ANNUAL FINANCIAL REPORT

2019

REGULATED INFORMATION

This 2019 Annual Financial Report is a non-official translation into English of the *Rapport Financier Annuel 2019* issued in French language and is provided solely for the convenience of English-speaking users. This report should be read in conjunction with and construed in accordance with French law.

ANNUAL FINANCIAL REPORT 2019

(In accordance with Article L. 451-1-2 I of the French Monetary and Financial Code and Article 222-3 et seq. of the AMF's General Regulation)

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RESPONSIBILITY STATEMENT FOR THE ANNUAL FINANCIAL REPORT

I hereby certify that to the best of my knowledge the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of operation of Recylex S.A. and the companies included in the consolidation taken as a whole, and that the accompanying management report includes a fair review of the development and performance of the business, and the financial position of Recylex S.A. and the companies included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Sebastian RUDOW

Chairman and Chief Executive Officer

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS

FINANCIAL YEAR ENDED DECEMBER 31, 2019

The shareholders of Recylex S.A. (hereinafter, the "Company" or "Recylex S.A.") have been convened to a Combined Shareholders' Meeting to hear the report on the activities of Recylex S.A. and its subsidiaries in the financial year to December 31, 2019 and to consider for approval the annual parent company and consolidated financial statements for that period.

The Statutory Auditors will present in their reports all the necessary information concerning the accuracy and fair presentation of the parent company and consolidated financial statements for that period.

In accordance with Article L. 225-37 of the French Commercial Code, Recylex S.A. reports in a specific section of this Report on information relating to corporate governance for financial year 2019 (section 2.9 of this Report).

Unless specifically stated otherwise, the Group's scope of consolidation as described in this Report is that which existed in financial year 2019, the reference period for the consolidated and corporate financial statements covered by this Report. In particular, this report does not take into account the impact of the deconsolidation of the various entities of the German sub-group in May 2020 following the placing of these entities under the protection of the German bankruptcy law.

1. THE RECYLEX GROUP

In this report, except where otherwise stated, the "Group" shall mean Recylex S.A. and the companies included in the scope of consolidation of its financial statements as defined by Article L.233-16 of the French Commercial Code.

The Recylex Group conducts its activities across eleven production sites in France and Germany and is a key player in the circular economy in Europe. Its main activities play a key role in exploiting the urban mine:

- Recycling of lead, mainly from scrap car and industrial batteries
- Recycling of zinc from electric arc furnace dust and from zinc scrap
- Recycling of plastic (polypropylene) from used battery casings and other industrial waste such as car parts and construction waste
- Production of high-purity special metals used primarily in the electronics sector, the optical industry and cutting-edge technologies

The Recylex Group was created in 1988 through the merger of the non-ferrous metals division of German company Preussag AG (now TUI AG) and French company Société Minière et Métallurgique de Peñarroya SA.

The Recylex S.A. parent company, whose registered and administrative offices are located in France, conducts two activities. It provides corporate services and operates a business processing scrap lead-acid batteries at two sites in France located at Escaudœuvres (Hauts de France region) and at Villefranche-sur-Saône (Auvergne-Rhône-Alpes region). Recylex S.A. is listed on Euronext Paris (ISIN: FR0000120388 – ticker: RX) and does not have any branch offices.

The scope of the Group's activities as described above has been deeply impacted by the post-closing events described in paragraph 1.4 "Significant events since the end of the financial year" (below).

1.1. Market conditions and Group's business activities during FY 2019

- ***Metal prices in euros and €/$ exchange rates***

(€ per ton)	2019 average	2018 average	Change
Lead price	**1,787**	1,895	*-6%*
Zinc price	**2,274**	2,468	*-8%*

Source: London Metal Exchange 2019.

The average lead price for 2019 was €1,787, down 6% compared to the 2018 average. Between January 2, 2019 and December 31, 2019, lead prices were highly volatile, falling by 1% over the year as a whole. After edging higher in the first quarter, they went into a steep decline in the second quarter and reached their lowest point for the year. The subsequent sharp rally in the third quarter of 2019 was then fully wiped out by the heavy falls recorded in the fourth quarter.

The average zinc price for 2019 was €2,274, down 8% on the 2018 average. Between January 2, 2019 and December 31, 2019, zinc prices were also highly volatile. After a substantial upswing in the first quarter, zinc prices pulled back significantly in the second and third quarters. The slight uptick at the beginning of the fourth quarter was completely reversed at the end of the period, with zinc prices sinking back to their August low in December.

In 2019, the average €/$ exchange rate fell by 5% compared to 2018 to reach 1.1195. Between January 2 and December 31, 2019, the €/$ exchange rate fell by 2%.

- ***Consolidated key figures***

In millions of euros	31/12/2019	31/12/2018	*Change*	31/12/2018 reported
Sales	**237.4**	283.4	*(46.0)*	364.6
Operating income/(loss) before non-recurring items	**(38.5)**	(20.0)	*(18.5)*	(20.5)
Net income	**(84.3)**	(78.7)	*(5.6)*	(78.7)

- ***Lead segment***

In millions of euros	31/12/2019	31/12/2018	*Change*
Consolidated sales	**195.9**	**236.2**	*(40.3)*
Operating income/(loss) before non-recurring items	**(29.4)**	**(24.3)**	*(5.1)*

The Lead segment's sales accounted for 83% of the Group's consolidated total in 2019. Consolidated sales totaled €195.9 million in FY 2019, down 17% compared to FY 2018.

Lead production in FY 2019 came to 105,300 tonnes compared to 104,600 tonnes in FY 2018. That represented a very small increase of 0.7% compared to FY 2018 against the backdrop of a reduction in battery purchases throughout 2019. The Group recycled 102,700 tonnes of scrap lead batteries in FY 2019, down close to 9% compared to the 112,900 tonnes it recycled in FY 2018.

To recap, the main (BSF) furnace was halted on December 29, 2018 after advanced wear and tear was observed in the refractory bricks owing to operational changes following on from the connection of the new reduction furnace and the associated technical difficulties. A decision was made to bring forward partially to January 2019 the major scheduled maintenance shutdown initially planned for the end of the second quarter of 2019. Lead production at the Weser-Metall GmbH smelter's two combined furnaces resumed on January 22, 2019.

Throughout the first three quarters of 2019, the availability and the smelting rate of the existing main furnace, which fluctuated between 71% and 78% and 20-25 ton/h respectively, lagged below the target levels and past technical performance levels (prior to the connection of the second reduction furnace) following various shutdowns for adjustments and repairs to the furnace's auxiliary equipment.

In November 2019, an 11-day shutdown was carried out to repair certain parts of the refractory and to implement technical improvements. As a result, the technical performance of the main furnace improved significantly in December 2019 and in January-February 2020.

In FY 2019, the Lead segment recorded an operating loss before non-recurring items of €29.4 million, compared to an operating loss before non-recurring items of €24.3 million in FY 2018.

Amid the decline in the LME, flat business conditions and higher fixed and variable costs following the entry into production of the reduction furnace and the maintenance operations on the existing furnace, the Nordenham smelter recorded a heavy operating loss before non-recurring items of around €29.8 million.

The steep decline in scrap battery processing activities cut into the unit's operating performance before non-recurring items. Operating income before non-recurring items was close to breakeven level (€0.4 million), down €3.6 million on its FY 2018 level.

Given the smelter's and battery processing facilities' current performance and thus the less favorable outlook than initially anticipated in this segment, the Group recognized an additional asset impairment loss of €17.4 million (see Note 5).

- ***Zinc segment***

In millions of euros	31/12/2019	31/12/2018 restated	Change	31/12/2018 reported
Consolidated sales	**23.6**	**30.0**	*(6.4)*	**96.3**
Operating income/(loss) before non-recurring items	**2.9**	**12.2**	*(9.3)*	**11.7**

Sales in the Zinc segment represented 10% of consolidated sales in 2019. At December 31, 2019, it amounted to €23.6 million, a decrease of 20% compared to 2018. These figures now include only the sales of the dust recycling business operated by Harz Metall GmbH, while the sales of Norzinco GmbH - discontinued operations - are presented in the net result of discontinued operations.
In 2019, sales of the dust recycling business decreased by more than 20%, mainly due to the sharp fall in the zinc price and the sharp deterioration in trading conditions compared to 2018.

With 172,400 tonnes of dust from electric steel mills processed (compared with 180,500 tonnes in 2018), the Group's total Waelz oxide production (Harz Metall GmbH and Recytech) amounted to nearly 73,030 tonnes at December 31, 2019, down only 2% compared with 2018 despite an unfavorable basis for comparison (Harz-Metall GmbH having carried out a major scheduled maintenance shutdown in 2019, compared with no shutdown in 2018).

In a context of a lower zinc price in 2019 (-8% compared to 2018), the Zinc segment's economic performance deteriorated compared to 2018, due to the high sensitivity of the results of the dust recycling business to the zinc price and significantly deteriorated trading conditions compared to the previous year.

Current Operating Income before non-recurring items for this segment was €2.9 million compared with €12.2 million for the restated 2018 financial year.

In what concerns the zinc waste recycling activity, classified as discontinued operation in accordance with IFRS 5:
- In a difficult market environment, Norzinco GmbH's sales decreased to €57.5 million in FY 2019 compared to €66.3 million in FY 2018. HZO's zinc oxide production was 22,000 tonnes at December 31, 2019, down 10%, mainly due to higher maintenance activities than in 2018
- Norzinco GmbH's result was negatively impacted by lower volumes and higher fixed and variable costs. Being classified as a discontinued operation in accordance with IFRS 5, this result is no longer included in the Group's Current Operating Income before non-recurring items. It is now part of the aggregate "Results from discontinued operations"

- ***Special Metals segment***

In millions of euros	31/12/2019	31/12/2018 restated	Change	31/12/2018 reported
Consolidated sales	**0**	0	*NA*	19.2
Operating income/(loss) before non-recurring items	**0**	0	*NA*	0.2

The Special Metals segment's sales are no longer included in the Group's consolidated sales following application of IFRS 5 and the classification of the business as a discontinued operation. The sales are now reflected under "Results from discontinued operations".

