
Sales	1,144,434	1,615,222
Cost of sales	(835,486)	(1,214,397)
Other operating income	33,627	54,213
Staff costs	(214,782)	(285,029)
Other operating expense	(132,059)	(225,705)
Depreciation and amortization charges, operating allowances and write-downs	(108,189)	(120,194)
Impairment losses	(73,344)	(175,899)
Net (loss) gain due to changes in the value of assets	158	(1,574)
(Loss) gain on disposal of non-current assets	1,292	(2,223)
Other losses	(1)	—
Operating (loss) profit	**(184,350)**	**(355,586)**
Finance income	177	1,380
Finance costs	(66,968)	(63,225)
Financial derivative gain	3,168	2,729
Exchange differences	25,553	2,884
(Loss) profit before tax	**(222,420)**	**(411,818)**
Income tax (expense) benefit	(21,939)	41,541
(Loss) profit for the year from continuing operations	**(244,359)**	**(370,277)**
Profit (loss) for the year from discontinued operations	**(5,399)**	**84,637**
(Loss) profit for the year	**(249,758)**	**(285,640)**
Loss attributable to non-controlling interests	3,419	5,039
(Loss) profit attributable to the Parent	**(246,339)**	**(280,601)**

Sales

Sales decreased $470,788 thousand, or 29.1%, from $1,615,222 thousand for the year ended December 31, 2019 to $1,144,434 thousand for the year ended December 31, 2020. The decrease in sales is primarily attributable to the unexpected, adverse impact of COVID-19 on volumes and average realized pricing across all of our products.

Sales volume decreased across all major products. Silicon metal sales volume decreased 13.5%, silicon-based alloys sales volume decreased 32%, while manganese-based alloys sales volume decreased 33%, primarily due to significant drop in demand across the chemical, aluminum and steel end marjets as a result of the pandemic.

Average selling prices of silicon metal, silicon-based alloys and manganese-based alloys decreased year over year. The average selling price for silicon metal decreased by 0.8% to $2,234/MT in 2020, as compared to $2,252/MT in 2019; the average selling price for silicon-based alloys decreased by 4,2% to $1,899/MT in 2020, as compared to $1,983/MT in 2019 and the average selling price for manganese-based alloys decreased by 10.4% to $1,022/MT in 2020, as compared to $1,140/MT in 2019. The pressure on pricing throughout the year is primarily attributable to the deterioration in demand which outpaced the supply curtailments, resulting in the decline in the index pricing across these products.

Cost of sales

Cost of sales decreased $378,911 thousand, or 35%, from $1,214,397 thousand for the year ended December 31, 2019 to $835,486 thousand for the year ended December 31, 2020, primarily due to a decrease in sales volumes, in silicon metal and manganese alloys, as well as lower unit costs for many of our key inputs.

Costs of sales for plants in North America, which produce silicon-metal and silicon-based alloys, were from 66.5% in 2019 to 62% in 2020, as a percentage of sales. Continued increases in energy costs and an increase in the purchase price of manganese ore impacted costs for manganese-based alloys in Europe.

Other operating income

Other operating income decreased $20,586 thousand, or 38.0%, from $54,213 thousand for the year ended December 31, 2019 to $33,627 thousand for the year ended December 31, 2020. The main difference for this decrease is the consolidation of FAU as of December, 2019 with Co2 allowances granted of $12 million.

Staff costs

Staff costs decreased $70,247 thousand, or 24.6%, from $285,029 thousand for the year ended December 31, 2019 to $214,782 thousand for the year ended December 31, 2020. During the year we continued our headcount reduction plan at both the corporate offices, as well as at the plant level. Furthermore, the temporary shut-down of plants during the first half of 2020 also had a positive impact on our staff costs. Additionally, a reduction in our bonus accrual for the year also contributed to the decrease in staff costs year-over-year.

Other operating expense

Other operating expense decreased $93,646 thousand, or 41.5%, from $225,705 thousand for the year ended December 31, 2019 to $132,059 thousand for the year ended December 31, 2020, primarily due to a decrease in distribution and logistics costs as well a decrease in corporate overhead expense in variable costs associated with sales. As a result, there is a decrease in commercial expenses. Additionally, other operating expenses decreased due to moving our London office. Considerable travel expenses and information technology fees had been reduced as a result of reduced staffing and fees related to advertising, public relations and financial consulting, audit and legal fees.

Depreciation and amortization charges, operating allowances and write-downs

Depreciation and amortization charges, operating allowances and write-downs decreased $12,005 thousand or 10.0%, from $120,194 thousand for the year ended December 31, 2019 to $108,189 thousand for the year ended December 31, 2020. This is primarily attributable to lower capital expenditure supported by a smaller operating footprint.

Impairment losses

Impairment losses decreased $102,555 thousand, or 63%, from a loss of $175,899 thousand for the year ended December 31, 2019 to a loss of $73,344 thousand for the year ended December 31, 2020. In 2019, the Company took a full write-down of goodwill relating to our facility in Canada, as well as write-down in the United States.

During year ended December 31, 2020 the Company recognized an impairment of $73,344 thousand in relation to; our idled capacity at the Niagara facilities in the United States $35,685 thousand, at the Polokwane facility in South Africa $8,677 thousand, at Château Feuillet facility in Europe $17,941 thousand and an impairment of $11,041 thousand in relation to our solar-grade silicon metal project in Puertollano, Spain.

Net loss (gain) due to changes in the value of assets

In 2020, the Company had a net gain of $158 thousand in the value of assets attributable to a higher valuation of shares in Pampa Energy in Argentina. This compares to a net loss of $1,044 thousand in 2019.

Loss (gain) on disposal of non-current assets

The gain on disposal of non-current assets for the year ended December 31, 2020 relates primarily to a $1,292 thousand gain resulting from the sale of CO_2 rights in Europe.

Finance income

Finance income decreased $1,203 thousand, or 87.2%, from $1,380 thousand for the year ended December 31, 2019 to $177 thousand for the year ended December 31, 2020. This is primarily due to the a lower volume of accounts receivables assets sold to securitization program in 2020 compared 2019. With the decline in overall volumes in 2020, the eligible accounts receivables sold into the securitization program also decreased.

Finance costs

Finance costs increased $3,743 thousand, or 5.9%, from $63,225 thousand for the year ended December 31, 2019 to $66,968 thousand for the year ended December 31, 2020. This relates to the financial fees and expense obligations resulting from the prior Accounts Receivable securitization facility.

Financial derivative gain

Financial derivative gains of $2,729 thousand in 2019 and financial derivative gain of $3,168 thousand in 2020. The gains are related to the prior cross-currency swap underlying the senior unsecured notes due 2022.

Exchange differences

Exchange differences increased $22,669 thousand, from income of $2,884 thousand for the year ended December 31, 2019 to a gain of $25,553 thousand for the year ended December 31, 2020, primarily due to the weakening of the U.S. Dollar relative to the Euro.

Income tax (expense) benefit

Income tax expense $63,480 thousand, or 152.8%, from an income tax benefit of $41,541 thousand for the year ended December 31, 2019. The decrease in 2020 is attributable to tax losses in Spain, France and Argentina.

Profit (loss) for the year from discontinued operations

Profit from discontinued operations decreased $90,036 thousand, or 106.4%, from an income of $84,637 thousand for the year ended December 31, 2019 to a loss of $5,399 thousand for the year ended December 31, 2020, mainly due the adjustment registered on the Spain sale price in 2019.

Segment operations

Operating segments are based upon the Company’s management reporting structure. As such, we report our results in accordance with the following segments:

- Electrometallurgy – North America;
- Electrometallurgy – Europe;
- Electrometallurgy – South Africa; and
- Other Segments.

Electrometallurgy – North America

($ thousands)	Year ended December 31, 2020	2019
Sales	425,277	551,500
Cost of sales	(280,858)	(366,711)
Other operating income	2,916	10,418
Staff costs	(73,988)	(87,954)
Other operating expense	(34,315)	(60,105)
Depreciation and amortization charges, operating allowances and write-downs	(61,664)	(72,251)
Impairment losses	(35,685)	(174,013)
Loss on disposal of non-current assets	(869)	(1,601)
Operating (loss)	**(59,186)**	**(200,717)**

Sales

Sales decreased $126,223 thousand, or 22.9%, from $551,500 thousand for the year ended December 31, 2019 to $425,277 thousand for the year ended December 31, 2020, primarily due to a 15% decrease in the average selling price of silicon metal and a 72% decrease in sales volumes of silicon metal.

For the silicon-based alloys (calcium silicon, magnesium ferrosilicon, and different grades of ferrosilicon) portion of the business in North America, there was a 8% decrease in the average selling price ,mainly due to decreased sales of ferrosilicon (FeSi 75%) in 2020, as well as a 31% decrease in sales volume across other silicon-based alloys. During 2020, we also reduced the sales of manganese based alloys into North Americadue to a weakening steel market and reduction in profitability.

Cost of sales

Cost of sales decreased $85,853 thousand, or 23.4%, from $366,711 thousand for the year ended December 31, 2019 to $280,858 thousand for the year ended December 31, 2020. The reduction in our cost of sales is due to a decline in overall sales volumes for both silicon metal and silicon-based alloys, as well slightly lower raw material costs.

Staff costs

Staff costs decreased $13,966 thousand, or 15.9%, from $87,954 thousand for the year ended December 31, 2019 to $73,988 thousand for the year ended December 31, 2020. This is due to permanent and temporary headcount reduction as well as a decrease in bonus accruals for 2020.

Other operating expense

Other operating expense decreased $25,790 thousand, or 42.9%, from $60,105 thousand for the year ended December 31, 2019 to $34,315 thousand for the year ended December 31, 2020, as the business realized lower shipping, freight, and storage costs due to decrease in sales volume.

Depreciation and amortization charges, operating allowances and write-downs

Depreciation and amortization charges, operating allowances and write-downs decreased $10,587 thousand, or 14.7%, from $72,251 thousand for the year ended December 31, 2019 to $61,664 thousand for the year ended December 31, 2020, primarily due to assets were fully depreciated at the beginning of the year.

Impairment losses

Impairment losses decreased $138,328 thousand, or 79.5%, from $174,013 thousand for the year ended December 31, 2019 to $35,685 thousand for the year ended December 31, 2020. During the year ended December 31, 2020, the Company recognized an impairment charge of $35,685 relating to the permanent shutdown of Niagara facility.

Loss on disposal of non-current assets

The loss of $869 thousand for the year ended December 31, 2020 relates primarily to the disposal of certain property plant, and equipment in the United States.

Electrometallurgy – Europe

($ thousands)	Year ended December 31, 2020	2019
Sales	661,624	1,049,576
Cost of sales	(526,771)	(868,654)
Other operating income	35,575	47,672
Staff costs	(121,103)	(145,712)
Other operating expense	(81,590)	(142,929)
Depreciation and amortization charges, operating allowances and write-downs	(38,616)	(39,844)
Impairment losses	(17,941)	(465)
Gain on disposal of non-current assets	2,156	180
Other losses	4	—
Operating (loss)	**(86,662)**	**(100,176)**

Sales

Sales decreased $387,952 thousand or 37.0%, from $1,049,576 thousand for the year ended December 31, 2019 to $661,624 thousand for the year ended December 31, 2020, primarily due decreases in both volume and average realized price. During the year, foreign exchange favorably impacted our sales by $13,162 thousand.

Cost of sales

Cost of sales decreased $341,883 thousand, or 39.4%, from $868,654 thousand for the year ended December 31, 2019 to $526,771 thousand for the year ended December 31, 2020. Cost of sales decreased with the decline in overall volumes, as well as lower input costs. Foreign exchange differences had an adverse impact of $ 17,962 thousand during the year.

Other operating income

Other operating income decreased $12,097 thousand, or 25.4%, from $47,672 thousand for the year ended December 31, 2019 to $35,575 thousand for the year ended December 31, 2020, primarily due to a reduction in the use of CO_2 free allowances in the production process.

Staff costs

Staff costs decreased $24,609 thousand or 16.9%, from $145,712 thousand for the year ended December 31, 2019 to $121,103 thousand for the year ended December 31, 2020. The improvement in the staff costs during the year is driven by a decrease due to lower overtime costs following the temporary idling of furnaces in a number of facilities, the reduction of the head count and the bonus provisions. There was a unfavorable foreign exchange impact, which increased Euro-denominated costs by $2,409 thousand.

Other operating expense

Other operating expense decreased $61,339 thousand, or 42.9%, from $142,929 thousand for the year ended December 31, 2019 to $81,590 thousand for the year ended December 31, 202. The decrease is, primarily due to lower shipping, freight, and storage costs as a result of the slowdown in sales volumes.

Depreciation and amortization charges, operating allowances and write downs

Depreciation and amortization charges, operating allowances and write downs decreased $1,228 thousand, or 3.1%, from $39,844 thousand for the year ended December 31, 2019 to $38,616 thousand for the year ended December 31, 2020.

Impairment losses

Impairment losses increased $17,476 thousand, or 3,758%, from $465 thousand for the year ended December 31, 2019 to $17,941 thousand for the year ended December 31, 2020. During the year ended December 31, 2020, the Company recognized this impairment charge relating to the Château Feuillet facility.

Gain (loss) on disposal of non-current assets

The amount reflected during the year ended December 31, 2020 driven by the disposal of two buildings at our Anglefort facility in France and the sale of excess CO2 rights.

Electrometallurgy – South Africa

	Year ended December 31,	
($ thousands)	**2020**	**2019**
Sales	80,572	136,292
Cost of sales	(56,062)	(108,823)
Other operating income	131	1,323
Staff costs	(11,013)	(20,333)
Other operating expense	(14,098)	(19,457)
Depreciation and amortization charges, operating allowances and write-downs	(7,141)	(6,459)
Impairment losses	(8,677)	—
Net (loss) gain due to changes in the value of assets	—	(530)
Operating (loss)	**(16,288)**	**(17,987)**

Sales

Sales decreased $55,720 thousand, or 40.9%, from $136,292 thousand for the year ended December 31, 2019 to $80,572 thousand for the year ended December 31, 2020. Our sales in South Africa were adversely impacted by the temporary shutdown of the Polokwane facility during the lockdown period due to COVID-19. Additionally, the average realized price for our sales volume in South Africa also declined during the year due to weak market conditions.

Cost of sales

Cost of sales decreased $52,761 thousand, or 48.5%, from $108,823 thousand for the year ended December 31, 2019 to $56,062 thousand for the year ended December 31, 2020, in-line with the decrease in sales volumes. A favorable movement in foreign exchange lowered our cost of sales by $7,682 thousand.

Other operating income

Other operating income decreased $1,192 thousand, or 90.1%, from $1,323 thousand for the year ended December 31, 2019 to $131 thousand for the year ended December 31, 2020, primarily due to a decrease in sales of products.

Staff costs

Staff costs decreased $9,320 thousand, or 45.8%, from $20,333 thousand for the year ended December 31, 2019 to $11,013 thousand for the year ended December 31, 2020, due to the staffing adjustments and employee separation costs in connection with the shutdown of Polokwane plant during 2020. Furthermore, foreign exchange differences favoriably impacted staff costs, decreasing by $1,509 thousand.

Other operating expense

Other operating expense decreased $5,359 thousand, or 27.5%, from $19,457 thousand for the year ended December 31, 2019 to $14,098 thousand for the year ended December 31, 2020, primarily due to operating, selling and administrative costs following the facility closure at Polokwane. Foreign exchange rate movements further decreased other operating expense by $1,765 thousand.

Depreciation and amortization charges, operating allowances and write-downs

Depreciation and amortization charges, operating allowances and write-downs increased $682 thousand, or 10.6%, from $6,459 thousand for the year ended December 31, 2019 to $7,141 thousand for the year ended December 31, 2020.

Impairment losses

Impairment losses for the year ended December 31, 2020 totalled $8,677 thousand, higher than the nil thousand for the prior year. The increase is related to the impairment registered in Polokwane facility.

Net (loss) gain due to changes in the value of assets

Net (loss) recorded for the full year ended December 31, 2020, due to the change in the value of assets in 2019 in the amount of $530 thousand, primarily relating to the remeasured fair value of the Company's timber farms in South Africa as of December 31, 2019.

Other segments

($ thousands)	Year ended December 31, 2020	2019
Sales	25,334	43,147
Cost of sales	(19,518)	(35,923)
Other operating income	13,724	19,413
Staff costs	(8,678)	(31,030)
Other operating expense	(21,425)	(27,406)
Depreciation and amortization charges, operating allowances and write-downs	(768)	(1,640)
Impairment losses	(11,041)	(1,421)
Net (loss) gain due to changes in the value of assets	158	(1,044)
(Loss) gain on disposal of non-current assets	5	(802)
Other losses	(5)	—
Operating (loss)	**(22,214)**	**(36,706)**

Sales

Sales decreased $17,813 thousand, or 41.3%, from $43,147 thousand for the year ended December 31, 2019 to $25,334 for the year ended December 31, 2020, primarily due to a $7,556 thousand decrease of sales of energy related to the sale of subsidiary UltraCore Polska Sp. Z o.o. Sales of silicon-based alloys at the Company's Argentinian facility, Globe Metales S.A., decreased $9,031 thousand.

Cost of sales

Cost of sales decreased $16,405 thousand, or 45.7%, from $35,923 thousand for the year ended December 31, 2019 to $19,518 thousand for the year ended December 31, 2020, primarily due to a decrease in sales volumes of silicon-based alloys at the Company's Argentinian facility, Globe Metales S.A.

Other operating income

Other operating income decreased $5,689 thousand, or 29.3%, from $19,413 thousand for the year ended December 31, 2019 to $13,724 thousand for the year ended December 31, 2020, primarily due to a chargeback of services by Ferroglobe to its subsidiaries.

Staff costs

Staff costs decreased $22,352 thousand, or 72.0%, from $31,030 thousand for the year ended December 31, 2019 to $8,678 thousand for the year ended December 31, 2020, primarily due to redundancy payments linked with the headcount reduction plan at London corporate office and the departure costs of the prior Chief Financial Officer and Chief Executive Officer in the third and last quarters of 2019, respectively. Additionally we further reduced headcount in 2020.

Other operating expense

Other operating expense decreased $5,981 thousand, or 21.8%, from $27,406 thousand for the year ended December 31, 2019 to $21,425 for the year ended December 31, 2020, primarily due to the reduction of activity at London corporate office. Considerable travel expenses and information technology related fees had been reduced as a result of reduced staffing and fees related to advertising, public relations and financial consulting, audit and legal fees.

Depreciation and amortization charges, operating allowances and write-downs

Depreciation and amortization charges, operating allowances and write-downs decreased $872 thousand, or 53.2%, from $1,640 thousand for the year ended December 31, 2019 to $768 thousand for the year ended December 31, 2020, The decrease is due to impairment of the London office lease, which is not longer being deprecitated.

Impairment losses

Impairment losses increased $9,620 thousand, or 677%, from $1,421 thousand for the year ended December 31, 2019 to $11,041 thousand for the year ended December 31, 2020, primarily due to the value adjustment for the Puertollano plant in Spain.

Net (loss) gain due to changes in the value of assets

Net (loss) gain due to the changes in the value of assets in 2020 primarily due to the $158 thousand gain of the valuation of shares in Pampa Energy in Argentina.

(Loss) gain on disposal of non-current assets

The gain on disposal of non-current assets for the year ended December 31, 2020 relates primarily to the sale of a Globe Specialty Metals, Inc. property in Mississippi, United States, $5 thousand. In 2019, the loss on disposal of non-current assets for the year ended December 31, 2019 relates primarily to the sale of Ultra Core Polska, Z.o.o., a subsidiary of the Company, for a net loss of $821 thousand.

Results of Operations — Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

	Year ended December 31,	
($ thousands)	**2019**	**2018**
Sales	1,615,222	2,242,002
Cost of sales	(1,214,397)	(1,446,677)
Other operating income	54,213	45,844
Staff costs	(285,029)	(338,862)
Other operating expense	(225,705)	(277,560)
Depreciation and amortization charges, operating allowances and write-downs	(120,194)	(113,837)
Impairment losses	(175,899)	(58,919)
Net (loss) due to changes in the value of assets	(1,574)	(7,623)
Gain (loss) on disposal of non-current assets	(2,223)	14,564
Bargain purchase gain	—	40,142
Operating profit (loss)	**(355,586)**	**99,074**
Finance income	1,380	4,858
Finance costs	(63,225)	(57,066)
Financial derivative gain (loss)	2,729	2,838
Exchange differences	2,884	(14,136)
Profit (loss) before tax	**(411,818)**	**35,568**
Income tax (expense) benefit	41,541	(20,459)
Profit (loss) for the year from continuing operations	**(370,277)**	**15,109**
Profit (loss) for the year from discontinued operations	84,637	9,464
Profit (loss) for the year	**(285,640)**	**24,573**
Loss attributable to non-controlling interests	5,039	19,088
Profit (loss) attributable to the Parent	**(280,601)**	**43,661**

Sales

Sales decreased $626,780 thousand, or 28.0%, from $2,242,002 thousand for the year ended December 31, 2018 to $1,615,222 thousand for the year ended December 31, 2019, due to the market trend that has led to a drop in both volume and average price.

Sales volume decreased across all major products (excluding by-products). Silicon metal sales volume decreased 32.0%, silicon-based alloys sales volume decreased 13.9%, while manganese-based alloys sales volume decreased 7.5%, primarily due to due to the downward trend of the market.

Average selling prices of silicon metal, silicon-based alloys and manganese-based alloys decreased year over year. The average selling price for silicon metal decreased by 14.9% to $2,252/MT in 2019, as compared to $2,647/MT in 2018; the average selling price for silicon-based alloys decreased by 2.1% to $1,983/MT in 2019, as compared to $2,026/MT in 2018 and the average selling price for manganese-based alloys decreased by 8.4% to $1,140/MT in 2019, as compared to $1,244/MT in 2018. The decrease in average selling prices reflects a downward pricing trend in the markets for silicon metal, silicon-based alloys, and manganese-based alloys.

Cost of sales

Cost of sales decreased $232,280 thousand, or 16.1%, from $1,446,677 thousand for the year ended December 31, 2018 to $1,214,397 thousand for the year ended December 31, 2019, primarily due to a decrease in sales volumes, particularly Silicon metal, which decreased by 112,886 MT.

Costs of sales for plants in North America, which produce silicon-metal and silicon-based alloys, were 56% in 2018 and 66.5% in 2019, as a percentage of sales. Continued increases in energy costs and an increase in the purchase price of manganese ore impacted costs for manganese-based alloys in Europe.

Other operating income

Other operating income increased $8,369 thousand, or 18.3%, from $45,844 thousand for the year ended December 31, 2018 to $54,213 thousand for the year ended December 31, 2019, primarily due to an increase in the use of CO2 in the production process, supported by government grants.

Staff costs

Staff costs decreased $53,834 thousand, or 15.9%, from $338,862 thousand for the year ended December 31, 2018 to $285,029 thousand for the year ended December 31, 2019, primarily due to the closure costs associated with the Niagara and Selma facilities at the end of 2018 and the whole of 2019. Additionally staff costs decreased as a result of the furnace shut down, mainly in the last quarter of 2019.

Other operating expense

Other operating expense decreased $51,855 thousand, or 18.7%, from $277,560 thousand for the year ended December 31, 2018 to $225,705 thousand for the year ended December 31, 2019, primarily due to a decrease in variable costs associated with sales. As a result, there is a decrease in royalties and taxes on coal, maintenance related to the revision of the furnace due to closed furrnaces and lower production, shipping, freight, and storage costs associated with the decrease in sales volume. Additionally, other operating expenses decreased due to the closure of the Selma and Niagara plants for the whole of 2019, as well as the planned closure of furnaces during the second half of 2019.

Depreciation and amortization charges, operating allowances and write-downs

Depreciation and amortization charges, operating allowances and write-downs increased $6,357 thousand or 5.6%, from $113,837 thousand for the year ended December 31, 2018 to $120,194 thousand for the year ended December 31, 2019, primarily due to additions by $39,420 thousand, mainly driven by the addition of $34,039 thousands in Advances and Property, Plant and Equipment in Construction distributed among the different entities of the group.

Impairment losses

Impairment losses increased $116,980 thousand, or 198.5%, from a loss of $58,919 thousand for the year ended December 31, 2018 to a loss of $175,899 thousand for the year ended December 31, 2019. During the year ended December 31, 2019, the Company determined that the value of goodwill with respect to the Company’s US and Canadian operations impaired. Accordingly, it was recorded total impairment charges of $174.008 thousand, with $143.200 thousand allocated to Ferroglobe’s US operations and $30.808 thousand allocated to the Canadian operations, additionally, other impairment losses for $5 thousand was recorded in North Amercia segment

During the year ended December 31, 2018, the Company recognized an impairment of $40,537 thousand of property, plant and equipment and an impairment of $13,947 thousand of intangible assets related to the Company’s solar grade silicon metal production facility located in Puertollano, Spain due to deterioration in the market environment for solar grade silicon (or polysilicon) worldwide. Additionally during the year ended December 31, 2018, the Company recognized an impairment of $2,309 thousand of property, plant and equipment and an impairment of $2,126 thousand of intangible assets at the Company’s Mangshi facility located in China.

Net (loss) gain due to changes in the value of assets

Net (loss) gain due to the changes in the value of assets in 2019 and 2018 primarily relate to the remeasured fair value of the Company’s timber farms in South Africa and valuation of shares in Pampa Energy in Argentina as of December 31, 2019 and 2018.

(Loss) gain on disposal of non-current assets

The loss on disposal of non-current assets for the year ended December 31, 2019 relates primarily to the sale of Ultra Core Polska, Z.o.o., a subsidiary of the Company, for a net loss of $821 thousand. The gain on disposal of non-current assets for the year ended December 31, 2018 relates primarily to a gain on disposal of hydro-electric plant assets of $11,747 thousand.

Bargain purchase gain

During the year ended December 31, 2018, the Company acquired 100% of the outstanding ordinary shares of Kintuck (France) SAS and Kintuck AS from a wholly-owned subsidiary of Glencore International AG ("Glencore") and obtained control of both entities. The new subsidiaries were renamed Ferroglobe Mangan Norge AS and Ferroglobe Manganèse France SAS. The acquisition resulted in a bargain purchase gain of $40,142 thousand as a result of the acquisition date fair value of the net assets acquired in excess of the purchase consideration. Subsequent changes in the value of contingent consideration relating to this acquisition are presented in cost of sales.

Finance income

Finance income decreased $3,478 thousand, or 71.6%, from $4,858 thousand for the year ended December 31, 2018 to $1,380 thousand for the year ended December 31, 2019. This is primarily due to the a lower volume of accounts receivables assets sold to securitization program in 2019 compared 2018 and, due to the consolidation of Ferrous Receivables DAC, the accounts receivable securitization vehicle, since the end of the third quarter 2019, where the finance income has subsequently been eliminated in the consolidation process.

Finance costs

Finance costs increased $6,159 thousand, or 10.8%, from $57,066 thousand for the year ended December 31, 2018 to $63,225 thousand for the year ended December 31, 2019. The increase is mainly due to an increase in interests on leases due to the application of IFRS16, the recycling of deferred finance fees due to the refinancing of "Revolving Credit Facility", partially offset by a decrease in securitization expenses as result of lower volume of accounts receivables assets sold in 2019 compared to 2018.

Financial derivative gain (loss)

Financial derivative gains of $2,729 thousand in 2019 and financial derivative gain of $2,838 thousand in 2018. The gains are related to the portion of the notional amount of the cross currency swap, in relation to the senior Notes, that is not designated as a cash flow hedge.

Exchange differences

Exchange differences decreased $17,020 thousand, from income of $14,136 thousand for the year ended December 31, 2018 to a loss of $2,884 thousand for the year ended December 31, 2019, primarily due to the fluctuation of foreign exchange rates, mainly the exchange rate between the Euro and the U.S. Dollar.

Income tax (expense) benefit

Income tax expense decreased $62,000 thousand, or 303%, from an income tax expense of $20,459 thousand for the year ended December 31, 2018 to an income tax benefit of $41,541 thousand for the year ended December 31, 2019 mainly due to the losses reported for most of the entities of the group in 2019.

Profit (loss) for the year from discontinued operations

The Company´s Spanish hydro-electric assets were disposed of through the sale of FAU in August 2019. Accordingly, the results of Spanish energy business are presented as discontinuing operations for the year ended December 31, 2019 and the consolidated income statement for the prior years ended 2018 and 2017 have been restated to reclassify the results of the Spanish hydro-electric assets within profit (loss) for the year from discontinued operations.

Profit increased $75,174 thousand, or 794.4%, from an income of $9,463 thousand for the year ended December 31, 2018 to an income of $84,637 thousand for the year ended December 31, 2019, mainly due the profit registered on the sale of Spanish hydro-electric plants of $85,103 thousand.

Segment operations

Operating segments are based upon the Company’s management reporting structure. As such, we report our results in accordance with the following segments:

- Electrometallurgy – North America;
- Electrometallurgy – Europe;
- Electrometallurgy – South Africa; and
- Other Segments.

Electrometallurgy – North America

	Year ended December 31,	
($ thousands)	**2019**	**2018**
Sales	551,500	710,716
Cost of sales	(366,711)	(394,044)
Other operating income	10,418	4,943
Staff costs	(87,954)	(115,555)
Other operating expense	(60,105)	(77,670)
Depreciation and amortization charges, operating allowances and write-downs	(72,251)	(69,009)
Impairment losses	(174,013)	—
Loss on disposal of non-current assets	(1,601)	(208)
Operating profit (loss)	**(200,717)**	**59,173**

Sales

Sales decreased $159,216 thousand, or 22.4%, from $710,716 thousand for the year ended December 31, 2018 to $551,500 thousand for the year ended December 31, 2019, primarily due to a 9.3% decrease in the average selling price of silicon metal due to worsening market conditions in the current year than in the prior year and a 35.4% decrease in sales volumes of silicon metal due to closure of the Company’s Selma facility and to the market volume reduction that has affected to other plants. There was a 5.5% decrease in the average selling price of silicon-based alloys (calcium silicon, magnesium ferrosilicon, and different grades of ferrosilicon) mainly due to decreased sales of ferrosilicon (FeSi 75%) in 2019 and a 14.2% decrease in sales volumes of silicon-based alloys. The North American segment additionally added sales of manganese-based alloys, that were produced by our European plants, to its sales mix contributing additional revenue of $89,202 thousands in 2019 ($30,574 thousand in 2018).

Cost of sales

Cost of sales decreased $27,333 thousand, or 6.9%, from $394,044 thousand for the year ended December 31, 2018 to $366,711 thousand for the year ended December 31, 2019. The decrease is primarily due to a decrease in metric tons of silicon metal sold partially due to the closure of the Selma facility and a decrease in metric tons of silicon-based alloys sold due to a decrease in customer specific requirements.

Staff costs

Staff costs decreased $27,601 thousand, or 23.9%, from $115,555 thousand for the year ended December 31, 2018 to $87,954 thousand for the year ended December 31, 2019, primarily due to a decrease in U.S. head count needed following the closure of the the Niagara and Selma facilities at the end of 2018. It has also been affected by the temporary shut-down of some plants in the second half of 2019.

Other operating expense

Other operating expense decreased $17,565 thousand, or 22.6%, from $77,670 thousand for the year ended December 31, 2018 to $60,105 thousand for the year ended December 31, 2019, primarily due to shipping, freight, and storage costs associated with the decrease in sales volume

Depreciation and amortization charges, operating allowances and write-downs

Depreciation and amortization charges, operating allowances and write downs increased $3,242 thousand, or 4.7%, from $69,009 thousand for the year ended December 31, 2018 to $72,251 thousand for the year ended December 31, 2019, primarily due to $9,926 thousand of capital expenditures during 2019.

Impairment losses

During the year ended December 31, 2019, the Company recognized an impairment charge of $174,013 thousand related to the complete impairment of goodwill in Canada ($30,618 thousnad) and partial impairment of goodwill in the United States ($143,395 thousand), resulting from a decline in future estimated sales prices and a decrease in our estimated long-term growth rate which caused the Company to revise its expected future cash flows from its Canadian and United States business operations. The impairment charge is recorded within the Electrometallurgy – North America reportable segment.

Loss on disposal of non-current assets

The loss of $1,601 thousand for the year ended December 31, 2019 relates primarily to the disposal of certain property plant, and equipment in the U.S.

Electrometallurgy – Europe

	Year ended December 31,	
($ thousands)	**2019**	**2018**
Sales	1,049,576	1,447,973
Cost of sales	(868,654)	(1,059,474)
Other operating income	47,672	39,817
Staff costs	(145,712)	(177,047)
Other operating expense	(142,929)	(146,143)
Depreciation and amortization charges, operating allowances and write-downs	(39,844)	(34,974)
Impairment losses	(465)	—
Net (loss) gain due to changes in the value of assets	—	(7)
(Loss) gain on disposal of non-current assets	180	(8,369)
Bargain purchase gain	—	40,142
Operating profit (loss)	**(100,176)**	**101,918**

Sales

Sales decreased $398,397 thousand or 27.5%, from $1,447,973 thousand for the year ended December 31, 2018 to $1,049,576 thousand for the year ended December 31, 2019, primarily due decreases in both volume and average price. Foreign exchange differences unfavorably impacted sales by $57,641 thousand.

Cost of sales

Cost of sales decreased $190,820 thousand, or 18.0%, from $1,059,474 thousand for the year ended December 31, 2018 to $868,654 thousand for the year ended December 31, 2019. Cost of sales decreased due to lower sales volumes. Foreign exchange differences had an additional favorable impact of $ 47,965 thousand.

Other operating income

Other operating income increased $7,855 thousand, or 19.7%, from $39,817 thousand for the year ended December 31, 2018 to $47,672 thousand for the year ended December 31, 2019, primarily due to an increase in the use of CO2 granted by MINER (government) in the production process.

Staff costs

Staff costs decreased $31,335 thousand or 17.7%, from $177,047 thousand for the year ended December 31, 2018 to $145,712 thousand for the year ended December 31, 2019. It is mainly driven by a decrease due to lower overtime costs following the temporary idling of furnaces in a number of facilities. There was a favorable foreign exchange impact, which decreased Euro-denominated costs by $8,002 thousand.

Other operating expense

Other operating expense decreased $3,214 thousand, or 2.2%, from $146,143 thousand for the year ended December 31, 2018 to $142,929 thousand for the year ended December 31, 2019, primarily due to shipping, freight, and storage costs associated with the decrease in sales volume.

Depreciation and amortization charges, operating allowances and write-downs

Depreciation and amortization charges, operating allowances and write downs increased $4,870 thousand, or 13.9%, from $34,974 thousand for the year ended December 31, 2018 to $39,844 thousand for the year ended December 31, 2019. The increase is due to IFRS 16 implementation in 2019.

Gain (loss) on disposal of non-current assets

The amount reflected during the year ended December 31, 2019 is mainly due to sales in the subsidiary FerroPem. During the year ended December 31, 2018, the loss on disposal of non-current assets in the Europe segment reflects the loss on the parent’s investment in intercompany subsidiaries of Other segments. The loss in the Europe segment partially offsets the gain on disposal of non-current assets in Other segments such that the net gain between the two segments primarily represents the net gain on disposal of Spanish hydro-electric assets of $11,747 thousand included within Other segments.

Bargain purchase gain

During the year ended December 31, 2018, the Company acquired 100% of the outstanding ordinary shares of Kintuck (France) SAS and Kintuck AS from a wholly-owned subsidiary of Glencore International AG ("Glencore") and obtained control of both entities. The new subsidiaries were renamed as Ferroglobe Mangan Norge and Ferroglobe Manganèse France. The acquisition resulted in a bargain purchase gain of $40,142 thousand as a result of the acquisition date fair value of the net assets acquired in excess of the purchase consideration. Subsequent changes in the value of contingent consideration relating to this acquisition are presented in cost of sales.

Electrometallurgy – South Africa

($ thousands)	Year ended December 31, 2019	2018
Sales	136,292	208,543
Cost of sales	(108,823)	(137,177)
Other operating income	1,323	3,420
Staff costs	(20,333)	(23,735)
Other operating expense	(19,457)	(26,353)
Depreciation and amortization charges, operating allowances and write-downs	(6,459)	(5,526)
Loss on disposal of non-current assets	—	(261)
Operating profit (loss)	**(17,987)**	**11,295**

Sales

Sales decreased $72,251 thousand, or 34.6%, from $208,543 thousand for the year ended December 31, 2018 to $136,292 thousand for the year ended December 31, 2019, primarily due to decrease in sales volumes, as a result of the temporary shut-down of the Polokwane plant in 2019. Average selling prices also decreased. There was an unfavorable foreign exchange difference impact, which decreased sales by $12,613 thousand.

Cost of sales

Cost of sales decreased $28,354 thousand, or 20.7%, from $137,177 thousand for the year ended December 31, 2018 to $108,823 thousand for the year ended December 31, 2019, primarily due to a sales decrease. A favorable foreign exchange impact decreased cost of sales by $10,071 thousand. Costs of sales for plants in South Africa increased from 66% in 2018 to 79% in 2019, as a percentage of sales, due to continued increases in energy costs.

Other operating income

Other operating income decreased $2,097 thousand, or 61.3%, from $3,420 thousand for the year ended December 31, 2018 to $1,323 thousand for the year ended December 31, 2019, primarily due to an decrease in sales of scrap.

Staff costs

Staff costs decreased $3,402 thousand, or 14.3%, from $23,735 thousand for the year ended December 31, 2018 to $20,333 thousand for the year ended December 31, 2019, due to the staffing adjustments and employee separation costs in connection with the temporary shut-down of Polokwane plant during 2019. Foreign exchange differences have decreased staff costs by $1,882 thousand.

Other operating expense

Other operating expense decreased $6,896 thousand, or 26.2%, from $26,353 thousand for the year ended December 31, 2018 to $19,457 thousand for the year ended December 31, 2019, primarily due to lower variable, selling, and administrative costs during 2019 as the Polokwane plant was temporary idled in 2019. Foreign exchange rate movements further decreased other operating expense by $1,801 thousand.

Depreciation and amortization charges, operating allowances and write-downs

Depreciation and amortization charges, operating allowances and write downs increased $933 thousand, or 16.9%, from $5,526 thousand for the year ended December 31, 2018 to $6,459 thousand for the year ended December 31, 2019, mainly driven by the transfers in Property, Plant and Equipment.

Net (loss) gain due to changes in the value of assets

Net (loss) gain due to the changes in the value of assets in 2019 and 2018 primarily relate to the remeasured fair value of the Company's timber farms in South Africa as of December 31, 2019 and 2018.

Other segments

($ thousands)	Year ended December 31, 2019	2018
Sales	43,147	62,075
Cost of sales	(35,923)	(43,194)
Other operating income	19,413	16,666
Staff costs	(31,030)	(22,525)
Other operating expense	(27,406)	(46,489)
Depreciation and amortization charges, operating allowances and write-downs	(1,640)	(4,328)
Impairment losses	(1,421)	(58,919)
Net (loss) gain due to changes in the value of assets	(1,044)	—
Gain (loss) on disposal of non-current assets	(802)	23,402
Operating (loss)	**(36,706)**	**(73,312)**

Sales

Sales decreased $18,928 thousand, or 30.5%, from $62,075 thousand for the year ended December 31, 2018 to $43,147 for the year ended December 31, 2019, primarily due to a $12,254 thousand decrease of sales of energy related to the sale of subsidiary Hidro Nitro Española, S.A. (hydro-electric plants in Aragon, Spain). These hydro facilities were sold as of December 31, 2018. Sales of silicon-based alloys at the Company's Argentinian facility, Globe Metales S.A., decreased $4,237 thousand and sales of silia fume and ferrosilicon in Ferroatlántica de México, S.A. de C.V.decreased by $1,454 thousand.

Cost of sales

Cost of sales decreased $7,271 thousand, or 16.8%, from $43,194 thousand for the year ended December 31, 2018 to $35,923 thousand for the year ended December 31, 2019, primarily due to an decrease in sales volumes of silicon-based alloys at the Company's Argentinian facility, Globe Metales S.A.

Other operating income

Other operating income increased $2,747 thousand, or 16.5%, from $16,666 thousand for the year ended December 31, 2018 to $19,413 thousand for the year ended December 31, 2019, primarily due to a chargeback of services by Ferroglobe to its subsidiaries.

Staff costs

Staff costs increased $8,504 thousand, or 37.8%, from $22,525 thousand for the year ended December 31, 2018 to $31,030 thousand for the year ended December 31, 2019, primarily due to redundancy payments linked for the closure of the London headquarters in 2019 and the departure costs of the CFO and CEO in the third and last quarter of 2019 respectively. In addition, there was an adjustment of $3,175 thousand to the employee pension plan provision in Venezuela.

Other operating expense

Other operating expense decreased $19,083 thousand, or 41.0%, from $46,489 thousand for the year ended December 31, 2018 to $27,406 for the year ended December 31, 2019, primarily due to the the sale of Ferroalantica, S.A.U., and the internal efforts to reduce costs in the normal course of business during the second half of the year. Ganzi has ceased operating and was wound up at the end of December 31, 2018 and Hidro Nitro Española, S.A. was sold at the end of December 31, 2018.

Depreciation and amortization charges, operating allowances and write-downs

Depreciation and amortization charges, operating allowances and write downs decreased $2,688 thousand, or 62.1%, from $4,328 thousand for the year ended December 31, 2018 to $1,640 thousand for the year ended December 31, 2019, primarily due to the sale of subsidiary Hidro Nitro Española, S.A. (hydro-electric plants in Aragon, Spain).

Impairment losses

Impairment losses for the year ended December 31, 2019 of $1,421 thousand relates to a leasehold provision associated with the closure of the London office. Impairment losses registered in 2018 were mainly related to Solar assets.

(Loss) gain on disposal of non-current assets

During the year ended December 31, 2019, the loss on disposal of non-current assets for the year ended December 31, 2019 relates primarily to the sale of Ultra Core Polska, Z.o.o., a subsidiary of the Company, for a net loss of $821 thousand. In 2018, the loss in the Europe segment partially offsets the gain on disposal of non-current assets in Other segments such that the net gain between the two segments primarily represents the net gain on disposal of hydro-electric plant assets of $11,747 thousand included within Other segments.

Effect of Inflaction

Management believes that the impact of inflation was not material to Ferroglobe's results of operations in the years ended December 31, 2020, 2019 and 2018, although we experienced the impact of Venezuelan inflation in 2019, 2018 and 2017 on FerroVen, S.A.'s production costs in these years, which resulted in a loss of competitiveness. FerroVen, S.A. was idled in August 2018.

Cyclical Nature of the Industry and Movement in Market Prices, Raw Materials and Input Costs

Our business has historically been subject to fluctuations in the price of our products and market demand for them, caused by general and regional economic cycles, raw material and energy price fluctuations, competition and other factors. The timing, magnitude and duration of these cycles and the resulting price fluctuations are difficult to predict. For example, we experienced a weakened economic environment in national and international metals markets, including a sharp decrease in silicon metal prices in all major markets from late 2014 to late 2017. Throughout 2019 and 2020, we experienced the most dramatic decline in prevailing prices of our products, which adversely affected our results. Declines in the global silicon metal, manganese- and silicon-based alloys industries, including as a result of the COVID-19 pandemic, have had a material adverse effect on our business, results of operations and financial condition.

B. Liquidity and Capital Resources

Sources of Liquidity

Ferroglobe's primary sources of long-term liquidity are its senior unsecured notes with a $350,000 thousand aggregate principal at an interest rate of 9.375%, due on March 1, 2022, ("the Notes"), and a US Dollar-denominated NorthAmerican asset-based loan with an aggregate principal amount of $100,000 thousand maturing on October 11, 2024 ($28,168 thousand drawn down as of December 31, 2020). As of the date of this annual report, holders holding approximately 96% in aggregate principal amount of Notes have signed a lock-up agreement (the "Lock-Up Agreement") with the Ad Hoc Group Noteholders, Grupo VM and affiliates of Tyrus Capital to support the proposed restructuring as set out in the Lock-Up Agreement, but there can be no assurance that such support will not be withdrawn prior to implementation of the proposed restructuring or that, if withdrawn, additional consents required to implement the proposed restructuring will be obtained. As a result of these uncertainties, we cannot assure you that the proposed restructuring will be implemented

In addition to the extension and new terms agreed on the Senior Notes, the company entered into a Lock-Up agreement with members of an "Ad Hoc-Group", being existing note holders representing in aggregate approximately 60% of the 2022 Senior Notes, and Tyrus Capital ("Tyrus") as backstop provider in respect of a $40 million equity raise forming part of the transaction. As in the case of the Senior Notes, there can be no assurance that the proposed restructuring will be completed. See *Note* 30.

On October 11, 2019, Ferroglobe closed the aforementioned $100,000 thousand North-American asset-based loan, (the "ABL Revolver"), with Globe Specialty Metals, Inc., and QSIP Canada ULC, each a subsidiary of the Company, as borrowers and PNC Bank, as lender. Ferroglobe PLC was not required to provide a guarantee of this facility, but entered

into a Non-Recourse Pledge Agreement with the lender in respect of its shares in Globe Speciliaty Metals, Inc. The Revolving Credit Facility was immediately repaid using the proceeds from the ABL Revolver and existing cash and cash equivalents of the group. On March 16, 2021, the Company has repaid in its entirety the remaining balance at the date for an amount equal to $39,476 thousand, cancelling its obligations derived from the contract, as a condition of the lock-up agreement. See *Notes* 16 & 30.

The Company is seeking to optimize its working capital, including a European accounts receivable securitization program whereby up to $150,000 thousand of trade receivables can be sold. On February 6, 2020, the Company entered an amended and restated accounts receivables securitization program. The senior lender's commitments under the amended and restated securitization program are $150,000 thousand. During the year ended December 31, 2020, the Company repaid $107,657 thousand in order to optimize the level of borrowings of the SPE with the level of receivables in the securitization.

On October 2, 2020, the Company ended the receivables funding agreement and cancelled the securitization program, signing a new factoring agreement with a Leasing and Factoring Agent, for anticipating the collection of receivables of the Company's European entities (Grupo FerroAtlántica, S.A.U. and FerroPem S.A.S). As a result of the agreement, the Leasing and Factoring Agent provided a cash consideration of circa $48.8 million, repurchased the receivables portfolio sold to the SPE on September 28, and consequently assumed the loan tranche of the senior borrower to the SPE. Also, the Senior loan and intermediate subordinate loan tranches were paid with internal sources of funds. See *Note* 16.

The main characteristics of the agreement are the following:

- the maximum cash consideration advanced for the financing facility is up to EUR 60,000 thousand;
- over collateralization of 10% of accounts receivable as guarantee provided to the Agent until payment has been satisfied;
- Annual fee of 0.15% applied to the annual revenues ceded to the Agent;
- Financing commission of 1% charged annually;

Other conditions are set in relation to credit insurance policy has been structured in an excess of loss policy where the first EUR 5,000 thousand of bad debt losses are not covered by the insurance provider. The Company has assumed the cash collateralization for the entire excess of loss, as agreed in contractual terms.

On September 8, 2016, FerroAtlántica, S.A.U., as borrower, and the Spanish Ministry of Industry, Tourism and Commerce (the "Ministry"), as lender, entered into a loan agreements under which the Ministry made available to the borrower a loan in aggregate principal amount of €44.9 million, in connection with the industrial development projects relating to our solar grade silicon project. FAU transferred the loan to OPCO before its sale. See "Item 4.B.—Information on the Company—Business Overview —Research and Development (R&D)—Solar grade silicon." The loan of €44.9 million is to be repaid in seven installments starting on 2023 and completed by 2030. Interest on outstanding amounts under each loan accrues at an annual rate of 3.55%. See *Note* 30.

On July 23, 2020, Ferroglobe subsidiary, Ferropem, as borrower, entered into a loan with BNP Paribas, as lender, amounting to EUR 4,300 thousand, to finance Company's activities in France. The loan is guaranteed by French government following special measurements taken on COVID-19 impact on businesses. Repayment of principal and payment of interest and accessories shall be made with the possibility for the Borrower to request the amortization of the amounts due at maturity for an additional period of 1 to 5 years. Interest rate is zero percent and the borrower shall be liable to pay a fee equal to 0.50% equal to an amount of EUR 22 thousand calculated on the total borrowed capital.

On June 2, 2020, Ferroglobe subsidiary, Silicium Québec, as borrower, agreed a $7,000 thousand loan with Investissement Québec, a regional government loan & investment agency, as lender, to finance its capital expenditures activities in Canada. The loan is to be repaid in 84 installments over a 10-year period with the first three years as a grace period. Interest rate on outstanding amounts is zero percent.

During 2020, Ferroglobe subsidieries in Spain and France have sold CO_2 emission rights for an amounting of $34,209 thousand.

Ferroglobe's primary short-term liquidity needs are to fund its capital expenditure commitments, fund specific initiatives underlying the strategic plan, and service its existing debt. Ferroglobe's long-term liquidity needs primarily relate to debt repayment. Ferroglobe's core objective with respect to capital management is to maintain a balanced and sustainable capital structure through the economic cycles of the industries in which it participates, while keeping the cost of capital at competitive levels.

For the year ended December 31, 2020, operating activities generated a cash flow of $154,268 thousand, compared to ($31,194) thousand in 2019 and $116,795 thousand in 2018, mainly due to the reduction in inventories and trade and other receivables. Investing activities resulted in a total outflow of $31,940 thousand of cash in 2020, compared to an inflow of $165,910 thousand in 2019 and an outflow of $85,875 thousand in 2018. Financing activities resulted in a total outflow of $113,333 thousand in cash in 2020, compared to an outflow of $224,005 thousand in 2019 and an inflow of $10,805 thousand in 2018. See "Cash Flow Analysis" below for additional information.

As of December 31, 2020 and 2019, Ferroglobe had cash, restricted cash and cash equivalents of $131,557 (of which $28,843 thousand is restricted cash) and $123,175 (of wich $28,323 thousand is restricted cash), respectively. Cash and cash equivalents are primarily held in U.S. Dollars and Euros.

As of December 31, 2020, Ferroglobe's total gross financial debt was $551,547 thousand as compared to $606,361 thousand as of December 31, 2019. As of December 31, 2020, gross financial debt comprised debt instruments of $357,508 thousand ($354,951 in 2019), bank borrowings of $107,606 thousand ($158,999 in 2019), $22,536 thousand of finance leases ($25,872 thousand in 2019), and other financial liabilities of $63,896 thousand ($66,539 thousand in 2019).

Working Capital Position

Taking into account generally expected market conditions, but subject to the uncertainties created by the COVID-19 pandemic, Ferroglobe anticipates that cash flow generated from operations, and the exchange of he Senior notes, will be sufficient to fund its operations, including its working capital requirements, and to make the required principal and interest payments on its indebtedness during the next 12 months.

As of December 31, 2020, Ferroglobe's working capital position (defined as inventories and trade and other receivables less trade and other payables) was $339,610 thousand as compared to $473,956 thousand as of December 31, 2019, mainly due to a reduction in inventories $107,572 thousand and receivables $66,802 thousand partially offset for a reduction in payables $40,028 thousand.

Capital Expenditures

Ferroglobe incurs capital expenditures in connection with expansion and productivity improvements, production plants maintenance and research and development projects. Capital expenditures are funded through cash generated from operations and financing activities. Ferroglobe's capital expenditures for the years ended December 31, 2020, 2019 and 2018 were $30,257 thousand, $32,445 thousand and $106,136 thousand, respectively. We have the ability to reduce our capital expenditures by, as needed, idling individual electrometallurgical manufacturing facilities. During 2020 and 2019, the Company has decreased its capital expenditures, driven mainly to a drop in investment in the solar project, $7,159 thousand in 2019 compared to $32,740 thousand in 2018. Capital expenditures in connection with our solar grade silicon joint venture are financed in part by a loan obtained from the Spanish Ministry of Industry and Energy. See "Item 4.B.—Information on the Company—Business Overview—Research and Development (R&D)—Solar grade silicon" and "Item 7.B.—Major Shareholders and Related Party Transactions—Related Party Transactions." See also "—Tabular Disclosure of Contractual Obligations" for disclosure regarding future committed capital expenditures.

Cash Flow Analysis — Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

The following table summarizes Ferroglobe’s primary sources (uses) of cash for the years ended December 31, 2020 and 2019:

($ thousands)	Year ended December 31, 2020	2019
Cash and cash equivalents at beginning of period	123,175	216,647
Cash flows from operating activities	154,268	(31,194)
Cash flows from investing activities	(31,940)	165,910
Cash flows from financing activities	(113,333)	(224,005)
Exchange differences on cash and cash equivalents in foreign currencies	(613)	(4,183)
Cash, restricted cash and cash equivalents at end of period	131,557	123,175
Cash, restricted cash and cash equivalents at end of period from statement of financial position	131,557	123,175

Ferroglobe paid nil dividends during the year ended December 31, 2020 and the year ended December 31, 2019.

Cash flows from operating activities

Cash flows from operating activities increased $185,462 thousand, from a negative cash generated of $31,194 thousand for the year ended December 31, 2019, to $154,268 thousand for the year ended December 31, 2020. Operating profits increased significantly, driven by an improve in operating profit and a reduction in working capital. Additionally, CO2 emission rights have been sold during 2020 with a positive impact in operating cash flow $34,209 thousand.

Income taxes paid had a postive balance mainly due to the refunds received from USA Tax Authorities. Interest decrease $5,121 thousand driven by cancellation of AR securitization program on October 2, 2020.

Cash flows from investing activities

Cash flows from investing activities 197,850 thousand from an outflow of $165,910 thousand for the year ended December 31, 2019 to an inflow of $31,940 thousand for the year ended December 31, 2020. Capital expenditures decreased during the year ended December 31, 2020 to $30,257 thousand from $32,445 thousand during the year ended December 31, 2019. During the year ended December 31, 2019, the effect of consolidating the accounts receivable securitization entity meant that an amount equal to $9,088 was included in cash flows from investing activities. Additional cash inflows were the proceeds from the disposal of certain non-core assets, including $177,627 thousand from the sale of subsidiary FerroAtlántica, S.A.U. and $8,668 thousand from the sale of timber farm plantations in South Africa and $3,018 thousand from other asset sales.

Cash flows from financing activities

Cash flows from financing activities increased $110,672 thousand, from an outflow of $224,005 thousand for the year ended December 31, 2019 to an outflow of $113,333 thousand for the year ended December 31, 2020. During the year ended 31 December 2020 there has been a decrease in bank borrowings. On October 11, 2019, the Revolving Credit Facility was repaid $134,570 and replaced with the ABL Revolver. The ABL Revolver had a balance of $62,835 thousand at December 31, 2019. The Company has not factoring without recourse arrangements for other receivables as of December, 31 2019. On August 30, 2019, the hydro-lease was repaid $55,352 thousand.

Cash Flow Analysis — Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

The following table summarizes Ferroglobe's primary sources (uses) of cash for the years ended December 31, 2019 and 2018:

($ thousands)	Year ended December 31, 2019	2018
Cash and cash equivalents at beginning of period	216,647	184,472
Cash flows from operating activities	(31,194)	116,795
Cash flows from investing activities	165,910	(85,875)
Cash flows from financing activities	(224,005)	10,285
Exchange differences on cash and cash equivalents in foreign currencies	(4,183)	(9,030)
Cash, restricted cash and cash equivalents at end of period	123,175	216,647
Cash, restricted cash and cash equivalents at end of period from statement of financial position	123,175	216,647

Ferroglobe paid nil dividends during the year ended December 31, 2019 and paid $20,642 thousand for the year ended December 31, 2018.

Cash flows from operating activities

Cash flows from operating activities decreased $147,989 thousand, from a positive cash generated of $116,795 thousand for the year ended December 31, 2018, to a cash consumed of ($31,194) thousand for the year ended December 31, 2019. Operating profits decreased significantly, driven by a decrease in sales volumes, decline pricing for silicon metal and silicon-based alloys.

Income taxes paid decreased $32,819 thousand, reflecting payments on account for a less profitable year, while interest increased $15 thousand.

Cash flows from investing activities

Cash flows from investing activities increased $251,785 thousand from an outflow of $85,875 thousand for the year ended December 31, 2018 to an inflow of $165,910 thousand for the year ended December 31, 2019. Capital expenditures decreased during the year ended December 31, 2019 to $32,445 thousand from $106,136 thousand during the year ended December 31, 2018. Also, the effect of consolidating the accounts receivable securitization entity meant that an amount equal to $9,088 was included in cash flows from investing activities. Additional cash inflows were the proceeds from the disposal of certain non-core assets, including $177,627 thousand from the sale of subsidiary FerroAtlántica, S.A.U. and $8,668 thousand from the sale of timber farm plantations in South Africa and $3,018 thousand from other asset sales.

Cash flows from financing activities

Cash flows from financing activities increased $234,290 thousand, from an inflow of $10,285 thousand for the year ended December 31, 2018 to an outflow of $224,005 thousand for the year ended December 31, 2019. On October 11, 2019, the Revolving Credit Facility was repaid $134,570 and replaced with the ABL Revolver. The ABL Revolver had a balance of $62,835 thousand at December 31, 2019. The Company has not factoring without recourse arrangements for other receivables as of December, 31 2019. On August 30, 2019, the hydro-lease was repaid $55,352 thousand.

Capital resources

Ferroglobe's core objective is to maintain a balanced and sustainable capital structure through the economic cycles of the industries in which it operates, while keeping the cost of capital at competitive levels. . In addition to cash flows from continuing operations, the Company's main sources of capital resources are its senior Notes with an aggregate principal value of $350,000 thousand and the ABL Revolver with an aggregate principal amount of $100,000 thousand.

Capital Raising and Extension of the Maturity of the Senior Notes

Beginning in 2020, we engaged in discussions with the Ad Hoc Group Noteholders to put forward a plan to refinance the Notes and restructure our balance sheet. On March 27, 2021, Ferroglobe and Globe and certain other members of our group entered into the Lock-Up Agreement with the Ad Hoc Group Noteholders, Grupo VM and affiliates of Tyrus Capital that set forth a plan to implement the restructuring. The principal elements of the restructuring, as set forth below, are inter-conditional and must be completed by September 28, 2021, unless extended by agreement.

Issuance of $60 million of new senior secured notes

We intend to issue $60 million of new senior secured notes (the "Super Senior Notes") maturing on June 30, 2025, in two tranches: (i) $40 million as soon as reasonably practicable prior to the completion date of the proposed restructuring (the "Transaction Effective Date") and (ii) $20 million on the Transaction Effective Date. The Super Senior Notes will bear an interest rate of 9.0% per annum and will benefit from first-ranking security over substantially all of the assets of Ferroglobe and its subsidiaries. The holders of the Super Senior Notes will have super senior priority rights with respect to the proceeds from the enforcement of the collateral securing the Super Senior Notes pursuant to the provisions of an intercreditor agreement together with all amounts received or recovered by the security agent within the meaning of the intercreditor agreement and will have priority over the holders of the Amended Senior Notes (defined below).

In the event that any part or all of an expected initial tranche consisting of $40 million of the Super Senior Notes are redeemed prior to certain termination events under the Lock-Up Agreement (as set out in Exhibit B of Schedule 5 thereto), following any notice of redemption or acceleration, a make-whole premium of $17.5 million is payable (reduced pro rata if only a part of the $40 million in Super Senior Notes is redeemed). We will be able to redeem the Super Senior Notes (i) at par in the 15-month period commencing on the Transaction Effective Date, (ii) subject to a make-whole premium in the subsequent 9-month period, (iii) at 104.5% in the further subsequent one-year period and (iv) at par thereafter.

The first tranche of $40 million of Super Senior Notes will be issued to the Ad Hoc Group Noteholders. We intend to offer the holders of the Notes the right to subscribe for the Super Senior Notes. The Ad Hoc Group Noteholders have agreed to backstop any shortfall in the subscription for the Super Senior Notes subject to satisfaction of certain conditions set out in the new debt backstop letter filed as Exhibit 4.10 to this annual report.

Issuance of $40 million in new equity of Ferroglobe

We expect to issue at least $40 million of equity by launching an equity offering prior to the Transaction Effective Date. We will determine the specific choice of instrument and method of issuing this equity, taking into account the best interests of all of our shareholders. While we currently expect to conduct a pre-emptive rights issue or an offering of ordinary shares available to all shareholders, we will consider all available options, taking into account the best interests of all of our shareholders.

An affiliate of Tyrus Capital has agreed, subject to certain terms and conditions contained in the new equity backstop letter filed as Exhibit 4.11 to this annual report, to backstop a shortfall of up to $40 million in the subscription for our ordinary shares at an issue price in an amount equal to the lower of (i) a 40% discount to the volume weighted average closing price of the ordinary shares over a number of trading days close to the Transaction Effective Date (adjusted to address any unusual trading activity), and (ii) the price per share offered in the equity raise by Ferroglobe, provided that the total number of shares issued (after giving effect to any shares issued in the equity raise) does not exceed the number of shares currently issuable without triggering pre-emption rights and that are not reserved for specific purposes.

Extension of the maturity date of the Notes from March 31, 2022 to December 31, 2025 and amendment of certain other terms

We intend to extend the maturity date of the Notes from March 31, 2022 to December 31, 2025 and amend certain other terms of the Notes. The extension of maturity and amendments will be implemented through an offer to exchange the Notes at par for new senior secured notes that will mature on December 31, 2025 (the "Amended Senior Notes"). As of

the date of this annual report, holders holding approximately 96% in aggregate principal amount of Notes have signed the Lock-Up Agreement to support the maturity extension and amendment of the Notes. To the extent the holders of the Notes do not participate in the offer to exchange, the Notes will remain outstanding and will be due on March 31, 2022.

The Amended Senior Notes will have an interest rate per annum of 9.375% and will benefit from the same security as the Super Senior Notes, subject to the provisions of an intercreditor agreement pursuant to which the holders of the Amended Senior Notes will receive the proceeds from the enforcement of the collateral securing the Amended Senior Notes after the holders of the Super Senior Notes have been repaid in full. The covenants for the Amended Senior Notes will be more restrictive than the covenants in the indenture governing the Notes.

We will be able to redeem the Amended Senior Notes (i) subject to a make-whole premium in the one-year period commencing on the Transaction Effective Date, (ii) at 104.6875% in the first subsequent one-year period, (iii) at 102.34375% in the second subsequent one-year period, (iv) at 101% in the third subsequent one-year period and (v) at par thereafter.

Payments of dividends, distributions and advances by Ferroglobe's subsidiaries will be contingent upon their earnings and business considerations and may be limited by legal, regulatory and contractual restrictions. For instance, the repatriation of dividends from Ferroglobe's Venezuelan and Argentinean subsidiaries have been subject to certain restrictions and there is no assurance that further restrictions will not be imposed. Additionally, Ferroglobe's right to receive any assets of its subsidiaries as an equity holder of such subsidiaries, upon their liquidation or reorganization, will be effectively subordinated to the claims of such subsidiaries' creditors, including trade creditors.

Details and description of Ferroglobe's debt instrument and ABL Revolver are described in Notes 16 and 18 of the Consolidated Financial Statements.

C. Research and Development, Patents and Licenses, etc.

For additional information see "Item 4.B.—Information on the Company—Business Overview—Research and Development (R&D)."

D. Trend Information

We discuss in Item 5.A. above and elsewhere in this annual report, trends, uncertainties, demands, commitments or events for the year ended December 31, 2020 that we believe are reasonably likely to have a material adverse effect on our revenues, income, profitability, liquidity or capital resources or to cause the disclosed financial information not to be necessarily indicative of future operating results or financial conditions.

E. Off-Balance Sheet Arrangements

We do not have any outstanding off-balance sheet arrangements.

F. Tabular Disclosure of Contractual Obligations

The following table sets forth Ferroglobe's contractual obligations and commercial commitments with definitive payment terms that will require significant cash outlays in the future, as of December 31, 2020.

		Payments Due by Period			
($ thousands)	Total	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
Long and short term debt obligations [1]	581,765	178,098	384,637	12,529	6,501
Capital expenditures	2,605	2,605	—	—	—
Leases	24,024	8,796	11,026	2,454	1,748
Power purchase commitments [2]	243,069	111,915	131,154	—	—
Purchase obligations [3]	22,855	22,855	—	—	—
Other Long-Term Liabilities Reflected on the Company's Balance Sheet [4]	31,815	2,805	4,909	4,104	19,997
Total	**906,133**	**327,074**	**531,726**	**19,087**	**28,246**

(1) Pursuant to the Lock-up Agreement, holders of approximately 96% of the Notes have agreed to an extension of maturity of the $350 million Notes until 2025 and other amendments, which is expected to be formalized during the second or third quarter of 2021. See "Item 5.B.—Liquidity and Capital Resources".

(2) Represents minimum charges that are enforceable and legally binding, and do not represent total anticipated purchases. Minimum charges requirements expire after providing one year notice of contract cancellation.

(3) The Company has outstanding purchase obligations with suppliers for raw materials in the normal course of business. The disclosed purchase obligation amount represents commitments to suppliers that are enforceable and legally binding and do not represent total anticipated purchases of raw materials in the future.

(4) Included tolling agreement with Cee-Dumbria facility.

The table above also excludes certain other obligations reflected in our consolidated balance sheet, including estimated funding for pension obligations, for which the timing of payments may vary based on changes in the fair value of pension plan assets and actuarial assumptions. We expect to contribute approximately $1,304 thousand to our pension plans for the year ended December 31, 2020.

G. Safe Harbor

This annual report contains forward-looking statements within the meaning of Section 27A of the U.S. Securities Act and Section 21E of the U.S. Exchange Act and as defined in the Private Securities Litigation Reform Act of 1995. See "Cautionary Statements Regarding Forward-Looking Statements."

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors, Senior Management and Employees

The following table lists each of our executive officers and directors, their respective ages and positions as of the date of this annual report and their respective dates of appointment. The business address of all our directors and senior

management is our business address as set forth in “Item 4.A.—Information on the Company—History and Development of the Company.”

Name	Age	Position	Date of appointment
Javier López Madrid	56	Director and Executive Chairman	February 5, 2015
Marco Levi	61	Director and Chief Executive Officer	January 10, 2020
Beatriz García-Cos Muntañola	57	Chief Financial Officer and Principal Accounting Officer	October 17, 2019
José María Alapont	70	Director	January 24, 2018*
Bruce L. Crockett	77	Director	December 23, 2015
Stuart E. Eizenstat	78	Director	December 23, 2015
Manuel Garrido y Ruano	55	Director	May 30, 2017
Marta de Amusategui y Vergara	56	Director	Jun 12, 2020
Juan Villar-Mir de Fuentes	59	Director	December 23, 2015

* Mr. Alapont resigned from the Board of Directors on April 30, 2021.

Other than employment agreements between Ferroglobe and each of Javier López Madrid, Marco Levi and Beatriz García-Cos Muntañola, there are no service contracts between the officers and directors listed in the table above, on the one hand, and us or any of our subsidiaries on the other, providing for benefits upon termination of employment.

There are no family relationships between our executive officers and directors, except that Javier López Madrid is married to the sister of Juan Villar-Mir de Fuentes.

Set forth below is a brief biography of each of our executive officers and directors.

Javier López Madrid

Javier López Madrid has been Executive Chairman of the Company since December 31, 2016 and Chairman of our Nominations Committee since January 1, 2018. He was first appointed to the Board on February 5, 2015 and was the Company’s Executive Vice-Chairman from December 23, 2015 until December 31, 2016.

He has been Chief Executive Officer of Grupo VM since 2008, is a member of the World Economic Forum, Group of Fifty and a member of the Board of several non profit organizations. He is the founder and largest shareholder of Financiera Siacapital and founded Tressis, Spain’s largest independent private bank.
Mr. López Madrid holds a Masters in law and business from ICADE University.

Marco Levi

Marco Levi was appointed Chief Executive Officer of the Company on January 10, 2020 and appointed to its Board of Directors on January 15, 2020. Dr Levi previously served as President and CEO of Alhstrom-Munksjö Oyj, a global fiber materials company listed in Finland, where he led a successful transformation of the business by refocusing its product portfolio towards value-added specialty products. Prior to that, Dr. Levi was Senior Vice President and Business President of the $3 billion emulsion polymers division of chemicals manufacturer Styron, including during the period in which Styron was acquired by Bain Capital from Dow Chemical Company. Dr. Levi previously had spent over twenty-two years at Dow in various departments and roles, ultimately serving as general manager of the emulsion polymers business.

Dr Levi is also a Non-Executive Director of Schweitzer-Mauduit International, Inc, the leading global performance materials company, listed on the New York Stock Exchange. Dr Levi holds a doctorate in industrial chemistry from the Università degli Studi di Milano, Statale,in Italy.

Beatriz García-Cos Muntañola

Beatriz García-Cos Muntañola was appointed as Chief Financial Officer and Principal Accounting Officer on October 17, 2019.

Before joining Ferroglobe, Ms. García-Cos served as Group CFO at Bekaert NV, a leading, global steel wire transformation company, listed on the Brussels Stock Exchange, where she focused on setting and executing financial strategy, as well as leading numerous strategic projects centered on business growth and enhanced operational efficiency. Prior to Bekaert NV, she was the Chief Financial Officer of the mining division of Trafigura Beheer BV, one of the largest physical commodities trading groups. Before that, she was Finance Director, EMEA and LATAM, for Vestas Wind Systems A.S, the Danish publicly-listed multinational and world's largest wind turbine manufacturer. Prior to that role, she was Finance Manager for PPG Industries Inc, a leading diversified manufacturing company listed on the New York Stock Exchange.

Ms García-Cos holds an MA in Economics and Business Administration from the University of Barcelona and graduated from the Advanced Management Program of IESE, in Spain.

José María Alapont

José María Alapont was appointed to our Board of Directors as a Non-Executive Director on January 24, 2018 and to our Audit Committee and Compensation Committee on May 16, 2018. Mr. Alapont was appointed on January 16, 2019 as our Senior Independent Director and Chairman of our Corporate Governance Committee. Mr. Alapont resigned from the Board of Directors on April 30, 2021.

Mr. Alapont holds a number of other Board appointments. Since 2017, he has been a member of the Board of Directors of Ashok Leyland Ltd and is also a member of its Investment and Technology Committee Since 2018, he has been a member of its Nomination and Remuneration Committee and joined its Audit Committee in 2019. Mr Alapont has also been a Board Director of Navistar Inc. and a member of its Finance Committee since 2016 and Chair of its Nomination and Governance Committee since 2018. He has been a member of the Board of Directors of Hinduja Investments and Project Services Ltd since 2016, of Hinduja Automotive Ltd since 2014 and of Switch Mobility Ltd since 2020.

Mr. Alapont was formerly President and Chief Executive Officer of Federal-Mogul Corporation, the automotive powertrain and safety components supplier, from March 2005 to 2012, Chairman of its Board from 2005 to 2007 and Board director from 2005 to 2013. Prior to that, he was Chief Executive and a Board Director of Fiat Iveco, S.p.A., a leading global manufacturer of commercial trucks, buses, defense and other specialized vehicles from 2003 to 2005. Prior to 2003, he held Executive, Vice President and President positions for more than 30 years at other leading global vehicle manufacturers and suppliers, such as Ford Motor Company, Delphi Corporation and Valeo S.A. His non-executive experience also includes being member of the Board of Directors of the Manitowoc Company Inc. from 2016 to 2018 and a Board Director of Mentor Graphics Corp. from 2011 to 2012. He was a member of the Davos World Economic Forum from 2000 to 2011.

Mr. Alapont holds an Industrial Engineering degree from the Technical School of Valencia and a Philology degree from the University of Valencia in Spain.

Bruce L. Crockett

Bruce L. Crockett was appointed to our Board of Directors as a Non-Executive Director on December 23, 2015. He has been a member of our Audit Committee from that date and Chair of the Audit Committee since June 4, 2020 and has served on our Compensation Committee since January 1, 2018.
Mr. Crockett holds a number of other Board and governance roles. He has been Chairman of the Invesco Mutual Funds Group Board of Directors and a member of its Audit, Investment and Governance Committees, serving on the board since 1991, as Chair since 2003 and on the Board of predecessor companies from 1978. Since 2013, he has been a member of the Board of Directors and, since 2014, Chair of the Audit Committee of ALPS Property & Casualty Insurance Company. He has been Chairman of, and a private investor in, Crockett Technologies Associates since 1996. He is a life trustee of the University of Rochester.

Mr. Crockett was a member of the Board of Directors of Globe from April 2014 until the closing of the Business Combination, as well as a member of Globe's Audit Committee. He was formerly President and Chief Executive Officer of COMSAT Corporation from 1992 until 1996 and its President and Chief Operating Officer from 1991 to 1992, holding a number of other operational and financial positions at COMSAT from 1980, including that of Vice President and Chief Financial Officer. He was a member of the Board of Directors of Ace Limited from 1995 until 2012 and of Captaris, Inc. from 2001 until its acquisition in 2008 and its Chairman from 2003 to 2008.

Mr. Crockett holds an A.B. degree from the University of Rochester, B.S. degree from the University of Maryland, an MBA from Columbia University and an Honorary Doctor of Law degree from the University of Maryland.

Stuart E. Eizenstat

Stuart E. Eizenstat was appointed to our Board of Directors as a Non-Executive Director on December 23, 2015. He has been a member of the Company's Corporate Governance Committee since January 1, 2018 and was appointed to our Nominations Committee on May 16, 2018.

Mr. Eizenstat has been a Senior Counsel at Covington & Burling LLP in Washington, D.C. and Head of its international practice since 2001. He has served as a member of the Advisory Boards of GML Ltd. since 2003 and of the Office of Cherifien de Phosphates since 2010. He was a trustee of BlackRock Funds from 2001 until 2018.

Mr. Eizenstat was a member of Board of Directors of Globe from 2008 until the closing of the Business Combination and Chair of its Nominating Committee. He was a member of the Board of Directors of Alcatel-Lucent from 2008 to 2016 and of United Parcel Service from 2005 to 2015. He has had an illustrious political and advisory career, including serving as Special Adviser to Secretary of State Kerry on Holocaust-Era Issues from 2009 to 2017 and Special Representative of the President and Secretary of State on Holocaust Issues during the Clinton administration from 1993 to 2001. He was Deputy Secretary of the United States Department of the Treasury from July 1999 to January 2001, Under Secretary of State for Economic, Business and Agricultural Affairs from 1997 to 1999, Under Secretary of Commerce for International Trade from 1996 to 1997, U.S. Ambassador to the European Union from 1993 to 1996 and Chief Domestic Policy Advisor in the White House to President Carter from 1977 to 1981. He is the author of "Imperfect Justice: Looted Assets, Slave Labor, and the Unfinished Business of World War II"; "The Future of the Jews: How Global Forces are Impacting the Jewish People, Israel, and its Relationship with the United States" and "President Carter: The White House Years."

Mr. Eizenstat holds a B.A. in Political Science, cum laude and Phi Beta Kappa, from the University of North Carolina at Chapel Hill, a J.D. from Harvard Law School and nine honorary doctorate degrees and awards from the United States, French, German, Austrian, Belgian and Israeli governments.

Manuel Garrido y Ruano

Manuel Garrido y Ruano was appointed to our Board of Directors as a Non-Executive Director on May 30, 2017. He was a member of our Nominating and Corporate Governance Committee from May 30, 2017 until December 31, 2017, when he was appointed to our Corporate Governance Committee.

Mr. Garrido y Ruano has been Chief Financial Officer of Grupo Villar Mir since 2003 and a member of the Board or on the steering committee of a number of its subsidiaries in the energy, financial, construction and real estate sectors. He is Professor of Communication and Leadership of the Graduate Management Program at CUNEF in Spain. Mr. Garrido y Ruano was a member of the steering committee of FerroAtlántica until 2015, having previously served as its Chief Financial Officer from 1996 to 2003. He worked with McKinsey & Company from 1991 to 1996, specializing in restructuring, business development and turnaround and cost efficiency projects globally.

Mr. Garrido y Ruano holds a Masters in Civil Engineering with honors from the Universidad Politecnica de Madrid and an MBA from INSEAD.

Marta de Amusategui y Vergara

Marta de Amusategui y Vergara was appointed to our Board of Directors as a Non-Executive Director on June 12, 2020. She has been a member of our Audit Committee from that date.

Ms. Amusategui has substantial experience in executive and non-executive roles, with a background in business strategy, banking and finance. She is founder and partner of Abrego Capital S.L, providing strategic and financial advisory services, and co-founder and member of the Board of Observatorio Industria 4.0, the professional forum leveraging knowledge and experience to assist businesses, specifically those in the secondary sector, in their digital transformation. She began her career in management consulting and investment banking, serving as Country Executive Officer and General Manager with Bank of America in Spain from 2003 to 2008.

Ms. Amusategui has been a member of the Board of Eland Private Equity, S.G.E.L.C., S.A., a private equity management company specializing in renewable energies, since 2009. Since 2020, she has been a member of the boards of directors of Observatorio Industria 4.0, Abrego Capital S.L. and Eccocar Sharing S.L. She has also held other Board positions in the past, including that of Telvent GIT S.A. (NASDAQ TLVT), the global IT solutions and business information services provider, where she became an independent director from early 2010 until its de-listing following acquisition in December 2011. She is currently a member of the McKinsey Alumni Council in Spain.

Ms. Amusategui holds an Industrial Engineering degree (MSc equivalent) from Universidad Pontificia de Comillas, Madrid, Spain, and an MBA from INSEAD, Fontainebleau, France. She holds a number of academic appointments, lecturing in Financing at the Three Points Digital Business School, Grupo Planeta, in Barcelona, in Managerial Competencies in CUNEF, in Madrid, and in Risk Management on the Non-Executive Directors Program at ICADE Business School, also in Madrid.

Juan Villar-Mir de Fuentes

Juan Villar-Mir de Fuentes was appointed to our Board of Directors as a Non-Executive Director on December 23, 2015.

Mr. Villar-Mir de Fuentes has been Vice Chairman of Inmobiliaria Espacio, S.A since 1996 and Vice Chairman of Grupo Villar Mir, S.A.U. since 1999. He has been a member of the Board of Directors of Obrascon Huarte Lain, S.A. since 1996, a member of the Audit Committee and, later, its Compensation Committee and its Chairman since 2016. He was a Board director and member of the Compensation Committee of Inmobiliaria Colonial, S.A from June 2014 to May 2017. He also was a member of the Board of Directors and of the Compensation Committee of Abertis Infraestructuras, S.A. between 2013 and 2016.

Mr. Villar-Mir de Fuentes is Patron and member of the Patronage Council of Fundación Nantik Lum and Fundación Princesa de Gerona.

Mr. Villar-Mir holds a Bachelor's Degree in Business Administration and Economics and Business Management.

B. Compensation

Compensation of executive officers and directors

The table below sets out the remuneration earned by our directors during the year ended December 31, 2020:

($ units)	Salary & Fees	Benefits	Pension	Annual Bonus	Long - Term Incentives	Total
Executive Directors						
Javier López Madrid	712,511	181,377	142,502	—	—	1,036,390
Pedro Larrea Paguaga[1]	1,101,619	5,195	3,752	—	—	1,110,566
Marco Levi	670,091	30,865	134,018	—	—	834,974
Non-Executive Directors						
José María Alapont	207,976	7,490	—	—	—	215,466
Donald G-Barger, Jr [2]	64,832	7,920	—	—	—	72,752
Bruce L. Crockett	145,150	4,493	—	—	—	149,643
Stuart E. Eizenstat	112,137	11,347	—	—	—	123,484
Manuel Garrido y Ruano	105,272	1,926	—	—	—	107,198
Greger Hamilton	62,585	—	—	—	—	62,585
Marta Amusategui	62,094	—	—	—	—	62,094
Juan Villar-Mir de Fuentes	89,866	—	—	—	—	89,866

[1] Mr Larrea Paguaga stepped down from the Board on January 10, 2020
[2] Mr Barger stepped down from the Board on May 31, 2020
[3] Mr Hamilton stepped down from the Board on May 31, 2020
[4] Ms Amusategui was appointed to the Board on June 12, 2020

Javier López Madrid holds 154,703 options granted on June 1, 2017 and 113,121 options granted on March 21, 2018 (at target performance in each case). Pedro Larrea Paguaga holds 115,134 options granted on June 1, 2017 and 84,187 options granted on March 21, 2018 (at target performance in each case). Maximum opportunity for each award is 200% of target. On March 14, 2019 Javier López Madrid was granted 342,329 options and Pedro Larrea Paguaga was granted 254,769 options (at target performance in each case). As with prior grants, the maximum opportunity for each award is twice target. The awards granted in 2019 were discounted by a significant percentage to take account of the fall in the Company's share price in 2018 and 2019, with a discount of 50% applied to awards granted to executive directors, and a cap at 400% of each of the above participants' "normal" award level was also introduced for all 2019 awards. On December 16, 2020, Javier López Madrid was granted 1,355,915 options and Marco Levi was granted 1,279,544 options (at target performance in each case). The number of shares expected to vest at an average fair value at the date of grant to executive directors of $1.61 (see *Note* 21).

All of these options were granted under the rules of the Company's Equity Incentive Plan 2016, are over ordinary shares in the capital of the Company and have a strike price of nil. The options vest and become exercisable three years from the date of grant in the case of the options granted in 2017, 2018 and 2019, and four years from the date of grant in the case of the options granted in 2020, in each case to the extent that performance conditions are satisfied, and subject to continued service with the Company, remain exercisable until the tenth anniversary of their grant date.

Remuneration policy

In June 2020, our shareholders approved the remuneration policy applicable to executive directors and non-executive directors of the Company as set out in the directors' remuneration report within our U.K. annual report for the year ended December 31, 2019 (the "Policy"), as required by the UK Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. The Policy was approved on June 30, 2020 and applied with immediate effect.

The overall aim of our remuneration strategy is to provide appropriate incentives that reflect our high-performance culture and values to maximize returns for our shareholders. In summary, we aim to:

- attract, retain and motivate high-caliber, high-performing employees;
- encourage strong performance and engagement, both in the short and the long term, to enable us to achieve our strategic objectives;
- link a very significant proportion of pay to performance conditions measured over both the short-term and longer term;
- set fixed pay levels at or around market norms to allow for a greater proportion of total remuneration opportunity to be in variable pay; and
- create strong alignment between the interests of shareholders and executives through both the use of equity in variable incentive plans and the setting of shareholding guidelines for directors.

Consistent with this remuneration strategy, in relation to the Company's executive directors, the Policy provides, in summary, that:

- executive director salaries are set at a rate commensurate with the individual's role, responsibilities and experience, having regard to broader market rates. Salaries are reviewed annually, when Company performance, individual performance, changes in responsibility, levels of increase for the broader employee population and market salary levels will be taken into account. No maximum salary is set under the Policy;
- executive directors may receive a cash allowance in lieu of contribution to a pension, up to a maximum of 20% of base salary per annum, which may include contributions to a U.S. tax-qualified defined contribution 401(k) plan;
- executive directors may receive other market competitive benefits such as medical cover, life assurance and income protection insurance and, where appropriate, relocation allowances (with the Compensation Committee to review relocation allowances annually);
- executive directors are provided with directors' and officers' liability insurance and an indemnity to the fullest extent permitted by the UK Companies Act 2006;

- executive directors are eligible for an annual bonus, which normally has a maximum bonus opportunity of 200% of annual base salary but could have a maximum bonus opportunity of up to 500% of annual base salary in exceptional circumstances. No more than 25% of the maximum bonus payable for each performance condition will be payable for threshold performance. Any bonus award will be subject to the achievement of quantitative and qualitative performance conditions as determined by the Compensation Committee each year (at least two-thirds of the bonus will be based on financial metrics with the balance based on non-financial metrics). Normally any bonus earned in excess of the target amount will be deferred for three years into shares in the Company and the executive director may be granted an additional long-term incentive award of equal value (at maximum) to the amount of annual bonus deferred. Recovery and recoupment provisions apply to all bonus awards for misstatement, error or gross misconduct. The Company may also award retention bonuses, payable in addition to or instead of any annual bonus, if it considers it necessary to retain key executives in situations where the individual might otherwise leave and his or her retention Is critical. The grant, terms and payment of any retention bonus are at the discretion of the Committee. Any retention bonus would normally count towards the 500% salary limit referred to above;

- executive directors are eligible to be granted an award under the Company's long-term incentive plan, at the discretion of the Compensation Committee. Any awards granted would normally vest three years after the date of grant. All long-term incentive awards granted are subject to the achievement of performance targets, determined by the Compensation Committee for each grant. If an award is granted, the annual target award limit will not normally be higher than 300% of salary (save that, in recruitment, appointment and retention situations, it could be up to 500% of salary) and maximum vesting is normally 200% of target (both measures based on the face value of shares at the date of grant). Recovery and recoupment provisions apply to all long-term incentive awards for misstatement, error or gross misconduct;

- the Company has share ownership guidelines in place under which it recommends that executive directors hold a number of shares in the Company equivalent to 200% of base salary; and

- when determining the remuneration package for a new executive director, the Compensation Committee expects to apply the Policy set out above but may, in some circumstances, need to take account of other relevant factors, such as that individual's existing employment and their personal circumstances.

The Company's executive directors are Mr. López Madrid, who has served as Executive Chairman since December 2017 and as a Director since December 2015, and receives a base salary of £555,000 per annum, and Dr. Marco Levi who serves as Chief Executive Officer and Director and receives a base salary of €600,000 per annum. The salaries of Mr. López Madrid and Dr Levi have remained unchanged since their respective executive appointments.

In relation to the Company's non-executive directors, the Policy provides, in summary, that:

- Non-executive directors are paid a basic fee. Supplementary fees are paid for additional responsibilities and activities such as membership of a main Board committee or assuming chairmanship of a committee. Travel fees may be paid to reflect additional time incurred in travelling to meetings.