They totaled €16.4 million in FY 2019, compared to €19.2 million in FY 2018. Notwithstanding an encouraging performance in the first quarter of 2019, there was a sharp slowdown in demand for several metals during the following quarters. This chiefly applied to arsenic and germanium, which are the segment's leading contributors.

The segment's current operating loss before non-recurring items came to €4.7 million in FY 2019, compared to €0.2 million in FY 2018. Being classified as a discontinued operation in accordance with

IFRS 5, this result is no longer included in the Group's current operating loss before non-recurring items. It is now part of the "Results from discontinued operations" aggregate.

- ***Plastics segment***

In millions of euros	31/12/2019	31/12/2018	Change
Consolidated sales	**12.1**	12.9	*(0.8)*
Operating income/(loss) before non-recurring items	**(1.0)**	(0.7)	*(0.3)*

The segment's FY 2019 sales came to €12.1 million, down 6% on FY 2018. Recycled polypropylene production amounted to 12,500 tonnes, stable compared to FY 2018.

Business was again severely affected by the reduced competitiveness of recycled materials compared to virgin polypropylene and by weak demand from the automotive sector. As a result, the segment's current operating loss before non-recurring items came to €1.0 million in FY 2019, compared to a loss of €0.7 million in FY 2018.

1.2. Other key developments and major events

1.2.1. Main ongoing litigation involving Recylex S.A.

The document summarizing the ongoing litigation involving Recylex S.A., continuously updated, is available on the Recylex Group's website: www.recylex.eu - *Finance section* - *Legal proceedings schedule*. Developments in the main ongoing proceedings during FY 2019 and since are presented hereinafter.

1.2.1.1. Former employees of Metaleurop Nord SAS

a) 2010: Claims for damages for dismissal without fair cause and/or for the prejudice of anxiety and breach of a safety obligation

In 2013, the Lens Labor Court ruled that Recylex S.A. was a co-employer of 187 former employees and decided to add damages totaling around €7.1 million to Recylex S.A.'s liabilities under the continuation plan, for which provisions were set aside in Recylex S.A.'s financial statements. Recylex S.A. appealed those decisions, thereby suspending their application.

The Lens Labor Court also ruled in 2013 that Recylex S.A. was a co-employer of six protected former managerial employees but found that the Lens Labor Court did not have jurisdiction to examine their claims owing to the principle of the separation of judicial and administrative powers. Following the appeal lodged by these protected former employees against the first-instance rulings, the Douai Appeal Court upheld them in rulings on February 21, 2014.

On January 31, 2017, overturning the 187 decisions made by the Lens Labor Court in 2013, the Douai Appeal Court refused to consider Recylex S.A. as the co-employer of the claimants, but nevertheless considered that Recylex S.A. had committed a fault that had caused harm to the former employees of Metaleurop Nord SAS. It therefore ordered Recylex S.A. to pay an amount of between €15,000 and €53,000 to each of the 187 former employees of Metaleurop Nord SAS to compensate them for their loss of a chance to keep their jobs, along with €400 in costs, making a total principal amount of €7,759,800. On December 1, 2017, all the principal amounts and interest due pursuant to these decisions were paid out by Recylex S.A., which lodged an appeal against these decisions before the Cour de Cassation.

On May 24, 2018, the Cour de Cassation:

(i) dismissed the appeal lodged by the former employees aimed at challenging the refusal by the Douai Appeal Court to consider Recylex S.A. as their co-employer, and

(ii) reversed and canceled the decisions of the Douai Appeal Court to the extent that they had ordered Recylex S.A. to pay damages to the former employees for loss of the opportunity to remain in employment, referring these cases to the Amiens Court of Appeal to rule on this point

Amongst the 187 former employees of Metaleurop Nord S.A.S., 84 have seized the Amiens Appeal Court on referral after cassation, 86 have agreed to a favorable out-out-court settlement reimbursing 50% of the amount paid by the Company in 2017 (for a total amount of around €1.9 million) and 17 have neither appeal nor taken the settlement.

As a reminder, 91 of the aforementioned 187 claimants had filed additional claims with the Douai Appeal Court for damages for anxiety and breach of a safety obligation, in a total amount of €5.6 million (of which part is provisioned in Recylex S.A.'s financial statements). On January 31, 2017, the Douai Appeal Court decided to stay the proceedings concerning the claims for damages pending the outcome of the ongoing administrative proceedings regarding the addition of the Metaleurop Nord site in Noyelles-Godault to the list of facilities entitling asbestos workers to early retirement benefits ("ACAATA benefits"). In connection with these proceedings, the Douai Administrative Appeal Court decided in a now definitive ruling on March 2, 2017 that the order adding the site to the list had to be repealed, and a ministerial decree was issued to this end on December 19, 2017 (see section 1.2.1.3 below). The next hearing before the Douai Court of Appeal, concerning the claims made by the 91 former employees for anxiety prejudice and breach of a security obligation, has been set to November 24, 2020 (see paragraph 2) below).

b) 2013-2017: 437 claims for damages in respect of the prejudice of anxiety and/or breach of a safety obligation and/or disputing dismissal in a total amount of €32.1 million, for which provisions of €4.0 million were set aside.

On October 14, 2016 and October 18, 2016, without waiting for the final outcome of the administrative proceedings regarding the classification of the Noyelles-Godault site on the list of facilities giving an entitlement to ACAATA benefits, and although it had been informed that the Conseil d'Etat had overturned the classification ruling of July 21, 2015 (see section 1.2.2.3), the Lens Labor Court decided to order Recylex S.A. to pay damages to 97 former employees represented by the CGT union, in an amount of between €3,000 and €24,000 each, along with €500 under article 700 of the Civil Procedure Code, making a total of €1,213,500. Recylex S.A. appealed these decisions, which suspended their enforcement. Conversely, claims from seven former non-protected employees were rejected, but two of them appealed.

The Douai Appeal Court overturned on June 29, 2018 the Lens Labor Court rulings of October 14 and 18, 2016 and found that the damages for the prejudice of anxiety can be granted only to former employees of a plant included on the list of facilities eligible for the ACAATA and that Recylex S.A. was never included on such list. The Company thus reversed the provision it had set aside to cover the risk (see Note 2.6 to the 2018 parent company financial statements). 88 former employees have appealed to the Cour de cassation against these decisions by the Douai Appeal Court.

On January 29, 2020, the Court of Cassation has rejected the appeals lodged by 88 former employees, thus making the June 29, 2018 Douai Appeal Court's decisions definitive.

Regarding the claims made by 333 other protected and unprotected former employees of Metaleurop Nord S.A.S.:

- The next hearing before the Lens Labour Court (Management section) concerning the claims made by 39 former employees for an initial total amount claimed of approximately €2.5 million, is scheduled for December 1, 2020. In the latest state of this procedure, the claims amounted to a total of approximately €1.2 million
- The decisions of the Lens Labor Court (Industry section) concerning the claims made by 294 former employees for an initial total amount of approximately €18.5 million, will be rendered on January 29, 2021. In the latest state of this procedure, the claims amounted to a total of approximately €9.2 million

However, in all of these cases, the 333 former employees of Metaleurop Nord S.A.S. sought an exclusive condemnation against Metaleurop Nord S.A.S. and, as a result, held harmless Recylex S.A.'s case.

Concerning claims for damages for the prejudice of anxiety brought by 13 former employees of Metaleurop Nord SAS represented by the CGT union, on March 30, 2018, the Lens Labor Court decided to order Recylex S.A. to pay each of them an amount between €4,000 and €20,000 as damages, along with €500 under article 700 of the Civil Procedure Code, totaling €186,500. Recylex S.A. lodged an appeal these decisions, thereby suspending their enforcement. The next hearing before the Douai Court of Appeal is scheduled for November 27, 2020.

Finally, following the decisions of the Conseil d'Etat of February 7, 2018 and April 13, 2018, which definitively rejected their application for cancellation of the dismissal authorizations granted by the Labour Inspectorate as part of the compulsory liquidation of Metaleurop Nord S.A.S., 15 former protected employees of Metaleurop Nord S.A.S. withdrew their action against Recylex S.A. before the Lens Labour Court to contest their dismissal.

1.2.1.2. Application by Recylex S.A. to be joined to proceedings against the cancellation of the dismissal authorizations concerning former protected employees of Metaleurop Nord SAS

The claims for damages for losses arising from cancellation of the dismissal authorization (see paragraph 1.2.1.1. b)) are related to the administrative proceedings commenced by former protected employees to cancel authorization of their dismissal. Since Recylex S.A. had never been called to appear or represented in connection with this administrative procedure, it applied in January 2015 to be joined to the proceedings being heard by the Douai Administrative Appeal court with a view to overturning this cancellation by the Lille Administrative Court on October 2, 2013.

The Conseil d'Etat decided on February 7, 2018 and April 13, 2018 to overturn the December 31, 2015 ruling by the Douai Administrative Appeal Court and the decision by the Lille Administrative Court of October 2, 2013, confirming the validity of the dismissal authorizations for these former protected employees in 2003.

1.2.1.3. Application by Recylex S.A. to set aside a judgment adversely affecting its interests concerning the interministerial orders of November 5, 2013 and March 2, 2016 adding the Metaleurop Nord SAS facility in Noyelles-Godault to the list of asbestos manufacturing, flocking and insulating plants entitling asbestos workers to early retirement benefits ("ACAATA benefits")

The aforementioned claims for damages for the prejudice of anxiety and/or disruption to livelihood and/or breach of a safety requirement are connected with the administrative proceedings initiated in 2003 by Chœurs de Fondeurs (association of former employees of Metaleurop Nord SAS) aimed at classifying the Metaleurop Nord SAS facility in Noyelles-Godault on the list of asbestos manufacturing, flocking and insulating plants giving an entitlement for ACAATA benefits.

On May 13, 2013, the Douai Administrative Appeal Court (i) overturned the ruling of the Lille Administrative Court of July 4, 2012 upholding the decision made on December 23, 2009 by the French labor ministry refusing to add the Metaleurop Nord SAS facility to the list of asbestos manufacturing, flocking and insulating plants, and (ii) ordered the French Ministry of Labor, Employment, Professional Training and Social Dialog to add said facility to the list of those giving an entitlement to ACAATA benefits for the period between January 1, 1962 to December 31, 1996. An interministerial order was made on November 5, 2013 for that purpose.

Since Recylex S.A. had never been asked to appear or represented in connection with this administrative procedure, it submitted an application to set aside a judgment adversely affecting its interests to the Douai Administrative Appeal court related to the latter's May 13, 2013 ruling and an application to the Lille Administrative Court to repeal the aforementioned interministerial order classifying the facility.

On July 21, 2015, the Douai Administrative Appeal Court confirmed the addition of the Metaleurop Nord SAS site in Noyelles-Godault to the list of those eligible for the ACAATA allocation. However, it shortened the eligibility period from January 1, 1962 until December 31, 1989, rather than until December 31, 1996, as was previously the case. On March 2, 2016, an interministerial order amending the order of November 5, 2013 was issued for that purpose, and Recylex S.A. brought proceedings before the Lille Administrative Court seeking the annulment of this new classification-related interministerial order.

On June 27, 2016, pursuant to the proceedings brought by Recylex S.A., the Conseil d'Etat canceled the order by the Douai Administrative Appeal Court of July 21, 2015 insofar as it related to Metaleurop Nord SAS' site in Noyelles-Godault being classified on the list of facilities giving an entitlement to ACAATA benefits for the period from January 1, 1962 to December 31, 1989. The matter was referred back to the Douai Administrative Appeal Court, with a differently constituted bench, which was to re-examine it and make a decision about both the admissibility and merits of the classification request.

On March 2, 2017, the Douai Administrative Appeal Court ruled in Recylex S.A.'s favor and decided to:

- Declare its order of May 13, 2013 null and void

- Dismiss the application submitted by the Chœurs de Fondeurs association
- Enjoin the French Ministry of Labor, Employment, Professional Training and Social Dialog to repeal, within two months of notification of that order, the order of November 5, 2013 placing Metaleurop Nord's facility at Noyelles-Godault on the list of facilities giving an entitlement to ACAATA benefits

Since the order became definitive, and the application by the Chœurs de Fondeurs association was not admitted by the Conseil d'Etat, a ministerial order repealing the classification orders of November 5, 2013 and March 2, 2016 was issued on December 19, 2017. On February 19, 2018, an application for annulment of this ministerial decree of December 19, 2017 was lodged by two former employees of Metaleurop Nord SAS, as well as a new request for the classification of the Noyelles-Godault site. On June 26, 2019, the Lille Administrative Court repeal the action for annulment against the inter-ministerial Decree of December 19, 2017.

1.2.1.4. Liquidators of Metaleurop Nord SAS

a) Proceedings for damages against the liquidators

On March 19, 2013, Recylex S.A. commenced proceedings to claim around €22 million in damages before the Béthune Regional Court against the liquidators of Metaleurop Nord SAS for the loss that Recylex S.A. had suffered on account of the fault committed by the liquidators in connection with the dismissals of the former Metaleurop Nord SAS employees, which led to damages being paid by Recylex S.A. to over 550 former employees of Metaleurop Nord SAS. As a reminder, these damages were paid to remedy their dismissal without fair cause in the absence of any efforts to find them other suitable employment within the group.

On September 18, 2018, the Béthune Regional Court rejected Recylex S.A.'s claim for damages and found that the Metaleurop Nord SAS' liquidators had indeed made a mistake, in their personal capacity, by not fulfilling their legal duty to look for other suitable employment during the economic redundancy procedure in 2003 for the former Metaleurop Nord SAS employees, but that the liquidators should be exonerated in respect of two-thirds of the corresponding loss, insofar as the legal deadline of 15 days imposed on the liquidators to make the redundancies was considered as incompatible with their statutory duty to look for other suitable employment. The Court also held the liquidators harmless from their liability on the grounds that Recylex S.A. itself would have been obliged to look for other suitable employment.

Considering that both the Court's grounds for exonerating liquidators were totally unfounded in its opinion, Recylex S.A lodged an appeal against this decision. The next hearing before the Douai Court of Appeal has been set for October 22, 2020.

b) Claim for damages against Recylex S.A.

On October 17, 2014, the liquidators of Metaleurop Nord SAS summoned Recylex S.A. to appear before the Arras Commercial Court with a view to its being ordered to pay a total principal amount of around €22 million (not provided for in the financial statements), which corresponds to the statutory severance pay, pay in lieu of notice period, paid leave, employers' payroll charges and salaries paid to the former Metaleurop Nord SAS employees by the AGS salary guarantee fund regime.

On April 11, 2018, the Arras Commercial Court ruled in favor of Recylex S.A. It found the claim filed by the liquidators of Metaleurop Nord SAS was inadmissible because the claim was time-barred from March 21, 2013 on the one hand and because their alleged claim arose prior to the commencement of Recylex S.A.'s judicial recovery procedure but was not declared on the list of liabilities, on the other hand.

The liquidators lodged an appeal against this decision. The hearing for pleadings before the Douai Appeal Court has been set to November 19, 2020.

No provision was set aside in Recylex S.A.'s financial statements in relation to these proceedings.

1.2.1.5. European Commission fine

On June 24, 2015, the Directorate General for Competition of the European Commission sent a statement of objections to Recylex S.A. and its subsidiaries purchasing scrap lead batteries, following an inquiry that started in 2012 regarding anti-competitive practices in the purchasing of scrap lead car batteries.

On February 8, 2017, the European Commission decided to award a fine to several European companies involved in the cartel. That included a fine of €26.7 million for Recylex S.A. and its subsidiaries that purchased scrap lead car batteries between 2009 and 2012. The fine included a 30% reduction applied by the European Commission under its 2006 Leniency Notice and was provisioned in the Recylex S.A.'s financial statements for the year ended December 31, 2016. Recylex and its relevant subsidiaries decided to appeal against this decision.

During the second quarter of 2017, after discussions involving all the relevant parties, the European Commission agreed in May 2017 to the staggered payment plan proposed by Recylex S.A., which includes the payment of the fine by Recylex S.A. (the Group's parent company) and the deferral, on a medium- to long-term basis, of the payment of a sizable proportion of the fine. Under that agreement, Recylex S.A. is paying the fine (principal and interest) according to the timetable set out in the staggered payment plan.

On May 23, 2019, the General Court of the European Union rejected the appeal lodged by Recylex S.A. and its subsidiaries against the decision of the European Commission of February 8, 2017.

On July 23, 2019, Recylex S.A. lodged an appeal against this decision before the Court of Justice of the European Union, limited to points of law.

1.2.1.6. Claim for damages brought by SNCF Réseau concerning the L'Estaque site

On May 7, 2018, Recylex S.A. announced that SNCF Réseau, a public industrial and commercial institution, had filed a claim in the Marseille Administrative Court to have Recylex S.A. and RETIA SASAU jointly ordered to pay the entire amount necessary for the "complete refurbishment" of the publicly owned rail assets in the L'Estaque section in Marseille.

SNCF Réseau currently assesses the total cost of the works at €70 million encompassing:

- repair work on the entire Tunnel des Riaux and the Tunnel du Rio Tinto at a cost of €17.1 million and €33.4 million respectively

- the demolition and reconstruction of the Viaduc de Vauclair viaduct (€11.4 million) connecting these two tunnels on land belonging to SNCF, which has never housed any industrial installation
- replacement of the track and ballast in these tunnels and on this viaduct (€8.1 million)

Part of the Tunnel des Riaux is located on 15 hectares of land currently undergoing remediation that belongs to Recylex S.A., and the Tunnel du Rio Tinto is located below a (33-hectare) plot of remediated land that belongs to RETIA SASAU.

To recap, the SNCF Miramas-l'Estaque rail line, which was completed in 1915, is more than a century old and was built after the beginning of the industrial operations at the L'Estaque site overlooking it, by Rio Tinto from 1883 and then by Société des Produits Chimiques de Marseille (SPCM) between 1890 and 1914.

Previously in 2001, SNCF had requested a survey of alleged damage, without any effort to establish liability, by an expert appointed by the Marseille Administrative Court, which failed to find any link between the state of the SNCF rail infrastructure and the former industrial installations on the land above.

Recylex S.A. is surprised by this legal proceeding, launched before the same court more than ten years after the expert's report was prepared. Recylex S.A., which has not set aside any provisions to cover the associated risks in its financial statements (see Note 38), intends to defend itself vigorously against this claim and to protect its interests in these proceedings. In its opinion, the aim of this claim is to have the last industrial operators of the L'Estaque site pay for the cost of refurbishing a dilapidated rail line.