- Currently, non-executive directors receive a base fee of £70 thousand per annum, with supplemental fees being payable if that non-executive director is also the senior independent director (£35,000 per annum), a member of the Audit Committee (£17,500 per annum), a member of the Compensation Committee (£15,500 per annum), a member of the Corporate Governance Committee (£12,000 per annum) or a Committee Chairman (two times membership fee). Non-executive directors receive a travel fee of either £3,500 (for intercontinental travel) or £1,500 (for continental travel) per meeting. Members of the Nominations Committee receive a fee of £1,500 for each meeting, with a maximum set at £10,000 per annum. Where the Chair of the Nominations Committee is also an executive director, he or she is paid no fee for their chairmanship. Non-executive director fee levels are reviewed periodically, with reference to time commitment, knowledge, experience and responsibilities of the role

as well as market levels in comparable companies both in terms of size and sector. No maximum fee level or prescribed annual increase is set under the Policy;

- reasonable expenses incurred by the non-executive directors in carrying out their duties may be reimbursed by the Company including any personal tax payable by the non-executive director as a result of reimbursement of those expenses. The Company may also pay an allowance in lieu of expenses if it deems this appropriate;
- non-executive directors are provided with directors' and officers' liability insurance and an indemnity to the fullest extent permitted by the UK Companies Act 2006.

C. Board Practices

Board composition and election of Directors

As of the date of this annual report, our Board of Directors consists of eight directors, of whom two are executive directors and six are non-executive directors. The maximum and minimum number of directors is eleven and two respectively. Subject to the approval of the Nominations Committee, the Chief Executive Officer is nominated as a director by the Board of Directors. Of the directors, three are Grupo VM nominees, namely Javier López Madrid, Manuel Garrido y Ruano and Juan Villar Mir. The remaining non-executive directors are independent.

All directors will stand for re-election at the Company's annual general meeting in June, 2021. Any director not so elected or re-elected will stand down. No new executive directors may be appointed without the approval of a majority of Grupo VM nominees and a majority of independent directors.

Director independence

Under the Articles of Association, as in effect since October 26, 2017, a director is considered independent if he or she is "independent" as defined in the NASDAQ rules and, while Grupo VM and its Affiliates own 10% or more of the Company's shares, is independent from Grupo VM and its Affiliates. The Board reviewed the independence of its then directors in December 2015 and concluded that each of Messrs. Crockett and Eizenstat met the independence requirements of the NASDAQ rules. Messrs. López Madrid, Garrido y Ruano and Villar Mir are GVM Nominees and are not considered to be independent. The independence of Mr. Alapont and Ms. Amusategui was confirmed by the Nominations Committee in 2018 and 2020 respectively prior to their recommendation to the Board for appointment.

Certain approvals of the Board of Directors

Pursuant to the Articles of Association, as in effect since October 26, 2017, the approval of certain matters by our Board of Directors requires the approval of more than a simple majority of directors present.

So long as Grupo VM or its Affiliates owns 10% or more of our outstanding shares, any transaction, agreement or arrangement between Grupo VM or any of its Affiliates or Connected Persons (as defined in the articles of association) and the Company or any of its Affiliates (or any amendment, waiver or repeal of any such transaction, agreement or arrangement) requires the approval of a majority of independent, non-conflicted directors.

No new executive directors may be appointed without the approval of a majority of GVM Nominees and a majority of independent directors.

Committees of the Board of Directors

During the year ended December 31, 2020, our Board of Directors had four standing committees: an Audit Committee, a Compensation Committee, a Corporate Governance Committee and a Nominations Committee.

Audit Committee

During the period from January 1, 2020 to the resignation of Mr Hamilton on May 31, 2020, our Audit Committee consisted of three directors: Messrs. Alapont, Crockett and Hamilton (as Chair). During the period from June 4, 2020 to June 12, 2020, our Audit Committee consisted of three directors: Messrs. Alapont, Eizenstat and Crockett (as Chair). During the period from June 12, 2020 to September 23, 2020, our Audit Committee had four members: Ms. Amusategui and Messrs. Alapont, Eizenstat and Crockett (as Chair). During the period from September 23, 2020 to December 31, 2020, our Audit Committee had three members: Ms. Amusategui and Messrs. Alapont and Crockett (as Chair). Mr. Hamilton served as Chairman of the Committee until his resignation on May 31, 2020 when Mr. Crockett was appointed as Chairman and they both meet the requirements as an "audit committee financial expert" under the rules of the SEC and qualify as a financially sophisticated audit committee member as required by the NASDAQ rules relating to audit committees. Mr. Alapont resigned from the Audit Committee on April 30, 2021. Our Board has determined that each of these directors satisfies the enhanced independence requirements for audit committee members required by Rule 10A-3 under the U.S. Exchange Act, and is financially literate as that phrase is used in the additional audit committee requirements of the NASDAQ rules.

Our Audit Committee has responsibility to: (1) oversee our accounting and financial reporting processes and the audits of our financial statements; (2) monitor and make recommendations to the Board regarding the auditing and integrity of our consolidated financial statements; (3) be directly responsible for the qualification, selection, retention, independence, performance and compensation of our independent auditors, including resolution of disagreements between management and the auditors regarding financial reporting, for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for us, and have the auditors report directly to the Committee; and (4) provide oversight in respect of our internal audit and accounting and financial reporting processes. The Audit Committee meets at least four times a year. Additional meetings may occur as the Audit Committee or its chair deem advisable.

Compensation Committee

During the period from January 1, 2020 to the resignation of Mr Barger on May 31, 2020, our Compensation Committee consisted of three directors: Messrs. Alapont, Crockett and Barger (Chair), and since such date our Compensation Committee has consisted of two directors: Messrs Alapont and Crockett. Mr. Barger served as its Chairman throughout until his resignation on May 31, 2020. Following the resignation of Mr. Barger, the Compensation Committee has not had a standing chair and instead a chairman of each meeting is elected from among the committee members. Mr. Alapont was elected as the chairman of each such meeting. Mr. Alapont resigned from the Compensation Committee on April 30, 2021. Our Board has determined that each of these directors meets the heightened independence requirements of compensation committee members under SEC rules.

Our Compensation Committee has responsibility to: (1) evaluate and recommend to the Board for approval the compensation of our directors, executive officers and key employees; (2) oversee directly or indirectly all compensation programs involving the use of our stock; (3) produce a report annually on executive compensation for inclusion in our proxy statement for our annual meeting of shareholders; (4) produce a report annually in compliance with remuneration reporting requirements (i.e., a directors' remuneration report), in each case in accordance with applicable rules and regulations; and (5) produce, review on an ongoing basis and update as needed, a directors' remuneration policy. The Compensation Committee meets with such frequency, and at such times, and places and whether in person or electronically/telephonically as it determines is necessary to carry out its duties and responsibilities, but shall meet at least four times annually.

Nominations Committee

From January 1, 2020 to May 31, 2020 our Nominations Committee consisted of three directors: Messrs. López Madrid (as Chair), Barger and Eizenstat. Following the resignation of Mr. Barger on May 31, 2020, our Nominations Committee consisted of two directors: Messrs. López Madrid (as Chair) and Eizenstat. Since September 23, 2020, our Nominations Committee has consisted of three directors: Messrs. López Madrid (as Chair), Alapont and Eizenstat.

Our Nominations Committee has responsibility to review and provide guidance to the Board about the composition of the Board as follows: (a) subject to the provisions of the Articles of Association where a different arrangement may be prescribed, identifying and recommending to the Board for nomination individuals qualified to become Board members, consistent with qualification standards and other criteria approved by the Board for selecting directors; (b) reviewing and providing guidance on the independence of nominees, consistent with applicable laws, NASDAQ requirements and the Articles of Association, and monitoring and ensuring that independent non-executive directors continue to meet these applicable independence requirements; and (c) reviewing and providing guidance on other nominating issues that the Board desires to have reviewed by the Committee. Mr. Alapont resigned from the Nominations Committee on April 30, 2021.

Corporate Governance Committee

During the period from January 1, 2020 to May 31, 2020 our Corporate Governance Committee consisted of four directors: Messrs. Alapont (as Chair), Eizenstat, Garrido y Ruano and Hamilton. During the period from May 31, 2020 to December 31, 2020, our Corporate Governance Committee has consisted of three directors: Messrs. Alapont (as Chair), Eizenstat and Garrido y Ruano. Mr. Alapont served as its Chairman throughout the year under review. Mr. Alapont resigned from the Corporate Governance Committee on April 30, 2021.

Our Corporate Governance Committee has responsibility to review and provide guidance to the Board and respond to the Board's requests about governance related matters including: (a) reviewing and providing guidance on the organization of the Board and its committee structure; (b) reviewing and providing guidance on the self-evaluation procedures of the Board and its committees; (c) reviewing and providing guidance on a conflicts register; (d) reviewing and providing guidance on the Company's code of conduct; (e) reviewing and providing guidance on the Company's insider trading policy; (f) reviewing and providing guidance on proposed changes to the Articles; (g) reviewing and making recommendations to the Board on non-executive directors' compensation reviewing and agreeing the terms of non-executive directors' letters of appointment; and (h) considering succession planning, taking into account the challenges and opportunities facing the Company and the skills and expertise needed on the Board in the future, recommending to the Board plans for succession for both executive and non-executive directors.

Senior Independent Director

In October 2017, the Board established the role of Senior Independent Director, to provide a sounding board for the Chairman and to serve as intermediary for the other directors where necessary. Mr. Alapont has served as Senior Independent Director during the year under review. Mr. Alapont resigned from the Board of Directors on April 30, 2021.

Corporate governance policy

In October 2017, the Board adopted a corporate governance policy ("the Corporate Governance Policy") under which, while Grupo VM has the right under the shareholders agreement in place between it and the Company to require that at least three members of the Board shall be persons proposed by it to the Nominations Committee, there shall be at least five directors on the Board who are independent within the meaning of the Company's Articles of Association. Under this policy the number of independent directors reduces as Grupo VM's rights to propose persons for nomination to the Board also reduce, it being the Board's policy that at all times, there is a majority of directors on the Board who are independent as so defined. The Corporate Governance Policy was most recently reviewed by the Board in November 2020 and renewed until the Company's next AGM.

Board policy

In 2015, we adopted a Board policy which provides certain practical principles relating to (i) the functioning of the Board; and (ii) the principles under which we will undertake our core management and overall supervision tasks from our London headquarters (the "Board Policy"). As set out in the Board Policy, we provide management and other services (including, but not limited to, administration, financial, commercial and technical services) to Globe, FerroAtlántica and any other subsidiaries from time to time.

D. Employees

As of December 31, 2020, 2019 and 2018, on a consolidated basis, the number of employees, across the Ferroglobe Group was 3,270, 3,462 and 4,368 respectively, excluding temporary employees. We believe our relations with our employees are generally good and we have not experienced any significant labor disputes or work stoppages.

The following table show the number of our full-time employees as of December 31, 2020, 2019 and 2018 on a consolidated basis broken down based on business segment and geographical location:

	2020	2019	2018
North America	820	847	1,079
Spain	574	561	857
France	1,041	1,119	1,183
South Africa	314	358	568
Rest of the world	521	577	681
Total number of employees	**3,270**	**3,462**	**4,368**

Collective bargaining agreements (“CBAs”) are in force or in an extended period among our operations in Spain, France, South Africa, Norway, the United States, Canada and Venezuela. We have experienced union activity and strikes in the past. For example, in 2014, there was a strike at our South African subsidiary that reduced production for seven days. Additionally, we have also experienced employee strikes in France from time to time. In 2017, there were two one-day strikes at one of our Spanish plants (Cee) without any significant impact on production volume. In France there has been a 3-day strike in most of the plants, in February 2019, before reaching an agreement about the annual salary increase and then there have been other strikes linked to some French government policy changes (i.e. pension reform). See “Item 3.D.—Key Information—Risk Factors—We are subject to the risk of union disputes and work stoppages at our facilities, which could have a material adverse effect on our business.”

To improve the structure of our labor relations in Spain, a national collective agreement (“NCA”) was entered into on February 2, 2018 with four out of the five trade unions representing over 70% of our workforce there. This NCA regulates matters such as wage increases, annual working time, professional training, gender equality and disciplinary actions until December 31, 2020 and was put into effect at the Boo, Monzón and Sabón plants, the Madrid office and the mining facilities in Spain, where it will operate in conjunction with the relevant site-specific CBAs. The salary increases set out in the NCA came into effect on execution of the relevant site-specific agreement and applied retroactively from January 1, 2018. The NCA provides a labor relation framework which establishes common parameters for all the work sites and is complementary to the site specific CBAs. The manufacturing plant at Sabón entered into a new site-specific agreement on March 20, 2018; the Boo plant did so on March 22nd, 2018; subsidiary Rocas, Arcillas y Minerales, S.A. did so on April 13th , 2018; subsidiary Cuarzos Industriales S.A.U. on April 13rd, 2018; subsidiary Hidro Nitro Española S.A. did so on May 4th, 2018; the Madrid office did so on June 27th, 2018 and the Cee plant did so on October 17th, 2018. All the aforementioned local CBAs will expire at the same time as the NCA for reasons of consistency.

In order to manage costs, a salary freeze for 2020 has been implemented in Spain with the agreement of four out of five trade unions representing 80% of union membership there.

Our research and development employees based in Sabón and employed by FerroAtlántica I+D have no site-specific collective bargaining agreement, being governed instead by that in force at of the Sabón plant.

The collective bargaining agreement for Silicio Ferrosolar expired on December 31, 2017, and, at present, the negotiations to renew it have not started yet. Until a new collective bargaining agreement is signed, the expired agreement remains effective, except for those provisions which are stated to be valid only during the period between the start and the expiry date. For example, provisions relating to salary increases are no longer effective beyond the expiry date.

The Spanish NCA expired in December 2020, and the Negotiation Committee has been constituted to negotiate a new one to go ahead on increasing the different Bargaining Collective Agreements harmonization. In the meantime, the previous one is applicable. Silicio Ferrosolar will also be included int the new NCA negotiation.

In France, all employees at FerroPem SAS plants at Anglefort, Chateau-Feuillet, Les Clavaux, Laudun, Montricher, and Pierrefitte and the Chambéry office are covered by the French national Collective Chemistry Agreement. This agreement has no expiration date. The "Accord d´intéressement," which is an employee incentive bonus scheme whereby an incentive bonus is distributed according to a profit-sharing formula defined in the agreement, was signed on June 7, 2016 and the "Accord de participation," which is a compulsory profit-sharing agreement under French law, was signed on December 13, 2017; a new agreement is due to be negotiated when the company generates a profit. The economic results of 2019 did not allow to generate any positive results, no amount of profit-sharing was paid for 2019 and 2020. In France there is an obligatory annual negotiation with the Company work council, mainly to set the salary increases. Other relevant subjects could be also addressed by this negotiation, if necessary. The 2020 salary negotiations meetings took place in February 2020; there was a salary freeze in 2020. The next mandatory negotiations are scheduled for February 2021.

Throughout 2020, the partial unemployment scheme was used in factories and at head office.

The Covid-19 epidemic has complicated the functioning of factories and head office. Teleworking has been generalized when possible.

Further, an agreement on professional equality was signed in May 2019 (equality between men and women, personal and professional life, right to digital disconnection, employability of disabled workers).

Employees at Ferroglobe Manganèse France SAS are also covered by the French national Collective Chemistry Agreement. An "Accord d'intéressement" was entered into in March 2018, for 3 years and terminated in December 31, 2020. A new agreement is being negotiated to cover 3 years, from January 2021 to December 2023. Employees also benefit from an individual bonus scheme (called PN10) negotiated every year while "Négociations Annuelles Obligatoires" (obligatory annual negotiations). The salaries are also renegotiated each year during the "Négociations Annuelles Obligatoires". A new agreement is due to be negotiated in 2021. At least, the plant benefits from a compulsory profit-sharing agreement ("Accord de participation") signed in 2007, with two addendums signed in 2009 and in 2010, and no expiration date.

At Ferroglobe Mangan Norge AS ("FMN"), two trade unions are represented among the employees. There is a collective bargaining agreement in place for both trade unions. This agreement is due to be renegotiated in April 2021. However, annual salary negotiations will take place as using in May-June 2021. The unions represented at FMN are Industry and Energy (IE – for operators), Tekna (an engineers union), and FLT (a supervisors union).

A meeting with the European Work Council was held on October 7th where it was recalled that the Company had started to reduce the capacity worldwide in the last year and will continue doing it in 2021 especially in Spain and France.

In South Africa two labour disputes about wages disputes occurred in 2020 but this did not result in any strikes. The Polokwane plant was closed in July 2019 and most employees were furloughed without any dispute. The care and maintenance team in Polokwane will be reduced to only 7 employees during 2021. As of December 31, 2020, the labour complement at Polokwane was 24 employees. At the Emalahleni plant, the three-year wage agreement was renegotiated in 2020 due to the Covid-19 economic crisis. A new wage agreement was concluded which will terminate on 30 June 2021. At Thaba Chueu Mining (Pty.) Ltd., the most recent wage agreement expired on 29 February 29, 2020 and a new agreement has not been concluded. The employees accepted a wage freeze for the 2020/2021 period.

Hourly employees at the Selma, Alabama facility are covered by a collective bargaining agreement with the Industrial Division of the Communications Workers of America under a contract that will expire on April 30, 2022. Hourly employees at the Alloy, West Virginia, Niagara Falls, New York and Bridgeport, Alabama facilities are covered by collective bargaining agreements with The United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union under contracts running through March 20, 2022, July 31, 2022, and

March 31, 2022, respectively. However, in 2019, the Selma and Niagara facilities were shut down. The facility in Bridgeport was briefly shut down until January of 2020. Also, in the U.S., all locations included the unionized facilities agreed to a salary freeze for 2020 as a cost saving measure.

Union employees in Argentina work under an annual National contract valid from May 2020 to April 2021.

Union employees at the Bécancour plant in Québec are covered by a Union Certification held by CEP, Local 184. The corresponding collective bargaining agreement at the Bécancour facility runs through April 30, 2021, following negotiations completed in 2017.

In the People’s Republic of China (“PRC”), at our Yonvey plant, where operations were restarted in 2017, there is a labor union committee, supervised by the local labor union and required by it to enter into annual agreements on matters such as collective representation, collective salary negotiation and the protection of women’s rights. The collective salary agreement in force at Yonvey will remain in effect until March 2021, when it will be needed to be renewed. Labor dues at Yonvey have been paid by reference to actual headcount at the site.

At our Mangshi facility in PRC, the collective agreement in force expired in March 2016 and has not been renewed as the plant is not currently operative.

A Covid-19 Committee was constituted in March 2020 with daily meetings during the 1st wave and then with a by-weekly and lately on a weekly basis. Remote work has been adopted where possible.

E. Share Ownership

The following table and accompanying footnotes show information regarding the beneficial ownership of our shares as of March 11, 2021 by:

- each named executive officer;
- each of our directors; and
- all executive officers and directors as a group.

Shares that may be acquired by an individual or group within 60 days of March 11, 2021, pursuant to the exercise of options, are deemed to be outstanding for the purpose of computing the percentage ownership of such individual or group, but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person shown in the table.

	Number of Shares Beneficially Owned	Percentage of Outstanding Shares
Directors and Executive Officers:		
Javier López Madrid (1)	66,797	*
Marco Levi	—	—
Beatriz Garcia Cos Muntanola	—	—
José María Alapont	15,000	*
Bruce L. Crockett	6,000	*
Stuart E. Eizenstat	56,632	*
Manuel Garrido y Ruano	870	*
Marta de Amusategui y Vergara	—	—
Juan Villar-Mir de Fuentes	—	—
Directors and Executive Officers as a Group	**145,299**	

* Less than one percent (1%)

(1) Includes 24,297 shares issuable upon exercise of options over ordinary shares which options which expire on November 24, 2026. Includes 60,024 shares issuable upon exercise of options over ordinary shares which options which

expire on June 11, 2027. The options referred to above were issued under the Ferroglobe PLC Equity Incentive Plan (EIP) under which awards may be made to selected employees of the Company. Awards under the EIP have been made to members of senior management, including to Mr. López Madrid on the terms set out in "– Compensation" above.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

The following table sets forth certain information regarding beneficial ownership of shares by each stockholder known by us to be the beneficial owner of more than 5% of our shares.

Beneficial ownership is determined in accordance with the rules of the SEC and includes voting or investment power with respect to the securities. Percentage of ownership is based on 169,197,366 shares outstanding (excluding those held in Treasury) on March 11, 2021.

	Number of Shares Beneficially Owned	Percentage of Outstanding Shares
Grupo Villar Mir, S.A.U.	91,125,521	53.8 %

As reported on Schedule 13G, filed on February 11, 2021, Adage Capital Partners, L.P., Adage Capital Partners GP, L.L.C. and Adage Capital Advisors, L.L.C. (together, the "Adage Entities") have ceased to beneficially own 5% or more of the Company's outstanding shares.

The Company's shareholders do not have different voting rights.

As of March 11, 2021, Ferroglobe had four record holders in the United States, holding all of our outstanding shares. One of these shareholders is Cede & Co. The shares held by Cede & Co as record holder are held for underlying beneficial holders holding in 'street name'.

B. Related Party Transactions

The following includes a summary of material transactions with any: (i) enterprises that directly or indirectly through one or more intermediaries, control or are controlled by, or are under common control with us, (ii) associates, (iii) individuals owning, directly or indirectly, an interest in the voting power of the Company, that gives them significant influence over us, and close members of any such individual's family, (iv) key management personnel, including directors and senior management of such companies and close members of such individuals' families or (v) enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (iii) or (iv) or over which such person is able to exercise significant influence.

Grupo VM shareholder agreement

On November 21, 2017, we entered into an amended and restated shareholder agreement with Grupo VM (the "Grupo VM Shareholder Agreement"), as amended on January 23, 2018, that contains various rights and obligations with respect to Grupo VM's Ordinary Shares, including in relation to the appointment of directors and dealings in the Company's shares. It sets out a maximum number of directors (the "Maximum Number") designated by Grupo VM (each, a "Grupo VM Director") dependent on the percentage of share capital in the Company held by Grupo VM. The Maximum Number is three, if Grupo VM's percentage of the Company's shares is greater than 25%; two if the percentage is greater than 15% but less than 25%; and one if the percentage is greater than 10% but less than 15%. As at the date of the Grupo VM Shareholder Agreement, the Board of Directors of the Company has three Grupo VM Directors.

Under the Grupo VM Shareholder Agreement, Grupo VM has the right to submit the names of one or more director candidates (a "Grupo VM Nominee") to the Nominations Committee for consideration to be nominated or appointed as a

director as long as it holds 10% or more of Company's shares. If the Nominations Committee does not recommend a Grupo VM Nominee for nomination or appointment or if the requisite approval of the Board of Directors is not obtained in accordance with the Articles, Grupo VM shall, in good faith, and as promptly as possible but in all cases within thirty days, submit the names of one or more additional (but not the same) Grupo VM Nominees for approval. Grupo VM shall continue to submit the names of additional (but not the same) Grupo VM Nominees until such time as the favorable recommendation of the Nominations Committee and requisite approval of the Board of Directors are obtained. On December 23, 2015, Grupo VM designated Javier López Madrid to serve as the Executive Vice-Chairman of the Board in connection with the closing of the Business Combination. Upon the resignation of Alan Kestenbaum as Executive Chairman of the Board, Mr. López Madrid was appointed as Executive Chairman of the Board effective December 31, 2016. Mr. López Madrid is also the Chairman of the Nominations Committee.

The Board of Directors are prohibited from filling a vacancy created by the death, resignation, removal or failure to win re-election (a "Casual Vacancy") of a Grupo VM Director other than with a Grupo VM Nominee. Grupo VM shall have the right to submit a Grupo VM Nominee for appointment to fill a Casual Vacancy only if the Casual Vacancy was created by the death, resignation, removal or failure to win re-election of a Grupo VM Director. Grupo VM does not have the right to submit a Grupo VM Nominee for appointment to fill a Casual Vacancy if the number of Grupo VM Directors equals or exceeds the Maximum Number. In connection with any meeting of shareholders to elect directors, the number of Grupo VM Nominees in the slate of nominees recommended by the Board of Directors must not exceed the Maximum Number.

Subject to certain exceptions, Grupo VM has preemptive rights to subscribe for up to its proportionate share of any shares issued in connection with any primary offerings. The Grupo VM Shareholder Agreement (i) also restricts the ability of Grupo VM and its affiliates to acquire additional shares and (ii) contains a standstill provision that limits certain proposals and other actions that can be taken by Grupo VM or its affiliates with respect to the Company, in each case, subject to certain exceptions, including prior Board approval. The Grupo VM Shareholder Agreement also restricts the manner by which, and persons to whom, Grupo VM or its affiliates may transfer shares. On February 3, 2016, during an in person meeting of our Board, the Board approved the purchase of up to 1% of the shares by Javier López Madrid in the open market pursuant to Section 5.01(b)(vi) of the Grupo VM Shareholder Agreement.

The Grupo VM Shareholder Agreement will terminate on the first date on which Grupo VM and its affiliates hold less than 10% of the outstanding Shares.

Registration rights agreement

On December 23, 2015, we entered into a registration rights agreement with Grupo VM and Mr. Kestenbaum pursuant to which we granted certain registration rights to each of Grupo VM and Mr. Kestenbaum. This agreement is no longer relevant.

Agreements with executive officers and key employees

We have entered into agreements with our executive officers and key employees. See "Item 6.A.—Directors, Senior Management and Employees—Directors, Senior Management and Employees."

VM Energía and Energya VM

Under contracts entered into with FerroAtlántica S.A.U., ("FAU") on June 22, 2010 and December 29, 2010 (assigned to FerroAtlántica de Boo, S.L.U. ("FAU Boo") and to FerroAtlántica de Sabon, S.L.U. ("FAU Sabon") in August 2019 in anticipation of the FAU Disposal), and with Hidro Nitro Española on December 27, 2012 (assigned to FerroAtlántica del Cinca when Hidro Nitro Española was sold in December 2018), VM Energía supplies the energy needs of the Boo, Sabón and Monzón electrometallurgy facilities, as a broker for FAU (now FAU Boo or FAU Sabon, as appropriate) and Hidro Nitro Española (now FerroAtlántica del Cinca) in the wholesale power market. The contracts allow FAU (now FAU Boo or FAU Sabon, as appropriate) and Hidro Nitro Española (now FerroAtlántica del Cinca) to buy energy from the grid at market conditions without incurring costs normally associated with operating in the complex wholesale power market, as well as to apply for fixed price arrangements in advance from VM Energía, based on the energy markets for the power,

period and profile applied for. The contracts have a term of one year, which can be extended by the mutual consent of the parties to the contract. The contracts were renewed in January 2019 and will renew annually for up to three years unless terminated. The contracts were again renewed in January 2020. The relevant contracting party within the Ferroglobe group pays VM Energía a service charge in addition to paying for the cost of energy purchase from the market. For the fiscal year ended December 31, 2020, FAU Boo, FAU Sabon and FerroAtlantica del Cinca's obligations to make payments to VM Energía under their respective agreements for the purchase of energy plus the service charge amounted to $16,924 thousand, $14,334 thousand and $8,643 thousand, respectively. For the fiscal year ended December 31, 2019, FAU Boo, FAU Sabon and FerroAtlantica del Cinca's obligations to make payments to VM Energía under their respective agreements for the purchase of energy plus the service charge amounted to $27,355 thousand, $16,939 thousand and $20,736 thousand, respectively. These contracts are similar to contracts FerroAtlántica signs with other third-party brokers.

Under contracts entered into with Rocas, Arcillas y Minerales SA ("RAMSA") on December 3, 2010 and with Cuarzos Industriales SA ("CISA") on April 27, 2012, VM Energía supplied the energy needs of the mining facilities operated by those companies, as a broker for RAMSA and CISA in the wholesale power market. RAMSA and CISA are both subsidiaries of the Company operating in the mining sector. These agreements superseded in 2019 by agreements entered into as of 15 March 2019 between VM Energía and each of RAMSA and CISA pursuant to which VM Energía provides equivalent intermediary services for term of one year, renewing annually. For the fiscal year ended December 31, 2019, RAMSA was obliged to make payments to VM Energía of $454 thousand under its agreements then in force with VM Energía and CISA was obliged to make payments to VM Energía of $222 thousand under its agreements then in force with VM Energía. For the fiscal year ended December 31, 2020, RAMSA and CISA's obligations to make payments to VM Energía under their respective agreements amounted to $427 thousand and $220 thousand respectively; these obligations amounted $454 thousand and $222 thousand respectively as of December, 31, 2019.

Additionally, for the fiscal year ended December 31, 2020, 2019 and 2018, Enérgya VM invoiced other subsidiaries of FerroAtlántica for a total amount of $79 thousand, $89 thousand and $80 thousand, respectively.

On June 2020, FerroAtlántica del Cinca and VM Energía entered into a collaboration agreement by virtue of which VM Energía is allowed to use Monzon's grid connection point and high voltage electrical assets for a PV installation project, electricity from which will be supplied to FerroAtlántica del Cinca.

On February 24, 2021, FerroAtlántica de Sabón and VM Energía entered into a collaboration agreement by virtue of which VM Energía is allowed to use Sabón's grid connection point and high voltage electrical assets for a PV installation project, electricity from which will be supplied to FerroAtlántica de Sabón.

Espacio Information Technology, S.A.

Espacio Information Technology, S.A. ("Espacio I.T."), a Spanish company wholly-owned by Grupo VM, provides information technology and data processing services to Ferroglobe PLC and certain of its direct and indirect subsidiaries: FAU (until shortly prior to the FAU Disposal when such services were assigned to Grupo FerroAtlántica de Servicios, S.L.U. ("Servicios")), FerroAtlántica de Mexico, Silicon Smelters (Pty), Ltd. and FerroPem, SAS pursuant to several contracts.

Under a contract entered into on January 1, 2004, Espacio I.T. provided FAU with information processing, data management, data security, communications, systems control and customer support services. The contract was assigned to Servicios shortly prior to the FAU Disposal; it has a one-year term, subject to automatic yearly renewal, unless terminated with notice provided three months prior to the scheduled renewal. The base yearly amount due under the contract for these services is $641 thousand, exclusive of VAT and subject to inflation adjustment. For the period from January 1, 2019 to August 13, 2019 when the contract was assigned to Servicios and for the fiscal years ended December 31, 2018 and 2017 FerroAtlántica's obligations to make payments to Espacio I.T. under this agreement amounted to $1,101 thousand, $954 thousand and $889 thousand, respectively. For the period from August 14, 2019 to December 31, 2019, Servicios's obligations to make payments to Espacio IT under this agreement amounted to $552 thousand. For the year

ended December 31, 2020, Servicios's obligations to make payments to Espacio IT under this agreement amounted to $1,406 thousand.

Under a contract entered into on January 1, 2006, Espacio I.T. provides FerroPem, SAS with information processing, data management, data security, communications, systems control and customer support services. The contract has a one-year term, subject to automatic yearly renewal, unless terminated with notice provided three months prior to the scheduled renewal. The base yearly amount due under the contract for these services is $826 thousand, exclusive of VAT and subject to inflation adjustment. For the fiscal years ended December 31, 2020 and 2019, FerroPem, SAS's obligations to make payments to Espacio I.T. under this agreement amounted to $823 thousand and $866 thousand, respectively.

Under a contract entered into on January 1, 2009, Espacio I.T. provides Silicon Smelters (Pty), Ltd. with services including the maintenance and monitoring of the company's network, servers, applications, and user workstations, as well as standard software licenses. The contract has a one-year term, subject to automatic yearly renewal, unless terminated with notice three months prior to the scheduled renewal. The base yearly amount due under the contact is $266 thousand, subject to inflation adjustment. For the fiscal years ended December 31, 2020 and 2019, Silicon Smelters (Pty), Ltd.'s obligations to make payments to Espacio I.T. under this agreement amounted to $264 thousand and $254 thousand, respectively.

Under a contract entered into on May 2, 2016, Espacio I.T. provides Quebec Silicon with services including the maintenance and monitoring of its network, servers, applications, and user workstations, as well as standard software licenses at Quebec Silicon. The contract has a one-year term, subject to automatic yearly renewal, unless terminated with notice three months prior to the scheduled renewal. The base yearly amount due under the contract is $148 thousand, subject to inflation adjustment. For the fiscal years ended December 31, 2020 and 2019, payments made under this contract to Espacio I.T. were $141 thousand and $138 thousand, respectively.

Espacio I.T. also provides development services to FerroAtlántica under a contract dated July 21, 2017 for enhancements to Gesindus, FerroAtlántica's ERP system, and hosting services in connection with the company's document management system under a contract dated February 22, 2017, both on an ongoing basis. FerroAtlántica had transactions with Espacio I.T. under the former contract for the Gesindus development services for the fiscal year ended December 31, 2019 of $9 thousand, and under the latter contract for the hosting services for the fiscal years ended December 31, 2020 and 2019 of $101 thousand and $197 thousand, respectively.

Under a contract dated November 23, 2015 Espacio I.T. provided development services to FerroAtlántica for separate enhancements to Gesindus. For the fiscal years ended December 31, 2017 and 2016, FerroAtlántica paid Espacio I.T. $182 and $531 thousand, respectively, for these services which were terminated in 2017. From September 2016 to August 2019, Espacio I.T. procured for FerroAtlántica and managed its individual user and server licenses from Microsoft, on preferential terms and without charging any commission or mark-up in cost. There was no contract currently in place in relation to these arrangements and the amounts invoiced in connection with this arrangement in the fiscal years ended December 31, 2019, 2018 and 2017 were $1,161 thousand, $1,017 thousand and $326 thousand, respectively. Since August 2019, arrangements have been in place to procure these licenses from Microsoft directly or via other non-related parties. Espacio I.T. also provides Grupo FerroAtlántica with IT outsourcing services in connection with the Mangshi facility in China and provided Hidro Nitro Española with IT services, for neither of which is there a formal contract in place. The amounts invoiced in connection with these services for the fiscal years ended December 31, 2018, 2017 and 2016, $58 thousand, $88 thousand and $171 thousand, respectively paid by Grupo FerroAtlántica and $227 thousand, $232 thousand, $224 thousand, and $224 thousand, respectively paid by Hidro Nitro Española (or in the case of 2019 and 2018, by FerroAtlántica del Cinca).For the year ended December 31, 2020,Grupo FerroAtlántica's obligations to make payments to Espacio IT in connection with the Mangshi facility in China amounted to $41 thousand. For the year ended December 31, 2020, FerroAtlántica del Cinca obligations to make payments to Espacio IT in connection with these services amounted to $232 thousand.

For the fiscal years ended December 31, 2020 and 2019, Espacio I.T. and other subsidiaries of Grupo VM involved in the provision of IT services invoiced FAU and other subsidiaries of Grupo FerroAtlántica and Ferroglobe PLC in a total amount of $161 thousand and $144 thousand, respectively.

Other agreements with Grupo VM

Under the terms of a loan agreement entered into on 24 July 2015 between FerroAtlántica and Inmobiliaria Espacio, S.A. (“IESA”), the ultimate parent of Grupo VM, FerroAtlántica extended to IESA a credit line for treasury purposes of up to $20 million, of which $3.1 million (the “Loan”) remains outstanding. The credit line runs year on year for a maximum period of 10 years and amounts outstanding under it (including the Loan) bear interest annually at the rate equal to the EURIBOR three month rate plus 2.75 percentage points. The availability of the credit line may be cancelled at the end of any year or at any time by IESA. On April 20, 2020 this agreement was amended so the credit line amount was reduced to approximately $2.5 million.

Calatrava RE, a Luxembourg affiliate of Grupo VM, is a reinsurer of the Company’s global marine and property insurance programs. The property and marine cargo insurances are placed with Mapfre Global Risks S.A. with whom the Company contracts for the provision of this insurance. In the period to April 2018, Calatrava RE was a reinsurer of the Company’s third party liability insurance, arranged through QBE, with whom the Company contracted for the provision of this insurance. In April 2018, the Company moved to another insurer for its third party liability cover globally, which ended Calatrava RE’s participation in this program. There are no contracts directly in place between the Company and Calatrava RE.

On April 2, 2012 FAU entered into a lease agreement with Torre Espacio Castellana S.A (“Torre Espacio”), then a Grupo VM company, of the office premises occupied by FerroAtlántica on the 45th floor south of the Torre Espacio building in Madrid. This lease runs until 2023 and the rent payable under it is $507 thousand per annum. On August 9, 2007, FAU entered into a lease agreement with Torre Espacio of the office premises on the 49th floor of the Torre Espacio building in Madrid and parking facilities occupied or used by FerroAtlántica there. This lease runs until 2023 and the rent payable under it is $1,056 thousand per annum. In August 2019 the leases made with FAU were assigned to Servicios in anticipation of the FAU Disposal. On October 1, 2019, Servicios entered into a lease agreement with Torre Espacio of office premises on the 45th floor north of the Torre Espacio building in Madrid. This lease runs for three years, renewing annually for a further three years thereafter unless terminated and the rent payable under it is $222 thousand per annum. The whole of Grupo VM’s interest in Torre Espacio Castellana S.A was sold to a third party in 2015. Torre Espacio Gestión SLU, a wholly owned subsidiary of Grupo VM, manages the premises which are the subject of the leases on behalf of Torre Espacio, including collecting rents and other payments under the terms of the leases from FerroAtlántica on behalf of Torre Espacio. On September 30, 2020 the contract between Torre Espacio Gestión, SLU and the owner of the premises was terminated so this transaction does not involve a Grupo VM subsidiary and should therefore not be considered a related-parties transaction anymore. For the period from January 1, 2020 to September 30, 2020, Servicios’ obligations to make payments under those agreements amounted to $1,235 thousand.

Aurinka and the Solar JV

Javier López Madrid, the Company’s Executive Chairman and a member of the Board, currently owns approximately 100% of the outstanding share capital of Financiera Siacapital which, in turn, holds a 31.33% interest in Aurinka International, S.L. (“Aurinka Int”) and a 31.33% interest in Blue Power. Blue Power is a party to the Solar JV entered into by FerroAtlántica group with Aurinka Photovoltaic Group, S.L. (“Aurinka PV”). Aurinka PV is almost 100% owned by Aurinka Value, S.L., a company which also owns a 31.66% interest in Aurinka Int. Blue Power owns certain intellectual property contributed to the joint venture and provided certain technology consulting services to it, as summarized below.

The remaining equity interests in Blue Power and Aurinka Value, S.L. are owned by third party outside investors. In July 2019 certain changes were made to the terms of the Solar JV to effect its unwinding, as a result of which FerroAtlántica group acquired 100% of the share capital of the operating company set up as part of the joint venture to build and operate the pilot plant for the Solar JV (“OpCo”) and FerroAtlántica group’s wholly owned subsidiary, Silicio Ferrosolar, S.L.U. (“SFS”) disposed of 1% of its interest in the research and development company (“R&DCo”) formed to license or develop and own certain intellectual property used in connection with the Solar JV. These changes are described further below.

In 2016, FAU entered into a project with Aurinka PV for a feasibility study and basic engineering for a UMG solar silicon manufacturing plant. Purchases under this project were approximately $3.4 million for 2016.

On December 20, 2016, FerroAtlántica and its wholly owned subsidiaries, FAU and SFS entered into the Solar JV Agreement with Blue Power and Aurinka PV providing for the formation and operation of a joint venture with the purpose of producing UMG solar silicon. The entry into the joint venture pursuant to the Solar JV Agreement was subject to certain conditions precedent, including the satisfactory completion of an ex-ante verification procedure in relation to the ability of the technology to be contributed to the joint venture by Blue Power to meet certain technical and cost parameters and the authorization of the joint venture by Ferroglobe PLC, Blue Power and Aurinka PV's management bodies. All these conditions precedent were met during 2017 and the Solar JV Agreement became fully binding.

Under the Solar JV Agreement, FerroAtlántica indirectly owned 75% of OpCo , which owns certain assets comprising, among others, constructions at Sabón and a UMG solar silicon plant at Puertollano, Spain. SFS owned 51% of R&DCo, the company formed as part of the joint venture to hold certain intellectual property rights and know-how contributed by Blue Power and SFS. R&DCo licensed such intellectual property rights and know-how to OpCo. Pursuant to the Solar JV Agreement, FerroAtlántica and other subsidiaries committed to incur capital expenditure, subject to the approval of the joint venture board, in connection with the joint venture of up to a maximum of $133,000 thousand over an initial phase of up to 2 years. During the fiscal years ended December 31, 2018 and 2017, FerroAtlántica and other subsidiaries paid Aurinka PV $4,252 thousand and $3,611 thousand, respectively, in connection with the project. Further investment in the joint venture was to be determined as the joint venture progressed. In connection with the Solar JV Agreement, FAU obtained a loan of approximately $50,000 thousand ("the REINDUS Loan") from the Spanish Ministry of Industry and Energy ("the Ministry") for the purpose of building and operating the UMG solar silicon plant. In November 2018, FAU agreed to transfer to OpCo certain assets which had been acquired with the proceeds of the REINDUS Loan and used exclusively by OpCo in connection with the joint venture in consideration of OpCo assuming liability for the REINDUS Loan. The request for this novation was formally submitted to the Ministry in November 2018. On September 25, 2017, OpCo entered into an agreement with Caiz Salceda SLU ("Salceda"), a company ultimately owned by members of the Villar Mir family (who are related to Javier Lopez Madrid by marriage), under which Salceda agrees to construct on its land and lease to the OpCo and to operate and maintain for a term of 25 years a pilot plant for power generation from photovoltaic panels produced with UMG solar silicon, in return for ownership of all power generated at the plant. On June 13, 2016, SFS entered into a loan agreement with Blue Power under which SFS advanced a principal sum of over $9,000 thousand to Blue Power in connection with the project. As at December 31, 2016 the amount outstanding under the loan agreement was $9,845 thousand. On February 24, 2017, the loan was novated to OpCo as part of a capital injection by Blue Power to OpCo and on August 1, 2019 the loan was novated to FerroAtlantica.

In July 2019, the Solar JV was unwound on the following terms:

- FerroAtlántica acquired the whole of the share capital of OpCo for €1;
- Aurinka PV acquired 1% of SFS's interest in the share capital of R&DCo for €1, such that, following such disposal, R&DCo is owned as to 50% by SFS and, following the disposal of its 49% shareholding by Blue Power to Aurinka PV, 50% by Aurinka PV;
- SFS agreed to sell certain patents to R&DCo for €1;
- arrangements were made between;
    - Aurinka PV and OpCo pursuant to which Aurinka PV will continue to maintain the Puertollano plant for a monthly fee of $33.6 thousand and for a maximum term expiring on December 31, 2020. Amounts paid pursuant to these arrangements in the fiscal year ended December 31, 2019 totalled $404;
    - Aurinka PV and FerroAtlántica, FAU and Opco for the payment by the latter of the sum of $2,800 thousand and the grant by Opco to Aurinka of an option to purchase certain equipment with a book value of approximately $6,721 thousand for the sum of $1,120 thousand, in satisfaction of any claim Aurinka PV might otherwise have in relation to the termination of the Solar JV;
    - Aurinka PV and FerroAtlántica, Silicio and Opco for the marketing and promotion of the sale of the OpCo and SFS's rights in R&DCo, including a right of first refusal to Aurinka PV to purchase such assets owned by Opco on equivalent terms to those offered by a third party buyer during the period ending December 31, 2020 and a right of first refusal to Aurinka PV to purchase the 50% shares in R&DCo owned by SFS.
- save as set out above, all arrangements in place with Blue Power or Aurinka PV in relation to OpCo or R&DCo and any rights or claims which Aurinka PV or Blue Power might have in relation thereto were brought to an end.

C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information

We have included the Consolidated Financial Statements as part of this annual report. See “Item 18.—Financial Statements.”

Legal proceedings

In the ordinary course of our business, Ferroglobe is subject to lawsuits, investigations, claims and proceedings, including, but not limited to, contractual disputes and employment, environmental, health and safety matters. Although we cannot predict with certainty the ultimate resolution of lawsuits, investigations, claims and proceedings, we do not believe any currently-pending legal proceeding to which Ferroglobe is a party will have a material adverse effect on our business, results of operations, or financial condition.

Shareholder litigations

On January 22, 2019, a claimed shareholder plaintiff, Lance Treankler, filed a putative class action complaint against Ferroglobe PLC, former CEO Pedro Larrea and former CFO Phillip Murnane in the U.S. District Court for Southern District of New York in Manhattan, alleging that certain of the Company’s public disclosures prior to its November 26, 2018 third quarter earnings press release were materially false or misleading when made and failed to disclose material adverse facts about the Company’s business, operations, and prospects in violation of the U.S. securities laws. On March 19, 2019, another claimed shareholder plaintiff, Jam-Wood Holdings LLC, filed a substantially identical complaint in the same court, which was consolidated with the Treankler action, with Mr. Treankler serving as lead plaintiff. In response, the Company and Messrs. Larrea and Murnane filed motions to dismiss the consolidated complaint for failure to state a valid claim. On November 10, 2020, the Court granted those motions and dismissed the complaint with prejudice. The plaintiffs did not appeal the dismissal, which is final.

In December 2019, another claimed shareholder plaintiff, Paul Mikula, filed a shareholder derivative action in New York state court against the Company’s current and certain former directors, asserting derivative claims for breach of fiduciary duty, corporate waste and unjust enrichment, based on factual allegations substantially similar to those made in the Treankler litigation. In March 2021, the parties filed an agreed stipulation and order of dismissal without prejudice, which the court endorsed on March 4, 2021. The Company considers the matter closed.

Asbestos-related claims

Certain employees of FerroPem, SAS, then known as Pechiney Electrometallurgie, S.A. (“PEM”), may have been exposed to asbestos at its plants in France in the decades prior to FerroAtlántica Group’s purchase of that business in December 2004. During the period in question, PEM was wholly-owned by Pechiney Bâtiments, S.A., which had certain indemnification obligations to FerroAtlántica pursuant to the 2004 Share Sale and Purchase Agreement under which our FerroAtlántica acquired PEM. As of December 31, 2020, approximately 100 such employees have “declared” asbestos-related injury to the French social security agencies. Approximately, three quarters of these cases now have been closed. Of the remaining cases, approximately half include assertions of “inexcusable negligence” (“faute inexcusable”) which, if upheld, may lead to material liability in the aggregate on the part of FerroPem. Other employees may declare further asbestos-related injuries in the future, and may likewise assert inexcusable negligence. Litigation against, and material liability on the part of, FerroPem will not necessarily arise in each case, and to date a majority of such declared injuries have been minor and have not led to significant liability on Ferropem’s part. Whether liability for “inexcusable negligence” will be found is determined case-by-case, often over a period of years, depending on the evolution of the claimant’s asbestos-related condition, the possibility that the claimant was exposed while working for other employers and, where

asserted, the claimant's ability to prove inexcusable negligence on PEM's part. Because of these and other uncertainties, no reliable estimate can be made of FerroPem's eventual liability in these matters, with exception of three grave cases that were litigated through the appeal process and in which claimants' assertions of inexcusable negligence were upheld against FerroPem. Liabilities in respect to asbestos-related claims have been recorded at December 31, 2020 at an estimated amount of $1,080 thousand.

Environmental matters

Since 2016, GMI has been negotiating with the U.S. Department of Justice (the "DOJ") and the U.S. Environmental Protection Agency (the "EPA") to resolve two Notices of Violation/Findings of Violation ("NOV/FOV") that the EPA issued to the Beverly facility. The first NOV/FOV was issued on July 1, 2015 and alleges certain violations of the Prevention of Significant Deterioration ("PSD") and New Source Performance Standards provisions of the Clean Air Act associated with a 2013 project performed at GMI's Beverly facility. Specifically, the July 2015 NOV/FOV alleges violations of the facility's existing operating and construction permits, including allegations related to opacity emissions, sulfur dioxide and particulate matter emissions, and failure to keep necessary records and properly monitor certain equipment. The second NOV/FOV was issued on December 6, 2016, and arises from the same facts as the July 2015 NOV/FOV and subsequent EPA inspections. The second NOV/FOV alleges opacity exceedances at certain units, failure to prevent the release of particulate emissions through the use of furnace hoods at a certain unit, and the failure to install Reasonably Available Control Measures (as defined) at certain emission units at the Beverly facility. Since that time, GMI and the authorities have continued negotiations regarding potential resolution of the NOV/FOVs, which negotiations are ongoing. As part of the ongoing consent process to resolve the NOVs/FOVs, the authorities could demand that GMI install additional pollution control equipment or implement other measures to reduce emissions from the facility, as well as pay a civil penalty. At this time, however, GMI is unable to determine the extent of potential injunctive relief or the amount of civil penalty a negotiated resolution of this matter may entail. Should the DOJ and GMI be unable to reach a negotiated resolution of the NOVs/FOVs, the authorities could institute formal legal proceedings for injunctive relief and civil penalties. The statutory maximum penalty is $93,750 per day per violation, from April 2013 to the present.

Matters pertaining to Mr. López Madrid

The legal proceedings described below are pending in Spain in which Mr. López Madrid has been called as "investigado" by a Spanish criminal investigative court. At the conclusion of criminal investigatory proceedings, the relevant Spanish court may determine to withdraw the investigation without issuing formal charges, excuse certain parties previously called "investigado" on the basis that there is insufficient evidence to issue formal charges, or issue formal charges or indictments against specific named parties.

On October 25, 2012, Mr. López Madrid was called as "investigado" along with several other directors of Bankia, S.A. and Banco Financiero y de Ahorros, S.A. ("BFA"), by a Spanish court investigating whether they were involved in the misrepresentation of the financial condition of Bankia, S.A. in connection with its initial public offering. The public prosecutor did not file formal charges against Mr. López Madrid and asked the Court for the termination of the proceedings regarding Mr. López Madrid. However, in Spanish criminal proceedings private parties (such as political parties, unions or private investors) can also accuse "investigados" in a proceeding and, in the case at hand, some of the private accusing parties did include Mr. López Madrid in their accusation briefs and therefore Mr. López Madrid is deemed an accused party. As publicly announced, Mr. López Madrid and his family were themselves damaged as a result of the initial public offering as they invested in shares and lost approximately 20 million euros. Mr. López Madrid has advised the Company that he vehemently denies the allegations against him in this matter. On November 26, 2018, the Spanish court commenced a trial on the aforementioned private party accusations, which concluded on October 1, 2019. The trial has finally been closed and he has been found not guilty.

On February 11, 2016, Mr. López Madrid was called as “investigado” by a Spanish investigative court in connection with the “Púnica” investigation into possible bribery relating to awards of public contracts. This investigation, in which numerous individuals have been called as “investigado” thus far, has been pending since October 2014. In connection with this matter, a further investigation (the “Lezo” investigation) was initiated and, on April 20 and 21, 2017, Mr. López Madrid was questioned in relation to an alleged payment in 2007 of €1.4 million in favor of a public officials by Obrascón Huarte Lain, S.A. (“OHL”), a listed company partially owned by Grupo VM. Mr. López Madrid was a non-executive director of OHL at the time of the alleged payment and has never held any executive responsibility at OHL. He remains as “investigado” in both the “Punica” and the “Lezo” investigations but no formal charges have been filed. Mr. López Madrid vehemently denies the allegations against him and intends to defend himself vigorously in these matters.

On June 10, 2014, a physician (the “Physician”), who had previously treated Mr. López Madrid’s family, was called as “investigado” in connection with criminal allegations that the Physician had harassed Mr. López Madrid, his family and his associates through anonymous phone calls and messages making false accusations and serious threats, which were received daily over a period of several months. On September 24, 2014, Mr. López Madrid was called as “investigado” by a Spanish investigative court in connection with criminal allegations that he had harassed the Physician. The court dismissed the complaint of the Physician, although subsequent investigations are being conducted by an appeal court. The trial order is appealed and the Public Prosecutor's Office has not filed an indictment.

Dividend policy

Our Board intends to declare annual (or final) dividends and interim dividends, payable quarterly, to be reviewed each year, but this will depend upon many factors, including the amount of our distributable profits as defined below. Pursuant to the Articles, and subject to applicable law, the Company may by ordinary resolution declare dividends (which shall not exceed the amounts recommended by the Board), and the Board may decide to pay interim dividends. The Articles provide that the Board may pay any dividend if it appears to them that the profits available for distribution permit the payment. Under English law, dividends may only be paid out of distributable reserves of the Company or distributable profits, defined as accumulated realized profits not previously utilized by distribution or capitalization less accumulated realized losses to the extent not previously written off in a reduction or reorganization of capital duly made, as reported to Companies House, and not out of share capital, which includes the share premium account. Further, a U.K. public company may only make a distribution if the amount of its net assets is not less than the aggregate of its called-up share capital and undistributable reserves, and if, and to the extent that, the distribution does not reduce the amount of those assets to less than such aggregate. Distributable profits are determined in accordance with generally accepted accounting principles at the time the relevant accounts are prepared. The amount of Ferroglobe’s distributable profits is thus a cumulative calculation. Ferroglobe may be profitable in a single year but unable to pay a dividend if the profits of that year do not offset all the previous years’ accumulated losses. The shareholders of Ferroglobe may by ordinary resolution on the recommendation of the Board decide that the payment of all or any part of a dividend shall be satisfied by transferring non-cash assets of equivalent value, including shares or securities in any corporation.

The declaration and payment of future dividends to holders of our Shares will be at the discretion of our Board and will depend upon many factors, including, in addition to the amount of our distributable profits, our financial condition, earnings, legal requirements, and restrictions in our debt agreements and other factors deemed relevant by our Board of Directors. In addition, as a holding company, our ability to pay dividends depends on our receipt of cash dividends from our operating subsidiaries, the payment which may be restricted by the laws of their respective jurisdictions of organization, their respective agreements, and/or covenants under future indebtedness that we or they may incur.

B. Significant Changes

On July 31, 2017, the Company entered into an accounts receivable securitization program, where trade receivables generated by the Company’s subsidiaries in the United States, Canada, Spain and France were sold to Ferrous Receivables DAC, a special purpose entity domiciled and incorporated in Ireland (the “SPE”). The program was initially financed by ING Bank N.V., as senior lender, and Finacity Capital Management Inc. (“Finacity”), as intermediate subordinated lender and control party. As sales of the Company’s products to customers occurred, eligible trade receivables were sold to the SPE at an agreed upon purchase price. On December 10, 2019, the Company refinanced the program and amended and restated its terms; the SPE repaid the remaining senior loans to ING with the proceeds of new senior loans issued by an

affiliate of U.S.-based Sound Point Capital Management LP, Finacity remains as intermediate subordinated lender and the Company's European subsidiaries continue as senior subordinated and junior subordinated lenders. The Company's subsidiaries in the United States and Canada repurchased all outstanding receivables that had they had previously sold to the SPE so that such receivables could form part of the borrowing base for the North American asset-based revolving credit facility (the "ABL Revolver"). This program has a two-year term expiring December, 10, 2021. The Company does not own shares in the SPE or have the ability to appoint its directors. See *note 30.*

In the third quarter of 2019, Grupo FerroAtlántica S.A.U., as sole shareholder of FerroAtlántica. S.A.U., effected a corporate reorganization of FerroAtlántica, S.A.U. in order to spin off certain parts of its business into separate entities and sell the remainder. First, on April 2, 2019, FerroAtlántica, S.A.U. transferred the financial branch of its business, consisting of shares, quotas and/or shareholding interests in other companies, to a newly created limited liability company named FerroAtlántica Participaciones, S.L.U.

Second, on August 13, 2019, Grupo FerroAtlántica. S.A.U. effected spinoffs of certain other branches of FerroAtlántica, S.A.U.'s business, as follows: the ferroalloy and silicon metal businesses historically associated with FerroAtlántica, S.A.U.'s Boo manufacturing plant were transferred to a newly created limited liability company named FerroAtlántica de Boo, S.L.U.; the ferroalloy and silicon metal businesses historically associated with FerroAtlántica, S.A.U.'s Sabón manufacturing plant were transferred to a newly created limited liability company named FerroAtlántica de Sabón, S.L.U.; and FerroAtlántica, S.A.U.'s central corporate services unit located in Madrid was transferred to a newly created limited liability company named Grupo FerroAtlántica de Servicios, S.L.U.

Third, on August 30, 2019, Grupo FerroAtlántica, S.A.U. sold its 100% interest in the remainder of FerroAtlántica, S.A.U. to Kehlen Industries Management, S.L.U., an affiliate of U.S.-based TPG Sixth Street Partners. The FerroAtlántica, S.A.U. assets transferred by means of this transaction included ten hydroelectric power plants and the Cee-Dumbría ferroalloys manufacturing plant, all located in the province of A Coruña, Spain. Simultaneously, Grupo FerroAtlántica, S.A.U. signed a long-term tolling agreement with FerroAtlántica, S.A.U., under which the former is the exclusive off-taker of the Cee-Dumbría plant's finished goods and supplies the plant with key raw materials.

On February 6, 2020, the Company entered an amended and restated accounts receivables securitization program. The senior lender's commitments under the amended and restated securitization program are $150,000 thousand. Finacity remained as intermediate subordinated lender providing a cash consideration of $2,808 thousand, and the Company's European subsidiaries continued as senior subordinated and junior subordinated lenders as well as, having interests in the senior and intermediate subordinated loan tranches.

On October 2, 2020, the Company ended the receivables funding agreement and cancelled the securitization structure, signing a new factoring agreement with "Leasing and Factoring Agent", for anticipating the collection of receivables of the Company's European entities. As a result of the agreement, the Leasing and Factoring Agent provided a cash consideration of circa $48.8 million, repurchased the receivables portfolio sold to the SPE on September 28, and consequently assumed the loan tranche of the senior borrower to the SPE. Also, the Senior loan and intermediate subordinate loan tranches were paid with internal sources of funds.

ITEM 9. THE OFFER AND LISTING

A. Offer and Listing Details.

On December 24, 2015, our ordinary shares were listed for trading on the NASDAQ in U.S. Dollars under the symbol "GSM." Prior to completion of the Business Combination, which occurred on December 23, 2015, shares of Globe's common stock were registered pursuant to Section 12(b) of the U.S. Exchange Act and listed on NASDAQ under the

ticker symbol “GSM.” Globe’s common stock was suspended from trading on the NASDAQ prior to the open of trading on December 24, 2015.

B. Plan of Distribution.

Not applicable.

C. Markets.

Our ordinary shares are traded on the NASDAQ Global Select Market under the symbol “GSM.”

D. Selling Shareholders.

Not applicable.

E. Dilution.

Not applicable.

F. Expenses of the Issue.

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital.

Not applicable.

B. Memorandum and Articles of Association.

Composition and Nomination of the Board

Pursuant to the Articles, the Board will consist of at least two directors and no more than eleven directors. The directors are nominated by the Board, after being recommended to the Board by the Nominations Committee, for appointment at a general meeting or appointed by the Board where permitted to do so by law. When a person has been approved by the Board for nomination for election as a director at a general meeting of the Company, prior to the first date after the date of adoption of the Articles on which Grupo VM and its affiliates in the aggregate beneficially own less than 10% of the issued ordinary shares of the Company (the “Sunset Day”), Grupo VM and its affiliates shall not vote against the election of that director at the general meeting unless a majority of its nominees on the Board have voted against such nomination. At every annual general meeting, all the directors shall retire from office and will be eligible, subject to applicable law, for nomination for re-appointment in accordance with the Articles.

The board shall constitute a committee (the “Nominations Committee”) to perform the function of recommending a person for director. The Nominations Committee shall consist of three directors, a majority of whom shall be independent directors, as such term is defined in the NASDAQ rules and applicable law. While Grupo VM and its Affiliates own at least 30% of the shares of the Company, the Grupo VM nominees will be entitled to nominate not more than two-fifths of the members of the Nominations Committee.

On December 23, 2015, Grupo VM designated Javier López Madrid to serve as the Executive Vice-Chairman of the Board in connection with the closing of the Business Combination. Upon the resignation of Alan Kestenbaum as Executive

Chairman of the Board, Mr. López Madrid was appointed as Executive Chairman of the Board effective December 31, 2016. Mr. López Madrid is also the Chairman of the Nominations Committee.

Board Powers and Function

The members of the Board, subject to the restrictions contained in the Articles, is responsible for the management of the Company's business, for which purpose they may exercise all our powers whether relating to the management of the business or not. In exercising their powers, the members of the Board must perform their duties to us under English law. These duties include, among others:

- to act within their powers and in accordance with the Articles;
- to act in a way that the directors consider, in good faith, would be most likely to promote our success for the benefit of its members as a whole (having regard to a list of non-exhaustive factors);
- to exercise independent judgment;
- to exercise reasonable care, skill and diligence;
- to avoid conflicts of interest;
- not to accept benefits from third parties; and
- to declare interests in proposed transactions/arrangements.

The Articles provide that the members of the Board may delegate any of the powers which are conferred on them under the Articles to such committee or person, by such means (including by power of attorney), to such an extent and on such terms and conditions, as they think fit.

Share Qualification of Directors

A director is not required to hold any Shares by way of qualification.

Board and Decision Making

The Articles provide that any director may call a meeting of the Board. Subject to the provisions of the U.K. Companies Act 2006, the Executive Chairman may also call general meetings on behalf of the Board. The quorum for such a meeting will be at least a majority of the directors then in office.

Except as otherwise provided in the Articles, a decision may be taken at a duly convened Board meeting with the vote of a majority of the directors present at such meeting who are entitled to vote on such question and each director will have one vote.

A director shall not be counted in the quorum present in relation to a matter or resolution on which he is not entitled to vote (or when his vote cannot be counted) but shall be counted in the quorum present in relation to all other matters or resolutions considered or voted on at the meeting. Except as otherwise provided by the Articles, a director shall not vote at a meeting of the Board or a committee of the Board on any resolution concerning a matter in which he has, directly or indirectly, an interest (other than an interest in shares, debentures or other securities of, or otherwise in or through, us) which could reasonably be regarded as likely to give rise to a conflict with our interests.

Unless otherwise determined by us by ordinary resolution, the remuneration of the non-executive directors for their services in the office of director shall be as the Board may from time to time determine. Any director who holds any executive office or who serves on any committee of the Board or who performs services which the Board considers go beyond the ordinary duties of a director may be paid such special remuneration (by way of bonus, commission, participation in profits or otherwise) as the Board may determine. However, the U.K. Companies Act 2006 requires "quoted" companies, such as the Company, to obtain a binding vote of shareholders on the directors' remuneration policy at least once every three years and an annual advisory (non-binding) shareholders' vote on an on the directors'

remuneration in the financial year being reported on and how the directors' remuneration policy will be implemented in the following financial year.

Directors' Borrowing Powers

Under our Board's general power to manage our business, our Board may exercise all the powers to borrow money.

Matters Requiring Majority of Independent Directors Approval

Prior to the Sunset Date, the approval of a majority of the independent directors (who are not conflicted in relation to the relevant matter) shall be required to authorize any transaction agreement or arrangement between Grupo VM or any of its affiliates or connected persons and the Company or any of its Affiliates, or the alteration amendment, repeal or waiver of any such agreement, including any shareholders' agreement between the Company and Grupo VM.

Director Liability

Under English law, members of the Board may be liable to us for negligence, default, breach of duty or breach of trust in relation to us. Any provision that purports to exempt a director from such liability is void. Subject to certain exceptions, English law does not permit us to indemnify a director against any liability attaching to him in connection with any negligence, default, breach of duty or breach of trust in relation to us. The exceptions allow us to:

- purchase and maintain director and officer insurance against any liability attaching in connection with any negligence, default, breach of duty or breach of trust owed to us;
- provide a qualifying third party indemnity provision which permits us to indemnify its directors (and directors of an "associated company" (i.e., a company that is a parent, subsidiary or sister company of Ferroglobe) in respect of proceedings brought by third parties (covering both legal costs and the amount of any adverse judgment), except for: (i) the legal costs of an unsuccessful defense of criminal proceedings or civil proceedings brought by us an associated company, or the legal costs incurred in connection with certain specified applications by the director for relief where the court refuses to grant the relief; (ii) fines imposed in criminal proceedings; and (iii) penalties imposed by regulatory bodies;
- loan funds to a director to meet expenditure incurred in defending civil and criminal proceedings against him or her (even if the action is brought by us), or expenditure incurred applying for certain specified relief, but subject to the requirement for the director or officer to reimburse us if the defense is unsuccessful; and
- provide a qualifying pension scheme indemnity provision, (which allows us to indemnify a director of a company that is a trustee of an occupational pension scheme against liability incurred in connection with such company's activities as a trustee of the scheme (subject to certain exceptions).

Indemnification Matters

Under the Articles, subject to the provisions of the U.K. Companies Act 2006 and applicable law, we will exercise all of our powers to (i) indemnify any person who is or was a director (including by funding any expenditure incurred or to be incurred by him or her) against any loss or liability, whether in connection with any proven or alleged negligence, default, breach of duty or breach of trust by him or her or otherwise, in relation to us or any associated company; and/or (ii) indemnify to any extent any person who is or was a director of an associated company that is a trustee of an occupational pension scheme (including by funding any expenditure incurred or to be incurred by him or her) against any liability, incurred by him or her in connection with our activities as trustee of an occupational pension scheme; including insurance against any loss or liability or any expenditure he or she may incur, whether in connection with any proven or alleged act or omission in the actual or purported execution or discharge of his or her duties or in the exercise or purported exercise

of his or her powers or otherwise in relation to his or her duties, power or offices, whether comprising negligence, default, breach of duty, breach of trust or otherwise, in relation to the relevant body or fund.

Under the Articles and subject to the provisions of the U.K. Companies Act 2006, we may exercise all of our powers to purchase and maintain insurance for or for the benefit of any person who is or was a director, officer or employee of, or a trustee of any pension fund in which our employees are or have been interested, including insurance against any loss or liability or any expenditure he or she may incur, whether in connection with any proven or alleged act or omission in the actual or purported execution or discharge of his or her duties or in the exercise or purported exercise of his or her powers or otherwise in relation to his or her duties, power or offices, whether comprising negligence, default, breach of duty, breach of trust or otherwise, in relation to the relevant body or fund.

No director or former director shall be accountable to us or the members for any benefit provided pursuant to the Articles. The receipt of any such benefit shall not disqualify any person from being or becoming a director.

Director Removal or Termination of Appointment

The general meeting of shareholders will, at all times, have the power to remove a member of the Board by an ordinary resolution, being a resolution passed by a simple majority of votes cast. The Articles also provide that a member of the Board will cease to be a director as soon as:

- the director ceases to be a director by virtue of any provision of the U.K. Companies Act 2006 (including, without limitation, section 168) or he becomes prohibited by applicable law from being a director;
- the director becomes bankrupt or makes any arrangement or composition with the director’s creditors generally;
- a registered medical practitioner who is treating that person gives a written opinion to us stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months;
- by reason of the director’s mental health a court makes an order which wholly or partly prevents the director from personally exercising any powers or rights he would otherwise have;
- the director resigns from office by notice in writing to us;
- in the case of a director who holds any executive office, the director’s appointment as such is terminated or expires and the Board resolves that he should cease to be a director;
- the director is absent for more than six consecutive months, without permission of the Board, from meetings of the Board held during that period and the Board resolves that the director should cease to be a director; or
- the director dies.

Committees

Subject to the provisions of the Articles, the directors may delegate any of the powers which are conferred on them under the Articles:

- to a committee consisting of one or more directors and (if thought fit) one or more other persons, to such an extent and on such terms and conditions as the Board thinks fit (and such ability of the directors to delegate applies to all powers and discretions and will not be limited because certain articles refer to powers and discretions being exercised by committees authorized by directors while other articles do not);
- to such person by such means (including by power of attorney), to such an extent, and on such terms and conditions, as they think fit including delegation to any director holding any executive office, any manager or agent such of its powers as the Board considers desirable to be exercised by him; or

- to any specific director or directors (with power to sub-delegate). These powers can be given on terms and conditions decided on by the directors either in parallel with, or in place of, the powers of the directors acting jointly.

Any such delegation shall, in the absence of express provision to the contrary in the terms of delegation, be deemed to include authority to sub-delegate to one or more directors (whether or not acting as a committee) or to any employee or agent all or any of the powers delegated and may be made subject to such conditions as the Board may specify, and may be revoked or altered. The directors can remove any people they have appointed in any of these ways and cancel or change anything that they have delegated, although this will not affect anybody who acts in good faith who has not has any notice of any cancellation or change.

General Meeting

The Board shall convene and the Company shall hold general meetings as annual general meetings in accordance with the U.K. Companies Act 2006. The Board may call general meetings whenever and at such times and places as it shall determine. Subject to the provisions of the U.K. Companies Act 2006, the executive chairman of the Company may also call general meetings on behalf of the Board. On requisition of members pursuant to the provisions of the U.K. Companies Act 2006, the Board shall promptly convene a general meeting in accordance with the requirements of the U.K. Companies Act 2006.

Subject to the provisions of the U.K. Companies Act 2006, an annual general meeting and all other general meetings shall be called by at least such minimum period of notice as is prescribed or permitted under the U.K. Companies Act 2006.

All provisions of the Articles relating to general meetings of the Company shall apply, *mutatis mutandis*, to every separate general meeting of the holders of any class of shares in the capital of the Company.

C. Material Contracts

Asset-Based Loan

On October, 11, 2019, Ferroglobe subsidiaries Globe Specialty Metals, Inc., and QSIP Canada ULC, as borrowers, entered into a Credit and Security Agreement for a new $100 million north American asset-based revolving credit facility (the “ABL Revolver”), with PNC Bank, N.A., as lender.

The maximum advances granted by the lender are up to the lesser of (a) $100 million and (b) the Formula Amount. The Formula Amount at any time will be determined by referent to the most recent Borrowing Base Certificate delivered to PNC Bank, N.A. (the Agent), and is equal to (a) up to 85% of Eligible Receivables plus (b) the lesser of:

- up to 75% of the cost of Eligible Inventory and eligible foreign-in transit inventory;
- up to 85% of the appraised net orderly liquidation value of Eligible inventory, minus (c) Reserves, if any.

The Formula Amount is subject to the following limits:

- inventory to account for up to 65% of the Formula Amount;
- Canadian inventory up to $20 million;
- eligible in-transit inventory of up to $10 million;
- consigned inventory of up to $7.5 million;
- stores and spare parts inventory of up to $2 million;
- packaging materials inventory of up to $500 thousand; and
- receivables aged 90 to 120 days due of up to $5 million.

Subject to certain exceptions, loans under the ABL Revolver may be borrowed, repaid and reborrowed at any time until the facility’s expiration date. The legal maturity date of the ABL Revolver is October 11, 2024, which is five years after the initial drawdown under the facility. Notwithstanding this, the terms of the facility provide a spring forward provision which requires the ABL Revolver to be repaid on the date which is three (3) months prior to the maturity date of the senior

Notes (March 1, 2022), which would currently imply a facility repayment date of December 1, 2021. This spring forward provision would adjust in respect of a refinancing of the senior Notes to be the date which is three (3) months prior to the date of any permitted refinancing of the Notes. There is a provision in the ABL Revolver credit agreement which requires the approval of PNC Bank, as agent on behalf of the lender, to the terms of any refinancing of the senior unsecured notes and provides, ***inter alia***, that the maturity date of such refinancing shall be no earlier than January 9, 2025.

Interest rates

Under the ABL Revolver, and in respect of LIBOR Rate Loans, the interest to be paid will be LIBOR plus aplicable margin, and in respect of Domestic Rate Loans, the interest will be ABR plus aplicable margin. ABR shall mean the highest of (i) the PNC Bank prime rate, (ii) overnight bank funding rate plus 0.5% and (iii) daily LIBOR plus 1.0%.
The aplicable margin is based on the average undrawn availability of the ABL Revolver. The undrawn availability is an amount equal to:

- the lesser of (i) $100 million and (ii) the Formula Amount; minus
- the maximum undrawn amount of all outstanding letters of credit; minus
- the outstanding amount of revolving advances and swing loans.

Therefore, three levels are established depending on the average undrawn availabity. The Level I means that the average undrawn availability is higher than 66.7%, the applicable LIBOR rate margin will be 2.50% and the aplicable Domestic rate margin will be 1.50%. The Level II means that the average undrawn availability is between 33.3% to 66.7%, the applicable LIBOR rate margin will be 2.75% and the applicable Domestic rate margin will be 1.75%. The Level III means if average undrawn availability is lower or equal to 33.3%, the applicable LIBOR rate margin will be 3.00% and the Domestic rate margin will be 2.00%. As a result, the applicable margin from the Closing date of the ABL Revolver to January 1, 2020, will be Level III rate. Thereafter, effective as of the first day of each calendar quarter, the rate corresponding to the average daily undrawn availability for the most recently completed calendar quarter.

Guarantees and security

Ferroglobe PLC was not required to provide a guarantee of the ABL Revolver, but entered into a Non-Recourse Pledge Agreement with lender in respect of its shares in Globe Specialty Metals, Inc..

Covenants

The ABL Revolver contains certain affirmative covenants relating to, among other things: (i) preservation of existence; (ii) payment of taxes; (iii) continuation of business; (iv) maintenance of insurance on its properties and assets; (v) maintenance and protection of rights of properties; (vi) visitation rights granted to the Administrative Agent and (vii) maintain and keep proper books of record and account. The ABL Revolver also contains certain negative covenants, relating to, among other things: (i) debt; (ii) liens; (iii) liquidations, mergers or consolidation; (iv) amendment of organizational documents; (v) restricted payments (including dividends, distributions, issuances of equity interests, redemptions and repurchases of equity interests); (vi) sale and leaseback transactions and (vii) further negative pledges. The ABL Revolver does not contain any leverage-based or financial ratio-based covenants, but requires minimum undrawn availability of $10,000 thousand and a restricted cash reserve of $22,500 thousand.

Repayment of the ABL in March, 2021

On March 16, 2021, the Company has repaid in its entirety the remaining balance at the date for an amount equal to $39,476 thousand, cancelling its obligations derived from the contract. See *Note* 30.

Senior Notes due 2022

On February 15, 2017, Ferroglobe and Globe (together, the “Issuers”) issued $350 million aggregate principal amount of 9.375% senior unsecured notes due 2022 (the “Notes”) pursuant to the Indenture. The interest on the Notes is payable semi-annually on March 1 and September 1 of each year, commencing on September 1, 2017. At any time prior to

March 1, 2019, the Issuers may redeem all or a portion of the Notes at a redemption price based on a “make-whole” premium. At any time on or after March 1, 2019, the Issuers may redeem all or a portion of the Notes at redemption prices varying based on the period during which the redemption occurs. In addition, at any time prior to March 1, 2019, the Issuers may redeem up to 35% of the aggregate principal amount of the Notes with the net proceeds from certain equity offerings at a redemption price of 109.375% of the principal amount of the Notes, plus accrued and unpaid interest. The Issuers have agreed to pay certain additional amounts in respect of any withholdings or deductions for certain types of taxes in certain jurisdictions on payments to holders of the Notes. The Notes are senior unsecured obligations of the Issuers and are guaranteed on a senior basis by certain subsidiaries of Ferroglobe. The Notes are listed on the Irish Stock Exchange.

The Indenture contains certain negative covenants restricting, among other things, our ability to: (i) make certain advances, loans or investments; (ii) incur indebtedness or issue guarantees; (iii) create security; sell, lease, transfer or dispose of assets; (iv) merge or consolidate with other companies; (v) transfer all or substantially all of our assets; make a substantial change to the general nature of our business; (vi) pay dividends and make other restricted payments; (vii) create or incur liens; (viii) agree to limitations on the ability of our subsidiaries to pay dividends or make other distributions; (ix) engage in sales of assets and subsidiary stock; (x) enter into transactions with affiliates; (xi) amend organizational documents; (xii) enter into sale-leaseback transactions and (xiii) enter into agreements that contain a negative pledge.

Discussions with Ad Hoc Group of Noteholders and Key Financial Partners

On November 25, 2020 Ferroglobe PLC (the “Company”) entered into confidentiality agreements (the “Confidentiality Agreements”) with certain holders (the “Ad Hoc Group of Noteholders”) of the 9.375% Senior Notes due 2022 (the “Notes”) issued by the Company and Globe Specialty Metals, Inc., to facilitate discussions addressing the maturity of the Notes and the introduction of further capital to the Company. On February 1, 2021, discussions with the Ad Hoc Group of Noteholders have been constructive and the Company is aiming to conclude them shortly. See *Note* 30 for further information.

REINDUS Loan

On September 8, 2016, FerroAtlántica, S.A.U., as borrower, and the Spanish Ministry of Industry, Tourism and Commerce (the “Ministry”), as lender, entered into a loan agreements under which the Ministry made available to the borrower a loan in aggregate principal amount of €44.9 million, in connection with the industrial development projects relating to our solar grade silicon project. FAU transferred the loan to OPCO before its sale. See “Item 4.B.—Information on the Company—Business Overview—Research and Development (R&D)—Solar grade silicon.” The loan of €44.9 million is to be repaid in seven installments starting on 2023 and completed by 2030. Interest on outstanding amounts under each loan accrues at an annual rate of 3.55%. As of December 31, 2020, the balance of the remaining loan has been presented within Non current and Current liabilities (See *Note* 30).

Use of the proceeds of the outstanding loan was limited to the period between January 1, 2016 and May 24, 2019. On May 24, 2019, a report on uses of the loan was presented to the Ministry. Due to the Covid 19 pandemic and its effects on administrative procedures, no results have been received from the Ministry. The best estimate as of date is that any outcome will be received early next year.

Securitization of trade receivables

On December 10, 2019, the Company refinanced the Program and amended the accounts receivables securitization program (the “Program”) where trade receivables held by the Company’s subsidiaries in Spain are sold to a special purpose “designated activity company” domiciled and incorporated in Ireland (the “SPE”). Eligible receivables are sold to the SPE on an on-going basis at an agreed upon purchase price of approximately 98% (2018: 99%) of their invoiced amount. Part of the purchase consideration is funded upfront in cash and part is deferred in the form of senior subordinated and junior subordinated loans from the selling entities to the SPE. Up to $150,000 thousand of upfront cash consideration can be

provided by the SPE under the Program, financed by Soundpoint Capital Management, LLP, as senior lender and Finacity Capital Management Inc., as intermediate subordinated lender.

The Company is also engaged as master servicer to the SPE whereby the Company is responsible for the cash collection, reporting and cash application of the sold receivables. As master servicer, the Company earns a fixed rate management fee due to the purchase discount percentage but depends on the volume of assets and an additional servicing fee which entitles the Company to a residual interest upon monthly liquidation of the SPE. The additional servicing fee will only be paid out on monthly liquidation of the SPE and from any excess cash flows remaining after all lenders to the SPE have been repaid. On October 2, 2020, the Company ended the receivables funding agreement and cancelled the securitization program (See *Note* 10).

The agreements under the Program contain certain restrictive covenants limiting the ability of the Company, its subsidiaries participating in the Program or the SPE, as applicable, to, in particular, (1.) create or suffer to exist any adverse claim upon any receivable covered by the Program or any proceeds thereof, (2.) extend, amend, rescind or cancel any receivable covered by the Program, (3.) make any change in the character of the business (for the SPE) or any material change to the credit and collection policy that would be reasonably expected to materially and adversely affect the collectability of the receivables covered by the Program (for the Company and its subsidiaries participating in the Program), (4.) engage in any business other than the transactions contemplated by the Program (for the SPE), (5.) create, incur or permit to exist any debt of any kind other than pursuant to the Program (for the SPE) and (6.) merge into or consolidate with any person, or permit any other person to merge into or consolidate with it, or purchase, lease or otherwise acquire all or substantially all of the assets of any other person other than pursuant to the Program (for the SPE).

Other material contracts

See also "Item 7.B.—Major Shareholders and Related Party Transactions—Related Party Transactions." and "Item 5.B.—Liquidity and Capital Resources".

D. Exchange Controls

See "Item 3.D.—Key Information—Risk Factors—Risks Related to Our Ordinary Shares."

E. Taxation.

U.S. federal income taxation

The following is a discussion of the material U.S. federal income tax consequences to U.S. holders (as defined below) of the ownership and disposition of ordinary shares. The discussion is based on and subject to the Code, the U.S. Treasury Regulations promulgated thereunder, administrative rulings and court decisions in effect on the date hereof, all of which are subject to change, possibly with retroactive effect, and to differing interpretations. The discussion applies only to U.S. holders that acquire ordinary shares in exchange for cash in this offering and hold ordinary shares as "capital assets" within the meaning of Section 1221 of the Code (generally, property held for investment). The discussion also assumes that we will not be treated as a U.S. corporation under Section 7874 of the Code. The discussion does not address all aspects of U.S. federal income taxation that may be relevant to particular U.S. holders in light of their personal circumstances, including any tax consequences arising under the Medicare contribution tax on net investment income, or to such shareholders subject to special treatment under the Code, such as:

- banks, thrifts, mutual funds, insurance companies, and other financial institutions,
- real estate investment trusts and regulated investment companies,
- traders in securities who elect to apply a mark-to-market method of accounting,
- brokers or dealers in securities or foreign currency,

- tax-exempt organizations or governmental organizations,
- individual retirement and other deferred accounts,
- U.S. holders whose functional currency is not the U.S. Dollar,
- U.S. expatriates and former citizens or long-term residents of the United States,
- "passive foreign investment companies," "controlled foreign corporations," and corporations that accumulate earnings to avoid U.S. federal income tax,
- persons subject to the alternative minimum tax,
- shareholders who hold ordinary shares as part of a straddle, hedging, conversion, constructive sale or other risk reduction transaction,
- "S corporations," partnerships or other entities or arrangements classified as partnerships for U.S. federal income tax purposes or other pass-through entities (and investors therein),
- persons that actually or constructively own 10% or more of our voting stock, and
- shareholders who received their ordinary shares through the exercise of employee stock options or otherwise as compensation or through a tax-qualified retirement plan.

The discussion does not address any non-income tax consequences or any foreign, state or local tax consequences. For purposes of this discussion, a U.S. holder means a beneficial owner of ordinary shares who is:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in the United States or under the laws of the United States or any subdivision thereof, or that is otherwise treated as a U.S. tax resident under the Code;
- an estate the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust if (1) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (2) the trust has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person for U.S. federal income tax purposes.

If a partnership, including for this purpose any entity that is treated as a partnership for U.S. federal income tax purposes, holds ordinary shares, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. A U.S. holder that is a partnership and the partners in such partnership should consult their tax advisors about the U.S. federal income tax consequences of the ownership and disposition of ordinary shares.

Prospective purchasers are urged to consult their tax advisors with respect to the U.S. federal income tax consequences to them of the purchase, ownership and disposition of ordinary shares, as well as the tax consequences to them arising under U.S. federal tax laws other than those pertaining to income tax (including estate or gift tax laws), state, local and non-U.S. tax laws, as well as any applicable income tax treaty.

Dividends and other distributions on ordinary shares

Dividends will generally be taxed as ordinary income to U.S. holders to the extent that they are paid out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. As such, subject to the following discussion of special rules applicable to PFICs (as defined below) and, assuming that ordinary shares continue to be listed on NASDAQ and certain holding-period requirements are met, the gross amount of the dividends paid by us to U.S. holders may be eligible to be taxed at lower rates applicable to dividends paid by a "qualified foreign corporation." Dividends paid by us will not qualify for the dividends received deduction under Section 243 of the Code otherwise available to corporate shareholders. In general, and subject to the discussion below, the dividend income will be treated as foreign source passive income for U.S. federal foreign tax credit limitation purposes. The rules relating to the determination of the U.S. foreign tax credit are complex and U.S. holders should consult their tax advisors to determine whether and to what extent a credit would be available.

To the extent that the amount of any dividend exceeds our current and accumulated earnings and profits for a taxable year, the excess will first be treated as a tax-free return of capital, causing a reduction in the U.S. holder's adjusted basis in ordinary shares. The balance of any excess will be taxed as capital gain, which would be long-term capital gain if the U.S. holder has held the ordinary shares for more than one year at the time the dividend is received.

It is possible that we are, or at some future time will be, at least 50% owned by U.S. persons. Dividends paid by a foreign corporation that is at least 50% owned by U.S. persons may be treated as U.S. source income (rather than foreign source passive income) for foreign tax credit purposes to the extent the foreign corporation has more than an insignificant amount of U.S. source income. The effect of this rule may be to treat a portion of any dividends paid by us as U.S. source income, which may limit a U.S. holder's ability to claim a foreign tax credit with respect to foreign taxes payable or deemed payable in respect of the dividends or other foreign source passive income. The Code permits a U.S. holder entitled to benefits under the United Kingdom-United States Income Tax Treaty to elect to treat any dividends paid by us as foreign source income for foreign tax credit purposes if the dividend income is separated from other income items for purposes of calculating the U.S. holder's foreign tax credit with respect to U.K. taxes withheld, if any, on the distribution of such dividend income. U.S. holders should consult their own tax advisors about the desirability and method of making such an election.

We generally intend to pay dividends in U.S. Dollars. If we were to pay dividends in a foreign currency or other property, the amount of any such dividend will be the U.S. Dollar value of the foreign currency or other property distributed by us, calculated, in the case of foreign currency, by reference to the exchange rate on the date the dividend is includible in the U.S. holder's income, regardless of whether the payment is in fact converted into U.S. Dollars on the date of receipt. Generally, a U.S. holder should not recognize any foreign currency gain or loss if the foreign currency is converted into U.S. Dollars on the date the payment is received. However, any gain or loss resulting from currency exchange fluctuations during the period from the date the U.S. holder includes the dividend payment in income to the date such U.S. holder actually converts the payment into U.S. Dollars will be treated as ordinary income or loss. That currency exchange or loss (if any) generally will be income or loss from U.S. sources for foreign tax credit purposes.

Sale, exchange or other taxable disposition of ordinary shares

Subject to the following discussion of special rules applicable to PFICs, a U.S. holder will generally recognize taxable gain or loss on the sale, exchange or other taxable disposition of ordinary shares in an amount equal to the difference between the amount realized on such taxable disposition and the U.S. holder's tax basis in the ordinary shares. A U.S. holder's initial tax basis in ordinary shares generally will equal the cost of such ordinary shares.