1.2.2. Group's projected cash position (as at December 31, 2019)

1.2.2.1. Recylex S.A.'s cash position

At December 31, 2019, the Recylex S.A. parent company had €4.5 million in cash available, compared to with €0.9 million at December 31, 2018. The Company has prepared cash forecasts based on the information currently available, including forecast expenditures relating to its commitments for the remediation of former mining sites and its L'Estaque site, and repayments linked to the payment of the fine handed down to Recylex S.A. and its subsidiaries by the European Commission in 2017.

To recap, Recylex S.A. concluded:
- in 2014, Recylex S.A. entered into a loan agreement with Glencore International AG for an amount of up to €16 million to finance the final repayments under the continuation plan. At December 31, 2019, the Company had drawn down the full amount of this loan. Under the staggered payment plan for the European Commission's fine, the repayment date for this loan was rescheduled to 2024
- an agreement was reached in 2017 with the European Commission for the staggered payment of the €26.7 million fine

Since the search for financing or specialized partnerships dedicated specifically to remediation works at the L'Estaque site launched in 2013 came to nothing, Recylex S.A. continued the remediation works at the L'Estaque site in 2019 at a cost of €3.0 million.

The total cost of the work yet to be performed was fully covered by €5.9 million in provisions at December 31, 2019, and Recylex S.A. will use its own capital for this purpose.

The impact of the Group's German operations on Recylex S.A.'s financial position and the risks facing parent company Recylex S.A. are presented in Notes 32 and 39.

1.2.2.2. Group cash position and external financing

Cash flow generated by the Group's operating activities before non-recurring items fell substantially compared to the previous year. It sank to an outflow of €29.6 million from an inflow of €4.3 million in 2018.

This sharp deterioration in cash flow from current operations was caused by the significant decrease in EBITDA generated in the Zinc (-€13.0 million) and Special Metals segments (-€4.1 million) and the increase in costs related to the financial restructuring of the German perimeter (€2.3 million).

Cash flow from operating activities amounted to an outflow of €27.9 million in 2018 compared to an inflow of €7.1 million in FY 2018. This cash outflow reflects the impact of:
- the €1.1 million decline in dividends from associates to €9.3 million
- €5.0 million in site remediation costs, chiefly from the ongoing remediation work at the L'Estaque site
- payments of €1.4 million to the European Commission under the staggered payment plan for the fine handed down on February 8, 2017.

Cash flow from investing activities represented an outflow of €15.9 million in FY 2019, compared to an outflow of €25.1 million in FY 2018 owing chiefly to:
- €7.9 million in capital expenditures at the Nordenham lead smelter related to the improvement of the smelter's new configuration
- €2.5 million in capital expenditures devoted to the regenerative thermal oxidation (RTO) filtering installations at Harz Metall GmbH (zinc) to bring the facility into line with the German regulations and €1.0 million in capital expenditures in the facility's infrastructure
- €1.5 million in capital expenditures at PPM GmbH, chiefly in arsenic operations
- €1.4 million in capital expenditures by Recylex S.A. in replacing equipment at the battery processing facilities

Cash flow from financing activities came to €45.5 million in FY 2019, up from €20.1 million in FY 2018. This increase largely reflected:
- The use of €40.7 million in bridge financing and an additional €16.8 million loan from Glencore International AG, representing a total of €57.5 million for fiscal year 2019
- €10.8 million in interest payments to the banks and to Glencore International AG

Taking all these items into account, the Group's net cash position totaled negative €5.9 million compared to negative €7.4 million at December 31, 2018.

The Group's gross cash position rose slightly to €9.1 million at December 31, 2019 from €6.4 million at December 31, 2018. At December 31, 2019, the Group had used all the available credit lines, that is a total of €15.0 million (vs. €13.8 million at December 31, 2018).

Net debt *in thousands of euros*	***December 31, 2019***	***December 31, 2018***	***Change***
Cash	9,092	6,352	2,740
Total assets	**9,092**	**6,352**	**2,740**
Non-current financial liabilities	16,000	16,000	0
Current financial liabilities	133,622	73,545	60,077
Other non-current liabilities *(1)*	31,585	32,999	(1,414)
Other current liabilities *(1)*	2,418	1,287	1,131
Total liabilities	**183,625**	**123,831**	**59,794**
Net debt[1]	**174,533**	**117,479**	**57,054**

(1) Liabilities related to the European Commission fine, the clawback clause and the rescheduled liabilities from the continuation plan.

The Group's net debt[2] totaled €174.5 million at December 31, 2019, compared to €117.5 million at December 31, 2018. This increase chiefly derives from:

- The use of €40.7 million in bridge financing arranged with Glencore International AG in February 2019. Initially, this bridge financing amounted to €10 million, but then it was increased firstly to €27.0 million between April and June 2019 and then to €40.7 million in November and December 2019
- The use of an additional €16.8 million loan arranged in July 2019

The Group raised a total of €57.5 million in fresh funding from Glencore International AG during FY 2019.

In addition to the loans and financing provided by Glencore International AG as detailed above, the Weser-Metall GmbH subsidiary benefited from a working capital up to €8.3 million throughout FY 2019, resulting in the use of almost the €25 million financing package granted by Glencore International AG under the December 29, 2016 financing agreement.
Taking this into account, the Group's net debt increased by €8.3 million to €182.9 million.

Including the benefits stated above, the amount owed to Glencore International AG stood at €82.5 million for the German sub-group and €107.5 million for the Group as a whole, including the €16.0 million loan granted to Recylex S.A., the €5.0 million in financial liabilities linked to Recylex S.A.'s continuation plan and the €3.8 million in liabilities arising from the clawback clause (see Note 31).

Evolution of discussions and indebtedness:

Throughout 2019 and into early 2020, the Group continued discussions with financial partners to restructure the debt of the German sub-group. The main developments were as follows:

Following the identification of the German sub-group's additional financing needs for fiscal year 2019 in the amount of €27 million, the Group approached Glencore International AG to cover this financing requirement for 2019. On February 7, 2019, a bridge financing for €10 million maturing on March 31, 2019 was put in place to allow the finalization of the global refinancing agreement which was scheduled for May 2019.

Despite the technical improvements made to the industrial configuration of the Nordenham lead smelter, the technical and financial performances did not enable the smelter's cash consumption to be contained. At the request of the German sub-group, the amount of the above-mentioned bridge financing was increased in May 2019 to a total amount of €21.3 million and then to €27.0 million in June 2019. At the same time, the maturity of the said bridge financing was extended to June 30, 2019.

In June 2019, the cash requirements of the German sub-group for the year 2019 were revised upwards beyond the initial estimate of €27.0 million euros which served as a basis for discussions on an agreement to restructure the bank debt and bringing the German sub-group's financing requirement for the year 2019 to €46.8 million euros. This upward revision of cash requirements was mainly due to the significant deterioration in certain factors compared to the initial forecasts:

- The persistence of technical difficulties at the Weser-Metall GmbH lead smelter, despite recent improvements, resulting in insufficient production levels
- The very recent deterioration in business conditions, particularly in the Waelz Oxides activity of the Zinc segment (sharp increase in treatment charges paid to zinc producers); this activity was also impacted by a temporary decline in its industrial performance following the scheduled maintenance shutdown of Harz-Metall GmbH in the second quarter of 2019
- The sharp fall in zinc and lead prices expressed in euros

In this new context, the German subsidiary Weser-Metall GmbH (WMG) initiated, from July 2019, technical and operational feasibility studies for various investment projects and measures aimed at stabilizing the operation of the smelter with its two furnaces, continuing to improve its production and enabling it to become profitable. These studies were also necessary in order to update the financial assumptions and forecasts of the German sub-group for the period 2022 to 2024 (date of the initial maturity of the financing obtained in 2016) and to enable discussions with all the financial partners to be resumed on these new bases and to determine whether a global financing agreement is possible.

In order to enable the implementation of this action plan, a new short-term financing was requested in July 2019 by the German sub-group from Glencore International AG in the amount of €16.8 million, covering the period during which these studies are being carried out and the financial forecasts are being updated until November 30, 2019.

At the same time, the German sub-group obtained from its financial partners:

- A deferral to November 30, 2019 of their early termination rights, as well as a deferral until the same date of the repayment schedule initially scheduled for December 31, 2018, March 31, 2019, June 30, 2019 and September 30, 2019
- An extension to November 30, 2019 of the maturity date of the bridge financing granted by Glencore International AG, previously set at June 30, 2019, for a total amount of €27 million

At the end of October 2019, Weser-Metall GmbH announced a delay in its technical studies and tests carried out as well as in updating the financial assumptions and forecasts of the German sub-group due to the longer than initially expected time required to carry out the technical studies and tests aimed at recovering a wider range of

[1] *Excluding contingent liabilities (see Note 30 to the Consolidated Financial Statements at December 31, 2019).*
[2] *The Group's net debt includes interest-bearing borrowings and other liabilities (Note 18 to the Consolidated Financial Statements at December 31, 2019), the European Commission fine, the rescheduled liabilities, and the clawback clause, less available cash.*

metals contained in particular in electronic scrap, in addition to the lead-rich materials usually used. In order to finalize these studies and the related financial forecasts, the Group has obtained an increase in the bridge financing of €6.2 million (for November 2019) and then €7.5 million (for the period until December 20, 2019), bringing the total amount of the bridge financing obtained from Glencore International AG to €40.7 million. The Group also obtained:

- From Glencore International AG the extension of the maturity date of this bridge financing (€40.7 million) as well as the additional financing of €16.8 million to December 20, 2019
- With the banks a deferral until December 20, 2019 of the early termination rights in respect of the financing obtained in December 2016, as well as the deferral until the same date of the repayments due on December 31, 2018, March 31, 2019, June 30, 2019, and September 30, 2019 for a total amount of €8.0 million

Following discussions with the financial partners in December 2019, the Group initiated the study of an asset disposal concerning Weser-Metall GmbH in addition to PPM Pure Metals GmbH and Norzinco GmbH in order to restructure the debt of the German sub-group, as well as the study of the impact of these disposal projects on its business model and the associated strategic developments with a view to continuing the Group's remaining activities.