The source of any such gain or loss is generally determined by reference to the residence of the holder such that it generally will be treated as U.S. source income for foreign tax credit limitation purposes in the case of a sale, exchange or other taxable disposition by a U.S. holder. However, the Code permits a U.S. holder entitled to benefits under the United Kingdom-United States Income Tax Treaty to elect to treat any gain or loss on the sale, exchange or other taxable disposition of ordinary shares as foreign source income for foreign tax credit purposes if the gain or loss is sourced outside of the United States under the United Kingdom-United States Income Tax Treaty and such gain or loss is separated from

other income items for purposes of calculating the U.S. holder's foreign tax credit. U.S. holders should consult their own tax advisors about the desirability and method of making such an election.

Gain or loss realized on the sale, exchange or other taxable disposition of ordinary shares generally will be capital gain or loss and will be long-term capital gain or loss if the ordinary shares have been held for more than one year. Non-corporate U.S. holders (including individuals) generally will be subject to U.S. federal income tax on long-term capital gain at preferential rates. The deduction of capital losses is subject to limitations.

Passive foreign investment company considerations

A foreign corporation is a "passive foreign investment company" (a "PFIC") if, after the application of certain "look-through" rules, (1) at least 75% of its gross income is "passive income" as that term is defined in the relevant provisions of the Code, or (2) at least 50% of the value of its assets (determined on the basis of a quarterly average) produce "passive income" or are held for the production of "passive income." The determination as to PFIC status is made annually. If a U.S. holder is treated as owning PFIC stock, the U.S. holder will be subject to special rules generally intended to reduce or eliminate the benefit of the deferral of U.S. federal income tax that results from investing in a foreign corporation that does not distribute all of its earnings on a current basis. These rules may adversely affect the tax treatment to a U.S. holder of dividends paid by us and of sales, exchanges and other dispositions of ordinary shares, and may result in other adverse U.S. federal income tax consequences.

We do not expect to be treated as a PFIC for the current taxable year, and we do not expect to become a PFIC in the future. However, there can be no assurance that the IRS will not successfully challenge this position or that we will not become a PFIC at some future time as a result of changes in our assets, income or business operations. U.S. holders should consult their own tax advisors about the determination of our PFIC status and the U.S. federal income tax consequences of holding ordinary shares if we are considered a PFIC in any taxable year.

Information reporting and backup withholding

In general, information reporting requirements may apply to dividends received by U.S. holders of ordinary shares and the proceeds received on the disposition of ordinary shares effected within the United States (and, in certain cases, outside the United States), paid to U.S. holders other than certain exempt recipients (such as corporations). Backup withholding may apply to such amounts if the U.S. holder fails to provide an accurate taxpayer identification number (generally on an IRS Form W-9) or is otherwise subject to backup withholding. The amount of any backup withholding from a payment to a U.S. holder will be allowed as a refund or credit against the U.S. holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS.

Individuals that own "specified foreign financial assets" with an aggregate value of more than $50 thousand (or higher threshold for some married individuals and individuals living abroad) may be required to file an information report (IRS Form 8938) with respect to such assets with their tax returns. Ordinary shares generally will constitute specified foreign financial assets subject to these reporting requirements, unless the ordinary shares are held in an account at a financial institution (which, in the case of a foreign financial account, may also be subject to reporting). Additionally, under recently finalized regulations, a domestic corporation, domestic partnership, or trust (as described in Section 7701(a)(30)(E) of the Code) which is formed or availed of for purposes of holding, directly or indirectly, specified foreign financial assets may be treated as an individual for purposes of these rules. U.S. holders should consult their own tax advisors regarding information reporting requirements relating to their ownership of ordinary shares, and the significant penalties to which they may be subject for failure to comply.

United Kingdom taxation

The following paragraphs are intended as a general guide to current U.K. tax law and HM Revenue & Customs published practice applying as at the date of this annual report (both of which are subject to change at any time, possibly with retrospective effect) relating to the holding of ordinary shares. They do not constitute legal or tax advice and do not purport to be a complete analysis of all U.K. tax considerations relating to the holding of ordinary shares. They relate only to

persons who are absolute beneficial owners of ordinary shares (and where the ordinary shares are not held through an Individual Savings Account or a Self-Invested Personal Pension) and who are resident for tax purposes in (and only in) the U.K. (except to the extent that the position of non-U.K. resident persons is expressly referred to).

These paragraphs may not relate to certain classes of holders of ordinary shares, such as (but not limited to):

- persons who are connected with the Company;
- insurance companies;
- charities;
- collective investment schemes;
- pension schemes;
- brokers or dealers in securities or persons who hold ordinary shares otherwise than as an investment;
- persons who have (or are deemed to have) acquired their ordinary shares by virtue of an office or employment or who are or have been officers or employees of the Company or any of its affiliates; and
- individuals who are subject to U.K. taxation on a remittance basis.

These paragraphs do not describe all of the circumstances in which holders of ordinary shares may benefit from an exemption or relief from U.K. taxation. It is recommended that all holders of ordinary shares obtain their own tax advice. In particular, non-U.K. resident or domiciled persons are advised to consider the potential impact of any relevant double tax agreements.

Dividends

Withholding tax

Dividends paid by the Company will not be subject to any withholding or deduction for or on account of U.K. tax, irrespective of the residence or particular circumstances of the shareholders.

Income tax

An individual holder of ordinary shares who is resident for tax purposes in the U.K. may, depending on his or her particular circumstances, be subject to U.K. tax on dividends received from the Company. An individual holder of ordinary shares who is not resident for tax purposes in the U.K. should not be chargeable to U.K. income tax on dividends received from the Company unless he or she carries on (whether solely or in partnership) any trade, profession or vocation in the U.K. through a branch or agency to which the ordinary shares are attributable (subject to certain exceptions for trading through independent agents, such as some brokers and investment managers).

A nil rate of income tax will currently apply to the first £2 thousand of dividend income received by an individual shareholder in a tax year (the "Nil Rate Amount"), regardless of what tax rate would otherwise apply to that dividend income. Any dividend income received by an individual shareholder in a tax year in excess of the Nil Rate Amount will be subject to income tax at dividend rates determined by thresholds of income, as follows:

- at the rate of 7.5%, to the extent that the relevant dividend income falls below the threshold for the higher rate of income tax;

- at the rate of 32.5%, to the extent that the relevant dividend income falls above the threshold for the higher rate of income tax but below the threshold for the additional rate of income tax; and
- at the rate of 38.1%, to the extent that the relevant dividend income falls above the threshold for the additional rate of income tax.

Dividend income that is within the dividend Nil Rate Amount counts towards an individual's basic or higher rate limits and will therefore potentially affect the level of savings allowance to which an individual is entitled, and the rate of tax that is due on any dividend income in excess of the Nil Rate Amount. In calculating into which tax band any dividend income over the nil rate falls, savings and dividend income are treated as the highest part of an individual's income. Where an individual has both savings and dividend income, the dividend income is treated as the top slice.

Corporation tax

Corporate holders of ordinary shares which are resident for tax purposes in the U.K. should not be subject to U.K. corporation tax on any dividend received from the Company so long as the dividends qualify for exemption (as is likely) and certain conditions are met (including anti-avoidance conditions).

Chargeable gains

A disposal of ordinary shares by a shareholder resident for tax purposes in the U.K. may, depending on the shareholder's circumstances and subject to any available exemptions or reliefs, give rise to a chargeable gain or an allowable loss for the purposes of U.K. capital gains tax and corporation tax on chargeable gains.

If an individual holder of ordinary shares who is subject to U.K. income tax at either the higher or the additional rate becomes liable to U.K. capital gains tax on the disposal of ordinary shares, the applicable rate will be 20%. For an individual holder of ordinary shares who is subject to U.K. income tax at the basic rate and liable to U.K. capital gains tax on such disposal, the applicable rate would be 10%, save to the extent that any capital gains exceed the unused basic rate tax band. In that case, the rate applicable to the excess would be 20%. No indexation allowance will be available to an individual holder of ordinary shares in respect of any disposal of such shares. However, the capital gains tax annual exempt amount (which is £12,000 (2019/20) for individuals (2018/19: £11,700)) may be available to exempt any chargeable gain, to the extent that the exemption has not already been utilized.

If a corporate holder of ordinary shares becomes liable to U.K. corporation tax on the disposal of ordinary shares, the main rate of U.K. corporation tax (currently 19%) would apply. An indexation allowance may be available to such a holder to give an additional deduction based on the indexation of its base cost in the shares by reference to U.K. retail price inflation over its holding period. An indexation allowance can only reduce a gain on a future disposal, and cannot create a loss.

A holder of ordinary shares which is not resident for tax purposes in the U.K. should not normally be liable to U.K. capital gains tax or corporation tax on chargeable gains on a disposal of ordinary shares. However, an individual holder of ordinary shares who has ceased to be resident for tax purposes in the U.K. for a period of less than five years and who disposes of ordinary shares during that period may be liable on his or her return to the U.K. to U.K. tax on any capital gain realized (subject to any available exemption or relief).

Stamp duty and Stamp Duty Reserve Tax ("SDRT")

The discussion below relates to holders of ordinary shares wherever resident.

Transfers of ordinary shares within a clearance service or depositary receipt system should not give rise to a liability to U.K. stamp duty or SDRT, provided that no instrument of transfer is entered into and that no election that applies to the ordinary shares is or has been made by the clearance service or depositary receipt system under Section 97A of the U.K. Finance Act 1986.

Transfers of ordinary shares within a clearance service where an election has been made by the clearance service under Section 97A of the U.K. Finance Act 1986 will generally be subject to SDRT (rather than U.K. stamp duty) at the rate of 0.5% of the amount or value of the consideration.

Transfers of ordinary shares that are held in certificated form will generally be subject to U.K. stamp duty at the rate of 0.5% of the consideration given (rounded up to the nearest £5). An exemption from U.K. stamp duty is available for a written instrument transferring an interest in ordinary shares where the amount or value of the consideration is £1,000 or less, and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000. SDRT may be payable on an agreement to transfer such ordinary shares, generally at the rate of 0.5% of the consideration given in money or money's worth under the agreement to transfer the ordinary shares. This charge to SDRT would be discharged if an instrument of transfer is executed pursuant to the agreement which gave rise to SDRT and U.K. stamp duty is duly paid on the instrument transferring the ordinary shares within six years of the date on which the agreement was made or, if the agreement was conditional, the date on which the agreement became unconditional. The stamp duty would be duly accounted for if it is paid, an appropriate relief is claimed or the instrument is otherwise certified as exempt.

If ordinary shares (or interests therein) are subsequently transferred into a clearance service or depositary receipt system, U.K. stamp duty or SDRT will generally be payable at the rate of 1.5% of the amount or value of the consideration given (rounded up in the case of U.K. stamp duty to the nearest £5) or, in certain circumstances, the value of the shares (save to the extent that an election has been made under Section 97A of the U.K. Finance Act 1986). This liability for U.K. stamp duty or SDRT will strictly be accountable by the clearance service or depositary receipt system, as the case may be, but will, in practice, generally be reimbursed by participants in the clearance service or depositary receipt system.

F. Dividends and Paying Agents.

Not applicable.

G. Statements by Experts.

Not applicable.

H. Documents on Display.

We previously filed with the SEC our registration statement on Form F-1 on March 15, 2016 with file number 333-209595.

We have filed this annual report on Form 20-F with the SEC under the U.S. Exchange Act. Statements made in this annual report as to the contents of any document referred to are not necessarily complete. With respect to each such document filed as an exhibit to this annual report, reference is made to the exhibit for a more complete description of the matter involved, and each such statement shall be deemed qualified in its entirety by such reference.

We are subject to the informational requirements of the U.S. Exchange Act and file reports and other information with the SEC.

Electronic copies of this material may be obtained from the SEC's Internet site at http://www.sec.gov. The Commission's telephone number is 1-800-SEC-0330.

As a foreign private issuer, we are exempt from the rules under the U.S. Exchange Act prescribing the furnishing and content of proxy statements and will not be required to file proxy statements with the SEC, and its officers, directors and principal shareholders will be exempt from the reporting and "short swing" profit recovery provisions contained in Section 16 of the U.S. Exchange Act.

I. Subsidiary Information.

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Ferroglobe operates in an international and cyclical industry which exposes it to a variety of financial risks such as currency risk, liquidity risk, interest rate risk, credit risk and risks relating to the price of finished goods, raw materials and power.

The Company's management model aims to minimize the potential adverse impact of such risks upon the Company's financial performance. Risk is managed by the Company's executive management, supported by the Risk Management, Treasury and Finance functions. The risk management process includes identifying and evaluating financial risks in conjunction with the Company's operations and quantifying them by project, region and subsidiary. Management provides written policies for global risk management, as well as for specific areas such as foreign currency risk, credit risk, interest rate risk, liquidity risk, the use of hedging instruments and derivatives, and investment of surplus liquidity. Ferroglobe does not speculatively enter into or trade derivatives.

Market risk

Market risk is the risk that the Company's future cash flows or the fair value of its financial instruments will fluctuate because of changes in market prices. The primary market risks to which the Company is exposed comprise foreign currency risk, interest rate risk and risks related to prices of finished goods, raw materials (principally coal and manganese ore) and power.

Foreign exchange rate risk

Ferroglobe generates sales revenue and incurs operating costs in various currencies. The prices of finished goods are to a large extent determined in international markets, primarily in U.S. Dollars and Euros. Foreign currency risk is partly mitigated by the generation of sales revenue, the purchase of raw materials and other operating costs being denominated in the same currencies. Although it has done so on occasions in the past, and may decide to do so in the future, the Company does not generally enter into foreign currency derivatives in relation to its operating cash flows.

Notes and cross currency swap

In February 2017, the Company completed a restructuring of its finances which included the issuance of $350,000 thousand 9.375% senior notes due 2022 (the "Notes") and the repayment of certain existing indebtedness denominated in a number of currencies across its subsidiaries. The Company is exposed to foreign exchange risk as the interest and principal of the Notes is payable in US dollars, whereas its operations principally generate a combination of U.S. Dollar and Euro cash flows. Following approval by the Board, the Company entered into a cross-currency interest rate swap (the "CCS") to exchange 55% of the principal and interest payments due in U.S. Dollars for principal and interest payments in Euros. Under the CCS, on a semi-annual basis the Company will receive interest of 9.375% on a notional amount of $192,500 thousand and pay interest of 8.062% on a notional amount of €176,638 thousand and it will exchange these Euro and U.S. Dollar notional amounts at maturity of the Notes in *2022*. The timing of payments of interest and principal under the CCS coincide exactly with those of the Notes. In March, 2020, the Company closed out the cross currency swap resulting in the receipt of cash proceeds of $3,608 thousand. The fair value of the CCS at December 31, 2020 was $ nil thousand (2019: $9,600 thousand).

The Parent Company, which has a Euro functional currency, designated $150,000 thousand of the notional amount of the CCS as a cash flow hedge of the variability of the Euro functional currency equivalents of the future US dollar cash flows of $150,000 thousand of the principal amount of the Notes. The remaining $42,500 thousand of the notional amount of the CCS was not designated as a cash flow hedge before closed out and was accounted for at fair value through profit or loss, resulting in a gain of $3,164 thousand for the year ended December 31, 2020, which is recorded in financial derivative gain in the consolidated income statement (2019: $2,736 thousand).

Interest rate risk

Ferroglobe is exposed to interest rate risk in respect of its financial liabilities that bear interest at floating rates. These primarily comprise credit facilities and lease commitments for lease agreements following IFRS 16 implementation.

At December 31, the Company's interest-bearing financial liabilities were as follows:

	2020		
	Fixed rate	**Floating rate**	**Total**
	US$'000	**US$'000**	**US$'000**
Bank borrowings	—	107,607	107,607
Lease liabilities	—	22,536	22,536
Debt instruments	357,508	—	357,508
Other financial liabilities (*)	63,896	—	63,896
	421,404	**130,143**	**551,547**

(*) Other financial liabilities comprise loans from government agencies and exclude derivative financial instruments.

	2019		
	Fixed rate	**Floating rate**	**Total**
	US$'000	**US$'000**	**US$'000**
Bank borrowings	—	158,999	158,999
Obligations under finance leases	—	25,872	25,872
Debt instruments	354,951	—	354,951
Other financial liabilities (*)	56,939	—	56,939
	411,890	**184,871**	**596,761**

(*) Other financial liabilities comprise loans from government agencies and exclude derivative financial instruments.

The Company's finance leases related to its Spanish hydroelectrical installations beared interest at a floating rate tied to EURIBOR. In May 2012, the Company entered into interest rate swaps to fix the interest payable in respect of these lease obligations, Spanish hydroelectrical assets have been sold at August 30, 2019, the lease and its interest rate swap was paid totally by Ferroglobe before the sale of the business. During the year ended December 31, 2020 and 2019, the Company did not enter into any interest rate derivatives in relation to its interest bearing credit facilities. The market value of the Company's interest rate swap derivatives at December 31, 2019 was nil.

At December 31, 2020, an increase of 1% in interest rates would have given rise to additional borrowing costs of $1,064 thousand (2019: $2,232 thousand).

Credit risk

Credit risk refers to the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss. The Company's main credit risk exposure relates to the following financial assets:

- trade and other receivables; and

- loans and receivables (other financial assets) arising from the Company's accounts receivable securitization program.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. The Company has established policies, procedures and controls relating to customer credit risk management. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, the Company insures its trade receivables with reputable credit insurance companies.

Since August 2017, the Company has sold substantially all of the trade receivables generated by its subsidiaries in the U.S., Canada, Spain and France to an accounts receivable securitization program. This has enabled it to monetize these assets earlier and significantly reduce working capital. On October 11, 2019, the Company's subsidiaries in the United States and Canada repurchased all outstanding receivables that had they had previously sold to the SPE so that they could form part of the borrowing base for the North American asset-based revolving credit facility (the "ABL Revolver").

Liquidity risk

The purpose of the Company's liquidity and financing policy is to ensure that the Company keeps sufficient funds available to meet its financial obligations as they fall due. The Company's main sources of financing are as follows:

- $350,000 thousand aggregate principal amount of 9.375% senior unsecured notes due March 1, 2022 (the "Notes"). The proceeds from the Notes, issued by Ferroglobe and Globe (together, the "Issuers") on February 15, 2017, were primarily used to repay certain existing indebtedness of the Parent Company and its subsidiaries. Interest is payable semi-annually on March 1 and September 1 of each year. If Ferroglobe experiences a change of control, the Company is required to offer to redeem the Notes at 101% of their principal amount (further information below).

- $100,000 North-American asset-based, revolving credit facility (the "ABL Revolver"). Loans under the ABL Revolver may be borrowed, repaid and reborrowed at any time until the facility's expiration date. The legal final maturity date of the ABL Revolver is October 11, 2024. The terms of the facility provide a spring forward provision which requires the ABL Revolver to be repaid on the date which is three months prior to the maturity date of the Company's senior Notes (March 1, 2022), which would currently imply a facility repayment date of December 1, 2021. At December 31, 2020 $31,155 thousand was utilized.

On March 16, 2021, the Company has repaid in its entirety the remaining balance of the ABL, cancelling its obligations derived from the contract. See *Note 30* Events after the reporting period.

The Indenture governing the Notes includes change of control provisions that would require the Company to offer to redeem the outstanding senior Notes at a purchase price in cash equal to 101% of the principal amount of the Notes, plus any accrued and unpaid interest in the event of a change of control. A change in control is defined in the Indenture as the occurrence of any of the following:

1. If the Company becomes aware, that any person or group, other than one of the Permitted Holders (which is defined as Grupo Villar Mir (GVM), Alan Kestenbaum or members of senior management) or affiliates of those Permitted Holders, directly or indirectly controls 35% or more of the Company's voting stock and the aggregate voting stock of the Permitted Holders is the same or a lesser percentage;
2. If the Company sells or otherwise disposes of all or substantially all of its assets;
3. If the Company ceases to hold directly or indirectly 100% of the capital stock of Globe; or
4. If the shareholders or the Company or the U.S. subsidiary approve the liquidation or dissolution of either the Company or Globe.

Our principal shareholder, Grupo VM, owns shares representing approximately 54% of the aggregate voting power of our capital stock. By virtue of Grupo VM's voting power, as well as Grupo VM's representation on the Board, Grupo VM will have significant influence over the outcome of any corporate transaction or other matters submitted to our shareholders for approval. Grupo VM will be able to block any such matter, including ordinary resolutions, which, under English law,

require approval by a majority of outstanding shares cast in the vote. Grupo VM will also be able to block special resolutions, which, under English law, require approval by the holders of at least 75% of the outstanding shares entitled to vote and voting on the resolution, such as an amendment of the Articles or the exclusion of preemptive rights. Our principal shareholder has, and will continue to have, directly or indirectly, the power, among other things, to affect our legal and capital structure and our day-to-day operations, as well as the ability to elect and change our management and to approve other changes to our operations.

Management has evaluated the potential impact from the coronavirus outbreak on the Company results of operations and liquidity finding difficult to develop a reliable estimate of the potential impact on the results of operations and cash flow at this time, but the downside scenario analysis supports an expectation that the Company will have cash headroom to continue to operate throughout the following twelve months (see *Note* 3).

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES.

A. Debt Securities.

Not applicable.

B. Warrants and Rights.

Not applicable.

C. Other Securities.

Not applicable.

D. American Depositary Shares.

Not applicable.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES.

None of these events occurred in any of the years ended December 31, 2020, 2019 and 2018.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS.

Not applicable.

ITEM 15. CONTROLS AND PROCEDURES.

A. Evaluation of disclosure controls and procedures

We maintain disclosure controls and procedures, as defined in Rules 13a 15(e) and 15d 15(e) of the U.S. Exchange Act, that are designed to ensure that information required to be disclosed by the Company in reports that we file or submit under the U.S. Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and (ii) accumulated and communicated to our management, including our principal executive officer (Chief Executive Officer) and principal financial officer (Chief Financial Officer), as appropriate, to allow timely decisions regarding required disclosure. Disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

Our management, under the supervision and participation of our Chief Executive Officer and Chief Financial Officer have conducted an evaluation of the effectiveness of our disclosure controls and procedures as of the end of December 31, 2020. Based on that evaluation, they have concluded that, as of the end of the period covered by this annual report, our disclosure controls and procedures were not effective due to the existence of material weaknesses, as described below under “Management’s annual report on internal control over financial reporting.”

Notwithstanding the conclusion by the Chief Executive Officer and Chief Financial Officer that our disclosure controls and procedures as of the period covered by this annual report were ineffective, and notwithstanding the material weaknesses in our internal control over financial reporting described below, management has concluded that the consolidated financial statements included in this annual report fairly present in all material respects our financial position, results of operations and cash flows as of the dates presented and for the periods ended on such dates.

B. Management’s annual report on internal control over financial reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) of the U.S. Exchange Act. Our internal control over financial reporting is designed by management to provide reasonable assurance regarding the reliability of financial reporting and the preparation and fair presentation of our consolidated financial statements.

An effective internal control system, no matter how well designed, has inherent limitations, including the possibility of human error or overriding of controls, and therefore can provide only reasonable assurance with respect to reliable financial reporting. Because of its inherent limitations, our internal control over financial reporting may not prevent or detect all misstatements, including the possibility of human error, the circumvention or overriding of controls, or fraud. Effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements.
Under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, management conducted an assessment of the effectiveness of our internal control over financial reporting as of the end of the period covered by this annual report based on criteria established in the Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”). Based on those criteria,

management concluded that, as of the end of the period covered by this annual report, our internal control over financial reporting was not effective due to the existence of the material weaknesses described below.

Material weaknesses in internal control over financial reporting

A material weakness is a control deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of annual or interim financial statements will not be prevented or detected on a timely basis.

- *Control environment*

We did not maintain an effective control environment to enable the identification and mitigation of risk of the existence of potential material accounting errors. We have identified deficiencies in the principles associated with the control environment component of the COSO framework. Specifically, these control deficiencies constitute material weaknesses, either individually or in the aggregate, relating to the following principles: (i) our commitment to attract, develop, and retain competent individuals in alignment with objectives, and (ii) holding individuals accountable for their internal control related responsibilities in the pursuit of objectives.

The deficiencies identified are related to the oversight processes and procedures that guide individuals in applying internal control over financial reporting, the object of which is to prevent or detect material accounting errors. Additionally, Management determined the control environment at one subsidiary Ferroglobe Manganèse France in Dunkirk, where management did not have clear accountability for the internal control over financial reporting, as a result timely implementation of the corrective actions did not occur.
This material weakness in the control environment contributed to material weaknesses in the following components of the COSO framework.

- *Information and Communication*

We have identified deficiencies in the principle associated with the information and communication component of the COSO framework. Specifically, these control deficiencies constitute a material weakness in the aggregate, relating to the principle of obtaining, generating, and using relevant quality information used in our business process and related control activities, as described below, which supports the function of internal control.

- *Control Activities*

We did not design and implement effective control activities based on the criteria established in the COSO framework. We have identified deficiencies in the principles associated with the control activities component of the COSO framework. Specifically, these control deficiencies constitute a material weakness in the aggregate, relating to the following principles: (i) selecting and developing control activities that contribute to the mitigation of risks to acceptable levels and (ii) deploys control activities through policies that establish what is expected and procedures that put policies into action.
We have identified a significant number of deficiencies in the operating effectiveness of our internal controls which constitute a material weakness, either individually or in the aggregate, including:

● Controls over the oversight of the financial closing and reporting process, which did not operate effectively due to limited resources within our accounting and reporting team.
● Controls over the assumptions and inputs used in our impairment evaluation of long-lived assets.

C. Attestation report of the registered public accounting firm

The report of Deloitte, S.L., our Independent Registered Public Accounting Firm, on our internal control over financial reporting is included herein.

D. Remediation of material weaknesses in internal control over financial reporting for 2020

Management has begun the process of designing corrective actions to remediate the identified material weaknesses. Implementation will require a substantial effort throughout 2021, and we will test the design and ongoing operating effectiveness of the new and existing controls in future periods.

We plan to implement the following steps to remediate the material weaknesses described above:

- Hire additional personnel with the appropriate experience, certifications, education and training to perform key financial reporting and accounting positions, including key personnel in one subsidiary Ferroglobe Manganèse France in Dunkirk where internal control deficiencies were identified.
- Enhance communications and trainings provided to employees regarding the importance of adhering to control procedures and maintaining proper documentation, including training control owners regarding internal control processes to mitigate identified risks and to maintain adequate documentation to evidence the effective design and operation of key processes and controls.
- Implement additional internal controls over the financial reporting process, impairment evaluation of long-lived assets and relevant information used to support the system of internal control.

We believe these actions will be sufficient to remediate the identified material weaknesses and strengthen our internal control over financial reporting; however, there can be no guarantee that such remediation will be sufficient. We will continue to monitor the effectiveness of our controls and will make any further changes management determines appropriate.

Management plans to implement these process improvements and internal controls in 2021. These process improvements and internal controls will be implemented in 2021 and subjected to the Company's annual evaluation and assessment of internal control over financial reporting. We cannot consider the material weaknesses remediated until the controls described above have operated for a sufficient period of time. We will evaluate the results of our control assessments to determine whether these controls are operating effectively and whether the material weaknesses above have been remediated as of December 31, 2021.

E. Changes in internal control over financial reporting

Except for the material weaknesses identified above, there were no changes in our internal control over financial reporting during the year ended December 31, 2020, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16. [RESERVED]

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT.

See "Item 6.C.—Directors, Senior Management and Employees—Board Practices—Committees of board of directors—Audit Committee." Our Board of Directors has determined that Mr. Bruce Crockett qualifies as an "audit committee financial expert" under applicable SEC rules.

ITEM 16B. CODE OF ETHICS.

Our Board of Directors has adopted a Code of Conduct for our employees, officers and directors to govern their relations with current and potential customers, fellow employees, competitors, government and regulatory agencies, the media, and anyone else with whom Ferroglobe PLC has contact. Our Code of Conduct is publicly available on our website at www.ferroglobe.com.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

The following table provides information on the aggregate fees billed by our principal accountant Deloitte or by other firms, to Ferroglobe PLC and subsidiaries, classified by type of service rendered for the periods indicated, in thousands of U.S. Dollars:

($ thousands)	2020	2019
Audit Fees	4,810	5,206
Audit-Related Fees	38	11
Tax Fees	3	29
Total	**4,851**	**5,246**

Audit Fees are the aggregate fees billed for professional services in connection with the audit of our consolidated annual financial statements and statutory audits of our subsidiaries' financial statements under the rules in which our subsidiaries are organized. Also included are quarterly limited reviews, audits of non-recurring transactions, consents and any audit services required for SEC or other regulatory filings.

Audit-Related Fees are fees charged for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements, and are not restricted to those that can only be provided by the auditor signing the audit report. This category comprises fees billed for comfort letters and agreed upon procedures for grants and other financial compliance.

Tax Fees are fees billed for tax compliance, tax review and tax advice on actual or contemplated transactions.

All Other Fees comprises fees billed in relation to financial advisory services and other services not accounted for under other categories.

Audit Committee's policy on pre-approval of audit and permissible non-audit services of the independent auditor

Subject to shareholder approval of the independent auditor, the Audit Committee has the sole authority to appoint, retain or replace the independent auditor. The Audit Committee is also directly responsible for the compensation and oversight of the work of the independent auditor. These policies generally provide that we will not engage our independent auditors to render audit or non-audit services unless the service is specifically approved in advance by the Audit Committee. The Audit Committee's pre-approval policy, which covers audit and non-audit services provided to us or to any of our subsidiaries, is as follows:

- The Audit Committee shall review and approve in advance the annual plan and scope of work of the independent external auditor, including staffing of the audit, and shall (i) review with the independent external auditor any audit-related concerns and management's response and (ii) confirm that any examination is performed in accordance with the relevant accounting standards.

- The Audit Committee shall pre-approve all audit services and all permitted non-audit services (including the fees and terms thereof) to be performed for us by the independent auditors, to the extent required by law. The Audit Committee may delegate to one or more Committee members the authority to grant pre-approvals for audit and permitted non-audit services to be performed for us by the independent auditor, provided that decisions of such members to grant pre-approvals shall be presented to the full Audit Committee at its next regularly scheduled meeting.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES.

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS.

Not applicable.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT.

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE.

As a "foreign private issuer," as defined by the SEC, although we are permitted to follow certain corporate governance practices of England and Wales, instead of those otherwise required under NASDAQ rules for domestic issuers, we intend to follow the NASDAQ corporate governance rules applicable to foreign private issuers. While we voluntarily follow most NASDAQ corporate governance rules, we intend to take advantage of the following limited exemptions:

- Exemption from filing quarterly reports on Form 10-Q or providing current reports on Form 8-K disclosing significant events within four days of their occurrence;

- Exemption from Section 16 rules regarding sales of ordinary shares by insiders, which will provide less data in this regard than shareholders of U.S. companies that are subject to the U.S. Exchange Act;

- Exemption from the NASDAQ rules applicable to domestic issuers requiring disclosure within four business days of any determination to grant a waiver of the code of business conduct and ethics to directors and officers. Although we will require board approval of any such waiver, we may choose not to disclose the waiver in the manner set forth in the NASDAQ rules, as permitted by the foreign private issuer exemption;

- Exemption from the requirement that our Board have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities. Currently, our Compensation Committee is composed entirely of independent directors, but we are not certain at this time that we would not take advantage of this exception in the future; and

- Exemption from the requirements that director nominees are selected, or recommended for selection by our Board, either by (1) independent directors constituting a majority of our Board's independent directors in a vote in which only independent directors participate, or (2) a nominations committee composed solely of independent directors, and that a formal written charter or board resolution, as applicable, addressing the nominations process is adopted.

Furthermore, NASDAQ Rule 5615(a)(3) provides that a foreign private issuer, such as us, may rely on home country corporate governance practices in lieu of certain of the rules in the NASDAQ Rule 5600 Series and Rule 5250(d), provided that we nevertheless comply with NASDAQ's Notification of Noncompliance requirement (Rule 5625), the Voting Rights requirement (Rule 5640) and that we have an audit committee that satisfies Rule 5605(c)(3), consisting of committee members that meet the independence requirements of Rule 5605(c)(2)(A)(ii). Although we are permitted to follow certain corporate governance rules that conform to England and Wales requirements in lieu of many of the NASDAQ corporate governance rules, we intend to comply with the NASDAQ corporate governance rules applicable to foreign private issuers. Accordingly, our shareholders will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of NASDAQ. We may utilize these exemptions for as long as we continue to qualify as a "controlled company" and foreign private issuer.

For additional information see "Item 6.C.—Directors, Senior Management and Employees—Board Practices."

ITEM 16H. MINE SAFETY DISCLOSURE

The information concerning mine safety violations and other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act is included in Exhibit 16.1 to this annual report.

PART III

ITEM 17. FINANCIAL STATEMENTS.

We have elected to provide financial statements pursuant to Item 18.

ITEM 18. FINANCIAL STATEMENTS.

Our Consolidated Financial Statements are included at the end of this annual report.

ITEM 19. EXHIBITS.

Exhibit No.	Exhibit Description
1.1	Articles of Association of Ferroglobe PLC, dated as of October 26, 2017 (incorporated by reference to Exhibit 1.1 to the annual report on Form 20-F filed by the Company on April 30, 2018)
2.1	Description of securities (filed herewith to exhibit 2.1 to the annual report on Form 20-F filed by the Company on April 30, 2021)
3.1	Amended and Restated Shareholder Agreement, dated as of November 21, 2017, between Grupo VM and Ferroglobe (incorporated by reference to Exhibit 3.1 to the annual report on Form 20-F filed by the Company on April 30, 2018)
3.2	Amendment No. 1, dated January 23, 2018, to the Grupo VM Shareholder Agreement, between Grupo VM and Ferroglobe (incorporated by reference to Exhibit 3.2 to the annual report on Form 20-F filed by the Company on April 30, 2018)
4.1	Credit and Security Agreement dated October 11, 2019 among, *inter alia*, PNC Bank, NA, Globe Specialty Metals, Inc. and QSIP Canada ULC (filed herewith to exhibit 4.4 to the annual report on Form 20-F filed by the Company on May 29, 2020)
4.2	Indenture governing the $350,000,000 aggregate principal amount of 9.375% senior unsecured due 2022, dated as of February 15, 2017, among Ferroglobe PLC and Globe Specialty Metals, Inc., as Issuers, the Guarantors party thereto and Wilmington Trust, National Association, as Trustee, Registrar, Transfer Agent and Paying Agent (incorporated by reference to Exhibit 4.35 to the annual report on Form 20-F filed by the Company on May 1, 2017)
4.3†	Service Agreement, dated June 21, 2016, between Ferroglobe and Javier López Madrid (incorporated by reference to Exhibit 4.10 to the annual report on Form 20-F filed by the Company on May 1, 2017)
4.4†	Amendment, dated February 7, 2017, to the Service Agreement, dated June 21, 2016, between Ferroglobe and Javier López Madrid (incorporated by reference to Exhibit 4.11 to the annual report on Form 20-F filed by the Company on May 1, 2017)
4.5†	2016 Equity Incentive Plan (incorporated by reference to Exhibit 4.14 to the annual report on Form 20-F filed by the Company on April 30, 2018)
4.6	Lease Agreement, dated as of August 9, 2007, between Torre Espacio Castellana S.A and FerroAtlántica S.L.U. (incorporated by reference to Exhibit 10.26 to Amendment No. 1 to the Registration Statement on Form F-4 filed by Ferroglobe (formerly known as VeloNewco Limited) with the SEC on June 24, 2015)

Exhibit No.	Exhibit Description
4.7	Lease Agreement, dated as of April 2, 2012, between Torre Espacio Castellana S.A and FerroAtlántica S.L.U. (incorporated by reference to Exhibit 10.27 to Amendment No. 1 to the Registration Statement on Form F-4 filed by Ferroglobe (formerly known as VeloNewco Limited) with the SEC on June 24, 2015)
4.8	Lease Agreement, dated as of October 1, 2019, between Torre Espacio Gestión, S.L., and Grupo Ferroatlántica de Servicios, S.L.U. (filed herewith to exhibit 4.9 to the annual report on Form 20-F filed by the Company on May 29, 2020)
4.9	Registration Rights Agreement, dated as of December 23, 2015, among Ferroglobe, Grupo VM and Alan Kestenbaum (incorporated by reference to Exhibit 10.27 to the registration statement on Form F-1 filed by the Company on February 18, 2016)
4.10	New Debt Backstop Letter Agreement, dated as of March 27, 2021, among Ferroglobe PLC, Grupo Villar Mir, S.A.U., Tyrus Capital and the Ad Hoc Group Members (filed herewith as exhibit 4.10 to the annual report on Form 20-F filed by the Company on April 30, 2021)
4.11	New Equity Backstop Letter Agreement, dated as of March 27, 2021, among Ferroglobe PLC, Grupo Villar Mir, S.A.U., Tyrus Capital and the Ad Hoc Group Members (filed herewith as exhibit 4.11 to the annual report on Form 20-F filed by the Company on April 30, 2021)
4.12	Lock-Up Agreement, dated as of March 27, 2021, among Grupo Villar Mir, S.A.U, The Tyrus Backstop Provider, The Thyrus Pledgee, Ferroglobe PLC, Globe Specialty Metals, Inc., The Guarantors and The Consenting Noteholders (filed herewith as exhibit 4.12 to the annual report on Form 20-F filed by the Company on April 30, 2021)
8.1	List of Significant Subsidiaries
12.1	Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12.2	Certification of the Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1	Certification of the Principal Executive Officers and Principal Financial Officer Pursuant to 18 U.S.C. 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1	Consent of Deloitte, S.L., Independent Registered Public Accounting Firm for Ferroglobe PLC
16.1	Mine Safety and Health Administration Safety Data
101	Interactive Data Files formatted in XBRL (Extensible Business Reporting Language)

† Management contract or compensatory plan or arrangement

SIGNATURE

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Date: April 30, 2021

Ferroglobe PLC
(Registrant)

By: /s/ Marco Levi
Marco Levi
Principal Executive Officer

By: /s/ Beatriz García-Cos
Beatriz García-Cos
Principal Accounting Officer

FERROGLOBE PLC

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Financial Statements as of December 31, 2020 and 2019 and for each of the three years ended December 31, 2020, 2019 and 2018

Report of Independent Registered Public Accounting Firm on Consolidated Financial Statements as of December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020, 2019 and 2018	F-4
Report of Independent Registered Public Accounting Firm on Internal Control over Financial Reporting as of December 31, 2020	F-4
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Ferroglobe PLC

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of Ferroglobe PLC and subsidiaries (the "Company") as of December 31, 2020 and 2019, and the related consolidated income statements, the consolidated statements of comprehensive income (loss), the consolidated statements of changes in equity, and the consolidated statements of cash flows for each of the three years in the period ended December 31, 2020 and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS-IASB”).

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated April 30, 2021, expressed an adverse opinion on the Company's internal control over financial reporting because of material weaknesses.

Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 3, to the consolidated financial statements, management acknowledges that certain events and conditions relating to the uncertainty over the completion of the restructuring of the Senior Notes, the potential repayment of the outstanding balance of the Senior Notes should a change of control occur, and the difficulties in forecasting net cash flows in the current economic conditions because of the Covid-19 pandemic, together in aggregate give rise to a material uncertainty that raise substantial doubt about on its ability to continue as a going concern. Management’s plans about these matters are also described in Note 3. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Impairment of goodwill and property, plant and equipment — Refer to Notes 4.4, 7 and 9 to the financial statements

Critical Audit Matter Description

As described in Notes 4.4, 7 and 9 to the financial statements, the Company’s evaluation of goodwill and property, plant and equipment, for impairment involves the comparison of their carrying amounts with their recoverable amount at the end of the reporting period, or more frequently if there are indicators that the assets might have become impaired. The recoverable amount is the higher of the fair

value and the value in use. If the asset itself does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount for the asset's cash-generating unit ("CGU"). The value in use is developed as the present value of the future cash flows that are expected to be derived from continuing use of the asset and from its ultimate disposal at the end of its useful life, discounted at a rate which reflects the time value of money and the risks specific to the business to which the asset belongs. The assets involved in this analysis are Canada, most of the European and the US business and certain assets in South Africa. The estimation of the recoverable value of individual CGUs requires significant judgment in developing and applying key underlying assumptions concerning future market conditions, trading performance (sale prices, volumes, cost structure and capital expenditure or "capex"), as well as application of an appropriate discount rates (weighted average cost of capital or "WACC") and other factors (such as long-term growth rate). These inputs are estimated based on management's business plans, which are subject to change as business conditions change, and therefore, could affect the fair values in the future. As of December 31, 2020, the book value of the above-mentioned CGUs was $584,493 thousand, including goodwill and property, plant and equipment. The US CGU is the only CGU with a carrying value attributable to goodwill of $29,702 thousand. As mentioned in Notes 7 and 9, during the year ended December 31, 2020 no impairment has been recorded related to the goodwill and property, plant and equipment subject to the impairment test considering the value in use.

We identified impairment of goodwill and property, plant and equipment as a critical audit matter because of the significant judgments involved in the assessment. A high degree of auditor judgment and an increased extent of audit effort, including the involvement of appropriate specialist support, was required to consider management's estimates and assumptions related to forecast of future cash flows, discount rates (WACC) and other factors (such as long-term growth rate).

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to management's estimates and assumptions in developing future cash flows (mainly sale prices, volumes, cost structure and capex), discount rates (WACC) and other factors (such as long-term growth rates) included the following, among others:

- We assessed the design and tested the operating effectiveness of relevant controls over the development of the impairment assessment of long-lived assets. As a result of the Company's material weaknesses identified by the Company in three components of Internal Control – Integrated Framework (2013) issued by COSO, we increased the nature and extent of our audit procedures over the assumptions used in the assessment;
- We considered the accuracy of past forecasts developed by management to aid assessment of the reliability of the forecasting process;
- We considered key assumptions applied in the development of the discounted future cash flows, including their consistency with the forecasts used in the assessment of the carrying value of the individual CGUs, as discussed above. We confirmed the cash flow forecasts were consistent with the most recent forecasts approved by the Board of Directors;
- We discussed and challenged management on key assumptions underlying the forecast including evaluation of management's forecasts by reference to prior year and 2021 year to date results, current order book, comparison with the approved budget and changes in the regulatory environment;
- We evaluated the volumes and prices projected for the period 2022-2025 using independent sources of information (such as analyst and industry reports or prices reports, when available) and considered information that could be potentially contradictory to management's forecasts;
- With the assistance of our fair value specialists, we evaluated the discount rates (WACC), the long-term growth rate and the underlying source information. Our fair value specialists also assisted in testing the mathematical accuracy of the calculations and developing a range of independent estimates and comparing those to management's discount rates.
- We have evaluated the sensitivity analysis disclosed by the Company over the US CGU by comparing the results of the impairment test with significant changes and modifications to the underlying inputs such as the net cash flows, the discount rates (WACC) and the long-term growth rate.

/s/ Deloitte, S.L.

Madrid, Spain

April 30, 2021

We have served as the Company's auditor since 1992.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Ferroglobe PLC

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Ferroglobe PLC and subsidiaries (the “Company”) as of December 31, 2020, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, because of the effect of the material weaknesses identified below on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2020, of the Company and our report dated April 30, 2021, expressed an unqualified opinion on those financial statements and included an explanatory paragraph regarding the substantial doubt about the ability of the Company to continue as a going concern.

Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s annual report on internal control over financial reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Material Weaknesses

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company’s annual or interim financial statements will not be prevented or detected on a timely basis. The following material weaknesses have been identified and included in management's assessment:

Control Environment: The Company identified deficiencies in the principles associated with the control environment component of the COSO framework. Specifically, these control deficiencies constitute material weaknesses, either individually or in the aggregate, relating to the following principles: (i) the organization demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives, and (ii) the organization holds individuals accountable for their internal control related responsibilities in the pursuit of objectives.

The Company identified deficiencies related to oversight processes and procedures that guide individuals in applying internal control over financial reporting, which were not adequate in preventing or detecting material accounting errors in certain instances, including

recording improper accounting entries. Management determined the control environment at one subsidiary did not have a clear accountability for the internal control over financial reporting, as a result timely implementation of the corrective actions did not occur.

This material weakness in the control environment contributed to material weaknesses in the following components of the COSO framework.

Information and Communication: The Company identified deficiencies in the principles associated with the information and communication component of the COSO framework. Specifically, these control deficiencies constitute a material weakness in the aggregate, relating to the principle of obtaining, generating, and using relevant quality information to support the function of internal control.

Control Activities: The Company identified deficiencies in the principles associated with the control activities component of the COSO framework. Specifically, these control deficiencies constitute material weakness, either individually or in the aggregate, relating to the following principles: (i) the organization selects and develops control activities that contribute to the mitigation of risks to acceptable levels and (ii) the organization deploys control activities through policies that establish what is expected and procedures that put policies into action.

The COSO component material weaknesses described above contributed to the following material weaknesses within the Company's system of internal control over financial reporting at the control activity level.

- The Company did not operate effectively controls over the oversight of the financial closing and reporting process, due to limited resources within its accounting and reporting team.
- The Company did not design controls over the assumptions and inputs used in the impairment evaluation of long-lived assets.

These material weaknesses were considered in determining the nature, timing, and extent of audit tests applied in our audit of consolidated financial statements as of and for the year ended December 31, 2020, of the Company, and this report does not affect our report on such consolidated financial statements.

/s/ Deloitte, S.L.
Madrid, Spain
April 30, 2021

FERROGLOBE PLC AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2020 AND 2019

Thousands of U.S. Dollars

	Notes	2020 US$'000	2019 US$'000
	ASSETS		
Non-current assets			
Goodwill	Note 7	29,702	29,702
Other intangible assets	Note 8	20,756	51,267
Property, plant and equipment	Note 9	620,034	740,906
Other non-current financial assets	Note 10	5,057	2,618
Deferred tax assets	Note 22	—	59,551
Non-current receivables from related parties	Note 23	2,454	2,247
Other non-current assets	Note 12	11,904	1,597
Non-current restricted cash and cash equivalents	Note 10	—	28,323
Total non-current assets		**689,907**	**916,211**
Current assets			
Inventories	Note 11	246,549	354,121
Trade and other receivables	Note 10	242,262	309,064
Current receivables from related parties	Note 23	3,076	2,955
Current income tax assets	Note 22	12,072	27,930
Other current financial assets	Note 10	1,008	5,544
Other current assets	Note 12	20,714	23,676
Current restricted cash and cash equivalents	Note 10	28,843	—
Cash and cash equivalents	Note 10	102,714	94,852
Total current assets		**657,238**	**818,142**
Total assets		**1,347,145**	**1,734,353**
	EQUITY AND LIABILITIES		
Equity			
Share capital		1,784	1,784
Reserves		696,774	975,358
Translation differences		(206,759)	(210,152)
Valuation adjustments		5,755	(2,169)
Result attributable to the Parent		(246,339)	(280,601)
Non-controlling interests		114,504	118,077
Total equity	Note 13	**365,719**	**602,297**
Non-current liabilities			
Deferred income		620	1,253
Provisions	Note 15	108,487	84,852
Bank borrowings	Note 16	5,277	144,388
Lease liabilities	Note 17	13,994	16,972
Debt instruments	Note 18	346,620	344,014
Other financial liabilities	Note 19	29,094	43,157
Other non-current liabilities	Note 21	16,767	25,906
Deferred tax liabilities	Note 22	27,781	74,057
Total non-current liabilities		**548,640**	**734,599**
Current liabilities			
Provisions	Note 15	55,296	46,091
Bank borrowings	Note 16	102,330	14,611
Lease liabilities	Note 17	8,542	8,900
Debt instruments	Note 18	10,888	10,937
Other financial liabilities	Note 19	34,802	23,382
Payables to related parties	Note 23	3,196	4,830
Trade and other payables	Note 20	149,201	189,229
Current income tax liabilities	Note 22	2,538	3,048
Other current liabilities	Note 21	65,993	96,429
Total current liabilities		**432,786**	**397,457**
Total equity and liabilities		**1,347,145**	**1,734,353**

Notes 1 to 30 are an integral part of the consolidated financial statements

FERROGLOBE PLC AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT FOR 2020, 2019 AND 2018
Thousands of U.S. Dollars

	Notes	2020 US$'000	2019 US$'000	2018 (*) US$'000
Sales	Note 25.1	1,144,434	1,615,222	2,242,002
Cost of sales		(835,486)	(1,214,397)	(1,446,677)
Other operating income		33,627	54,213	45,844
Staff costs	Note 25.2	(214,782)	(285,029)	(338,862)
Other operating expense		(132,059)	(225,705)	(277,560)
Depreciation and amortization charges, operating allowances and write-downs	Note 25.3	(108,189)	(120,194)	(113,837)
Impairment losses	Note 25.5	(73,344)	(175,899)	(58,919)
Net (loss) gain due to changes in the value of assets	Note 25.5	158	(1,574)	(7,623)
(Loss) gain on disposal of non-current assets	Note 25.6	1,292	(2,223)	14,564
Bargain purchase gain	Note 5	—	—	40,142
Other losses		(1)	—	—
Operating (loss) profit		**(184,350)**	**(355,586)**	**99,074**
Finance income	Note 25.4	177	1,380	4,858
Finance costs	Note 25.4	(66,968)	(63,225)	(57,066)
Financial derivative gain (loss)	Note 19	3,168	2,729	2,838
Exchange differences		25,553	2,884	(14,136)
(Loss) profit before tax		**(222,420)**	**(411,818)**	**35,568**
Income tax benefit (expense)	Note 22	(21,939)	41,541	(20,459)
(Loss) profit for the year from continuing operations		**(244,359)**	**(370,277)**	**15,109**
(Loss) profit for the year from discontinued operations	Note 29	(5,399)	84,637	9,464
(Loss) profit for the year		**(249,758)**	**(285,640)**	**24,573**
Loss attributable to non-controlling interests	Note 13	3,419	5,039	19,088
(Loss) profit attributable to the Parent		**(246,339)**	**(280,601)**	**43,661**

Earnings per share

		2020	2019	2018 (*)
(Loss) profit attributable to the Parent (US$'000)		(246,339)	(280,601)	43,661
Weighted average basic shares outstanding		169,269,281	169,152,905	171,406,272
Basic (loss) earnings per ordinary share (US$)	Note 14	**(1.46)**	**(1.66)**	**0.25**
Weighted average basic shares outstanding		169,269,281	169,152,905	171,406,272
Effect of dilutive securities		—	—	123,340
Weighted average dilutive shares outstanding		169,269,281	169,152,905	171,529,612
Diluted (loss) earnings per ordinary share (US$)	Note 14	**(1.46)**	**(1.66)**	**0.25**

(*) The amounts for prior periods have been restated to reclassify the results of the Company´s Spanish hydroelectric assets within profit (loss) from discontinued operations (see *Note* 29).

Notes 1 to 30 are an integral part of the consolidated financial statements

FERROGLOBE PLC AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS) FOR 2020, 2019 AND 2018
Thousands of U.S. Dollars

	2020 US$'000	2019 US$'000	2018 (*) US$'000
Net (loss) profit	**(249,758)**	**(285,640)**	**24,573**
Items that will not be reclassified subsequently to income or loss:			
Defined benefit obligation	3,630	(1,859)	3,568
Tax effect	(45)	—	(296)
Total income and expense that will not be reclassified subsequently to income or los	**3,585**	**(1,859)**	**3,272**
Items that may be reclassified subsequently to income or loss:			
Arising from cash flow hedges	(3,752)	9,663	10,006
Translation differences	3,239	(8,698)	(45,435)
Tax effect	—	—	—
Total income and expense that may be reclassified subsequently to income or loss	**(513)**	**965**	**(35,429)**
Items that have been reclassified to income or loss in the period:			
Arising from cash flow hedges	8,091	2,390	(7,228)
Tax effect	—	(805)	(190)
Total transfers to income or loss	**8,091**	**1,585**	**(7,418)**
Other comprehensive income (loss) for the year, net of income tax	**11,163**	**691**	**(39,575)**
Total comprehensive (loss) income for the year	**(238,595)**	**(284,949)**	**(15,002)**
Attributable to the Parent	(235,022)	(281,097)	4,976
Attributable to non-controlling interests	(3,573)	(3,852)	(19,978)

(*) The amounts for prior periods have been restated to reclassify the results of the Company´s Spanish hydroelectric assets within profit (loss) from discontinued operations (see *Note* 29).

Notes 1 to 30 are an integral part of the consolidated financial statements

FERROGLOBE PLC AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 2020, 2019 AND 2018
Thousands of U.S. Dollars

	Total Amounts Attributable to Owners							
	Issued Shares (Thousands)	Share Capital US$'000	Reserves US$'000	Translation Differences US$'000	Valuation Adjustments US$'000	Result for the Year US$'000	Non-controlling Interests US$'000	Total US$'000
Balance at January 1, 2018	**171,977**	**1,796**	**996,380**	**(164,675)**	**(16,799)**	**(678)**	**121,734**	**937,758**
Comprehensive income (loss) for 2018	—	—	—	(44,276)	5,591	43,661	(19,978)	(15,002)
Issue of share capital	40	—	240	—	—	—	—	240
Cash settlement of equity awards	—	—	(680)	—	—	—	—	(680)
Share-based compensation	—	—	2,798	—	—	—	—	2,798
Distribution of 2017 loss	—	—	(678)	—	—	678	—	—
Dividends paid to joint venture partner	—	—	(20,642)	—	—	—	—	(20,642)
Own shares acquired	(1,153)	(12)	(20,088)	—	—	—	—	(20,100)
Increase of Parent's ownership interest in FerroAtlántica de Venezuela S.A.	—	—	(15,623)	1,585	(351)	—	14,389	—
Balance at December 31, 2018	**170,864**	**1,784**	**941,707**	**(207,366)**	**(11,559)**	**43,661**	**116,145**	**884,372**
Comprehensive (loss) income for 2019	—	—	—	(9,886)	9,390	(280,601)	(3,852)	(284,949)
Share-based compensation	—	—	4,879	—	—	—	—	4,879
Distribution of 2018 income	—	—	43,661	—	—	(43,661)	—	—
Dividends paid non-controlling interests	—	—	—	—	—	—	(97)	(97)
Acquisition of non-controlling interests in Ferrosolar OPCO Group SL. and Rocas Arcillas and Minerales, S.A.	—	—	(14,889)	7,100	—	—	5,881	(1,908)
Balance at December 31, 2019	**170,864**	**1,784**	**975,358**	**(210,152)**	**(2,169)**	**(280,601)**	**118,077**	**602,297**
Comprehensive (loss) income for 2020	—	—	—	3,393	7,924	(246,339)	(3,573)	(238,595)
Share-based compensation	—	—	2,017	—	—	—	—	2,017
Distribution of 2019 loss	—	—	(280,601)	—	—	280,601	—	—
Balance at December 31, 2020	**170,864**	**1,784**	**696,774**	**(206,759)**	**5,755**	**(246,339)**	**114,504**	**365,719**

Notes 1 to 30 are an integral part of the consolidated financial statements

FERROGLOBE PLC AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR 2020, 2019 AND 2018
Thousands of U.S. Dollars

	2020 US$'000	2019* US$'000	2018* US$'000
Cash flows from operating activities:			
(Loss) profit for the year	**(249,758)**	**(285,640)**	**24,573**
Adjustments to reconcile net profit (loss) to net cash provided by operating activities:			
Income tax expense (benefit)	21,939	(40,528)	24,235
Depreciation and amortization charges, operating allowances and write-downs	108,189	123,024	119,137
Finance income (loss)	(177)	2,140	(5,374)
Finance costs	66,968	66,139	62,022
Financial derivative gain (loss)	(3,168)	(2,729)	(2,838)
Exchange differences	(25,553)	(2,884)	14,136
Impairment losses	73,344	175,899	58,919
Bargain purchase gain	—	—	(40,142)
Loss (gain) on disposal of discontinued operations	5,399	(85,101)	—
Loss (gain) due to changes in the value of assets	(158)	1,574	7,623
(Gain) loss on disposal of non-current assets	(1,292)	2,223	(14,564)
Share-based compensation	2,017	4,879	2,798
Changes in operating assets and liabilities:			
(Increase) decrease in inventories	114,585	91,531	(101,024)
(Increase) decrease in trade and other receivables	71,034	30,933	(25,807)
Increase (decrease) in trade and other payables	(55,405)	(63,187)	55,410
Other changes in operating assets and liabilities	14,473	(45,878)	(25,901)
Income tax paid	11,831	(3,589)	(36,408)
Net used cash provided by operating activities	**154,268**	**(31,194)**	**116,795**
Cash flows from investing activities:			
Interest and finance income received	630	1,673	3,833
Payments due to investments:			
Acquisition of subsidiaries	—	9,088	(20,379)
Other intangible assets	(2,654)	(184)	(3,313)
Property, plant and equipment	(30,257)	(32,445)	(106,136)
Other financial assets	—	(1,248)	—
Disposals:			
Disposal of subsidiaries	—	176,590	20,533
Other non-current assets	341	8,668	12,734
Other	—	3,768	6,853
Net cash provided (used) by investing activities	**(31,940)**	**165,910**	**(85,875)**
Cash flows from financing activities:			
Dividends paid	—	—	(20,642)
Payment for debt issuance costs	(4,540)	(15,117)	(4,905)
Repayment of hydro leases	—	(55,352)	—
Repayment of other financial liabilities	—	—	(33,096)
Increase (decrease) in bank borrowings:			
Borrowings	177,593	245,629	252,200
Payments	(235,296)	(329,501)	(106,514)
Proceeds from stock option exercises	—	—	240
Amounts paid due to leases	(10,315)	(18,105)	—
Other amounts (paid) due to financing activities	(2,863)	(8,526)	(13,880)
Payments to acquire or redeem own shares	—	—	(20,100)
Interest paid	(37,912)	(43,033)	(43,018)
Net cash (used) provided by financing activities	**(113,333)**	**(224,005)**	**10,285**
Total net cash flows for the year	**8,995**	**(89,289)**	**41,205**
Beginning balance of cash and cash equivalents	123,175	216,647	184,472
Exchange differences on cash and cash equivalents in foreign currencies	(613)	(4,183)	(9,030)
Ending balance of cash and cash equivalents	**131,557**	**123,175**	**216,647**

* While in previous periods Ferroglobe presented interest paid as cash flows from operating activities, management deems interest paid as among activities that alter the borrowing structure of the Company and therefore most appropriately presented as among financing activities. This change allows for a fairer presentation of cash flow to users of the financial statements. Previous periods have been restated in order to show interest paid as net cash used in financing activities.

Notes 1 to 30 are an integral part of the consolidated financial statements

Ferroglobe PLC and Subsidiaries

Notes to the Consolidated Financial Statements
December 31, 2020, 2019 and 2018
(U.S. Dollars in thousands, except share and per share data)

1. General information

Ferroglobe PLC and subsidiaries (the "Company" or "Ferroglobe") is among the world's largest producers of silicon metal and silicon-based alloys, important ingredients in a variety of industrial and consumer products. The Company's customers include major silicone chemical, aluminum and steel manufacturers, auto companies and their suppliers, ductile iron foundries, manufacturers of photovoltaic solar cells and computer chips, and concrete producers. Additionally, the Company was operating hydroelectric plants (hereinafter "energy business") in Spain until August 30, 2019 and is still operating in France.

Ferroglobe PLC (the "Parent Company" or "the Parent") is a public limited company that was incorporated in the United Kingdom on February 5, 2015 (formerly named 'Velonewco Limited'). The Parent's registered office is 13 Chesterfield Street, London W1J 5JN (United Kingdom).

On December 23, 2015, Ferroglobe PLC consummated the acquisition ("Business Combination") of Globe Specialty Metals, Inc. and subsidiaries ("GSM" or "Globe") and Grupo FerroAtlántica, S.A.U. ("FerroAtlántica").

Presentation of results of Spanish energy business for the prior years

As described in Note 29 of these financial statements, on June 2, 2019 the Company entered into an agreement with Kehlen Industries Management, S.L., a wholly-owned subsidiary of TSSP Adjacent Opportunities Partners, L.P., for the sale of the entire share capital of FerroAtlántica, S.A.U ("FAU"), the owner and operator of the Group's hydro-electric assets in Galicia, Spain (the "Spanish Hydro-electric Business") and its smelting facility at Cee-Dumbria and effectively sold at August 30, 2019. The Spanish Hydroelectric Business was classified as disposal group held for sale and accounted for as a discontinued operation in the second quarter of 2019. Accordingly, the consolidated income statement for the prior years ended 2018 was restated to reclassify the results of the Company's Spanish hydro-electric plants or assets within profit (loss) for the year from discontinued operations.

2. Organization and Subsidiaries

Ferroglobe has a diversified production base consisting of production facilities across the North America, Europe, South America, South Africa and Asia.

The subsidiaries of Ferroglobe as of December 31, 2020, classified by business activity, were as follows:

	Percentage of Ownership			
	Direct	Total	Line of Business	Registered
Alabama Sand and Gravel, Inc.	—	100.0	Electrometallurgy - North America	Delaware - USA
Alden Resources, LLC	—	100.0	Electrometallurgy - North America	Delaware - USA
Alden Sales Corporation, LLC	—	100.0	Electrometallurgy - North America	Delaware - USA
ARL Resources, LLC	—	100.0	Electrometallurgy - North America	Delaware - USA
ARL Services, LLC	—	100.0	Electrometallurgy - North America	Delaware - USA
Core Metals Group Holdings, LLC	—	100.0	Electrometallurgy - North America	Delaware - USA
Core Metals Group, LLC	—	100.0	Electrometallurgy - North America	Delaware - USA
ECPI, Inc.	—	100.0	Electrometallurgy - North America	Delaware - USA
Gatliff Services, LLC	—	100.0	Electrometallurgy - North America	Delaware - USA
Globe BG, LLC	—	100.0	Electrometallurgy - North America	Delaware - USA
GBG Financial LLC	—	100.0	Electrometallurgy - North America	Delaware - USA
GBG Holdings, LLC	—	100.0	Electrometallurgy - North America	Delaware - USA
Globe Metallurgical Inc.	—	100.0	Electrometallurgy - North America	Delaware - USA
Globe Metals Enterprises, Inc.	—	100.0	Electrometallurgy - North America	Delaware - USA
GSM Alloys I, Inc.	—	100.0	Electrometallurgy - North America	Delaware - USA
GSM Alloys II, Inc.	—	100.0	Electrometallurgy - North America	Delaware - USA
GSM Enterprises Holdings, Inc.	—	100.0	Electrometallurgy - North America	Delaware - USA
GSM Enterprises, LLC	—	100.0	Electrometallurgy - North America	Delaware - USA
GSM Sales, Inc.	—	100.0	Electrometallurgy - North America	Delaware - USA
Laurel Ford Resources, Inc.	—	100.0	Electrometallurgy - North America	Delaware - USA
LF Resources, Inc.	—	100.0	Electrometallurgy - North America	Delaware - USA
Metallurgical Process Materials, LLC	—	100.0	Electrometallurgy - North America	Delaware - USA
Norchem, Inc.	—	100.0	Electrometallurgy - North America	Florida - USA
QSIP Canada ULC	—	100.0	Electrometallurgy - North America	Canada
Quebec Silicon General Partner	—	51.0	Electrometallurgy - North America	Canada
Quebec Silicon Limited Partnership	—	51.0	Electrometallurgy - North America	Canada
Tennessee Alloys Company, LLC	—	100.0	Electrometallurgy - North America	Delaware - USA
West Virginia Alloys, Inc.	—	100.0	Electrometallurgy - North America	Delaware - USA
WVA Manufacturing, LLC	—	51.0	Electrometallurgy - North America	Delaware - USA
Cuarzos Industriales, S.A.U.	—	100.0	Electrometallurgy - Europe	A Coruña - Spain
Ferroatlántica del Cinca, S.L.	—	99.9	Electrometallurgy - Europe	Madrid - Spain
Ferroatlántica de Sabón, S.L.U.	—	100.0	Electrometallurgy - Europe	Madrid - Spain
Ferroatlántica de Boo, S.L.U.	—	100.0	Electrometallurgy - Europe	Madrid - Spain
Ferroatlántica Participaciones, S.L.U.	—	100.0	Electrometallurgy - Europe	Madrid - Spain
Ferroglobe Mangan Norge A.S.	—	100.0	Electrometallurgy - Europe	Norway
Ferroglobe Manganese France S.A.S.	—	100.0	Electrometallurgy - Europe	France
FerroPem, S.A.S.	—	100.0	Electrometallurgy - Europe	France
Ferrous Receivables DAC.	—	100.0	Electrometallurgy - Europe	Ireland
Grupo FerroAtlántica, S.A.U.	100	100.0	Electrometallurgy - Europe	Madrid - Spain
Grupo FerroAtlántica de Servicios, S.L.U.	—	100.0	Electrometallurgy - Europe	Madrid - Spain
Kintuck (France) S.A.S.	—	100.0	Electrometallurgy - Europe	France
Kintuck A.S.	—	100.0	Electrometallurgy - Europe	Norway
Rocas, Arcillas y Minerales, S.A.	—	100.0	Electrometallurgy - Europe	A Coruña - Spain
Rebone Mining (Pty.), Ltd.	—	74.0	Electrometallurgy - South Africa	Polokwane - South Africa
Silicon Smelters (Pty.), Ltd.	—	100.0	Electrometallurgy - South Africa	Polokwane - South Africa
Silicon Technology (Pty.), Ltd.	—	100.0	Electrometallurgy - South Africa	South Africa
Thaba Chueu Mining (Pty.), Ltd.	—	74.0	Electrometallurgy - South Africa	Polokwane - South Africa
Cuarzos Indus. de Venezuela (Cuarzoven), S.A.	—	100.0	Other segments	Venezuela
Emix, S.A.S.	—	100.0	Other segments	France
Ferroatlántica de México, S.A. de C.V.	—	100.0	Other segments	Nueva León - Mexico
Ferroatlántica de Venezuela (FerroVen), S.A.	—	99.9	Other segments	Venezuela
Ferroatlántica Deutschland, GmbH	—	100.0	Other segments	Germany
Ferroatlántica do Brasil Mineraçao Ltda.	—	70.0	Other segments	Brazil
Ferroatlántica I+D, S.L.U.	—	100.0	Other segments	Madrid - Spain
FerroAtlántica International Ltd.	—	100.0	Other segments	United Kingdom
Ferroglobe Services (UK) Ltd.	100	100.0	Other segments	United Kingdom
FerroManganese Mauritania S.A.R.L.	—	90.0	Other segments	Mauritania
Ferroquartz Holdings, Ltd. (Hong Kong)	—	100.0	Other segments	Hong Kong
FerroQuartz Mauritania S.A.R.L.	—	90.0	Other segments	Mauritania
Ferrosolar OPCO Group S.L.	—	100.0	Other segments	Spain
Ferrosolar R&D S.L.	—	50.0	Other segments	Spain
FerroTambao, S.A.R.L.	—	90.0	Other segments	Burkina Faso
Globe Argentina Holdco, LLC	—	100.0	Other segments	Delaware - USA
Globe Metales S.R.L.	—	100.0	Other segments	Argentina
Globe Specialty Metals, Inc.	100	100.0	Other segments	Delaware - USA
GSM Financial, Inc.	—	100.0	Other segments	Delaware - USA
GSM Netherlands, B.V.	—	100.0	Other segments	Netherlands
Hidroelectricité de Saint Beron, S.A.S.	—	100.0	Other segments	France
Mangshi FerroAtlántica Mining Industry Service Company Limited	—	100.0	Other segments	Mangshi, Dehong -Yunnan -China
Mangshi Sinice Silicon Industry Company Limited	—	100.0	Other segments	Mangshi, Dehong -Yunnan -China
Ningxia Yonvey Coal Industrial Co., Ltd.	—	98.0	Other segments	China
Photosil Industries, S.A.S.	—	100.0	Other segments	France
Silicio Ferrosolar, S.L.U.	—	100.0	Other segments	Spain
Solsil, Inc.	—	92.4	Other segments	Delaware - USA
Ultracore Energy S.A.	—	100.0	Other segments	Argentina

Subsidiaries are all companies over which Ferroglobe has control.

Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power over the investee to affect the amount of the investor's returns.

The Company has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the total voting rights held by the Company relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time these decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

The Company uses the acquisition method to account for the acquisition of subsidiaries. According to this method, the consideration transferred for the acquisition of a subsidiary corresponds to the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Company. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Any contingent consideration transferred by the Company is recognized at fair value at the date of acquisition. Subsequent changes in the fair value of the contingent consideration classified as an asset or a liability are recognized in accordance with IAS 39 either in the income statement or in the statement of comprehensive (loss) income. The costs related to the acquisition are recognized as expenses in the years incurred. The identifiable assets acquired and the liabilities and contingent liabilities assumed in a business combination are initially recognized at their fair value at the date of acquisition. The Company recognizes any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Profit or loss for the period and each component of other comprehensive (loss) income are attributed to the owners of the Company and to the non-controlling interests. The Company attributes total comprehensive (loss) income to the owners of the Company and to the non-controlling interests even if the profit or loss of the non-controlling interests gives rise to a balance receivable.

All assets and liabilities, equity, income, expenses and cash flows relating to transactions between subsidiaries are eliminated in full in consolidation.

3. Basis of presentation and basis of consolidation

3.1 Basis of presentation

These consolidated financial statements have been issued in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee (collectively "IFRS").

The consolidated financial statements have been authorized for issuance on April 30, 2021.

All accounting policies and measurement bases with effect on the consolidated financial statements were applied in their preparation.

The consolidated financial statements were prepared on a historical cost basis, with the exceptions disclosed in the notes to the consolidated financial statements, where applicable, and in those situations where IFRS requires that financial assets and financial liabilities are valued at fair value.

The accompanying consolidated financial statements for the year ended December 31, 2020 have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business. In connection with the preparation of our consolidated financial statements, we conducted an evaluation as to whether there were conditions and events, considered in the aggregate, which raised substantial doubt as to the entity's ability to continue as a going concern within one year after the date of the issuance of our consolidated financial statements. As of December 31, 2020, as reflected in our consolidated financial statements, the Company had cash and cash equivalents of $131.6 million, of which $28.8 million was restricted. The Company had an operating loss of $184.4 million and a net loss of $249.8 million for the year ended December 31, 2020.

Our business has historically been subject to fluctuations in the prices of our products and the market demand for them, caused by general and regional economic cycles, raw material and energy price fluctuations, competition and other factors. Throughout 2019 and the first half of 2020, we experienced a significant decline in prevailing prices of our products, which adversely affected our results. The timing, magnitude and duration of these cycles and the resulting price fluctuations are difficult to predict.

In early 2020, the outbreak of coronavirus disease ("COVID-19") in China spread to other areas, including locations where the Company conducts business. As a result of this pandemic and the strict confinement and other public health measures taken around the world, the demand of our products in the second and third quarters of 2020 was reduced significantly compared with the first and fourth quarters of the year. During the fourth quarter of 2020, demand level for our products increased to levels similar to those prior to the outbreak. In first quarter of 2021, demand for our products has increased even further than in the fourth quarter of 2020. However, COVID-19 has negatively impacted, and will in the future negatively impact to an extent we are unable to predict, our revenues.

The main source of finance for the Company are the Senior Notes (the "Notes") amounting $350,000 thousand due March 1, 2022. As discussed in Note 27, the Indenture governing the Notes includes provisions which, in the event of a change of control, would require the Company to offer to redeem the outstanding Notes at a cash purchase price equal to 101% of the principal amount of the Notes, plus any accrued and unpaid interest. GVM currently owns approximately 54% of the Company's voting stock, and a significant majority of GVM's shares in the Company are pledged as collateral for GVM's obligations to certain of its lenders. A change of control may occur if a person other than a Permitted Holder (as defined in Note 27) were to acquire 35% or more of the Company's outstanding shares at a time when the Permitted Holders held an equal or lesser percentage. While GVM maintains its current shareholding, a change of control cannot occur. Based on the provisions cited above, a change of control as defined in the Indenture is unlikely to occur but the matter it is beyond the Company's control. If a change of control were to occur, the company may not have sufficient financial resources available to satisfy all of its obligations.

In April 2021, the company has obtained the agreement in principle of 95.92% (by value) of the noteholders to restructure the Notes and extend their maturity to December 2025. The transaction will be carried out through an exchange offer and covenant strip. Although 95.92% of the noteholders have contractually agreed to support the transaction, there can nonetheless be no assurance that the proposed restructuring will be completed.

In addition to the extension and new terms agreed on the Notes, the company entered into a Lock-Up Agreement with members of an “Ad Hoc-Group”, being existing note holders representing in aggregate approximately 60% of the Notes, to issue additional $60m Notes and with Tyrus Capital (“Tyrus”) as backstop provider in respect of a $40 million equity raise forming part of the transaction.

The parties to the Lock-Up Agreement have agreed that the Reissued Notes and the $60m Notes will contain change of control definitions with significant exceptions compared with that contained in the indenture for the current Notes. Under the revised change of control definitions, no change of control shall occur or be deemed to occur by reason of, among other matters, any enforcement or exercise of remedies under the Pledge or any disposal by GVM of the GVM shares for the purpose of repaying GVM’s debt to Tyrus. There can be no assurance that the proposed restructuring will be completed.

There are a number of steps that need to be implemented before the three transactions (which are all inter-conditional) above can be completed, including the agreement of full form documents, the finalization of the related structuring and tax analysis, the formal public issuance, exchange and offer processes and the payment of fees. While all relevant parties to enable the transactions to complete are contractually bound to act in good faith in negotiating the relevant agreements and taking necessary steps to complete the transactions those obligations are subject to the detailed terms of the Lock Up Agreement and customary qualifications and termination rights, and there can be no certainty that the transactions will complete. Such termination rights include (but are not limited to) automatic termination on September 28, 2021 (the Long-Stop Date), material non-compliance with the terms of the Lock-Up Agreement by certain parties; and the failure to achieve certain milestones by the agreed specified dates.

Should the restructuring of the Notes not fully completed as intended, the company may not have sufficient financial resources available to satisfy all of its obligations.

Management acknowledges that the events and conditions described above, relating to the uncertainty over the completion of the restructuring of the Notes, the potential repayment of the outstanding balance of the Notes should a change of control occur, and the difficulties in forecasting net cash flows in the current economic conditions because of the Covid-19 pandemic, together in aggregate give rise to a material uncertainty that may cast substantial doubt on the ability of the Company to continue as a going concern for a period of twelve months following the date our consolidated financial statements are issued. Notwithstanding the material uncertainty described above, management believes that the Group has adequate resources and considers it likely that the exchange of the Notes and additional capital will be completed, that will allow the Group to continue in operational existence for the foreseeable future. The consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as going concern.

3.2 International financial reporting standards

Application of new accounting standards

New and amended standards and interpretations adopted by the Company

No new standards effective on January 1, 2020 have a material impact on the consolidated financial statements. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

New and amended standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the reporting period ended December 31, 2020 and have not been early adopted by the Company. Standards, interpretations and amendments published by the IASB that will be effective for periods beginning on or after January 1, 2021:

- IFRS 17 Insurance Contracts (issued on 18 May 2017); including Amendments to IFRS 17 (issued on 25 June 2020)
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 23 January 2020 and 15 July 2020 respectively)
- Amendments to;

  IFRS 3 Business Combinations;

  IAS 16 Property, Plant and Equipment;

  IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and

  Annual Improvements 2018-2020
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021)
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021)
- Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021(issued on 31 March 2021)
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (issued on 27 August 2020)
- Amendments to IFRS 4 Insurance Contracts – deferral of IFRS19 (issued on 25 June 2020)

None of these standards or interpretations that are not yet effective are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3.3 Currency

The Parent’s functional currency is the Euro. The functional currencies of subsidiaries are determined by the primary economic environment in which each subsidiary operates.

The reporting currency of the Company is U.S. Dollars and as such the accompanying results and financial position have been translated pursuant to the provisions indicated in IAS 21.

All differences arising from the aforementioned translation are recognized in equity under “Translation differences.”

Upon the disposal of a foreign operation, the translation differences relating to that operation deferred as a separate component of consolidated equity are recognized in the consolidated income statement when the gain or loss on disposal is recognized.

3.4 Responsibility for the information and use of estimates

The information in these consolidated financial statements is the responsibility of Ferroglobe's Management.

Certain assumptions and estimates were made by management in the preparation of these consolidated financial statements, including:

- The impairment losses on goodwill, see *Note* 7;
- the assumptions taken over forecast recovery in trading activity and cash liquidity management that mitigates any substantial doubt as to the Company's ability to continue as a going concern, see *Note* 3.1;
- the useful life of property, plant and equipment and intangible assets, see *Note* 9;
- The fair value valuation of the plants, impairment losses on property, plant and equipment and intangible assets, determined by value in use or by fair value less cost of disposal methods, see *Note* 9;
- the fair value of certain unquoted financial assets, see *Note* 10;
- the fair value of financial instruments, see *Note* 28;
- the fair value of acquired assets and liabilities as a result of the business combinations, see *Note* 5;
- the assumptions used in the actuarial calculation of pension liabilities, see *Note* 15;
- the discount rate used to calculate the present value of certain collection rights and payment obligations, see *Note* 15;
- provisions for contingencies and environmental liabilities, see *Note* 24;

The Company based its estimates and judgments on historical experience, known or expected trends and other factors that are believed to be reasonable under the circumstances. Actual results may differ materially from these estimates. Changes in accounting estimates are applied in accordance with IAS 8.

At the date of preparation of these consolidated financial statements no events had taken place that might constitute a significant source of uncertainty regarding the accounting effect that such events might have in future reporting periods.

3.5 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in financial statements.

Impairment of assets

The Company reviews the carrying value of assets on a periodic basis, and whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable.

Such circumstances or events could include: a pattern of losses involving the asset; a decline in the market value for the asset; and an adverse change in the business or market in which the asset is involved. Determining whether an impairment has occurred typically requires various estimates and assumptions, including determining which cash flows are directly related to the potentially impaired asset, the useful life over which cash flows will occur, their amount and the asset's residual value, if any. Estimates of future cash flows and the selection of appropriate discount rates relating to particular assets or groups of assets involve the exercise of a significant amount of judgement.

Cash flow projections are based on the Company's five year internal forecasts, the results. Estimates of selling prices and direct costs are based on past experience, expectations of future changes in the market and historic trends. Sensitivities are disclosed in Note 7 of the Consolidated Financial Statements

Key sources of estimation of uncertainty

The key assumptions concerning the future, and other key sources of estimating uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are discussed below.

Allowances against the carrying value of investment in subsidiaries

Investments in subsidiaries and associates are stated at cost less, where appropriate, provisions for impairment. The recoverable amounts of individual investments in subsidiaries are determined from value in use calculations with a discounted cash flow model being used to calculate this amount. The key assumptions for the value in use calculation are those regarding the discount rate, growth rate, and cash flows.

Cash flow projections are based on the Company's five year internal forecasts, the results. Estimates of selling prices and direct costs are based on past experience, expectations of future changes in the market and historic trends. Sensitivities are disclosed in Note 7 of the Consolidated Financial Statements.

3.6 Basis of consolidation

The financial statements of the subsidiaries are fully consolidated with those of the Parent. Accordingly, intercompany balances and transactions, including income, expenses and dividends, are eliminated in the consolidated financial statements. Gains and losses resulting from intercompany transactions are also eliminated.

Non-controlling interests are presented in "Equity – Non-controlling interests" in the consolidated statement of financial position, separately from the consolidated equity attributable to the Parent. The share of non-controlling interests in the profit or loss for the year is presented under "Loss attributable to non-controlling interests" in the consolidated income statement.

When necessary, adjustments are made to the financial statements of subsidiaries to align the accounting policies used to the accounting policies of the Company.

4. Accounting policies

The principal IFRS accounting policies applied in preparing these consolidated financial statements were in effect at the date of preparation are described below.

4.1 Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Company's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition.

Any excess of the cost of the investments in the consolidated companies over the corresponding underlying carrying amounts acquired, adjusted at the date of first-time consolidation, is allocated as follows:

1. If it is attributable to specific assets and liabilities of the companies acquired, increasing the value of the assets (or reducing the value of the liabilities) whose market values were higher (lower) than the carrying amounts at which they had been recognized in their balance sheets and whose accounting treatment was similar to that of the same assets (liabilities) of the Company amortization, accrual, etc.

2. If it is attributable to specific intangible assets, recognizing it explicitly in the consolidated statement of financial position provided that the fair value at the date of acquisition can be measured reliably.

3. The remaining amount is recognized as goodwill, which is allocated to one or more specific cash-generating units.

Goodwill is only recognized when it has been acquired for consideration and represents, therefore, a payment made by the acquirer for future economic benefits from assets of the acquired company that are not capable of being individually identified and separately recognized.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

4.2 Other intangible assets

Other intangible assets are assets without physical substance which can be individually identified either because they are separable or because they arise as a result of a legal or contractual right or of a legal transaction or were developed by the consolidated companies. Only intangible assets whose value can be measured reliably and from which the Company expects to obtain future economic benefits are recognized in the consolidated statement of financial position.

Intangible assets are recognized initially at acquisition cost. The aforementioned cost is amortized systematically over each asset's useful life. At each reporting date, these assets are measured at acquisition cost less accumulated amortization and any accumulated impairment losses, if any. The Company reviews amortization periods and amortization methods for finite-lived intangible assets at the end of each fiscal year.

The Company's main intangible assets are as follows:

Development expenditures

Development expenditures are capitalized if they meet the requirements of identifiability, reliability in cost measurement and high probability that the assets created will generate economic benefits. Developmental

expenditures are amortized on a straight-line basis over the useful lives of the assets, which are between four and ten years.

Expenditures on research activities are recognized as expenses in the years in which they are incurred.

Power supply agreements

Power supply agreements are amortized on a straight-line basis over the term in which the agreement is effective.

Rights of use

Rights of use granted are amortized on a straight-line basis over the term in which the right of use was granted from the date it is considered that use commenced. Rights of use are generally amortized over a period ranging from 10 to 20 years.

Computer software

Computer software includes the costs incurred in acquiring or developing computer software, including the related installation. Computer software is amortized on a straight-line basis over two to five years.

Computer system maintenance costs are recognized as expenses in the years in which they are incurred.

Other intangible assets

Other intangible assets include:

- Supply agreements which are amortized in accordance with their estimated useful lives (see *Note* 8).

- CO_2 emissions allowances ("rights held emit greenhouse gasses") which are not amortized, but rather are expensed when used (see *Note* 4.21).

4.3 Property, plant and equipment

Cost

Property, plant and equipment for our own use are initially recognized at acquisition or production cost and are subsequently measured at acquisition or production cost less accumulated depreciation and any accumulated impairment losses.

When the construction and start-up of non-current assets require a substantial period of time, the borrowing costs incurred over that period are capitalized. In 2020, 2019 and 2018 no material borrowing cost were capitalized.

The costs of expansion, modernization or improvements leading to increased productivity, capacity or efficiency or to a lengthening of the useful lives of the assets are capitalized. Repair, upkeep and maintenance expenses are recognized in the consolidated income statement for the year in which they are incurred.

Mineral reserves are recorded at fair value at the date of acquisition. Depletion of mineral reserves is computed using the units-of-production method utilizing only proven and probable reserves (as adjusted for recoverability factors) in the depletion base.

Property, plant and equipment in the course of construction are transferred to property, plant and equipment in use at the end of the related development period.

Depreciation

The Company depreciates property, plant and equipment using the straight-line method at annual rates based on the following years of estimated useful life:

	Years of Estimated Useful Life
Properties for own use	25-50
Plant and machinery	8-20
Tools	12.5-15
Furniture and fixtures	10-15
Computer hardware	4-8
Transport equipment	10-15

Land included within property, plant and equipment is considered to be an asset with an indefinite useful life and, as such, is not depreciated, but rather it is tested for impairment annually. The Company reviews residual value, useful lives, and the depreciation method for property, plant and equipment annually.

Environment

The costs arising from the activities aimed at protecting and improving the environment are accounted for as an expense for the year in which they are incurred. When they represent additions to property, plant and equipment aimed at minimizing the environmental impact and protecting and enhancing the environment, they are capitalized to non-current assets.

4.4 Impairment of property, plant and equipment, intangible assets and goodwill

In order to ascertain whether its assets have become impaired, the Company compares their carrying amount with their recoverable amount; goodwill - the CGU been tested for impairment annually, and whenever there is an indication of impairment and property, pant and equipment and other - whenever there is an indication of impairment. Where the asset itself does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of:

- Fair value less costs of disposal: the price that would be agreed upon by two independent parties, less estimated costs to sell, and

- Value in use: the present value of the future cash flows that are expected to be derived from continuing use of the asset and from its ultimate disposal at the end of its useful life, discounted at a rate which reflects the time value of money and the risks specific to the business to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount, and an impairment loss is recognized as an expense under “Impairment losses” in the consolidated income statement.

Where an impairment loss subsequently reverses (not permitted in the case of goodwill), the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as “Other income” in the consolidated income statement.

The basis for depreciation is the carrying amount of the assets, deemed to be the acquisition cost less any accumulated impairment losses.

4.5 Financial instruments

Financial assets and financial liabilities are recognized in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

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

The Company has elected to apply the limited exemption in IFRS 9 relating to classification, measurement and impairment requirements for financial instruments, and accordingly comparative periods have not been restated and remain in line with the previous standard IAS 39 "Financial Instruments: Recognition and Measurement."

Financial assets

From January 1, 2018, the Company classifies its financial assets into the following categories: those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss) and those to be measured at amortized cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets measured at amortized cost

Financial assets are classified as measured at amortized cost when they are held in a business model whose objective is to collect contractual cash flows and the contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Such assets are carried at amortized cost using the effective interest method if the time value of money is significant. Gains and losses are recognized in profit or loss when the assets are derecognized or impaired and when interest is recognized using the effective interest method. This category of financial assets includes trade receivables, receivables from related parties and cash and cash equivalents.