In this context, a new schedule of discussions with the financial partners has been established until April 30, 2020, and the Group has obtained a position from the financial partners in February 2020 in relation to the progress of the divestment projects to restructure the debt:

- The extension of maturities and early termination rights until April 30, 2020,
- the extension of the bridge financing of €20.7 million with Glencore International AG for a total amount of €61.4 million with a maturity date of April 30, 2020.

The progress of the discussions is presented in Note 39 "Subsequent events".

1.3. Group results

Pursuant to EC Regulation no. 1126/2008 adopted on November 3, 2008, the Recylex Group has prepared its consolidated financial statements for the year ended December 31, 2019 in accordance with the International Financial Reporting Standards (IFRS) as adopted for use in the European Union.

As part of the restructuring of the German sub-group's debt, in the second half of 2019 the Group initiated an active process to sell PPM Pure-Metal GmbH (special metals) and Norzinco GmbH (zinc oxides). In accordance with IFRS 5, these entities have been classified as discontinued operations within the meaning of IFRS 5, resulting in the classification of the related assets and liabilities on separate balance sheet lines "related assets/liabilities held for sale" at the end of the 2019 financial year and the presentation of the results from these operations "Results from discontinued operations" on a separate line of the consolidated financial statement. In order to compare the income statement for the year ended December 31, 2019 with that for the year ended December 31, 2018, and as required by IFRS, the Group has restated the income statement for the year ended December 31, 2018.

The consolidated financial statement aggregates presented below therefore no longer include the results of operations of Norzinco GmbH (Zinc segment) and PPM Pure Metal GmbH (Special Metals segment). In addition, the company no longer has any activities in the Special Metals segment following the classification of PPM Pure-Metal GmbH as discontinued operations.

2019 showed a Current Operating Loss before non-recurring items of €38.5 million compared to €20.0 million in the previous year.
This deterioration in the Group's current operating financial performance is mainly explained by:

- A Current Operating Loss before non-recurring items in the Lead Segment of €29.4 million compared to €24.3 million in 2018. In a context of declining Lead prices in Euros and stagnating commercial conditions, this deterioration in operating performance is mainly explained by:
  - An increase in variable and fixed costs following the start-up of the reduction furnace
  - Availability and charging rate of the main furnace still below the objectives and historical technical performance (before connection of the reduction furnace) despite a significant improvement observed at the end of the year following the investments made during the maintenance shutdown in November 2019
  - The sharp decline in volumes in the used battery processing business, which impacted profit from recurring operations;
- A Current Operating Loss before non-recurring items in the Zinc Segment , which amounted to €2.9 million compared to €12.2 million in 2018, reflecting the segment's high sensitivity to the fall in the zinc price over the year (-8%) and the sharp deterioration in commercial conditions compared to the previous year in the dust recycling business. The Group's Waelz Oxides production (Harz-Metall GmbH and Recytech S.A.) amounted to nearly 73,000 tonnes at December 31, 2019, down only 2% compared to 2018 despite an unfavorable basis of comparison, as Harz-Metall GmbH had one major maintenance shutdown scheduled in 2019 and no shutdown in 2018
- A Current Operating Loss before non-recurring items of the Plastics Segment to -€1.0 million compared to -€0.7 million in 2018

Regarding the entities classified as discontinued operations according to IFRS 5, their Current Operating Loss before non-recurring items of €6.9 million at December 31, 2019 compared to a loss of €0.4 million for the year 2018 which is mainly explained by :

- A Current Operating Loss before non-recurring items of €3.2 million at Norzinco GmbH (zinc segment): the decline in the zinc waste recycling business with zinc oxide production of 22,000 tonnes, a decrease of 10% compared to the previous year, maintenance operations and higher fixed and variable costs which negatively impacted Norzinco GmbH's operating performance
- The negative performance of PPM Pure Metals GmbH (Special Metals segment), more specifically a Current Operating Loss before non-recurring items of €3.6 million in a context of a sharp slowdown in demand for several metals, mainly for Arsenic and Germanium, which are the main contributors to the segment

The Net Income for fiscal year 2019 shows a net loss of €84.3 million, which is mainly due to the following items:

- A Current Operating Loss before non-recurring items of €38.5 million
- A negative balance of other operating income and losses of €23.2 million due to an impairment of assets of €22.7 million, of

which €11.9 million for Weser-Metall GmbH and €5.9 million for Harz-Metall GmbH[3]
- The share of income from equity affiliates for €6.7 million
- A net financial expense of €14.0 million compared to a charge of €10.9 million in 2018, which is composed of:
  - Interest expense of €12.2 million, an increase of €2.2 million compared to 2018 due to the increase in financial indebtedness
  - An expense of €1.8 million for other financial income and losses, mainly factoring costs of €0.9 million and a net foreign exchange loss of €0.3 million
- The result of discontinued operations represents a loss of €15.4 million and corresponds to the net result of the entities, Norzinco GmbH and PPM Pure-Metal GmbH, classified as discontinued operations in accordance with IFRS 5
- A zero tax charge for fiscal year 2019[4]

The main changes in the balance sheet between FY 2018 and FY 2019 are as follows, it being recalled that, in accordance with IFRS 5, the assets and liabilities of Norzinco GmbH and PPM Pure-Metal GmbH were presented on separate lines "assets held for sale" and "liabilities directly associated with assets held for sale" in the balance sheet as of December 31, 2019 without restatement of the balance sheet as of December 31, 2018, making comparison more difficult.

- **Net property, plant and equipment: reduction of €20.6 million**

In 2019, the Recylex Group invested €15.6 million, mainly to improve the new configuration of the Weser-Metall GmbH smelter (€7.8 million) and to set up a filtering installation ("Regenerative Thermal Oxidation" - RTO) for Harz-Metall GmbH (€2.5 million). These investments were offset by depreciation and amortization for the year (€9.6 million), impairment of industrial assets (€22.7 million) and the impact of IFRS 5 at year-end (€2.7 million).

- **Rights of use: +2.4 million euros**

As of January 1, 2019, the Group has applied IFRS 16 "Leases", which requires lessees to recognize all outstanding lease payments in the form of a right of use on the asset side of the balance sheet and a lease liability on the liability side of the balance sheet for contracts eligible under the standard. As of December 31, 2019, the amount of the right of use, net of depreciation and impairment, was €2.4 million. In accordance with the provisions of the standard, fiscal year 2018 has not been restated.

- **Inventories: reduction of €19.8 million**

The decrease in inventories is mainly due to lower inventory volumes (-€2.9 million), mainly at the Recylex S.A. and Weser-Metall GmbH plants, and to the classification of inventories at Norzinco GmbH (€8.8 million) and PPM Pure-Metal GmbH (€5.8 million) as assets held for sale under IFRS 5.

- **Customers: -6.5 million euros**

The decrease in trade and other receivables is mainly due to the controlled decrease in trade receivables at the Nordenham smelter (-€1.7 million), as well as the impact of IFRS 5 in the amount of € 4,6 million.

- **Cash and cash equivalents (before deduction of bank borrowings shown under current borrowings): increase of €2.7 million**

Trends in the Group's cash position are presented in section 1.2.3.2.

- **Equity: reduction of €62.8 million**

Consolidated shareholders' equity at December 31, 2019 was -€168.7 million compared to -€79.7 million euros at December 31, 2018. This deterioration in shareholders' equity is mainly explained by the net loss for the year 2019 of €84.3 million euros and by actuarial gains and losses on pension obligations recognized in shareholders' equity during the year of around €4.7 million euros.

- **Current and non-current interest-bearing borrowings: €62.1 million increase**

The increase in interest-bearing borrowings is mainly due to:
- Successive drawings totaling €40.7 million on the bridge financing granted by Glencore International AG in 2019;
- €16 million additional financing granted by Glencore International AG in 2019
- An increase in bank overdrafts for €1.2 million
- €2.4 million in lease debt in accordance with IFRS 16 (first-time adoption in 2019)

Available lines of credit amounted to €15.0 million as of December 31, 2019 compared to €13.8 million as of December 31, 2018 and were fully used.

- **Provisions (current and non-current): reduction of €3.8 million**

Current and non-current provisions amounted to 22.4 million euros at December 31, 2019. The decrease is mainly due to the use of environmental provisions for the rehabilitation of mines and former industrial sites for 3.8 million euros.

Changes in provisions during fiscal year 2019 are presented in detail in Note 14 to the consolidated financial statements for the year ended December 31, 2019.

- **Provisions for pension and post-retirement obligations (current and non-current): + €1.5 million**

The increase in provisions for pensions is mainly due to the revaluation of the amount of commitments following the change in actuarial assumptions (+€4.7 million), benefits paid in excess of charges for the period (-€0.9 million) and the classification as liabilities directly related to assets held for sale (IFRS 5) of the pension commitments of Norzinco GmbH and PPM Pure Metal GmbH (-€2.1 million).

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[3] ***See notes 5 and 25 tothe consolidated financial statements at December 31, 2019.***
[4] ***See note 40 of the notes to the consolidated financial statements at December 31, 2019.***

- **Analysis of the debt situation**

The Group's net financial debt[5] reached €174.5 million at December 31, 2019 compared to €117.5 million at December 31, 2018. This increase is mainly due to:

- The use of a bridge financing of €40.7 million obtained from Glencore International AG in February 2019. The initial amount of this bridge financing was €10.0 million and was successively increased between April and December 2019 to €27.0 million and then to €40.7 million in November and December 2019
- An additional loan put in place in July 2019 for 16.8 million euros was used

During 2019 the Group therefore obtained financing of €57.5 million from Glencore International AG.