Financial assets measured at fair value through other comprehensive income

Debt instruments are classified as measured at fair value through other comprehensive income when they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. All movements in the fair value of these financial assets are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income calculated using the effective interest method and foreign exchange gains and losses. When the financial asset is derecognized, the cumulative fair value gain or loss previously recognized in other comprehensive income is reclassified to the income statement.

Equity instruments are classified as measured at fair value through other comprehensive income if, on initial recognition, the Company makes an irrevocable election to designate the instrument as at fair value through other comprehensive income. The election is made on an instrument-by-instrument basis and is not permitted if the equity investment is held for trading. Fair value gains or losses on revaluation of such equity investments are recognized in other comprehensive income and accumulated in the valuation adjustments reserve. When the equity investment is derecognized, there is no reclassification of fair value gains or losses previously recognized

in other comprehensive income to the income statement. Dividends are recognized in the income statement when the right to receive payment is established.

Financial assets measured at fair value through profit or loss

Financial assets are classified as measured at fair value through profit or loss when the asset does not meet the criteria to be measured at amortized cost or at fair value through other comprehensive income. Such assets are carried on the balance sheet at fair value with gains or losses recognized in the income statement. This category includes loans associated with the Company's accounts receivable securitization program and certain equity investments in listed companies.

Derecognition of financial assets

The Company derecognizes a financial asset when:

- the rights to receive cash flows from the asset have expired; or
- the Company 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 Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

If the Company retains substantially all of the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Impairment of financial assets

The expected credit loss model is applied for recognition and measurement of impairments in financial assets measured at amortized cost and debt instruments held at fair value through other comprehensive income. The loss allowance for the financial asset is measured at an amount equal to the 12-month expected credit losses. If the credit risk on the financial asset has increased significantly since initial recognition, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses. Changes in loss allowances are recognized in profit and loss. For trade receivables, a simplified impairment approach is applied recognizing expected lifetime losses from initial recognition. For this purpose, the Company 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 Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, considering legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Financial liabilities

The subsequent measurement of financial liabilities depends on their classification, as described below:

Financial liabilities measured at fair value through profit or loss

Financial liabilities that meet the definition of held for trading are classified as measured at fair value through profit or loss. Such liabilities are carried on the balance sheet at fair value with gains or losses recognized in the income statement. This category includes contingent consideration and derivatives, other than those designated as hedging instruments in an effective hedge.

Derivatives designated as hedging instruments in an effective hedge

These derivatives are carried on the balance sheet at fair value. The treatment of gains and losses arising from revaluation is described below in the accounting policy for derivative financial instruments and hedging activities.

Financial liabilities measured at amortized cost

This is the category most relevant to the Company and comprises all other financial liabilities, including bank borrowings, debt instruments, financial loans from government agencies, payables to related parties and trade and other payables.

After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by considering any issue costs and any discount or premium on settlement.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss. When the Company exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between the carrying amount of the liability before the modification and the present value of the cash flows after modification are recognized in profit or loss as a modification gain or loss.

4.6 Derivative financial instruments and hedging activities

In order to mitigate the economic effects of exchange rate and interest rate fluctuations to which it is exposed as a result of its business activities, the Company uses derivative financial instruments, such as cross currency swaps and interest rate swaps.

The Company's derivative financial instruments are set out in Note 19 to these consolidated financial statements and the Company's financial risk management policies are set out in Note 27.

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognized in

profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition of profit or loss depends on the nature of the hedge relationship. The gain or loss recognized in respect of derivatives that are not designated and effective as a hedging instrument is recognized in the consolidated income statement in the line item financial derivative gain (loss).

A derivative with a positive fair value is recognized as a financial asset within the line item other financial assets whereas a derivative with a negative fair value is recognized as a financial liability within the line item other financial liabilities. A derivative is presented as a non-current asset or non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months.

Hedge accounting

The Company designates certain derivatives as cash flow hedges. For further details, see *Note* 19 of the consolidated financial statements.

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking the hedge transaction. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to any ineffective portion is recognized immediately in profit or loss and is included in the financial derivative gain (loss) line item.

Amounts previously recognized in other comprehensive income and accumulated in equity in the valuation adjustments reserve are reclassified to profit or loss in the periods when the hedged item is recognized in profit or loss, in the same line of the income statement as the recognized hedged item.

Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income at that time is accumulated in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

4.7 Fair value measurement

Fair value is 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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: in the principal market for the asset or liability; or in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For those assets and liabilities measured at fair value at the balance sheet date, further information on fair value measurement is provided in Note 28.

4.8 Inventories

Inventories comprise assets (goods) which:

- Are held for sale in the ordinary course of business (finished goods); or
- Are in the process of production for such sale (work in progress); or
- Will be consumed in the production process or in the rendering of services (raw materials and spare parts).

Inventories are stated at the lower of acquisition or production cost and net realizable value. The cost of each inventory item is generally calculated as follows:

- Raw materials, spare parts and other consumables and replacement parts: the lower of weighted average acquisition cost and net realizable value.
- Work in progress, finished goods and semi-finished goods: the lower of production cost (which includes the cost of materials, labor costs, direct and indirect manufacturing expenses) or net realizable value in the market.

Obsolete, defective or slow-moving inventories have been reduced to net realizable value.

Net realizable value is the estimated selling price less all the estimated costs of selling and distribution.

The amount of any write-down of inventories (as a result of damage, obsolescence or decrease in the selling price) to their net realizable value and all losses of inventories are recognized as expenses in the year in which the write-down or loss occurs. Any subsequent reversals are recognized as income in the year in which they arise.

The consumption of inventories is recognized as an expense in “Cost of sales” in the consolidated income statement in the period in which the revenue from their sale is recognized.

4.9 Biological assets

The Company recognizes biological assets when:

- It controls the asset as a result of past events;
- It is probable that future economic benefits associated with the asset will flow to the entity; and
- The fair value or cost of the asset can be measured reliably.

Biological assets are measured at fair value less estimated costs to sell.

The gains or losses arising on the initial recognition of a biological asset at fair value less costs to sell are included in the consolidated income statement for the period in which they arise.

4.10 Cash and cash equivalents

The Company classifies under "Cash and cash equivalents" any liquid financial assets, such as for example cash on hand and at banks, deposits and liquid investments, that can be converted into cash within three months and are subject to an insignificant risk of changes in value.

4.11 Restricted cash and cash equivalents

The Company classifies under "restricted cash and cash equivalents" any liquid financial assets, which meet the definition of cash and cash equivalents but the use is resticted by financial agreements.

4.12 Provisions and contingencies

When preparing the consolidated financial statements, the Parent's directors made a distinction between:

- Provisions: present obligations, either legal, contractual, constructive or assumed by the Company, arising from past events, the settlement of which is expected to give rise to an outflow of economic benefits the amount or timing of which are uncertain; and

- Contingent liabilities: possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company, or present obligations arising from past events the amount of which cannot be estimated reliably or whose settlement is not likely to give rise to an outflow of economic benefits.

- Contingent assets: possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

The consolidated financial statements include all the material provisions with respect to which it is considered that it is probable that the obligation will have to be settled. Contingent liabilities are not recognized in the consolidated financial statements, but rather are disclosed, as required by IAS 37 (see *Note* 24).

Provisions are classified as current or non-current based on the estimated period of time in which the obligations covered by them will have to be met. They are recognized when the liability or obligation giving rise to the indemnity or payment arises, to the extent that its amount can be estimated reliably.

"Provisions" includes the provisions for pension and similar obligations assumed; provisions for contingencies and charges, such as for example those of an environmental nature and those arising from litigation in progress or from outstanding indemnity payments or obligations, and collateral and other similar guarantees provided by the Company; and provisions for medium- and long- term employee incentives.

Contingent assets are not recognized, but are disclosed where an inflow of economic benefits is probable. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements in the period in which the change occurs.

Defined contribution plans

Certain employees have defined contribution plans which conform to the Spanish Pension Plans and Funds Law. The main features of these plans are as follows:

- They are mixed plans covering the benefits for retirement, disability and death of the participants.
- The sponsor undertakes to make monthly contributions of certain percentages of current employees' salaries to external pension funds.

The annual cost of these plans is recognized under Staff costs in the consolidated income statement.

Defined benefit plans

IAS 19, Employee Benefits requires defined benefit plans to be accounted for:

- Using actuarial techniques to make a reliable estimate of the amount of benefits that employees have earned in return for their service in the current and prior periods.
- Discounting those benefits in order to determine the present value of the obligation.
- Determining the fair value of any plan assets.
- Determining the total amount of actuarial gains and losses and the amount of those actuarial gains and losses that must be recognized.

The amount recognized as a benefit liability arising from a defined benefit plan is the total net sum of:

- The present value of the obligations.
- Minus the fair value of plan assets (if any) out of which the obligations are to be settled directly.

The Company recognizes provisions for these benefits as the related rights vest and on the basis of actuarial studies. These amounts are recognized under "Provisions" in the consolidated statement of financial position, on the basis of their expected due payment dates. All plan assets are separately held from the rest of the Company's assets.

Environmental provisions

Provisions for environmental obligations are estimated by analyzing each case separately and observing the relevant legal provisions. The best possible estimate is made on the basis of the information available and a provision is recognized provided that the aforementioned information suggests that it is probable that the loss or expense will arise and it can be estimated in a sufficiently reliable manner.

The balance of provisions and disclosures disclosed in Notes 15 and 24 reflects management's best estimation of the potential exposure as of the date of preparation of these financial statements.

4.13 Leases

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

The Company recognizes a right-of-use asset and a lease liability at the commencement date.

The lease liability is initially measured at the present value of the minimum future lease payments, discounted using the interest rate implicit in the lease, or, if not readily determinable, the incremental borrowing rate. Lease payments include fixed payments, variable payments, as well as any extension or purchase options, if the Company is reasonably certain to exercise these options. The lease liability is subsequently measured at amortized cost using the effective interest method and remeasured with a corresponding adjustment to the related right-of-use asset when there is a change in future lease payments.

The right-of-use asset comprises, at inception, the initial lease liability, any initial direct costs and, when applicable, the obligations to refurbish the asset, less any incentives granted by the lessors. The right-of-use asset is subsequently depreciated, on a straight-line basis, over the lease term or, if the lease transfers the ownership of the underlying asset to the Company at the end of the lease term or, if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, over the estimated useful life of the underlying asset. Right-of-use assets are also subject to testing for impairment if there is an indicator for impairment.

Variable lease payments not included in the measurement of the lease liabilities are expensed to the consolidated statement of operations in the period in which the events or conditions which trigger those payments occur.

In the statement of financial position, right-of-use assets and lease liabilities are classified, respectively, as part of property, plant and equipment and current and non-current lease liabilities.

4.14 Current assets and liabilities

In general, assets and liabilities are classified as current or non-current based on the Company’s operating cycle. However, in view of the diverse nature of the activities carried on by the Company, in which the duration of the operating cycle differs from one activity to the next, in general assets and liabilities expected to be settled or fall due within twelve months from the end of the reporting period are classified as current items and those which fall due or will be settled within more than twelve months are classified as non-current items.

4.15 Income taxes

Income tax expense represents the sum of current tax and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case the related tax is recognized in other comprehensive income or directly in equity.

The current income tax expense is based on domestic and international statutory income tax rates in the tax jurisdictions where the Company operates related to taxable profit for the period. The taxable profit differs from net profit as reported in the income statement because it is determined in accordance with the rules established by the applicable taxation authorities which includes temporary differences, permanent differences, and available credits and incentives.

The Company’s deferred tax assets and liabilities are provided on temporary differences at the balance sheet date between financial reporting and the tax basis of assets and liabilities, then applying enacted tax rates expected to be in effect for the year in which the differences are expected to reverse. Deferred tax assets are recognized for deductible temporary differences, carry-forward of unused tax credits and losses, to the extent that it is probable, that taxable profit will be available against which the deductible temporary difference and carryforwards of unused tax credits and losses can be utilized. The deferred tax assets and liabilities that have been recognized are reassessed at the end of each closing period in order to ascertain whether they still exist, and adjustments are made on the basis of the findings of the analyses performed.

Income tax payable is the result of applying the applicable tax rate in force to each tax-paying entity, in accordance with the tax laws in force in the country in which the entity is registered. Additionally, tax deductions and credits

are available to certain entities, primarily relating to inter-company trades and tax treaties between various countries to prevent double taxation.

Income tax expense is recognized in the consolidated income statement, except to the extent that it arises from a transaction which is recognized directly to "consolidated equity", in which case the tax is recognized directly to "consolidated equity."

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority or either the same taxable entity or different taxable entities where there is an intention to settle the current tax assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

4.16 Foreign currency transactions

Foreign currency transactions are initially recognized in the functional currency of the subsidiary by applying the exchange rates prevailing at the date of the transaction.

Subsequently, at each reporting date, monetary assets and liabilities denominated in foreign currencies are translated to do dollars at the rates prevailing on that date.

Any exchange differences arising on settlement or translation at the closing rates of monetary items are recognized in the consolidated income statement for the year.

Note 4.6 details the Company's accounting policies for derivative financial instruments. Also, Note 27 to these consolidated financial statements details the financial risk policies of Ferroglobe.

4.17 Revenue recognition

The Company recognizes sales revenue related to the transfer of promised goods or services when control of the goods or services passes to the customer. The amount of revenue recognized reflects the consideration to which the Company is or expects to be entitled in exchange for those goods or services.

In the Company's electrometallurgy business, revenue is principally generated from the sale of goods, including silicon metal and silicon- and manganese-based specialty alloys. The Company mainly satisfies its performance obligations at a point in time; the amounts of revenue recognized relating to performance obligations satisfied over time are not significant. The point in time at which control is transferred to the buyer is determined based on the agreed delivery terms, which follow Incoterms 2020 issued by International Chamber of Commerce.

In most instances, control passes and sales revenue is recognized when the product is delivered to the vessel or vehicle on which it will be transported, the destination port or the customer's premises. There may be circumstances when judgment is required based on the five indicators of control below.

- The customer has the significant risks and rewards of ownership and has the ability to direct the use of, and obtain substantially all of the remaining benefits from, the goods or service.
- The customer has a present obligation to pay in accordance with the terms of the sales contract.
- The customer has accepted the asset. Sales revenue may be subject to adjustment if the product specification does not conform to the terms specified in the sales contract, but this does not impact the passing of control. Specification adjustments have been immaterial historically.

- The customer has legal title to the asset. The Company may retain legal title until payment is received but this is for credit risk purposes only.

- The customer has physical possession of the asset. This indicator may be less important as the customer may obtain control of an asset prior to obtaining physical possession, which may be the case for goods in transit.

Where the Company sells on ‘C’ terms (e.g., CIF, CIP, CFR and CPT), the Company is responsible (acts as principal) for providing shipping services and, in some instances, insurance after the date at which control of goods passes to the customer at the loading point. The Company therefore has separate performance obligations for freight and insurance services that are provided solely to facilitate sale of the commodities it produces. Revenue attributable to freight and insurance services is not usually material.

Where the Company sells on ‘D’ terms (e.g., DDP, DAP and DAT), the Company arranges and pays for the carriage and retains the risk of the goods until delivery at an agreed destination, where ownership and control is transferred.

Where the Company sells on ‘F’ terms (e.g., FCA and FOB), the customer arranges and pays for the main transportation. Risk and control are transferred to the customer when the goods are handed to the carrier engaged by the customer.

The Company’s products are sold to customers under contracts which vary in tenure and pricing mechanisms. The majority of pricing terms are either fixed or index-based for monthly, quarterly or annual periods, with a smaller proportion of volumes being sold on the spot market.

Within each sales contract, each unit of product shipped is a separate performance obligation. Revenue is generally recognized at the contracted price as this reflects the stand-alone selling price. Sales revenue excludes any applicable sales taxes.

Physical exchanges with counterparties in the same line of business in order to facilitate sales to customers are reported net, as are sales and purchases made with a common counterparty, as part of an arrangement similar to a physical exchange.

Revenue from the energy business is based on the power generated and put on the market at regulated prices and is recognized when the energy produced is transferred to the power network.

Interest income is recognized as the interest accrues using the effective interest rate, the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Dividend income from investments is recognized when the shareholders’ right to receive the payment is established.

4.18 Expense recognition

Expenses are recognized on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises.

An expense is recognized in the consolidated income statement when there is a decrease in the future economic benefits related to a reduction of an asset, or an increase in a liability, which can be measured reliably. This means that an expense is recognized simultaneously with the recognition of the increase in a liability or the reduction of an asset. Additionally, an expense is recognized immediately in the consolidated income statement when a disbursement does not give rise to future economic benefits or when the requirements for recognition as an asset

are not met. Also, an expense is recognized when a liability is incurred and no asset is recognized, as in the case of a liability relating to a guarantee.

4.19 Grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

4.20 Termination benefits

Under current labour legislation, the Company is required to pay termination benefits to employees whose employment relationship is terminated under certain conditions. The cost of providing employee benefits are recognised in the period in which the benefit is earned by the employee, rather than when it is paid or payable.

4.21 CO2 emission allowances

The Company recognizes emission rights (allowances) received, whether allocated by government or purchased, as intangible assets. The intangible asset recognized is initially measured at fair value, being the consideration paid (if purchased on the open market) or the current market value (if granted for less that fair value).

When allowances are granted for less than fair value, the difference between the fair value and the nominal amount paid is recognized as a government grant. The grant is initially recognized as deferred income in the statement of financial position and subsequently recognized as income on a systematic basis on the proportion of the CO2 emitted over total CO2 expected to be emitted for the compliance period. In the case that a better estimate of the expected CO2 emissions for the compliance period is available, the deferred income to be recognized in the statement of financial position should be adjusted prospectively.

As the Company emits CO2, it recognizes a provision for its obligation to deliver the CO2 allowances at the end of the compliance period. The provision is remeasured and registered as an expense at the end of each reporting period at market value.

Intangible assets recognized for emissions allowances are not amortized and and remain valued at historical cost until either sold or surrendered in satisfaction of the Company’s obligation to deliver the allowances to the relevant authority.

Sale of emissions rights

In those cases that it is decided to sell some or even all of its rights in the expectation of later buying rights equal to its actual emissions, the accounting will be as follows.

The emission rights sold should be derecognized from the balance sheet against the cash received. In those cases, where the price per emission right is different to the fair value per emission right at the time they were granted, a gain or a loss on the disposal of assets shall be recognized. For the deferred income originally booked for the free emission rights granted at the beginning of the compliance period that are still remain in the balance sheet at the time of sale, it should continue to be amortized over the remaining compliance period. The emission rights granted for free has been awarded to compensate for the higher operating costs incurred as a result of being subject to a cap and trade scheme. Therefore, no gain should be recognized (except for the difference in pricing as described in the previous paragraph) at the time of sale unless the emission rights sold exceeds the emission rights expected to be needed for the rest of the reporting period.

The amortization of the sold emission rights shall follow the same pattern than the emission rights not sold. The deferred income for the CO_2 emission rights granted shall be recognized in the Income Statement following the pattern the CO_2 is emitted by the plants.

4.22 Share-based compensation

The Company recognizes share-based compensation expense based on the estimated grant date fair value of share-based awards using a Black-Scholes option pricing model. Prior to vesting, cumulative compensation cost equals the proportionate amount of the award earned to date. The Company has elected to treat each award as a single award and recognize compensation cost on a straight-line basis over the requisite service period of the entire award. If the terms of an award are modified in a manner that affects both the fair value and vesting of the award, the total amount of remaining unrecognized compensation cost (based on the grant-date fair value) and the incremental fair value of the modified award are recognized over the amended vesting period.

4.23 Assets and disposal groups classified as held for sale, liabilities associated with assets held for sale and discontinued operations

Assets and disposal groups classified as held for sale include the carrying amount of individual items, disposal groups or items forming part of a business unit earmarked for disposal (discontinued operations), whose sale in their present condition is highly likely to be completed within one year from the reporting date. Therefore, the carrying amount of these items, which may or may not be of a financial nature, will likely be recovered through the proceeds from their disposal.

Liabilities associated with non-current assets held for sale include the balances payable arising from the assets held for sale or disposal groups and from discontinued operations.

Assets and disposal groups classified as held for sale are measured at the lower of fair value less costs to sell and their carrying amount at the date of classification in this category. Non-current assets held for sale are not depreciated as long as they remain in this category.

4.24 Consolidated statement of cash flows

The following terms are used in the consolidated statement of cash flows, prepared using the indirect method, with the meanings specified as follows:

1. Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.
2. Operating activities: activities constituting the object of the subsidiaries forming part of the consolidated Company and other activities that are not investing or financing activities.
3. Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.
4. Financing activities: activities that result in changes in the size and composition of the equity and borrowings of the Company that are not operating or investing activities. Interest payments and principal payments are presented separately.

5. Business Combinations

Business combinations are accounted for using the acquisition method. The identifiable assets acquired and liabilities assumed are recognized at their fair values at the acquisition date. Acquisition costs are recognized in profit or loss as incurred.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred, the amount recognized for any non-controlling interest and the acquisition-date fair values of any previously held interest in the acquiree over the fair value of the identifiable assets acquired and liabilities assumed at the acquisition date. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the excess is recognized immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Company in a business combination includes an asset or liability resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination.

Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value with the corresponding gain or loss being recognized in profit or loss. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

On February 1, 2018 the Company acquired 100% of the outstanding ordinary shares of Kintuck (France) SAS and Kintuck AS from a wholly-owned subsidiary of Glencore International AG ("Glencore") and obtained control of both entities. The new subsidiaries were renamed as Ferroglobe Mangan Norge AS and Ferroglobe Manganèse France SAS. The Company completed the acquisition through its wholly-owned subsidiary Ferroatlántica.

Simultaneously with the acquisition, Glencore and Ferroglobe entered into exclusive agency arrangements for the marketing of Ferroglobe's manganese alloys worldwide and the procurement of manganese ores to supply Ferroglobe's plants, in both cases for a period of ten years.

The business combination was recorded during the year ended December, 31, 2018 following IFRS 3 Business Combinations, with identifiable assets acquired and liabilities assumed provisionally recorded at their estimated fair values on the acquisition date while costs associated with the acquisition are expensed as incurred. The Company utilized the services of third-party valuation consultants, along with internal estimates and assumptions, to estimate the initial fair value of the assets acquired. The third-party valuation consultants utilized several appraisal methodologies including market and cost approaches to estimate the fair value of the identifiable net assets acquired.

The following is an estimate of the fair value of assets acquired and the liabilities assumed by Ferroglobe reconciled to the value of the acquisition consideration.

	Balances US$'000
ASSETS	
Non-current assets	
Other intangible assets	45
Property, plant and equipment	62,487
Other non-current financial assets	50
Total non-current assets acquired	**62,582**
Current assets	
Inventories	21,314
Trade and other receivables	24,785
Other current assets	1,397
Cash and cash equivalents	29,530
Total current assets acquired	**77,026**
Total assets acquired	**139,608**
LIABILITIES	
Non-current liabilities	
Deferred tax liabilities	90
Total non-current liabilities assumed	**90**
Current liabilities	
Trade and other payables	18,048
Provisions	735
Current income tax liabilities	396
Other current liabilities	4,066
Total current liabilities assumed	**23,245**
Total liabilities assumed	**23,335**
Net assets acquired	**116,273**
Satisfied by:	
Cash	49,909
Contingent consideration	26,222
Total consideration transferred	**76,131**
Gain on bargain purchase	**40,142**
Net cash outflow arising on acquisition	
Cash consideration	49,909
Less: cash and cash equivalent balances acquired	(29,530)
	20,379

The gain on bargain purchase was primarily attributable to the fact that the production of manganese alloys was considered an ancillary business to the seller, coupled with previous weaker manganese alloy pricing in the marketplace. The gain is recorded in the caption ‘Bargain purchase gain’ in the consolidated income statement.

The fair value of Trade and other receivables included trade receivables with a fair value of $11,900 thousand. There was no difference between the gross contractual value and fair value.

The contingent consideration arrangement requires the Company to pay the former owners of Kintuck (France) SAS and Kintuck AS a sliding scale commission based on the silicomanganese and ferromanganese sales spreads of

Ferroglobe Mangan Norge and Ferroglobe Manganèse France, up to a maximum amount of $60,000 thousand (undiscounted). The contingent consideration applies to sales made up to eight and a half years from the date of acquisition.

The potential undiscounted amount of all future payments that the Company could be required to make under the contingent consideration arrangement is between $0 thousand and $60,000 thousand.

The fair value of the contingent consideration arrangement of $26,222 thousand was estimated by applying the income approach based on a Monte Carlo simulation considering various scenarios of fluctuation of future manganese alloy spreads as well at the cyclicality of manganese alloy pricing. The fair value measurement is based on significant inputs that are not observable in the market, which IFRS 13 Fair Value Measurement refers to as Level 3 inputs. Key assumptions included discount rates of 11.5 percent and 11.0 percent for Ferroglobe Mangan Norge and Ferroglobe Manganèse France respectively. Average simulated revenues in Ferroglobe Mangan Norge and Ferroglobe Manganèse France combined were between $135,868 thousand and $262,441 thousand per year. Contingent consideration is presented in Other liabilities and is assessed in each subsequent reporting period (see *Note* 21).

Ferroglobe Mangan Norge and Ferroglobe Manganèse France contributed $112,445 thousand and $117,852 thousand respectively to the Company's revenue, and incurred losses of $10,148 thousand and $10,436 thousand respectively for the period between the date of acquisition and December 31, 2018.

If the acquisition of Ferroglobe Mangan Norge and Ferroglobe Manganèse France had been completed on the first day of the financial year, Company revenues for the period would have been $2,289,931 thousand and Company profit would have been $45,007 thousand.

6. Segment reporting

Operating segments are based upon the Company's management reporting structure. The Company's operating segments are primarily at a country level as this is how the Chief Operating Decision Maker (CODM) assesses performance and makes decisions about resource allocation. This is due to the integrated operations within each country and the ability to reallocate production based on the individual capacity of each plant. Additionally, economic factors that may impact our results of operations, such as currency fluctuations and energy costs, are also assessed at a country level.

The Company's North America reportable segment is the result of the aggregation of the operating segments of the United States and Canada. These operating segments have been aggregated as they have similar long-term economic characteristics and there is similarity of competitive and operating risks and the political environment in the United States and Canada. The Company's Europe reportable segment is the result of the aggregation of the operating segments of Spain, France and Norway. Similar to our United States and Canada operating segments, our Spain, France and Norway operating segments are grouped together based on the relative similarity of the EBITDA margins, competitive risks, currency risks (i.e. risks relating to the Euro), operating risks and, given they are each part of the European Union and the European Economic Community, the political and economic environment.

The consolidated income statements at December 31, 2020, 2019 and 2018, by reportable segment, are as follows:

	2020					
	Electrometallurgy - North America US$'000	**Electrometallurgy - Europe US$'000**	**Electrometallurgy - South Africa US$'000**	**Other segments US$'000**	**Adjustments/ Eliminations (**) US$'000**	**Total US$'000**
Sales	425,277	661,624	80,572	25,334	(48,373)	**1,144,434**
Cost of sales	(280,858)	(526,771)	(56,062)	(19,518)	47,723	**(835,486)**
Other operating income	2,916	35,575	131	13,724	(18,719)	**33,627**
Staff costs	(73,988)	(121,103)	(11,013)	(8,678)	—	**(214,782)**
Other operating expense	(34,315)	(81,590)	(14,098)	(21,425)	19,369	**(132,059)**
Depreciation and amortization charges, operating allowances and write-downs	(61,664)	(38,616)	(7,141)	(768)	—	**(108,189)**
Impairment losses	(35,685)	(17,941)	(8,677)	(11,041)	—	**(73,344)**
Net loss due to changes in the value of assets	—	—	—	158	—	**158**
(Loss) gain on disposal of non-current assets	(869)	2,156	—	5	—	**1,292**
Other (loss) gain	—	4	—	(5)	—	**(1)**
Operating (loss) profit	**(59,186)**	**(86,662)**	**(16,288)**	**(22,214)**	**—**	**(184,350)**
Finance income	679	4,262	90	12,466	(17,320)	**177**
Finance costs	(857)	(30,637)	(3,796)	(48,998)	17,320	**(66,968)**
Financial derivative gain	—	—	—	3,168	—	**3,168**
Exchange differences	(485)	(507)	(1,405)	27,950	—	**25,553**
(Loss) Profit before tax	**(59,849)**	**(113,544)**	**(21,399)**	**(27,628)**	**—**	**(222,420)**
Income tax (expense) benefit	14,213	(34,618)	(1,049)	(485)	—	**(21,939)**
(Loss) profit for the year from continuing operations	**(45,636)**	**(148,162)**	**(22,448)**	**(28,113)**	**—**	**(244,359)**
Profit for the year from discontinued operations	—	(5,399)	—	—	—	(5,399)
(Loss) profit for the year	**(45,636)**	**(153,561)**	**(22,448)**	**(28,113)**	**—**	**(249,758)**
Loss (profit) attributable to non-controlling interests	3,033	5	242	139	—	**3,419**
(Loss) profit attributable to the Parent	**(42,603)**	**(153,556)**	**(22,206)**	**(27,974)**	**—**	**(246,339)**

	2019					
	Electrometallurgy - North America US$'000	**Electrometallurgy - Europe US$'000**	**Electrometallurgy - South Africa US$'000**	**Other segments US$'000**	**Adjustments/ Eliminations (**) US$'000**	**Total US$'000**
Sales	551,500	1,049,576	136,292	43,147	(165,293)	**1,615,222**
Cost of sales	(366,711)	(868,654)	(108,823)	(35,923)	165,714	**(1,214,397)**
Other operating income	10,418	47,672	1,323	19,413	(24,613)	**54,213**
Staff costs	(87,954)	(145,712)	(20,333)	(31,030)	—	**(285,029)**
Other operating expense	(60,105)	(142,929)	(19,457)	(27,406)	24,192	**(225,705)**
Depreciation and amortization charges, operating allowances and write-downs	(72,251)	(39,844)	(6,459)	(1,640)	—	**(120,194)**
Impairment losses	(174,013)	(465)	—	(1,421)	—	**(175,899)**
Net loss due to changes in the value of assets	—	—	(530)	(1,044)	—	**(1,574)**
(Loss) gain on disposal of non-current assets	(1,601)	180	—	(802)	—	**(2,223)**
Bargain purchase gain	—	—	—	—	—	**—**
Operating profit (loss)	**(200,717)**	**(100,176)**	**(17,987)**	**(36,706)**	**—**	**(355,586)**
Finance income	529	9,220	156	14,483	(23,008)	**1,380**
Finance costs	(3,914)	(22,547)	(4,507)	(55,265)	23,008	**(63,225)**
Financial derivative gain	—	—	—	2,729	—	**2,729**
Exchange differences	(407)	3,139	(1,179)	1,331	—	**2,884**
Profit (loss) before tax	**(204,509)**	**(110,364)**	**(23,517)**	**(73,428)**	**—**	**(411,818)**
Income tax (expense) benefit	8,520	22,470	7,761	2,790	—	**41,541**
Profit (loss) for the year from continuing operations	**(195,989)**	**(87,894)**	**(15,756)**	**(70,638)**	**—**	**(370,277)**
Profit for the year from discontinued operations	—	3,280	—	81,357	—	84,637
Profit (loss) for the year	**(195,989)**	**(84,614)**	**(15,756)**	**10,719**	**—**	**(285,640)**
Loss (profit) attributable to non-controlling interests	5,123	—	(368)	284	—	**5,039**
Profit (loss) attributable to the Parent	**(190,866)**	**(84,614)**	**(16,124)**	**11,003**	**—**	**(280,601)**

	2018(*)					
	Electrometallurgy - North America US$'000	Electrometallurgy - Europe US$'000	Electrometallurgy - South Africa US$'000	Other segments US$'000	Adjustments/ Eliminations (**) US$'000	Total US$'000
Sales	710,716	1,447,973	208,543	62,075	(187,305)	**2,242,002**
Cost of sales	(394,044)	(1,059,474)	(137,177)	(43,194)	187,212	**(1,446,677)**
Other operating income	4,943	39,817	3,420	16,666	(19,002)	**45,844**
Staff costs	(115,555)	(177,047)	(23,735)	(22,525)	—	**(338,862)**
Other operating expense	(77,670)	(146,143)	(26,353)	(46,489)	19,095	**(277,560)**
Depreciation and amortization charges, operating allowances and write-downs	(69,009)	(34,974)	(5,526)	(4,328)	—	**(113,837)**
Impairment losses	—	—	—	(58,919)	—	**(58,919)**
Net gain due to changes in the value of assets	—	(7)	(7,616)	—	—	**(7,623)**
(Loss) gain on disposal of non-current assets	(208)	(8,369)	(261)	23,402	—	**14,564**
Bargain purchase gain	—	40,142	—	—	—	**40,142**
Operating (loss) profit	**59,173**	**101,918**	**11,295**	**(73,312)**	**—**	**99,074**
Finance income	804	11,035	199	32,040	(39,220)	**4,858**
Finance costs	(4,109)	(40,831)	(5,298)	(46,048)	39,220	**(57,066)**
Financial derivative loss	—	—	—	2,838	—	**2,838**
Exchange differences	(1,194)	(10,561)	2,284	(4,665)	—	**(14,136)**
(Loss) profit before tax	**54,674**	**61,561**	**8,480**	**(89,147)**	**—**	**35,568**
Income tax benefit (expense)	4,949	(15,048)	(3,582)	(6,778)	—	**(20,459)**
Profit (loss) for the year from continuing operations	**59,623**	**46,513**	**4,898**	**(95,925)**	**—**	**15,109**
(Loss) profit for the year from discontinued operations	**—**	**—**	**—**	9,464	**—**	**9,464**
Profit (loss) for the year	**59,623**	**46,513**	**4,898**	**(86,461)**	**—**	**24,573**
Loss (profit) attributable to non-controlling interests	4,785	(332)	358	14,277	—	19,088
(Loss) profit attributable to the Parent	**64,408**	**46,181**	**5,256**	**(72,184)**	**—**	**43,661**

(*) The consolidated Income Statements for the period ended December 31, 2018 has been restated to reclassify the results of the Spanish energy assets within profit (loss) for the year from discontinued operations.as part of the Other segments, as described in Note 1 to the consolidated financial statements.

(**) The amounts correspond to transactions between segments that are eliminated in the consolidation process.

The consolidated statements of financial position at December 31, 2020 and 2019, by reportable segment are as follows:

	2020					
	Electrometallurgy - North America US$'000	**Electrometallurgy - Europe US$'000**	**Electrometallurgy - South Africa US$'000**	**Other segments US$'000**	**Consolidation Adjustments/ Eliminations (*) US$'000**	**Total US$'000**
Goodwill	29,702	—	—	—	—	**29,702**
Other intangible assets	14,604	3,631	1,265	1,256	—	**20,756**
Property, plant and equipment	353,145	191,211	37,526	38,152	—	**620,034**
Inventories	63,765	152,680	20,375	9,729	—	**246,549**
Trade and other receivables (**)	609,456	477,440	43,121	930,744	(1,812,969)	**247,792**
Cash, restricted cash and cash equivalents	48,127	48,661	2,777	31,992	—	**131,557**
Other	(37,007)	32,413	9,808	45,541	—	**50,755**
Total assets	**1,081,792**	**906,036**	**114,872**	**1,057,414**	**(1,812,969)**	**1,347,145**
Equity	412,729	174,247	17,856	(239,113)	—	**365,719**
Provisions	33,812	120,413	5,956	3,602	—	**163,783**
Bank borrowings	—	80,121	—	27,486	—	**107,607**
Obligations under finance leases	4,260	17,403	318	555	—	**22,536**
Debt instruments	—	—	—	357,508	—	**357,508**
Other financial liabilities	3,140	331	—	60,425	—	**63,896**
Trade and other payables (***)	615,690	478,931	78,807	833,630	(1,854,661)	**152,397**
Other	12,161	34,590	11,935	13,321	41,692	**113,699**
Total equity and liabilities	**1,081,792**	**906,036**	**114,872**	**1,057,414**	**(1,812,969)**	**1,347,145**

	2019					
	Electrometallurgy - North America US$'000	**Electrometallurgy - Europe US$'000**	**Electrometallurgy - South Africa US$'000**	**Other segments US$'000**	**Consolidation Adjustments/ Eliminations (*) US$'000**	**Total US$'000**
Goodwill	29,702	—	—	—	—	**29,702**
Other intangible assets	18,504	30,248	1,322	1,193	—	**51,267**
Property, plant and equipment	419,695	216,809	53,650	50,752	—	**740,906**
Inventories	91,619	215,509	32,886	14,107	—	**354,121**
Trade and other receivables (**)	427,871	504,294	47,755	764,532	(1,430,186)	**314,266**
Cash, restricted cash and cash equivalents	25,194	65,216	3,321	29,444	—	**123,175**
Other	11,932	60,619	14,921	33,444	—	**120,916**
Total assets	**1,024,517**	**1,092,695**	**153,855**	**893,472**	**(1,430,186)**	**1,734,353**
Equity	459,637	307,131	43,466	(207,937)	—	**602,297**
Provisions	31,220	85,167	7,108	7,448	—	**130,943**
Bank borrowings	—	100,070	—	58,929	—	**158,999**
Obligations under finance leases	6,473	18,128	14	1,257	—	**25,872**
Debt instruments	—	—	—	354,951	—	**354,951**
Other financial liabilities	—	454	—	66,085	—	**66,539**
Trade and other payables (***)	464,592	520,937	86,837	587,552	(1,465,859)	**194,059**
Other	62,595	60,808	16,430	25,187	35,673	**200,693**
Total equity and liabilities	**1,024,517**	**1,092,695**	**153,855**	**893,472**	**(1,430,186)**	**1,734,353**

(*) These amounts correspond to balances between segments that are eliminated at consolidation.
(**) Trade and other receivables includes non-current and current receivables from group that eliminated in the consolidated process.
(***) Trade and other payables includes non-current and current payables from group that are eliminated in the consolidated process.

Other disclosures

Sales by product line

Sales by product line are as follows:

	2020 US$'000	2019 US$'000	2018 US$'000
Silicon metal	463,217	539,872	933,366
Manganese-based alloys	267,469	447,311	527,757
Ferrosilicon	176,447	275,368	359,374
Other silicon-based alloys	126,817	181,736	215,697
Silica fume	25,888	33,540	37,061
Energy	—	—	12,149
Other	84,596	137,395	156,598
Total	**1,144,434**	**1,615,222**	**2,242,002**

Information about major customers

Total sales of $580,570 thousand, $643,689 thousand, and $758,894 thousand were attributable to the Company's top ten customers in 2020, 2019, and 2018 respectively. During 2020, sales corresponding to Dow Silicones Corporation represented 13.2% of the Company's sales. Sales to Dow Silicones Corporation are included partially in the Electrometallurgy - North America segment and partially in the Electrometallurgy - Europe segment. During 2019 and 2018, there was no single customer representing greater than 10% of the Company's sales.

7. Goodwill

Changes in the carrying amount of goodwill during the years ended December 31, are as follows:

	January 1, 2019 US$'000	Impairment (Note 25.5) US$'000	Exchange differences US$'000	December 31, 2019 US$'000	Impairment (Note 25.5) US$'000	Exchange differences US$'000	December 31, 2020 US$'000
Globe Specialty Metals, Inc.	202,848	(174,008)	862	29,702	—	—	29,702
Total	**202,848**	**(174,008)**	**862**	**29,702**	**—**	**—**	**29,702**

In accordance with the requirements of IAS 36, goodwill is tested for impairment annually and is tested for impairment between annual tests if a triggering event occurs that would indicate the carrying amount of a cash-generating unit may be impaired. Impairment testing for goodwill is done at a cash-generating unit level, and the Company performs its annual impairment test at the end of the annual reporting period (December 31). The estimate of the recoverable value of the cash-generating units requires significant judgment in evaluation of overall market conditions, estimated future cash flows, discount rates and other factors, and are calculated based on management's business plans.

On December 23, 2015, Ferroglobe PLC consummated the acquisition of 100% of the equity interests of Globe Specialty Metals, Inc. (GSM) and subsidiaries and FerroAtlántica. This Business Combination was accounted for using the acquisition method of accounting for business combinations under IFRS 3 Business Combinations, with FerroAtlántica treated as the accounting acquirer and GSM as the acquiree. The excess of the cost of acquisition over the Company's interest in the fair value of the identifiable assets and liabilities assumed at the date of acquisition was recorded as goodwill.

During the year ended December 31, 2020, in connection with our annual goodwill impairment test, the Company did not recognize an impairment charge.

During the year ended December 31, 2019, the Company recognized an impairment charge of $174,008 thousand related to the complete impairment of goodwill in Canada and partial impairment of goodwill in the United States, resulting from a decline in future estimated projections and increase of the discount rate which caused the Company to revise its expected future cash flows from its Canadian and United States business operations. The impairment charge was recorded within the Electrometallurgy – North America reportable segment.

Ferroglobe operates in a cyclical market, and silicon and silicon-based alloy index pricing and foreign import pressure into the U.S. and Canadian markets impact the future projected cash flows used in our impairment analysis. Recoverable value was estimated based on discounted cash flows. Estimates under the Company's discounted income based approach involve numerous variables including anticipated sales price and volumes, cost structure, discount rates and long term growth that are subject to change as COVID-19 recoverability and new strategic plan, and therefore could impact fair values in the future. As of December 31, 2020, and 2019 the remaining goodwill for the U.S cash-generating units is $29,702 thousand and nil, respectively.

Key assumptions used in the determination of recoverable value

In determining the asset recoverability through value in use, management makes estimates, judgments and assumptions on uncertain matters. For each cash-generating unit, the value in use is determined based on economic assumptions and forecasted operating conditions as follows:

	2020		2019	
	U.S.	Canada	U.S.	Canada
Weighted average cost of capital	10.3 %	— %	11.1 %	11.5 %
Long-term growth rate	2.0 %	— %	2.0 %	2.0 %
Normalized tax rate	21.0 %	— %	21.0 %	26.6 %

The Company has defined a financial model which considers the revenues, expenditures, cash flows, net tax payments and capital expenditures on a five year period (2021 2025), and perpetuity beyond this period. The financial projections to determine the net present value of future cash flows are modeled considering the principal variables that determine the historic flows of each group of cash-generating unit including prices, volumes, costs, CAPEX and net working capital. The Company has also factored in the assumptions market recoverability, COVID and the new strategic plan.

The long-term growth rate is based on long-term average growth rate in the US.

Sensitivity to changes in assumptions

Changing management's assumptions, could significantly affect the evaluation of the value in use of our cash generating units and, therefore, the impairment result. As of December 31, 2020, there is $96,032 thousand headroom between the carrying value of US cash generating unit including goodwill and its recoverable value. The following changes to the assumptions used in the impairment test lead to the following changes in recoverable value:

			Sensitivity on discount rate		Sensitivity on long-term growth rate		Sensitivity on cash flows	
	Goodwill	Excess of recoverable value over carrying value	Decrease by 10%	Increase by 10%	Decrease by 10%	Increase by 10%	Decrease by 10%	Increase by 10%
	(in millions of US$)							
Electrometallurgy - U.S.	29.7	96.0	59.4	(46.5)	(6.8)	7.1	(86.6)	86.6
Total	**29.7**							

8. Other intangible assets

Changes in the carrying amount of other intangible assets during the years ended December 31 are as follows:

	Development Expenditure US$'000	Power Supply Agreements US$'000	Rights of Use US$'000	Computer Software US$'000	Other Intangible Assets US$'000	Accumulated Depreciation (Note 25.3) US$'000	Impairment (Note 25.5) US$'000	Total US$'000
Balance at January 1, 2019	**50,985**	**37,836**	**22,391**	**5,927**	**39,813**	**(79,517)**	**(25,613)**	**51,822**
Additions	870	—	—	—	22,842	(7,305)	(211)	16,196
Disposals	(553)	—	(5,595)	(780)	(8,295)	3,845	5,281	(6,097)
Exchange differences	(976)	—	(263)	2	(142)	694	468	(217)
Business disposal	—	—	—	—	(11,548)	—	1,111	(10,437)
Balance at December 31, 2019	**50,326**	**37,836**	**16,533**	**5,149**	**42,670**	**(82,283)**	**(18,964)**	**51,267**
Additions	262	—	—	—	42,561	(7,183)	—	35,640
Disposals	—	—	—	—	(68,713)	—	—	(68,713)
Exchange differences	4,286	—	516	100	2,354	(3,576)	(1,118)	2,562
Business disposal	—	—	—	—	—	—	—	—
Balance at December 31, 2020	**54,874**	**37,836**	**17,049**	**5,249**	**18,872**	**(93,042)**	**(20,082)**	**20,756**

Additions and disposals in other intangible asset in 2020 and 2019 primarily relate to the acquisition, use and expiration of rights held to emit greenhouse gasses by certain Spanish, French and Canadian subsidiaries (see *Note* 4.21).

During 2020 the Company disposed of rights held to emit greenhouse gasses $34,209 thousand, which result in a net reduction of other intangible assets of $32,517 thousand.

As a result of the Business Combination, the Company acquired a power supply agreement which provides favorable below-market power rates to the Alloy, West Virginia facility, which terminates in December 2021.

During 2019 the Company disposed of FerroAtlántica, S.A.U., which resulted in a net reduction of other intangible assets of $10,437 thousand, the net gain on the disposal of FerroAtlántica, S.A.U. is disclosed in Note 29.

At December 31, 2020, and 2019 the Company has no intangible assets pledged as security for outstanding bank loans and other payables.

9. Property, plant and equipment

The detail of property, plant and equipment, net of the related accumulated depreciation and impairment in 2020 and 2019 is as follows:

	Land and Buildings	Plant and Machinery	Other Fixtures, Tools and Furniture	Advances and Property, Plant and Equipment in the Course of Construction	Mineral Reserves	Other Items of Property, Plant and Equipment	Other Items of Leased Land and Buildings	Other Items of Leased Plant and machinery	Accumulated Depreciation (Note 25.3)	Impairment (Note 25.5)	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at January 1, 2019	**235,309**	**1,487,047**	**11,945**	**123,364**	**59,408**	**36,341**	—	—	**(907,355)**	**(157,197)**	**888,862**
IFRS 16 Adjustments at 1 January 2019	—	—	—	—	—	—	12,417	18,055	(9,703)	—	20,769
Additions	74	1,409	32	34,039	—	—	777	3,089	(103,121)	(1,224)	(64,925)
Disposals and other	(13,160)	(78,774)	(3,399)	(7,426)	—	(2,195)	—	—	48,560	48,775	(7,619)
Transfers from/(to) other accounts	408	38,445	220	(39,073)	—	—	—	—	—	—	—
Exchange differences	(2,822)	(8,908)	36	(1,881)	94	317	104	189	9,091	2,000	(1,780)
Business combinations (Note 5)	—	—	—	—	—	—	—	—	—	—	—
Business disposals	(23,223)	(165,382)	(15)	(2,372)	—	—	—	—	96,591	—	(94,401)
Balance at December 31, 2019	**196,586**	**1,273,837**	**8,819**	**106,651**	**59,502**	**34,463**	**13,298**	**21,333**	**(865,937)**	**(107,646)**	**740,906**
Additions	1,391	11,095	302	27,059	—	30	3,374	1,405	(101,006)	(71,929)	(128,279)
Disposals and other	(780)	(17,664)	(612)	(1,715)	—	—	—	—	17,337	4	(3,430)
Transfers from/(to) other accounts	904	15,830	—	(16,861)	—	—	—	127	—	(6,937)	(6,937)
Exchange differences	9,924	48,487	(87)	8,895	(177)	(1,305)	916	1,581	(45,901)	(4,559)	17,774
Balance at December 31, 2020	**208,025**	**1,331,585**	**8,422**	**124,029**	**59,325**	**33,188**	**17,588**	**24,446**	**(995,507)**	**(191,066)**	**620,034**

During year ended December 31, 2020 the Company recognized an impairment of $71,929 thousand in relation to our idled capacity at the Niagara facilities in the United States $34,270 thousand, at the Polokwane facility in South Africa $8,677 thousand, at Château Feuillet facility in Europe $17,941 thousand and an impairment of $11,041 thousand in relation to our solar-grade silicon metal project in Puertollano, Spain.

During 2019 the Company disposed of FerroAtlántica, S.A.U. and Ultracore Polska Zoo, which resulted in a net reduction of property, plant and equipment of $94,401 thousand. The net gain on the disposal of FerroAtlántica, S.A.U. is disclosed in Note 29 and the net loss on disposal of Ultracore Polska ZOO is included in Note 25.6.

During 2019 the Company liquidated Ganzi Ferroatlántica Silicon Industry Company, Ltd. and started the process of liquidation of Mangshi Sinice Silicon Industry Company Limited, which resulted in the reduction of impairment of $48,775 thousand.

During 2018 the Company recognised an impairment of $40,537 thousand in Impairment losses (Electrometallurgy – Other segment) in relation to our solar-grade silicon metal project based in Puertollano, Spain. As of December 31, 2019, the Company continued to recognize these project assets as $40,590 thousand based on the higher of fair value less costs of disposal and value in use. Fair value less costs of disposal related to land and buildings was determined based on recent sales of comparable industrial properties located near the project. Fair value less costs of disposal related to machinery and equipment was determined by assessing the recoverability of the assets to a market participant. As of December 31, 2020 the valuation of these assets has been reassessed and impairment of $11,041 thousand has been registered, leaving a remaining value of $33,537 thousand.

As at December 31, 2020 the Company tested property, plant and equipment for impairment, estimating the recoverable value of the cash-generating units requires significant judgment in evaluation of overall market conditions, estimated future cash flows, discount rates and other factors, based on management’s business plans. Recoverable values were estimated by determining the value in use for all assets, with the exception of our solar-grade

silicon metal project based in Puertollano, Spain, Château-Feuilltet plants in France and our silicon metal plant in Polokwane, South Africa for which the recoverable value was determined by independent valuation experts at fair value and the key assumptions used in the measurement of fair value measurements has been categorised within level "3". No impairment for property, plant and equipment was recognized during the year ended December 31, 2020, except the impairments mentioned in previous paragraphs.

Transfer from (to) other accounts as of December 31, 2020 only includes $6,937 thousand from OpCo related to the contract signed with Aurinka.

At December 31, 2020 and 2019, the Company has no property, plant and equipment pledged as security for outstanding bank loans and other payables.

Commitments

At December 31, 2020 and 2019, the Company has capital expenditure commitments totaling $2,605 thousand and $15,635 thousand, respectively, primarily related to maintenance and improvement works at plants.

10. Financial assets and other receivables

The company's financial assets and their classification under IFRS 9 are as follows:

	Note	2020 classification Amortised cost	Fair value through profit or loss - mandatorily measured	Fair value through other comprehensive income - designated	Total
		US$'000	US$'000	US$'000	US$'000
Other financial assets	10.1	3,456	2,609	—	6,065
Receivables from related parties	23	5,530	—	—	5,530
Trade receivables	10.2	202,233	—	—	202,233
Other receivables	10.2	3,847	—	—	3,847
Cash and cash equivalents		102,714	—	—	102,714
Restricted cash		28,843	—	—	28,843
Total financial assets		**346,623**	**2,609**	**—**	**349,232**

a. As of year ended December 31, 2020, Cash and cash equivalents and restricted cash comprise the following:

	2020 US$'000	2019 US$'000
Cash and cash equivalents	**102,714**	**94,852**
Current - Non Current restricted cash presented as Cash	**28,843**	**28,323**
Escrow: Hydro sale	6,136	5,617
ABL	22,500	22,500
Others	207	206
Total	**131,557**	**123,175**

The escrow was constituted in August 30, 2019, in consideration of FAU sale; under agreement terms, the Purchaser and the Seller deposited in a restricted bank account a part of the share purchase price, guaranteeing any compensation to the purchaser for any claim under the contract. In relation to the ABL Restricted cash, the amount constituted is fixed by agreement as liquidity covenants, see *Note* 16.

10.1 Other financial assets

At December 31, 2020, other financial assets comprise the following:

	2020 Non-Current US$'000	Current US$'000	Total US$'000
Other financial assets held with third parties:			
Other financial assets at amortised cost	3,456	—	3,456
Listed equity securities	1,601	1,008	2,609
Total	**5,057**	**1,008**	**6,065**

Other financial assets at amortized cost mainly comprises deposits given to French government by Ferropem ($2,679 thousands), a Ferroglobe subsidiary, in respect of *effort de construction*. The law in France requires employers and companies to provide a certain size to invest a portion of their budget in the construction or renovation of housing

(including through direct investment, providing mortgages, and other). In this case, the mandatory contribution has been made in the form of a loan, to be returned by the French government in twenty years.

Listed equity securities comprises investments held by Globe Argentina Metales in Pampa Energía.

At December 31, 2019, other financial assets comprise the following:

	2019		
	Non-Current US$'000	Current US$'000	Total US$'000
Other financial assets held with third parties:			
Other financial assets at amortised cost	2,618	—	2,618
Listed equity securities	—	5,544	5,544
Total	**2,618**	**5,544**	**8,162**

Securitization of trade receivables

On July 31, 2017, the Company entered into an accounts receivable securitization program (the “Program”) where trade receivables generated by the Company’s subsidiaries in the United States, Canada, Spain and France were sold to Ferrous Receivables DAC, a special purpose entity domiciled and incorporated in Ireland (the “SPE”). As sales of the Company’s products to customers occurred, eligible trade receivables were sold to the SPE at an agreed upon purchase price. Part of the consideration was received upfront in cash and part was deferred in the form of senior subordinated and junior subordinated loans notes issued by the SPE to the selling entities.

The SPE purchased the receivables at a slight discount to invoice value in order to pay certain expenses and fees related to the receivables including the costs of servicing the portfolio, the costs servicing the debt incurred to fund the purchase and any administrative costs. This discount was sized to adequately to cover any and all expenses required of the SPE.

At December 31, 2018, up to $303,000 thousand of upfront cash consideration could be provided by the SPE under the Program, financed by ING Bank N.V. (“ING”), as senior lender and Finacity Capital Management Inc. (“Finacity”), as intermediate subordinated lender and control party. In respect of trade receivables outstanding at December 31, 2018, the SPE provided upfront cash consideration of approximately $227,360 thousand.

On October 11, 2019, the Company’s subsidiaries in the United States and Canada repurchased all outstanding receivables that had they had previously sold to the SPE so that they could form part of the borrowing base for the North American asset-based revolving credit facility (the “ABL Revolver”).

During 2019, following certain termination events under the Program, ING’s senior loan commitments were reduced to $75,000 thousand and the Company and ING agreed the Program would terminate during the fourth quarter of 2019, unless otherwise refinanced.

On December 10, 2019, the Company refinanced the Program and amended and restated its terms. The SPE repaid the remaining senior loans to ING with the proceeds of new senior loans issued by an affiliate of Sound Point Capital Management LP. The new senior lender’s commitments under the amended and restated securitization program are $150,000 thousand, of which $104,130 was drawn at December 31, 2019. Finacity remained as intermediate subordinated lender and the Company’s European subsidiaries continued as senior subordinated and junior subordinated lenders as well as having a new interest in the senior and intermediate subordinated loan tranches. The Program has a initial duration of two-year until December 10, 2021.

On February 6, 2020, the Company entered into an amended and restated accounts receivables securitization program via which trade receivables generated by certain of the Company’s subsidiaries in Spain and France are financed both

directly through the existing Irish special purpose vehicle ("SPE") and indirectly through a French "fonds commun de titrisation". The incorporation of the "fonds commun de titirsation" into the program has allowed for the sale of certain Euro-denominated receivables that were not eligible under the previous structure and increased the available funding. The senior lender's commitments under the amended and restated securitization program are $150,000 thousand. Finacity remained as intermediate subordinated lender providing a cash consideration of $2,808 thousand, and the Company's European subsidiaries continued as senior subordinated and junior subordinated lenders as well as, having interests in the senior and intermediate subordinated loan tranches.

On October 2, 2020, the Company ended the receivables funding agreement and cancelled the securitization program, signing a new factoring agreement with a Leasing and Factoring Agent, for anticipating the collection of receivables of the Company's European entities (Grupo FerroAtlántica, S.A. and FerroPem S.AS). As a result of the agreement, the Leasing and Factoring Agent provided a cash consideration of circa $48.8 million, repurchased the receivables portfolio sold to the SPE on September 28, and consequently assumed the loan tranche of the senior borrower to the SPE. Also, the Senior loan and intermediate subordinate loan tranches were paid with internal sources of funds, at closing, there was cash release of $18 million from restricted cash relating to a special purpose vehicle under prior securitization program (see *Note* 16). Due to the termination of he receivables funding agreement and cancelation of the securitization program at October 2, 2020, the Company registered a finance cost of $7,591 thousand.

During the year ended December 31, 2020, the Company has repaid $107,657 thousand (EUR 95,695 thousand) in order to, prior to the termination of receivables funding agreement, optimize the level of borrowings of the SPE with the level of receivables in the securitization, and cancel all commitments in respect of loan tranches held by the Company.

Judgements relating to the consolidation of the SPE

The Company does not own shares in the SPE or have the ability to appoint its directors. In determining whether to consolidate the SPE, the Company has evaluated whether it has control over the SPE, in particular, whether it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Receivables are sold to the SPE under a true sale opinion with legal interest transferred from the Company to the SPE. While the sale of receivables to the SPE is without credit recourse, the Company continues to be exposed to the variable returns from its involvement in the SPE as it is exposed to credit risk as a subordinated lender to the SPE and it earns a variable amount of remuneration as master servicer of the receivables, as well as any excess return from additional service fee, including the loss or gain due to the effect of foreign exchange rates.

As master servicer, Ferroglobe is responsible for the cash collection and management of any impaired receivables. Finacity, in addition to being intermediate subordinated lender, is the backup servicer and has the unilateral right to remove Ferroglobe as master servicer and manage impaired receivables. Until September 5, 2019, this right was considered to be substantive and therefore that Finacity had power and control over the SPE and that the SPE was not consolidated by Ferroglobe. Considering the risk exposure for each lender at September 5, 2019 and subsequently, including under the amended and restated program effective December 10, 2019, it is not considered that Finacity has a risk exposure such as to be considered substantive. Therefore, Ferroglobe is now considered to have control over the SPE as it is exposed to variable returns and has the ability to affect those returns through its power over the investee. Accordingly, Ferroglobe has consolidated the SPE with effect from September 5, 2019.

Transactions with the SPE prior to consolidation during year ended December 31, 2019

Prior to the consolidation of the SPE on September 5, 2019, Company sold approximately $1,127 million of trade receivables to the SPE during the year ended December 31, 2019. The loss on transfer of the receivables, or purchase discount, which equates to difference between the carrying amount of the receivable and the purchase consideration, was $12,210 thousand and has been recognized within finance costs in the consolidated income statement.

As a lender to the SPE, the Company earned interest on its senior subordinated and junior subordinated loan receivables. During the year ended December 31, 2019, the Company earned interest of $1,130 thousand in respect of these loan receivables, recognized within finance income in the consolidated income statement.

The Company is engaged as master servicer to the SPE whereby the Company is responsible for the cash collection, reporting and cash application of the sold receivables. As master servicer, the Company earns a fixed rate management fee due to the percentage but depends on the volume of assets and an additional servicing fee which entitles the Company to a residual interest upon monthly liquidation of the SPE. The additional servicing fee will only be paid out on monthly liquidation of the SPE and from any excess cash flows remaining after all lenders to the SPE have been repaid. This results in the Company being exposed to variable returns. During the year ended December 31, 2019, the Company earned fixed-rate servicing fees of $1,531 thousand and additional servicing fees of $4,790 thousand.

Restrictions on the use of group assets

At December 31, 2020, following termination events on securitization program, the SPE did not held any cash in the consolidated financial statements of the Company.

At December 31, 2019, the SPE held cash of $38,778 thousand and this is consolidated by the Company and included in the cash and cash equivalents balance. Cash held by the SPE can be used to repay the SPE’s borrowings (see *Note* 16), pay interest and expenses incurred by the SPE, purchase new trade receivables from the Ferroglobe entities participating in the Program and repay loan notes issued to Ferroglobe entities, subject to continuing to meet the Program’s collateral and minimum liquidity requirements. At December 31, 2019, $3,448 thousand of cash held by the SPE was available to repay subordinated loan notes to Ferroglobe entities and therefore available for use by the wider group.

On October 2, 2020, prior to the termination of the securitization program, the SPE held trade receivables of $53.1 million. At December 31, 2019, the SPE held trade receivables of $90.1 million and these were consolidated by the Company (2018: the SPE was not consolidated). The proceeds from the collection of the SPE’s receivables can be used to repay the SPE’s borrowings.

At December 31, 2020, current restricted cash comprises cash in relation to the ABL, the amount constituted is fixed by agreement as liquidity covenants $22,500 thousand, see *Note* 16, and the guarantees taken over escrow account $6,136 thousand. The escrow was constituted in August 30, 2019, in consideration of previous FerroAtlántica; under agreement terms, the Purchaser and the Seller deposited in a restricted bank account a part of the share purchase price, guaranteeing any compensation to the purchaser for any claim under the contract.

10.2 Trade and other receivables

Trade and other receivables comprise the following at December 31:

	2020 US$'000	2019 US$'000
Trade receivables	203,930	237,022
Less – allowance for doubtful debts	(1,697)	(4,543)
	202,233	232,479
Tax receivables[(1)]	13,166	45,948
Government grant receivables	23,016	19,748
Other receivables	3,847	10,889
Total	**242,262**	**309,064**

(1) “Tax receivables” is primarily related to VAT receivables, which are recovered either by offsetting against VAT payables or are expected to be refunded by the tax authorities in the relevant jurisdictions.

The trade and other receivables disclosed above are short-term in nature and therefore their carrying amount is considered to approximate their fair value.

The changes in the allowance for doubtful debts during 2020 and 2019 were as follows:

	Allowance US$'000
Balance at January 1, 2019	**4,964**
Impairment losses recognized	2,517
Amounts written off as uncollectible	(100)
Changes in the scope of consolidation	(2,750)
Exchange differences	(88)
Balance at December 31, 2019	**4,543**
Impairment losses recognized	504
Amounts written off as uncollectible	(3,666)
Changes in the scope of consolidation	—
Exchange differences	315
Balance at December 31, 2020	**1,697**

Factoring of trade receivables

On October 2, 2020, the Company ended the receivables funding agreement over European receivables, signing a new factoring agreement with a Leasing and Factoring Agent, for anticipating the collection of receivables of the Company's European entities (Grupo FerroAtlántica, S.A. and FerroPem S.AS). As a result of the agreement, the Agent provided a cash consideration of circa $48.8 million, repurchased the receivables portfolio sold to the SPE on September 28, and consequently assumed the loan tranche of the senior borrower to the SPE. Also, the senior loan and intermediate subordinate loan tranches were paid with internal sources of funds, terminating the financing structure of the securitization program.

The main characteristics of the agreement are the following:

- the maximum cash consideration advanced for the financing facility is up to EUR 60,000 thousand;

- over collateralization of 10% of accounts receivable as guarantee provided to the Agent until payment has been satisfied;

- Annual fee of 0.15% applied to the annual revenues ceded to the Agent;

- Financing commission of 1% charged annually;

Other conditions are set in relation to credit insurance policy has been structured in an excess of loss policy where the first EUR 5,000 thousand of bad debt losses are not covered by the insurance provider. The Company has assumed the cash collateralization for the entire excess of loss, as agreed in contractual terms.

During the three months ended December 31, 2020, the new factoring agreement provided upfront cash consideration of approximately $169,105 thousand. The Company has repaid $95,800 thousand, showing at December 31, 2020, an on-balance sheet bank borrowing debt of $74,844 thousand, see *Note* 16.

At December 31, 2020, the Company held $89,154 thousand of accounts receivables recognized in consolidated balance sheet in respect of factoring agreement. Finance costs incurred during the year ended December 31, 2020, amounts $916 thousand, recognized in finance costs in the consolidated income statement.

Judgements relating to the recognition criteria

The Company has assessed whether it has transferred substantially all risks and rewards, continuing to be exposed to the variable returns from its involvement in the factoring agreement as it is exposed to credit risk, so the conclusion is that the derecognition criteria is not applicable and therefore, the account receivables sold is presented in the balance and a obligation is recognized as bank borrowings for the amount of cash advanced by the Leasing and Factoring Agent. The amount repayable under the factoring agreement is presented as on-balance sheet factoring and the debt assigned to factoring is showed as bank borrowings. See Note 16.

Government grants

The Company has been awarded government grants in relation to its operations in France, Spain and Norway, including grants in relation to the compensation of costs associated with the emission of CO_2.

During the year ended December 31, 2020, the Company recognized $30,420 thousand of income related to government grants, the amount was deducted against the related expense in cost of sales (2019: $33,327 thousand of income, of which $33,327 thousand was deducted against the related expense in cost of sales). The Company has no unfulfilled conditions in relation to government grants, but certain grants would be repayable if the Company were to substantially curtail production or employment at certain plants.

Factoring of other receivables

The Company had $2,190 thousand of factoring without recourse arrangements for receivables as of December 31, 2020, debt is showed off-balance sheet . The Company had no factoring without recourse arrangements as of December 31, 2019.

11. Inventories

Inventories comprise the following at December 31:

	2020 US$'000	2019 US$'000
Finished goods	100,711	158,056
Raw materials in progress and industrial supplies	99,259	140,689
Other inventories	46,274	54,564
Advances to suppliers	305	812
Total	**246,549**	**354,121**

During 2020 the Company recognised an expense of $1,939 thousand (2019: $4,295 thousand) in respect of write-downs of inventory to net realisable value. The Company records expense for the write-down of inventories to Cost of sales in the consolidated income statement, see *Note* 4.8.

At December 31, 2020, approximately $25 million of inventories in the Company's subsidiaries in the United States and Canada were pledged forming part of the borrowing base for the North American asset-based revolving credit facility (the "ABL Revolver"). At December 31, 2019, amount of pledged inventories was $33 million (see *Note* 30).

12. Other assets

Other assets comprise the following at December 31, 2020:

	2020			2019		
	Non-Current US$'000	Current US$'000	Total US$'000	Non-Current US$'000	Current US$'000	Total US$'000
Guarantees and deposits given	10,290	253	10,543	1,100	9	1,109
Prepayments and accrued income	—	10,656	10,656	10	13,415	13,425
Other assets	1,614	9,805	11,419	487	10,252	10,739
Total	**11,904**	**20,714**	**32,618**	**1,597**	**23,676**	**25,273**

At December 31, 2020, the figure in Guarantees and deposits given increased due to factoring and amounts related to security deposits with EDF Entreprises, made during the year in “FerroPem S.A.S”.

At December 31, 2020, the figure in Prepayments and accrued income decreased due to prepayments registered in “FerroPem S.A.S” as of December 31, 2019.

13. Equity

Share capital

Ferroglobe PLC was incorporated on February 5, 2015 and issued one ordinary share with a face value of $1.00. The share was issued but uncalled. On October 13, 2015, the Company increased its share capital by £50,000 by issuing 50,000 sterling non-voting redeemable preference shares (the “Non-voting Shares”) as well as 14 ordinary shares with a par value of $1.00. Subsequently on October 13, 2015, the Company consolidated the 15 ordinary shares at a par value of $1.00 to two ordinary shares with a par value of $7.50, for a total amount of $15.00.

On December 23, 2015, the Company acquired all of the issued and outstanding ordinary shares from Grupo Villar Mir, S.A.U., par value €1,000 per share, of Grupo FerroAtlántica, S.A.U. in exchange for 98,078,161 newly-issued Ferroglobe Class A ordinary shares, nominal value $7.50 per share, making Grupo FerroAtlántica, S.A.U. a wholly-owned subsidiary of the Company. The company subsequently redeemed all Non-voting Shares.

Subsequently on December 23, 2015, Gordon Merger Sub, Inc., a wholly owned subsidiary of the Company, merged with Globe Specialty Metals, Inc., and all outstanding shares of GSM common stock, par value $0.0001 per share were converted to the right to receive one newly-issued Ferroglobe ordinary share, nominal value $7.50 per share. The ordinary shares were registered by the Company pursuant to a registration statement on Form F-4, which was declared effective by the SEC on August 11, 2015, and trade on the NASDAQ Global Select Market under the ticker symbol “GSM.”

On June 22, 2016 the Company completed a reduction of the share capital and as such the nominal value of each share has been reduced from $7.50 to $0.01, with the amount of the capital reduction being credited to a distributable reserve.

On November 18, 2016, Class A Ordinary Shares were converted into ordinary shares of Ferroglobe as a result of the distribution of beneficial interest units in the Ferroglobe Representation and Warranty Insurance Trust to certain Ferroglobe shareholders.

During the years ended December 31, 2019 and December 31, 2020, the Company did not issue new ordinary shares of any class.

At December 31, 2020, there were 170,863,773 ordinary shares in issue with a par value of $0.01, for a total issued share capital of $1,784 thousand, (2019: 170,863,773 ordinary shares in issue with a par value of $0.01, for a total issued share capital of $1,784 thousand).

At December 31, 2020, the Company's largest shareholder is as follows:

Name	Number of Shares Beneficially Owned	Percentage of Outstanding Shares (*)
Grupo Villar Mir, S.A.U.	91,125,521	53.86 %

(*) 169,197,366 ordinary shares were outstanding at 31 December 2020, comprising 170,863,773 shares in issue less 1,666,407 shares held in treasury

Valuation adjustments

Valuation adjustments comprise the following at December 31:

	2020 US$'000	2019 US$'000
Actuarial gains and losses	4,833	1,248
Hedging instruments and other	922	(3,417)
Total	**5,755**	**(2,169)**

Changes in actuarial gain and losses are due to remeasurements of the net defined benefit liability, see *Note* 15.

Capital management

The Company's primary objective is to maintain a balanced and sustainable capital structure through the industry's economic cycles, while keeping the cost of capital at competitive levels so as to fund the Company's growth. The main sources of financing are as follows:

1. cash flow from operations;
2. bank borrowings, including asset-based loans;
3. debt instruments, including the senior Notes due 2022.

Although the factoring with recourse agreement has been part of the Company's consolidated Balance since October 1, 2020, the Company continues in its efforts to focus on optimizing its working capital.

Capital Raising and Extension of the Maturity of the Notes

Beginning in 2021, we engaged in discussions with a committee of holders of the Notes (the “Ad Hoc Group Noteholders”) to put forward a plan to refinance the Notes and restructure our balance sheet. On March 27, 2021, Ferroglobe and Globe entered into a lock-up agreement (the “Lock-Up Agreement”) with the Ad Hoc Group Noteholders, Grupo VM and affiliates of Tyrus Capital that set forth a plan to implement this restructuring.

The principal elements of the restructuring, as set forth below, are inter-conditional and must be completed by September 28, 2021, unless extended by agreement, see *Note* 30.

Issuance of $60 million of new senior secured notes

Issuance of $40 million in new equity of Ferroglobe

Extension of the maturity date of the Notes from March 31, 2022 to December 31, 2025 and amendment of certain other terms.

As of the date of the consolidated financial statements, holders holding approximately 96% in aggregate principal amount of Notes have signed a lock-up agreement (the “Lock-Up Agreement”) with the Ad Hoc Group Noteholders, Grupo VM and affiliates of Tyrus Capital to support the proposed restructuring as set out in the Lock-Up Agreement and including an extension of the bond maturity, but there can be no assurance that such support will not be withdrawn prior to implementation of the proposed restructuring or that, if withdrawn, additional consents required to implement the proposed restructuring will be obtained. As a result of these uncertainties, we cannot assure you that the proposed restructuring will be implemented at the end.

In addition to the extension and new terms agreed on the Senior Notes, the company entered into a Lock-Up agreement with members of an “Ad Hoc-Group”, being existing note holders representing in aggregate approximately 60% of the 2022 Senior Notes, and Tyrus Capital (“Tyrus”) as backstop provider in respect of a $40 million equity raise forming part of the transaction.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of financial covenants. To maintain or adjust the capital structure, the Company may restructure or issue new borrowings or debt, make dividend payments, return capital to shareholders or issue new shares. Management’s review of the Company’s capital structure includes monitoring of the leverage ratio, which was as follows at December 31:

	2020 US$'000	2019 US$'000	2018 US$'000
Gross financial debt (*)	551,547	606,361	645,389
Cash, restricted cash and cash equivalents	(131,557)	(123,175)	(216,647)
Total net financial debt	**419,990**	**483,186**	**428,742**
Total equity (**)	**365,719**	**602,297**	**884,372**
Total net financial debt / total equity	**114.84 %**	**80.22 %**	**48.48 %**

(*) Gross financial debt comprises bank borrowings, obligations under leases, debt instruments and other financial liabilities.
(**) Total equity comprises all capital and reserves of Company as stated in the consolidated statement of financial position.

The classification of the Company's gross financial debt between non-current and current at December 31 is as follows:

	2020		2019		2018	
	Balance US$'000	%	Balance US$'000	%	Balance US$'000	%
Non-current gross financial debt	394,985	71.61 %	548,531	90.46 %	560,738	86.88 %
Current gross financial debt	156,562	28.39 %	57,830	9.54 %	84,651	13.12 %
Total gross financial debt	**551,547**	**100.00 %**	**606,361**	**100.00 %**	**645,389**	**100.00 %**

Share Repurchase Program

At a general meeting of its shareholders held on August 3, 2018, shareholders granted authority to the Company to effect share repurchases. The Company is accordingly authorised for a period of five years to enter into contracts with appointed brokers under which the Company may undertake purchases of its ordinary shares – acquired by the brokers on the NASDAQ and through other permitted channels of up to approximately 10% of its issued ordinary share capital, at a minimum price of $0.01 per share, at a maximum price for such shares of 5% above the average volume-weighted average price of the Company's shares over the five business days prior to purchase and subject to additional restrictions (including as to pricing, volume, timing and the use of brokers or dealers) under applicable U.S. securities laws.

Subsequently, the Company's Board of Directors authorised the repurchase of up to $20,000 thousand of the Company's ordinary shares in the period ending December 31, 2018. On November 7, 2018, the Company completed

this repurchase program, resulting in the acquisition of a total of 2,894,049 ordinary shares for total consideration of $20,100 thousand, including applicable stamp duty of $100 thousand. The average price paid per share was $6.89.

The share repurchase program resulted in 1,152,958 ordinary shares purchased and cancelled and 1,741,091 ordinary shares purchased into treasury, all of which remained held in treasury at December 31, 2018.

During the years ended December 31, 2019 and December 31, 2020, there were not new shares repurchased by the Company.

Dividends

There have not been dividends paid or proposed by the Company during the year ended December 31, 2020 neither during the year ended December 31, 2019.

On May 21, 2018, the Board of Directors approved an interim dividend per ordinary share of $0.06. The dividend totaling $10,321 thousand, was paid on June 29, 2018 to shareholders of record at the close of business on June 8, 2018.

On August 20, 2018, the Board of Directors approved an interim dividend per ordinary share of $0.06. The dividend totaling $10,321 thousand, was paid on September 20, 2018 to shareholders of record at the close of business on September 5, 2018.

Non-controlling interests

The changes in non-controlling interests in the consolidated statements of financial position in 2020 and 2019 were as follows:

	Balance US$'000
Balance at January 1, 2019	**116,145**
Loss for the year	(5,039)
Increase of Parent's indirect ownership interest in FerroAtlántica de Venezuela S.A.	5,881
Translation differences and other	1,090
Balance at December 31, 2019	**118,077**
Loss for the year	(3,419)
Translation differences and other	(154)
Balance at December 31, 2020	**114,504**

The stand-alone statutory information regarding the largest non-controlling interests, in accordance with IFRS 12 Disclosure of Interests in Other Entities, is as follows:

WVA Manufacturing, LLC (WVA) was formed on October 28, 2009 as a wholly-owned subsidiary of Globe. On November 5, 2009, Globe sold a 49% membership interest in WVA to Dow Corning Corporation (currently named "Dow"), an unrelated third party. As part of the sale of the 49% membership interest to Dow, an operating agreement and an output and supply agreement were established. The output and supply agreement states that of the silicon metal produced by WVA, 49% will be sold to Dow and 51% to Globe, which represents each member's ownership interest, at a price equal to WVA's actual production cost plus $100 per metric ton. The agreement will automatically terminate upon the dissolution or liquidation of WVA in accordance with the joint venture agreement between Globe and Dow. As of December 31, 2020 and 2019, the balance of Non-controlling interest related to WVA was $70,270 thousand and $73,945 thousand, respectively.

Quebec Silicon Limited Partnership (QSLP), formed under the laws of the Province of Québec on August 20, 2010 is managed by its general partner, Quebec Silicon General Partner Inc., which is a wholly-owned subsidiary of Globe.

QSLP owns and operates the silicon metal operations in Bécancour, Québec. QSLP's production output is subject to a supply agreement, which sells 51% of the production output to Globe and 49% to Dow, which represents each member's ownership interest, at a price equal to QSLP's actual production cost plus 31 Canadian dollars per metric ton. As of December 31, 2020 and 2019, the balance of non-controlling interest related to QSLP was $44,808 thousand and $44,224 thousand, respectively.

	2020		2019	
	WVA US$'000	QSLP US$'000	WVA US$'000	QSLP US$'000
Statement of Financial Position				
Non-current assets	80,887	67,806	80,923	63,639
Current assets	58,404	37,095	56,839	30,931
Non-current liabilities	14,677	18,186	14,677	19,944
Current liabilities	23,208	16,320	27,579	7,277
Income Statement				
Sales	156,995	70,637	167,503	78,414
Operating profit	5,900	3,113	6,688	252
Profit before taxes	5,900	2,898	6,423	(36)
Net (loss) income	3,008	1,666	3,276	(70)
Cash Flow Statement				
Cash flows from operating activities	28,683	15,387	2,287	3,720
Cash flows from investing activities	(7,977)	(5,227)	(2,256)	(3,544)
Cash flows from financing activities	—	—	—	227
Exchange differences on cash and cash equivalents in foreign currencies	—	45	—	149
Beginning balance of cash and cash equivalents	6,566	2,319	6,535	1,767
Ending balance of cash and cash equivalents	**27,272**	**12,524**	**6,566**	**2,319**

14. Earnings (loss) per ordinary share

Basic earnings (loss) per ordinary share are calculated by dividing the consolidated profit (loss) for the year attributable to the Parent by the weighted average number of ordinary shares outstanding during the year, excluding the average number of treasury shares held in the year, if any. Dilutive earnings (loss) per share assumes the exercise of stock options, provided that the effect is dilutive.

	2020	2019	2018
Basic earnings (loss) per ordinary share computation			
Numerator:			
Profit (loss) attributable to the Parent (US$'000)	(246,339)	(280,601)	43,661
Denominator:			
Weighted average basic shares outstanding	169,269,281	169,152,905	171,406,272
Basic earnings (loss) per ordinary share (US$)	**(1.46)**	**(1.66)**	**0.25**
Diluted earnings (loss) per ordinary share computation			
Numerator:			
Profit (loss) attributable to the Parent (US$'000)	(246,339)	(280,601)	43,661
Denominator:			
Weighted average basic shares outstanding	169,269,281	169,152,905	171,406,272
Effect of dilutive securities	—	—	123,340
Weighted average dilutive shares outstanding	169,269,281	169,152,905	171,529,612
Diluted earnings (loss) per ordinary share (US$)	**(1.46)**	**(1.66)**	**0.25**

Potential ordinary shares of 57,458, of 445,008, and of 269,116 were excluded from the calculation of diluted earnings (loss) per ordinary share in 2020, 2019, and 2018 respectively because their effect would be anti-dilutive.

15. Provisions

Provisions comprise the following at December 31:

	2020			2019		
	Non- Current US$'000	Current US$'000	Total US$'000	Non- Current US$'000	Current US$'000	Total US$'000
Provision for pensions	56,395	191	56,586	56,679	1,050	57,729
Environmental provision	2,910	1,256	4,166	2,923	1,185	4,108
Provisions for litigation	—	1,355	1,355	—	3,905	3,905
Provisions for third-party liability	10,759	—	10,759	9,263	—	9,263
Provisions for C02 emissions allowances	—	40,161	40,161	5,776	29,162	34,938
Other provisions	38,423	12,333	50,756	10,211	10,789	21,000
Total	**108,487**	**55,296**	**163,783**	**84,852**	**46,091**	**130,943**

The changes in the various line items of provisions in 2020 and 2019 were as follows:

	Provision for Pensions US$'000	Environmental Provision US$'000	Provisions for Litigation in Progress US$'000	Provisions for Third Party Liability US$'000	Provisions for CO2 Emissions Allowances US$'000	Other Provisions US$'000	Total US$'000
Balance at January 1, 2019	**52,726**	**3,211**	**2,399**	**7,270**	**27,970**	**22,781**	**116,357**
Charges for the year	7,444	820	2,166	2,361	18,794	2,958	34,543
Provisions reversed with a credit to income	(1,798)	—	—	(74)	—	(1,101)	(2,973)
Amounts used	(2,019)	—	(650)	(179)	(9,452)	(723)	(13,023)
Provision against equity	2,244	—	—	—	—	—	2,244
Exchange differences and others	(868)	77	(10)	(115)	(249)	(441)	(1,606)
Disposals from business divestitures	—	—	—	—	(2,125)	(2,474)	(4,599)
Balance at December 31, 2019	**57,729**	**4,108**	**3,905**	**9,263**	**34,938**	**21,000**	**130,943**
Charges for the year	5,340	117	184	268	38,249	30,890	75,048
Provisions reversed with a credit to income	(1,843)	—	—	—	—	(1,972)	(3,815)
Amounts used	(3,514)	(26)	(2,886)	(198)	(35,860)	—	(42,484)
Provision against equity	(3,260)	—	—	568	—	—	(2,692)
Exchange differences and others	2,134	(33)	152	858	2,834	838	6,783
Balance at December 31, 2020	**56,586**	**4,166**	**1,355**	**10,759**	**40,161**	**50,756**	**163,783**

The main provisions relating to employee pensions are as follows:

France

These relate to various obligations assumed by FerroPem, SAS with various groups of employees relate to long-service benefits, medical insurance supplements and retirement obligations, all of which are defined unfunded benefit obligations, whose changes in 2020 and 2019 were as follows:

	2020 US$'000	2019 US$'000
Obligations at the beginning of year	**32,795**	**28,049**
Current service cost	1,580	1,951
Borrowing costs	242	524
Actuarial differences	(2,170)	4,432
Benefits paid	(1,037)	(1,581)
Exchange differences	3,086	(580)
Obligations at the end of year	**34,496**	**32,795**

At December 31, 2020 and 2019 the effect of a 1% change in discount rate would have resulted in a change to the provision of approximately $4,953 thousand and $4,767 thousand, respectively.

The following table reflects the gross benefit payments that are expected to be paid for the benefit plans for the year ended December 31, 2020:

	2020 US$'000
2021	1,128
2022	1,129
2023	2,018
2024	2,322
2025	1,691
Years 2026-2030	9,065

The subsidiary recognized provisions in this connection based on an actuarial study performed by an independent expert.

South Africa

Defined benefit plans relate to Retirement medical aid obligations and Retirement benefits. Actuarial valuations are performed periodically by independent third parties and in the actuary’s opinion the fund was in a sound financial position. The valuation was based upon the amounts as per the latest valuation report received from third party experts.

Retirement medical aid obligations

The Company provides post-retirement benefits by way of medical aid contributions for employees and dependents.

Retirement benefits

It is the policy of the Company to provide retirement benefits to all its employees and therefore membership of the retirement fund is compulsory. The Company has both defined contribution and defined benefit plans. The pension fund obligation is recognized in current provisions as the Company will contribute the difference to the plan assets within the next 12 months.

In this regard, the changes of this provision in 2020 and 2019 were as follows:

	2020 US$'000	2019 US$'000
Obligations at beginning of year	**4,601**	**5,429**
Current service cost	47	90
Borrowing costs	435	511
Actuarial differences	(1,238)	(1,291)
Benefits paid	(278)	(254)
Exchange differences	(106)	116
Obligations at end of year	**3,461**	**4,601**

At December 31, 2020 and 2019, the effect of a 1% change in the cost of the medical aid would have resulted in a change to the provision of approximately $378 thousand and $562 thousand, respectively.

The breakdown, in percentage, of the plan assets are as follows:

	2020	2019
Cash	1.84 %	1.50 %
Equity	41.70 %	42.25 %
Bond	18.53 %	15.64 %
Property	1.68 %	2.78 %
International	32.02 %	32.51 %
Others	4.23 %	5.32 %
Total	**100.00 %**	**100.00 %**

As of December 31, 2020 and 2019 the Plan assets amounted to $2,204 thousand and $2,126 thousand, respectively. Changes in the fair value of plan assets linked to the defined benefit plans in South Africa were as set forth in the following table:

	2020 US$'000	2019 US$'000
Fair value of plan assets at the beginning of the year	**2,126**	**1,906**
Interest income on assets	200	194
Benefits paid	—	—
Actuarial differences	(77)	(81)
Other	(45)	107
Fair value of plan assets at the end of the year	**2,204**	**2,126**
Actual return on assets	**122**	**113**

Venezuela

Benefit Plan

The company FerroVen has pension obligations to all of its employees who, once reaching retirement age, have accumulated at least 15 years of service to the company and receive a Venezuelan Social Security Institute (IVSS) pension. In addition to the pension paid by the IVSS, 80% of the basic salary accrued when the pension benefit is awarded is guaranteed and paid by means of a lifelong monthly pension.

The most recent of the present value of the defined benefit obligation actuarial valuation was determined at December 31, 2020 by independent actuaries. The present value of the obligation for defined unfunded benefit cost, the current service cost and past service cost were determined using the projected unit credit method.

In this regards, the changes of this provision in 2020 and 2019 were as follows:

	2020 US$'000	2019 US$'000
Obligations at the beginning of year	**2,577**	**534**
Current service cost	26	50
Borrowing costs	596	1,128
Benefits paid	(2)	(3)
Exchange differences	(956)	(1,200)
Other	(2,220)	2,068
Obligations at the end of year	**22**	**2,577**

The summary of the main actuarial assumptions used to calculate the aforementioned obligations is as follows:

	France		South Africa		Venezuela	
	2020	2019	2020	2019	2020	2019
Salary increase	1.60%-6.10%	1.60%-6.10%	5.80%-9.10%	7.10%-7.60%%	500 %	7374 %
Discount rate	0.75%	0.75%	9.80%-13.2%	9.5%-10.7%%	536 %	7673 %
Expected inflation rate	1.60%	1.60%	4.80%-7.60%	5.1%-6.1%%	550 %	7374 %
Mortality	TGH05/TGF05	TGH05/TGF05	SA 85-90 / PA (90)	SA 85-90 / PA (90)	GAM 83	UP94
Retirement age	65	65	63	63	65	62-63

High percentages are driven by driven by hyperinflationary economy in Venezuela.

North America

a. Defined Benefit Retirement and Post-retirement Plans

Globe Metallurgical Inc. (“GMI”) sponsors three non-contributory defined benefit pension plans covering certain employees, which were all frozen in 2003. Core Metals sponsors a non-contributory defined benefit pension plan covering certain employees, which was closed to new participants in April 2009.

Quebec Silicon Limited partnership (“QSLP”) sponsors a contributory defined benefit pension plan and postretirement benefit plan for certain employees, based on length of service and remuneration. Post-retirement benefits consist of a group insurance plan covering plan members for life insurance, disability, hospital, medical, and dental benefits. The contributory defined benefit pension plan was closed to new participants in December 2013. On December 27, 2013, the Communications, Energy and Paper Workers Union of Canada (“CEP”) ratified a new collective bargaining agreement, which resulted in a curtailment pertaining to the closure of the postretirement benefit plan for union employees retiring after January 31, 2016. The Company’s funding policy has been to contribute, as necessary, an amount in excess of the minimum requirements in order to achieve the Company’s long-term funding targets.

Benefit Obligations and Funded Status – The following provides a reconciliation of the benefit obligations, plan assets and funded status of the North American plans as of December 31, 2020 and 2019:

	2020				2019			
	USA	Canada			USA	Canada		
	Pension Plans US$'000	Pension Plans US$'000	Post-retirement Plans US$'000	Total US$'000	Pension Plans US$'000	Pension Plans US$'000	Post-retirement Plans US$'000	Total US$'000

Benefit obligation	39,214	28,110	9,632	76,956	37,272	25,626	8,739	71,637
Fair value of plan assets	(36,011)	(22,337)	—	(58,348)	(33,620)	(20,260)	—	(53,880)
Provision for pensions	**3,203**	**5,773**	**9,632**	**18,608**	**3,652**	**5,366**	**8,739**	**17,757**

All North American pension and post-retirement plans are underfunded. At December 31, 2020 and 2019, the accumulated benefit obligation was $67,324 thousand and $62,898 thousand for the defined pension plan and $9,632 thousand and $8,739 thousand for the post-retirement plans, respectively.

The assumptions used to determine benefit obligations at December 31, 2020 and 2019 for the North American plans are as follows:

	North America – 2020			North America – 2019		
	USA	Canada		USA	Canada	
	Pension Plan	Pension Plan	Postretirement Plan	Pension Plan	Pension Plan	Postretirement Plan
Salary increase	N/A	2.75% - 3.00%	N/A	N/A	2.75% - 3.00%	N/A
Discount rate	2.25%	2.61%	2.75%	3.00%	3.15%	3.15%
Expected inflation rate	N/A	N/A	N/A	N/A	N/A	N/A
Mortality	Pri-2012 Blue Collar Mortality	CPM2014-Private	CPM2014-Private Scale CPM-B	Pri-2012 Blue Collar Mortality	CPM2014-Private	CPM2014-Private Scale CPM-B
Retirement age	65	58-60	58-60	65	58-60	58-60

The discount rate used in calculating the present value of our pension plan obligations is developed based on the BPS&M Pension Discount Curve for 2020 and 2019 and the Mercer Proprietary Yield Curve for 2020 and 2019 for QSLP Pension and post-retirement benefit plans and the expected cash flows of the benefit payments.

The Company expects to make discretionary contributions of approximately $1,304 thousand to the defined benefit pension and post-retirement plans for the year ending December 31, 2020.

The following reflects the gross benefit payments that are expected to be paid in future years for the benefit plans for the year ended December 31:

	Pension Plans US$'000	Non-pension Postretirement Plans US$'000
2021	3,281	192
2022	3,300	189
2023	3,363	204
2024	3,402	214
2025	3,492	240
Years 2026-2030	17,561	1,550

The accumulated non-pension postretirement benefit obligation has been determined by application of the provisions of the Company's health care and life insurance plans including established maximums, relevant actuarial assumptions and health care cost trend rates projected at 5.2% for 2020 and decreasing to an ultimate rate of 4.0% in fiscal 2040. At December, 31 2020 and 2019, the effect of a 1% increase in health care cost trend rate on the non-pension postretirement benefit obligation is $2,085 thousand and $1,809 thousand, respectively. At December, 31 2020 and 2019 the effect of a 1% decrease in health care cost trend rate on the non-pension postretirement benefit obligation is ($1,567) thousand and ($1,374) thousand.

The changes to these obligations in the current year ended December 31, 2020 were as follows:

	2020			
	USA	Canada		
	Pension Plans US$'000	Pension Plans US$'000	Post-retirement Plans US$'000	Total US$'000
Obligations at the beginning of year	**37,272**	**25,626**	**8,739**	**71,637**
Service cost	147	149	330	**626**
Borrowing cost	1,085	800	275	**2,160**
Actuarial differences	3,020	2,252	278	**5,550**
Benefits paid	(2,083)	(1,249)	(170)	**(3,502)**
Exchange differences		532	180	**712**
Expenses	(227)	—	—	**(227)**
Obligations at the end of year	**39,214**	**28,110**	**9,632**	**76,956**

The plan assets of the defined benefit and retirement and post-retirement plans in North America are comprised of assets that have quoted market prices in an active market. The breakdown as of December 31, 2020 and 2019 of the assets by class are:

	2020	2019
Cash	33 %	1 %
Equity Mutual Funds	10 %	44 %
Fixed Income Securities	32 %	55 %
Assets held by insurance company	25 %	— %
Total	**100 %**	**100 %**

For the year ended December 31, 2020, the changes in plan assets were as follows:

	2020		
	USA	Canada	
	Pension Plans US$'000	Pension Plans US$'000	Total US$'000
Fair value of plan assets at the beginning of the year	**33,620**	**20,260**	**53,880**
Interest income on assets	973	530	1,503
Benefits paid	(2,083)	(1,187)	(3,270)
Actuarial return on plan assets	3,681	1,070	4,751
Exchange differences	—	711	711
Other	(180)	953	773
Fair value of plan assets at the end of the year	**36,011**	**22,337**	**58,348**

b. Other Benefit Plans

The Company administers healthcare benefits for certain retired employees through a separate welfare plan requiring reimbursement from the retirees.

The Company’s subsidiary, GMI, provides two defined contribution plans (401(k) plans) that allow for employee contributions on a pretax basis. The Company agrees to match 25% of participants’ contributions up to a maximum of 6% of compensation. Additionally, the Company sponsors a defined contribution plan for employees of Core Metals. Under the plan, the Company may make discretionary payments to salaried and non-union participants in the form of profit sharing and matching funds.

Other benefit plans offered by the Company include a Section 125 cafeteria plan for the pretax payment of healthcare costs and flexible spending arrangements.

Provisions for third-party liability

Environmental provision

Environmental provisions relate to $2,910 thousand of non-current environmental rehabilitation obligations as of December 31, 2020 (2019: $2,923 thousand) and $1,256 thousand of current environmental rehabilitation obligations as of December 31, 2020 (2019: $1,185 thousand).

Provisions for litigation

Certain employees of FerroPem, SAS, then known as Pechiney Electrometallurgie, S.A., may have been exposed to asbestos at its plants in France in the decades prior to FerroAtlántica's purchase of that business in December 2004. The Company has recognized a provision of $1,080 thousand during the year ended December 31, 2020 as part of the current portion of Provisions for litigation (2019: $1,166 thousand). See *Note* 24 for further information.

The timing and amounts potential liabilities arising from such exposures is uncertain. The provision reflects the Company's best estimate of the expenditure required to meet resulting obligations.

Provisions for third-party liability

Provisions for third-party liability relate to current obligations ($10,759 thousand) relating to health costs for retired employees (2019: $9,263 thousand) in the The Company's subsidiary, FerroPem, SAS.

The following table reflects the gross benefit payments that are expected to be paid for the benefit plans for the year ended December 31, 2020:

	2020 US$'000
2021	-
2022	585
2023	293
2024	292
2025	293
Years 2026-2030	1,499

The subsidiary recognized provisions in this connection based on an actuarial study performed by an independent expert.

Other provisions

Included in other provisions are current obligations arising from past actions that involve a probable outflow of resources that can be reliably estimated. Other provisions include taxes of $6,053 thousand (2019: $4,866 thousand) and other provisions of $44,703 thousand (2019: $16,134 thousand); $31,815 thousand are related to the tolling agreement with Cee-Dumbria facility as detailed in the below paragraph and $7,118 thousand are related to the accrued estimated costs of reclaiming the land after it has been mined for gravel or coal.

In November 2020, the Tribunal Superior de Justicia de Galicia dismissed the request of separation of the Cee-Dumbria's hydroelectric plants and the ferroalloys plants. Grupo FerroAtlantica, S.A.U. has appealed the Sentencia to the Supreme Court and are awaiting the admission of the appeal. As a consequence of the court´s ruling, the Company has reconsidered to estimate on the term of the tolling agreement with Cee-Dumbria ferroalloys plant. The Company has recorded a provision amounting to $31,815 thousand (EUR 25,927 thousand).

16. Bank borrowings

Bank borrowings comprise the following at December 31:

	2020			
	Limit US$'000	Non-Current Amount US$'000	Current Amount US$'000	Total US$'000
Borrowings carried at amortised cost:				
Credit facilities	100,000	—	27,237	27,237
Borrowings from receivable factoring facility	73,626	—	74,844	74,844
Other loans	—	5,277	249	5,526
Total		**5,277**	**102,330**	**107,607**

	2019			
	Limit US$'000	Non-Current Amount US$'000	Current Amount US$'000	Total US$'000
Borrowings carried at amortised cost:				
Credit facilities	100,000	45,449	12,600	58,049
Other loans	150,000	98,939	2,011	100,950
Total		**144,388**	**14,611**	**158,999**

Credit facilities

Credit facilities comprise the following at December 31:

	2020 US$'000	2019 US$'000
Secured loans carried at amortised cost		
Principal amount	31,155	62,835
Unamortised issuance costs	(3,918)	(4,786)
Accrued interest	—	—
Total	**27,237**	**58,049**
Amount due for settlement within 12 months	27,237	12,600
Amount due for settlement after 12 months	—	45,449
Total	**27,237**	**58,049**

On February 27, 2018, Ferroglobe entered into a revolving credit facility that provided for borrowings up to an aggregate principal amount of $250,000 thousand (the "Revolving Credit Facility"). The Revolving Credit Facility was amended on February 22, 2019, which included a reduction in the size of the facility from $250,000 thousand to $200,000 thousand. The Revolving Credit Facility was amended further on September 30, 2019, reducing the size of the facility from $200,000 thousand to $150,000 thousand. On October 11, 2019, the Revolving Credit Facility was repaid using the proceeds from the ABL Revolver and existing cash and cash equivalents, in the amounts of $134,570 thousand.

On October, 11, 2019, Ferroglobe subsidiaries Globe Specialty Metals, Inc., and QSIP Canada ULC, as borrowers, entered into a Credit and Security Agreement for a new $100 million north American asset-based revolving credit facility (the "ABL Revolver"), with PNC Bank, N.A., as lender.

The maximum advances granted by the lender are up to the lesser of (a) $100 million and (b) the Formula Amount. The Formula Amount at any time will be determined by reference to the most recent Borrowing Base Certificate delivered to PNC Bank, N.A. (the Agent), and is equal to (a) up to 85% of Eligible Receivables plus (b) the lesser of:

- up to 75% of the cost of Eligible Inventory and eligible foreign-in transit inventory;
- up to 85% of the appraised net orderly liquidation value of Eligible inventory, minus (c) Reserves, if any.

The Formula Amount is subject to the following limits:

- inventory to account for up to 65% of the Formula Amount;
- Canadian inventory up to $20 million;
- eligible in-transit inventory of up to $10 million;
- consigned inventory of up to $10 million;
- consigned inventory of up to $7.5 million;
- stores and spare parts inventory of up to $2 million;
- packaging materials inventory of up to $500 thousand; and
- receivables aged 90 to 120 days due of up to $5 million.

Subject to certain exceptions, loans under the ABL Revolver may be borrowed, repaid and reborrowed at any time until the facility's expiration date. The legal maturity date of the ABL Revolver is October 11, 2024, which is five years after the initial drawdown under the facility. Notwithstanding this, the terms of the facility provide a spring forward provision which requires the ABL Revolver to be repaid on the date which is three (3) months prior to the maturity date of the senior Notes (March 1, 2022), which would currently imply a facility repayment date of December 1, 2021. Accordingly the ABL has been reclassified to short term as at December 31, 2020. This spring forward provision would adjust in respect of a refinancing of the senior Notes to be the date which is three (3) months prior to the date of any permitted refinancing of the Notes. There is a provision in the ABL Revolver credit agreement which requires the approval of PNC Bank, as agent on behalf of the lender, to the terms of any refinancing of the senior unsecured Notes and provides, *inter alia*, that the maturity date of such of refinancing shall be no earlier than January 9, 2025.

Interest Rates

Under the ABL Revolver, and in respect of LIBOR Rate Loans, the interest to be paid will be LIBOR plus aplicable margin, and in respect of Domestic Rate Loans, the interest will be ABR plus aplicable margin. ABR shall mean the highest of (i) the PNC Bank prime rate, (ii) overnight bank funding rate plus 0.5% and (iii) daily LIBOR plus 1.0%.

The applicable margin is based on the average undrawn availability of the ABL Revolver. The undrawn availability is an amount equal to:

- the lesser of (i) $100 million and (ii) the Formula Amount; minus
- the maximum undrawn amount of $10 million all outstanding letters of credit; minus
- the outstanding amount of revolving advances and swing loans, with a limit of $45 million

Therefore, three levels are established depending on the average undrawn availabity. The Level I means that the average undrawn availability is higher than 66.7%, the applicable LIBOR rate margin will be 2.50% and the aplicable Domestic rate margin will be 1.50%. The Level II means that the average undrawn availability is more than 33.3% to less or equal 66.7%, the applicable LIBOR rate margin will be 2.75% and the applicable Domestic rate margin will be 1.75%. The Level III means if average undrawn availability is lower or equal to 33.3%, the applicable LIBOR rate margin will be 3.00% and the Domestic rate margin will be 2.00%. As a result, the applicable margin from the Closing date of the ABL Revolver to January 1, 2020, will be Level III rate. Thereafter, effective as of the first day of each calendar quarter, the rate corresponding to the average daily undrawn availability for the most recently completed calendar quarter.

Guarantees and security

Ferroglobe PLC was not required to provide a guarantee of the ABL Revolver, but entered into a Non-Recourse Pledge Agreement with lender in respect of its shares in Globe Specialty Metals, Inc.

Covenants

The ABL Revolver contains certain affirmative covenants relating to, among other things: (i) preservation of existence; (ii) payment of taxes; (iii) continuation of business; (iv) maintenance of insurance on its properties and assets; (v) maintenance and protection of rights of properties; (vi) visitation rights granted to the Administrative Agent and (vii) maintain and keep proper books of record and account. The ABL Revolver also contains certain negative covenants, relating to, among other things: (i) debt; (ii) liens; (iii) liquidations, mergers or consolidation; (iv) amendment of organizational documents; (v) restricted payments (including dividends, distributions, issuances of equity interests, redemptions and repurchases of equity interests); (vi) sale and leaseback transactions and (vii) further negative pledges. The ABL Revolver does not contain any leverage-based or financial ratio-based covenants, but requires minimum undrawn availability of $10,000 thousand and a restricted cash reserve of $22,500 thousand. See *Note* 10.

Under the ABL Revolver, Globe Specialty Metals, Inc., and QSIP Canada ULC pledged assets as collateral to PNC Bank as follows: eligible third party receivables in the sum of $31M, and eligible inventory including raw materials, WIP, finished goods, spare parts and packaging in the sum of $25M. Deducted from the eligible assets are outstanding letters of credit equaling $6M, reserves $0.6M and a minimum undrawn availability of $10M, leaving a total ABL Revolver balance of $38M as at December 31, 2020.

Repayment of the ABL in March, 2021

On March 16, 2021, the Company has repaid in its entirety the remaining balance at the date for an amount equal to $39,476 thousand, cancelling its obligations derived from the contract. See *Note* 30.

Borrowings from receivable factoring facility

On October 2, 2020, the Company ended the receivables funding agreement over European receivables, signing a new factoring agreement with a Leasing and Factoring Agent, for anticipating the collection of receivables of the Company’s European entities. As a result of the agreement, the Agent provided a cash consideration of circa $48.8 million, repurchased the receivables portfolio sold to the SPE on September 28, and consequently assumed the loan tranche of the senior borrower to the SPE. Also, the senior loan and intermediate subordinate loan tranches were paid with internal sources of funds, terminating the financing structure of the securitization program (See *Note* 10).

The main characteristics of the agreement are the following:

- the maximum cash consideration advanced for the financing facility is up to EUR 60,000 thousand;

- over collateralization of 10% of accounts receivable as guarantee provided to the Agent until payment has been satisfied;

- Annual fee of 0.15% applied to the annual revenues ceded to the Agent;

- Financing commission of 1% charged annually;

Other conditions are set in relation to credit insurance policy has been structured in an excess of loss policy where the first EUR 5,000 thousand of bad debt losses are not covered by the insurance provider. The Company has assumed the cash collateralization for the entire excess of loss, as agreed in contractual terms.

Judgements relating to the recognition criteria

The Company has assessed whether it has transferred substantially all risks and rewards, continuing to be exposed to the variable returns from its involvement in the factoring agreement as it is exposed to credit risk as, the conclusion is that the derecognition criteria is not applicable and thefore, the account receivables sold is presented in the balance as the cash received is presented as an obligation to be repaid as bank borrowings.

As of December 31, 2020, the Company exceeded the limit, the lender agreed a temporary increase of the limit.

Other Loans

Loans in respect of Receivables Funding Agreement

As a result of the consolidation of the SPE since September 5, 2019, that part of the purchase price of the accounts receivable sold into the receivables securitization program not received in cash is deferred in the form of loans, in senior and subordinated tranches, held by the Company.

During 2019, following certain termination events under the current accounts receivable program, ING's senior loan commitments were reduced to $75,000 thousand and the Company and ING agreed the program would terminate during the fourth quarter of 2019, unless otherwise refinanced.

On December 10, 2019, the Company refinanced the program and amended and restated its terms. The SPE repaid the remaining senior loans to ING with the proceeds of new senior loans issued by an affiliate of Sound Point Capital Management LP. The new senior lender's commitments under the amended and restated securitization program are $150,000 thousand, of which $104,130 was drawn at December 31, 2019. Finacity remained as intermediate subordinated lender and the Company's European subsidiaries continue as senior subordinated and junior subordinated lenders as well as having a new interest in the senior and intermediate subordinated loan tranches. The reconstituted program has a two-year term until December 10, 2021.

On February 6, 2020, the Company entered an amended and restated accounts receivables securitization program. The senior lender's commitments under the amended and restated securitization program are $150,000 thousand. Finacity remained as intermediate subordinated lender providing a cash consideration of $2,808 thousand, and the Company's European subsidiaries continued as senior subordinated and junior subordinated lenders as well as, having interests in the senior and intermediate subordinated loan tranches.

During the year ended December 31, 2020, the Company has repaid $107,657 thousand in order to, prior to the termination of receivables funding agreement, optimize the level of borrowings of the SPE with the level of receivables in the securitization, and cancel all commitments in respect of loan tranches held by the Company.

Other Loans

Include loans held by The Company to finance their current activities in France, signed in July for an amount of USD 5,277 thousand. The loan is zero interest rate, guaranteed by French government, and the initial period is one year duration, with repayment of up to five years.

Foreign currency exposure of bank borrowings

The breakdown by currency of bank borrowings at December 31, is as follows:

	2020		
	Non-Current Principal Amount US$'000	Current Principal Amount US$'000	Total US$'000
Borrowings in US Dollars	—	27,486	27,486
Borrowings in Euros	5,277	74,844	80,121
Total	**5,277**	**102,330**	**107,607**

	2019		
	Non-Current Principal Amount US$'000	Current Principal Amount US$'000	Total US$'000
Borrowings in US Dollars	144,388	14,611	158,999
Borrowings in other currencies	—	—	—
Total	**144,388**	**14,611**	**158,999**

Contractual maturity of non-current bank borrowings

The contractual maturity of non-current bank borrowings at December 31, 2020, was as follows:

	2020		
	2021 US$'000	2022 US$'000	Total US$'000
Credit facilities	27,237	—	27,237
Borrowings from supplier factoring facility	74,844	—	74,844
Other loans	249	5,277	5,526
Total	**102,330**	**5,277**	**107,607**

17. Leases

Lease obligations

Lease obligations as at December 31 are as follows:

	2020			2019		
	Non-Current US$'000	Current US$'000	Total US$'000	Non-Current US$'000	Current US$'000	Total US$'000
Other leases	13,994	8,542	22,536	16,972	8,900	25,872
Total	**13,994**	**8,542**	**22,536**	**16,972**	**8,900**	**25,872**

The detail, by maturity, of the non-current payment obligations under leases as of December 31, 2020 is as follows:

	2022 US$'000	2023 US$'000	2024 US$'000	2025 US$'000	2026 and after US$'000	Total US$'000
Other leases	6,177	4,319	1,287	824	1,387	13,994
Total	**6,177**	**4,319**	**1,287**	**824**	**1,387**	**13,994**

Future net minimum lease payments are as follows:

	Undiscounted minimum lease payments		Present value of minimum lease payments	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Within 1 year	8,836	10,161	8,542	8,900
Between 1 and 5 years	13,488	17,569	12,608	16,256
After 5 years	1,748	911	1,386	716
Total minimum lease payments	**24,072**	**28,641**	**22,536**	**25,872**
Less: amounts representing finance lease charges	1,536	2,769	—	—
Present value of minimum lease payments	**22,536**	**25,872**	**22,536**	**25,872**

IFRS 16 has had the following effect on components of the consolidated financial statements:

	2020 US$'000
Balance at December 31, 2019	(25,872)
Additions	(5,471)
Disposals and other	102
Interest	(1,358)
Lease payments	11,673
Exchange differences	(1,610)
Balance at December 31, 2020	**(22,536)**

On January 1, 2020, lease liabilities were discounted at the incremental borrowing rate was 5.5% for the year ended December 31, 2020.

Leases are presented as follows in the Statement of financial position:

	2020 US$'000
Non-current assets	
Leased land and buildings	17,588
Leased plant and machinery	24,446
Accumulated depreciation	(22,498)
Non-current liabilities	
Lease liabilities	(13,994)
Current liabilities	
Lease liabilities	(8,542)

Leases are presented as follows in the Consolidated income statement:

	2020 US$'000
Depreciation and amortization charges, operating allowances and write-downs	
Depreciation of right of use assets	10,112
Finance costs	
Interest expense on lease liabilities	1,358
Exchange differences	
Currency translation gains on lease liabilities	(1,610)
Currency translation losses on right of use assets	2,138

Leases are presented as follows in the Statement of cash flows:

	2020 US$'000
Payments for:	
Principal	10,315
Interest	1,358

18. Debt instruments

Debt instruments comprise the following at December 31:

	2020 US$'000	2019 US$'000
Unsecured notes carried at amortised cost		
Principal amount	350,000	350,000
Unamortised issuance costs	(3,380)	(5,986)
Accrued coupon interest	10,888	10,937
Total	**357,508**	**354,951**
Amount due for settlement within 12 months	10,888	10,937
Amount due for settlement after 12 months	346,620	344,014
Total	**357,508**	**354,951**

On February 15, 2017, Ferroglobe and Globe (together, the “Issuers”) issued $350,000 thousand aggregate principal amount of 9.375% senior unsecured notes due March 1, 2022 (the “Notes”). The proceeds were used primarily to repay existing indebtedness, including borrowings, certain credit facilities and other loans. Issuance costs of $12,116 thousand were incurred. The principal amounts of the senior Notes issued by each of Ferroglobe and Globe were $150,000 thousand and $200,000 thousand, respectively. Interest on the Notes is payable semi-annually on March 1 and September 1 of each year, commencing on September 1, 2017.

At any time prior to March 1, 2019, the Issuers might have redeemed all or a portion of the Notes at a redemption price based on a “make-whole” premium. At any time on or after March 1, 2019, the Issuers might redeem all or a portion of the Notes at redemption prices varying based on the period during which the redemption occurs. In addition, at any time prior to March 1, 2019, the Issuers might have redeemed up to 35% of the aggregate principal amount of

the Notes with the net proceeds from certain equity offerings at a redemption price of 109.375% of the principal amount of the Notes, plus accrued and unpaid interest.

The Notes are senior unsecured obligations of the Issuers and are guaranteed on a senior basis by certain subsidiaries of Ferroglobe. The Notes are listed on the Irish Stock Exchange. The associated Indenture contains certain negative covenants. Additionally, if the Issuers experience a change of control the Indenture requires the Issuers to offer to redeem the Notes at 101% of their principal amount. Grupo Villar Mir S.A.U. owns 53.9% of the Company's outstanding shares and has pledged them to secure its obligations to certain banks. The Company would experience a change in control and would be required to offer redemption of bonds in accordance with the Indenture if Grupo Villar Mir S.A.U. defaults on the underlying loan. See *Note* 27 for further information.

The fair value of the Notes, determined by reference to the closing market price on the last trading day of the year, was $268,538 thousand as at December 31, 2020 (December 31, 2019: $219,118 thousand).

Agreement in Principle on the Terms of the financing proposal

As of the date of the consolidated financial statements, holders holding approximately 96% in aggregate principal amount of Notes have signed a lock-up agreement (the “Lock-Up Agreement”) with the Ad Hoc Group Noteholders, Grupo VM and affiliates of Tyrus Capital to support the proposed restructuring as set out in the Lock-Up Agreement and including an extension of the bond maturity, but there can be no assurance that such support will not be withdrawn prior to implementation of the proposed restructuring or that, if withdrawn, additional consents required to implement the proposed restructuring will be obtained. As a result of these uncertainties, we cannot assure you that the proposed restructuring will be implemented. See *Note* 30.

19. Other financial liabilities

Other financial liabilities comprise the following at December 31:

	2020			2019		
	Non-Current US$'000	Current US$'000	Total US$'000	Non-Current US$'000	Current US$'000	Total US$'000
Financial loans from government agencies	29,094	34,802	63,896	33,557	23,382	56,939
Derivative financial instruments	—	—	—	9,600	—	9,600
Total	**29,094**	**34,802**	**63,896**	**43,157**	**23,382**	**66,539**

Financial loans from government agencies

On September 8, 2016, FerroAtlántica, S.A.U, as borrower, and the Spanish Ministry of Industry, Tourism and Commerce (the “Ministry”), as lender, entered into two loan agreements under which the Ministry made available to the borrower loans in aggregate principal amount of €44,999 thousand and €26,909 thousand, respectively, in connection with industrial development projects relating to the Company’s solar grade silicon project. The loan is contractually due to be repaid in 7 installments over a 10-year period with the first three years as a grace period. The loan of €26,909 thousand was repaid in April 2018. Interest on outstanding amounts under each loan accrues at an annual rate of 3.55%. As of December 31, 2020, the amortized cost of the loan was €44,824 thousand (equivalent to $55,004 thousand) (2019: €44,765 thousand and $50,289 thousand). In November 2018, FAU agreed to transfer to

OpCo certain assets which had been acquired with the proceeds of the REINDUS Loan and used exclusively by OpCo in connection with the joint venture in consideration of OpCo assuming liability for the REINDUS Loan. Reindus loan fair value as of December 31, 2020 amounting of $57,366 thousand.

The agreements governing the loans contain the following limitations on the use of the proceeds of the outstanding loan: (1) the investment of the proceeds must occur between January 1, 2016 and February 24, 2019; (2) the allocation of the proceeds must adhere to certain approved budget categories; (3) if the final investment cost is lower than the budgeted amount, the borrower must reimburse the Ministry proportionally; and (4) the borrower must comply with certain statutory restrictions regarding related party transactions and the procurement of goods and services. On May 24, 2019, a report on uses of the loan was presented to the Ministry. On January 26, 2021, the Company received a decision from the Administration under which it has been agreed to extend the grace period and the term of loan, and it will be completed by 2030 (see *Note* 30).

The remaining non-current and current balances are related to loans granted mainly by French and Spanish government agencies.

Derivative financial instruments

Derivative financial instruments comprise the following at December 31:

	2020 US$'000	2019 US$'000
Derivatives designated as hedging instruments		
Cross currency swap	—	7,481
Derivatives not designated as hedging instruments		
Cross currency swap	—	2,119
	—	**9,600**

Cross currency swap

The Company's operations generate cash flows predominantly in Euros and US dollars. The Company is exposed to exchange rate fluctuations between these currencies as it expects to convert Euros into US dollars to settle a proportion of the interest and principal of the Notes (see *Note* 18). To manage this currency risk, the Parent Company entered a cross-currency swap (the “CCS”) on May 12, 2017 where on a semi-annual basis it will receive interest of 9.375% on a notional of $192,500 thousand and pay interest of 8.062% on a notional of €176,638 thousand and it will exchange these Euro and US dollar notional amounts at maturity of the Notes in 2022. The timing of payments of interest and principal under the CCS coincide exactly with those of the Notes.

In March, 2020, the Company closed out the cross currency swap resulting in the receipt of cash proceeds of $3,608 thousand.

The fair value of the CCS at December 31, 2020 was $ nil thousand (2019: $9,600 thousand) (see *Note* 28).

The Parent Company, which has an Euro functional currency, designated $150,000 thousand of the notional amount of the CCS as a cash flow hedge of the variability of the Euro functional currency equivalents of the future US dollar cash flows of $150,000 thousand of the principal amount of the Notes. In March, 2020, the CCS hedging foreign exchange risk of the Notes was close out resulting in a change in fair value of $11,161 thousand since the last year end closing. As 77% of the derivative was designated as hedging instrument in a cashflow hedge relationship, $3,168 thousand were recognized in finance income in the income statements for the non-designated portion (2019: $2,729 thousand) and $11,161 thousand were recognized through other comprehensive income in the valuation adjustments reserve (2019: $9,663 thousand gain). Considering that the hedged item remains as a highly probable transaction, the corresponding valuation adjustment reserve should be reclassified to the income statement as the hedged item affects

profit or loss over the period to maturity of the Notes. In that sense, during the period of 2020 amounts transferred from the valuation adjustments reserve to the income statement comprise a gain of $5,090 thousand transferred to exchange differences (2019: $2,874 thousand) and a gain of $429 thousand transferred to finance costs (2019: $1,639 thousand). At December 31, 2020, a balance of $(2,226) thousand in respect of the cash flow hedge of the CCS remained in the valuation adjustment reserve.

The remaining $42,500 thousand of the notional amount of the CCS was not designated as a cash flow hedge before closed out and was accounted for at fair value through profit or loss, resulting in a gain of $3,164 thousand for the year ended December 31, 2020, which is recorded in financial derivative gain in the consolidated income statement (2019: $2,736 thousand).

Interest rate swaps

The Company previously entered into interest rate swaps to manage the risk of changes in interest rates on certain non-current and current obligations. Since June 30, 2015, the interest rate swaps have been considered as ineffective hedges and as a result the changes in fair value of these derivatives are recognized through profit or loss. During the year ended December, 31, 2019 the Company disposed of the swap relating to the lease of hydroelectrical installations as part of the sale of its 100% interest in subsidiary FerroAtlántica, S.A.U. (“FAU”) to investment vehicles affiliated with TPG Sixth Street Partners.

20. Trade and other payables

Trade and other payables compose the following at December 31:

	2020 US$'000	2019 US$'000
Payable to suppliers	147,512	189,092
Trade notes and bills payable	1,689	137
Total	**149,201**	**189,229**

21. Other liabilities

Other liabilities comprise the following at December 31:

	2020			2019		
	Non-Current US$'000	Current US$'000	Total US$'000	Non-Current US$'000	Current US$'000	Total US$'000
Payable to non-current asset suppliers	130	2,633	2,763	182	6,989	7,171
Guarantees and deposits	17	266	283	18	—	18
Remuneration payable	20	27,552	27,572	38	33,003	33,041
Tax payables	—	23,177	23,177	—	22,459	22,459
Contingent consideration	14,859	1,773	16,632	20,338	1,626	21,964
Other liabilities	1,741	10,592	12,333	5,330	32,352	37,682
Total	**16,767**	**65,993**	**82,760**	**25,906**	**96,429**	**122,335**

Tax payables

Tax payables comprise the following at December 31:

	2020		2019	
	Current US$'000	Total US$'000	Current US$'000	Total US$'000
VAT	4,061	4,061	8,234	8,234
Accrued social security taxes payable	13,266	13,266	7,781	7,781
Personal income tax withholding payable	1,111	1,111	1,351	1,351
Other	4,739	4,739	5,093	5,093
Total	**23,177**	**23,177**	**22,459**	**22,459**

Share-based compensation

a. Equity Incentive Plan

On May 29, 2016, the board of Ferroglobe PLC adopted the Ferroglobe PLC Equity Incentive Plan (the "Plan") and on June 29, 2016 the Plan was approved by the shareholders of the Company. The Plan is a discretionary benefit offered by Ferroglobe PLC for the benefit of selected senior employees of Ferroglobe PLC and its subsidiaries. The Plan's main purpose is to reward and foster performance through share ownership. Awards under the plan may be structured either as conditional share awards or options with a $nil exercise price (nil cost options). The awards are subject to a service condition of three years from the date of grant.

Details of the Plan awards during the current and prior years are as follows:

	Number of awards
Outstanding as of December 31, 2018	**1,025,042**
Granted during the period	1,184,441
Expired/forfeited during the period	(33,630)
Outstanding as of December 31, 2019	**2,175,853**
Granted during the period	882,850
Exercised during the period	(150,494)
Outstanding as of December 31, 2020	**2,908,209**
Exercisable as of December 31, 2020	456,968

The awards outstanding under the Plan at December 31, 2020 and December 31, 2019 were as follows:

Grant Date	Performance Period (three years ended)	Expiration Date	Exercise Price	Fair Value at Grant Date	2020	2019
December 16, 2020	December 31, 2024	December 16, 2030	nil	$ 1.23	882,850	—
March 13, 2019	December 31, 2022	March 13, 2029	nil	$ 2.69	1,184,441	1,184,441
June 14, 2018	N/A	June 13, 2028	nil	$ 9.34	78,694	129,930
March 21, 2018	December 31, 2021	March 20, 2028	nil	$ 22.56	287,080	287,080
June 20, 2017	December 31, 2020	June 20, 2027	nil	$ 15.90	17,342	17,342
June 1, 2017	N/A	June 1, 2027	nil	$ 10.96	834	19,463
June 1, 2017	December 31, 2020	June 1, 2027	nil	$ 16.77	346,215	382,002
November 24, 2016	December 31, 2019	November 24, 2026	nil	$ 16.66	110,753	155,595
					2,908,209	**2,175,853**

The awards outstanding as of December 31, 2020 had a weighted average remaining contractual life of 11.93 years (2019: 8.52 years).

At December 31, 2020, 2,828,681 of the outstanding awards were subject to performance conditions (2019: 2,026,460 awards). For those awards subject to performance conditions, upon completion of the three year service period, the recipient will receive a number of shares or nil cost options of between 0% and 200% of the above award numbers, depending on the financial performance of the Company during the performance period. The performance conditions can be summarized as follows:

Vesting Conditions
40% base on share price
30% base on Operating (Loss) profit plus depreciation and amortization charges
20% based on net cash flow

There were no performance obligations linked to 79,528 of the awards outstanding at December 31, 2020 (2019: 149,393 awards). These awards were issued as deferred bonus awards and vest subject to remaining in employment for three years.

Fair Value

The weighted average fair value of the awards granted during the year ended December 31, 2020 was $1.23 (2019: $2.69). The Company estimates the fair value of the awards using Stochastic and Black-Scholes option pricing models. Where relevant, the expected life used in the model has been adjusted for the remaining time from the date of valuation until options are expected to be received, exercise restrictions (including the probability of meeting market conditions attached to the option), and performance considerations. Expected volatility is calculated over the period commensurate with the remainder of the performance period immediately prior to the date of grant.

The following assumptions were used to estimate the fair value of the awards:

	Grant date				
	December 16, 2020	March 13, 2019	March 21, 2018	June 20, 2017	June 01, 2017
Fair value at grant date	$ 1.23	$ 2.69	$ 22.56	$ 15.90	$ 16.77
Grant date share price	$ 1.61	$ 2.44	$ 15.19	$ 10.50	$ 10.96
Exercise price	Nil	Nil	Nil	Nil	Nil
Expected volatility	91.30%	53.54 %	49.86 %	43.15 %	43.09 %
Option life	4.00 years	3.00 years	3.00 years	3.00 years	3.00 years
Dividend yield	—	— %	— %	— %	— %
Risk-free interest rate	0.27%	2.40 %	2.48 %	1.52 %	1.44 %
Remaining performance period at grant date	4.04	2.81	2.78	2.53	2.58
Company TSR at grant date	NA	(48.1) %	2.1 %	(0.3) %	4.0 %
Median comparator group TSR at grant date	NA	(4.8) %	(6.2) %	(7.2) %	(3.7) %
Median index TSR at grant date	NA	10.9 %	(8.4) %	0.6 %	4.8 %

At the date of grant for these awards, all of the opening averaging period and some of the performance period had elapsed. The Company’s TSR relative to the median comparator group TSR and median index TSR at grant date may impact the grant date fair value; starting from an advantaged position increases the fair value and starting from a disadvantaged position decreases the fair value.

To model the impact of the TSR performance conditions, we have calculated the volatility of the comparator group using the same method used to calculate the Company’s volatility, using historical data, where available, which matches the length of the remaining performance period grant date.

The Company's correlation with its comparator group was assessed on the basis of all comparator group correlations, regardless of the degree of correlation, have been incorporated into the valuation model.

For the year ended December 31, 2020, share-based compensation expense related to this stock plan amounted to $2,017 thousand, which is recorded in staff costs (2019: $4,879 thousand).

Prior to the business combination, shares of Globe Specialty Metals common stock were registered pursuant to Section 12(b) of the Exchange Act and listed on NASDAQ. As a result of the business combination between Ferroglobe and Globe, each share of Globe common stock was converted into the right to receive one Ferroglobe ordinary share. The shares of Globe common stock were suspended from trading on NASDAQ effective as of the opening of trading on December 24, 2015. Ferroglobe ordinary shares were approved for listing on The NASDAQ Global Market. At the effective time of the business combination, GSM stock and stock-based awards were replaced with stock and stock-based awards of Ferroglobe in a one to one exchange.

There were not options that were exercised and 25,000 share options that expired during the year ended December 31, 2020 (2019: no options were exercised and 78,630 share options expired during the year).

A summary of options outstanding is as follows:

	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term in Years	Aggregate Intrinsic Value
Outstanding as of December 31, 2018	103,630	$ 19.40	0.44	$ 1,774
Expired/forfeited during the period	(78,630)	20.25		
Outstanding as of December 31, 2019	25,000	$ 16.70	0.16	$ —
Expired/forfeited during the period	(25,000)	—		
Outstanding as of December 31, 2020	—	$ 16.7	0.16	$ —
Exercisable as of December 31, 2020	—	$ 16.7	0.16	$ —

At December 31, 2020 there are total vested options of zero and no unvested options outstanding (2019: vested options of 25,000 and no unvested options).

For the year ended December 31, 2020, share based compensation income related to stock options under this plan was $ zero thousand (2019: $ zero thousand). The expense is reported within staff costs in the consolidated income statement.

For the year ended December 31, 2020, the Company did settle options by an amount of $12 thousand.

b. Executive bonus plan assumed under business combination with Globe

Prior to the business combination, the Globe also issued restricted stock units under the Company's Executive Bonus Plan. The fair value of restricted stock units is based on quoted market prices of the Company's stock at the end of each reporting period. These restricted stock units proportionally vest over three years, but are not delivered until the end of the third year. The Company will settle these awards by cash transfer, based on the Company's stock price on the date of transfer. For the year ended December 31, 2020, no restricted options were exercised and for the year ended December 31, 2019, no restricted options were exercised. As of December 31, 2020, and 2019, restricted stock units of 26,268 were outstanding.

For the year ended December 31, 2020, share based compensation expense for these restricted stock units was $18 thousand (2019: $17 thousand income before tax and $11 thousand income after tax). The income is reported within staff costs in the consolidated income statement. At December 31, 2020 and 2019, the liability associated with the restricted stock option was $43 thousand and $26 thousand, respectively included in other current liabilities.

c. Stock appreciation rights assumed under business combination with Globe

Globe issued cash-settled stock appreciation rights as an additional form of incentivized bonus. Stock appreciation rights vest and become exercisable in one-third increments over three years. The Company settles all awards by cash transfer, based on the difference between the Company's stock price on the date of exercise and the date of grant. The Company estimates the fair value of stock appreciation rights using the Black-Scholes option pricing model. There were 443,511 stock appreciation rights cancelled and nil stock appreciation rights exercised during the year ended December 31, 2020 (2019: 150,000 stock appreciation rights cancelled and nil stock appreciation rights exercised).

As of December 31, 2020, and 2019, there were 16,510 and 460,021 stock appreciation rights outstanding, respectively.

For the year ended December 31, 2020 compensation income for these stock appreciation rights was $1 thousand before tax and $1 thousand after tax (2019: $61 thousand income before tax and $39 thousand income after tax). As of December 31, 2020, the liability associated with the stock appreciation rights is $ zero thousand and is included in other current liabilities (2019: liability of $2 thousand included within other liabilities).

Contingent consideration

On February 1, 2018 the Company acquired 100% of the outstanding ordinary shares of Kintuck (France) SAS and Kintuck AS from a wholly-owned subsidiary of Glencore International AG ("Glencore") and obtained control of both entities. The new subsidiaries were renamed as Ferroglobe Mangan Norge AS and Ferroglobe Manganèse France SAS. The Company completed the acquisition through its wholly-owned subsidiary Ferroatlántica., see *Note* 5. Consideration included both cash and contingent consideration.

The contingent consideration arrangement requires the Company to pay the former owners of Kintuck (France) SAS and Kintuck AS a sliding scale commission based on the silicomanganese and ferromanganese sales spreads of Ferroglobe Mangan Norge and Ferroglobe Manganèse France, up to a maximum amount of $60,000 thousand (undiscounted). The contingent consideration applies to sales made up to eight and a half years from the date of acquisition and if it applies, the payment is on annual basis.

The potential undiscounted amount of all future payments that the Company could be required to make under the contingent consideration arrangement is between $nil thousand and $60,000 thousand.

The fair value of the contingent consideration arrangement as at December, 31, 2020 of $16,632 thousand (2019: $21,965 thousand) was estimated by applying the income approach based on a Monte Carlo simulation considering various scenarios of fluctuation of future manganese alloy spreads as well at the cyclicality of manganese alloy pricing. The fair value measurement is based on significant inputs that are not observable in the market, which IFRS 13 Fair Value Measurement refers to as Level 3 inputs. Key assumptions include discount rates of 12.5 percent and 11.5 percent for Ferroglobe Mangan Norge and Ferroglobe Manganèse France respectively (2019: 11.5 percent and 11.0 percent), prices, spread and cost assumptions. Average simulated revenues in Ferroglobe Mangan Norge and Ferroglobe Manganèse France combined are between $135,868 thousand and $262,441 thousand per year (2019: between $157,276 thousand and $317,507 thousand). The liability has decreased primarily driven by a reduction in forecasted volumes as a result of the current market outlook, increased operational costs and the combined impact of FX and inflation forecasts, this was partially offset by a reduction in variable costs. Changes in the value of contingent consideration are presented in cost of sales.

22. Tax matters

The components of current and deferred income tax expense (benefit) are as follows:

	2020 US$'000	2019 US$'000	2018 US$'000
Consolidated income statement			
Current income tax			
Current income tax charge	4,307	2,133	22,795
Adjustments in current income tax in respect of prior years	901	4,753	(865)
Adjustments in current income tax due to discounted operations	—	—	(3,776)
Total	**5,208**	**6,886**	**18,154**
Deferred tax			
Origination and reversal of temporary differences	(20,961)	(48,618)	2,500
Impact of tax rate changes	-	(46)	98
Impairment of deferred tax assets	37,660	—	—
Adjustments in deferred tax in respect of prior years	33	237	(293)
Total	**16,732**	**(48,427)**	**2,305**
Income tax expense (benefit)	**21,939**	**(41,541)**	**20,459**

As the Company has significant business operations in Spain, France, South Africa and the United States, a weighted effective tax rate is considered to be appropriate in estimating the Company's expected tax rate. The following is a reconciliation of tax expense based on a weighted blended statutory income tax rate to our effective income tax expense for the years ended December 31, 2020, 2019, and 2018:

	2020 US$'000	2019 US$'000	2018 US$'000
Accounting profit/(loss) before income tax	(222,420)	(411,818)	35,568
Adjustment for discontinued operations	(5,399)	(28,135)	—
Accounting profit/(loss) before income tax	(227,819)	(439,954)	—
At weighted effective tax rate of 24% (2019: 24% and 2018: 49%)	(54,294)	(105,369)	17,409
Non-taxable income/(expenses)	—	(17,020)	(14,856)
Non-deductible expenses	6,779	49,390	25,079
Movements in unprovided deferred tax	—	4,604	7,620
Differing territorial tax rates	3,064	(3,987)	(2,262)
Adjustments in respect of prior periods	(50)	2,160	(1,038)
Other items	70,123	20,407	(4,936)
Elimination of effect of interest in joint ventures	899	917	1,079
Other permanent differences	(389)	9,234	1,242
Incentives and deductions	(2,456)	(1,302)	(6,944)
US State taxes	(1,737)	(824)	1,235
Taxable capital gains	—	249	607
Adjustments in current income tax due to discontinued operations	—	—	(3,776)
Income tax (expense)/benefit	**21,939**	**(41,541)**	**20,459**

The Tax Cuts and Jobs Act ("TCJA") was enacted into law on December 22, 2017. The material impact of the TCJA on the Company's 2017 position was a deferred tax credit of $31.2 million representing the remeasurement of the Company's U.S. net deferred tax liability as a consequence of the reduction of the U.S. federal corporate statutory tax rate from 35% to 21% with effect from January 1, 2018. A one-off tax charge of $1.7 million representing the Company's best estimate of its transition tax liability was recorded in 2017 and reversed in the prior period following a comprehensive review of the foreign historic earnings and profits subject to tax under the new law.

Current tax assets and liabilities

	2020 US$'000	2019 US$'000
Current tax assets		
Income tax receivable	12,072	27,930
Current tax liabilities		
Income tax payable	2,538	3,048
Net tax assets	**9,534**	**24,882**

Deferred tax assets and liabilities

For the year ended December 31, 2020:

	Opening Balance US$'000	Prior Year Charge US$'000	Recognised in P&L US$'000	Impairment of Deferred Tax Assets US$'000	Reclassifications US$'000	Exchange Differences US$'000	Closing Balance US$'000
Intangible assets	(414)	—	(44)		—	(0)	(458)
Biological assets	(1)	—	—		—	—	(1)
Provisions	15,928	—	2,757	(3,357)	(1,655)	562	14,235
Property, plant & equipment	(64,697)	—	16,094	(219)	434	125	(48,263)
Inventories	(2,542)	—	639		1,993	(26)	64
Hedging Instruments	—	—	—		—	0	0
Tax losses	41,728	—	(1,073)	(33,162)	(154)	2,187	9,525
Incentives & credits	2,139	—	—	(921)	169	40	1,426
Partnership interest	(9,890)	—	1,647		(740)	—	(8,983)
Other	3,243	—	909		533	(10)	4,674
Total	**(14,506)**	**—**	**20,928**	**(37,660)**	**580**	**2,878**	**(27,781)**

Ferroglobe has writen off the deferred tax assets in relation to Spanish $18,896 thousand, French $15,826 thousand, SouthAfrica $1,044 thousand and Argentinean $1,894 thousand, from the balance sheet. In these tax jurisdictions there is not sufficient taxable temporary differences that can be utilised against the unused tax losses.

Presented in the statement of financial position as follows:

	2020 US$'000	2019 US$'000
Deferred tax assets	31,528	68,404
Deferred tax liabilities	(59,309)	(82,910)
Net Total Deferred Tax (Liability)	**(27,781)**	**(14,506)**

Unrecognised deductible temporary differences, unused tax losses and unused tax credits

	2020	2019
	US$'000	US$'000
Unused tax losses	513,189	428,665
Unused tax credits	8,685	7,949
Unrecognised deductible temporary differences	106,952	79,733
Total	**628,826**	**516,347**

Management of tax risks

The Company is committed to conducting its tax affairs consistent with the following objectives:

(i) to comply with relevant laws, rules, regulations, and reporting and disclosure requirements in whichever jurisdiction it operates;
(ii) to maintain mutual trust, transparency and respect in its dealings with all tax authorities; and
(iii) to adhere with best practice and comply with the Company's internal corporate governance procedures, including but not limited to its Code of Conduct

For further details please refer to the group's tax strategy which can be found here: http://investor.ferroglobe.com/corporate-governance.

The Group's tax department maintains a tax risk register on a jurisdictional basis.

In the jurisdictions in which the Company operates, tax returns cannot be deemed final until they have been audited by the tax authorities or until the statute-of-limitations has expired. The number of open tax years subject to examination varies depending on the tax jurisdiction. In general, the Company has the last four years open to review. The criteria that the tax authorities might adopt in relation to the years open for review could give rise to tax liabilities which cannot be quantified.

23. Related party transactions and balances

Continued operations

Balances with related parties at December 31 are as follows:

	2020			
	Receivables		Payables	
	Non-Current US$'000	Current US$'000	Non-Current US$'000	Current US$'000
Inmobiliaria Espacio, S.A.	—	3,078	—	—
Villar Mir Energía, S.L.U.	2,454	—	—	2,458
Espacio Information Technology, S.A.U.	—	—	—	701
Other related parties	—	(2)	—	37
Total	**2,454**	**3,076**	**—**	**3,196**

	2019			
	Receivables		Payables	
	Non-Current US$'000	Current US$'000	Non-Current US$'000	Current US$'000
Inmobiliaria Espacio, S.A.	—	2,953	—	—
Villar Mir Energía, S.L.U.	2,247	—	—	2,022
Espacio Information Technology, S.A.U.	—	—	—	2,651
Other related parties	—	2	—	157
Total	**2,247**	**2,955**	**—**	**4,830**

The loan granted to Inmobiliaria Espacio, S.A. accrues a market interest and has a maturity in the short-term that is renewed tacitly upon maturity, unless the parties agreed it’s repaid until maturity, extended it automatically for one year.

The balance with the other related parties arose as a result of the commercial transactions performed with them (see explanation of main transactions below).

Discontinued operations

At 31 December, 2020 and 2019, there were not discontinued operations considered with Related Parties.

Continuing operations

Transactions with related parties in 2020, 2019 and 2018 are as follows:

	2020			
	Sales and Operating Income US$'000	Cost of Sales US$'000	Other Operating Expenses US$'000	Finance Income (Note 25.4) US$'000
Inmobiliaria Espacio, S.A.	—	—	—	16
Villar Mir Energía, S.L.U.	—	39,900	647	—
Espacio Information Technology, S.A.U.	—	—	3,171	—
Enérgya VM Gestión, S.L	—	—	79	—
Aurinka	—	1	308	—
Other related parties	—	—	3	—
Total	**—**	**39,901**	**4,208**	**16**

	2019			
	Sales and Operating Income US$'000	Cost of Sales US$'000	Other Operating Expenses US$'000	Finance Income (Note 25.4) US$'000
Inmobiliaria Espacio, S.A.	—	—	1	68
Villar Mir Energía, S.L.U.	—	65,406	681	—
Espacio Information Technology, S.A.U.	—	—	3,566	—
Enérgya VM Generación, S.L	1	—	1	—
Enérgya VM Gestión, S.L	—	1	89	—
Aurinka	—	—	3,206	—
Other related parties	143	—	7	—
Total	**144**	**65,407**	**7,551**	**68**

	2018			
	Sales and Operating Income US$'000	Cost of Sales US$'000	Other Operating Expenses US$'000	Finance Income (Note 25.4) US$'000
Inmobiliaria Espacio, S.A.	—	—	6	72
Villar Mir Energía, S.L.U.	—	99,939	803	—
Espacio Information Technology, S.A.U.	—	—	4,226	—
Enérgya VM Generación, S.L	11,874	—	48	—
Enérgya VM Gestión, S.L	—	—	76	—
Other related parties	20	—	119	—
Total	**11,894**	**99,939**	**5,278**	**72**

"Cost of sales" of the related parties vis-à-vis Villar Mir Energía, S.L.U. relates to the purchase of energy from the latter by the Company's Electrometallurgy – Europe segment. FerroAtlántica pays VM Energía a service charge in addition to paying for the cost of energy purchase from the market. Under contracts entered into with FAU on June 22, 2010 and December 29, 2010 (assigned to FerroAtlántica de Boo, S.L.U. ("FAU Boo") and to FerroAtlántica de Sabon, S.L.U. ("FAU Sabon") in August 2019 in anticipation of the FAU Disposal), and with Hidro Nitro Española on December 27, 2012 (assigned to FerroAtlántica del Cinca when Hidro Nitro Española was sold in December 2018), VM Energía supplies the energy needs of the Boo, Sabón and Monzón electrometallurgy facilities, as a broker for FAU (now FAU Boo or FAU Sabon, as appropriate) and Hidro Nitro Española (now FerroAtlántica del Cinca) in the wholesale power market. The contracts allow FAU (now FAU Boo or FAU Sabon, as appropriate) and Hidro Nitro Española (now FerroAtlántica del Cinca) to buy energy from the grid at market conditions without incurring costs normally associated with operating in the complex wholesale power market, as well as to apply for fixed price arrangements in advance from VM Energía, based on the energy markets for the power, period and profile applied

for. For the fiscal year ended December 31, 2020, FAU Boo, FAU Sabon and FerroAtlantica del Cinca's obligations to make payments to VM Energía under their respective agreements for the purchase of energy plus the service charge amounted to $16,923 thousand, $14,334 thousand and $8,643 thousand, respectively.

"Other operating expenses" corresponds to the payment to Torre Espacio Gestión for the provision of utility services. Additionally, in 2019 FerroAtlántica paid the amount of $2,800 thousand to Aurinka in satisfaction of any claims Aurinka PV may have in connection with the termination of the Solar JV.

"Sales and operating income" relates mainly to sales from Hidro Nitro Española to Enérgya VM for the sales made by its hydroelectric plant of $11,874 thousand, Hidro Nitro Española was sold out of the Company on December 31, 2018. FerroAtlántica sales to Enérgya VM for the sales made by its hydroelectric plant of $31,898 thousand for the fiscal years ended December 31, 2018.

During 2018, under the solar joint venture agreement FerroAtlántica and other subsidiaries have purchased property, plant and equipment of $4,252 thousand, from Aurinka and Blue Power Corporation, S.L. In July 2019, the Solar JV was unwound. See "Item 7.B.—Related Party Transactions—Aurinka and the Solar JV."

Discontinued operations

At 31 December, 2020, there were not discontinued transactions considered with Related Parties. Transactions with related parties in 2019 and 2018 are as follows:

	2019		
	Sales and Operating Income US$'000	Cost of Sales US$'000	Other Operating Expenses US$'000
Villar Mir Energía, S.L.U.	—	—	373
Enérgya VM Generación, S.L	12,635	—	117
Enérgya VM Gestión, S.L	—	66	—
Total	**12,635**	**66**	**490**

	2018		
	Sales and Operating Income US$'000	Cost of Sales US$'000	Other Operating Expenses US$'000
Villar Mir Energía, S.L.U.	—	—	664
Enérgya VM Generación, S.L	31,898	—	224
Enérgya VM Gestión, S.L	—	42	43
Total	**31,898**	**42**	**931**

24. Guarantee commitments to third parties and contingent liabilities

Guarantee commitments to third parties

As of December 31, 2020 and 2019, the Company has provided bank guarantees commitments to third parties amounting $19,969 thousand and $17,260 thousand, respectively. Management believes that any unforeseen liabilities at December 31, 2020 and 2019 that might arise from the guarantees given would not be material.

Contingent liabilities

In the ordinary course of its business, Ferroglobe is subject to lawsuits, investigations, claims and proceedings, including, but not limited to, contractual disputes and employment, environmental, health and safety matters. Although we cannot predict with certainty the ultimate resolution of lawsuits, investigations, claims and proceedings asserted against it, we do not believe any currently pending legal proceeding to which it is a party will have a material adverse effect on its business, prospects, financial condition, cash flows, results of operations or liquidity.

Cee-Dumbria hydroelectric plants

In November 2020, the Tribunal Superior de Justicia de Galicia dismissed the request of separation of the Cee-Dumbria's hydroelectric plants and the ferroalloys plants. Grupo FerroAtlantica, S.A.U. has appealed the Sentencia to the Supreme Court and are awaiting the admission of the appeal As a consequence of the court´s ruling, the Company has reconsidered to estimate on the term of the tolling agreement with Cee-Dumbria ferroalloys plant. The Company, has registered a provision amounting to $31,815 thousand (EUR 25,927 thousand).

Stamp Tax litigation procedure

On February 2021 the Central Economic-Administrative Court ruled against the interest of Ferroglobe in a stamp duty litigation procedure initiated in 2015, where the taxpayer is Abanca, the financial institution through which a sale and lease back of the electric production plants in Galicia was conducted in 2012. Ferroglobe has agreed with Abanca that it continues the litigation at the judiciary level by filing an appeal before the Audiencia Nacional. This filing has been complete in April 2021. As a result of the continuation of this litigation process, with the appropriate granting of bank guarantee by the taxpayer (Abanca), neither payment of the tax reassessment (circa 1.4MM Euro plus delay interest) nor of the penalty proposed (circa 600K Euro) are due at this stage of the process. We anticipate this stage will take between two to four years to be resolved by the Audiencia Nacional. In case the Audiencia Nacional rules against the interests of Ferroglobe, the full amount of the tax reassessment and the penalty would be payable by Ferroglobe in applying a compensation agreement in place between Abanca and Ferroglobe.

Asbestos-related claims

Certain employees of FerroPem, SAS, then known as Pechiney Electrometallurgie, S.A. (“PEM”), may have been exposed to asbestos at its plants in France in the decades prior to FerroAtlántica Group’s purchase of that business in December 2004. During the period in question, PEM was wholly-owned by Pechiney Bâtiments, S.A., which had certain indemnification obligations to FerroAtlántica pursuant to the 2004 Share Sale and Purchase Agreement under which our FerroAtlántica acquired PEM. As of December 31, 2020, less than 100 such employees have “declared” asbestos-related injury to the French social security agencies. Approximately, three quarters of these cases now have been closed. Of the remaining cases, approximately half include assertions of “inexcusable negligence” (“faute inexcusable”) which, if upheld, may lead to material liability in the aggregate on the part of FerroPem. Other employees may declare further asbestos-related injuries in the future, and may likewise assert inexcusable negligence. Litigation against, and material liability on the part of, FerroPem will not necessarily arise in each case, and to date a majority of such declared injuries have been minor and have not led to significant liability on Ferropem’s part. Whether liability for “inexcusable negligence” will be found is determined case-by-case, often over a period of years, depending on the evolution of the claimant’s asbestos-related condition, the possibility that the claimant was exposed while working for other employers and, where asserted, the claimant’s ability to prove inexcusable negligence on PEM’s part. Because of these and other uncertainties, no reliable estimate can be made of FerroPem’s eventual liability in these matters, with exception of three grave cases that were litigated through the appeal process and in which claimants’ assertions of inexcusable negligence were upheld against FerroPem. Liabilities in respect to asbestos-related claims have been recorded at December 31, 2020 at an estimated amount of $1,080 thousand in Provisions for litigation in progress.

Environmental matters

On August 31, 2016, the U.S. Department of Justice (the "DOJ") requested a meeting with GMI to discuss potential resolution of a July 1, 2015 NOV/FOV that GMI received from the U.S. Environmental Protection Agency (the "EPA") alleging certain violations of the Prevention of Significant Deterioration ("PSD") and New Source Performance Standards provisions of the Clean Air Act associated with a 2013 project performed at GMI's Beverly facility. Specifically, the July 2015 NOV/FOV alleges violations of the facility's existing operating and construction permits, including allegations related to opacity emissions, sulfur dioxide and particulate matter emissions, and failure to keep necessary records and properly monitor certain equipment. On January 4, 2017, GMI received a second NOV/FOV dated December 6, 2016, arising from the same facts as the July 2015 NOV/FOV and subsequent EPA inspections. The second NOV/FOV alleges opacity exceedances at certain units, failure to prevent the release of particulate emissions through the use of furnace hoods at a certain unit, and the failure to install Reasonably Available Control Measures (as defined) at certain emission units at the Beverly facility. Since that time, GMI and the authorities have exchanged information and engaged in negotiations regarding potential resolution of the NOV/FOVs, which negotiations are ongoing. To resolve the NOVs/FOVs, GMI may be required to install additional pollution control equipment or implement other measures to reduce emissions from the facility as well as a pay civil penalty. At this time, however, GMI is unable to determine the extent of potential injunctive relief or the amount of civil penalty a negotiated resolution of this matter may entail. Should the DOJ and GMI be unable to reach a negotiated resolution of the NOVs/FOVs, the authorities could institute formal legal proceedings for injunctive relief and civil penalties. The statutory maximum penalty is $93,750 per day per violation, from April 2013 to the present.

25. Income and expenses

25.1 Sales

Sales by segment for the years ended December 31 are as follows:

	2020 US$'000	2019 US$'000	2018 (*) US$'000
Electrometallurgy - North America	425,277	551,500	710,716
Electrometallurgy - Europe	661,624	1,049,576	1,447,973
Electrometallurgy - South Africa	80,572	136,292	208,543
Other segments	25,334	43,147	62,075
Eliminations	(48,373)	(165,293)	(187,305)
Total	**1,144,434**	**1,615,222**	**2,242,002**

Sales by geographical area for the years ended December 31 are as follows:

	2020 US$'000	2019 US$'000	2018 (*) US$'000
Spain	133,370	183,969	242,733
Germany	191,107	249,911	359,737
Italy	42,067	99,796	138,796
Other EU Countries	167,934	329,988	487,340
USA	404,633	533,764	674,243
Rest of World	205,323	217,794	339,153
Total	**1,144,434**	**1,615,222**	**2,242,002**

(*) Our Spanish hydroelectric operations were disposed in August 2019. Accordingly, the consolidated income statements for prior period 2018 has been restated to reclassify the results of the Spanish energy business within "Profit (loss) for the year from discontinued operations."

25.2 Staff costs

The average monthly number of employees (including Executive Directors) was:

	2020 US$'000	2019 US$'000	2018 US$'000
Directors	6	8	9
Senior Managers	291	345	315
Employees	3,020	3,383	4,156
Total	**3,317**	**3,736**	**4,480**

Staff costs are comprised of the following for the years ended December 31:

	2020 US$'000	2019 US$'000	2018 (*) US$'000
Wages, salaries and similar expenses	161,957	208,317	263,794
Pension plan contributions	3,641	12,787	12,084
Employee benefit costs	49,184	63,925	62,984
Total	**214,782**	**285,029**	**338,862**

(*) Our Spanish hydroelectric operations were disposed in August 2019. Accordingly, the consolidated income statements for prior period 2018 has been restated to reclassify the results of the Spanish energy business within "Profit (loss) for the year from discontinued operations."

25.3 Depreciation and amortization charges, operating allowances and write-downs

Depreciation and amortization charges, operating allowances and write-downs are comprised of the following for the years ended December 31:

	2020 US$'000	2019 US$'000	2018 (*) US$'000
Amortization of intangible assets (Note 8)	7,183	7,305	9,312
Depreciation of property, plant and equipment (Note 9)	101,006	112,824	104,532
Other write-downs and reversals	—	65	(7)
Total	**108,189**	**120,194**	**113,837**

(*) Our Spanish hydroelectric operations were disposed in August 2019. Accordingly, the consolidated income statements for prior period 2018 has been restated to reclassify the results of the Spanish energy business within "Profit (loss) for the year from discontinued operations."

25.4 Finance income and finance costs

Finance income is comprised of the following for the year ended December 31:

	2020 US$'000	2019 US$'000	2018 (*) US$'000
Finance income of related parties (Note 23)	16	68	72
Other finance income	161	1,312	4,786
Total	**177**	**1,380**	**4,858**

(*) Our Spanish hydroelectric operations were disposed in August 2019. Accordingly, the consolidated income statements for prior period 2018 has been restated to reclassify the results of the Spanish energy business within "Profit (loss) for the year from discontinued operations."

Finance costs are comprised of the following for the year ended December 31:

	2020 US$'000	2019 US$'000	2018 (*) US$'000
Interest on debt instruments	34,989	33,705	34,188
Interest on loans and credit facilities	8,404	15,533	8,249
Interest on note and bill discounting	363	373	205
Interest on leases	1,358	1,972	119
Trade receivables securitization expense (Note 10)	15,044	9,192	11,708
Other finance costs	6,810	2,450	2,597
Total	**66,968**	**63,225**	**57,066**

(*) Our Spanish hydroelectric operations were disposed in August 2019. Accordingly, the consolidated income statements for prior period 2018 has been restated to reclassify the results of the Spanish energy business within "Profit (loss) for the year from discontinued operations."

Due to the termination of he receivables funding agreement and cancelation of the securitization program at October 2, 2020, the Company registered a finance cost of $7,591 thousand.

25.5 Impairment losses and net loss (gain) due to changes in the value of assets

Impairment losses and net loss (gain) due to changes in the value of assets are comprised of the following for the years ended December 31:

	2020 US$'000	2019 US$'000	2018 (*) US$'000
Impairment of goodwill (Note 7)	—	174,008	—
Impairment of intangible assets (Note 8)	—	211	16,073
Impairment of property, plant and equipment (Note 9)	71,929	1,224	42,846
Impairment of non-current financial assets	—	456	—
Impairment of other	1,415	—	—
Impairment losses	**73,344**	**175,899**	**58,919**
(Increase) decrease in fair value of biological assets (Note 28)	—	530	7,615
Other loss / (profit)	(158)	1,044	8
Net gain (loss) due to changes in the value of assets	**(158)**	**1,574**	**7,623**

(*) Our Spanish hydroelectric operations were disposed in August 2019. Accordingly, the consolidated income statements for prior periods 2019 and 2018 have been restated to reclassify the results of the Spanish energy business within "Profit (loss) for the year from discontinued operations."

25.6 Loss (gain) on disposal of non-current assets

	2020 US$'000	2019 US$'000	2018 (*) US$'000
Gain on disposal of intangible assets	(1,692)	—	—
Gain on disposal of property, plant and equipment	(473)	(353)	(2,950)
Loss on disposal of property, plant and equipment	873	1,761	162
Gain on disposal of other non-current assets	—	(6)	(29)
Loss (gain) on disposal of subsidiary	—	821	(11,747)
Total	**(1,292)**	**2,223**	**(14,564)**

(*) Our Spanish hydroelectric operations were disposed in August 2019. Accordingly, the consolidated income statements for prior period 2018 has been restated to reclassify the results of the Spanish energy business within "Profit (loss) for the year from discontinued operations."

During 2020, Ferroglobe has sold CO2 emissions rights that have been derecognized from the balance sheet against the cash received, as the price per emission right was lower to the fair value per emission right at the time they were granted, an income of $1,692 thousand has been recognized on the disposal of intangible assets.

On September 19, 2019, Ferroglobe closed on the sale of its subsidiary Ultracore Polska ZOO, which manufactures cored wire in Poland, recognized a loss on disposal of $821 thousand. On December, 2018, the Company completed the sale of its majority interest in its Spanish subsidiary Hidro Nitro Española S.A. to an entity sponsored by a Sapnish renewable energies fund. The Company received net cash proceeds of $20,533 thousand and recognized a gain on disposal of $11,747 thousand.

26. Remuneration of key management personnel

The remuneration of the key management personnel, which comprises the Company's management committee, during the years ended December 31 is as follows:

	2020 US$'000	2019 US$'000	2018 US$'000
Fixed remuneration	5,086	5,404	6,068
Variable remuneration	756	254	—
Contributions to pension plans and insurance policies	319	350	379
Share-based compensation	2,017	4,882	1,777
Termination benefits	1,886	1,147	2,284
Other remuneration	9	7	23
Total	**10,073**	**12,044**	**10,531**

During 2020, 2019 and 2018, no loans and advances have been granted to key management personnel.

27. Financial risk management

Ferroglobe operates in an international and cyclical industry which exposes it to a variety of financial risks such as currency risk, liquidity risk, interest rate risk, credit risk and risks relating to the price of finished goods, raw materials and power.

The Company’s management model aims to minimize the potential adverse impact of such risks upon the Company’s financial performance. Risk is managed by the Company’s executive management, supported by the Risk Management, Treasury and Finance functions. The risk management process includes identifying and evaluating financial risks in conjunction with the Company’s operations and quantifying them by project, region and subsidiary. Management provides written policies for global risk management, as well as for specific areas such as foreign currency risk, credit risk, interest rate risk, liquidity risk, the use of hedging instruments and derivatives, and investment of surplus liquidity.

The financial risks to which the Company is exposed in carrying out its business activities are as follows:

a) Market risk

Market risk is the risk that the Company’s future cash flows or the fair value of its financial instruments will fluctuate because of changes in market prices. The primary market risks to which the Company is exposed comprise foreign currency risk, interest rate risk and risks related to prices of finished goods, raw materials and power.

Foreign currency risk

Ferroglobe generates sales revenue and incurs operating costs in various currencies. The prices of finished goods are to a large extent determined in international markets, primarily in US dollars and Euros. Foreign currency risk is partly mitigated by the generation of sales revenue, the purchase of raw materials and other operating costs being denominated in the same currencies. Although it has done so on occasions in the past, and may decide to do so in the future, the Company does not generally enter into foreign currency derivatives in relation to its operating cash flows. At December 31, 2020, and December 31, 2019, the Company was not party to any foreign currency forward contracts.

In February 2017, the Company completed a restructuring of its finances which included the issue of $350,000 thousand of senior unsecured Notes due 2022 (see *Note* 18) and the repayment of certain existing indebtedness denominated in a number of currencies across its subsidiaries. The Company is exposed to foreign exchange risk as the interest and principal of the Notes is payable in US dollars, whereas its operations principally generate a combination of US dollar and Euro cash flows. Following approval by the Board, the Company entered into a cross currency interest rate swap to exchange 55% of the principal and interest payments in US dollars for principal and interest payments in Euros (see *Note* 19). The Company has designated a proportion of the cross currency swap as a cash flow hedge (see *Note* 19), with the remainder accounted for at fair value through profit or loss.

In March, 2020, the Company closed out the cross currency swap resulting in the receipt of cash proceeds of $3,608 thousand (see *Note* 19).

Interest rate risk

Ferroglobe is exposed to interest rate risk in respect of its financial liabilities that bear interest at floating rates. These primarily comprise credit facilities (see *Note* 16).

During the year ended December 31, 2020 and 2019, the Company did not enter into any interest rate derivatives in relation to its interest bearing credit facilities. At December 31, 2020, the Company had drawn down $28,168 thousand under its credit facilities (2019: $62,835).

b) Credit risk

Credit risk refers to the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss. The Company's main credit risk exposure related to financial assets is set out in Note 10 and includes trade receivables, other receivables and other financial assets.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. The Company has established policies, procedures and controls relating to customer credit risk management. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, the Company insures its trade receivables with reputable credit insurance companies.

Since August 2017, the Company has operated an accounts receivable securitization program (see *Note* 10).

On October 2, the Company ended the receivables funding agreement and cancelled the securitization structure, signing a new factoring agreement with "Leasing and Factoring Agent", for anticipating the collection of receivables of the Company's European entities (see *Note* 16)

c) Liquidity risk

The purpose of the Company's liquidity and financing policy is to ensure that the Company keeps sufficient funds available to meet its financial obligations as they fall due. The Company's main sources of financing are as follows:

- $350,000 thousand aggregate principal amount of 9.375% senior unsecured notes due March 1, 2022 (the "Notes"). The proceeds from the Notes, issued by Ferroglobe and Globe (together, the "Issuers") on February 15, 2017, were primarily used to repay certain existing indebtedness of the Parent Company and its subsidiaries. Interest is payable semi-annually on March 1 and September 1 of each year. If Ferroglobe experiences a change of control, the Company is required to offer to redeem the Notes at 101% of their principal amount (further information below).

- $100,000 thousand North-American asset-based, revolving credit facility. Loans under the ABL Revolver may be borrowed, repaid and reborrowed at any time until the facility's expiration date. The legal final maturity date of the ABL Revolver is October 11, 2024. The terms of the facility provide a spring forward provision which requires the ABL Revolver to be repaid on the date which is three months prior to the maturity date of the senior unsecured Notes (March 1, 2022), which would currently imply a facility repayment date of December 1, 2021. At December 31, 2020 $31,155 thousand was utilized. The ABL Revolver was fully repaid in March 2021, see *Note* 30.

- On September 8, 2016, FerroAtlántica, S.A.U, as borrower, and the Spanish Ministry of Industry, Tourism and Commerce (the "Ministry"), as lender, entered into two loan agreements under which the Ministry made available to the borrower loans in aggregate principal amount of €44,999 thousand and €26,909 thousand, respectively, in connection with industrial development projects relating to the Company's solar grade silicon project. The loan is contractually due to be repaid in 7 instalments over a 10-year period with the first three years as a grace period. The loan of €26,909 thousand was repaid in April 2018. Interest on outstanding amounts under each loan accrues at an annual rate of 3.55%. As of December 31, 2020, the amortized cost of the loan was €44,824 thousand (equivalent to $55,004 thousand) (2019: €44,765 thousand and $50,289 thousand), see *Note* 19.

- On October 2, 2020, the Company ended the receivables funding agreement and cancelled the securitization program, signing a new factoring agreement with a Leasing and Factoring Agent, for anticipating the collection of receivables of the Company's European entities (Grupo FerroAtlántica, S.A. and FerroPem S.AS). As a result of the agreement, the Leasing and Factoring Agent provided a cash consideration of circa $48.8 million, repurchased the receivables portfolio sold to the SPE on September 28, and consequently

assumed the loan tranche of the senior borrower to the SPE. Also, the Senior loan and intermediate subordinate loan tranches were paid with internal sources of funds, at closing, there was cash release of $18 million from restricted cash relating to a special purpose vehicle under prior securitization program (see *Note* 10).

The Indenture governing the Notes includes change of control provisions that would require the Company to offer to redeem the outstanding Notes at a purchase price in cash equal to 101% of the principal amount of the Notes, plus any accrued and unpaid interest in the event of a change of control. A change in control is defined in the indenture as the occurrence of any of the following:

1. If the Company becomes aware, that any person or group, other than one of the Permitted Holders (which is defined as Grupo Villar Mir (GVM), Alan Kestenbaum or members of senior management) or affiliates of those Permitted Holders, directly or indirectly controls 35% or more of the Company's voting stock and the aggregate voting stock of the Permitted Holders is the same or a lesser percentage;
2. If the Company sells or otherwise disposes of all or substantially all of its assets;
3. If the Company ceases to hold directly or indirectly 100% of the capital stock of Globe; or
4. If the shareholders or the Company or the U.S. subsidiary approve the liquidation or dissolution of either the Company or Globe.

GVM currently owns approximately 54% of the Company's voting stock, and a significant majority of GVM's shares in the Company are pledged as collateral for GVM's obligations to certain of its lenders. A change of control may occur if a person other than a Permitted Holder were to acquire 35% or more of the Company's outstanding shares at a time when the Permitted Holders held an equal or lesser percentage. While GVM maintains its current shareholding, a change of control cannot occur. Based on the provisions cited above, a change of control as defined in the Indenture is unlikely to occur but the matter it is beyond the Company's control. If a change of control were to occur, the company may not have sufficient financial resources available to satisfy all of its obligations.

Management considers it likely that the exchange of the Notes and additional capital will be completed, that will allow the Group to continue in operational existence for the foreseeable future, see *Note* 3.1

Quantitative information

i. Interest rate risk:

At December 31, the Company's interest-bearing financial liabilities were as follows:

	2020		
	Fixed rate	**Floating rate**	**Total**
	US$'000	**US$'000**	**US$'000**
Bank borrowings	—	107,607	107,607
Obligations under finance leases	—	22,537	22,537
Debt instruments	357,508	—	357,508
Other financial liabilities (*)	63,896	—	63,896
	421,404	**130,144**	**551,548**

(*) Other financial liabilities comprise loans from government agencies and exclude derivative financial instruments (see *Note* 19).

	2019		
	Fixed rate	Floating rate	Total
	US$'000	US$'000	US$'000
Bank borrowings	—	158,999	158,999
Obligations under finance leases	—	25,872	25,872
Debt instruments	354,951	—	354,951
Other financial liabilities (*)	56,939	—	56,939
	411,890	**184,871**	**596,761**

(*) Other financial liabilities comprise loans from government agencies and exclude derivative financial instruments (see *Note* 19).

Analysis of sensitivity to interest rates

At December 31, 2020, an increase of 1% in interest rates would have given rise to additional borrowing costs of $1,064 thousand (2019: $2,232 thousand).

ii. Foreign currency risk:

Notes and cross currency swap

The Parent Company is exposed to exchange rate fluctuations as it has a Euro functional currency and future commitments to pay interest and principal in US dollars in respect of its outstanding debt instruments of $150,000 thousand (see *Note* 18). To manage this foreign currency risk, the Parent Company has entered into a cross currency swap and designated a portion of this as an effective cash flow hedge of the future interest and principal amounts due on its debt instruments. As discussed in Note 19, the notional amount of the cross currency swap exceeds the principal amount of the Parent Company's debt instruments by $42,500 thousand and therefore a portion of the cross currency swap is not designated as a hedge and is accounted for at fair value through profit or loss.

In March, 2020, the Company closed out the cross currency swap (see *Note* 19).

Foreign currency swaps in relation to trade receivables and trade payables

At December 31, 2020 and 2019, the Company has no foreign currency swaps in place in respect of foreign currency accounts receivable and accounts payable.

iii. Liquidity risk:

The table below summarizes the maturity profile of the Company's financial liabilities at December 31, 2020, based on contractual undiscounted payments. The table includes both interest and principal cash flows. The cash flows for debt instruments assume that principal of the Notes is repaid at maturity in March 2022 (see *Note* 18).

	2020				
	Less than 1 year	Between 1-2 years	Between 2-5 years	After 5 years	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Bank borrowings	108,613	5,277	—	—	113,890
Leases	8,796	6,350	7,130	1,748	24,024
Debt instruments	32,813	366,406	—	—	399,219
Financial loans from government agencies	36,672	7,209	18,274	6,501	68,656
Derivative financial instruments	—	—	—	—	—
Payables to related parties	3,196	—	—	—	3,196
Payable to non-current asset suppliers	130	2,633	—	—	2,763

Contingent consideration	1,772	4,175	15,892	3,277	25,116
Trade and other payables	149,201	—	—	—	149,201
	341,193	**392,050**	**41,296**	**11,526**	**786,065**

	2019				
	Less than 1 year	**Between 1-2 years**	**Between 2-5 years**	**After 5 years**	**Total**
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Bank borrowings	23,743	163,154	—	—	186,897
Finance leases	10,161	7,356	10,213	911	28,641
Debt instruments	32,813	32,813	366,406	—	432,032
Financial loans from government agencies	27,311	10,527	15,992	9,513	63,343
Derivative financial instruments	2,049	2,049	(4,911)	—	(813)
Payables to related parties	4,830	—	—	—	4,830
Payable to non-current asset suppliers	7,283	182	—	—	7,465
Contingent consideration	1,626	5,006	18,170	8,916	33,718
Trade and other payables	189,229	—	—	—	189,229
	299,045	**221,087**	**405,870**	**19,340**	**945,342**

The amounts disclosed in the table above for derivative financial instruments are the net undiscounted cash flows. The following table shows the gross inflows and outflows and the corresponding reconciliation of those amounts to the net carrying value of the derivatives.

	2019				
	Less than 1 year	**Between 1-2 years**	**Between 2-5 years**	**After 5 years**	**Total**
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Inflows	18,047	18,047	201,523	—	237,617
Outflows	(15,998)	(15,998)	(206,434)	—	(238,430)
Net cash flow	2,049	2,049	(4,911)	—	(813)
Discounted at the applicable interbank rates	1,859	1,437	(12,896)	—	(9,600)

Changes in liabilities arising from financing activities

The changes in liabilities arising from financing activities during the year ended December 31, 2020 and 2019 were as follows:

	January 1, 2020	**Changes from financing cash flows**	**Effect of changes in foreign exchange rates**	**Changes in fair values**	**Change in scope of consolidation**	**Other changes**	**December 31, 2020**
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Bank borrowings	158,998	(67,343)	10,295	—	—	5,657	107,607
Obligations under finance leases	25,873	(10,315)	1,608	—	—	5,370	22,536
Debt instruments	354,952	(32,812)		—	—	35,368	357,508
Financial loans from government agencies (Note 19)	56,939	—	4,865	—	—	2,092	63,896
Derivative financial instruments (Note 19)	9,600	3,608	(86)	(14,329)	—	1,207	—
Total liabilities from financing activities	**606,362**	**(106,862)**	**16,682**	**(14,329)**	**—**	**49,694**	**551,547**
Dividends paid		—					
Proceeds from stock option exercises		—					
Other amounts paid due to financing activities		(6,471)					
Payments to acquire or redeem own shares		—					

Net cash (used) by financing activities	**(113,333)**

	January 1, 2019	Changes from financing cash flows	Effect of changes in foreign exchange rates	Changes in fair values	Change in scope of consolidation	Other changes	December 31, 2019
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Bank borrowings	141,012	(107,718)	(1,485)	—	112,226	14,963	158,998
Obligations under finance leases	66,471	(55,352)	(1,895)	—	—	16,649	25,873
Debt instruments	352,594	(34,304)	—	—	—	36,662	354,952
Financial loans from government agencies (Note 19)	61,849	—	(1,147)	—	—	(3,763)	56,939
Derivative financial instruments (Note 19)	23,463	—	(532)	(12,770)	—	(561)	9,600
Total liabilities from financing activities	**645,389**	**(197,374)**	**(5,059)**	**(12,770)**	**112,226**	**63,950**	**606,362**
Dividends paid		**—**					
Proceeds from stock option exercises		—					
Other amounts paid due to financing activities		(26,631)					
Payments to acquire or redeem own shares		—					
Net cash provided by financing activities		**(224,005)**					

28. Fair value measurement

Fair value of assets and liabilities that are measured at fair value on a recurring basis

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities that are carried at fair value in the statement of financial position:

	December 31, 2020			
	Total US$'000	Quoted prices in active markets (Level 1) US$'000	Significant observable inputs (Level 2) US$'000	Significant unobservable inputs (Level 3) US$'000
Other financial assets (Note 10):				
Listed equity securities	**2,609**	2,609	—	—
Other liabilities (Note 21)				
Contingent consideration in a business combinations	**(16,632)**	—	—	(16,632)

	December 31, 2019			
	Total US$'000	Quoted prices in active markets (Level 1) US$'000	Significant observable inputs (Level 2) US$'000	Significant unobservable inputs (Level 3) US$'000
Other financial assets (Note 10):				
Listed equity securities	**5,544**	5,544	—	—
Other financial liabilities (Note 19):				
Derivative financial instruments - cross currency swap	**(9,600)**	—	(9,600)	—
Derivative financial instruments - interest rate swaps	**—**	—	—	—
Other liabilities (Note 21)				
Contingent consideration in a business combinations	**(21,965)**	—	—	(21,965)

Cross currency swap

The cross currency swap is valued using a discounted cash flow technique. The valuation model incorporates foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies and forward interest rates. The valuation also incorporates a credit risk adjustment, calculated based on credit spreads derived from current credit default swap prices (see *Note* 19).

In March, 2020, the Company closed out the cross currency swap resulting in the receipt of cash proceeds of $3,608 thousand. The fair value of the swap at December 31, 2020 was $ nil.

The fair value of the swap at December 31, 2019 was a liability of $9,600 thousand, which is categorized as a level 2 measurement in the fair value hierarchy as it is based on valuation techniques for which the inputs are directly or indirectly observable. The fair value is calculated as the present value of the estimated future cash flows and is subject to a credit risk adjustment that reflect the credit risk of the Company; this is calculated based on credit spreads derived from current credit default swap prices.

Interest rate swaps

Interest rate swaps are valued using a discounted cash flow technique. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.

Biological assets

Biological assets comprise timber farms in South Africa, which are a source of raw materials used for the production of silicon metal. The timber farms plantations are measured at fair value less the incremental costs to be incurred until the related products are at the point of sale. The changes in the fair value of this asset are recognized in the income statement in the line “net gain (loss) due to changes in the value of assets” (see *Note* 25.5).