In addition to the loans and bridge financing obtained from Glencore International AG and mentioned above, the subsidiary Weser-Metall GmbH benefited, during fiscal year 2019, from some benefits covering its working capital requirement of 8.3 million euros, leading to the use of almost all of the €25 million granted by Glencore International AG under the financing agreement of December 29, 2016.

Taking this into account , the Group's net financial debt is increased by €8.3 million to €182.9 million.

- **Evolution of discussions and indebtedness**

Throughout 2019 and into early 2020, the Group continued discussions with financial partners to restructure the debt of the German sub-group. The main developments were as follows:

Following the identification of the German sub-group's additional financing needs for fiscal year 2019 in the amount of €27 million, the Group approached Glencore International AG to cover this financing requirement for 2019. On February 7, 2019, a bridge financing for €10 million euros maturing on March 31, 2019 was put in place to allow the finalization of the global refinancing agreement which was scheduled for May 2019.

Despite the technical improvements made to the industrial configuration of the Nordenham lead smelter, the technical and financial performance did not allow the cash consumption of the smelter's activity to be contained. At the request of the German sub-group, the amount of the above-mentioned bridging financing was therefore increased in May 2019 to a total amount of €21.3 million, and then to €27.0 million in June 2019. At the same time, the maturity of the bridge financing was extended to June 30, 2019.

In June 2019, the cash requirements of the German sub-group for the year 2019 were revised upwards beyond the initial estimate of €27.0 million that served as the basis for discussions on a bank debt restructuring agreement, bringing the German sub-group's financing requirement to 46.8 million euros for the year 2019. This upward revision of cash requirements was mainly due to the significant deterioration in certain factors compared to the initial forecasts:

- The persistence of technical difficulties at the Weser-Metall GmbH lead smelter, despite recent improvements, resulting in insufficient production levels
- The very recent deterioration in business conditions, particularly in the Waelz oxides activity of the Zinc segment (sharp increase in treatment charges paid to zinc producers); this activity was also impacted by a temporary decline in its industrial performance following the scheduled maintenance shutdown of Harz-Metall GmbH in the second quarter of 2019
- The sharp fall in zinc and lead prices expressed in euros

In this new context, the German subsidiary Weser-Metall GmbH (WMG) has initiated from July 2019 technical and operational feasibility studies for various investment projects and measures aimed at stabilizing the operation of the smelter with its two furnaces, continuing to improve its production and enabling its profitability. These studies were also necessary in order to update the financial assumptions and forecasts of the German sub-group for the period 2022 to 2024 (date of the initial maturity of the financing obtained in 2016) and to enable discussions with all the financial partners to be resumed on these new bases and to determine whether a global financing agreement is possible.

In order to enable the implementation of this action plan, a new short-term financing was requested in July 2019 by the German sub-group from Glencore International AG in the amount of €16.8 million, covering the period during which these studies are being carried out and the financial forecasts are being updated until November 30, 2019.

At the same time, the German sub-group obtained from its financial partners:

- A deferral to November 30, 2019 of their early termination rights, as well as a deferral until the same date of the repayment schedule initially scheduled for December 31, 2018, March 31, 2019, June 30, 2019 and September 30, 2019
- An extension to November 30, 2019 of the maturity date of the bridge financing granted by Glencore International AG, previously set at June 30, 2019, for a total amount of 27 million euros

At the end of October 2019, Weser-Metall GmbH announced a delay in its technical studies and tests carried out as well as in updating the financial assumptions and forecasts of the German sub-group due to the longer than initially expected time required to carry out the technical studies and tests aimed at recovering a wider range of metals contained in particular in electronic scrap, in addition to the lead-rich materials usually used. In order to finalize these studies and the related financial forecasts, the Group has obtained an increase in the bridge financing of €6.2 million (for November 2019) and then €7.5 million (for the period until December 20, 2019), bringing the total amount of the bridge financing obtained from Glencore International AG to €40.7 million. The Group also obtained:

- An extension of the maturity date of this bridge financing (€40.7 million) as well as of the additional financing of €16.8 million to December 20, 2019 to Glencore International AG
- With the banks a deferral until December 20, 2019 of the early termination rights in respect of the financing obtained in December 2016, as well as the deferral until the same date of the repayments due on December 31, 2018, March 31, 2019, June 30, 2019, and September 30, 2019 for a total amount of €8.0 million

[5] *The Group's net financial debt includes interest-bearing borrowings and other liabilities, the European Commission fine and the clawback clause, less available cash.*

Following discussions with financial partners in December 2019, the Group initiated the study of asset disposals concerning Norzinco GmbH and Weser-Metall GmbH in addition to PPM Pure Metals GmbH in order to restructure the debt of the German sub-group, as well as the study of the impact of these disposal projects on its business model and the associated strategic developments in order to continue the Group's remaining activities.

In this context, a new schedule of discussions with the financial partners has been established until April 30, 2020, and the Group has obtained a position from the financial partners in February 2020 in relation to the progress of the disposal projects to restructure the debt:

- The extension of maturities and early termination rights until April 30, 2020
- The extension of the bridge financing for an amount of €20.7 million euros with Glencore International AG bringing its total amount to €61.4 million euros with a maturity date of April 30, 2020

The post-closing evolution of the debt restructuring of the German sub-group is presented in Note 39 "Subsequent events" and in paragraph 1.4 "Significant events since the end of the financial year" of this Report.

1.4. Significant events since the end of the financial year

The material post-balance sheet events are presented in sections 1.2 and 1.4 of this Report, and in Note 39 to the 2019 consolidated financial statements.

- **Subsequent events taken into account that have led to adjustments to the financial statements are as follows:**

Impairment testing (Note 5 to the consolidated financial statements at December 31, 2019): The Group has reviewed the recoverable amount of the CGUs for which, at the balance sheet date, indications of impairment had been identified and the recoverable amount of which is significantly influenced by events subsequent to the balance sheet date at December 31, 2019 up to the date on which the consolidated financial statements are approved by the Board of Directors.

- **Subsequent events taken into account that have resulted in a specific mention in the notes to the financial statements are as follows:**

Restructuring of the German sub-group's debt

Discussions continued during early 2020 between the Group and its financial partners with a view to restructuring the German sub-group's debt. The main developments were as follows:

Following the discussions with the financial partners in December 2019, the Group started looking into disposing of Weser-Metall GmbH in addition to PPM Pure Metals GmbH and Norzinco GmbH (whose sales processes had been initiated during first half of 2019) in order to restructure the debt of the German sub-group, as well as studying the impact of these proposed disposals on its business model and the associated strategic developments with a view to continuing the Group's remaining activities.

Accordingly, a new schedule of discussions with the financial partners was established until April 30, 2020, and the Group obtained a position from the financial partners in February 2020 in relation to the progress with proposed disposals paving the way for debt restructuring:

- The deferral of the maturity date and early termination rights until April 30, 2020
- The deferral of the €20.7 million bridge financing with Glencore International AG bringing its total amount to €61.4 million with a maturity date of April 30, 2020

On February 21, 2020, the Group obtained an extension of this discussion schedule until May 31, 2020 subject to a review of the progress of the proposed disposals by the financial partners in mid-March 2020. At the same time, the Group also secured:

- From Glencore International AG €4.4 million in additional bridge financing to cover identified cash requirements until May 31, 2020 (compared to April 30, 2020 previously). The bridge financing increased accordingly to €65.8 million (compared to €61.4 million previously). Glencore International AG also extended the maturity date of the bridge financing as well as that of the additional financing to May 31, 2020 (€16.8 million)
- From the bank consortium the deferral to May 31, 2020 of their rights of early termination of the 2016 financing, as well as the deferral until the same date of the repayments due on December 31, 2018, March 31, 2019, June 30, 2019, September 30, 2019, December 31, 2019 and March 31, 2020 for a total amount of €12.0 million, as well as the interest due on December 31, 2019 and March 31, 2020 for a total amount of approximately €5.5 million

On March 19, 2020, the Group announced that the overall review of the status of proposed disposals, previously scheduled for mid-March 2020, would take place at the end of April 2020.
On April 15, 2020, the German sub-group informed its financial partners of the delay in completing the disposal processes, in particular of Weser-Metall GmbH, mainly due to the restrictions caused by the SARS-CoV-2 pandemic.

Accordingly, the German sub-group was granted on May 7, 2020 an extension to the timetable for the ongoing discussions until June 30, 2020 (compared to May 31, 2020 previously) as well as:

- From Glencore International AG €6.5 million in additional bridge financing to cover identified cash requirements until June 30, 2020 (compared to May 31, 2020 previously). The bridge financing would thus be increased to €72.3 million (compared to €65.8 million previously). A deferral to the same date was also obtained from Glencore International AG of the maturity date for the bridge financing as well as that of the additional financing (€16.8 million)
- From the bank consortium a deferral to June 30, 2020 of their early termination rights under the December 2016 financing, as well as the deferral until the same date of the repayments due on December 31, 2018, March 31, 2019, June 30, 2019, September 30, 2019, December 31, 2019 and March 31, 2020, or a total amount of €12.0 million, as well as the interest due on December 31, 2019 and March 31, 2020 representing a total amount of approximately €5.5 million

In addition, the review by the financial partners of the conditions under which their financing could be continued beyond May 31, 2020 was postponed from the end of April 2020 to mid-May 2020.
The asset disposal and debt restructuring processes being pursued by the German sub-group as outlined above were then brought to a halt by the start of insolvency proceedings at each entity in the German sub-group on May 15, 2020, as explained below.