As of December 31, 2019, the Company divested of certain timber farm plantations and associated property, plant and equipment, which resulted in proceeds of $8,668 thousand.

The fair value of the remaining timber farm plantations at December 31, 2019 was based on indicative offers received.

The changes in fair value of biological assets classified at level 3 in the hierarchy were as follows:

	Level 3 US$'000
January 1, 2019	**7,790**
Loss recognised in profit or loss (Note 25.5)	(530)
Disposal of biological assets	(7,365)
Translation differences	105
December 31, 2019	**—**
Loss recognised in profit or loss (Note 25.5)	—
Disposal of biological assets	—
Translation differences	—
December 31, 2020	**—**

29. Non-current assets held for sale and discontinued operations

Discontinued operations

For the year ended 31 December, 2020, the Company has recorded $5,399 thousand related to price adjustment on the sale of Group's hydro-electric assets in 2019. The amount was recognized in Discontinued operations in Consolidated Income Statement.

On June 2, 2019 the Company entered into an agreement with Kehlen Industries Management, S.L., a wholly-owned subsidiary of TSSP Adjacent Opportunities Partners, L.P., for the sale of the entire share capital of FerroAtlántica, S.A.U ("FAU"), the owner and operator of the Group's hydro-electric assets in Galicia (the "Spanish Hydroelectric Business") and its smelting facility at Cee-Dumbria. The Spanish Hydroelectric Business was classified as disposal group held for sale in the second quarter of 2019 and has been accounted for as a discontinued operation. Prior to completion of the sale, all other assets of FAU unrelated to the Spanish Hydroelectric Business and the Cee-Dumbria smelting facility were transferred to other Group entities.

Following the satisfaction of conditions precedent, the sale of FAU completed on August 30, 2019, resulting in gross cash proceeds of $177,627 thousand and a profit on disposal of $85,102 thousand. Under the terms of the transaction, the Group will become exclusive off-taker of finished products produced at the smelting plant at Cee-Dumbria and supplier of key raw materials to that facility pursuant to a tolling agreement expiring in 2060.

Analysis of the result for the period from the discontinued operations

The results of the discontinued operations included in the (loss) profit after taxes from discontinued operations are set out below. The comparative results of the Spanish Hydroelectric Business at December 31, 2020, 2019 and 2018 have been represented them as profit (loss) from discontinued operations.

The profit and loss statement from discontinued operations is as follows:

	2020 US$'000	2019 US$'000	2018 US$'000
Sales	—	13,164	32,035
Cost of sales	—	(271)	(677)
Other operating income	—	365	193
Staff costs	—	(1,450)	(2,201)
Other operating expense	—	(1,995)	(6,370)
Depreciation and amortization charges, operating allowances and write-downs	—	(2,830)	(5,300)
Impairment losses	—	—	—
Operating Profit (loss)	**—**	**6,983**	**17,680**
Net finance expense	—	(6,433)	(4,440)
(LOSS) PROFIT BEFORE TAXES FROM DISCONTINUED OPERATIONS	**—**	**550**	**13,240**
Income tax expense	—	(1,015)	(3,776)
Gain on sale of discontinued operation	(5,399)	85,102	—
(LOSS) PROFIT AFTER TAXES FROM DISCONTINUED OPERATIONS	**(5,399)**	**84,637**	**9,464**

Basic earnings (loss) per ordinary share are calculated by dividing the consolidated profit (loss) for the year attributable to the Discontinued Operations by the weighted average number of ordinary shares outstanding during

the year, excluding the average number of treasury shares held in the year, if any. Dilutive earnings (loss) per share assumes the exercise of stock options, provided that the effect is dilutive. The Earnings per share is showed as follows:

	2020	2019	2018
Basic earnings (loss) per ordinary share computation			
Numerator:			
Profit (loss) attributable to Discontinued Operations (US$'000)	(5,399)	84,637	9,464
Denominator:			
Weighted average basic shares outstanding	169,269,281	169,152,905	171,406,272
Basic earnings (loss) per ordinary share (US$)	**(0.03)**	**0.50**	**0.05**
Diluted earnings (loss) per ordinary share computation			
Numerator:			
Profit (loss) attributable to Discontinued Operations (US$'000)	(5,399)	84,637	9,464
Denominator:			
Weighted average basic shares outstanding	169,269,281	169,152,905	171,406,272
Effect of dilutive securities	—	—	123,340
Weighted average dilutive shares outstanding	169,269,281	169,152,905	171,529,612
Diluted earnings (loss) per ordinary share (US$)	**(0.03)**	**0.50**	**0.05**

The statement of cash flows from discontinued operations is showed as follows:

	2020 US$'000	2019 US$'000
Cash flows from operating activities:		
Profit for the period	**(5,399)**	**84,637**
Adjustments to reconcile net (loss) profit to net cash provided by operating activities:		
Income tax expense (benefit)	—	1,015
Depreciation and amortization charges, operating allowances and write-downs	—	2,830
Net Finance expense	—	6,433
Gains on disposals of non-current and financial assets	5,399	(85,102)
Changes in working capital		
Decrease / (increase) in accounts receivable	—	(10,341)
Decrease / (increase) in inventories	—	2
Increase / (Decrease) in accounts payable	—	89
Other changes in operating assets and liabilities		
Other, net	(24)	69,243
Income tax paid	—	—
Interest paid	—	(2,307)
Total cash flow from operating activities	**(24)**	**66,499**
Cash flows from investing activities:		
Payments due to investments:		
Property, plant and equipment	—	(126)
Disposals:		
Disposal of business, net of cash	—	—
Total cash flow from investing activities	**—**	**(126)**
Cash flows from financing activities:		
Other financing activities	—	(66,457)
Total cash flow from financing activities	**—**	**(66,457)**
INCREASE / (DECREASE) IN CASH	**(24)**	**(84)**
CASH AT BEGINNING OF PERIOD	24	108
CASH AT END OF PERIOD	**—**	**24**

30. Events after the reporting period

Modification of contractual terms in REINDUS loan

On January 26, 2021 the Company received a decision from the Administration under which it has been agreed to extend the grace period and the term of the loan. New terms agreed contractually implies main loan will start to be repaid by 2023 and it will be completed by 2030, and interest rate will increase from 2.29% to 3.55%.

Repayment of North-American asset-based loan (ABL)

On March 16, 2021, the Company has repaid in its entirety the remaining balance at the date for an amount equal to $39,476 thousand, cancelling its obligations derived from the contract.

Agreement in Principle on the Terms of the financing proposal

Capital Raising and Extension of the Maturity of the Notes

Beginning in 2020, we engaged in discussions with the Ad Hoc Group Noteholders to put forward a plan to refinance the Notes and restructure our balance sheet. On March 27, 2021, Ferroglobe and Globe and certain other members of our group entered into the Lock-Up Agreement with the Ad Hoc Group Noteholders, Grupo VM and affiliates of Tyrus Capital that set forth a plan to implement the restructuring. The principal elements of the restructuring, as set forth below, are inter-conditional and must be completed by September 28, 2021, unless extended by agreement.

Issuance of $60 million of new senior secured notes

We intend to issue $60 million of new senior secured notes (the “Super Senior Notes”) maturing on June 30, 2025, in two tranches: (i) $40 million as soon as reasonably practicable prior to the completion date of the proposed restructuring (the “Transaction Effective Date”) and (ii) $20 million on the Transaction Effective Date. The Super Senior Notes will bear an interest rate of 9.0% per annum and will benefit from first-ranking security over substantially all of the assets of Ferroglobe and its subsidiaries. The holders of the Super Senior Notes will have super senior priority rights with respect to the proceeds from the enforcement of the collateral securing the Super Senior Notes pursuant to the provisions of an intercreditor agreement together with all amounts received or recovered by the security agent within the meaning of the intercreditor agreement and will have priority over the holders of the Amended Senior Notes (defined below).

In the event that any part or all of an expected initial tranche consisting of $40 million of the Super Senior Notes are redeemed prior to certain termination events under the Lock-Up Agreement, following any notice of redemption or acceleration, a make-whole premium of $17.5 million is payable (reduced pro rata if only a part of the $40 million in Super Senior Notes is redeemed). We will be able to redeem the Super Senior Notes (i) at par in the 15-month period commencing on the Transaction Effective Date, (ii) subject to a make-whole premium in the subsequent 9-month period, (iii) at 104.5% in the further subsequent one-year period and (iv) at par thereafter.

The first tranche of $40 million of Super Senior Notes will be issued to the Ad Hoc Group Noteholders. We intend to offer the holders of the Notes the right to subscribe for the Super Senior Notes. The Ad Hoc Group Noteholders have agreed to backstop any shortfall in the subscription for the Super Senior Notes subject to satisfaction of certain conditions set out in the new debt backstop letter filed as Exhibit 4.10 to this annual report.

Issuance of $40 million in new equity of Ferroglobe

We expect to issue at least $40 million of equity by launching an equity offering prior to the Transaction Effective Date. We will determine the specific choice of instrument and method of issuing this equity, taking into account the best interests of all of our shareholders. While we currently expect to conduct a pre-emptive rights issue or an offering

of ordinary shares available to all shareholders, we will consider all available options, taking into account the best interests of all of our shareholders.

An affiliate of Tyrus Capital has agreed, subject to certain terms and conditions contained in the new equity backstop letter filed as Exhibit 4.11 to this annual report, to backstop a shortfall of up to $40 million in the subscription for our ordinary shares at an issue price in an amount equal to the lower of (i) a 40% discount to the volume weighted average closing price of the ordinary shares over a number of trading days close to the Transaction Effective Date (adjusted to address any unusual trading activity), and (ii) the price per share offered in the equity raise by Ferroglobe, provided that the total number of shares issued (after giving effect to any shares issued in the equity raise) does not exceed the number of shares currently issuable without triggering pre-emption rights and that are not reserved for specific purposes.

Extension of the maturity date of the Notes from March 31, 2022 to December 31, 2025 and amendment of certain other terms

We intend to extend the maturity date of the Notes from March 31, 2022 to December 31, 2025 and amend certain other terms of the Notes. The extension of maturity and amendments will be implemented through an offer to exchange the Notes at par for new senior secured notes that will mature on December 31, 2025 (the "Amended Senior Notes"). As of the date of this annual report, holders holding approximately 96% in aggregate principal amount of Notes have signed the Lock-Up Agreement to support the maturity extension and amendment of the Notes. To the extent the holders of the Notes do not participate in the offer to exchange, the Notes will remain outstanding and will be due on March 31, 2022.

The Amended Senior Notes will have an interest rate per annum of 9.375% and will benefit from the same security as the Super Senior Notes, subject to the provisions of an intercreditor agreement pursuant to which the holders of the Amended Senior Notes will receive the proceeds from the enforcement of the collateral securing the Amended Senior Notes after the holders of the Super Senior Notes have been repaid in full. The covenants for the Amended Senior Notes will be more restrictive than the covenants in the indenture governing the Notes.

We will be able to redeem the Amended Senior Notes (i) subject to a make-whole premium in the one-year period commencing on the Transaction Effective Date, (ii) at 104.6875% in the first subsequent one-year period, (iii) at 102.3437% in the second subsequent one-year period, (iv) at 101% in the third subsequent one-year period and (v) at par thereafter.

Changes to the board of directors

On April 30, 2021, Mr. José María Alapont resigned from the Board of Directors.

The Board is currently in the process of seeking and selecting potential candidates for appointment and nomination.

Exhibit 2.1

**DESCRIPTION OF THE REGISTRANT'S SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF THE
SECURITIES EXCHANGE ACT OF 1934**

As of April 28, 2021, the ordinary shares of Ferroglobe PLC ("Ordinary Shares") constitute the only class of securities it has registered under Section 12 of the Securities Exchange Act of 1934, as amended.

Description of Ordinary Shares

The following description is a summary and does not purport to be complete. It is subject to and qualified in its entirety by reference to our Articles of Association adopted 26 October 2017 (the "Articles of Association"), which are incorporated by reference as an exhibit to the Annual Report on Form 20-F of which this Exhibit 2.1 is a part. We encourage you to read our Articles of Association for additional information.

Authorized Share Capital

Our authorized share capital consists of 170,863,773 Ordinary Shares, $0.01 par value per share. The outstanding Ordinary Shares are fully paid. Of the 170,863,773 Ordinary Shares in issue, 1,666,407 shares are held in treasury as of April 28, 2021.

Voting Rights

Each of the Ordinary Shares has one vote attaching to it for voting purposes in respect of all matters on which voting shares in the capital of the Company have voting rights and shall form a single class with the other voting shares in the capital of the Company for such purposes. The holders of Ordinary Shares shall be entitled to receive notice of, attend and speak at and vote at, general meetings of the Company. The Company's Ordinary Shares do not have cumulative voting rights.

Dividend Rights

Holders of Ordinary Shares are entitled to receive dividends, if any, as may be declared from time to time by the Board of Directors in its discretion out of funds legally available for the payment of dividends.

Liquidation Rights

Holders of Ordinary Shares will share rateably in all assets legally available for distribution to our shareholders in the event of dissolution.

Other Rights and Preferences

Our Ordinary Shares have no redemption provisions or preemptive, conversion or exchange rights.

Listing

The Ordinary Shares are traded on the Nasdaq Global Select Stock Market under the trading symbol "GSM."

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THE EXHIBIT BECAUSE IT IS BOTH NOT MATERIAL AND IS THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL. REDACTED INFORMATION IS INDICATED BY [***].

Execution Version

New Debt Backstop Letter

27 March 2021

From: **The institutions set out in the signing pages (the "Backstop Providers")**

To: **Ferroglobe PLC**

Ladies and Gentlemen:

Project Fox – New Debt Backstop Letter

Reference is made to that Lock-Up Agreement (the "**Lock-Up Agreement**") dated 27 March 2021 among Ferroglobe PLC ("**Ferroglobe**"), Grupo Villar Mir, S.A.U., Tyrus and the Ad Hoc Group Members (defined therein).

This letter agreement (this "**Agreement**") is the New Debt Backstop Letter referred to in the Lock-Up Agreement and sets forth the commitment of the Backstop Providers, subject to the terms and conditions contained herein, to purchase or subscribe for, directly or indirectly, the New Debt.

Capitalised terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Lock-Up Agreement.

1 Commitment

Each Backstop Provider hereby irrevocably commits, severally and not jointly to Ferroglobe, subject to the terms and conditions set forth in this Agreement and the Lock-Up Agreement, that it shall purchase or subscribe for, or shall cause the purchase of or subscription for, directly or indirectly through one or more of its affiliates, in each case on the Transaction Effective Date, a portion of the New Debt that bears the same proportion of the total New Debt as the principal amount of Locked-Up Notes held by that Backstop Provider on the date of this letter (as set out in the initial Confidential Annexure provided by that Backstop Provider under the Lock-Up Agreement in its capacity as an Original Consenting Noteholder) bears to the aggregate principal amount of the Locked-Up Notes held by all Backstop Providers on the date of this letter (each a "**Commitment**").

2 Backstop Fee

In consideration for its Commitment, Ferroglobe shall pay to each Backstop Provider a cash fee in an amount equal to 4.0% of that Backstop Provider's Commitment and shall irrevocably instruct the payment of that cash fee upon the issuance of the first $40 million of the New $60m Notes and in accordance with the Interim Funds Flow Statement, subject to Ferroglobe having received all necessary payment information prior to the issuance date.

3 Conditions

Each Backstop Provider's Commitment shall be subject to (i) the execution and delivery of a customary note purchase agreement to which the New Debt Issuer will be party and the satisfaction or waiver of each of the conditions to closing thereunder and (ii) the occurrence of the Conditions Precedent.

4 Parties in Interest

The parties hereto hereby agree that their respective agreements and obligations set forth in this Agreement are solely for the benefit of the other party hereto and its respective successors and permitted assigns, in accordance with and subject to the terms of this Agreement, and this Agreement is not intended to, and does not, confer upon any person other than the parties hereto and their respective successors and permitted assigns any benefits, rights or remedies.

5 Enforceability

Other than the parties to this Agreement, no person shall have any rights or remedies hereunder and no term shall be enforceable by any such person by virtue of the Contracts (Rights of Third Parties) Act 1999.

6 No Modification

This Agreement may not be amended or otherwise modified without the prior written consent of Ferroglobe and each Backstop Provider.

7 Governing Law; Jurisdiction

(a) This Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with English law.

(b) The English courts shall have exclusive jurisdiction in relation to all disputes (including claims for set-off and counterclaims) arising out of or in connection with this Agreement including, without limitation, disputes arising out of or in connection with: (i) the creation, validity, effect, interpretation, performance or non-performance of, or the legal relationships established by, this Agreement; and (ii) any non-contractual obligations arising out of or in connection with this Agreement. For such purposes each party irrevocably submits to the jurisdiction of the English courts and waives any objection to the exercise of such jurisdiction.

8 Counterparts

This Agreement may be executed in any number of counterparts (including by facsimile or by .pdf delivered via email), each such counterpart when executed being deemed to be an original instrument, and all such counterparts shall together constitute one and the same agreement.

9 Termination

The obligations of each Backstop Provider under or in connection with this Agreement shall, save under Sections 4 – 11, which shall survive indefinitely, terminate automatically and immediately on the earlier of the Transaction Effective Date and the termination of the Lock-Up Agreement.

Termination shall not prejudice prior breaches which may be enforced against a defaulting party.

10 Transfers

10.1 Without prejudice to Section 10.2, the rights and obligations of the parties hereto under this Agreement shall not be transferable, in whole or in part, without the other parties' prior written consent, and the granting of such consent in a given instance shall be solely in the discretion of each party requested to provide such consent and, if granted, shall not constitute a waiver of this requirement as to any subsequent assignment.

10.2 Each Backstop Provider may assign its rights arising under this Agreement to: (i) any other Backstop Provider; and (ii) any affiliate or related fund of that Backstop Provider, subject in each case, to the transferring Backstop Provider and transferee Backstop Provider having executed and delivered to Ferroglobe an Assignment Agreement in the form set out in the Schedule. Upon such execution and delivery, the transferor's rights corresponding to its Commitment specified in the Assignment Agreement shall be assigned and the transferor shall be released from all related obligations and the transferee shall become a Backstop Provider hereunder in accordance with and as described in the Assignment Agreement.

10.3 Without prejudice to Section 10.2, any affiliates or related funds of the Backstop Providers may perform the relevant Backstop Provider's obligations on its behalf without prior written consent from Ferroglobe.

10.4 Any purported transfer in contravention of this Section 10 shall be void.

11 Warranties

Each Backstop Provider hereby warrants to Ferroglobe that (a) it has the applicable power and authority to execute, deliver and perform this Agreement, (b) the execution, delivery and performance of this Agreement by it has been duly and validly authorized and approved by all necessary corporate or other organizational action by it, (c) this Agreement has been duly and validly executed and delivered by it and constitutes a valid and legally binding obligation of it, enforceable against it in accordance with the terms of this Agreement, (d) it has uncalled capital commitments or otherwise has available funds in excess of the sum of its Commitment hereunder plus the aggregate amount of all other commitments and obligations it currently has outstanding, and (e) the execution, delivery and performance by the undersigned of this Agreement do not (i) violate the organizational documents of the undersigned, or (ii) violate any applicable Law or judgment.

12 Information Undertaking

Each Backstop Provider hereby undertakes to notify Ferroglobe as soon as reasonably practicable after determining that it does not expect to be able to comply with its obligations under Section 1 above, without prejudice to the contractual obligations created under such Section 1 and this Agreement generally.

SCHEDULE

To: Ferroglobe PLC

From: [the *Transferring Backstop Provider*] (the "***Transferor***") and [the *Transferee*] (the "**Transferee**")

Dated: **[●]**

New Debt Backstop Letter dated March [●], 2021

1. We refer to the New Debt Backstop Letter. This is an Assignment Agreement. This agreement (the "**Agreement**") shall take effect as an Assignment Agreement for the purposes of the New Debt Backstop Letter. Terms defined in the New Debt Backstop Letter have the same meaning in this Agreement unless given a different meaning in this Agreement.
2. The Transferor assigns absolutely to the Transferee, [an affiliate or related fund of][1] an existing Backstop Provider, all the rights of the Transferor under the New Debt Backstop Letter which correspond to that portion of the Transferor's Commitment under the New Debt Backstop Letter as specified in paragraph 5 below.
3. The Transferor is released from all the obligations of the Transferor which correspond to that portion of the Transferor's Commitment under the New Debt Backstop Letter specified in paragraph 5 below.
4. The Transferee becomes a Party as a Backstop Provider and is bound by obligations equivalent to those from which the Transferor is released under paragraph 2 above.
5. The Commitment of the Transferor to be transferred by assignment, release and accession is [●].
6. This Agreement may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.
7. This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.
8. This Agreement has been entered into on the date stated at the beginning of this Agreement.

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[1] Delete if Transferee is an existing Backstop Provider.

[●]
As Transferor

By:..

Name:
Title:

[●]
As Transferee

By:..

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Title:

For and on behalf of [***]

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Agreed to and accepted:

FERROGLOBE PLC

By: ....

Name:

Title:

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THE EXHIBIT BECAUSE IT IS BOTH NOT MATERIAL AND IS THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL. REDACTED INFORMATION IS INDICATED BY [***].

Execution version

New Equity Backstop Letter

27 March 2021

Ferroglobe PLC
5 Fleet Place
London, EC4M 7RD

Ladies and Gentlemen:

Project Fox – New Equity Backstop Letter

Reference is made to that lock-up agreement (the "**Lock-Up Agreement**") dated 27 March 2021 among, *inter alios*, Ferroglobe PLC, a limited liability company incorporated in England, with its registered office at 5 Fleet Place, London, England, EC4M 7RD and company number 09425113 **("Ferroglobe**"), Grupo Villar Mir, S.A.U. ("**Grupo VM**"), [***] ("**Tyrus**") and the Ad Hoc Group Members (as defined therein).

This letter agreement (this "**Agreement**") is the New Equity Backstop Letter referred to in the Lock-Up Agreement and sets forth the commitment of Tyrus, subject to the terms and conditions contained herein, to subscribe for, directly or indirectly, the Tyrus Shares (as defined below), to the extent that US$40 million gross cash proceeds are not raised in the Equity Offering (as defined below).

Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Lock-Up Agreement.

1 Equity Offering

1.1 Ferroglobe agrees to use all reasonable endeavours, in accordance with Section 1.8, to:

1.1.1 issue, to its existing shareholders or to third parties, rights or warrants (the "**Rights/Warrants**") to purchase or subscribe for new equity in the form of ordinary shares in the capital of Ferroglobe (the "**New Shares**") at a price per New Share to be determined at the sole discretion of Ferroglobe, such Rights/Warrants to be exercisable during a period ending prior to the Transaction Effective Date (as defined in the Lock-Up Agreement); or

1.1.2 conduct a bookbuilding exercise (the "**Bookbuilding**") to (i) allot and issue New Shares at a price per New Share to be determined at the sole discretion of Ferroglobe, or (ii) issue any equity-linked instrument linked to New Shares, which shall not confer any special economic or voting rights vis-à-vis the existing ordinary shares of Ferroglobe and which shall be convertible into New Shares (at a

price to be determined at the sole discretion of Ferroglobe) on or prior to the Transaction Effective Date (the "**Equity-Linked Instrument**"), such Bookbuilding to be completed prior to the Transaction Effective Date,

in each case so that the aggregate gross cash proceeds therefrom shall not be less than US$40 million (the "**Aggregate Equity Price**").

1.2 Ferroglobe shall have sole discretion to select the type of offering referred to in Section 1.1 (other than an offering of Equity-Linked Instrument) after consultation with Tyrus. Ferroglobe shall not select, or conduct the Bookbuilding of, an offering of Equity-Linked Instrument except with the prior written consent of Tyrus. The offering that Ferroglobe selects in accordance with this Section 1.2 shall be referred to as the "**Equity Offering**".

1.3 Ferroglobe shall file the applicable registration statements with respect to the Equity Offering (the "**Equity Offering Registration Statements**"), with the U.S. Securities and Exchange Commission (the "**Commission**"), prepare related offering materials and make related filings (such materials and filings together with the Equity Offering Registration Statements, the "**Equity Offering Documents**") to implement and facilitate the Equity Offering.

1.4 Ferroglobe shall (i) use all reasonable endeavours to prepare, as soon as reasonably practicable, a resale registration statement (the "**Resale Registration Statement**") with respect to the Tyrus Shares (as defined below) and any other new fully paid up ordinary shares in the capital of Ferroglobe which are to be issued to Tyrus in connection with or contemplated under this Agreement and the Lock-Up Agreement (together the "**Ever-Green Securities**") and (ii) file the Resale Registration Statement in connection with the Ever-Green Securities with the Commission, on the Transaction Effective Date or as soon as reasonably practicable thereafter and in any event within five (5) days of the Transaction Effective Date, to facilitate the resale of the Ever-Green Securities. Furthermore, Ferroglobe shall use all reasonable endeavours to (A) have the Resale Registration Statement declared effective as soon as practicable after filing, and (B) keep the Resale Registration Statement continuously effective as set forth in the Registration Rights Agreement.

1.5 Without prejudice to the right of Tyrus to determine under the Lock-Up Agreement whether certain Core Transaction Documents (including the Equity Offering Documents) are in Agreed Form and without limitation to Section 1.6, no term of the Equity Offering (or any of its terms and conditions) that requires the consent of Tyrus under clause 18 of the Lock-Up Agreement shall be varied, extended or withdrawn without the prior written consent of Tyrus.

1.6 Without prejudice to Section 1.2 and the right of Tyrus to determine under the Lock-Up Agreement whether certain Core Transaction Documents (including the Equity Offering Documents) are in Agreed Form, Ferroglobe undertakes to (i) prepare the Equity Offering Documents and, in implementing the Equity Offering in accordance with its reasonable endeavours obligations under Section 1.1, to ensure that the Equity Offering Documents and Equity Offering align, reflect and implement the terms of this Agreement, (ii) promptly

and fully consult with Tyrus in preparing, amending or supplementing the Equity Offering Documents and to comply with all reasonable requirements and requests of Tyrus in relation thereto, including without limitation in respect of the steps and documentation required to implement the Equity Offering so as to ensure that the process aligns, reflects and implements the terms of this Agreement, and (iii) keep Tyrus informed to Tyrus' reasonable satisfaction of the progress of the Equity Offering process.

1.7 Ferroglobe shall procure that the aggregate gross cash proceeds from the Equity Offering and, if applicable, any amounts received from the Commitment are only used to support the operational needs and the strategic plan of Ferroglobe and its subsidiaries or to pay such other amounts that are required to be paid under or in connection with the Lock-Up Agreement or the Transaction.

1.8 Ferroglobe shall use all reasonable endeavours to complete the Equity Offering and/or Bookbuilding, as applicable, at not less than the Aggregate Equity Price.

2 Commitment

2.1 In this Agreement, references to New Shares or Equity-Linked Instrument which are **taken up** shall be construed as those New Shares or Equity-Linked Instrument in respect of which Rights/Warrants have been exercised by the latest exercise time or binding subscriptions/commitments have been received in the Bookbuilding process by the latest relevant time, as the case may be, in each case pursuant to the terms of the relevant Equity Offering Documents, and, provided that the relevant Equity Offering Documents require the subscription/commitment proceeds for the New Shares or Equity-Linked Instrument to be paid to Ferroglobe not less than three (3) Business Days before the Transaction Effective Date, with respect to which the subscription/commitment proceeds for the New Shares or Equity-Linked Instrument have been received by Ferroglobe on or before the relevant date for payment set out in such Equity Offering Document.

2.2 Tyrus shall have no obligations under Section 2.4 if the aggregate gross cash proceeds received by Ferroglobe for the New Shares or the Equity-Linked Instrument which are taken up pursuant to Section 2.1 in the Equity Offering equal or exceed US$40 million.

2.3 Any New Shares or Equity-Linked Instrument which have not been taken up will be deemed to have been declined within the time period set forth in their related terms and conditions. As soon as practicable after the latest acceptance or exercise time for the Rights/Warrants or the completion of the Bookbuilding, as the case may be (and in any case not less than three (3) Business Days in advance of the Transaction Effective Date), Ferroglobe will notify Tyrus in writing of the aggregate gross cash proceeds realised or expected from the Equity Offering and the amount of Commitment (as defined below).

2.4 Subject to Section 2.2 and the satisfaction (or waiver in accordance with Section 3) of all the Conditions (defined below), Tyrus hereby irrevocably commits to Ferroglobe that to the extent that the aggregate gross cash proceeds realised or expected from the New Shares or Equity-Linked Instrument which have been taken up pursuant to the Equity Offering does not equal or exceed US$40 million, it shall subscribe on the Transaction Effective Date for

such new ordinary shares in the capital of Ferroglobe (the "**Tyrus Shares**") at the Issue Price (as defined in Section 2.7 below) as is required so that the aggregate gross cash proceeds Ferroglobe realises or expects from the Equity Offering on or prior to the date falling three (3) Business Days prior to the Transaction Effective Date and the issue of the Tyrus Shares on the Transaction Effective Date is not less than US$40 million. For the avoidance of doubt, Tyrus' aggregate commitment under this Agreement shall not exceed US$40 million. The commitment of Tyrus under this Section 2.4 is referred to in this Agreement as the "**Commitment**". On the Transaction Effective Date, which date shall be notified to Tyrus by Ferroglobe not less than three (3) Business Days in advance, Ferroglobe will allot and issue to Tyrus the Tyrus Shares against payment by Tyrus in immediately available funds of an amount equal to the aggregate Issue Price (as defined in Section 2.7 below) for the total number of the Tyrus Shares.

2.5 Ferroglobe shall deliver the Tyrus Shares in book-entry form, or such other reasonably available form elected by Tyrus to allow paperless settlement/clearing, as is available to the other holders of ordinary shares of Ferroglobe trading on the NASDAQ stock exchange (subject only to the applicability of any resale restrictions under the U.S. Securities Act of 1933, as amended (the "**Securities Act**")), and Ferroglobe shall procure the delivery of any other documentation required to enable Tyrus to receive into its relevant broker-dealer account all its entitlement to book-entry interest, or to such other reasonably available form it has elected pursuant to its rights under this Section 2.5, in the Tyrus Shares held by or on behalf of the settlement/clearing system on the Transaction Effective Date.

2.6 On the terms and subject to the conditions referred to in this Agreement, Ferroglobe undertakes to Tyrus that the Tyrus Shares shall be allotted and issued fully paid up in cash at the Issue Price (as defined in Section 2.7 below) (when allotted, issued, delivered and paid for in accordance with the terms of this Agreement), free from all liens, charges and encumbrances and ranking *pari passu* with all other issued ordinary shares of Ferroglobe.

2.7 For the purposes of Section 2 of this Agreement, the "**Issue Price**" means an amount equal to the lower of:

2.7.1 a 40% discount to volume-weighted average closing price for an ordinary share in the capital of Ferroglobe on the 10 Trading Days prior to the Business Day immediately prior to the Transaction Effective Date, calculated by reference to the Bloomberg page "GSM US Equity VWAP" or, if such price or page is not available, then the volume-weighted average closing price shall be calculated by reference to the equivalent Reuters page (and in the event the equivalent Reuters page is not available, then such other price or source as shall be determined in good faith to be appropriate by the Independent Appraiser); *provided that* if the price for an ordinary share in the capital of Ferroglobe is materially decreasing during the relevant 10 Trading Day period directly as a consequence of a materially high level of short-selling activity (as determined by each of Ferroglobe and Tyrus in good faith), then Ferroglobe and Tyrus shall use reasonable endeavours to negotiate in good faith (but shall not be bound to agree) a longer period of Trading Days than

such 10 Trading Day period with a view to proportionally negating, to the extent practicable, the effect on the Issue Price of the short-selling activity; and

2.7.2 the issue price per New Share in respect of the Equity Offering,

provided that the total number of Tyrus Shares issued in respect of the Commitment shall not exceed the Adjusted Existing Authorisation (after giving effect to any New Shares issued in the Equity Offering) so that the Issue Price is adjusted without affecting the aggregate cash proceeds required to be paid under the Commitment. For the avoidance of doubt, all the Tyrus Shares shall have the same Issue Price.

2.8 As used in this Agreement, "**Adjusted Existing Authorisation**" means: (i) the number of ordinary shares that Ferroglobe is, as at the date of this Agreement, authorised to issue without making a pre-emptive offer to existing shareholders or obtaining further shareholder approval, being equal to approximately 85,973,364[1] ordinary shares; plus (ii) the number of shares in the capital of Ferroglobe currently issued and held in treasury, being equal to 1,659,669 treasury shares; less (iii) the number of ordinary shares to be issued under or in connection with the Transaction (as defined in the Lock-Up Agreement) other than the Equity Offering; less (iv) the number of ordinary shares that are, as at the date of this Agreement, designated for allocation by Ferroglobe under Ferroglobe's equity incentive plan listed as Exhibit 4.11 to the Form 20-F of Ferroglobe for the year ended December 31, 2019 (the "**Equity Incentive Plan**"), being equal to 8,304,131 ordinary shares.

2.9 As used in this Agreement, (i) "**Trading Day**" means a day on which NASDAQ is open for trading, and (ii) "**Independent Appraiser**" means a financial institution or a broker, with expertise in the metals sector and familiar with trading on NASDAQ, to be appointed by agreement between Ferroglobe and Tyrus.

3 Conditions

3.1 Tyrus' obligations under this Agreement (including the Commitment) are subject to and conditional upon the following conditions (the "**Conditions**"):

3.1.1 the satisfaction of the Conditions Precedent (as defined in the Lock-Up Agreement);

3.1.2 without prejudice to the reasonable endeavours nature of the obligation as described in Section 1.1, the Equity Offering shall have been carried out in conformity with all material requirements and conditions set out in the applicable Equity Offering Documents and applicable law and regulation;

3.1.3 there being no material breach by Ferroglobe of its obligations under this Agreement;

[1] Ferroglobe to confirm the exact number of new shares issued since the adoption of the 26 October 2017 articles which contain the authority to allot and issue shares.

3.1.4 the filing by Ferroglobe of the applicable Registration Statements for the Equity Offering if it is a public offering or the filing/making of a public announcement of the commencement of the relevant Equity Offering;

3.1.5 entry into a customary registration rights agreement in form and substance consistent with the terms set forth in this Agreement and the Lock-Up Agreement and otherwise on terms and conditions reasonably satisfactory to Ferroglobe and to Tyrus (the "**Registration Rights Agreement**"), pursuant to which Tyrus shall be entitled to ever-green shelf registration rights for the Ever-Green Securities, pursuant to which Ferroglobe will be required to file the Resale Registration Statement covering all Ever-Green Securities;

3.1.6 the payment of all fees, costs, charges and expenses (including, without limitation, any applicable value added tax and any stamp duty and/or stamp duty reserve tax or similar and any legal fees (in accordance with the Tyrus Fee Arrangement in the case of the Tyrus Legal Adviser)) properly incurred by or owing to Tyrus in connection with or relating to this Agreement, the Equity Offering and/or any related arrangement;

3.1.7 payment of the Backstop Fee (as defined in Section 5.1) to Tyrus concurrently with the allotment and issuance of Tyrus Shares;

3.1.8 the Lock-Up Agreement being and continuing to be (pending the Transaction Effective Date) in full force and effect;

3.1.9 all consents, approvals, permissions, waivers, authorisations or clearances required by applicable law, constitutional documents and/or regulation (other than any consents, approvals permissions, waivers, authorisations or clearances (i) required under the constitutional documents of Tyrus, (ii) required under any contractual arrangement between Tyrus and a party other than Ferroglobe, or (iii) that are solely under the control of Tyrus) in connection with Ferroglobe's allotment and issuance of, and Tyrus' subscription for, the Ever-Green Securities, have been obtained;

3.1.10 without prejudice to the generality of Section 3.1.9, the waiver and/or disapplication of any pre-emption or other similar rights in connection with the allotment and issuance of, and Ferroglobe having obtained all necessary authority to allot and issue, the Ever-Green Securities;

3.1.11 no event having occurred and being continuing or circumstance existing which would:

(i) upon the expiration of any grace or remedy period;

(ii) upon the expiration of any revocation or dismissal period;

(iii) upon the serving of any notice of termination; or

(iv) but for any remedial action,

give Tyrus the right to terminate the Lock-Up Agreement pursuant to clause 9.1(c) of the Lock-Up Agreement, unless (x) any such grace period has expired or notice of termination under the Receivables Facility Agreements has been served or remedial action has not been taken, and (y) no party to the Lock-Up Agreement has terminated the Lock-Up Agreement;

3.1.12 Article 6 (*Transfers*) of the shareholder agreement dated 21 November 2017 between Ferroglobe and Grupo VM (as amended on 23 January 2018) has been removed and any related provisions of such shareholders' agreement that need to be amended as a consequence of the removal of Article 6 (*Transfer*) have been amended;

3.1.13 the New $60m Notes will be issued as part of the Transaction Effective Date steps, in accordance with the Lock-Up Agreement (other than the tranche of the New $60m Notes that is specifically contemplated to be issued in advance of the Transaction Effective Date and which have been issued on or prior to the Transaction Effective Date);

3.1.14 the Existing $350m Notes Amendments will become effective as part of the Transaction Effective Date steps, in accordance with the Lock-Up Agreement;

3.1.15 all:

(i) documents that are referred to in limb (b) of the definition "Agreed Form" in the Lock-Up Agreement are in form and substance acceptable to Ferroglobe and Tyrus;

(ii) documents that are referred to in limb (c) of the definition "Agreed Form" in the Lock-Up Agreement are in form and substance acceptable to Ferroglobe and (only in respect of those provisions of such documents which are materially adverse to Tyrus or directly relevant to its participation in the Transaction) Tyrus; and

(iii) steps that are referred to in limb (d) of the definition "Agreed Form" in the Lock-Up Agreement are in form and substance acceptable to Ferroglobe, Tyrus and the Majority Ad Hoc Group;

3.1.16 there has been no material breach by any Ferroglobe Party of any of its undertakings under clauses 3.3, 3.4, 3.5 and 18 of the Lock-Up Agreement, unless such breach has been remedied; and

3.1.17 entry into the Non-Disclosure Agreement (as defined below).

3.2 Tyrus may (at its sole discretion) waive in whole or part one or more of the Conditions.

3.3 Ferroglobe shall use all reasonable endeavours to procure the satisfaction of each of the Conditions by the Long-Stop Date.

3.4 If any of the Conditions is not fulfilled (or waived in whole or in part in writing by Tyrus) by the Long-Stop Date, this Agreement shall automatically terminate and Section 13.3 shall apply.

4 Indemnity

4.1 Ferroglobe agrees to indemnify and hold harmless Tyrus and its directors, officers, shareholders, members, partners, employees and agents (and any other person with a functionally equivalent role of a person holding such titles notwithstanding a lack of such title or any other title), and each person, if any, who controls Tyrus within the meaning of either Section 15 of the Securities Act or Section 20 of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**") and the directors, officers, shareholders, members, partners, employees and agents (and any other person with a functionally equivalent role of a person holding such titles notwithstanding a lack of such title or any other title) of such controlling persons, and each affiliate of Tyrus within the meaning of Rule 405 under the Securities Act (each, an "**indemnified party**") from and against any and all losses, claims, obligations, contingencies, costs (including, but not limited to, any applicable value added tax and any stamp duty and/or stamp duty reserve tax or similar), charges, expenses, damages and liabilities (including, without limitation, any legal or other expenses reasonably incurred in connection with defending or investigating any such action or claim), which any such indemnified party may incur, have asserted against it or be involved in as a result of or arising out of or in any way related to this Agreement, the Equity Offering, the Commitment or the other transactions contemplated hereby or the use of proceeds hereunder or any claim, litigation, investigation or proceeding relating to any of the foregoing, regardless of whether any of such indemnified party is a party thereto; provided, however, the foregoing indemnity will not, as to any indemnified party, apply to losses, claims, damages, liabilities or related expenses to the extent they have resulted from the wilful misconduct, gross negligence or a material breach of any obligation under this Agreement or under the Lock-Up Agreement of such indemnified party.

4.2 In case any claim, litigation, investigation or proceeding (including any governmental investigation) shall be instituted involving any indemnified party in respect of which indemnity may be sought pursuant to this Agreement (a "**Claim**"), such indemnified party shall, subject to any requirement of a relevant insurer, promptly notify Ferroglobe in writing, provided that failure by an indemnified party to so notify Ferroglobe shall not relieve Ferroglobe from the obligation under Section 4.1 to indemnify and such indemnified party shall be under no obligation to take into account any requirements of Ferroglobe in connection with the conduct of any such Claim. Upon request by an indemnified party, Ferroglobe shall assume the defence of a Claim and retain counsel reasonably satisfactory to the indemnified party to represent the indemnified party and any others Ferroglobe may designate in such proceeding, and Ferroglobe shall pay the fees and disbursements of such counsel related to such proceeding and in such circumstances an indemnified party shall have the right to employ separate counsel in any such action and participate in the defence thereof, but the fees and expenses of such counsel shall be at the expense of such indemnified party except to the extent that: (i) the employment thereof has

been specifically authorized by Ferroglobe in writing, (ii) Ferroglobe has failed, after a reasonable period of time, to assume such defence and to employ counsel, or (iii) if there is, in the reasonable opinion of such separate counsel, a material conflict on a material issue between the position of Ferroglobe and the position of such indemnified party, in which case Ferroglobe shall be responsible for the reasonable fees and expenses of such separate counsel. Ferroglobe shall not settle or compromise or consent to the entry of any judgement with respect to any Claim which it has assumed the defence of in accordance with this Section 4.2 without the prior written consent of the relevant indemnified parties. Ferroglobe shall not be liable for any settlement of any proceeding effected without its written consent, which shall not be unreasonably withheld or delayed, but if settled with such consent or if there be a final judgment for the plaintiff, Ferroglobe agrees to indemnify the indemnified parties from and against any loss or liability by reason of such settlement or judgment.

5 Fees, Costs and Expenses

5.1 Ferroglobe shall pay to Tyrus a backstop fee in the amount of US$1.5 million in cash (the "**Backstop Fee**") (whether or not Tyrus' obligations under this Agreement become unconditional or are terminated, and regardless of the outcome of the Equity Offering) by way of an irrevocable payment instruction on the Transaction Effective Date in accordance with the Closing Funds Flow Statement, or, if earlier, the date on which the Lock-Up Agreement is terminated (other than as a result of a failure by Tyrus to comply with any of its material undertakings, or a material breach of representation or warranty, under the Lock-Up Agreement or this Agreement), in each case subject only to Ferroglobe having received Tyrus' bank account details prior to the date of payment.

5.2 Ferroglobe shall pay (whether or not Tyrus' obligations under this Agreement become unconditional or are terminated, and regardless of the outcome of the Equity Offering) all fees, costs, charges and expenses (including, but not limited to, any applicable value added tax and any stamp duty and/or stamp duty reserve tax or similar and any legal fees (in accordance with the Tyrus Fee Arrangement in the case of the Tyrus Legal Adviser)) properly incurred by or owing to Tyrus, in each case in connection with or relating to this Agreement, the subscription of the Tyrus Shares, the Commitment, the Equity Offering and/or any related arrangements (including for the avoidance of doubt in respect of any transfer of shares out of treasury to Tyrus).

6 Ferroglobe Covenants

6.1 Ferroglobe represents to Tyrus that, as at the date of this Agreement, it does not intend to refinance the Reinstated $350m Notes or the New $60m Notes within the period of two years after the Transaction Effective Date.

6.2 For so long as Tyrus or any of its Affiliates or Related Funds is a lender under the GVM Loan, Ferroglobe shall:

6.2.1 use all reasonable endeavours to ensure that if, notwithstanding the representation in Section 6.1, the Reinstated $350m Notes, the New $60m Notes or any other

material facility agreement, material asset backed facility agreement or material finance agreement is refinanced or put in place within the period of two years after the Transaction Effective Date (such refinanced notes or facility or finance agreement, being a "**Refinanced/New Facility**") and such Refinanced/New Facility contains "change of control" provisions (howsoever described), such provisions are no less adverse to Tyrus or any of its Affiliates or Related Funds which is a lender under the GVM Loan (a "**Tyrus Lender**") than the change of control provisions set out in the Reinstated $350m Notes and New $60m Notes as at the Transaction Effective Date;

6.2.2 if so requested by Tyrus, give Tyrus, a Tyrus Lender and/or the Tyrus Legal Adviser information in relation to or as to whether there will or is likely to be a Refinanced/New Facility within six months of any such request being made;

6.2.3 not, and shall procure that no member of the Group will, agree to any amendment to or modification of the "change of control" provisions (howsoever described) in the Reinstated $350m Notes and New $60m Notes, or in any bonds or facilities which refinance the Reinstated $350m Notes or New $60m Notes, from the "change of control" provisions (howsoever described) contained in the Reinstated $350m Notes and the New $60m Notes as at the Transaction Effective Date or in any bonds or facilities which refinance the Reinstated $350m Notes or New $60m Notes as at the date of their initial incurrence, without the prior written consent of Tyrus or (in lieu of Tyrus' written consent only if so requested by Tyrus) a Tyrus Lender; and

6.2.4 not, and shall procure that no Ferroglobe Party will, enter into any agreement or amend its articles in a way that expressly prohibits or restricts in any way the transfer of the shares that are subject to any GVM Share Pledge (other than any typical change of control restrictions in any commercial contracts entered into in the ordinary course of business).

6.3 Ferroglobe acknowledges and agrees that, for the purposes of this Agreement only, Ferroglobe shall comply with its undertakings under clauses 3.5(b)(i) and 3.5(b)(ii) of the Lock-Up Agreement as such undertakings are modified below:

6.3.1 clause 3.5(b)(i)(A) of the Lock-Up Agreement shall be deemed to read: "creating, allotting, issuing or agreeing to create, allot or issue shares of any class, or securities convertible into or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities"; and

6.3.2 the exemption in clause 3.5(b)(A) of the Lock-Up Agreement shall not apply in respect of Ferroglobe's obligation under clause 3.5(b)(i) of the Lock-Up Agreement.

6.4 Ferroglobe shall not, on or before the Transaction Effective Date:

6.4.1 pass any resolution by its members in a general meeting to (i) make any alteration to its articles of association, (ii) amend the authorisation to allot and issue new

shares contained in its articles of association, or (iii) provide a new authorisation to allot and issue new shares in Ferroglobe; or

6.4.2 amend any terms of the existing (as at the date of this Agreement) Equity Incentive Plan.

7 Non-Disclosure Agreement

The parties shall promptly, and in any event within 15 Business Days of this Agreement, enter into a non-disclosure agreement on terms no less favourable to Tyrus than the terms agreed between Ferroglobe and the Ad Hoc Group Members which provides for the sharing of confidential information between Tyrus (and its Affiliates and Related Funds) and the Group, and the cleansing of inside information (the "**Non-Disclosure Agreement**").

8 Parties in Interest

The parties hereby agree that their respective agreements and obligations set forth in this Agreement are solely for the benefit of the other party hereto, the Indemnified Persons and their respective successors and permitted assigns, in accordance with and subject to the terms of this Agreement, and this Agreement is not intended to, and does not, confer any benefits, rights or remedies upon any other person.

9 Enforceability

9.1 Save as set out in Section 9.2, no person who is not a party to this Agreement, no person shall have any rights or remedies hereunder and no term shall be enforceable by any such person by virtue of the Contracts (Rights of Third Parties) Act 1999.

9.2 Each Indemnified Person (other than Tyrus) shall have the right under the Contracts (Rights of Third Parties) Act 1999 to enforce all or any of its rights under this Agreement. Tyrus may agree to terminate or vary this Agreement without the consent of any such Indemnified Person and will have no responsibility to any such Indemnified Person under or as a result of this Agreement.

10 No Modification

This Agreement may not be amended or otherwise modified without the prior written consent of Ferroglobe and Tyrus.

11 Governing Law; Jurisdiction

(a) This Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with English law.

(b) The English courts shall have exclusive jurisdiction in relation to all disputes (including claims for set-off and counterclaims) arising out of or in connection with this Agreement including, without limitation, disputes arising out of or in connection with: (i) the creation, validity, effect, interpretation, performance or non-performance of, or the legal relationships established by, this Agreement; and (ii) any non-contractual obligations arising out of or in connection with this

Agreement. For such purposes each party irrevocably submits to the jurisdiction of the English courts and waives any objection to the exercise of such jurisdiction.

12 Counterparts

This Agreement may be executed in any number of counterparts (including by facsimile or by pdf delivered via email), each such counterpart when executed being deemed to be an original instrument, and all such counterparts shall together constitute one and the same agreement.

13 Termination

13.1 Subject to Section 13.3, if before the Long-Stop Date any of the Conditions has become incapable of fulfilment to the extent that it has resulted in or could (in the reasonable option of Tyrus) be expected to be, a Material Adverse Event under limb (b) of that definition in the Lock-Up Agreement, then Tyrus may, in its absolute discretion, give notice to Ferroglobe to terminate this Agreement, and, upon receipt of such notice, this Agreement shall terminate unless that Material Adverse Event is capable of remedy and is remedied within five (5) Business Days from the earlier of the date on which the relevant Ferroglobe Party becomes aware of the occurrence of the Material Adverse Event and when it is given notice of the Material Adverse Event by any party to the Lock-Up Agreement.

13.2 Subject to 13.3, the obligations of the parties under or in connection with this Agreement shall terminate automatically and immediately after the Transaction Effective Date or, if earlier, the date on which the Lock-Up Agreement is terminated.

13.3 If this Agreement is terminated pursuant to the provisions of this Section 13 or in accordance with Section 3, no party to this Agreement will have any claim against any other party, except that:

13.3.1 such termination shall be without prejudice to any accrued rights or obligations under this Agreement; and

13.3.2 the provisions of Sections 1.4, 1.7, 3 to 14, and 16 to 19 shall remain in full force and effect.

14 Assignment

14.1 Subject to Section 14.2, the rights and/or obligations of the parties under or in connection with this Agreement shall not be assigned or transferred, in whole or in part, without the other party's prior written consent, and the granting of such consent in a given instance shall be solely in the discretion of each party requested to provide such consent and, if granted, shall not constitute a waiver of this requirement as to any subsequent assignment or transfer. Any purported assignment or transfer of this Agreement or the Commitment in contravention of this Section 14 shall be void.

14.2 Nothing in this Agreement shall restrict Tyrus's ability to assign or transfer, with the consent of Ferroglobe (not to be unreasonably withheld or delayed), any of its rights and/or obligations under this Agreement to an Affiliate or Related Fund, provided that any such

Affiliate or Related Fund signs and delivers to Ferroglobe an assignment agreement in the form set out in Schedule 1.

15 Warranties

15.1 Each party hereby warrants to the other party that:

15.1.1 it has the applicable power and authority to execute, deliver and perform this Agreement;

15.1.2 the execution, delivery and performance of this Agreement by it has been duly and validly authorized and approved by all necessary corporate or other organizational action by it;

15.1.3 this Agreement has been duly and validly executed and delivered by it and constitutes a valid and legally binding obligation of it, enforceable against it in accordance with the terms of this Agreement; and

15.1.4 the execution, delivery and performance by the undersigned of this Agreement do not (i) violate the organisational documents of the undersigned, or (ii) violate any applicable Law or judgment (including, in the case of Ferroglobe, U.S. federal and State securities laws).

15.2 Tyrus further warrants to Ferroglobe that it has uncalled capital commitments or otherwise has available funds in excess of the sum of its Commitment hereunder plus the aggregate amount of all other commitments and obligations it currently has outstanding.

15.3 Ferroglobe further warrants to Tyrus that except for the registration of the offer and sale of New Shares or the Equity-Linked Instrument to be issued pursuant to the Equity Offering under the Securities Act and such consents, approvals, authorizations, registrations or qualifications as may be required under the Exchange Act and applicable securities laws in connection with the Equity Offering, no consent, approval, authorization or order of, or filing with, any court or governmental agency or body is required for the execution, delivery and performance of this Agreement by Ferroglobe and the consummation of the transactions contemplated hereby.

16 Notices

16.1 Any communication to be made under or in connection with this Agreement shall be made in writing and, unless otherwise stated, shall be made by letter, or by email to:

(a) **Tyrus**:

[***]

with a copy to

Akin Gump LLP
Ten Bishops Square
Eighth Floor
London

E1 6EG

Attn: Lois Deasey and Nertila Qenani

Email: FOXAKIN@akingump.com

(b) **Ferroglobe**:

Ferroglobe PLC
5 Fleet Place
London
EC4M 7RD

Attn: Thomas Wiesner, General Counsel

Email: thomas.wiesner@ferroglobe.com

with a copy to

Milbank LLP
10 Gresham Street
London EC2V 7JD

Attn: Nick Angel and Jerry Uzzi

Email: MilbankProjectFox@milbank.com

16.2 The address and email address (and the department or officer, if any, for whose attention the communication is to be made) of each party for any communication or document to be made or delivered under or in connection with this Agreement is identified in this Agreement or any substitute address or email address or department or officer as the party may notify to the other party by not less than two (2) Business Days' written notice.

16.3 Any communication under or in connection with this Agreement:

(a) sent by letter will be deemed received when actually received (regardless of whether it is received on a day that is not a Business Day or after business hours) in the place of receipt.

(b) sent by or attached to an email will be deemed received only on the first to occur of the following:

(i) when it is dispatched by the sender to each of the relevant email addresses, unless for each of the addressees of the intended recipient, the sender receives an automatic non-delivery notification that the email has not been received (other than an out of office greeting for the named addressee) and the sender receives the notification of non-delivery within one hour after dispatch of the email by the sender;

(ii) the sender receiving a message from the intended recipient's information system confirming delivery of the email; and

(iii) the email being available to be read at one of the email addresses specified by the recipient,

provided that, in each case, the email is in an appropriate and commonly used format, and any attached file is a pdf, jpeg, tiff or other appropriate and commonly used format.

16.4 Any communication provided under or in connection with this Agreement must be in English.

17 Confidentiality

17.1 Without prejudice to clause 11.4 of the Lock-Up Agreement, Tyrus and Ferroglobe acknowledge that the existence and terms of this Agreement constitute Confidential Information (as defined in the Lock-Up Agreement).

17.2 Ferroglobe undertakes not to give any prior written consent under clause 11.1(b) of the Lock-Up Agreement to permit the disclosure of the existence and/or terms of this Agreement without the prior written consent of Tyrus (not to be unreasonably withheld or delayed if such consent is requested in connection with the Transaction).

17.3 Ferroglobe undertakes not to enter into any confidentiality agreement under clause 11.1(b)(iv) of the Lock-Up Agreement without the prior written consent of Tyrus, not to be unreasonably withheld or delayed, if such consent is requested in connection with the Transaction or if such confidentiality agreement with any other person would, but for this Section 17.3, permit the disclosure of the existence and/or terms of this Agreement to such other person.

18 Further assurances

18.1 At any time after the date of this Agreement, Ferroglobe shall, at the request of Tyrus and at Ferroglobe's own cost, execute such documents and do all such acts and things as Tyrus may reasonably require for the purpose of giving Tyrus the full benefit of all the provisions of this Agreement and to perfect the Commitment.

19 Partial Invalidity

19.1 If at any time any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

20 Tyrus Covenants

20.1 Tyrus shall promptly notify Ferroglobe of any circumstances which would prevent Tyrus from fulfilling its obligations under this Agreement.

SCHEDULE 1

To: Ferroglobe PLC

From: [***] (the "**Transferor**") and [_] (the "**Transferee**")

Dated: **[⚫]**

New Equity Backstop Letter dated [⚫] March 2021

1. We refer to the New Equity Backstop Letter. This is an assignment agreement. This agreement (the "**Agreement**") shall take effect as an assignment agreement for the purposes of the New Equity Backstop Letter. Terms defined in the New Equity Backstop Letter have the same meaning in this Agreement unless given a different meaning in this Agreement.
2. The Transferor assigns absolutely to the Transferee all the rights of the Transferor under the New Equity Backstop Letter which correspond to the Transferor's Commitment under the New Equity Backstop Letter as specified in paragraph 5 below.
3. The Transferor is released from all the obligations of the Transferor which correspond to that portion of the Transferor's Commitment under the New Equity Backstop Letter specified in paragraph 5 below.
4. The Transferee becomes a party and is bound by obligations equivalent to those from which the Transferor is released under paragraph 3 above.
5. The Commitment of the Transferor to be transferred by assignment, release and accession is an amount equal to US$[⚫].
6. This Agreement may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.
7. This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

For and on behalf of

[***]

By: ....

Name: **[***]**

Title: [***]

4830-1361-1238

Agreed to and accepted:

FERROGLOBE PLC

By: ....

Name:

Title:

4830-1361-1238

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THE EXHIBIT BECAUSE IT IS BOTH NOT MATERIAL AND IS THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL. REDACTED INFORMATION IS INDICATED BY [***].

Execution Version

The information contained herein shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the securities referred to herein in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, exemption from registration or qualification under the securities laws of any such jurisdiction.

LOCK-UP AGREEMENT

dated 27 March 2021

GRUPO VILLAR MIR, S.A.U.

THE TYRUS BACKSTOP PROVIDER

THE TYRUS PLEDGEE

FERROGLOBE PLC

GLOBE SPECIALTY METALS, INC.

THE GUARANTORS

and

THE CONSENTING NOTEHOLDERS

4816-3932-1062

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THIS AGREEMENT (this "**Agreement**") is dated 27 March 2021 and made amongst:

(1) **GRUPO VILLAR MIR, S.A.U.** a limited liability company incorporated in Spain, with its registered office at Paseo de la Castellana 259D, 51st floor, 28046 Madrid, Spain and company number A82500257 ("**GVM**");

(2) **FERROGLOBE PLC**, a limited liability company incorporated in England, with its registered office at 5 Fleet Place, London, England, EC4M 7RD and company number 09425113 ("**Ferroglobe**");

(3) **GLOBE SPECIALTY METALS, INC.**, a corporation incorporated in the State of Delaware, with its registered office at Corporation Trust Center 1209 Orange Street, Wilmington, Delaware, 19801 and company number 20-2055624 (EIN) ("**GSM**", and together with Ferroglobe and, with effect from the date any NewCo becomes an issuer under the Existing $350m Notes, that NewCo, each a "**Co-Issuer**");

(4) **[***]** (the "**Tyrus Backstop Provider**");

(5) **[***]** (the "**Tyrus Pledgee**" together with the Tyrus Backstop Provider "**Tyrus**", and together with GVM each an "**Equity Party**");

(6) **THE PERSONS WHOSE NAMES ARE LISTED IN SCHEDULE 1** (the "**Guarantors**", and the Guarantors, together with the Co-Issuers and each NewCo, the "**Ferroglobe Parties**" and each a "**Ferroglobe Party**"); and

(7) **THE CONSENTING NOTEHOLDERS** (as defined below).

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement, capitalised terms used but not defined shall have the meanings given to those terms in the Existing $350m Notes Indenture, and the following capitalised terms shall have the following meanings:

"**0.5% Late Cash Consent Fee**" has the meaning given in Clause 4.1(a)(ii).

"**1% Early Cash Consent Fee**" has the meaning given in Clause 4.1(a)(i).

"**1.75% Exchange Offer Equity Fee**" has the meaning given in Clause 4.2(a)(ii).

"**2% Early Equity Fee**" has the meaning given in Clause 4.2(a)(i).

"**3.75% Scheme Equity Fee**" has the meaning given in 4.2(b).

"**ABL Facility Agreement**" means the Credit and Security Agreement dated as of October 11, 2019 (as amended, restated, supplemented or otherwise modified from time to time), by and among, inter alia, GSM, QSIP Canada ULC, the other credit parties from time to time party thereto, PNC Bank National Association as agent and any other lenders from time to time that are party thereto.

"**Ad Hoc Group**" means the ad hoc group of Noteholders (comprising those entities notified to Ferroglobe by the AHG Advisers in writing time to time), who are advised by the AHG Advisers and each member of the Ad Hoc Group shall be an "**Ad Hoc Group Member**".

"**Additional Consenting Noteholder**" means any Noteholder which has become a Consenting Noteholder in accordance with Clause 5.

"**Additional Locked-Up Notes**" has the meaning given in Clause 6.4.

"**Affiliate**" means, in relation to a person,

(a) any other person directly or indirectly Controlling or Controlled by or under direct or indirect common Control with such person, and

(b) a Subsidiary of that person, a holding company of that person or any other Subsidiary of that holding company.

"**Agreed Form**" means:

(a) *with respect to (i) the documents listed in the definition of "Core Transaction Documents" (other than those listed in limb (i)), and (ii) the "Transaction Consents"*, in form and substance acceptable to Ferroglobe and the Majority Ad Hoc Group;

(b) *with respect to the documents listed in limbs (a)(i), (b)(i), (c), (g), and (k) only of the definition of "Core Transaction Documents"*, in form and substance acceptable to Ferroglobe and Tyrus;

(c) *with respect to the documents listed in limbs (a)(ii), (a)(iii), (b)(ii), (b)(iii), (b)(v), (b)(vi), (f), (i) and (j) of the definition of "Core Transaction Documents"*, in form and substance acceptable to Ferroglobe and, only in respect of those provisions (if any) which are or may be materially adverse to Tyrus or are directly relevant to Tyrus's participation in the Transaction, Tyrus; and

(d) with respect to the steps referred to in Clause 3.2(a)(ii), in form and substance acceptable to Ferroglobe, Tyrus and the Majority Ad Hoc Group.

"**AHG Adviser**" means each AHG Financial Adviser and AHG Legal Adviser.

"**AHG Adviser NDA**" means any confidentiality or non-disclosure agreement entered into from time to time between Ferroglobe and any AHG Adviser.

"**AHG Fee Arrangement**" means any fee arrangement entered into from time to time between Ferroglobe and any AHG Adviser.

"**AHG Financial Adviser**" means Moelis & Company UK LLP and its Affiliates, or any successor financial adviser to the Ad Hoc Group notified by the Ad Hoc Group to Ferroglobe in writing.

"**AHG Legal Adviser**" means Weil, Gotshal & Manges (London) LLP as legal advisers to the Ad Hoc Group, any barrister engaged by Weil, Gotshal & Manges (London) LLP, or any successor legal counsel to the Ad Hoc Group notified by the Ad Hoc Group to Ferroglobe in writing.

“**Authorisation**” includes an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration.

“**Back-to-Back Transfer**” has the meaning given to that term in Clause 6.2 (*QMM and Back-to-Back Transfers*).

“**Business Day**” means a day other than Saturday, Sunday or other day on which banking institutions in London (UK), Madrid (Spain), New York (USA) or Dublin (Ireland) are authorised or required by law to close.

“**Cash Consent Fee**” means the 1% Early Cash Consent Fee and the 0.5% Late Cash Consent Fee.

“**Closing Funds Flow Statement**” means a statement prepared by Ferroglobe setting out the amounts and the process for the payment of all amounts due to be paid (including by the Ferroglobe Parties) on the Transaction Effective Date.

“**Company’s Counsel**” means Milbank LLP or any successor English or New York legal counsel to Ferroglobe.

“**Conditions Precedent**” means:

(a) the payment of all invoiced fees, costs and expenses of the AHG Advisers incurred in accordance with the Fee Arrangements;

(b) the payment of all invoiced fees, costs and expenses of the Tyrus Legal Adviser incurred in accordance with the Tyrus Fee Arrangement;

(c) Ferroglobe has published the Cleansing Statement as defined in and in accordance with the terms of the Noteholder NDAs entered into between Ferroglobe and the Ad Hoc Group Members, in a form acceptable to Tyrus (acting reasonably);

(d) the New Equity Backstop Letter has been executed by its parties and is in full force and effect; and

(e) the New Debt Backstop Letter has been executed by its parties and is in full force and effect.

“**Confidential Annexure**” means, in relation to a Consenting Noteholder, the confidential annexure to its signature page to this Agreement or any Noteholder Accession Letter (as applicable) detailing the amount of its Locked-Up Notes and any update of either of those things.

“**Confidential Information**” means:

(a) any and all information, know-how, experience, materials and documents, whether technical, commercial, financial or otherwise provided by any member of the Group or any of its Representatives to any Consenting Noteholder in connection with the Transaction relating to the Group (including any proposals relating to the Transaction), directly or indirectly before, on or after the Lock-Up Effective Date, including the portion of analyses, compilations, studies and other material prepared by any

Consenting Noteholder which contain, reflect or are otherwise generated from the above;

(b) the existence and contents of this Agreement;

(c) the existence and terms of the Transaction Documents, or any draft of them; and

(d) the fact that discussions and negotiations with the Consenting Noteholders and/or Tyrus are and have taken place in connection with the Transaction, including the status of those discussions and negotiations, and any material economic or other material term or condition relating to the Transaction,

in each case, of whatever nature and in whatever form including in writing, oral, electronic and in a visual or machine-readable medium including CD ROM, tape, magnetic and digital form but with the exception of any information which:

(i) is or becomes publicly available, other than as a direct or indirect result of any breach of this Agreement by:

(A) a Consenting Noteholder or any of its Representatives; or

(B) any adviser to a Consenting Noteholder;

(ii) is lawfully known to the recipient prior to its disclosure by any member of the Group or its Representatives or is lawfully obtained by the recipient after such disclosure from a source which is, as far as the recipient is aware following reasonable inquiry, unconnected with the Group and which, in either case, as far as the recipient is aware following reasonable inquiry, has not been obtained in breach of, and is not otherwise subject to, any obligation of confidentiality;

(iii) was expressly identified in writing at the time of delivery as being non-confidential by any member of the Group or its financial or legal advisers; or

(iv) has been independently developed by any Party, not in breach of any obligation of confidentiality.

"**Consent Fee Deadline**" means the date that is 10 clear Business Days following the date of publication of the notice required under Clause 13(b)(i).

"**Consent Fees**" means any applicable Cash Consent Fee and/or Equity Fee.

"**Consenting Noteholder**" means:

(a) each Original Consenting Noteholder; and

(b) each Additional Consenting Noteholder,

in each case in respect of its Locked-Up Notes and provided that it has not ceased to be a Consenting Noteholder in accordance with Clause 6.5 (*Ceasing to be a Party*).

"**Control**" means in relation to any person, the possession (directly or indirectly) of more than 50% of the equity securities or equity interests in such person or the power to direct or cause the direction of the management and policies of such person (whether through ownership of

securities, partnership interest or other ownership interests, by contract, or otherwise), and “**Controls**” and “**Controlled**” shall be construed accordingly.

“**Core Terms**” means the terms set out in the following rows of the Exhibits to the Term Sheet:

(a) Exhibit A: Amount, Issue Price;

(b) Exhibit B: Amount, Maturity Date, Interest Rate, Collateral, Guarantors (other than any additional guarantors as may be agreed between Ferroglobe and the Majority Ad Hoc Group); and

(c) Exhibit C: Amount, Maturity Date, Interest Rate, Collateral, Guarantors (other than any additional guarantors as may be agreed between Ferroglobe and the Majority Ad Hoc Group).

“**Core Transaction Documents**” means:

(a) the following documents relating to the New $60m Notes:

  (i) the indenture governing the New $60m Notes;

  (ii) the purchase agreement relating to the New $60m Notes;

  (iii) any security documents relating to the New $60m Notes; and

  (iv) any other closing deliverables under the New $60m Notes;

(b) the following documents relating to the Reinstated $350m Notes:

  (i) the indenture governing the Reinstated $350m Notes;

  (ii) the purchase agreement relating to the Reinstated $350m Notes;

  (iii) any security documents relating to the Reinstated $350m Notes;

  (iv) any other closing deliverables under the Reinstated $350m Notes;

  (v) *if the Existing $350m Notes Amendments are implemented using an Exchange Offer and Covenant Strip*, the Exchange Offer Solicitation Statement and customary related ancillary documents;

  (vi) *if the Existing $350m Notes Amendments are implemented using a Scheme*, the practice statement letter, the explanatory statement (including the scheme, any undertakings, and account holder letters or other voting forms to be signed by the Consenting Noteholders).

(c) the indenture governing the Outstanding $350m Notes;

(d) any pro forma intercreditor agreement with any asset-based lenders;

(e) any intercreditor agreement among holders of the Reinstated $350m Notes and the New $60m Notes, and each Ferroglobe Party;

(f) the documents implementing the Group Reorganisation;

(g) the Equity Offering Documents and any other documents implementing the New $40m Equity (provided that Ferroglobe, subject to having consulted with Tyrus in accordance with the New Equity Backstop Letter, shall have the sole discretion to select the type of the Equity Offering, other than any offering of an Equity-Linked Instrument which shall require the prior written consent of the Tyrus Backstop Provider);

(h) any other document reasonably requested by the Majority Ad Hoc Group;

(i) any other document reasonably requested by Tyrus or the Tyrus Legal Adviser on the basis that, in the opinion of Tyrus, such document has or may have terms which are or may be materially adverse to Tyrus or are directly relevant to Tyrus's participation in the Transaction;

(j) the Interim Funds Flow Statement; and

(k) the Closing Funds Flow Statement,

in each case in the Agreed Form.

"**Early Consented Notes**" means Existing $350m Notes which became Locked-Up Notes on or prior to the Consent Fee Deadline.

"**Enforcement Action**" means, the following actions with respect to the Existing $350m Notes and the equivalent actions under the New $60m Notes (once issued):

(a) the making of any declaration of Default or Event of Default;

(b) the acceleration of any of the debt or the making of any declaration that any of the debt is prematurely due and payable;

(c) the making of any declaration that any of the debt is payable on demand;

(d) the making of a demand in relation to any of the debt that is payable on demand;

(e) the making of any demand against any member of the Group in relation to any guarantees, indemnities or other assurance against loss that any member of the Group has provided in respect of any of the debt;

(f) the exercise of any right of set-off, account combination or payment netting against any member of the Group in respect of any of the debt;

(g) the taking of any action of any kind to recover or demand cash cover in respect of all or any part of the debt;

(h) the suing for, commencing or joining of any legal process against any member of the Group to recover any of the debt;

(i) the taking of any steps to enforce or require the enforcement of any security interest in connection with any of the debt;

(j) the entering into of any composition, compromise, assignment or arrangement with any member of the Group which owes any amount in respect of any of the debt, or has given any security interest, guarantee or indemnity or other assurance against loss in respect of any of the debt;

(k) the taking of any step to obtain recognition or enforcement of a judgment against any member of the Group in any jurisdiction in respect of any of the debt; or

(l) the petitioning (or taking any formal corporate action to petition for), applying or voting for, or the taking of any steps (including the appointment of any liquidator, receiver, administrator or similar officer in any jurisdiction) in relation to:

(i) the winding up, dissolution, administration or reorganisation of any member of the Group which owes any of the debt, or has given any security, guarantee, indemnity or other assurance against loss in respect of any of the debt, or any of such member of the Group's assets;

(ii) any suspension of payments or moratorium of any indebtedness of any member of the Group; or

(iii) any analogous procedure or step in any jurisdiction,

provided that, the filing of any proof of claim or other documentation necessary to preserve the validity, existence or priority of claims in respect of any of (A) the debt or (B) any security interest in connection with any of the debt, shall not constitute an Enforcement Action.

"**Equity Fee**" means:

(a) *if the Existing $350m Notes Amendments are implemented using an Exchange Offer and Covenant Strip*, the 2% Early Equity Fee and the 1.75% Exchange Offer Equity Fee; or

(b) *if the Existing $350m Notes Amendments are implemented using a Scheme*, the 3.75% Scheme Equity Fee.

"**Equity Offering**" means the offering to existing shareholders of Ferroglobe or one or more third parties, using one of the following processes, to be determined by Ferroglobe in consultation with Tyrus or, in the case of the Equity-Linked Instrument, with the consent of Tyrus, in accordance with the New Equity Backstop Letter:

(a) rights or warrants to purchase ordinary shares in the capital of Ferroglobe (the "**New Shares**") at a price per New Share not less than the Issue Price; or

(b) New Shares at a price per New Share not less than the Issue Price or any equity-linked instrument linked to the ordinary shares of Ferroglobe (which shall not confer any special economic or voting rights vis-à-vis the existing ordinary shares of Ferroglobe and which shall be convertible into ordinary shares on or prior to the Transaction Effective Date, the "**Equity-Linked Instrument**"), in each case pursuant to a bookbuilding exercise,

in either case the issuance of the New Shares or the Equity-Linked Instrument (as applicable) to occur as part of the Transaction Effective Date steps.

"**Equity Offering Document**" means the applicable registration statements with respect to the Equity Offering to be filed with the U.S. Securities and Exchange Commission and related offering materials and filings required to implement and facilitate the Equity Offering.

"**Exchange Offer and Covenant Strip**" means:

(a) the contractual exchange by participating Noteholders of their Existing $350m Notes at par for new Reinstated $350m Notes; and

(b) the amendment of any Outstanding $350m Notes not exchanged for Reinstated $350m Notes as set out in the Term Sheet, with further terms to be agreed between Ferroglobe and the Majority Ad Hoc Group.

"**Existing $350m Notes**" means the $350 million 9.375% senior notes due 2022 issued by the Co-Issuers under the Existing $350m Notes Indenture.

"**Existing $350m Notes Amendments**" has the meaning given to that term in the Term Sheet.

"**Existing $350m Notes Debt**" means all present and future moneys, debts and liabilities due, owing or incurred from time to time by any member of the Group to any Noteholder under or in connection with the Existing $350m Notes (in each case, whether alone or jointly, or jointly and severally, with any other person, whether actually or contingently, and whether as principal, surety or otherwise).

"**Existing $350m Notes Indenture**" means the indenture originally dated as of February 15, 2017 between, amongst others, the Co-Issuers as issuers and Wilmington Trust, National Association as trustee (as amended and supplemented from time to time, other than on the terms of the Reinstated $350m Notes or the Outstanding $350m Notes).

"**Fee Arrangement**" means each of the AHG Fee Arrangement and the Tyrus Fee Arrangement.

"**Group**" means Ferroglobe and each of its Subsidiaries.

"**Group Reorganisation**" has the meaning given to that term in the Term Sheet.

"**GVM Loan**" means any financing provided by Tyrus and/or any of its Affiliates or Related Funds to GVM or owing by GVM to Tyrus or any of its Affiliates or Related Funds, from time to time.

"**GVM Share Pledge**" means any share pledge or charge or other similar security over the shares in Ferroglobe held by GVM and granted by GVM in support of or as collateral for its obligations under any GVM Loan from time to time.

"**Individual Holding**" has the meaning given in Clause 11.6(a) (*Individual Holdings of Locked-Up Notes*).

"**Information Agent**" means the information agent for the Transaction, as selected by Ferroglobe.

"**Interim Funds Flow Statement**" means a statement prepared by Ferroglobe setting out the amounts and the process for the payment of all amounts due to be paid (including by the Ferroglobe Parties) on the issuance date of the first $40m of the New $60m Notes.

"**Late Consented Notes**" means Existing $350m Notes which are not Early Consented Notes and which became Locked-Up Notes on or prior to:

(a) *if the Existing $350m Notes Amendments are implemented using an Exchange Offer and Covenant Strip*, the date on which the solicitation period of the Exchange Offer and Covenant Strip ends; and

(b) *if the Existing $350m Notes Amendments are implemented using a Scheme*, on or prior to the date of the Scheme meeting.

"**Limitation Acts**" means the applicable limitation law (including the Limitation Act 1980 and the Foreign Limitation Periods Act 1984).

"**Lock-Up Deadline**" means the date that is 25 Business Days following the Lock-Up Effective Date.

"**Lock-Up Effective Date**" has the meaning given to that term in Clause 2.1(a).

"**Locked-Up Notes**" means, in relation to each Consenting Noteholder:

(a) the aggregate principal amount of Existing $350m Notes held by that Consenting Noteholder, as stated in the Confidential Annexure attached to its signature page to this Agreement or Noteholder Accession Letter; and

(b) any Additional Locked-Up Notes held by that Consenting Noteholder from time to time,

in each case to the extent not reduced or Transferred by a Consenting Noteholder under and in accordance with this Agreement and excluding any Locked-Up Notes held or Controlled by it in its capacity as a Qualified Market Maker.

"**Long-Stop Date**" means the date that is six months following the Lock-Up Effective Date, or such later date as may be agreed by Ferroglobe, Tyrus and the Majority Ad Hoc Group and notified by Ferroglobe to the other Parties.

"**Majority Ad Hoc Group**" means at least two Ad Hoc Group Members whose Locked-Up Notes together represent a majority by value of the aggregate Locked-Up Notes held by the Ad Hoc Group.

"**Majority Consenting Noteholders**" means the Consenting Noteholders whose Locked-Up Notes together represent a majority by value of the aggregate Locked-Up Notes of all Consenting Noteholders.

"**Material Adverse Event**" means, by reference to the position as at the Lock-Up Effective Date:

(a) any change, event, or circumstance that has a material adverse effect on the business, operations, or financial condition of the Group as a whole, other than any change, event or circumstances arising out of or in connection with:

  (i) the COVID-19 pandemic; or

(ii) the action or inaction of, or breach of or failure to perform its obligations under this Agreement or any Transaction Document by any Party (other than a member of the Group); or

(b) any Party not being able to perform its material obligations in accordance with this Agreement, including the Term Sheet and the Outline Implementation Steps such that the Transaction is not capable of being implemented.

"**Milestone**" means each action or step and the corresponding deadlines set out in Schedule 6 (*Outline Implementation Steps*).

"**New $40m Equity**" has the meaning given to that term in the Term Sheet.

"**New $60m Notes**" has the meaning given to that term in the Term Sheet.

"**New Debt Backstop Letter**" means an agreement executed by Ferroglobe and each Ad Hoc Group Member and reflecting those parties' commitment to backstop the New $60m Notes as set out in the Term Sheet.

"**New Equity Backstop Letter**" means an agreement executed by Ferroglobe and the Tyrus Backstop Provider reflecting the Tyrus Backstop Provider's commitment to provide a backstop in relation to the New $40m Equity.

"**NewCo**" means each new (direct or indirect) subsidiary of Ferroglobe that is incorporated for the purposes of the Group Reorganisation.

"**Noteholder**" means any holder (directly or indirectly) of any Existing $350m Notes.

"**Noteholder Accession Letter**" means a document substantially in the form set out in Schedule 3.

"**Noteholder NDA**" means any confidentiality or non-disclosure agreement entered into from time to time between Ferroglobe and any Noteholder.

"**Original Consenting Noteholders**" means each Noteholder whose name is listed in Schedule 2.

"**Outline Implementation Steps**" means the outline steps to implement the Transaction set out in Schedule 6.

"**Outstanding $350m Notes**" has the meaning given to that term in the Term Sheet.

"**Party**" means a party to this Agreement.

"**Permitted Disclosee**" means:

(a) a Party's Representatives;

(b) any AHG Adviser;

(c) the Tyrus Legal Adviser; and

(d) the Company's Counsel,

in each case who needs to have access to the Confidential Information in connection with this Agreement or the Transaction.

"**Permitted Purpose**" means negotiating, finalising and / or implementing the Transaction.

"**QMM Transfer**" has the meaning given to that term in Clause 6.2 (*QMM and Back-to-Back Transfers*).

"**Qualified Market Maker**" means an entity that:

(a) holds itself out to the public or the applicable private markets as standing ready in the ordinary course of business to purchase from customers, and sell to customers, any Existing $350m Notes Debt (or enter with customers into long and short positions in respect of the Existing $350m Notes Debt), in its capacity as a broker-dealer or market maker in the Existing $350m Notes Debt; and

(b) is, in fact, regularly in the business of making a two-way market in the Existing $350m Notes Debt.

"**Receivables Facility Agreements**" means two Factoring Agreements dated as of 2 October 2020 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time), by and among, inter alios, Ferropem SAS, Grupo Ferroatlantica S.A, and La Banque Postale Leasing & Factoring.

"**Record Date**" means the date that is five clear Business Days prior to the Transaction Effective Date.

"**Reinstated $350m Notes**" has the meaning given to that term in the Term Sheet.

"**Related Fund**" means:

(a) in relation to a fund (the "**First Fund**"), a fund which is managed or advised by the same investment manager or advisor as the First Fund or, if it is managed by a different investment manager or adviser, a fund whose investment manager or advisor is an Affiliate of the investment manager or advisor of the First Fund;

(b) in relation to any other person, any fund in respect of which such person or an Affiliate of such person is investment manager or investment adviser; and

(c) any Affiliate of any fund described in sub-paragraphs (a) or (b) above.

"**Representative**" means:

(a) in relation to any Ferroglobe Party, its Affiliates and its and their respective directors, officers, employees, agents (including any agent engaged in connection with the Existing $350m Notes and / or the Transaction), members, shareholders, partners, managers, employees and professional and other advisers (including the Company's Counsel); and

(b) in relation to any other Party, its Affiliates and its and its Affiliates' respective directors, officers, agents, members, shareholders, investors, Related Funds, investment funds,

investment managers and investment advisers, partners and employees, fund administrators and advisers.

“**Reservations**” means:

(a) the principle that equitable remedies may be granted or refused at the discretion of a court and the limitation of enforcement by laws relating to insolvency, reorganisation and other laws generally affecting the rights of creditors;

(b) the time barring of claims under the Limitation Acts and defences of set-off or counterclaim; and

(c) similar principles, rights and defences under the laws of any relevant jurisdiction.

“**Scheme**” means a scheme of arrangement in England under Part 26 of the UK Companies Act 2006.

“**Subsidiary**” means any person in relation to which another person has Control.

“**Super Majority Consenting Noteholders**” means the Consenting Noteholders whose Locked-Up Notes together represent at least 75% by value of the aggregate Locked-Up Notes of all Consenting Noteholders.

“**Surviving Provisions**” means each of the following provisions of this Agreement:

(a) Clause 1 (*Definitions and Interpretation*);

(b) Clause 2 (*Execution and Effectiveness*);

(c) t*o the extent that this Agreement terminates in accordance with Clause 9.2(c) only*, Clause 3.5(f) (of *Ferroglobe Party Undertakings*);

(d) to the extent this Agreement terminates in accordance with Clause 9.2(c) only, Clause 4 (*Consent Fees*);

(e) Clause 6.5 (*Ceasing to be a Party*);

(f) Clause 7 (*Ad Hoc Group*);

(g) Clause 9.3 (*Effect of termination*);

(h) Clause 9.4 (*Notification of termination*);

(i) Clause 11 (*Confidentiality*);

(j) Clause 14 (*Separate Rights*);

(k) Clause 17 (*Remedies and Waivers*);

(l) Clause 19 (*Reservation of Rights*);

(m) Clause 24 (*Governing Law*);

(n) Clause 25 (*Enforcement*); and

(o) Clause 27 (*Service of Process*).

"**Term Sheet**" means the term sheet attached as Schedule 5.

"**Terminable Insolvency Event**" means the institution by any person (other than a Consenting Noteholder or Equity Party) of any legal process in respect of any Ferroglobe Party in relation to:

(a) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement, company reorganisation or otherwise);

(b) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager, custodian or other similar officer in respect of it or its assets;

(c) any voluntary or involuntary process under insolvency, bankruptcy or any analogous law, or

(d) or any analogous procedure or step taken in any jurisdiction,

but excludes any legal process that is:

(i) frivolous, vexatious or contested in good faith and by appropriate means and discharged, stayed or dismissed within 20 days of commencement;

(ii) contemplated or required by this Agreement, or

(iii) consented to in writing by the Majority Ad Hoc Group and Tyrus prior to its commencement.

"**Transaction**" means the financial restructuring of the Group's indebtedness and the corporate reorganisation of the Group, including the following key elements:

(a) the issuance of the New $40m Equity;

(b) the issuance of the New $60m Notes; and

(c) the effectiveness of the Existing $350m Notes Amendments, to be implemented using either an Exchange Offer and Covenant Strip or by way of a Scheme,

as described in more detail in the Term Sheet, to be implemented in accordance with this Agreement, the Outline Implementation Steps, the Transaction Documents and the Transaction Implementation Option.

"**Transaction Consents**" means any amendments, waivers and/or consents by the requisite holders and lenders, as applicable, under the Existing $350m Notes Indenture and the Receivables Facility Agreement (if applicable) necessary to implement the Transaction, including (if necessary):

(a) appropriate amendments to the governing law and jurisdiction provisions of the Existing $350m Notes Indenture to change the governing law from New York law to English law and to change the jurisdiction for resolution of disputes from the Courts of

the State of New York sitting in New York City or of the United States for the Southern District of such State to the Courts of England and Wales;

(b) appropriate amendments to the rights and duties of the trustee under the Existing $350m Notes Indenture to conform to the requirements of English law;

(c) appropriate amendments, waivers and/or consents by the requisite holders or lenders, as applicable, under the Existing $350m Notes Indenture and Receivables Facility Agreement (as applicable) to waive any actual or potential Defaults or Events of Default (as each such term is defined under the Existing $350m Notes Indenture and Receivables Facility Agreement, as applicable) arising out of or in connection with the implementation of the Transaction (including the relevant Transaction Implementation Option and the Group Reorganisation); and

(d) appropriate amendments, waivers and/or consents by the requisite holders or lenders, as applicable, under the Existing $350m Notes Indenture to permit a NewCo to become an issuer of the Existing/Reinstated $350m Notes in lieu of Ferroglobe.

"**Transaction Documents**" means:

(a) each Core Transaction Document; and

(b) any and all other documents, agreements, notices, court filings, proxies, instructions, consents and / or waivers, directions, consents, instruments and other similar things necessary or reasonably desirable to facilitate, implement or otherwise give effect to the Transaction and this Agreement.

"**Transaction Effective Date**" means the date on which the following actions have occurred, such actions to occur, to occur as part of the Transaction Effective Date steps in a manner to be agreed between Ferroglobe, Tyrus and the Majority Ad Hoc Group and in accordance with the Transaction Documents:

(a) the ordinary shares representing the New $40m Equity have been issued and allotted in accordance with the Equity Offering, New Equity Backstop Letter and/or the requirements and conditions set out in the applicable Equity Offering Documents and applicable law and regulation, including for the avoidance of doubt any shares to be issued to the Tyrus Backstop Provider under and in connection with the New Equity Backstop Letter;

(b) the New $60m Notes have been issued (other than the tranche of the New $60m Notes that are specifically contemplated to be issued in advance of the Transaction Effective Date to the extent such New $60m Notes have been issued); and

(c) the Existing $350m Notes Amendments have become effective.

"**Transaction Implementation Option**" means the manner in which the Existing $350m Notes Amendments are implemented, being either:

(a) *if the Noteholders holding in aggregate less than 98% of the Existing $350m Notes are party to this Agreement on or prior to the Consent Fee Deadline*, by way of a Scheme

(and any associated application for recognition of the Scheme under Chapter 15 of the U.S. Bankruptcy Code); or

(b) *if the Noteholders holding in aggregate 98% or more of the Existing $350m Notes are party to this Agreement on or prior to the Consent Fee Deadline* an Exchange Offer and Covenant Strip.

"**Transfer**" means the assignment, novation, sub-participation, encumbering, creating a trust over or otherwise disposing of in any manner whatsoever of any interest in any Existing $350m Notes Debt (including the ability to vote on or consent to any matter, or direct any vote or consent), and "**to Transfer**" shall be construed accordingly.

"**Transfer Certificate**" means a document substantially in the form of Schedule 4.

"**Transferee**" has the meaning given in Clause 6.1 (*Transfer Requirements*).

"**Tyrus Fee Arrangement**" means any fee arrangement entered into from time to time between Ferroglobe and the Tyrus Legal Adviser.

"**Tyrus Legal Adviser**" means Akin Gump LLP and Akin Gump Strauss Hauer & Feld LLP (together, "**Akin**") as legal advisers to Tyrus, any barrister engaged by Akin, or any successor legal counsel to Tyrus notified by Tyrus to Ferroglobe in writing.

"**Tyrus NDA**" means any non-disclosure agreement entered into between a Ferroglobe Party and Tyrus (or any Affiliate or Related Fund of Tyrus) which provides for standard confidentiality provisions between such parties and related cleansing provisions.

"**U.S. Bankruptcy Code**" means Title 11 of the United States Code.

"**U.S. Bankruptcy Court**" means the United States Bankruptcy Court for the Southern District of New York or the United States Bankruptcy Court for the District of Delaware (as applicable).

"**Work Fee Letter**" means the work fee letter between Ferroglobe and the Ad Hoc Group Members.

1.2 **Construction**

In this Agreement and unless the context requires otherwise, any reference to:

(a) this Agreement includes all its schedules, appendices, exhibits and other attachments;

(b) an agreement, deed or other document is a reference to the agreement, deed or other document as amended and an amendment includes a supplement, novation, extension (whether of maturity or otherwise), restatement, re-enactment or replacement (however fundamental and whether or not more onerous) and as amended will be construed accordingly;

(c) a "person" includes any individual, company, corporation, unincorporated association or body (including a partnership, trust, fund, joint venture or consortium), government, state, agency, organisation or other entity whether or not having separate legal personality, and wherever incorporated or domiciled;

(d) a currency is a reference to the lawful currency for the time being of the relevant country;

(e) a provision of law is a reference to that provision as extended, applied, amended or re-enacted and includes any subordinate legislation;

(f) "include" or "including" shall mean include or including without limitation;

(g) a "process" includes any litigation/arbitration proceeding commenced, brought, conducted or heard by or before, or otherwise involving any court or other governmental authority or any arbitrator or arbitration panel or other process of law;

(h) to the extent recognised pursuant to the applicable law, a reference to a communication, notice, amendment, waiver or other document being "in writing" shall include being by email and a reference to such communication, notice, amendment, waiver or other document being given "by" a Party shall include being given on behalf of that Party;

(i) the singular includes the plural (and vice versa);

(j) a Clause, a Sub-clause, or a Schedule is a reference to a clause or sub-clause of, or a schedule to, this Agreement;

(k) Clause, Sub-clause and Schedule headings are for ease of reference only and are to be given no effect in the construction or interpretation of this Agreement;

(l) a Party or any other person includes its successors in title, permitted assigns and permitted transferees;

(m) a time of day is a reference to London time;

(n) a "Consenting Noteholder" is a reference to such person solely in their capacity as a Consenting Noteholder and a Party that beneficially holds (or in the case of an Investment Manager Party and is deemed to hold in accordance with Clause 2.2(a)) Locked-Up Notes under this Agreement (and an Ad Hoc Group Member or person that beneficially owns New $60m Notes, as applicable), and not in any other capacity or in respect of any other debt, agreement or instrument; and

(o) a month is a reference to a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month except that if there is no numerically corresponding day in that month, the period will end on the last day in that month.

2. EXECUTION AND EFFECTIVENESS

2.1 Effectiveness on the Parties

(a) Clause 1 (*Definitions and Interpretation*), this Clause 2.1, Clauses 2.2, 5, 7, 9, 10, 11, 12, and 14 to 27 (inclusive) shall become effective and binding on the original Parties once Ferroglobe has duly executed this Agreement and has received a copy of this Agreement duly executed by:

(i) each Equity Party;

(ii) GSM;

(iii) each Guarantor; and

(iv) each Ad Hoc Group Member (which may but is not required to include its Confidential Annexure).

(b) All other clauses of this Agreement not specified in Clause 2.1(a) shall become effective and binding on the original Parties on the date (the "**Lock-Up Effective Date**") on which the Conditions Precedent have been (i) satisfied or (ii) waived by agreement between Ferroglobe, Tyrus, and the Majority Ad Hoc Group.

(c) Ferroglobe shall notify each other Party as soon as reasonably practicable after the occurrence of the Lock-Up Effective Date.

(d) Following the Lock-Up Effective Date, this Agreement shall become binding on an Additional Consenting Noteholder on the date it delivers a duly executed Noteholder Accession Letter in accordance with Clause 5 or 6 (as applicable).

2.2 **Execution by Consenting Noteholders**

(a) Any person who (i) is an investment manager or investment adviser to a Noteholder and (ii) Controls that Noteholder, may enter into or accede to this Agreement as a Consenting Noteholder (an "**Investment Manager Party**") in respect of Notes Debt held by such Noteholder (as specified on its signature page to this Agreement or its Noteholder Accession Letter) and such Notes Debt shall be deemed to be the Locked-Up Notes Debt of that Investment Manager Party, provided that this Agreement shall not apply to any other fund or account managed or advised by that Investment Manager Party, unless that Investment Manager Party has entered into or acceded to this Agreement in respect of that fund or account.

(b) If a Consenting Noteholder:

(i) is a legal entity that has a number of readily identifiable, distinctly administered business units; and

(ii) clearly and correctly identifies the business unit to which its holdings of Existing $350m Notes relates on its Confidential Annexure or Noteholder Accession Letter,

to the extent legally practicable, the terms of this Agreement shall apply only to that identified business unit (the "**Holding Unit**") and not to any other business unit within that legal entity which has not signed or acceded to this Agreement (in accordance with the terms of this Agreement) separately in respect of any Existing $350m Notes Debt or other instrument which it beneficially owns, provided that if the Existing $350m Notes held by the Holding Unit are subsequently Transferred or held by another business unit within the same legal entity as the Holding Unit, such business unit shall be bound by the terms of this Agreement.

3. SUPPORT FOR THE TRANSACTION

3.1 Support subject to limitations

Each of the provisions of this Clause 3 is subject to the relevant limitations set out in Clause 8.

3.2 Transaction Documents

(a) Ferroglobe, Tyrus and the Ad Hoc Group, as applicable, shall negotiate in good faith:

(i) the form of the Transaction Documents such that they are in form and substance consistent in all material respects with the Term Sheet, and the Core Transaction Documents are in the Agreed Form and in a manner that gives each of those Parties a reasonable period of time to review and comment on those documents; and

(ii) the detailed implementation steps for the Transaction, such that those steps are in Agreed Form,

in each case with a view to implementing and consummating the Transaction as soon as reasonably practicable, in accordance with the Milestones and, in any event, by no later than the Long-Stop Date.

(b) Following confirmation from Ferroglobe, Tyrus and the Majority Ad Hoc Group (or the AHG Advisers on their behalf), as applicable, that a Core Transaction Document is in Agreed Form, Ferroglobe shall confirm that to each Party and each Party shall promptly execute and deliver any related Transaction Documents which it is requested to execute and deliver.

(c) Each Party hereby acknowledges that the Term Sheet sets out in summary only the key terms of the Transaction Documents and the Parties agree that Ferroglobe, Tyrus and the Majority Ad Hoc Group may, as applicable, negotiate and prepare the Transaction Documents provided that the Transaction Documents shall be consistent with the Term Sheet in all material respects.

3.3 All Party undertakings

Each Party shall use reasonable efforts to, promptly, where reasonably requested by Ferroglobe:

(a) take all actions which are necessary or reasonably desirable to support and facilitate, the implementation of the Transaction with a view to implementing and consummating the Transaction as soon as reasonably practicable and in any event, by no later than the Long-Stop Date, including:

(i) confirming (within a reasonable time period and in a form satisfactory to Ferroglobe) that it fully supports the Transaction and opposes any actions that may prejudice the Transaction;

(ii) assisting with the finalisation execution and / or delivery (within a reasonable time period) of all Transaction Documents in which it has an interest, or to which it is party;

(iii) giving any notice, confirmation, consent or instruction and making any application;

(iv) to the extent it is legally entitled to do so, exercising or instructing its proxy or other relevant person to exercise (within a reasonable time period) any powers or rights available to it to, directly or indirectly, provide any consent, direction, vote or other indication of support for the Transaction, including:

(A) any matter that requires approval or consent under this Agreement, the Transaction Documents and / or the Existing $350m Notes Indenture (including the Transaction Consents);

(B) any matter requiring shareholder or board approval (including, in the case of each Ferroglobe Party, holding all relevant shareholder meetings and board meetings and voting affirmatively on all shareholder and board resolutions); and

(C) (other than Tyrus, except to the extent that it becomes a Consenting Noteholder or becomes bound by this Agreement pursuant to Clause 3.7(b)(ii)(A), and in such capacity only) any Exchange Offer and Covenant Strip, and any Scheme / or any application submitted under Chapter 15 of the U.S. Bankruptcy Code by Ferroglobe for recognition of the Scheme in the U.S.;

(v) (other than Tyrus, except to the extent that it becomes a Consenting Noteholder or becomes bound by this Agreement pursuant to Clause 3.7(b)(ii)(A), and in such capacity only) preparing filing for and / or supporting any legal process or proceedings (or instructing its legal advisers to do the same);

(vi) maintaining in full force and effect any necessary authorisation required under any applicable law or regulation to enable it to perform its obligations under the Transaction Documents and to ensure the legality, validity or admissibility in evidence of any Transaction Documents; and

(vii) providing all information which may reasonably be considered necessary or desirable to facilitate, implement or otherwise give effect to the Transaction;

(b) notify Ferroglobe (as soon as possible and in any event no later than two days following the date on which the Party became aware of the impediment) who shall in turn notify each other Party that:

(i) any matter or circumstance that it knows will be, or could reasonably be expected to be, a material impediment to the implementation or consummation of the Transaction;

(ii) any representation or statement made or deemed to be made by it under this Agreement that is or proves to have been incorrect or misleading in any material respect when made or deemed to be made; and

(iii) any breach by it of an undertaking given by it under this Agreement together with reasonable details of the related circumstances.

3.4 **All Party restrictions**

Each Party agrees not to and, if applicable, each Ferroglobe Party shall procure that each member of the Group that it Controls shall not:

(a) other than as permitted pursuant to Clause 6, Transfer any of its rights or obligations under this Agreement;

(b) take, encourage, assist or support, directly or indirectly, any action that:

(i) is inconsistent with the Term Sheet, Outline Implementation Steps or this Agreement; or

(ii) would, or could reasonably be expected to, frustrate, delay, impede or prevent the Transaction,

(c) encourage, assist or support any other person to take any of the actions in (i) or (ii) above; or

(d) without the prior written consent of Ferroglobe, agree to any amendment, waiver, consent or proposal in respect of the Transaction Documents that would be inconsistent with the Term Sheet, Outline Implementation Steps, the Transaction Consents or this Agreement.

provided that nothing in this Agreement shall restrict:

(i) subject to Tyrus Pledgee complying with Clause 3.7(b), Tyrus Pledgee's ability to enforce its rights or exercise its remedies under the GVM Share Pledge;

(ii) Tyrus' ability to buy or sell any shares in Ferroglobe; or

(iii) with the consent of Ferroglobe (not to be unreasonably withheld or delayed), Tyrus' ability to Transfer any of its rights under this Agreement to an Affiliate or Related Fund, provided that any such Affiliate or Related Fund accedes to this Agreement using an accession letter in a form to be agreed between Ferroglobe and Tyrus.

3.5 **Ferroglobe Party Undertakings**

(a) Each Ferroglobe Party shall use reasonable efforts to:

(i) implement, and procure that each member of the Group under its Control shall implement, the Transaction in accordance with this Agreement, including:

(A) convening all meetings of its creditors which are required to consider any resolutions and/or decisions relating to the Transaction;

(B) convening all meetings of directors and shareholders which are required to consider any resolutions and/or decisions in relation to the Transaction; and

(C) making all securities and other filings and announcements and publishing all documents and making all submissions required in connection with the matters contemplated by this Agreement as and when necessary to effect the Transaction and/or comply with all applicable laws;

(ii) provide such assistance and information (including information relating to the financial condition, business and operations of the Group) as may reasonably be required by the AHG Advisers or Tyrus in order to complete any diligence required in connection with the Transaction;

(iii) deliver to the AHG Advisers within 30 days of the end of the relevant month (x) monthly management accounts (including full balance sheets and inventory breakdown (to include raw materials, finished goods, spare parts)) and (y) 13 week cash flow forecasts, in each case for the Group on a consolidated basis, and to deliver any of the foregoing to Tyrus but only if Tyrus requests that such information be delivered to it;

(iv) keep the Ad Hoc Group (or the AHG Advisers on their behalf) updated, including promptly on request and, if Tyrus so requests in writing (but not otherwise) keep Tyrus (or the Tyrus Legal Adviser on its behalf) updated, as to the progress of all material developments of which they are aware in connection with the Transaction, including:

(A) the number of Noteholders that have become a Party and the aggregate amount of Existing $350m Notes Debt of the Consenting Noteholders; and

(B) the status of negotiations with other creditors and/or shareholders of the Group whose consent is required to implement the Transaction;

(v) promptly notify the Consenting Noteholders and Tyrus of the occurrence of a Material Adverse Event;

(vi) provide such assistance as may reasonably be required by the Consenting Noteholders or Tyrus for the purpose of any third party authorisation or clearance required by applicable law or regulation in connection with the Transaction;

(vii) discharge (or procure the discharge of) the fees, costs and expenses of the AHG Advisers and the Tyrus Legal Adviser in accordance with any AHG Fee Arrangement or Tyrus Fee Arrangement (as applicable) (or as otherwise may be agreed between the parties to those arrangements);

(viii) comply with covenants in the Existing $350m Notes as if the changes to those covenants listed in the Term Sheet were in effect, provided that, to the extent it is not possible to comply with those covenants listed in the Term Sheet due to

the unavailability of the intercreditor agreement, then Ferroglobe shall comply with the covenants in the Existing $350m Notes without giving effect to those covenants in the Term Sheet (but only to the extent such compliance is not possible due to the unavailability of the intercreditor agreement); and

(ix) file the applicable registration statements with respect to the Equity Offering, any shares to be issued under or as contemplated in the New Equity Backstop Letter and the Equity Fees, with the U.S. Securities and Exchange Commission.

(b) Each Ferroglobe Party agrees not to (and shall procure that each other Group Member under its Control will not) take any of the following:

(i) make any amendments to its capital structure, including:

(A) issuing or agreeing to issue additional shares of any class, or securities convertible into or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities;

(B) purchasing or redeeming any of its own shares or other securities or reducing or making any other change to any part of its share capital; or

(C) entering into any agreement, commitment or arrangement or passing any resolution or making any offer (which remains open for acceptance) or proposing or announcing any intention to do any of the transactions, matters or events referred to in Clauses 3.5(b)(i)(A) or 3.5(b)(i)(B) above;

(ii) take or consent to the taking of any action that supports or favours any proposed winding-up, dissolution, administration, amalgamation, merger, consolidation or corporate reconstruction or other reorganisation of any Group Member or any material proposed composition, compromise, assignment or arrangement (including any scheme of arrangement) between any Group Member and its creditors generally;

(iii) incorporate or establish any Subsidiary or designate any Subsidiary as an Unrestricted Subsidiary (pursuant to the Existing $350m Notes Indenture);

(iv) make any Investment in any third party or otherwise purchase or acquire any interest in any third party person or business in excess of $20m, other than any Investment which has already been committed to in accordance with the Existing $350m Notes Indenture as at the Lock-Up Effective Date;

(v) declare, make or pay any dividend, charge, fee (including any monitoring or advisory fee), or other distribution (or interest on any unpaid dividend, charge, fee, or other distribution) or other payment in relation to, connected with, or in respect of, or to, GVM (or its Affiliates) or repay or make any payment in respect of any direct or indirect shareholder debt (howsoever described) or make any other payment to any of its shareholders or their Affiliates, advisors or directors (other than directors' contractual remuneration and any bonus payments on the terms applicable as at the Lock-Up Effective Date), in each case other than as in force or approved on or prior to the Lock-Up Effective Date;

(vi) enter into, amend, vary, novate, supplement, supersede, waive or terminate any terms of any constitutional document, any material financing document, other than transactions already committed to prior to the Lock-Up Effective Date;

(vii) enter into any agreement or amend its articles in a way that expressly prohibits or restricts in any way the transfer of the shares that are subject to any GVM Share Pledge (other than any typical change of control restrictions in any commercial contracts entered into in the ordinary course of business); or

(viii) without the prior written consent of Tyrus (acting in its sole and absolute discretion) enter into any amendment to or refinancing of the Existing $350m Notes, the New $60m Notes or the Receivables Facility Agreements, or enter into any agreement by which it incurs, owes or has available commitments under financial indebtedness, which in each case contain a change of control provision with respect to a Ferroglobe Party requiring a mandatory prepayment or triggering a default or event of default upon the occurrence of a change of control (however defined) or any analogous or similar provision;

other than any action that:

(A) with respect to Clauses 3.5(b)(i) and 3.5(b)(iii) to 3.5(b)(vi) (inclusive), is entered into in the ordinary and usual course of a Group Member's or the Group's business, or is consistent with past practice, or with the Group's normal cash management processes;

(B) with respect to Clause 3.5(b)(i), is part of the Group's long-term incentive programme;

(C) is any internal merger / reorganisation of the Spanish members of the Group for the purposes of simplifying the Group's structure; is contemplated by or required to achieve the purpose of this Agreement (including the Term Sheet and the Outline Implementation Steps);

(D) the Majority Ad Hoc Group, Tyrus and Ferroglobe agree is necessary or reasonably desirable to implement, consummate or otherwise give effect to the Transaction; or

(E) is required to be taken in order to comply with applicable law or regulation.

(c) Ferroglobe agrees to notify each other Party of:

(i) the termination of the New Equity Backstop Letter or the New Debt Backstop Letter; and

(ii) the enforcement by Tyrus Pledgee of the GVM Share Pledge,

promptly upon becoming aware of the relevant event.

(d) Except with the prior written consent of the Majority Ad Hoc Group, each Ferroglobe Party shall, and shall procure that each member of the Group that it Controls will, not enter into, any agreement with or undertaking in favour of Tyrus or any Affiliates or

Related Fund of Tyrus other than any document contemplated by this Agreement or the Transaction or any Tyrus NDA.

(e) Except with the prior written consent of Tyrus and the Majority Ad Hoc Group, each Ferroglobe Party shall, and shall procure that each member of the Group that it Controls will, not enter into, any agreement with or undertaking in favour of any Ad Hoc Group Member or Original Consenting Noteholder or any Affiliates or Related Fund of any Ad Hoc Group Member or Original Consenting Noteholder other than any document contemplated by this Agreement or the Transaction, or any consent, waiver or instruction under the Existing $350m Notes or New $60m Notes (once issued).

(f) Ferroglobe shall pay, and shall indemnify any Consenting Noteholder and any of their Affiliates or Related Funds in respect of, any applicable stamp duty and/or stamp duty reserve tax, or amounts in respect of stamp duty and/or stamp duty reserve tax, arising as a result of or in connection with the issuance of the Equity Fee as contemplated by Clause 4.2, including any related interest, penalties, surcharges, fines and additions in respect thereof.

3.6 **Consenting Noteholder Undertakings**

Each Consenting Noteholder agrees:

(a) that:

(i) if it is an Original Consenting Noteholder then it shall deliver its Confidential Annexure setting out its holdings of Locked-up Notes as at the Lock-up Effective Date to Ferroglobe and the Information Agent within three Business Days of the Lock-up Effective Date; or

(ii) if it is an Additional Consenting Noteholder then it shall deliver its Confidential Annexure to Ferroglobe and the Information Agent upon becoming a Party;

(b) not to take any Enforcement Action;

(c) not to direct or encourage (or procure that any other person directs or encourages) any other person to take any Enforcement Action;

(d) to provide to the Information Agent as soon as is reasonably practicable after the receipt of a request:

(i) any information required to satisfy the Information Agent's "know your customer" and/or anti-money laundering requirements; and

(ii) evidence in the form of delivery of its Confidential Annexure or, to the extent its holdings of Locked-Up Notes is no longer as stated or confirmed (directly or indirectly) in such Confidential Annexure, an updated Confidential Annexure or Transfer Certificate (as applicable) setting out its updated holdings of Locked-Up Notes as at that date; and

(e) to respond as soon as reasonably practicable to any request made by the Information Agent,

except, in the case of Clauses 3.6(b) and 3.6(c) above, as contemplated by this Agreement including the Term Sheet and the Outline Implementation Steps.

3.7 **Tyrus Undertakings**

(a) *Where the Transaction is implemented using a Scheme*, the Tyrus Backstop Provider shall, promptly upon request from Ferroglobe provide to the English Court an undertaking to comply with its obligations under the New Equity Backstop Letter, in a form agreed between Ferroglobe and Tyrus (each acting reasonably and taking into account any advice of counsel to Ferroglobe as to the form and substance of that undertaking).

(b) If the Tyrus Pledgee enforces its rights under GVM Share Pledge in a manner that prevents GVM from voting, disposing of or otherwise dealing with any of the shares subject to a GVM Share Pledge (the "**Enforced Shares**"), the Tyrus Pledgee shall:

(i) notify Ferroglobe of its enforcement under the GVM Share Pledge; and

(ii) on the date on which it enforces its rights under GVM Share Pledge with respect to the Enforced Shares:

(A) become and shall procure that any person which acquires the Enforced Shares as part of such enforcement becomes, bound by this Agreement in respect of all of the obligations of GVM, but shall not be bound in respect of any of the obligations of GVM prior to such date; and

(B) give, and shall procure that any person which acquires the Enforced Shares as part of such enforcement gives, the representations set out in Clause 10.4, as if references to the "Lock-Up Effective Date" therein were references to such date on which such enforcement occurred,

in each case in respect of the Enforced Shares only.

(c) If any of the Tyrus Backstop Provider or the Tyrus Pledgee acquires any Existing $350m Notes, it shall promptly and in any event within 10 Business Days of such acquisition deliver to the Information Agent a duly executed and completed Noteholder Accession Letter in respect of such Existing $350m Notes in accordance with Clauses 5.1 and 6.1 (as applicable).

4. CONSENT FEES

4.1 Cash Consent Fee

On the Transaction Effective Date and in accordance with the Closing Funds Flow, the Co-Issuers shall instruct (or procure the instruction of) the payment in cash by electronic transfer of immediately available funds to, or at the direction of:

(a) *each Consenting Noteholder*, a Cash Consent Fee comprising:

(i) an amount equal to 1.0% of the total outstanding amount of its Early Consented Notes as at the Record Date (the "**1% Early Cash Consent Fee**"); and

(ii) an amount equal to 0.5% of the total outstanding amount of its Late Consented Notes as at the Record Date (the "**0.5% Late Cash Consent Fee**"),

provided, in each case, that the Consenting Noteholder is not in material breach of its obligations under this Agreement (including the undertakings to vote on an Exchange Offer and Covenant Strip or a Scheme) as at the Transaction Effective Date.

4.2 **Equity Fee**

On the Transaction Effective Date, Ferroglobe shall issue (as fully paid ordinary shares) to, or at the direction of:

(a) *where the Transaction is implemented using an Exchange Offer and Covenant Strip:*

(i) each Consenting Noteholder, its proportional entitlement of a cash fee to be settled as aggregate 2.00% of the post-Transaction ordinary shares in Ferroglobe, to be calculated as the same proportion that the aggregate amount of Early Consented Notes held by that Consenting Noteholder as at the Record Date bears to the aggregate amount of all Early Consented Notes held by all Consenting Noteholders on the Record Date provided that the Consenting Noteholder is not in material breach of its obligations under this Agreement (including the undertakings to vote on an Exchange Offer and Covenant Strip or a Scheme) as at, the Transaction Effective Date (the "**2% Early Equity Fee**"); and

(ii) without limiting any Noteholder's entitlement to the 2.00% Early Equity Fee, each Noteholder who provides consent and participates in the Exchange Offer and Covenant Strip, its proportional entitlement of a cash fee to be settled as aggregate 1.75% of the post-Transaction ordinary shares in Ferroglobe, to be calculated as the same proportion as their holding of Existing $350m Notes on the day on which the solicitation period of the Exchange Offer and Covenant Strip ends bears to the aggregate holdings as at that date of those Noteholders that consented and participated (the "**1.75% Exchange Offer Equity Fee**"); or

(b) *where the Transaction is implemented using a Scheme*: each Noteholder, its proportional entitlement of a cash fee to be settled as aggregate 3.75% of the post-Transaction ordinary shares in Ferroglobe, to be calculated as the same proportion that the aggregate amount of Existing $350m Notes held by that Noteholder as at the Record Date bears to the aggregate amount of Existing $350m Notes held by all Noteholders as at the Record Date (the "**3.75% Scheme Equity Fee**"),

provided that fees may become payable pursuant to Clause 4.2(a) or 4.2(b) but not both.

4.3 **Calculation of Consent Fees**

The Information Agent's calculation (in consultation with Ferroglobe) of the Consent Fee(s) payable to each applicable Consenting Noteholder shall, in the absence of manifest error, be binding on such Consenting Noteholder.

5. ADDITIONAL PARTIES

5.1 Additional Consenting Noteholders

A Noteholder, who is not an Original Consenting Noteholder, may become a Party to and bound by the terms of this Agreement as an Additional Consenting Noteholder by delivering to the Information Agent a duly executed and completed Noteholder Accession Letter.

5.2 Discretion to accept Noteholder Accession Letters

The Information Agent and / or Ferroglobe may, in its discretion:

(a) accept Noteholder Accession Letters subject to non-material defects in the form and / or means of delivery without requiring the non-material defects to be resolved; and

(b) deem Noteholder Accession Letters received subject to material defects that are later resolved to have been received at the time of receipt of the defective document.

5.3 NewCo

Ferroglobe shall procure that each NewCo accedes to this Agreement, using an accession letter in a form to be agreed between Ferroglobe and the Majority Ad Hoc Group.

6. TRANSFERS

6.1 Transfer Requirements

No Consenting Noteholder may Transfer any or all of its Locked-Up Notes to any person (a "**Transferee**") unless and until:

(a) either:

(i) the Transferee is, and will continue to be, a Consenting Noteholder as at the date of the Transfer; or

(ii) the Transferee has delivered to the Information Agent a duly executed and completed Noteholder Accession Letter, and will become an Additional Consenting Noteholder in accordance with Clause 5 (*Additional Parties*) upon completion of the Transfer; and

(b) each of

(i) the Transferee; and

(ii) the relevant Consenting Noteholder,

has delivered a (x) duly completed and signed Transfer Certificate to the Information Agent confirming the total principal amount of Locked-Up Notes that are subject to that Transfer, and (y) duly completed Confidential Annexure confirming the Locked-Up Notes held by it as at the date of and reflecting that Transfer.

6.2 **QMM and Back-to-Back Transfers**

A Consenting Noteholder may Transfer any or all of its Locked-Up Notes to a Qualified Market Maker (including a Qualified Market Maker who is not a Consenting Noteholder in respect of other Locked-Up Notes) if that Qualified Market Maker has the purpose and intent of acting as a Qualified Market Maker in respect of the Locked-Up Notes that are the subject of such Transfer (a "**QMM Transfer**"), in which case that Qualified Market Maker shall not be required to accede to this Agreement or otherwise to be bound by the terms and conditions of this Agreement in respect of the Locked-Up Notes that are the subject of that QMM Transfer, provided that the relevant Consenting Noteholder shall:

(a) deliver on or before the date of completion of that QMM Transfer: a (x) duly executed and completed Transfer Certificate to the Information Agent confirming the total principal amount of Locked-Up Notes that are subject to that QMM Transfer, and (y) duly updated Confidential Annexure confirming the Locked-Up Notes held by or owed to it as at the date of and reflecting that QMM Transfer, such documents to become effective upon the delivery to the Information Agent of the documents listed in sections (x) and (y) of Clause 6.2(b); and

(b) make it a condition of that QMM Transfer (and in addition the Consenting Noteholder shall use reasonable endeavours to procure) that the Qualified Market Maker Transfers the Locked-Up Notes that are the subject of that QMM Transfer within five Business Days of the date of completion of that QMM Transfer to:

(i) a Transferee who is a Consenting Noteholder; or

(ii) a Transferee who delivers to the Information Agent a duly executed and completed Noteholder Accession Letter, such that it will become an Additional Consenting Noteholder in accordance with Clause 5 (*Additional Parties*) upon completion of that Transfer by the Qualified Market Maker,

(a "**Back-to-Back Transfer**") and such Transferee delivers, on or before the date of completion of that Back-to-Back Transfer: a (x) duly executed and completed Transfer Certificate to the Information Agent confirming the total principal amount of Locked-Up Notes that are subject to that Back-to-Back Transfer, and (y) duly updated or completed (as applicable) Confidential Annexure confirming the Locked-Up Notes held by or owed to it as at the date of and reflecting that Back-to-Back Transfer.

6.3 **Acknowledgement of Existing $350m Notes Indenture**

Each Consenting Noteholder acknowledges the restrictions and requirements contained in the Existing $350m Notes Indenture and the Existing $350m Notes applicable to Transfers of the Existing $350m Notes and the legend regarding Transfers on the Existing $350m Notes and agrees that it will only offer or sell Locked-Up Notes in accordance with such restrictions and requirements.

6.4 **Acquisition of Additional Locked-Up Notes**

A Consenting Noteholder may, at any time, accept a Transfer of Existing $350m Notes Debt in addition to their Locked-Up Notes ("**Additional Locked-Up Notes**"), provided that the Consenting Noteholder delivers to the Information Agent, within two Business Days of the completion of the Transfer, a duly executed and completed Transfer Certificate, including an updated Confidential Annexure showing the Additional Locked-Up Notes. Any Additional Locked-Up Notes shall automatically become Locked-Up Notes on the date of the relevant Transfer.

6.5 **Ceasing to be a Party**

A Consenting Noteholder shall cease to be a Consenting Noteholder following the Transfer of all of its Locked-Up Notes to another person in a manner permitted by this Agreement, provided that:

(a) the Surviving Provisions shall remain in force in respect of that Consenting Noteholder; and

(b) the Consenting Noteholder shall remain liable for any breaches by it of this Agreement that occurred prior to the Transfer.

6.6 **Transfers other than in compliance with this Agreement**

If a Consenting Noteholder purports to effect a Transfer of any or all of its Locked-Up Notes other than in compliance with this Agreement, that Consenting Noteholder shall remain liable as a Consenting Noteholder in respect of its obligations and liabilities under this Agreement in respect of the relevant Locked-Up Notes.

7. **AD HOC GROUP**

7.1 **Approval by Majority Ad Hoc Group**

(a) Where this Agreement contemplates that a particular matter requires the approval, acceptance, consent or election of the Majority Ad Hoc Group, the AHG Advisers may provide any such confirmation for and on the Majority Ad Hoc Group's behalf.

(b) Each Ferroglobe Party shall be entitled to rely on any confirmation received from the AHG Advisers under Clause 7.1(a) as having been properly authorised and approved by the Majority Ad Hoc Group and each Party agrees that the Ferroglobe Parties shall have no liability in the event that this was incorrect.

7.2 **Role of Ad Hoc Group**

Other than as expressly set out in this Agreement, nothing in this Agreement shall create or imply, with respect to any Ad Hoc Group Member:

(a) any agency relationship, or fiduciary or other duty between the Ad Hoc Group Member or the Ad Hoc Group and any other Party;

(b) any authority for the Ad Hoc Group Member or the Ad Hoc Group to act for, represent, or commit any other Party;

(c) any responsibility for the legality, validity, effectiveness, completeness, adequacy or enforceability of the Transaction, this Agreement or any Transaction Document;

(d) any obligation to distribute to or share with any other Party other any information or knowledge relating to the Transaction;

(e) any responsibility for the adequacy, accuracy and / or completeness of any information provided to any Party or the determination whether the use of that information may be regulated or prohibited by applicable law or regulation relating to insider dealing, market abuse or otherwise;

(f) any imputation of the information or knowledge of any other Party; or

(g) any restriction on it seeking (at its own cost) its own advice, separately from the AHG Advisers,

in each case in connection with this Agreement and the Transaction.

7.3 **Own responsibility**

Each Consenting Noteholder acknowledges that:

(a) it has been, and will continue to be, solely responsible for making its own independent appraisal of the Transaction, this Agreement, and the business of the Group including, but not limited to:

(i) the financial condition, creditworthiness, condition, affairs, status and nature of each Ferroglobe Party and the Group;

(ii) the legality, validity, effectiveness, completeness, adequacy and enforceability of any document entered into by any person in connection with the business or operations of the Group or any other agreement, arrangement or document entered into, made or executed in anticipation of, pursuant to or in connection with the Transaction;

(iii) whether such Consenting Noteholder has recourse (and the nature and extent of that recourse) against any Ferroglobe Party, the Group or any other person or any of their respective assets under or in connection with the Transaction and / or any associated documentation, the transactions therein contemplated or any other agreement, arrangement or document entered into, made or executed in anticipation of, pursuant to or in connection with the Transaction; and

(iv) the adequacy, accuracy and / or completeness of any information provided by any Ferroglobe Party or the Group and their respective advisors or by any other person in connection with the Transaction, and / or any associated documentation, the transactions contemplated therein, or any other agreement, arrangement or document entered into, made or executed in anticipation of, pursuant to or in connection with the Transaction;

(b) it has not relied on, and will continue not to rely on, any Ad Hoc Group Member in respect of any of the matters referred to in paragraph 7.3(a); and

(c) it will have no recourse (whether direct or indirect, in contract, tort or otherwise) against any Ad Hoc Group Member, its respective Representatives or, other than in the case of the Ad Hoc Group under any engagement letter or applicable law, the AHG Advisers in respect of any of the matters referred to in paragraph 7.3(a).

7.4 **AHG Legal Adviser**

Each Party acknowledges that each AHG Legal Adviser with respect to each Party (save for the Ad Hoc Group Members):

(a) does not act in any representative capacity;

(b) has no fiduciary or other duties or obligations; and

(c) is not under any obligation to:

(i) advise or to consult with any Party on any matter related to this Agreement; or

(ii) disclose to any Party any information it may receive in its capacity as AHG Legal Adviser.

8. **LIMITATIONS**

8.1 **All Party Limitations**

Nothing in this Agreement shall:

(a) require any Party to:

(i) execute, deliver, support or issue a Core Transaction Document which is not in the Agreed Form;

(ii) take or refrain from taking (or procure that any other person takes or refrains from taking) any action if doing so is reasonably likely to result in it or its Representatives breaching or incurring personal liability or sanction under:

(A) any legal or regulatory requirement, fiduciary duty, or other obligation of a Representative to that Party, beyond the control of that Party;

(B) any order or direction of any relevant court or Governmental Authority,

and which impediment cannot be avoided or removed by taking reasonable steps;

(iii) provide any assistance or information that:

(A) is subject to privilege, to the extent that Ferroglobe considers, acting reasonably and on the basis of legal advice, that common interest privilege does not apply;

(B) it is prohibited from disclosing by confidentiality or non-disclosure restrictions (provided that where those confidentiality or non-disclosure restrictions include the ability to request permission to disclose that

information, it has been prohibited from disclosing after having made a request to disclose);

(iv) bring or become party to any legal or arbitration proceedings (other than as expressly contemplated by this Agreement); or

(b) be construed to prohibit any Party from asserting or contesting whether any matter, fact, or thing is a breach of, or is inconsistent with, this Agreement or prevent any Party from enforcing this Agreement;

8.2 **No cleansing**

Each Ad Hoc Group Member and Tyrus acknowledge that:

(a) any information shared under this Agreement shared with the AHG Advisers, Tyrus, or the Tyrus Legal Adviser, may only be shared subject to an AHG Adviser NDA or equivalent arrangement with Tyrus; and

(b) no information shared under this Agreement and in accordance with Clause 8.2(a) above will be cleansed unless specifically agreed by Ferroglobe.

8.3 **Ferroglobe Party Limitations**

Nothing in this Agreement shall:

(a) restrict any director (or equivalent or similar officeholder) of any member of the Group from complying with:

(i) any fiduciary, common law, regulatory or legal obligation, including to commence insolvency, bankruptcy or analogous proceedings in respect of that member of the Group if that director (or equivalent or similar officeholder) reasonably considers it is required to do so; or

(ii) any applicable securities laws in respect of any member of the Group;

(b) require any director (or equivalent or similar officeholder), agent or employee of any member of the Group to take any action which might, based on legal advice received by that person, expose that person to a risk of personal liability which is outside of the ordinary course of dealing for a director (or equivalent or similar officeholder), agent or employee;

(c) require any member of the Group to take or procure that any action is taken or otherwise comply with a provision of this Agreement:

(i) which would prohibit, prevent or impede the ability of any member of the Group to undertake any contingency planning regarding its financial condition or business operations conducted on the advice of its legal advisers;

(ii) if any member of the Group has not received all authorisations of any governmental or regulatory authority that are reasonably necessary in order to take or procure the taking of that action or otherwise comply with that provision of this Agreement, provided that such member of the Group has used its commercially reasonable endeavours to obtain that authorisation;

(iii) where its directors (or similar or equivalent officeholders) or the directors (or similar or equivalent officeholders) of a member of the Group consider (acting reasonably) that taking or procuring that action will incur a liability for costs or expenses which such member of the Group would not reasonably be expected to have the means to pay by its due date; or

(iv) which would require a Ferroglobe Party to provide any assistance or information relating to sensitive negotiations or settlement or other discussions where that Ferroglobe Party reasonably believes that providing that assistance or information would be likely to have an adverse impact on that process, provided that where a Ferroglobe Party seeks to rely on this sub-clause it shall give as much detail as is reasonably practicable in relation to the reasons why it needs to do so to the AHG Advisers and Tyrus Legal Adviser;

(d) require any member of the Group (or its directors (or similar or equivalent officeholders), agents or employees) to procure that an entity which has ceased to be a member of the Group takes any action or performs any obligation under this Agreement or any Transaction Document;

(e) require any member of the Group (or its directors (or similar or equivalent officeholders), agents or employees) to procure that any other member of the Group takes any action or performs any obligation under this Agreement where that other member of the Group would not itself be required to take that action or perform that obligation under this Clause 8.2 (as if this Clause 8.2 applied to that member of the Group); or

(f) in respect of any Scheme and / or proceeding commenced under the U.S. Bankruptcy Code, where it determines, based on an opinion of counsel (QC) that has been shared with the Ad Hoc Group and Tyrus on a non-reliance basis, that there is no reasonable prospect of that Scheme and / or that plan or application filed in any proceeding commenced under the U.S. Bankruptcy Code being sanctioned or approved by the relevant court.

8.4 **Consenting Noteholder Limitations**

Other than as expressly required by this Agreement and the Term Sheet, nothing in this Agreement shall require any Consenting Noteholder to:

(a) make any additional equity or debt financing available to the Group, provide any form of indemnity or incur any other actual, contingent or prospective liability, including any out-of-pocket expense;

(b) refrain from providing debt financing, equity capital, discretionary money management, corporate finance, investment banking, investment advisory, private management, risk management activities, arbitrage and sales and trading activities, or other services (including advisory services) or from carrying on its activities in the ordinary course, in each case which are independent from the transactions contemplated by this Agreement, that do not prevent, delay or jeopardise the Transaction, and subject to appropriate information barriers and other policies being in place; or

(c) vote in favour of any Scheme if before the relevant meeting or before the deadline for submitting a vote, there has been a Material Adverse Event as notified to Ferroglobe in writing by the Majority Consenting Noteholders.

8.5 **Tyrus Limitations**

Other than as expressly required by this Agreement and the Term Sheet, nothing in this Agreement shall require Tyrus to:

(a) make any additional equity or debt financing available to the Group, provide any form of indemnity or incur any other actual, contingent or prospective liability, including any out-of-pocket expense;

(b) refrain from providing debt financing, equity capital, discretionary money management, corporate finance, investment banking, investment advisory, private management, risk management activities, arbitrage and sales and trading activities, or other services (including advisory services) or from carrying on its activities in the ordinary course, in each case, that do not prevent, delay or jeopardise the Transaction, and subject to appropriate information barriers and other policies being in place; or

(c) other than in circumstances where Tyrus is a Party in the capacity as a Consenting Noteholder, vote in favour of any Scheme or application filed in any proceeding commenced under the U.S. Bankruptcy Code.

8.6 **Notification of non-compliance**

(a) Subject to Clauses 8.1 and 8.2, if a Ferroglobe Party fails to take or refrains from taking action which would otherwise have been required were it not for this Clause 8, it shall so notify the AHG Legal Adviser and the Tyrus Legal Adviser promptly upon becoming so aware, and shall provide a reasonably satisfactory explanation of the action and reason for the failure or other absence of taking that action under this Clause.

(b) If a Party (other than a Ferroglobe Party) fails to take or refrains from taking action which would otherwise have been required were it not for this Clause 8, it shall so notify Ferroglobe promptly upon becoming so aware (who shall notify each other Party), and Ferroglobe shall be entitled to require the relevant Party to provide a reasonably satisfactory explanation (without any obligation on such Party whatsoever to breach any relevant privilege) of the action and reason for the failure or other absence of taking that action under this Clause.

9. TERMINATION

9.1 **Voluntary termination**

This Agreement may be terminated:

(a) by the mutual written agreement of Ferroglobe, Tyrus and the Majority Consenting Noteholders;

(b) at the election of Ferroglobe, by and upon delivery to each other Party of a written notice of termination, if:

(i) a Governmental Authority or court of competent jurisdiction makes an order restraining or otherwise preventing the implementation of the Transaction which has not been revoked or dismissed within 30 days of it being made (other than an order made at the instigation of, or on the application of, Ferroglobe);

(ii) any of the following Milestones is not achieved by the date specified in Schedule 6 (*Outline Implementation Steps*), unless the failure to comply is capable of remedy and is remedied within 10 Business Days from that date: (i), (vii), (xiv), and (xv);

(iii) any Party does not comply with any undertaking in this Agreement and that failure is, or could, in the reasonable opinion of Ferroglobe, be expected to be a Material Adverse Event under limb (b) of that definition, unless the failure to comply is capable of remedy and is remedied within five Business Days of Ferroglobe delivering a notice to the relevant Party alleging failure to comply; or

(iv) any representation or warranty of any Consenting Noteholder or Equity Party under this Agreement proves to have been incorrect or misleading in any material respect and that breach has, or could, in the reasonable opinion of Ferroglobe, be expected to be a Material Adverse Event under limb (b) of that definition, unless the breach is capable of remedy and is remedied within five Business Days from the earlier of the date on which the relevant Consenting Noteholder or Equity Party (as applicable) becomes aware of the breach or is given notice of such breach by Ferroglobe;

(c) at the election of Tyrus, by and upon delivery to Ferroglobe of a written notice of termination, if:

(i) a Governmental Authority or court of competent jurisdiction makes an order restraining or otherwise preventing the implementation of the Transaction which has not been revoked or dismissed within 30 days of it being made (other than an order made at the instigation of, or on the application of, Tyrus);

(ii) any of the following Milestones is not achieved by the date specified in Schedule 6 (*Outline Implementation Steps*), unless the failure to comply is capable of remedy and is remedied within 10 Business Days from that date: (i), (x), (xi), (xiii), (xiv), and (xv);

(iii) any Ferroglobe Party does not comply with the undertakings set out in Clauses 3.5(b)(vii) and 3.5(b)(viii);

(iv) any Party does not comply with any undertaking in this Agreement and that failure is, or could, in the reasonable opinion of Tyrus, be expected to be a Material Adverse Event under limb (b) of that definition, unless the failure to comply is capable of remedy and is remedied within five Business Days of Tyrus delivering a notice to the relevant Party alleging failure to comply;

(v) any representation or warranty of any Ferroglobe Party, any Consenting Noteholder or Consenting Noteholders whose holdings represent more than 25% of the Existing $350m Notes Debt, or any other Equity Party under this Agreement proves to have been incorrect or misleading in any material respect

and, if capable of remedy, is not remedied within five Business Days from the earlier of the date on which the relevant Ferroglobe Party, Consenting Noteholder or Equity Party (as applicable) becomes aware of the breach or is given notice of such breach by Tyrus;

(vi) a Terminable Insolvency Event occurs;

(vii) an Event of Default occurs under the Existing $350m Notes Indenture, other than (x) any Event of Default waived or intended to be waived and is, by the Transaction Effective Date, waived as part of the Transaction Consents or (y) any Event of Default that is capable of remedy or waiver and that is remedied or waived within five Business Days from the earlier of the date on which the relevant Ferroglobe Party becomes aware of the occurrence of the Event of Default and when it is given notice of such breach by any Party;

(viii) an Event of Default, as such term is defined therein occurs and is continuing under the indenture governing the New $60m Notes (once issued), other than any Event of Default that is capable of remedy or waiver and that is remedied or waived within five Business Days from the earlier of the date on which the relevant Ferroglobe Party becomes aware of the occurrence of the Event of Default and when it is given notice of such breach by any Party;

(ix) a Change of Control occurs under (and as defined in) the Existing $350m Notes Indenture, other than a Change of Control resulting from an enforcement of the GVM Share Pledge;

(x) (a) an event of default (*cas de résiliation*) occurs and is continuing under the Receivables Facility Agreements, other than any event of default (*cas de résiliation*) waived or intended to be waived as part of the Transaction Consents, and (b) a notice of termination (*notification de résiliation*) has been served on the relevant Ferroglobe Party further to the occurrence of that event of default (*cas de résiliation*);

(xi) the New Debt Backstop Letter terminates (other than as a result of the New $60m Notes being issued), or any obligation of any Ad Hoc Group Member under the New Debt Backstop Letter is amended or waived (other than as consented to in writing by Tyrus); or

(xii) a Material Adverse Event occurs, unless that Material Adverse Event is capable of remedy and is remedied within five Business Days from the earlier of the date on which the relevant Ferroglobe Party becomes aware of the occurrence of the Material Adverse Event or is given notice of the Material Adverse Event by Tyrus;

(d) at the election of the Majority Consenting Noteholders, by and upon delivery to Ferroglobe of a written notice of termination, if:

(i) a Governmental Authority or court of competent jurisdiction makes an order restraining or otherwise preventing the implementation of the Transaction which has not been revoked or dismissed within 30 days of it being made, other than an order made at the instigation of, or on the application, of (A) any Consenting

Noteholder that is one of the Majority Consenting Noteholders electing to terminate under this Clause, or (B) any Consenting Noteholder that is an Affiliate or Related Fund of a Consenting Noteholder that is one of the Majority Consenting Noteholders electing to terminate under this Clause;

(ii) any Milestone is not achieved by the date specified in Schedule 6 (*Outline Implementation Steps*), unless the failure to comply is capable of remedy and is remedied within 10 Business Days from that date;

(iii) any Ferroglobe Party does not comply with any material undertaking in this Agreement, unless the failure to comply is capable of remedy and is remedied within five Business Days of the Majority Consenting Noteholders delivering a notice to the relevant Ferroglobe Party alleging failure to comply;

(iv) any Equity Party does not comply with any undertaking in this Agreement and that failure is, or could, in the reasonable opinion of the Majority Consenting Noteholders, be expected to be a Material Adverse Event under limb (b) of that definition, unless the failure to comply is capable of remedy and is remedied within five Business Days of the Majority Consenting Noteholders delivering a notice to the relevant Party alleging failure to comply;

(v) any representation or warranty of any Ferroglobe Party or Equity Party under this Agreement proves to have been incorrect or misleading in any material respect and, if capable of remedy, is not remedied within five Business Days from the earlier of the date on which the relevant Ferroglobe Party or Equity Party (as applicable) becomes aware of the breach or is given notice of such breach by the Majority Consenting Noteholders;

(vi) a Terminable Insolvency Event occurs;

(vii) an Event of Default occurs and is continuing under the Existing $350m Notes Indenture, other than any Event of Default waived or intended to be waived as part of the Transaction Consents;

(viii) an Event of Default, as such term is defined therein occurs and is continuing under the indenture governing the New $60m Notes (once issued;

(ix) a Change of Control occurs under (and as defined in) the Existing $350m Notes Indenture, other than a Change of Control resulting from an enforcement of the GVM Share Pledge in respect of which the Tyrus Pledgee had complied with the applicable requirements under Clause 3.7(b);

(x) (a) an event of default (*cas de résiliation*) occurs and is continuing under the Receivables Facility Agreements, other than any event of default (*cas de résiliation*) waived or intended to be waived as part of the Transaction Consents, and (b) a notice of termination (*notification de résiliation*) has been served on the relevant Ferroglobe Party further to the occurrence of that event of default (*cas de résiliation*);

(xi) the New Equity Backstop Letter terminates (other than as a result of the New $40m Equity subscription being completed), or any obligation of Tyrus under

the Equity Commitment Letter is amended or waived (other than as consented to in writing by the Majority Ad Hoc Group); or

(xii) a Material Adverse Event occurs, unless that Material Adverse Event is capable of remedy and is remedied within five Business Days from the earlier of the date on which the relevant Ferroglobe Party becomes aware of the occurrence of the Material Adverse Event or is given notice of the Material Adverse Event by the Majority Consenting Noteholders.

(e) at the election of a Consenting Noteholder in respect of that Consenting Noteholder only by and upon delivery of a written notice of termination to Ferroglobe if a Governmental Authority or court of competent jurisdiction makes an order restraining or otherwise preventing the implementation of the Transaction which has not been revoked or dismissed within 30 days of it being made (other than an order made at the instigation of, or on the application of, that Consenting Noteholder).

9.2 **Automatic termination**

This Agreement shall automatically terminate on the earlier of:

(a) 11.59pm on the Long-Stop Date;

(b) 11.59pm on the Lock-Up Deadline if less than 75% by value of the Noteholders are Parties as Consenting Noteholders; or

(c) the Transaction Effective Date.

9.3 **Effect of termination**

This Agreement will cease to have any further effect on the date on which it is terminated under Clause 9.1 or Clause 9.2, save for the Surviving Provisions which shall remain in full force and effect and save in respect of any liability arising or breaches of this Agreement that occurred prior to termination.

9.4 **Notification of termination**

Ferroglobe shall promptly notify each other Party upon becoming aware that this Agreement may be, or has been, terminated under Clause 9.1 or Clause 9.2, provided that Ferroglobe's failure to make such notification will not invalidate that termination.

9.5 **No termination for own breach**

Notwithstanding any other Clause in this Agreement, nothing in this Agreement permits any Party (including as part of the Majority Consenting Noteholders) to terminate this Agreement as a result of its own breach of this Agreement or any breach by its Affiliates or Related Funds who are also a Party.

10. REPRESENTATIONS

10.1 Consenting Noteholder Representations

(a) Each Consenting Noteholder makes the representations and warranties set out in this Clause 10.1(a) to each other Party on the date on which it becomes a Party by reference to the facts and circumstances existing on that date:

(i) it is duly incorporated (if a corporate person) or duly established (in any other case) and validly existing under the law of its jurisdiction of incorporation or formation;

(ii) it has the power to own its assets and carry on its business as it is being, and is proposed to be, conducted;

(iii) the obligations expressed to be assumed by it in this Agreement are legal, valid, binding and enforceable, subject to any applicable Reservations;

(iv) the entry into and performance by it of the transactions contemplated by, this Agreement do not and will not conflict with any law or regulation applicable to it or its constitutional documents or any agreement or instrument binding on it or any of its assets where such conflict would have a materially adverse effect on its ability to implement or consummate the Transaction or otherwise comply with the terms of this Agreement;

(v) it has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of this Agreement and (subject to the fulfilment of the conditions to the implementation and consummation of the Transaction specified in the Term Sheet) the transactions contemplated by this Agreement;

(vi) all Authorisations required for the performance by it of this Agreement and the transactions contemplated by this Agreement and to make this Agreement admissible in evidence in its jurisdiction of incorporation and any jurisdiction where it conducts its business have been obtained or effected and are in full force and effect;

(vii) it is authorised, legally entitled and able to control the exercise and casting of votes, and consenting to amendments to the Existing $350m Notes Indenture in relation to its Locked-Up Notes to the extent necessary to comply with the terms of this Agreement and promote all relevant approvals for the implementation of the Transaction; and

(viii) subject to Clause 2.2, the Locked-Up Notes specified in its Confidential Annexure constitutes all the Existing $350m Notes Debt legally or beneficially held (or in the case of an Investment Manager Party Controls and its relevant Noteholder listed on its Confidential Annexure holds) by it (after taking into account any pending Transfers).

(b) In relation to providing evidence of any updates to its holdings of Locked-Up Notes pursuant to, and in accordance with, Clause 3.6(d) (Consenting Noteholder Undertakings) above, each Consenting Noteholder further represents and warrants to

the Information Agent and Ferroglobe that it is the legal or beneficial holder of (or in the case of an Investment Manager Party that it Controls and its relevant Noteholder listed on its Confidential Annexure holds) the Locked-Up Notes which it has stated or confirmed (directly or indirectly) to the Information Agent from time to time that it holds.

10.2 **Ferroglobe Representation**

Ferroglobe represents to Tyrus that as at the Lock-Up Effective Date and by reference to the facts and circumstances existing on that date:

(a) it is not aware of any agreement to which it is party that expressly restricts a shareholder from transferring its shares in Ferroglobe to another shareholder or other person, other than the articles of association adopted on 26 October 2017 and the shareholder agreement dated 21 November 2017 (as amended on 23 January 2018);

(b) all shares in Ferroglobe PLC are fully paid up;

(c) it is not aware of any change of control provisions with respect to Ferroglobe in any material facility agreement or other finance agreement that is in effect on the Lock-Up Effective Date or will be in effect immediately prior to the Transaction Effective Date pursuant to which Ferroglobe has incurred or owes material financial indebtedness which may require a mandatory prepayment or trigger a default or event of default upon the occurrence of a change of control (howsoever defined) or any analogous or similar provisions, other than the Existing $350m Notes Indenture and the New $60m Notes;

(d) it is not aware of any change of control provisions with respect to a Ferroglobe Party (other than Ferroglobe) in any material facility agreement or other finance agreement that is in effect on the Lock-Up Effective Date or will be in effect immediately prior to the Transaction Effective Date (but excluding any commercial agreements for operation of the Group's business) pursuant to which any member of the Group (other than Ferroglobe) has incurred or owes material financial indebtedness which may require a mandatory prepayment or trigger a default or event of default upon the occurrence of a change of control (howsoever defined) or any analogous or similar provisions, other than the Existing $350m Notes Indenture and the New $60m Notes; and

(e) all liabilities of the Group and all commitments under the ABL Facility Agreement have been discharged or cancelled (as applicable) in full and the ABL Facility Agreement has ceased to be in force and effect.

10.3 **Ferroglobe Party Representations**

Each Ferroglobe Party makes the representations and warranties set out in this Clause 10.3 to each other Party on the Lock-Up Effective Date, by reference to the facts and circumstances existing on that date and subject to the other provisions of this Agreement:

(a) it is duly incorporated and validly existing under the law of its jurisdiction of incorporation;

(b) it has the power to own its assets and carry on its business as it is being, and is proposed to be, conducted;

(c) the obligations expressed to be assumed by it in this Agreement are legal, valid, binding and enforceable, subject to any applicable Reservations;

(d) the entry into and performance by it of, and the transactions contemplated by, this Agreement do not and will not conflict with any law or regulation applicable to it or its constitutional documents or any agreement or instrument binding on it or any of its assets where such conflict would have a materially adverse effect on its ability to implement or consummate the Transaction or otherwise comply with the terms of this Agreement;

(e) it has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of this Agreement;

(f) other than the matters that are the subject of the Transaction Consents, all Authorisations required for the performance by it of this Agreement and the transactions contemplated by this Agreement and to make this Agreement admissible in evidence in its jurisdiction of incorporation and any jurisdiction where it conducts its business have been obtained or effected and are in full force and effect;

(g) it is not the legal owner of, and it does not have any beneficial interest in, any Existing $350m Notes Debt;

(h) so far as it is aware, no order has been made, petition presented or resolution passed for the winding up of or appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of it, and no analogous procedure has been commenced in any jurisdiction;

(i) no member of the Group is a party to any agreement with or has given any undertaking in favour of Tyrus or any Affiliate or Related Fund of Tyrus other than this Agreement, any Tyrus NDA, the New Equity Backstop Letter or any other documents contemplated by or referred to in such agreements; and

(j) no member of the Group is a party to any agreement with or has given any undertaking in favour of any Ad Hoc Group Member or Original Consenting Noteholder or any Affiliate or Related Fund of an Ad Hoc Group Member or Original Consenting Noteholder other than this Agreement, the Debt Backstop Letter, the Noteholder NDAs, the Work Fee Letter or any other documents contemplated by or referred to in such agreements.

10.4 **Equity Party Representations**

Each Equity Party makes the representations and warranties set out in this Clause 10.4 to each other Party on the Lock-Up Effective Date, by reference to the facts and circumstances existing on that date and subject to the other provisions of this Agreement:

(a) it is duly incorporated and validly existing under the law of its jurisdiction of incorporation;

(b) it has the power to own its assets and carry on its business as it is being, and is proposed to be, conducted;

(c) the obligations expressed to be assumed by it in this Agreement are legal, valid, binding and enforceable, subject to any applicable Reservations;

(d) the entry into and performance by it of, and the transactions contemplated by, this Agreement do not and will not conflict with any law or regulation applicable to it or its constitutional documents or any agreement or instrument binding on it or any of its assets where such conflict would have a materially adverse effect on its ability to implement or consummate the Transaction or otherwise comply with the terms of this Agreement;

(e) it has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of this Agreement;

(f) all Authorisations required for the performance by it of this Agreement and the transactions contemplated by this Agreement and to make this Agreement admissible in evidence in its jurisdiction of incorporation and any jurisdiction where it conducts its business have been obtained or effected and are in full force and effect; and

(g) it is not the legal owner of, and it does not have any beneficial interest in, any Existing $350m Notes Debt.

11. **CONFIDENTIALITY**

11.1 **General Restrictions**

Without prejudice to the terms of the Noteholder NDA and subject to the remainder of this Clause 11 and the Existing $350m Notes Indenture (if it applies to them), each Party undertakes to each other Party that it will:

(a) keep the Confidential Information confidential in accordance with the terms of this Agreement and ensure that the Confidential Information is protected with the same degree of care and the same security measures as it would apply to its own confidential information;

(b) not, without the prior written consent of Ferroglobe, directly or indirectly communicate or disclose (whether in writing or orally or in any other manner) any Confidential Information to any person other than:

(i) to a Permitted Disclosee for the Permitted Purpose;

(ii) to a Noteholder, prospective Noteholder (including any Transferee or potential Transferee) or their Representatives that has executed a confidentiality agreement in favour of Ferroglobe that remains in effect, in connection with the Permitted Purpose;

(iii) to its statutory auditors to the extent necessary to comply with its statutory audit requirements;

(iv) to any other person who has entered into a confidentiality agreement with Ferroglobe that remains in effect in relation to the Transaction or the Existing $350m Notes; and

(v) as otherwise permitted pursuant to this Clause 11;

(c) ensure that each of its Permitted Disclosees to whom Confidential Information is disclosed are fully aware that the information is confidential and of the confidentiality obligations under this Agreement;

(d) procure that each Permitted Disclosee complies with the confidentiality and use obligations as if individually named in this Agreement unless the Permitted Disclosee has entered into a confidentiality agreement with Ferroglobe in connection with the Transaction or is bound by a professional duty of confidentiality; and

(e) other than with the prior written consent of Ferroglobe, use the Confidential Information only for the Permitted Purpose.

11.2 **Permitted Disclosures**

A Party or its Representatives (the "**Disclosing Person**") may disclose Confidential Information to the extent required by applicable law or regulation or by order of any court of competent jurisdiction or otherwise requested by any other competent judicial, governmental, regulatory, taxation, supervisory or other similar body (including any relevant stock exchange), provided that:

(a) the Disclosing Person shall (to the extent legally permissible) notify Ferroglobe as soon as is reasonably practicable so that Ferroglobe may seek appropriate means to prevent or minimise disclosure or waive compliance with the provisions of this Agreement (and the Disclosing Person shall use its reasonable endeavours to co-operate and take such steps as may reasonably and legally be required for that purpose), provided that no notice shall be necessary where disclosure is made in the ordinary course of that Disclosing Person's supervisory or regulatory function or in connection with a routine audit or examination by a bank examiner or auditor and that audit or examination does not reference any Ferroglobe Party or the Group or this Agreement;

(b) the disclosure shall (to the extent legally permissible and reasonably practicable) only be made after notification pursuant to Clause 11.2(a) and consultation and after taking into account the reasonable requirements of Ferroglobe regarding the timing, content and manner of its making;

(c) the Disclosing Person may only disclose Confidential Information that is specifically required or requested to be disclosed and any disclosure of any Confidential Information shall be limited to be extent necessary (as determined by the Disclosing Person in good faith and acting reasonably) in order to comply with any relevant requirement or request;

(d) after disclosure has been made, the Disclosing Person shall (to the extent legally permissible and if not previously notified to Ferroglobe under Clause 11.2(a)) notify Ferroglobe (as soon as reasonably practicable) of the circumstances, timing, content and manner of disclosure; and

(e) after disclosure has been made, the disclosed information shall remain Confidential Information.

11.3 **Ad Hoc Group Noteholder NDAs**

(a) All communications between any Ferroglobe Party or the Group and any Ad Hoc Group Member shall be subject to the terms of the existing Noteholder NDAs between Ferroglobe and each Ad Hoc Group Member, save that:

(i) paragraphs (b), (c) and (d) of the definition of Confidential Information as set out in this Agreement shall apply as though incorporated in full into the definition of Confidential Information in each Ad Hoc Group Member's Noteholder NDA *mutatis mutandis*;

(ii) the exception to the prohibition on disclosure of Confidential Information as set out in Clause 11.1(b)(ii) shall apply as though incorporated in full into each Ad Hoc Group Member's Noteholder NDA *mutatis mutandis;* and

(iii) in the event of any discrepancy between any provision of the Noteholder NDA and any provision of Clauses 11.4 to 11.7 (inclusive), the relevant provision of this Agreement shall prevail.

(b) Clauses 11.1 and 11.2 of this Agreement shall not, unless specifically provided for in this Clause 11.3, apply in respect of any Ad Hoc Group Member whilst its Noteholder NDA remains in full force and effect.

11.4 **Publication of this Agreement**

(a) Subject to Clause 11.4(b), the Ferroglobe may (or may instruct the Information Agent to):

(i) provide a copy of this Agreement to Noteholders and/or the parties to the Receivables Facility Agreements; and

(ii) make this Agreement available:

(A) on any website created for the Information Agent for the purposes of the Transaction;

(B) on any relevant exchange;

(C) through any clearing system; and

(D) using any other means as may be agreed by Ferroglobe, Tyrus and the Majority Ad Hoc Group (acting reasonably).

(b) Other than as required in order to comply with applicable law or regulation or by order of any court of competent jurisdiction or otherwise requested by any other competent judicial, governmental, regulatory, taxation, supervisory or other similar body (including any relevant stock exchange), any disclosure of this Agreement under Clause 11.4(a) shall be subject to redaction of:

(i) Schedule 2 (*Original Consenting Noteholders*);

(ii) any signature page of any Consenting Noteholder;

(iii) any signature page of Tyrus, and any entity details for the Tyrus Backstop Provider and the Tyrus Pledgee in the recitals to this Agreement; and

(iv) any Confidential Annexure,

such that any publication of this Agreement shall not identify or refer to any Consenting Noteholder, Ad Hoc Group Member or Tyrus (other than as the "Tyrus Backstop Provider", the "Tyrus Pledgee" or "Tyrus"), by name or otherwise.

11.5 **Publicity**

No Party may make any announcement or other communication regarding or referencing this Agreement or the Transaction (including the identity of any Consenting Noteholder, any Ad Hoc Group Member or Tyrus) other than:

(a) the publication by Ferroglobe (or the Information Agent) of this Agreement in accordance with Clause 11.4;

(b) any announcement or other communication:

(i) in a form agreed amongst Tyrus, the Majority Ad Hoc Group and Ferroglobe;

(ii) by the Ferroglobe Parties of the execution and key terms of this Agreement and the Transaction, in a form agreed with Tyrus and the Majority Ad Hoc Group, which may include the total percentage of Locked-Up Notes held by the Consenting Noteholders (in aggregate) at the Lock-Up Effective Date;

(iii) requested by Ferroglobe in accordance with Clause 3.3(a)(i); or

(iv) required to be made in order to comply with applicable law or regulation or by order of any court of competent jurisdiction or otherwise requested by any other competent judicial, governmental, regulatory, taxation, supervisory or other similar body (including any relevant stock exchange),

provided that, any announcement or other communication made pursuant to each of the Clauses 11.5(b)(i) to 11.5(b)(iii) (inclusive) above shall not disclose the identity of or refer to any Consenting Noteholder or Tyrus without the prior written consent of the relevant Consenting Noteholder or Tyrus (as applicable); or

(c) (subject to Clause 11.4(b)) any communication by any Ferroglobe Party or member of the Group to its Representatives, suppliers, contractual counterparties, financing providers or other third parties that is reasonably necessary for the operation of the Group's business or the implementation of the Transaction (including obtaining the Transaction Consents).

11.6 Individual Holdings of Locked-Up Notes

Each Party agrees that:

(a) the amount and percentage of the Locked-Up Notes held by a Consenting Noteholder (an "**Individual Holding**") is strictly confidential; and

(b) it will not make any disclosure to any person, including to any other Noteholder or Consenting Noteholder, which would identify an Individual Holding, except:

(i) if such disclosure is required to be made in order to comply with applicable law or regulation or by order of any court of competent jurisdiction or otherwise requested by any other competent judicial, governmental, regulatory, taxation, supervisory or other similar body (including any relevant stock exchange);

(ii) any disclosure between the Information Agent, any Ferroglobe Party and / or the AHG Advisers (or any of their respective Representatives) for the purposes of negotiating, finalising and / or implementing the Transaction; and

(iii) with respect to the Individual Holding of a particular Consenting Noteholder, any disclosure by any Ferroglobe Party or its Representatives to any Representative of that Consenting Noteholder.

11.7 Aggregate holdings of Locked-Up Notes

Each Party authorises the Information Agent, each Ferroglobe Party and their respective Representatives to:

(a) inform the Parties of the aggregate principal amount of Locked-Up Notes held by the Consenting Noteholders and the aggregate number of Consenting Noteholders from time to time; and

(b) refer to the aggregate principal amount of Locked-Up Notes and the aggregate number of Consenting Noteholders from time to time in:

(i) any announcement relating to the Transaction; and

(ii) any Transaction Document.

12. NOTICES

12.1 Communications in writing

Any communication to be made under or in connection with this Agreement shall be made in writing and, unless otherwise stated, shall be made by letter, or by email to:

(a) **GVM**:

Paseo de la Castellana 259D
51st floor
28046 Madrid
Spain

Attn: Manuel Garrido Ruano and María Cachero Ribes

Email: mgr@gvm.es and mcachero@gvm.es

(b) **Tyrus**:

The address and email address for notices identified with its name in its signature block to this Agreement, with a copy to:

Akin Gump LLP
10 Bishops Square
Eighth Floor
London
E1 6EG

Attn: Sam Brodie and Lois Deasey

Email: FOXAKIN@akingump.com

(c) **Each Ferroglobe Party**:

Ferroglobe PLC
5 Fleet Place
London
EC4M 7RD

Attn: Thomas Wiesner, CLO

Email: thomas.wiesner@ferroglobe.com

with a copy to

Milbank LLP
10 Gresham Street
London EC2V 7JD

Attn: Nick Angel and Jerry Uzzi

Email: MilbankProjectFox@milbank.com

(d) **Each Consenting Noteholder**:

The address and email address for notices identified with its name in its signature block to this Agreement or its Noteholder Accession Letter (as applicable) and, in the case of any Ad Hoc Group Member, with a copy to:

Weil, Gotshal & Manges (London) LLP
110 Fetter Lane
London EC4A 1AY

Attn: Neil Devaney and Nick Fortune

Email: neil.devaney@weil.com; nicholas.fortune@weil.com

12.2 **Addresses**

The address and email address (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with this Agreement is, in the case of each Consenting Noteholder, identified in this Agreement or any substitute address or email address or department or officer as the Party may notify to the other Parties by not less than five Business Days' written notice.

12.3 **Delivery**

Any communication under or in connection with this Agreement (including the delivery of any Noteholder Accession Letter, or Transfer Certificate):

(a) sent by letter will be deemed received when actually received (regardless of whether it is received on a day that is not a Business Day or after business hours) in the place of receipt.

(b) sent by or attached to an email will be deemed received only on the first to occur of the following:

(i) when it is dispatched by the sender to each of the relevant email addresses specified by the recipient, unless for each of the addressees of the intended recipient, the sender receives an automatic non-delivery notification that the email has not been received (other than an out of office greeting for the named addressee) and the sender receives the notification of non-delivery within one hour after dispatch of the email by the sender;

(ii) the sender receiving a message from the intended recipient's information system confirming delivery of the email; and

(iii) the email being available to be read at one of the email addresses specified by the recipient,

provided that, in each case, the email is in an appropriate and commonly used format, and any attached file is a pdf, jpeg, tiff or other appropriate and commonly used format.

12.4 **English language**

Any communication provided under or in connection with this Agreement must be in English.

12.5 **Distribution by Ferroglobe**

Ferroglobe may distribute to the other Parties any communication under or in connection with this Agreement that it has received from one or more Parties and that is addressed to all Parties.

13. **INFORMATION AGENT**

(a) Ferroglobe has:

(i) appointed the Information Agent who shall be responsible for reconciling the Consenting Noteholders' holdings of Existing $350m Notes Debt based on the

information provided to it. Determinations by the Information Agent in this regard shall be final and may not be disputed by any Consenting Noteholder; and

(ii) instructed the Information Agent to treat all information that the Information Agent receives from Consenting Noteholders in connection with this Agreement as strictly confidential information.

(b) Within one Business Day following the Lock-Up Effective Date, Ferroglobe shall instruct the Information Agent to:

(i) make available to Noteholders a notice setting out the contact details of the Information for queries from Noteholders about this Agreement and the process for becoming a Consenting Noteholder;

(ii) provide Noteholders, upon request, with a copy of this Agreement (subject to redaction in accordance with Clause 11.4) and a copy of the Noteholder Accession Letter; and

(iii) verify the holdings of Noteholders that are Consenting Noteholders.

(c) Each Consenting Noteholder acknowledges that the Information Agent may from time to time request:

(i) any information required to satisfy the Information Agent's "know your customer" and anti-money laundering requirements; or

(ii) evidence of any updates to its holdings of Locked-Up Notes,

whereupon such information or evidence is to be provided by each Consenting Noteholder to the Information Agent pursuant to, and in accordance with, Clause 3.6 (*Consenting Noteholder Undertakings*).

(d) Each Ferroglobe Party shall be entitled to rely on any certificate or notice received from the Information Agent.

14. SEPARATE RIGHTS

(a) Each of the Consenting Noteholders has entered into this Agreement in respect of its interest in the Existing $350m Notes Debt as well any other debt, claim, security or other instrument it may hold, directly or indirectly, in respect of the Group.

(b) The obligations of each Party under or in connection with this Agreement are several, and not joint and several, and no Party shall be liable for any failure by another Party to comply with its obligations under this Agreement. Failure by a Party to perform its obligations under this Agreement shall not affect the obligations of any other Party under this Agreement.

15. SPECIFIC PERFORMANCE

Without prejudice to any other remedy available to any Party, the obligations under this Agreement shall, subject to applicable law, be the subject of specific performance by the

relevant Parties. Each Party acknowledges that damages shall not be an adequate remedy for breach of the obligations under this Agreement.

16. **PARTIAL INVALIDITY**

If, at any time, any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

17. **REMEDIES AND WAIVERS**

The rights and remedies provided under this Agreement are in addition to, and not exclusive of, any rights or remedies provided by law. No failure or delay by a Party to exercise any right or remedy provided under this Agreement or by law shall constitute a waiver of that or any other right or remedy, nor shall it prevent or restrict the further exercise of that or any other right or remedy. No single or partial exercise of such right or remedy shall prevent or restrict the further exercise of that or any other right or remedy.

18. **AMENDMENTS AND WAIVERS**

18.1 **Amendments to this Agreement**

Any term of this Agreement (including the Term Sheet and Outline Implementation Steps) may be amended or waived, and that amendment or waiver shall be binding on all Parties if agreed in writing (such agreement not to be unreasonably withheld or delayed) by Ferroglobe and:

(a) Tyrus, with respect to any amendment or waiver:

(i) that imposes a more onerous obligation on Tyrus than is currently anticipated by this Agreement;

(ii) that is likely to otherwise materially prejudice the economic result of the Transaction for Tyrus as contemplated in this Agreement as at the Lock-Up Effective Date; or

(iii) of the following Outline Implementation Steps and/or the extension of the corresponding Milestones (in which case Ferroglobe shall promptly notify each other Party in writing of the details of any alternative or additional steps or new milestone date, which shall become binding on each other Party on the date that notification was deemed delivered in accordance with Clause 12.3(b)): (i), (x), (xi), (xiii), (xiv) and (xv);

(b) the Majority Ad Hoc Group, with respect to any amendment to or waiver of:

(i) the definition of “Consent Fee Deadline”

(ii) the definition of “Transaction Implementation Option”;

(iii) any provision limiting the liability of the Ad Hoc Group;

(iv) Clause 4, other than any amendment to the aggregate amount of the Cash Consent Fee or the Equity Fee payable pursuant to that clause;

(v) Clause 7.2; or

(vi) the Outline Implementation Steps and/or the extension of the corresponding Milestones (in which case Ferroglobe shall promptly notify each other Party in writing of the details of any alternative or additional steps or new milestone date, which shall become binding on each other Party on the date that notification was deemed delivered in accordance with Clause 12.3(b));

(c) Tyrus and the Majority Ad Hoc Group, with respect to:

(i) the definition of "Core Transaction Documents";

(ii) the definition of "Lock-Up Deadline";

(iii) the definition of "Transaction";

(iv) the definition of "Transaction Documents";

(v) Clause 9.2(a); or

(vi) the shortening of any Milestone;

(d) each affected Consenting Noteholder, with respect to any amendment or waiver that:

(i) imposes a more onerous obligation on any Consenting Noteholder than is currently anticipated by this Agreement;

(ii) affects any Consenting Noteholder disproportionally in comparison to other Consenting Noteholders; or

(iii) is likely to otherwise materially prejudice the economic result of the Transaction for a Consenting Noteholder (as against the other Consenting Noteholders) as contemplated in this Agreement as at the Lock-Up Effective Date;

(e) each Consenting Noteholder, with respect to the definition of "Majority Consenting Noteholders" and "Super Majority Consenting Noteholders";

(f) Tyrus and each Consenting Noteholder, with respect to this Clause 18;

(g) Tyrus and the Super Majority Consenting Noteholders, with respect to the definition of "Core Terms" and the Core Terms;

(h) each affected AHG Legal Adviser, with respect to any amendment or waiver of Clauses 7.1(b), 7.4, this 18.1(h) or any other provision in this Agreement which affects its rights and obligations; and

(i) Tyrus and the Majority Consenting Noteholders, with respect to any other amendment or waiver.

18.2 **Amendments to Transaction Documents**

Any amendment or waiver to a Transaction Document in Agreed Form shall require the prior written consent of each Party whose approval was required for that document to be considered in Agreed Form.

19. RESERVATION OF RIGHTS

Other than as expressly set out in this Agreement:

(a) this Agreement does not amend or waive any Party's rights under the Existing $350m Notes Indenture or any other documents and agreements between any of the Parties, or any Party's rights as creditors of any Ferroglobe Party unless and until the Transaction Effective Date (and then only to the extent provided under the terms of the Transaction Documents);

(b) each Party fully reserves any and all of its rights (including under the Existing $350m Notes Indenture or any other documents and agreements between any of the Parties, or as creditors of any Ferroglobe Party), unless and until the Transaction Effective Date; and

(c) if this Agreement is terminated by any Party for any reason, the rights of that Party against the other Parties and those other Parties' rights against the terminating Party shall be fully reserved.

20. THIRD PARTY RIGHTS

(a) Other than as set out in Clauses 20(b) and 20(c), a person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of this Agreement.

(b) The Information Agent may rely on, enforce and enjoy the benefit of this Agreement as if it was a Party.

(c) Each AHG Legal Adviser shall be entitled to rely on, enforce and enjoy the benefit of Clauses 7.1(b) and 7.4 as if it was a Party.

(d) Subject to Clause 18.1(h), this Agreement may be terminated, and any term of this Agreement may be amended or waived, without the consent of any person who is not a Party.

21. COSTS AND EXPENSES

Subject to the terms of any Fee Arrangement (which terms shall, in the event of any inconsistency with this Clause 21, prevail) each Party shall pay its own costs incurred in connection with the negotiation, preparation, and execution of this Agreement, and any Transaction Documents.

22. COUNTERPARTS

This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

23. ENTIRE AGREEMENT

Other than any Noteholder NDA, the New Equity Backstop Letter and the New Debt Backstop Letter and the Work Fee Letter (and in each case any other documents contemplated or referred to in such agreements) this Agreement and the documents referred to in and / or entered into under this Agreement contain the whole agreement between the Parties relating to the subject matter of this Agreement at the date hereof to the exclusion of any terms implied by law which may be excluded by contract and supersedes any previous written or oral agreement between the Parties in relation to matters dealt with in this Agreement.

24. GOVERNING LAW

This Agreement and all non-contractual obligations arising out of or in connection with it are governed by English law.

25. ENFORCEMENT

The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute relating to non-contractual obligations arising out of or in connection with this Agreement or a dispute regarding the existence, validity or termination of this Agreement) (a "**Dispute**"). The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.

26. SUBMISSION TO THE ENGLISH COURT

By executing this Agreement and notwithstanding any term to the contrary in the Existing $350m Notes Indenture, each Party (other than Tyrus) acknowledges and submits to the jurisdiction of the English Court in respect of and for the purpose of any Scheme to be implemented in connection with the Transaction.

27. SERVICE OF PROCESS

27.1 Appointment of Agent for Process

Without prejudice to any other mode of service allowed under any relevant law, each Ferroglobe Party (other than a Ferroglobe Party incorporated in England and Wales):

(a) irrevocably appoints Ferroglobe as its agent for service of process; and

(b) agrees that failure by an agent for service of process to notify any relevant Party of the process will not invalidate the process concerned.

27.2 Alternative Agents

If any person appointed as an agent for service of process by a Ferroglobe Party is unable for any reason to act as agent for service of process, such Ferroglobe Party must immediately appoint another agent and notify the Parties of the name and address details of such agent for service of process.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

Grupo Villar Mir, S.A.U.

By: ______________________________
Name:
Title:

TYRUS BACKSTOP PROVIDER

[***]

By: ______________________________

Name:
Title:

Notice Details

Address: ______

Attn: ______

Email address: ______

TYRUS PLEDGEE

[***]

By:
Name:
Title:

Notice Details

Address: ______

Attn: ______

Email address: ______

FERROGLOBE PLC

By: ______________________
Name:
Title:

GLOBE SPECIALITY METALS, INC.

By: ________________________________

Name:

Title:

GSM FINANCIAL INC.

By:
Name:
Title:

GLOBE METALLURGICAL INC.

By: ______________________________
Name:
Title:

GSM SALES INC.

By: ______________________________

Name:

Title:

SOLSIL INC.

By: ____________________________

Name:

Title:

GSM ALLOYS I INC.

By: ____________________
Name:
Title:

GSM ALLOYS II INC.

By: ______________________________

Name:

Title:

GLOBE METALS ENTERPRISES LLC

By: ______________________

Name:

Title:

CORE METALS GROUP HOLDINGS LLC

By: ______________________________

Name:

Title:

CORE METALS GROUP LLC

By: ______________________________

Name:

Title:

METALLURGICAL PROCESS MATERIALS LLC

By:

Name:
Title:

TENNESSEE ALLOYS COMPANY LLC

By: ______________________________

Name:

Title:

ALABAMA SAND AND GRAVEL INC.

By:

Name:
Title:

4816-3932-1062

NORCHEM INC.

By: ______________________________

Name:
Title:

GBG HOLDINGS LLC

By: ______________________________________

Name:

Title:

ALDEN RESOURCES LLC

By:
Name:
Title:

ALDEN SALES CORP LLC

By:
Name:
Title:

GATLIFF SERVICES LLC

By: ____________________

Name:

Title:

ARL RESOURCES LLC

By: ____________________
Name:
Title:

4816-3932-1062

ARL SERVICES LLC

By:
Name:
Title:

GSM ENTERPRISES LLC

By:

Name:
Title:

4816-3932-1062

GSM ENTERPRISES HOLDINGS INC.

By: ______________________________

Name:

Title:

QSIP CANADA ULC

By: ....

Name:
Title:

GSM NETHERLANDS B.V.

By:	By: ....
Name:	Name:
Title:	Title:

FERROPEM S.A.S.

By: ....

Name:

Title:

FERROATLANTICA PARTICIPACIONES S.L.U.

By: ____________________

Name:

Title:

FERROSOLAR OPCO GROUP S.L.

By: ______________________________

Name:

Title:

GRUPO FERROATLANTICA DE SERVICIOS S.L.U.

By: ______________________________

Name:

Title:

GRUPO FERROATLANTICA S.A.U.

By: ______________________________
Name:
Title:

FERROATLANTICA DE BOO S.L.U

By: ....

Name:
Title:

FERROATLANTICA DE SABON S.L.U

By: ....

Name:
Title:

By [***]

....
[***]
[***]
Name: ____

Title: ________________________________

Notice Details

Address: ______

Attn: ______

Email address: ______

By [***]

....
[***]
[***]
Name: ____

Title: ______________________________

Notice Details

Address: ______

Attn: ______

Email address: ______

By [***]

....
[***]
[***]
Name: ______________________________________

Title: ________________________________

Notice Details

Address: ______

Attn: ______

Email address: ______

By [***]

....
[***]
[***]
Name: ____

Title: ________________________________

Notice Details

Address: ______

Attn: ______

Email address: ______

By [***]

....
[***]
[***]
Name: ____

Title: ______________________________

Notice Details

Address: ______

Attn: ______

Email address: ______

By [***]

....
[***]
[***]
Name: ______________________________________

Title: ________________________________

Notice Details

Address: ______

Attn: ______

Email address: ______

By [***]

....
[***]
[***]
Name: ____________________________________

Title: ________________________________

Notice Details

Address: ______

Attn: ______

Email address: ______

By [***]

....
[***]
[***]
Name: ______________________________

Title: ______________________________

Notice Details

Address: ______

Attn: ______

Email address: ______

By [***]

....
[***]
[***]
Name: ______________________________________

Title: ________________________________

Notice Details

Address: ______

Attn: ______

Email address: ______

By [***]

....
[***]
[***]
Name: ____

Title: ________________________________

Notice Details

Address: ______

Attn: ______

Email address: ______

By [***]

....

[***]
[***]
Name: ____

Title: ______________________________

Notice Details

Address: ______

Attn: ______

Email address: ______

CONFIDENTIAL ANNEXURE

To: Thomas Wiesner, CLO

Email: thomas.wiesner@ferroglobe.com

To: Global Loan Agency Services Limited

Email: ProjectFox@glas.agency

Date: [●]

This is a Confidential Annexure for the purposes of the Lock-Up Agreement dated [●] 2021 relating to Ferroglobe PLC and its Group. Terms used but not defined in this Confidential Annexure shall have the meanings given in the Lock-Up Agreement.