Impacts of the SARS-CoV-2 virus on the Group's activities and start of insolvency proceedings at the level of the companies of the German subgroup

On March 11, 2020, the World Health Organization declared the SARS-CoV-2 virus (Covid 19) outbreak to be a pandemic. Amid the lockdown measures taken to address the global SARS-CoV-2 pandemic, metal prices went into a tailspin.

Weser-Metall GmbH halted its production on March 26, 2020 in response to the steep decline in demand, especially from the automotive sector, as metals prices collapsed. The business switched to servicing and maintenance mode. Weser-Metall GmbH resumed production on 18 May 2020.
The Group's scrap lead batteries recycling activities in France (Recylex S.A.) and in Germany (Harz-Metall GmbH) shut down almost completely. The three plants introduced short-time working measures for their employees.
Recylex S.A. and C2P S.A.S. both requested a loan from their respective main bank under the PGE state-guaranteed loan program. Their requests were turned down by their banking partners.

The sharp decline in zinc prices and worsening business conditions continued into the first quarter of 2020 further impacting the contraction in the Zinc segment. Despite a favorable base of comparison in the first four months of 2019 when facilities were shut down for maintenance, Harz Metall GmbH's electric arc furnace dust recycling sales were not significantly higher in 2020 than in the year-earlier period.
Notwithstanding a steep increase in its production volumes (9,000 tonnes up from 5,000 tonnes), its sales only edged just above their level in the first four months of 2019 to €5.5 million as business conditions took a serious turn for the worse and zinc prices tumbled lower. The business posted an operating loss before non-recurring items of €1.8 million in the first four months of 2020 as a result of the strong rise in energy costs and production costs.

Given the macroeconomic outlook and based on a review of all the potential scenarios, it became obvious that a sufficient recovery was unlikely in the short to medium term. In particular, trends in zinc prices have started to jeopardize the future prospects of the zinc operations at Harz-Metall GmbH in the German sub-group, giving rise to an additional financing requirement of €8.6 million over the next two years for this one company alone. The Group's financial partners were unable to provide this additional financing (on top of their existing commitments) amid the ongoing restructuring. Since there was no prospect of this new additional financing requirement being met, the prospects of Harz-Metall GmbH being able to continue as a going concern were called into question and, pursuant to German law, Harz-Metall GmbH's management was obliged to commence insolvency proceedings on May 14, 2020.

The managers of all the other German entities (Weser-Metall GmbH, Norzinco GmbH and PPM Pure Metals GmbH, Recylex GmbH, C2P Germany GmbH and Recylex Grundstücksverwaltungsgesellschaft mbH) were also obliged to file requests for the commencement of insolvency proceedings on May 14, 2020 because of the joint and several liabilities of all the German sub-group's entities vis-à-vis the financial partners. These requests for the commencement of insolvency proceedings were confirmed by decisions of the German Insolvency Court of Göttingen received on May 15, 2020. It is important to point out that the Recylex Group's French companies are not covered by these proceedings under German law, however.

The "protective shield" procedure (laid down in article 270 b (1) of the German Insolvency Code - first sentence) was chosen for the German operating entities (Weser-Metall GmbH, Harz-Metall GmbH, Norzinco GmbH and PPM Pure Metals GmbH) and the "direct management" procedure for the other German entities (Recylex GmbH, C2P Germany GmbH and Recylex Grundstücksverwaltungsgesellschaft mbH (property management company)). The purpose of the request to commence "protective shield" procedures is to keep the business operating and to implement a restructuring process tailored to each of the entities, thereby enabling them to survive once the SARS-CoV-2 pandemic has been brought under control.

The commencement of insolvency proceedings by the German sub-group's legal entities will have the following major implications for parent company Recylex S.A.:

- On the one hand, the €16 million loan granted in 2014 by Glencore International AG to Recylex S.A. may become due at any time, in particular insofar as since 2016 it is linked to the German sub-group's financing. The Group has obtained a waiver from Glencore International AG on May 18, 2020, waiving its right to declare this loan immediately due and payable until October 31, 2020. This deferral was conditionally extended to February 19, 2021. Its conditions include the fact that Recylex S.A. will continue to deliver secondary materials to Weser-Metall GmbH
- In addition, with the decision by the German Insolvency Court to set in motion the insolvency proceedings, Recylex S.A. has lost all control over the German entities, leading to the deconsolidation of the entire German sub-group from its consolidated financial statements

Changes in the scope of consolidation

The loss of control is a direct consequence of the decisions by the German Insolvency Court to commence insolvency proceedings. With the court's decisions, all powers have been transferred entirely to the CEOs of the German entities and the insolvency administrator it appointed. Since the criteria for consolidation laid down in IFRS 10 are no longer met, Recylex S.A. will have to deconsolidate all the German entities subject to insolvency proceedings effective May 15, 2020, i.e.:

- Lead segment: Weser-Metall GmbH (the Group's primary smelting) and Harz-Metall GmbH (used lead acid battery – ULAB – recycling)
- Zinc segment: the electric arc furnace dust recycling activities of Harz-Metall GmbH and Norzinco GmbH (zinc waste recycling)
- Special Metals segment: PPM Pure Metals GmbH (special metals production)
- Plastics segment: C2P GmbH (polypropylene waste recycling)
- Other businesses: Recylex GmbH (holding company activities in Germany) and Recylex Grundstücksverwaltungsgesellschaft mbH (property management company)

To provide some context for the 2019 consolidated figures given the Group's new scope of consolidation following commencement of the insolvency proceedings and loss of control over the German entities in May 2020, the Group presents below certain key figures for the German sub-group to be deconsolidated, it being specified that these figures have been disclosed for information purposes by operating segment on the basis of the consolidated financial statements at December 31, 2019:

German Sub-group Income Statement items *(In thousands of euros)*	*Lead*	*Zinc*	*Special Metals*	*Plastics*	*Other businesses*	*Eliminations*	*Total*
Sales to external customers	193.5	81.7	16.4	0.9	0.4	0.0	292.9
Inter-segment sales	4.9	1.2	0.1	0.3	1.4	(7.9)	0.0
Total sales (IFRS)	**198.5**	**82.8**	**16.5**	**1.3**	**1.8**	**(7.9)**	**292.9**
Restatement following application of IFRS 10 & 11	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total sales restated under IFRS 10 & 11	**198.5**	**82.8**	**16.5**	**1.3**	**1.8**	**(7.9)**	**292.9**
EBITDA (IFRS)	**(23.3)**	**1.7**	**(4.2)**	**(0.5)**	**(6.5)**	**0.0**	**(32.8)**
Restatement following application of IFRS 10 & 11	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AWC - LIFO adjustment	(0.1)	0.0	0.0	0.0	0.0	0.0	(0.1)
EBITDA restated for LIFO and IFRS 10 & 11	**(23.4)**	**1.7**	**(4.2)**	**(0.5)**	**(6.5)**	**0.0**	**(33.0)**
Depreciation, amortization and impairment losses (LIFO)	(7.4)	(2.1)	(0.5)	(0.2)	0.1	0.0	(10.0)
Restatement following application of IFRS 10 & 11	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating income / (loss) before non-recurring items restated for LIFA and IFRS 10 & 11	**(30.8)**	**(0.3)**	**(4.7)**	**(0.7)**	**(6.5)**	**0.0**	**(43.0)**
LIFO - AWC adjustment	0.1	0.0	0.0	0.0	0.0	0.0	0.1
Restatement following application of IFRS 10 & 11	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating income / (loss) before non-recurring items (IFRS)	**(30.7)**	**(0.3)**	**(4.7)**	**(0.7)**	**(6.5)**	**0.0**	**(42.9)**
Other non-recurring operating income/(expense)							(26.5)
Net Financial income/(expense)							(12.5)
Income tax benefit/(expense)							0.0
Share in income from equity affiliates							0.0
Contribution to the 2019 Consolidated Net Result of the entities part of the German Sub-group (entities subject to insolvency proceedings in 2020)							**(81.8)**

Balance sheet items (In thousands of euros)	**Lead**	**Zinc**	**Special Metals**	**Plastics**	**Other businesses**	**Total**
Property, plant and Equipment & Intangible assets	15.8	8.7	2.5	(0.0)	0.4	27.4
Other non-current assets	1.1	1.1	0.0	0.0	2.8	5.0
Total non-current assets	**16.9**	**9.8**	**2.5**	**(0.0)**	**3.2**	**32.4**
Inventories						
Trade receivables	12.3	3.2	1.1	0.0	0.0	16.6
Other current assets	1.9	0.9	0.1	0.0	1.4	4.4
Cash and cash equivalents	1.7	1.1	0.2	0.0	1.0	4.0
Total current assets	**27.5**	**10.7**	**7.2**	**0.0**	**2.5**	**47.9**
Interest-bearing borrowings	11.5	0.1	0.0	0.0	0.2	11.8
Provisions	1.0	2.1	0.0	0.0	4.8	8.0
Employee benefits	19.3	1.9	3.3	0.1	9.7	34.2
Other non-current liabilities	(0.0)	0.0	0.0	0.0	0.0	0.0
Total non-current liabilities	**31.8**	**4.1**	**3.3**	**0.1**	**14.7**	**54.0**
Interest-bearing borrowings - current part	103.3	0.1	0.4	0.0	29.8	133.5
Provisions - current part	0.5	0.2	0.0	0.1	0.5	1.3
Employee benefits - current part	1.4	0.2	0.2	0.0	0.7	2.5
Other current liabilities - current part	37.2	2.2	1.8	0.1	0.8	42.1
Total current liabilities	**142.4**	**2.6**	**2.3**	**0.2**	**31.8**	**179.3**