As at the date of this Confidential Annexure, our Locked-Up Notes are as follows:

ISIN / CUSIP	**Principal amount of Locked-Up Notes**
[●]	[●]

For the purposes of payment by the Information Agent of the Consent Fees, our details are as follows:

Fund Details	
Fund Name[1]	[●]
DTC Account Number	[●]
DTC Participant	[●]
Bank Account Details (USD)	
Receiving/Cash Correspondent Bank Name:	[●]
Receiving/Cash Correspondent Bank Swift Code:	[●]
Beneficiary Bank Name:	[●]
Beneficiary Bank Swift Code:	[●]

[1] Please use full legal name

Beneficiary Account Name:	[●]
Beneficiary Account Number/IBAN:	[●]
Any unique fund code which your bank/custodian requires on payments:	[●]
Call Back Details	
Name of Person:	[●]
Phone number:	[●]

Schedule 1
Guarantors

1. GSM Financial Inc.
2. Globe Metallurgical Inc.
3. GSM Sales Inc.
4. Solsil Inc.
5. GSM Alloys I Inc.
6. GSM Alloys II Inc.
7. Globe Metals Enterprises LLC
8. Core Metals Group Holdings LLC
9. Core Metals Group LLC
10. Metallurgical Process Materials LLC
11. Tennessee Alloys Company LLC
12. Alabama Sand and Gravel Inc.
13. Norchem Inc.
14. GBG Holdings LLC
15. Alden Resources LLC
16. Alden Sales Corp LLC
17. Gatliff Services LLC
18. ARL Resources LLC
19. ARL Services LLC
20. GSM Enterprises LLC
21. GSM Enterprises Holdings Inc.
22. QSIP Canada ULC
23. GSM Netherlands B.V.
24. Ferropem S.A.S.
25. Ferroatlantica Participaciones S.L.U.
26. Ferrosolar OPCO Group S.L.
27. Grupo Ferroatlantica De Servicios S.L.U.

28. Grupo Ferroatlantica S.A.U.
29. Ferroatlantica De Boo S.L.U.
30. Ferroatlantica De Sabon S.L.U.

Schedule 2

Original Consenting Noteholders

1. [***]
2. [***]
3. [***]
4. [***]
5. [***]
6. [***]
7. [***]
8. [***]
9. [***]
10. [***]
11. [***]

Schedule 3
Form of Noteholder Accession Letter

To: Thomas Wiesner, CLO

Email: thomas.wiesner@ferroglobe.com

To: Global Loan Agency Services Limited

Email: ProjectFox@glas.agency

From: [*Additional Consenting Noteholder*]

Email: [*Additional Consenting Noteholder's email address*]

Dated: ____________________

Dear All

Lock-Up Agreement dated [●] 2021 between, among others, Ferroglobe PLC, Globe Specialty Metals, Inc. and the Consenting Noteholders (the "Lock-Up Agreement")

1. This is a Noteholder Accession Letter for the purposes of the Lock-Up Agreement. In this Noteholder Accession Letter, capitalised terms used but not defined shall have the meanings given to those terms in the Lock-Up Agreement.
2. We agree to be bound by the terms of the Lock-Up Agreement as an Additional Consenting Noteholder.
3. Our Locked-Up Notes are set out in the Confidential Annexure to this Noteholder Accession Letter.
4. Our notice details for the purposes of Clause 12.1(d) are as follows:

   Address: [●]

   Attn: [●]

   Email address: [●]
5. This Noteholder Accession Letter is governed by English law and subject to the exclusive jurisdiction of the courts of England and Wales.

Additional Consenting Noteholder

By:
…………………………………………..

CONFIDENTIAL ANNEXURE

To: Thomas Wiesner, CLO

Email: thomas.wiesner@ferroglobe.com

To: Global Loan Agency Services Limited

Email: ProjectFox@glas.agency

Date: [●]

This is a Confidential Annexure for the purposes of the Lock-Up Agreement dated [●] 2021 relating to Ferroglobe PLC and its Group. Terms used but not defined in this Confidential Annexure shall have the meanings given in the Lock-Up Agreement.

As at the date of this Confidential Annexure, our Locked-Up Notes are as follows:

ISIN / CUSIP	**Principal amount of Locked-Up Notes**
[●]	[●]

For the purposes of payment by the Information Agent of the Consent Fees, our details are as follows:

Fund Details	
Fund Name[2]	[●]
DTC Account Number	[●]
DTC Participant	[●]
Bank Account Details (USD)	
Receiving/Cash Correspondent Bank Name:	[●]
Receiving/Cash Correspondent Bank Swift Code:	[●]
Beneficiary Bank Name:	[●]
Beneficiary Bank Swift Code:	[●]

[2] Please use full legal name

Beneficiary Account Name:	[●]
Beneficiary Account Number/IBAN:	[●]
Any unique fund code which your bank/custodian requires on payments:	[●]
Call Back Details	
Name of Person:	[●]
Phone number:	[●]

Schedule 4
Form of Transfer Certificate

To: Thomas Wiesner, CLO

Email: thomas.wiesner@ferroglobe.com

To: Global Loan Agency Services Limited

Email: ProjectFox@glas.agency

Dated: ________________

Dear Sir/Madam

Lock-Up Agreement dated [●] 2021 between, among others, Ferroglobe PLC, Globe Specialty Metals, Inc. and the Consenting Noteholders (the "Agreement")

1. We refer to the Agreement. Terms defined in the Agreement have the same meaning in this letter. This is a Transfer Certificate.

2. [*The transferor*] (the ***Transferor***) and [*the transferee*] (the ***Transferee***) are both Consenting Noteholders as at the date hereof[3].

   OR

   [*The transferor*] (the ***Transferor***) is a Consenting Noteholder as at the date hereof and [*the transferee*] (the ***Transferee***) will become a Consenting Noteholder as result of this Transfer[4].

   OR

   [*The transferor*] (the ***Transferor***) is not a Consenting Noteholder and [*the transferee*] (the ***Transferee***) is a Consenting Noteholder as at the date hereof[5].

3. We write to inform you that the principal amounts of Locked-Up Notes set out in the table below, plus any accrued unpaid interest thereon, have been transferred by the Transferor to the Transferee on [*date*][6]:

ISIN / CUSIP	Principal amount of Locked-Up Notes
[●]	[●]

---

[3] Please this paragraph if both the Transferor and the Transferee are Consenting Noteholder (i.e. the Transfer is between two Noteholders who are already party to the Lock-Up Agreement).
[4] Please this paragraph if the Transferor is a Consenting Noteholder and the Transferee is not yet a Consenting Noteholder but will accede to the Lock-Up Agreement as part of the Transfer.
[5] Please use this paragraph if the Transferor is not a Consenting Noteholder and the Transferee is a Consenting Noteholder.
[6] Please use this paragraph if the Transferor is a Consenting Noteholder.

[We confirm that the Locked-Up Notes set out above were Locked-Up Notes on or prior to the Consent Fee Deadline[7].]

OR

We write to inform you that the principal amounts of Existing $350m Notes Debt (which has not previously been Locked-Up Notes) set out in the table below, plus any accrued unpaid interest thereon, have been transferred by the Transferor to the Transferee on [*date*][8]:

ISIN / CUSIP	**Principal amount of Locked-Up Notes**
[●]	[●]

7 Please include this paragraph if you are a Transferor and the Notes being Transferred became Locked-Up Notes on or prior to the Consent Fee Deadline.
8 Please use this paragraph if the Transferor is not a Consenting Noteholder.

The Transferor: [***TRANSFEROR***]

By: [*signature of authorised person signing on behalf of Transferor*]

Name: [*print name of authorised person*]

Email address: [*email address of Transferor*]

The Transferee: [***TRANSFEREE***]

By: [*signature of authorised person signing on behalf of Transferee*]

Name: [*print name of authorised person*]

Email address: [*email address of transferee*]

CONFIDENTIAL ANNEXURE

To: Thomas Wiesner, CLO

Email: thomas.wiesner@ferroglobe.com

To: Global Loan Agency Services Limited

Email: ProjectFox@glas.agency

Date: [●]

This is a Confidential Annexure for the purposes of the Lock-Up Agreement dated [●] 2021 relating to Ferroglobe PLC and its Group. Terms used but not defined in this Confidential Annexure shall have the meanings given in the Lock-Up Agreement.

As at the date of this Confidential Annexure, our Locked-Up Notes are as follows:

ISIN / CUSIP	**Principal amount of Locked-Up Notes**
[●]	[●]

For the purposes of payment by the Information Agent of the Consent Fees, our details are as follows:

Fund Details	
Fund Name[9]	[●]
DTC Account Number	[●]
DTC Participant	[●]
Bank Account Details (USD)	
Receiving/Cash Correspondent Bank Name:	[●]
Receiving/Cash Correspondent Bank Swift Code:	[●]
Beneficiary Bank Name:	[●]
Beneficiary Bank Swift Code:	[●]

[9] Please use full legal name

Beneficiary Account Name:	[●]
Beneficiary Account Number/IBAN:	[●]
Any unique fund code which your bank/custodian requires on payments:	[●]
Call Back Details	
Name of Person:	[●]
Phone number:	[●]

Schedule 5
Term Sheet

FERROGLOBE PLC

TERM SHEET

This is the "Term Sheet" as defined in the Lock-Up Agreement. This Term Sheet forms part of and is subject to the provisions of the Lock-Up Agreement. Terms used but not defined in this Term Sheet shall have the meanings given to them in the Lock-Up Agreement.

This Term Sheet does not constitute (nor will it be construed as) (i) an offer to sell or the solicitation of an offer to buy any securities nor shall there be any sale of the securities referred to herein in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, exemption from registration or qualification under the securities laws of any such jurisdiction or (ii) a solicitation of any consent to any action, it being understood that such an offer or solicitation of consents, if any, will only be made in compliance with applicable provisions of securities, bankruptcy, and/or other applicable laws.

Ferroglobe and its Group has not registered, and does not intend to register, any portion of the New $60m Notes, the Reinstated $350m Notes, or the Outstanding $350m Notes in any jurisdictions and does not intend to conduct a public offering of New $60m Notes, the Reinstated $350m Notes, or the Outstanding $350m Notes in any jurisdictions. in particular, New $60m Notes, the Reinstated $350m Notes, or the Outstanding $350m Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws. There is no intention to register any portion of the offering in the United States or to conduct a public offering of securities in the United States. In the United States, the offer will be made only to accredited investors (as defined in Rule 501(a)(1), (2), (3), (7) or (8) under the Securities Act) in reliance on Section 4(a)(2) thereof or another available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Outside the United States, the offer will be made to non-U.S. persons in accordance with Regulation S under the Securities Act.

This Term Sheet does not purport to summarize all of the terms, conditions, representations, warranties, and other provisions with respect to the Transaction, which will be subject to the Transaction Documents.

OVERVIEW	
Existing $350m Notes Issuers	Ferroglobe PLC, a public limited company incorporated under the laws of England and Wales ("Ferroglobe") and Globe Specialty Metals, Inc., a Delaware corporation ("GSM" and, together with Ferroglobe, the "Co-Issuers").

Existing $350m Notes	$350.0 million aggregate principal amount of the 9.375% Senior Notes due 2022 (the "Existing $350m Notes") issued by the Existing $350m Notes Issuers under an indenture dated as of February 15, 2017, as amended, modified or otherwise supplemented from time to time (the "Existing $350m Notes Indenture").
NewCos	Two new companies incorporated under the laws of England and Wales ("NewCo1" and "NewCo2"), to be formed as wholly-owned subsidiaries of Ferroglobe for the purposes of the Group Reorganisation (as defined below).
Transaction	The "Transaction" shall comprise the following key elements, to occur as part of the Transaction Effective Date steps in a manner to be agreed between Ferroglobe, Tyrus and the Majority Ad Hoc Group: ● the issuance of $40 million new equity in Ferroglobe as further described in Exhibit A (the "New $40m Equity"), to be implemented by way of an Equity Offering and backstopped as set out in the New Equity Backstop Letter; ● the issuance of $60 million new debt as further described in Exhibit B (the "New $60m Notes"), to be backstopped as set out in the New Debt Backstop Letter; and ● the effectiveness of certain amendments to the Existing $350m Notes as further described in Exhibit C (the "Existing $350m Notes Amendments"), to be implemented by way of an Exchange Offer and Covenant Strip or by way of a Scheme.
Group Reorganisation	As part of the implementation of the Transaction, substantially all of the assets and liabilities of Ferroglobe (including the shares in its direct subsidiaries and its liabilities under the Notes) will be transferred to a new holding chain in accordance with principles agreed between Ferroglobe and the Majority Ad Hoc Group (the "Group Reorganisation"). The Group Reorganisation shall be implemented prior to the Transaction Effective Date such that at the Transaction Effective Date: ● NewCo1 and NewCo 2 will be direct or indirect wholly-owned subsidiaries of Ferroglobe and NewCo2 will become the holding company of the assets transferred as described above, such that Ferroglobe remains the indirect parent of the Group; and ● NewCo1 or NewCo2 (as agreed between Ferroglobe and the Majority Ad Hoc Group, following tax structuring) will be the co-issuer (with GSM) of the Reinstated $350m Notes (and the Outstanding $350m Notes, if applicable).
Transaction Consents	Any amendments, waivers and/or consents by the requisite holders and lenders, as applicable, under the Existing $350m Notes Indenture and the Receivables Facility Agreement (if applicable) necessary to implement the Transaction, including (if necessary): ● appropriate amendments to the governing law and jurisdiction provisions of the Existing $350m Notes Indenture to change the governing law from New York law to English law and to change the jurisdiction for resolution of disputes from

	the Courts of the State of New York sitting in New York City or of the United States for the Southern District of such State to the Courts of England and Wales; ● appropriate amendments to the rights and duties of the trustee under the Notes Indenture to conform to the requirements of English law; and ● appropriate amendments, waivers and/or consents by the requisite holders or lenders, as applicable, under the Existing $350m Notes Indenture and Receivables Facility Agreement (as applicable) to waive any actual or potential Defaults or Events of Default (as each such term is defined under the Existing $350m Notes Indenture and Receivables Facility Agreement, as applicable) arising out of or in connection with the implementation of the Transaction (including the relevant Transaction Implementation Option and the Group Reorganisation); and ● appropriate amendments, waivers and/or consents by the requisite holders or lenders, as applicable, under the Existing $350m Notes Indenture to permit a NewCo to become an issuer of the Existing/Reinstated $350m Notes in lieu of Ferroglobe.

<u>**Exhibit A**</u>

SUMMARY OF KEY TERMS OF THE NEW $40M EQUITY

The summary below describes the proposed principal terms of the New $40m Equity. Certain of the terms and conditions described below are subject to important limitations and exceptions, in particular the disclaimers set out on the first page of this Term Sheet.

<table>
<tr><td>Form of commitment</td><td>Lock-Up Agreement and New Equity Backstop Letter</td></tr>
<tr><td>Issuer</td><td>Ferroglobe</td></tr>
<tr><td>Amount of Equity Offering</td><td>$40 million</td></tr>
<tr><td>Process</td><td>The offering to existing shareholders of Ferroglobe or one or more third parties, using one of the following processes (the “<u>Equity Offering</u>” to be determined by Ferroglobe in consultation with Tyrus or, in the case of the Equity-Linked Instrument, with the consent of Tyrus, in accordance with the New Equity Backstop Letter), of:
● rights or warrants to purchase ordinary shares of Ferroglobe (the “<u>New Shares</u>”) at a price not less than the Issue Price; or
● New Shares at a price not less than the Issue Price or any equity-linked instrument linked to the ordinary shares of Ferroglobe (which shall not confer any special economic or voting rights vis-à-vis the existing ordinary shares of Ferroglobe and which shall be convertible into ordinary shares on or prior to the Transaction Effective Date, the “<u>Equity-Linked Instrument</u>”), in each case pursuant to a bookbuilding exercise,
in either case the issuance of the New Shares or the Equity-Linked Instrument (as applicable) to occur as part of the Transaction Effective Date steps.</td></tr>
<tr><td>Issue Price</td><td>New Shares will be issued pursuant to an Equity Offering at a price per share to be determined at the sole discretion of Ferroglobe.
New Shares may be issued to Tyrus in the arrangement described below under “Backstop” at a price per share equal to the lower of (i) a 40% discount to volume-weighted average closing price for an ordinary share in the capital of Ferroglobe on the 10 trading days prior to the Business Day immediately prior to the Transaction Effective Date, calculated by reference to the Bloomberg page “GSM US Equity VWAP” or, if such price or page is not available, then the volume-weighted average closing price shall be calculated by reference to the equivalent Reuters page (and in the event the equivalent Reuters page is not available, then such other price or source as shall be determined in good faith to be appropriate by an independent appraiser), provided that if the price for an ordinary share in the capital of Ferroglobe is materially decreasing during the relevant 10 trading day period directly as a consequence of a materially high level of short-selling activity (as determined by each of Ferroglobe and Tyrus in good faith), then Ferroglobe and Tyrus shall use reasonable endeavours to negotiate in good faith (but shall not be bound to agree) a</td></tr>
</table>

	longer period of trading days than such 10 trading day period with a view to proportionally negating, to the extent practicable, the effect on the Issue Price of the short-selling activity; and (ii) the issue price per New Share in respect of the Equity Offering; provided that the total number of New Shares issued in respect of Tyrus' commitment (after giving effect to any shares issued in connection with the Equity Offering) shall not exceed the total number of shares Ferroglobe is authorised to issue without making a pre-emptive offer to existing shareholders and are not reserved for specific purposes.
Backstop	The Equity Offering will be fully backstopped by Tyrus on terms and subject to the conditions set out in the New Equity Backstop Letter and Lock-Up Agreement, including: ● conditions precedent to the commitment of Tyrus to include (without limitation) the following: o change of control provisions in Existing \$350m Notes and New \$60m Notes to reflect the Change of Control sections of Exhibits B and C; o Article 6 (transfers) of the shareholder agreement dated 21.11.2017 between Ferroglobe and GVM (as amended on 23 January 2018) to be removed; o payment of fees of Tyrus Legal Adviser; and other conditions precedent as set out in the Equity Backstop Letter; and ● a cash backstop fee of \$1.5m, payment to be irrevocably instructed on the Transaction Effective Date and in accordance with the Closing Funds Flow Statement.

Exhibit B

SUMMARY OF KEY TERMS OF THE NEW $60M NOTES

The summary below describes the proposed principal terms of the New $60m Notes. Certain of the terms and conditions described below are subject to important limitations and exceptions, in particular the disclaimers set out on the first page of this Term Sheet.

Issuer	NewCo1 or NewCo2 (as agreed between Ferroglobe and the Majority Ad Hoc Group, following tax structuring) (the "New $60m Notes Issuer").
Amount	$60 million (first $40 million to be funded by the Backstop Providers as soon as reasonably practicable in advance of the Transaction Effective Date as set out in the Outline Implementation Steps).
Maturity Date	June 30, 2025 (unless earlier repurchased or redeemed).
Interest Rate	Interest on the New $60m Notes will accrue at a cash rate of 9.0% per annum, payable semi-annually on January 31 and July 31 of each year, commencing on January 31, 2022. Interest will accrue from the issue date of the New $60m Notes.
Repayment Premium	Make-whole premium of $17.5m payable if part or all of the $40m of New $60m Notes are redeemed following any notice of redemption or acceleration (with the premium being reduced pro rata based on the aggregate principal amount of New $60m Notes redeemed) provided that no make-whole premium shall be payable if: (a) the notice of redemption or acceleration is provided after the Lock-Up Agreement is terminated (i) by mutual written agreement of Ferroglobe PLC, Tyrus and the Majority Consenting Holders pursuant to Clause 9.1(a) of the Lock-Up Agreement; (ii) pursuant to Clauses 9.1(b)(iii), 9.1(b)(iv), 9.1 (c)(iv) or 9.1(c)(v) of the Lock-Up Agreement as a result of a breach or misrepresentation, as applicable, by any holders of the New Money Instrument in its capacity as a "Consenting Noteholders" under the Lock-Up Agreement; (iii) pursuant to Clause 9.2 (b) of the Lock Up Agreement; (iv) because a scheme of arrangement seeking to implement the transaction fails to get the requisite creditor consent or is not sanctioned by the court; (v) pursuant to Clauses 9.1(c)(viii) or 9.1(d)(viii) of the Lock Up Agreement where the Event of Default is termination of the Lock Up Agreement in the circumstances in (iii) and (iv) above; (vi) pursuant to Clause 9.2(c) of the Lock-Up Agreement as a result of the Transaction Effective Date having occurred; (vii) where the redemption occurs on or after the date falling three months after the termination of the Lock-Up Agreement; or

	(b) Ferroglobe PLC or NewCo2 is subject to Chapter 11, administration, liquidation, receivership (in any form) or an analogous procedure in any jurisdiction.
Backstop	The New $60m Notes will be backstopped on terms set out in the New Debt Backstop Letter, including: ● the parties (other than Ferroglobe) to the New Debt Backstop Letter (the "Backstop Providers") will commit to subscribe for the full amount of the Existing $60m Notes in the proportions set out in the New Debt Backstop Letter (the "Commitments"); ● any amount of the New $60m Notes not taken up by the holders of the Existing $350m Notes as part of their pro rata entitlement through the Exchange Offer and Covenant Strip or Scheme (including any amounts not taken up due to failed funders) will be taken up by the Backstop Providers in the proportions set out in the New Debt Backstop Letter; and ● in consideration for the Commitment and subject to the Backstop Providers complying with the obligations under the New Debt Backstop Letter, Ferroglobe will pay to each Backstop Provider a cash fee in an amount equal to 4.0% of that Backstop Provider's Commitment, and will irrevocably instruct the payment of that cash fee upon the issuance of the first $40m of the New $60m Notes and in accordance with the Interim Funds Flow Statement, subject to Ferroglobe having received all necessary payment information prior to the issuance date. No fee will be payable to any other holders of the Existing $350m Notes to the extent they subscribe to the New $60m Notes.
Call Schedule	● First 15m (commencing from the Transaction Effective Date): par ● Next 9m: NC (make-whole redemption to be available during NC period) ● Y3: 104.5 ● Y4+: par
Guarantors	Same as the Reinstated $350m Notes, with any additions to be agreed between Ferroglobe and the Majority Ad Hoc Group.
Priority	The New $60m Notes and associated guarantees will constitute super senior obligations of the New $60m Notes Issuer and the relevant guarantors as a result of the collateral provided.
Security	Substantially consistent with the Security Principles set out at Exhibit F.
Covenants	Substantially consistent with the Covenant Principles set out at Exhibit E, plus appropriate disapplications or carve-outs for Defaults or Events of Default arising out of or in connection with the implementation of the Transaction (to reflect the Transaction Consents).
Change of Control	Change of control provisions (and any related defined terms) to be amended so that no change of control shall occur or be deemed to occur by reason of:

- any enforcement of rights or exercise of remedies under the GVM Share Pledge, including any sale, transfer or other disposal or disposition of the shares in Ferroglobe in connection therewith;
- any disposal by GVM of its shares in Ferroglobe where the purpose of that transaction is to facilitate the repayment or discharge (in full or in part) of the GVM Loan and the proceeds of sale are promptly applied towards such repayment or discharge; or
- any mandatory offer (or analogous offer) required under the City Code on Takeovers and Mergers or any analogous regulation applied in any jurisdiction as a consequence of a transaction under limbs (1) or (2) above,

provided that, if any transaction under paragraphs (1) to (3) above occurs which, but for such paragraph(s), would be a "Change of Control" as a consequence of any person or persons (other than Tyrus) (x) acquiring any Voting Stock of the Parent or (y) being or becoming the "beneficial owner" of the voting power of any Voting Stock of the Parent (such person(s), the "**Controlling Shareholder**"):

- the Controlling Shareholder has within 60 days of that transaction and at its election:
    - paid to the Holders, on a pro rata basis, a fee in an aggregate amount equal to the product of (i) the aggregate principal amount outstanding of the Notes, (ii) 0.02 and (iii) the number of years (or part-thereof, with any part of a year calculated on the basis of the number of days divided by 360) from the payment date of such fee to June 30, 2025; or
    - made an offer to all Holders to purchase one-third of the Notes on a pro rata basis at a price equal to (A) in the first fifteen months after the Issue Date, 100 per cent. of the principal amount of such Notes plus accrued and unpaid interest or (B) at any time after the first fifteen months following the Issue Date, 101 per cent. of the principal amount of such Notes plus accrued and unpaid interest; or
- either or both of the Issuers within 60 days of that transaction has made an offer to all Holders to repurchase or purchase (as applicable), or has otherwise redeemed, one-third of the Notes on a pro rata basis at a price equal to (A) in the first fifteen months after the Issue Date, 100 per cent. of the principal amount of such Notes plus accrued and unpaid interest or (B) at any time after the fifteen months following the Issue Date, 101 per cent. of the principal amount of such Notes plus accrued and unpaid interest, resulting in such repurchased, purchased or redeemed Notes being cancelled,

and provided further that the Controlling Shareholder is not a Restricted Person.

Where:

"**GVM**" means Grupo Villar Mir S.A.U. and its successors or assigns.

"**GVM Share Pledge**" means any share pledge or charge or other similar security over the shares in the Parent held by GVM granted by GVM in support of or as collateral for its obligations under any GVM Loan from time to time.

	“**GVM Loan**” means any financing provided by Tyrus to GVM or owing by GVM to Tyrus, from time to time. “**Parent**” means Ferroglobe PLC or any other Successor Company in accordance with [the Indenture]. “**Restricted Person**” means any person that: (a) is listed on the United States Specifically Designated Nationals and Blocked Persons List; the European Union Consolidated List of Persons, Groups and Entities subject to EU Financial Sanctions; or the United Kingdom Consolidated List of Financial Sanctions Targets (each a “**Sanctions List**”); (b) is owned or controlled by a person identified on a Sanctions List, to the extent that such ownership or control results in such person being subject to the same restrictions as if such person were themselves identified on the corresponding Sanctions List; (c) is located in or incorporated under the laws of a country or territory that is the target of comprehensive sanctions imposed by the United States, which for the purposes of this Agreement, as at the date of signature of this Agreement by the last of its signatories are Iran, Syria, Cuba, the Crimea Region, and North Korea; (d) has, within the last five years, been prosecuted by a relevant authority in the United States, the United Kingdom or any member state of the European Union, in relation to a breach of securities laws (in so far as such prosecution relates to insider dealing, unlawful disclosure, market manipulation or prospectus liability) or criminal laws relating to fraud or anti-corruption, save for instances where the prosecution has concluded and did not result in any criminal or civil settlement or penalty being imposed in relation to such breaches; or (e) is a Subsidiary of a person described in (d) above. “**Tyrus**” means [***] and any of its Affiliates and/or Related Funds.
Intercreditor	Customary intercreditor terms under: ● an ICA among the Issuers, Guarantors and the trustees under the New $60m Notes and Reinstated $350m Notes Indentures, to be put in place on the Transaction Effective Date (and not when the initial $40 million is funded), and ● a pro forma ICA to be agreed to be used among the Issuers, Guarantors and the trustees under the New $60m Notes and Reinstated $350m Notes Indentures and any asset-based loan lenders, should the Group seek ABL funding in the future.
Governing Law and Jurisdiction	New York law and courts
Listing	Yes – exchange to be agreed between Ferroglobe and the Majority Ad Hoc Group.
Clearing System	Euroclear/Clearstream
Documentation	The documentation will be prepared by lawyers acting for Ferroglobe based on the Notes Indenture, subject to this Exhibit B.
Conditions Precedent to the New $60m Notes	Customary CPs, and to include: ● *with respect to the first $40m of New $60m Notes*, the Interim Funds Flow Statement being in Agreed Form; ● *with respect to the additional issuance of $20m of New $60m Notes*, the Closing Funds Flow Statement being in Agreed Form; ● all Milestones listed in the Outline Implementation Steps as preceding the relevant issuance to be completed in accordance with the Outline Implementation Steps (or waived by Ferroglobe, Tyrus and the Majority Ad Hoc Group) on or before the relevant Milestone Dates; and ● payments of fees of the AHG Advisers.

Process	An initial $40 million funding by the Backstop Providers in accordance with the Outline Implementation Steps, and a subsequent offer to all existing holders of Existing $350m Notes (including any Backstop Provider that is a holder of Existing $350m Notes) in the proportion that the principal amount of its holdings of Existing $350m Notes on the relevant record date bears to the aggregate principal amount of Existing $350m Notes on that date, to close as part of the Transaction Effective Date steps.

Exhibit C

SUMMARY OF KEY TERMS OF THE REINSTATED $350M NOTES

The summary below describes the proposed principal terms of the Reinstated $350m Notes. Certain of the terms and conditions described below are subject to important limitations and exceptions, in particular the disclaimers set out on the first page of this Term Sheet.

Issuers	NewCo1 or NewCo2 (as agreed between Ferroglobe and the Majority Ad Hoc Group, following tax structuring) and GSM (the "Reinstated $350m Notes Issuers").
Amount	$350 million (0% haircut)
Form	New indenture (the "Reinstated $350m Notes"), to become effective as part of the closing steps for the Transaction Effective Date.
Maturity Date	December 31, 2025 (unless earlier repurchased or redeemed).
Interest Rate	Interest on the Reinstated $350m Notes will accrue at a cash rate of 9.375% per annum, payable semi-annually on January 31 and July 31 of each year, commencing on January 31, 2022. Interest will accrue from the Transaction Effective Date.
Consent Fees	Consent fees to comprise the following: ● a Cash Consent Fee, payment to be irrevocably instructed on the Transaction Effective Date and in accordance with the Closing Funds Flow Statement, to each Consenting Noteholder of: o an amount equal to 1.0% of the total outstanding amount of its Early Consented Notes as at the Record Date; and o an amount equal to 0.5% of the total outstanding amount of its Late Consented Notes as at the Record Date, provided, in each case, that the Consenting Noteholder is not in material breach of its obligations under this Agreement (including the undertakings to vote on an Exchange Offer and Covenant Strip or a Scheme) as at the Transaction Effective Date; and ● an Equity Fee, to be issued on the Transaction Effective Date in conjunction with the issuance of the shares representing the Equity Offering, of: o *where the Transaction is implemented using an Exchange Offer and Covenant Strip:* ■ to each Consenting Noteholder, its proportional entitlement of a cash fee to be settled as aggregate 2.00% of the post-Transaction ordinary shares in Ferroglobe, to be calculated as the same proportion that the aggregate amount of Early Consented Notes held by that Consenting Noteholder as at the Record Date bears to the aggregate amount of all Early Consented Notes held by all Consenting Noteholders on the Record Date provided that the Consenting Noteholder is not in material breach of its obligations under this

<table>
<tr>
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<td>
Agreement (including the undertakings to vote on an Exchange Offer and Covenant Strip or a Scheme) as at, the Transaction Effective Date; and, without limiting any Noteholder's entitlement to the 2.00% Early Equity Fee
each Noteholder who provides consent and participates in the Exchange Offer and Covenant Strip, its proportional entitlement of a cash fee to be settled as aggregate 1.75% of the post-Transaction ordinary shares in Ferroglobe, to be calculated as the same proportion as their holding of Existing $350m Notes as at the end of the solicitation period of the Exchange Offer and Covenant Strip bears to the aggregate holdings as at that date of those that consented and participated; or
where the Transaction is implemented using a Scheme; each Noteholder, its proportional entitlement of a cash fee to be settled as aggregate 3.75% of the post-Transaction ordinary shares in Ferroglobe, to be calculated as the same proportion that the aggregate amount of Existing $350m Notes held by that Noteholder as at the Record Date bears to the aggregate amount of Existing £350m Notes held by all Noteholders as at the Record Date,
provided that (i) only the Exchange Offer and Covenant Strip fees or the Scheme fees may become payable, and not both and (ii) any reference to "post-Transaction ordinary shares in Ferroglobe" shall mean, without limitation, after any dilution resulting from the Equity Offering, arrangements under the New Equity Backstop Letter and the issuance of any fees to Tyrus.
Where:
"<u>Early Consented Notes</u>" means Existing $350m Notes which became Locked-Up Notes on or prior to the Consent Fee Deadline;
And
"<u>Late Consented Notes</u>" means Existing $350m Notes which are not Early-Consented Notes and which became Locked-Up Notes:

if the Existing $350m Notes Amendments are implemented using an Exchange Offer and Covenant Strip, the day on which the solicitation period of the Exchange Offer and Covenant Strip ends; and
if the Existing $350m Notes Amendments are implemented using a Scheme, the date of the Scheme meeting.

</td>
</tr>
<tr>
<td>Call Schedule</td>
<td>

Y1: NC (make-whole redemption to be available during NC period)
Y2: 104.6875
Y3: 102.34375
Y4: 101

</td>
</tr>
</table>

	● Y5: par
Guarantors	Same as the existing guarantors plus the addition of the same new guarantors as for the New Notes.
Priority	The Reinstated $350m Notes and associated guarantees will constitute senior obligations of the Reinstated $350m Notes Issuers and the relevant guarantors.
Security	Substantially consistent with the Security Principles set out at Exhibit F.
Covenants	Substantially consistent with the Covenant Principles set out at Exhibit E.
Change of Control	Change of control provisions (and any related defined terms) to be amended so that no change of control shall occur or be deemed to occur by reason of: ● any enforcement of rights or exercise of remedies under the GVM Share Pledge, including any sale, transfer or other disposal or disposition of the shares in Ferroglobe in connection therewith; ● any disposal by GVM of its shares in Ferroglobe where the purpose of that transaction is to facilitate the repayment or discharge (in full or in part) of the GVM Loan and the proceeds of sale are promptly applied towards such repayment or discharge; or ● any mandatory offer (or analogous offer) required under the City Code on Takeovers and Mergers or any analogous regulation applied in any jurisdiction as a consequence of a transaction under limbs (1) or (2) above, provided that, if any transaction under paragraphs (1) to (3) above occurs which, but for such paragraph(s), would be a "Change of Control" as a consequence of any person or persons (other than Tyrus) (x) acquiring any Voting Stock of the Parent or (y) being or becoming the "beneficial owner" of the voting power of any Voting Stock of the Parent (such person(s), the "**Controlling Shareholder**"): ● the Controlling Shareholder has within 60 days of that transaction and at its election: o paid to the Holders, on a pro rata basis, a fee in an aggregate amount equal to the product of (i) the aggregate principal amount outstanding of the Notes, (ii) 0.02 and (iii) the number of years (or part-thereof, with any part of a year calculated on the basis of the number of days divided by 360) from the payment date of such fee to December 31, 2025; or o made an offer to all Holders to purchase one-third of the Notes on a pro rata basis at a price equal to 101 per cent. of the principal amount of such Notes plus accrued and unpaid interest; or ● either or both of the Issuers within 60 days of that transaction has made an offer to all Holders to repurchase or purchase (as applicable), or has otherwise redeemed, one-third of the Notes on a pro rata basis at a price equal to 101 per cent. of the principal amount of such Notes plus accrued and unpaid interest, resulting in such repurchased, purchased or redeemed Notes being cancelled,

<table>
<tr><td></td><td>and provided further that the Controlling Shareholder is not a Restricted Person.

Where:

“GVM” means Grupo Villar Mir S.A.U. and its successors or assigns.

“GVM Share Pledge” means any share pledge or charge or other similar security over the shares in the Parent held by GVM granted by GVM in support of or as collateral for its obligations under any GVM Loan from time to time.

“GVM Loan” means any financing provided by Tyrus to GVM or owing by GVM to Tyrus, from time to time.

“Parent” means Ferroglobe PLC or any other Successor Company in accordance with [the Indenture].

“Restricted Person” means any person that: (a) is listed on the United States Specifically Designated Nationals and Blocked Persons List; the European Union Consolidated List of Persons, Groups and Entities subject to EU Financial Sanctions; or the United Kingdom Consolidated List of Financial Sanctions Targets (each a “Sanctions List”); (b) is owned or controlled by a person identified on a Sanctions List, to the extent that such ownership or control results in such person being subject to the same restrictions as if such person were themselves identified on the corresponding Sanctions List; (c) is located in or incorporated under the laws of a country or territory that is the target of comprehensive sanctions imposed by the United States, which for the purposes of this Agreement, as at the date of signature of this Agreement by the last of its signatories are Iran, Syria, Cuba, the Crimea Region, and North Korea; (d) has, within the last five years, been prosecuted by a relevant authority in the United States, the United Kingdom or any member state of the European Union, in relation to a breach of securities laws (in so far as such prosecution relates to insider dealing, unlawful disclosure, market manipulation or prospectus liability) or criminal laws relating to fraud or anti-corruption, save for instances where the prosecution has concluded and did not result in any criminal or civil settlement or penalty being imposed in relation to such breaches; or (e) is a Subsidiary of a person described in (d) above.

“Tyrus” means [***] and any of its Affiliates and/or Related Funds.</td></tr>
<tr><td>Transfer Restrictions; No Registration Rights</td><td>The Reinstated $350m Notes and the associated guarantees will not be registered under the Securities Act of 1933, as amended (the “<u>Securities Act</u>”) and may not be offered or sold, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.</td></tr>
<tr><td>Intercreditor</td><td>Customary intercreditor terms under:

● an ICA among the Issuers, Guarantors and the trustees under the New $60m Notes and Reinstated $350m Notes Indentures, to be put in place on the Transaction Effective Date (and not when the initial $40m is funded), and

● a pro forma ICA to be agreed to be used among the Issuers, Guarantors and the trustees under the New $60m Notes and Reinstated $350m Notes</td></tr>
</table>

	Indentures and any asset-based loan lender, should the Group seek ABL funding in the future.
Governing Law and Jurisdiction	New York law and courts
Clearing System	DTC (if same instrument) and Euroclear/Clearstream (if new instrument).
Documentation	The documentation will be prepared by lawyers acting for Ferroglobe based on the Existing $350m Notes Indenture, subject to this Exhibit C.
Conditions precedent	Same as the New $60m Notes (other than the Interim Funds Flow Statement being in Agreed Form).
Process	Consent request to all existing holders of Existing $350m Notes using one of the following Transaction Implementation Options: ● a Consent Solicitation and Covenant Strip; or ● a Scheme, in either case to occur as part of the Transaction Effective Date steps.

Exhibit D

SUMMARY OF KEY TERMS OF OUTSTANDING $350M NOTES

The summary below describes the proposed principal terms of any Outstanding $350m Notes, being any Existing $350m Notes not exchanged for Reinstated $350m Notes, if the Existing $350m Notes Amendments are implemented using an Exchange Offer and Covenant Strip. Certain of the terms and conditions described below are subject to important limitations and exceptions, in particular the disclaimers set out on the first page of this Term Sheet.

Issuers	NewCo1 or NewCo2 (as agreed between Ferroglobe and the Majority Ad Hoc Group, following tax structuring) and GSM
Amount	No change
Form	No change
Maturity Date	No change
Interest Rate	No change
Consent Fees	None
Call Schedule	No change
Guarantors	No change
Collateral	None
Covenants	Eliminate substantially all of the restrictive covenants, certain events of default and other related provisions in the Existing $350m Notes Indenture, including, without limitation, all of Article IV (*Covenants*) other than Section 4.12 (*Payment of Notes*), Section 4.13 (*Withholding Taxes*), Section 4.13A (*Agreed Tax Treatment*) and Section 5.01 (*Merger and Consolidation*).
Change of Control	Remove change of control.
Transfer Restrictions; No Registration Rights	No change
Intercreditor	None
Governing Law and Jurisdiction	New York law and courts
Clearing System	DTC
Documentation	The documentation will be prepared by lawyers acting for Ferroglobe based on the Existing $350m Notes Indenture, subject to this Exhibit D.

Exhibit E

COVENANT PRINCIPLES

The summary below describes the proposed covenant principles for the New $60m Notes and Reinstated $350m Notes. Certain of the principles described below are subject to important limitations and exceptions, in particular the disclaimers set out on the first page of this Term Sheet.

	New Money Instrument	**Reinstated Notes**
DEBT		
Section 4.01(a) Debt Incurrence Ratio	"The Parent will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness); *provided*, *however*, that each Issuer and any Guarantor may Incur Indebtedness (including Acquired Indebtedness) if on the date of such Incurrence and after giving *pro forma* effect thereto (including *pro forma* application of the proceeds thereof), the Fixed Charge Coverage Ratio for the Parent and its Restricted Subsidiaries would have been at least 2.0 to 1.0 and the Consolidated Net Leverage Ratio for the Parent and its Restricted Subsidiaries would have been at least 3.0 to 1.0."	
Definition of "Consolidated Net Leverage Ratio"	"(1) … will be given pro forma effect (as determined in good faith by a responsible accounting or financial officer of the Parent) as if they had occurred on the first day of the reference period; provided that if definitive documentation has been entered into with respect to a Purchase that is part of the transaction causing a calculation to be made hereunder, Consolidated EBITDA for such period will be calculated after giving pro forma effect to such Purchase as if such Purchase had occurred on the first day of such period, even if the Purchase has not yet been consummated as of the date of determination" "(2) the Consolidated EBITDA (whether positive or negative) attributable to discontinued operations, as determined in accordance with IFRS, and operations, businesses or group of assets constituting a business or operating unit (and ownership interests therein) disposed of during the reference period or subsequent to such reference period and prior to the Calculation Date, will be excluded on a pro forma basis as if such disposition occurred on the first day of such period" Delete (7)	
Definition of "Fixed Charge Coverage Ratio"	"… then the Fixed Charge Coverage Ratio will be calculated giving pro forma effect (as determined in good faith by a responsible accounting or financial officer of such Person)to such Incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance, retirement, extinguishment or other discharge of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or Preferred Stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter period..." "(1) … will be given pro forma effect (as determined in good faith by a responsible accounting or financial officer of such Person), as if they had occurred on the first day of the four-quarter reference period; provided that, if definitive documentation has been entered into with respect to a Purchase that is part of the transaction causing a calculation	

	New Money Instrument	Reinstated Notes
	to be made hereunder, Consolidated EBITDA for such period will be calculated after giving pro forma effect to such Purchase as if such Purchase had occurred on the first day of such period, even if the Purchase has not yet been consummated as of the date of determination" Delete (8)	
Section 4.01(b)(i) Credit Facilities Basket	"Indebtedness Incurred pursuant to any Credit Facility (including in respect of letters of credit or bankers' acceptances issued or created thereunder), and any Refinancing Indebtedness in respect thereof and Guarantees in respect of such Indebtedness in a maximum aggregate principal amount at any time outstanding not to exceed $100.0 million; *plus* in the case of any refinancing of any Indebtedness permitted under this Section 4.01(b)(i) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses incurred in connection with such refinancing; *provided* that the aggregate principal amount of Indebtedness Incurred by Restricted Subsidiaries that are not Guarantors or an Issuer pursuant to this Section 4.01(b)(i) shall not exceed $10.0 million at any time " The Indenture will include provisions to permit the incurrence of a new ABL facility, subject to availability of debt capacity. To facilitate the incurrence of a new ABL facility, the following provisions will be added to the Indenture: ● At the request of either Issuer, the Trustee and the Security Agent shall, and will be authorized and obligated under the Indenture to, enter into an agreed form intercreditor agreement with the ABL lenders (or their agent or representative) in the form attached to the Indenture (the "ABL Intercreditor Agreement") ● At the request of either Issuer, the Trustee and the Security Agent shall, and will be authorized and obligated under the Indenture to, enter into amendments or replacements to the security documents to provide the ABL lenders and/or their agent a first ranking lien (which will be prior to the lien securing the Holders) on the ABL Collateral and a second ranking lien (or a junior position in the proceeds waterfall) on all other liens that the Holders have	
Paragraph (25)(b) of the definition of "Permitted Lien"	"Liens securing Indebtedness Incurred under Section 4.01(b)(i), provided, that the lenders under any ABL Facility secured by such Liens (or their representative) shall have acceded to the ABL Intercreditor Agreement"	
Definitions of "Consolidated Senior Secured Net Leverage" and "Consolidated Senior Secured Net Leverage Ratio"	Delete	
Section 4.01(b)(xi) General Debt Basket	Delete	

<table>
<tr><th></th><th>New Money Instrument</th><th>Reinstated Notes</th></tr>
<tr><td>New 4.01(b)(xi)
ROFO Basket (replacing the general debt basket)</td><td>“(xi) Indebtedness of the Issuer or any Guarantor in an aggregate outstanding principal amount which, when taken together with any Refinancing
Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this Section 4.01(b)(xi) and then outstanding, will not exceed $25.0 million, provided that the ROFO Condition has been satisfied.”
“ROFR Condition” will be defined to include a mechanism to make an offer to the Holders to lend under this basket.</td><td>“(xi) Indebtedness of the Issuer or any Guarantor in an aggregate outstanding principal amount which, when taken together with any Refinancing
Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this Section 4.01(b)(xi) and then outstanding, will not exceed $25.0 million.”</td></tr>
<tr><td>Section 4.01(c) Limitation on Non-Guarantor Debt</td><td colspan="2">Delete</td></tr>
<tr><td>Section 4.01(c)</td><td>Add new Section 4.01(c) that states that the following debt incurrence baskets will be turned off until the Transaction Effective Date occurs and the New Equity is funded:
● Ratio based incurrence baskets
● Section 4.01(b)(i)
● New Section 4.01(b)(xi)</td><td>N/A</td></tr>
<tr><td>Section 4.01(b)(vii) Capital Leases / Purchase Money Debt Basket</td><td>$15.0 million only – remove “1.0% of Consolidated Net Tangible Assets</td><td>No change</td></tr>
<tr><td>Definition of “IFRS”</td><td colspan="2">“IFRS” means International Financial Reporting Standards (formerly International Accounting Standards) (“IFRS”) endorsed from time to time by the European Union or any variation thereof with which the Parent or its Restricted Subsidiaries are, or may be, required to comply. All ratios and calculations contained in this Indenture shall be computed in accordance with IFRS.</td></tr>
<tr><td>Section 4.01(b)(v) Acquired / Acquisition Debt Basket</td><td colspan="2">Delete</td></tr>
<tr><td>Section 4.01(b)(iv)</td><td>“(A) Indebtedness represented by the Notes (other than any Additional Notes) outstanding on the Issue Date and the related</td><td>“(A) Indebtedness represented by the Notes (other than any Additional Notes) outstanding on the Issue Date and the related</td></tr>
</table>

	New Money Instrument	Reinstated Notes
	Note Guarantees, Additional Notes up to an aggregate principal amount of $25 million issued on the Transaction Effective Date and the related Note Guarantees, and the Reinstated Notes and the guarantees of the Reinstated Notes outstanding on the Transaction Effective Date, (B) any Indebtedness (other than Indebtedness described in Section 4.01(b)(iii)) outstanding on the Issue Date after giving effect to the Transaction, consisting of the Indebtedness listed on Schedule [1] to the Indenture, (C) Refinancing Indebtedness Incurred in respect of any Indebtedness described in this Section 4.01(b)(iv) (other than clause (iv)(D)), Section 4.01(b)(v) or Incurred pursuant to Section 4.01(a), (D) Management Advances and (E) any loan or other instrument contributing the proceeds of the Notes and/or the Reinstated Notes;" Debt to be in the schedule include: ● Reindus loan (2016) ● Silicio FerroSolar loan (2016) ● FerroAtlantica del Cinca loan (2008) ● French Covid and Quebec Silicon loans (2020)	Note Guarantees, and the New Money Instrument and the guarantees of the New Money Instrument outstanding on the Issue Date, (B) any Indebtedness (other than Indebtedness described in Section 4.01(b)(iii)) outstanding on the Transaction Effective Date after giving effect to the Transaction, consisting of the Indebtedness listed on Schedule [1] to the Indenture, (C) Refinancing Indebtedness Incurred in respect of any Indebtedness described in this Section 4.01(b)(iv) (other than clause (iv)(D)), Section 4.01(b)(v) or Incurred pursuant to Section 4.01(a), (D) Management Advances and (E) any loan or other instrument contributing the proceeds of the Notes and/or the New Money Instrument;" Debt to be in the schedule include: ● Reindus loan (2016) ● Silicio FerroSolar loan (2016) ● FerroAtlantica del Cinca loan (2008) ● French Covid and Quebec Silicon loans (2020)
Paragraph (9) of "Indebtedness"	"to the extent not otherwise included in this definition, net obligations of such Person under Currency Agreements, Interest Rate Agreements and Commodity Hedging Agreements (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time)."	
Section 4.01(b)(xiii) Qualified Securitization Facilities	"Indebtedness Incurred under (i) the [*current A/R facility*] (the "Existing A/R Facility"), (ii) any Qualified Securitization Financing that refinances or replaces the Existing A/R Facility and (iii) any other Qualified Securitization Financing, for this clause (iii), in an aggregate principal amount not to exceed $25.0 million at any one time"	
Section 4.01(b)(xv) Debt of Permitted JVS	Delete	
Section 4.01(b)(ii)	"Guarantees by the Parent or any Restricted Subsidiary of Indebtedness of either Issuer or any Guarantor or guarantees by any Restricted Subsidiary that is not a Guarantor of	

	New Money Instrument	Reinstated Notes
Guarantees Basket	Indebtedness of any other Restricted Subsidiary that is not a Guarantor, so long as the Incurrence of such Indebtedness is permitted under the terms of this Indenture, provided, that if such Indebtedness is subordinated to the Notes or any Note Guarantee, then such guarantees shall also be subordinated to the Note or such Note Guarantee on the same basis”	
“Refinancing Indebtedness”	“”	
Reclassification	Amend clause (d)(ii): Indebtedness Incurred under Section 4.01(b)(i) may not be reclassified	No change
“Subordinated Shareholder Funding”	To introduce the concept of “Subordinated Shareholder Funding,” which will be defined as funds that (1) are provided by a shareholder to the Parent (and not to any Subsidiary), (2) are subordinated in right of payment to the New Money Instrument (by acceding to the intercreditor agreement to be entered into in connection with the initial security documents (the “Intercreditor Agreement”), (3) are unsecured and not benefit from any upstream guarantees, (3) accrue only PIK interest and (4) provide that no payments in cash can be made until at least 6 months after the maturity of the New Money Instrument. Subordinated Shareholder Funding will not be “Indebtedness.” However, to the extent a shareholder loan does not meet (1) through (4) above and is deemed an Indebtedness, a shareholder should not be prohibited from providing such Indebtedness if it passes the relevant covenants.	To introduce the concept of “Subordinated Shareholder Funding,” which will be defined as funds that (1) are provided by a shareholder to the Parent (and not to any Subsidiary), (2) are subordinated in right of payment to the Reinstated Notes (by acceding to the intercreditor agreement to be entered into in connection with the initial security documents (the “Intercreditor Agreement”)), (3) are unsecured and not benefit from any upstream guarantees, (3) accrue only PIK interest and (4) provide that no payments in cash can be made until at least 6 months after the maturity of the Reinstated Notes. Subordinated Shareholder Funding will not be “Indebtedness.” However, to the extent a shareholder loan does not meet (1) through (4) above and is deemed an Indebtedness, a shareholder should not be prohibited from providing such Indebtedness if it passes the relevant covenants.
LIENS		
Definition of Permitted Lien (25)	“(a) Liens created for the benefit of or to secure, directly or indirectly, the Notes and the Note Guarantees, and the Reinstated Notes and the guarantees of the Reinstated Notes as of the Issue Date, (b) Liens securing Indebtedness Incurred under Section 4.01(b)(i); *provided* that (i) any Government Loan incurred pursuant to Section 4.01(b)(i) prior to the Transaction	“(a) Liens created for the benefit of or to secure, directly or indirectly, the Notes and the Note Guarantees, and the New Money Instrument and the guarantees of the New Money Instrument as of the Transaction Effective Date, (b) Liens securing Indebtedness Incurred under Section 4.01(b)(i); *provided* that (i) any Government Loan incurred pursuant to Section 4.01(b)(i)

	New Money Instrument	Reinstated Notes
	Effective Date shall be unsecured and (ii) any Qualified Securitization Financing (other than an ABL Facility) incurred pursuant to Section 4.01(b)(i) shall not be secured by the Collateral and (c) Liens in respect of property and assets securing Indebtedness if the recovery in respect of such Liens is subject to loss-sharing or sharing of recoveries as among the Holders of the Notes and the creditors of such Indebtedness"	prior to the Transaction Effective Date shall be unsecured and (ii) any Qualified Securitization Financing (other than an ABL Facility) incurred pursuant to Section 4.01(b)(i) shall not be secured by the Collateral and (c) Liens in respect of property and assets securing Indebtedness if the recovery in respect of such Liens is subject to loss-sharing or sharing of recoveries as among the Holders of the Notes and the creditors of such Indebtedness"
Definition of Permitted Lien (14)	Delete	
Definition of Permitted Lien (1)	"Liens on assets or property of any Restricted Subsidiary that is not a Guarantor (or the US Co-Issuer) securing Indebtedness of such Restricted Subsidiary that is not a Guarantor (or the US Co-Issuer)"	
Definition of Permitted Lien (13)	"Liens existing on, or provided for or required to be granted under written agreements existing on, the Issue Date"	"Liens existing on, or provided for or required to be granted under written agreements existing on, the Transaction Effective Date"
Definition of Permitted Lien (15)	"(i) Liens on assets or property of either Issuer or any Guarantor securing Indebtedness or other obligations of such Issuer or Guarantor owing to either Issuer or any Guarantor, (ii) Liens in favor of either Issuer or any Guarantor"	
Permitted Lien on ROFO Basket	Add a Permitted Lien securing Indebtedness Incurred under the ROFO Basket above with the Collateral only	
Definition of Permitted Lien (26)	Delete basket	
RESTRICTED PAYMENTS		
Definition of "Restricted Payment"	Payments of cash interest or principal on Subordinated Shareholder Funding will be a Restricted Payment.	
Definition of "Subordinated Indebtedness"	To include, in addition, (1) any Indebtedness for borrowed money that is secured solely by a Lien that ranks junior to any Liens securing the Notes and the Note Guarantees	To include, in addition, (1) any Indebtedness for borrowed money that is secured solely by a Lien that ranks junior to any Liens securing the Notes and the Note Guarantees

	New Money Instrument	Reinstated Notes
	and the Reinstated Notes and the guarantees of the Reinstated Notes and (2) any unsecured Indebtedness for borrowed money, in each case other than any government loan or any ABL facility.	and the New Money Instrument and the guarantees of the New Money Instrument and (2) any unsecured Indebtedness for borrowed money, in each case other than any government loan or any ABL facility.
Section 4.02(a)(C) Build-Up Basket	Delete	
Section 4.02(c)(x) General RP Basket	Delete	
Definition of "Permitted Investment" (11)	Delete	
Definition of "Permitted Investment" (16)	Delete	
Section 4.02(c)(xiv) Leverage Basket	Delete	
Section 4.02(c)(vi) MGMT. Equity Repurchase	Delete	
Definition of "Management Advances"	"*Management Advances*" means loans or advances made to, or Guarantees with respect to loans or advances made to, directors, officers, employees or consultants of any Parent Holdco, the Parent or any Restricted Subsidiary: 1(4) (a) in respect of travel, entertainment or moving related expenses incurred in the ordinary course of business or (b) for purposes of funding any such person's purchase of Capital Stock of the Parent, its Subsidiaries or any Parent Holdco with (in the case of this sub-clause (b)) the approval of the Board of Directors; or (5) in respect of moving related expenses incurred in connection with any closing or consolidation of any facility or office.	
Definition of "Permitted Investment" (1)	"Investments in (a) a Restricted Subsidiary (including the Capital Stock of a Restricted Subsidiary) or the Parent or (b) a Person that is engaged in any Similar Business (including the Capital Stock of any such Person) and such Person will, upon the making of such Investment, become a Restricted Subsidiary; *provided* that the aggregate of Investments in Restricted Subsidiaries that are not Guarantors made pursuant to this paragraph (1) and paragraph (2) by the Issuers and the Guarantors shall not exceed $10 million outstanding at any one time"	

	New Money Instrument	Reinstated Notes
Definition of "Permitted Investment" (2)	Investments in another Person if such Person is engaged in any Similar Business and as a result of such Investment such other Person is merged, consolidated or otherwise combined with or into, or transfers or conveys all or substantially all its assets to, the Parent or a Restricted Subsidiary; provided that the aggregate of Investments in Restricted Subsidiaries that are not Guarantors made pursuant to this paragraph (2) by the Issuers and the Guarantors shall not exceed $10 million outstanding at any one time;	
Definition of "Excluded Contributions"	Delete To be clarified that the New Equity contributed in connection with the Transaction shall not be contributed as an Excluded Contribution	No change To be clarified that the New Equity contributed in connection with the Transaction shall not be contributed as an Excluded Contribution
Section 4.02(c)(iv)(C) Repurchase of Sub Debt that is Acquired Debt	Delete	
Definition of "Permitted Investment" (15)	"Guarantees of Indebtedness of the Parent or any of its Restricted Subsidiaries not prohibited by Section 4.01 and (other than with respect to Indebtedness) guarantees, keepwells and similar arrangements in the ordinary course of business"	
Unrestricted Subsidiaries	No ability to create or invest in Unrestricted Subsidiaries	
ASSET SALES		
Asset Dispositions	Net Available Cash of Asset Dispositions may not be used in accordance with Section 4.05(b)(i) through (viii). Net Available Cash of Asset Dispositions will constitute Excess Proceeds. If the aggregate amount of Excess Proceeds exceeds $5 million, such Excess Proceeds must be used to repay debt (or, in the case of the New Money Instrument or Reinstated Notes, offer to purchase at par) in accordance with the waterfall under the applicable intercreditor agreement within a time period to be determined. The proceeds of a sale of collateral securing an ABL facility will be applied in accordance with the waterfall under the ABL Intercreditor Agreement, while the proceeds of a sale of other assets will be applied in accordance with the waterfall under the Intercreditor Agreement.	
Asset Dispositions	If assets sold are collateral for the New Money Instrument/Reinstated Notes, then any Replacement Assets should secure the New Money Instrument/Reinstated Notes to the	

	New Money Instrument	Reinstated Notes
	extent and so long as the provision of such collateral is not reasonably expected to result in (i) any violation of applicable law or regulation, (ii) any liability of officers, directors or shareholders, (iii) any cost, expense, liability or obligation (including with respect to taxes) other than reasonable out-of-pocket expenses and other reasonable expenses incurred in connection with any governmental or regulatory filings, or (iv) inconsistency with any intercreditor agreement.	
Section 4.05(b)(i)	N/A	The requirement to make offers to the holders of Reinstated Notes should not be limited to the payment of Public Debt.
Definition of "Asset Disposition" (7) De Minimis	$10.0 million	
Section 4.05(c) Excess Proceeds	$5.0 million	
Section 4.05(a)(G) Designated Non-Cash Consideration	Delete	
Definition of "Asset Disposition" (1) Transfers to Non-Guarantors	Any lien on collateral transferred to any Restricted Subsidiary that is not a Guarantor must be maintained. The intercreditor agreements to allow for any Restricted Subsidiary that is not a Guarantor to accede as "third-party security provider" for this purpose. For the avoidance of doubt, the requirement above shall not apply to collateral transferred to any Restricted Subsidiary that is not a Guarantor by way of any Investment by either Issuer or any Guarantor in a Restricted Subsidiary that is not a Guarantor pursuant to clause (1) of Permitted Investments.	
Definition of "Asset Disposition" (8) Funding RPs	(8) any Restricted Payment that is permitted to be made, and is made, under Section 4.02 and the making of any Permitted Payment or Permitted Investment;	
AFFILIATE TRANSACTIONS		
Section 4.06(a) De Minimis Threshold	$2.0 million	
Section 4.06(a)(ii) Board Approval Required	(ii) in the event such Affiliate Transaction involves an aggregate value in excess of $10.0 million, the terms of such transaction or series of related transactions have been approved by a resolution of the majority of the disinterested members of the Board of Directors of the Parent resolving that such transaction complies with clause (i) of this Section 4.06(a); *provided*, that if a majority of the members of the Board of Directors are not disinterested in the transaction, the Parent shall deliver a Fairness Opinion to the Trustee	

	New Money Instrument	Reinstated Notes
Section 4.06(a)(iii) Fairness Opinion Required	Add new Section 4.06(a)(iii) for an independent fairness opinion (a "Fairness Opinion") requirement at $20 million	
EVENTS OF DEFAULT		
Global Note, paragraph 1, Default Rate	2%	
Section 6.01(f) Cross-Acceleration	$10 million In addition to cross-acceleration, a default or event of default under the terms of an ABL Facility involving a principal amount of Indebtedness of $10 million or more in the aggregate that permits the acceleration or the termination of any commitments to lend under such ABL Facility.	$10 million
Section 6.01(i) Judgement Default	$10 million	
Section 6.01(j) Invalidity of Guarantee	"any Note Guarantee ceases to be in full force and effect (other than in accordance with the terms of such Note Guarantee or this Indenture) or is declared invalid or unenforceable in a judicial proceeding or any Guarantor denies or disaffirms in writing its obligations under its Note Guarantee and any such Default continues for 10 days."	
Section 6.01(k) Invalidity of Security	New Section 6.01(k) to be added with respect to invalidity of security interests in respect of Collateral with an aggregate value of more than $5.0 million	
Section 6.01(l)	New Section 6.01(l) to be added: The Lock-Up Agreement is terminated in accordance with its terms other than (x)(a) by mutual written agreement of Ferroglobe, Tyrus and the Majority Consenting Holders pursuant to Clause 9.1(a) of the Lock-Up Agreement or (b) pursuant to Clauses 9.1(b)(iii), 9.1(b)(iv), 9.1 (c)(iv) or 9.1(c)(v) of the Lock-Up Agreement as a result of a breach or misrepresentation, as applicable, by the holders of the New Money Instrument in their capacity as "Consenting Noteholders" under the Lock-Up Agreement or (y) pursuant to Clause 9.2 (c) of the Lock-Up Agreement	N/A
Security release	Any security release other than in accordance with the applicable intercreditor agreement or the Indenture to require the consent of each Holder of an outstanding Note affected	

	New Money Instrument	Reinstated Notes
Acceleration	Applicable Premium to be expressly made payable upon any acceleration	
OTHER		
Section 4.08 (b) Additional Note Guarantees	Section 4.08(b) to require a Restricted Subsidiary to guarantee the New Money Instrument / Reinstated Notes where it guarantees: ● Indebtedness outstanding under the ABL, any credit facility that refinances ABL, and any other credit facility of either Issuers/Guarantors ● any debt incurred under Credit Facility and general debt basket that exceeds $10 million	
Guarantor coverage test and Material Companies Test	● **Guarantor coverage test** o Test to confirm whether each of (i) assets, (ii) sales and (iii) EBITDA is at least 90% o Taking into account each entity in the Group on an unconsolidated basis and excluding all intra-Group items and investments in subsidiaries of another member of the Group o Calculated in accordance with the following principles: ■ Exclude the following entities: ● (only for purposes of any EBITDA test) any entity with negative EBITDA (to exclude from both the numerator and the denominator) ● Any entity which cannot, or is not required to, become a Guarantor due to legal or regulatory prohibitions ● Any entity that would incur fees or other costs which are disproportionate to the benefit obtained by the holders of the Notes or would have to unduly disrupt its business to grant a guarantee ● Any entity which is not wholly-owned by another member of the Group, but only if minority shareholders require consent to grant a guarantee ■ Test annually based on the year-end financial statements on the date the year-end financial statements are required to be delivered (i.e., 120 days from year end) o If the test is not satisfied, then members of the Group need to accede as Guarantors within 90 days ● **Material Companies test** o To be defined as any member of the Group which represents at least 5% of assets, sales or EBITDA on the test date for the Guarantor coverage test and to include (without limitation) Ferroglobe PLC and all existing Guarantors o Any Material Company that is not a Guarantor must accede as a Guarantor (i) within 90 days of the test date for Guarantor coverage and (ii) within 60 days following end of Q2	

	New Money Instrument	Reinstated Notes
	Future guarantors to provide asset security subject to agreed security principles (to include the same kinds of security interests as for an original guarantor with respect to relevant assets as are specified in Exhibit F of the Term Sheet for a future guarantor incorporated in the same jurisdiction as such original guarantor and 'all-assets' security where available in a relevant jurisdiction for other future guarantors) consistent with the principles for guarantees described above.	
Disenfranchisement	No change from Existing $350m Notes	
Definition of "Consolidated Net Income"	"(4) [Reserve];" "(11) any one-time non-cash charges or any amortization or depreciation, in each case to the extent related to the Refinancing or any acquisition of another Person or business; and"	
Definition of "Consolidated EBITDA"	In the definition of "Consolidated EBITDA," add the following to the extent deducted in calculating Consolidated Net Income: "any extraordinary, one-off, non-recurring, exceptional or unusual gain, loss, expense or charge, including any charges or reserves in respect of any restructuring, redundancy, relocation, refinancing, integration or severance or other post-employment arrangements, signing, retention or completion bonuses, transaction costs (including costs related to the Refinancing or any investments), acquisition costs, business optimization, system establishment, software or information technology implementation or development, costs related to governmental investigations and curtailments or modifications to pension or post-retirement benefits schemes, litigation or any asset impairment charges or the financial impacts of natural disasters (including fire, flood and storm and related events)" "any one-time non-cash charges or any amortization or depreciation, in each case to the extent related to the Refinancing or any acquisition of another Person or business or resulting from any reorganization or restructuring or Incurrence of Indebtedness involving the Parent or its Restricted Subsidiaries"	
Security/Collateral	Customary security/collateral-related provisions to be added throughout the Indenture, including an article on "Collateral and Security". Agreed Security Principles to be included in the Intercreditor Agreement.	
Listing	Irish Stock Exchange (GEM)	
Ratings	Commercially reasonable efforts to maintain an instrument rating from one rating agency	
Settlement	Euroclear/Clearstream for New Money Instrument. DTC (if same instrument) and Euroclear/Clearstream (if new instrument) for Reinstated Notes.	
COMI	Add requirement for Issuers and Guarantors to maintain COMI in jurisdiction of registration	

	New Money Instrument	Reinstated Notes
Use of Proceeds	Add requirement that the proceeds of the initial tranche of the New Money Instrument will be applied in Spain and France	

Exhibit F

SECURITY PRINCIPLES

The summary below describes the proposed security principles for the New $60m Notes and Reinstated $350m Notes. Certain of the principles described below are subject to important limitations and exceptions, in particular the disclaimers set out on the first page of this Term Sheet.

Security Providers

Newcos	**EU Guarantors**	**Existing ABL Guarantors/Borrowers**
Holdco; Finco	Spanish/ French Guarantors of the bonds: Ferropem SAS Ferroatlantica Participaciones S.L.U. Ferrosolar OPCO Group S.L. Grupo Ferroatlantica De Servicios S.L.U. Grupo Ferroatlantica S.A.U. Ferroatlantica De Boo S.L.U. Ferroatlantica De Sabon S.L.U. New guarantors: Ferroglobe Manganese Norge AS (Norway) Ferroglobe Manganese France Ferroatlantica del Cinca	GSM Financial Inc. Globe Metallurgical Inc. GSM Sales Inc. Solsil Inc. GSM Alloys I Inc. GSM Alloys II Inc. Globe Metals Enterprises LLC Globe Speciality Metals Inc Core Metals Group Holdings LLC Core Metals Group LLC Metallurgical Process Materials LLC Tennessee Alloys Company LLC Alabama Sand and Gravel Inc. Norchem Inc. GBG Holdings LLC Alden Resources LLC Alden Sales Corp LLC Gatliff Services LLC ARL Resources LLC ARL Services LLC GSM Enterprises LLC GSM Enterprises Holdings Inc. QSIP Canada ULC GSM Netherlands BV

	Cuarzos Industriales Ferroglobe PLC (England)	

Proposed EU Security

Security	Description	Security Interests (all security to be first ranking) as condition precedent to initial $40m issuance
Share Pledge	Pledges over shares in: (i) Holdco (ii) Finco (iii) Each EU Guarantor	England: Share charge France: Share pledge (art. L.211-20 CMF / art. 2355 cc) Spain[10]: Share ordinary (unregistered) pledge Norway: Share pledge Netherlands: Share pledge – see under North American security below
Bank Account pledge	Pledges over the bank accounts of: (i) Ferroglobe PLC; (ii) Holdco (once opened); (iii) Finco (once opened); and (iv) each EU Guarantor, other	England: Debenture France: Pledge of Balance Account (art. 2355 cc) Spain: Receivables ordinary (unregistered) pledge Norway: Charge of bank account claims Netherlands – All Assets security, see under North American security

[10] *Note*: Spanish security over shares, bank accounts and receivables to be structured as financial collateral and executed as a *poliza notarial* (not a notarial deed).

Security	Description	Security Interests (all security to be first ranking) $40m issuance
	than the accounts of Grupo Ferroatlantica at Caixa Bank and Bankinter used to hold amounts for certain guarantees.	below. Evidence that security over the bank account is
Intercompany Receivables	Pledges over intercompany receivables: (i) arising as a result of the cash pooling arrangements and tolling agreements between the EU Guarantors; (ii) arising in connection with the corporate reorganisation or new money borrowing, from Ferroglobe PLC,	England: Debenture France: Pledge of receivables (art. 2355 cc) Spain: Receivables ordinary (unregistered) pledge (monthly intervals or such shorter interval if agreed foll Norway: (i) security assignment of claims arising out claims arising under the cash pool agreement or an inte

Security	Description	Security Interests (all security to be first ranking) $40m issuance
	Holdco, Finco or EU Guarantors; (iii) other intercompany receivables of the EU Guarantors that can practically be pledged under local law, to be discussed and agreed	(ii) floating charge over trade receivables Netherlands: All Asset Security – see under North Am
Inventory	Pledges over inventory owned by the EU Guarantors, as applicable (approx. $110m in France; $80m in Spain and $2.5m in Norway as of Oct ’20)	France: Non-possessory pledge of moveable assets (art Spain: Registered pledge (*prenda sin desplazamie* possessory security to be by way of *poliza notarial* (nc to be updated) [11] Norway: Floating charge

[11] Note: To be confirmed during documentation of the security by respective local counsels as to what the standard practice is with the relevant local registries, if updates are required, they will be as per standard practice and as agreed between local counsels.

Security	Description	Security Interests (all security to be first ranking) $40m issuance
		Netherlands: All Asset Security – see under North Ame
	Pledge over the PP&E	Norway: (approx. $16m as of 2017): (i) floating cl equipment and (ii) mortgage over real property Netherlands: All Asset security – see North American s Spain: Promissory mortgage in respect of each of th Sabon and Purteolano

4816-3932-1062

Security	Description	Security Interests (all security to be first ranking) $40m issuance

Security	**Description**	**Security Interests (all security to be first ranking) as $40m issuance**

4816-3932-1062

Security	Description	Security Interests (all security to be first ranking) as $40m issuance
Mine concessions	Security over the Sonia, Conchitina, Segunda, Esmeralda, Trasmonte, Merlan and/or Cristina mine concessions	

4816-3932-1062

Security	Description	Security Interests (all security to be first ranking) $40m issuance
Leases	Security over the Chambery, Cabenetas and/or Madrid leaseholds	

4816-3932-1062

Proposed North American Security

Security	Description	Security Interests (all security to be first ranking) as condition precedent to
Share pledge	Pledge of shares in each existing ABL Guarantor	US – (1) Pledge and Security Agreement (US Guarantors) and (2) Non-Recou Globe Speciality Metals, Inc. (currently provided by Ferro PLC but to be structure) Canada – Pledge Agreement over QSIP Canada ULC provided by GSM Netherl Netherlands – Deed of Pledge (including notarial deed of pledge on shares)
US UCC Article 9 Security Interest	First priority lien over the below as per the existing security provided under the ABL (to be released): - Equipment and fixtures (see below values for PP&E) - Insurance policies - General intangibles, instruments and letter of credit rights relating to the foregoing	US – Pledge and Security Agreement

	- Supporting obligations relating to the foregoing - Books and records relating to the foregoing - Products and proceeds of the foregoing - Accounts receivable - Payment intangibles - Inventory - Deposit, securities and commodities accounts and cash and other assets contained therein - Claims under business interruption insurance and credit insurance - General intangibles, instruments, documents, insurance claims, licenses and chattel paper - Supporting obligations relating to the foregoing - Books and records relating to the foregoing - Products and proceeds relating to the foregoing	

All asset security (Canada)	First priority lien provided by QSIP Canada ULC over: - Accounts - Chattel Paper - Documents of Title - Equipment - Goods - Instruments - Intangibles - Inventory - Investment Property - Money - Real property - Trade receivables	Canada – general security agreement
All asset security (the Netherlands)	First lien provided by GSM Netherlands BV over: - Bank accounts - insurance receivables - intellectual property rights - intercompany receivables - movable assets - trade receivables	Netherlands - Deed of pledge
Real property	Mortgage over property	Mortgages at below sites (approx. val ● Beverly (Waterford, OH) ($61. ● Selma (Selma, AL) ($24.1m) ● Bridgeport (Bridgeport, AL) ($ ● Aurora (Aurora, IN) ($1.1m) (u

		the provision of such mortgage are d obtained by the secured parties)
Leases	Security over the Prattville, Miami and Ft Pierce leaseholds	

Schedule 6

Outline Implementation Steps

Action		Milestone Date
Signing of LUA by day 1 parties		
(i)	*Conditions to effectiveness of Lock-Up Agreement*: ● New Equity Backstop Letter signed ● New Debt Backstop Letter signed ● Cleansing ● AHG Adviser and Tyrus Legal Adviser fees paid	Concurrent with, or as soon as reasonably practicable following, signing of LUA
Lock-Up Effective Date – Ferroglobe to announce occurrence of Lock-Up Effective Date		As soon as reasonably practicable following signing of LUA
(ii)	All outstanding AHG due diligence requests submitted prior to Lock-Up Effective Date completed to the satisfaction of the Majority Ad Hoc Group	10 Business Days following Lock-Up Effective Date
Consent Fee Deadline		***10 Business Days following Lock-Up Effective Date***
(iii)	Transaction Implementation Option determined (based on % Consenting Noteholders as at Consent Fee Deadline)	5 Business Days following Consent Fee Deadline
(iv)	*Agreed Form documents* ● Tax Paper finalised ● Steps Paper in Agreed Form	20 Business Days following Lock Up Effective Date
(v)	*Implementation of Group Reorganisation*: ● Incorporation of NewCos ● Group Reorganisation	25 Business Days following Lock Up Effective Date
(vi)	*Agreed Form Documents*: ● Terms and conditions of the New $60m Notes (including initial security package)	25 Business Days following Lock-Up Effective Date

(vii)	*Implementation process for New $60m Notes:* ● Issue $40m of New $60m Notes to backstop providers (including initial security package) ● New $60m Notes (including original $40m issued to backstop providers) to be offered to Existing $350m Noteholders as part of implementation process for Existing $350m Notes Amendments ● Irrevocably instruct payment of fees under the New Debt Backstop Letter, in accordance with the Interim Funds Flow Statement	30 Business Days following Lock-Up Effective Date
(viii)	*Agreed Form Documents*: ● Terms and conditions of the Reinstated $350m Notes (including security package) and Outstanding $60m Notes (if applicable) in Agreed Form ● Notes ICA in Agreed Form ● Pro forma ICA with any asset-backed lenders in Agreed Form	40 Business Days following Lock-Up Effective Date
(ix)	*Implementation process for Existing $350m Notes Amendments*: ● >98% commence Exchange Offer and Covenant Strip by sending consent request to Existing $350m Noteholders **OR** ● <98% commence Scheme by sending consent request process for initial governing law amendments / EoD waivers to Existing $350m Noteholders	45 Business Days following Lock-Up Effective Date
(x)	Filing of 20-F	30 April 2021

(xi)	*Implementation process for New $40m Equity*: ● Filing of form F-3 for registration of New $40m Equity ● Filing of form F-3 for registration of shares representing the Equity Offering backstop arrangements* ● Filing of form F-3 for registration of shares representing fees under the New Equity Backstop Letter*	5 Business Days following filing of 20-F
(xii)	*Implementation process for Existing $350m Notes Amendments*: ● Filing of form F-3 for registration of shares representing Equity Fees*	5 Business Days following filing of 20-F
(xiii)	*Implementation process for New $40m Equity*: ● Launch Equity Offering for New $40m Equity	5 Business Days following the date the SEC declares the registration statement effective (if the SEC declares it effective)
(xiv)	*Closing actions, to occur in a manner agreed between Ferroglobe, Tyrus and the Majority Ad Hoc Group*: ● Issue and allot shares representing the New $40m Equity, in accordance with the Equity Offering and/or the New Equity Backstop Letter ● Issue additional $20m of New $60m Notes ● Effect Existing $350m Notes Amendments	As soon as reasonably practicable following completion of implementation processes
(xv)	*Payment of Fees, in accordance with the Closing Funds Flow Statement*: ● Issue shares representing fees and irrevocably instruct any cash payments under or as contemplated in the New Equity Backstop Letter ● Issue shares representing Equity Fees to relevant noteholders of Existing $350m Notes ● Instruct payment of Cash Consent Fees to relevant holders of Existing $350m Notes	On the Transaction Effective Date

Transaction Effective Date – Ferroglobe to announce occurrence of Transaction Effective Date	Long-Stop Date
Long-Stop Date	6 months following the Lock-Up Effective Date

* Combined form F-3

Exhibit 8.1

SUBSIDARIES OF THE REGISTRANT*

Name	Registered
Alabama Sand and Gravel, Inc.	United States
Alden Resources, LLC	United States
Alden Sales Corporation, LLC	United States
ARL Resources, LLC	United States
Core Metals Group Holdings, LLC	United States
Core Metals Group, LLC	United States
Gatliff Services, LLC	United States
GBG Holdings, LLC	United States
Globe Metallurgical Inc.	United States
Globe Metals Enterprises, Inc.	United States
GSM Alloys I, Inc.	United States
GSM Alloys II, Inc.	United States
GSM Enterprises Holdings, Inc.	United States
GSM Enterprises, LLC	United States
GSM Sales, Inc.	United States
LF Resources, Inc.	United States
Metallurgical Process Materials, LLC	United States
Norchem, Inc.	United States
QSIP Canada ULC	Canada
Quebec Silicon General Partner	Canada
Quebec Silicon Limited Partnership	Canada
Tennessee Alloys Company, LLC	United States
West Virginia Alloys, Inc.	United States
WVA Manufacturing, LLC	United States
Cuarzos Industriales, S.A.U.	Spain
Ferroatlántica del Cinca, S.L.	Spain
Ferroatlántica de Sabón, S.L.U.	Spain
Ferroatlántica de Boo, S.L.U.	Spain
Ferroglobe Mangan Norge AS	Norway
Ferroglobe Manganese France SAS	France
FerroPem, S.A.S.	France
Ferrous Receivables DAC.	Ireland
Grupo FerroAtlántica, S.A.U	Spain
Kintuck (France) SAS	France
Kintuck AS	Norway
Rocas, Arcillas y Minerales, S.A.	Spain
Rebone Mining (Pty.), Ltd.	South Africa
Silicon Smelters (Pty.), Ltd.	South Africa
Silicon Technology (Pty.), Ltd.	South Africa
Thaba Chueu Mining (Pty.), Ltd.	South Africa
Samquarz Proprietary Limited	South Africa
Actifs Solaires Bécancour, Inc	Canada
Cuarzos Indus. de Venezuela (Cuarzoven), S.A.	Venezuela
Emix, S.A.S.	France
ECPI, Inc.	United States
FerroAtlántica Canada Company Ltd	Canada
Ferroatlántica de México, S.A. de C.V.	Mexico
Ferroatlántica de Venezuela (FerroVen), S.A.	Venezuela
Ferroatlántica Deutschland, GmbH	Germany
Ferroatlántica do Brasil Mineraçao Ltda.	Brazil
Ferroatlántica I+D, S.L.U.	Spain
Ferroatlántica Participaciones, S.L.U.	Spain
FerroAtlántica International Ltd	United Kingdom
Ferroatlántica y Cía., F. de Ferroaleac. y Metales, S.C.	Spain
Ferroatlántica, S.A.U.	Spain
Ferroglobe Services (UK) PLC	United Kingdom
FerroManganese Mauritania SARL	Mauritania
Ferroquartz Company Inc.	Canada
Ferroquartz Holdings, Ltd (Hong Kong)	Hong Kong
FerroQuartz Mauritania SARL	Mauritania
Ferrosolar OPCO Group SL.	Spain
Ferrosolar R&D SL.	Spain
FerroTambao, SARL	Burkina Faso
Globe Metales S.R.L.	Argentina
Globe Metallurgical Carbon, LLC	United States
Globe Specialty Metals, Inc.	United States
Grupo FerroAtlántica de Servicios, S.L.U.	Spain
GSM Netherlands, BV	Netherlands
Laurel Ford Resources, Inc.	United States
MST Financial Holdings, LLC	United States
MST Financial, LLC	United States
MST Resources, LLC	United States
Ningxia Yonvey Coal Industrial Co., Ltd.	China
Photosil Industries, SAS	France
Silicio Ferrosolar, SLU	Spain
Solsil, Inc.	United States
Ultracore Energy SA	Argentina

* The names of other subsidiaries that would not constitute a significant subsidiary in the aggregate have been omitted.

Exhibit 12.1

CERTIFICATION

I, Marco Levi, certify that:

1. I have reviewed this annual report on Form 20-F of Ferroglobe PLC;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in U.S. Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in U.S. Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 30, 2021

By: /s/ Marco Levi
Chief Executive Officer (Principal Executive Officer)

Exhibit 12.2

CERTIFICATION

I, Beatriz García-Cos, certify that:

1. I have reviewed this annual report on Form 20-F of Ferroglobe PLC;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in U.S. Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in U.S. Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 30, 2021

By: /s/ Beatriz García-Cos
Chief Financial Officer and Principal Accounting Officer (Principal Financial Officer)

Exhibit 13.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of Ferroglobe PLC (the "Company") on Form 20-F for the period ended December 31, 2020, as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the U.S. Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 30, 2021

By: /s/ Marco Levi
Chief Executive Officer (Principal Executive Officer)

By: /s/ Beatriz García-Cos
Chief Financial Officer and Principal Accounting Officer (Principal Financial Officer)

This certification is being furnished to the U.S. Securities and Exchange Commission with this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Company for purposes of Section 18 of the U.S. Securities Exchange Act of 1934, or otherwise subject to the liability of that section.

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to Ferroglobe and will be retained by Ferroglobe and furnished to the U.S. Securities and Exchange Commission or its staff upon request.

Exhibit 15.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-208911 on Form S-8 of our reports dated April 30, 2021 relating to the consolidated financial statements of Ferroglobe PLC and the effectiveness of Ferroglobe PLC’s internal control over financial reporting (which report expresses an adverse opinion on the effectiveness of the Company’s internal control over financial reporting because of material weaknesses), appearing in this Annual Report on Form 20-F of Ferroglobe PLC for the year ended December 31, 2020.

/s/ Deloitte, S.L.

Madrid, Spain
April 30, 2021

Exhibit 16.1

Mine Safety and Health Administration Safety Data

On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act") was enacted. Section 1503 of the Act contains new reporting requirements regarding coal or other mine safety.

We are committed to providing a safe workplace for all of our employees. We continue to engage proactively with federal and state agencies in support of measures which can legitimately improve the safety and well-being of our employees.

The operation of our mines located in the United States is subject to regulation by the Federal Mine Safety and Health Administration (MSHA) under the Federal Mine Safety and Health Act of 1977 (the "Mine Act"). MSHA inspects our mines on a regular basis and issues various citations and orders when it believes a violation has occurred under the Mine Act. We present information below regarding certain mining safety and health violations, orders and citations issued by MSHA, as well as related assessments and legal actions with respect to our mining operations. In evaluating this information, consideration should be given to factors such as the following: (i) the number of violations, citations and orders will vary depending on the size of the mine, (ii) the number of citations and orders issued will vary from inspector to inspector and mine to mine, and (iii) violations, citations and orders can be contested and appealed, and in that process, may be reduced in severity and amount, and are sometimes dismissed.

The table below includes references to specific sections of the Mine Act. We are providing the information in the table by mining complex because that is how we manage and operate our business. The information in the table reflects violations, citations and orders issued to us by MSHA and related assessments and legal actions during the year ended December 31, 2020, as reflected in our records. Due to timing and other factors, the data in our system may not agree with the data maintained by MSHA.

For each mine, of which we or one of our Subsidiaries is an operator (number of occurrences, except for proposed assessment U.S. Dollar values).

Mine of Operating Name/MSHA Identification Number	Section 104 S&S Citations (#)	Section 104(b) Orders (#)	Section 104(d) Citations and Orders (#)	Section 110(b) (2) Violations (#)	Section 107(a) Orders (#)	Total Dollar Value of MSHA Assessments Proposed ($)	Total Number of Mining Related Fatalities (#)	Received Notice of Pattern of Violations Under Section 104(e) (yes/no)	Received Notice of Potential to Have Pattern Under Section 104(e) (yes/no)	(A) Legal Actions Pending as of Last Day of Period (#)	Legal Actions Initiated During the Period (#)	Legal Actions Resolved During Period (#)
Alden Resources - Maple Creek North - 1519788	-	-	-	-	-	-	-	No	No	-	-	-
Alden Resources Maple Creek Springtown - 1519814	-	-	-	-	-	121	-	No	No	-	1.00	1.00
Alden Resources - Imperial Hollow - 1519818	-	-	-	-	-	2,408	-	No	No	-	17.00	17.00
Alden Resources - King Mountain- 1519854	-	-	-	-	-	484	-	No	No	-	4.00	4.00
Alden Resources - Bryants Store - 1519864	-	-	-	-	-	-	-	No	No	-	-	-
Alden Resources - Mine #3 Bain Branch- 1517691	-	-	-	-	-	654	-	No	No	-	3.00	3.00
Alden Resources - Gatliff Plant - 1509938	6	-	-	-	-	4,620	-	No	No	8.00	30.00	22.00
Alden Resources - Harps Creek - 1518466	-	-	-	-	-	1,829	-	No	No	-	15.00	17.00
Alden Resources Mine #5 Log Cabin - 1518426	15	-	-	-	-	12,593	-	No	No	8.00	67.00	59.00
ARL Resources - Emlyn Tipple - 1508019	-	-	-	-	-	-	-	No	No	-	-	-

(A) The pending legal actions are all contests of citations and orders, which typically are filed prior to an operator's receipt of a proposed penalty assessment from MSHA or relate to orders for which penalties are not assessed (such as imminent danger orders under Section 107 of the Mine Act). This category includes:

- contests of citations or orders issued under section 104 of the Mine Act,

- contests of imminent danger withdrawal orders under section 107 of the Mine Act, and
- emergency response plan dispute proceedings (as required under the Mine Improvement and New Emergency Response Act of 2006, Pub. L. No. 109-236, 120 Stat. 493).