As a result, the Recylex group will, from that point onwards, consist solely of:

- Lead segment: Recylex S.A.'s ULAB recycling activities (Villefranche and Escaudoeuvres plants)
- Plastics segment: C2P S.A.S.'s polypropylene waste recycling activities
- Zinc segment: 50% joint venture in Recytech S.A. accounted for by the equity method in the Group's consolidated financial statements
- Recylex S.A.'s holding company activities

To provide some context for the 2019 consolidated figures given the Group's new scope of consolidation following commencement of the insolvency proceedings and loss of control over the German entities in May 2020, the Group presents below certain key figures in the 2019 financial reporting, restated to exclude the German sub-group currently undergoing insolvency proceedings, it being specified that these figures have been disclosed for information purposes by operating segment on the basis of the consolidated financial statements at December 31, 2019:

Remaining Group Income Statement items *(In thousands of euros)*	*Lead*	*Zinc*	*Special Metals*	*Plastics*	*Other businesses*	*Eliminations*	*Total*
Sales to external customers	61.6	0.0	0.0	11.2	(0.0)	0.0	72.8
Inter-segment sales	2.0	0.0	0.0	0.0	0.0	(2.0)	0.0
Total sales (IFRS)	**63.6**	**0.0**	**0.0**	**11.2**	**(0.0)**	**(2.0)**	**72.8**
Restatement following application of IFRS 10 & 11	0.0	20.6	0.0	0.0	0.0	0.0	20.6
Total sales restated under IFRS 10 & 11	**63.6**	**20.6**	**0.0**	**11.2**	**(0.0)**	**(2.0)**	**93.5**
EBITDA (IFRS)	**2.3**	**0.0**	**0.0**	**0.1**	**(3.0)**	**0.0**	**(0.6)**
Restatement following application of IFRS 10 & 11	0.0	10.9	0.0	0.0	0.0	0.0	10.9
AWC - LIFO adjustment	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA restated for LIFO and IFRS 10 & 11	**2.3**	**10.9**	**0.0**	**0.1**	**(3.0)**	**0.0**	**10.4**
Depreciation, amortization and impairment losses (LIFO)	(1.0)	0.0	0.0	(0.5)	(0.4)	0.0	(1.9)
Restatement following application of IFRS 10 & 11	0.0	(0.9)	0.0	0.0	0.0	0.0	(0.9)
Operating income / (loss) before non-recurring items restated for LIFA and IFRS 10 & 11	**1.3**	**10.0**	**0.0**	**(0.4)**	**(3.3)**	**0.0**	**7.6**
LIFO - AWC adjustment	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Restatement following application of IFRS 10 & 11	0.0	(10.0)	0.0	0.0	0.0	0.0	(10.0)
Operating income / (loss) before non-recurring items (IFRS)	**1.3**	**0.0**	**0.0**	**(0.4)**	**(3.3)**	**0.0**	**(2.4)**
Other non-recurring operating income/(expense)							(5.1)
Net Financial income/(expense)							(1.7)
Income tax benefit/(expense)							0.0
Share in income from equity affiliates							6.7
Contribution to the 2019 Consolidated Net Result of the entities part of the Remaining Group (excluding entities of the German sub-group subject to insolvency proceedings in 2020)							**(2.5)**

Balance sheet items (In thousands of euros)	**Lead**	**Zinc**	**Special Metals**	**Plastics**	**Other businesses**	**Total**
Property, plant and Equipment & Intangible assets	5.4	0.0	0.0	0.3	1.7	7.5
Other non-current assets	0.0	10.8	0.0	0.2	0.1	11.1
Total non-current assets	**5.4**	**10.8**	**0.0**	**0.5**	**1.8**	**18.5**
Inventories	5.9	0.0	0.0	1.4	0.0	7.3
Trade receivables	9.8	0.0	0.0	2.3	0.0	12.1
Other current assets	4.2	0.0	0.0	0.1	1.6	5.9
Cash and cash equivalents	0.0	0.0	0.0	0.7	4.5	5.2
Total current assets	**19.9**	**0.0**	**0.0**	**4.5**	**6.2**	**30.5**
Interest-bearing borrowings	0.2	0.0	0.0	0.2	16.4	16.9
Provisions	(0.0)	0.0	0.0	0.0	9.3	9.3
Employee benefits	0.2	0.0	0.0	0.3	0.1	0.5
Other non-current liabilities	(0.0)	0.0	0.0	0.0	31.6	31.6
Total non-current liabilities	**0.4**	**0.0**	**0.0**	**0.5**	**57.4**	**58.3**
Interest-bearing borrowings - current part	0.5	0.0	0.0	0.1	0.2	0.7
Provisions - current part	1.5	0.0	0.0	0.0	2.3	3.8
Employee benefits - current part	0.0	0.0	0.0	(0.0)	0.0	0.0
Other current liabilities - current part	4.9	0.0	0.0	1.7	9.3	15.8
Total current liabilities	**6.9**	**0.0**	**0.0**	**1.8**	**11.8**	**20.4**

Lead segment and Plastics business trends since May 15, 2020

Since May 15, 2020, the Weser-Metall GmbH smelter has no longer been part of the Recylex Group but is now a third-party customer of Recylex S.A.. This customer purchases almost all of Recylex S.A.'s output. As of August 31, 2020, Weser-Metall GmbH generated 97% of Recylex S.A.'s sales.

Recylex S.A.'s goal is to find new client markets for these recycled products in order to diversify its customer base.

As of August 31, 2020, Recylex S.A.'s two scrap battery processing centers processed 37,391 tonnes of batteries compared to 38,955 tonnes in the first half of 2019, which represented a 4% decline.

In the first half of 2020, Recylex S.A.'s battery recycling activities posted an operating loss before non-recurring items of €2.2 million, compared to income of €0.6 million in the same period of 2019.

C2P S.A.S.' polypropylene recycling activities were hit by the slowdown in the automotive market, which caused its volumes decline 37% in the first half of 2020 compared to the same period of 2019 to reach 3,800 tons.

The business recorded an operating loss before non-recurring items of €0.5 million in the first six months of 2020. In the same period of 2019, it had more or less broken even.

Recylex S.A.'s financial position of Recylex S.A. and going concern status

Recylex S.A.'s receivables against the German subgroup as of the date of start of the insolvency proceedings (May 15th, 2020) are as follows:

- a €10.7 million loan granted to Weser-Metall GmbH in 2016
- a €5.0 million loan granted to Recylex GmbH, the amount of which was released in 2017 and 2018, it being specified that Recylex S.A. has a €2.8 million liability under the continuation which it intends to offset against this loan
- €5.4 million in trade receivables due from Weser-Metall GmbH

These receivables will most likely not be recovered due to the commencement of the German entities' insolvency proceedings.

As Recylex S.A.'s main customer is Weser-Metall GmbH, Recylex S.A.'s ability to continue operating depends on Weser-Metall GmbH's ability to continue trading and to keep on sourcing secondary materials from Recylex S.A. Recylex S.A.'s objective is to remain a key supplier to Weser-Metall GmbH and to continue to seek other client markets.

Following a malfunction in the battery breaking system, the Villefranche-sur-Saône site had to stop production temporarily for 3 weeks in July/August 2020. Production resumed on August 12. Recylex S.A. therefore had to revise its production volumes and financial forecasts downwards for the year 2020.

Recylex S.A. held €8.8 million in cash at August 31, 2020, up €4.3 million compared to at December 31, 2019. This temporary increase in cash reflected a substantial reduction in the working capital requirement. In particular, there was a major reduction in trade receivables and inventories with the curtailment of operations in April 2020 and Weser-Metall's prepayments for deliveries made by Recylex S.A. since May 15, 2020.

Recylex S.A..'s working capital requirement is expected to increase sharply between now and the end of the year, depending on business activity and changes in payment terms to Weser-Metall GmbH. This increase should be combined with the loss generated by the business and should consume a significant portion of existing cash.

Recylex S.A. has drawn up revised short-, medium- and long-term financial projections to reflect the known impacts to date of the insolvency proceedings at the German entities and the new scope of its operations. These new projections are based on the following assumptions:

- The continued trading of Weser-Metall GmbH and the continued supply of secondary materials to the Weser-Metall GmbH smelter (now outside the Recylex Group) by Recylex S.A.
- The deferral beyond February 19, 2021 of the repayment date for the €16 million loan granted in 2014 by Glencore International AG, which is currently contingent on Recylex S.A.'s continued supply of secondary materials to Weser-Metall GmbH
- The suspension of interest payments on the €16 million loan granted by Glencore International AG for at least the next 12 months, as well as the adjustment of the repayment and interest terms over the medium term
- The temporary suspension of the plan for payment of the fine to the European Commission and the reprofiling of the payment schedule to fit with Recylex S.A.'s revised cash flow forecasts. To this end, a request was sent to the European Commission in July 2020 for adjustment of the amount and the payment plan to Recylex S.A.'s new economic position
- The acceptance by the competent authorities of the temporary suspension of the rehabilitation work at the L'Estaque site until December 31, 2021 and postponement of the completion date of the work until December 31, 2024. To this end, a request was sent in late May 2020 to the PACA region's environmental agency (DREAL) seeking a temporary suspension of the rehabilitation work until December 31, 2021 and a delay to the completion date until December 31, 2024 (see Note 38 – 3.1)
- The successful completion of the sale of non-operating assets in the next 12 months

Assessment of liquidity risk

In addition to the risk that the assumptions described above will not be met, Recylex S.A.'s cash flow projections may be affected by the following factors in this new environment:

- the likely volumes of secondary raw materials purchased by Weser-Metall GmbH (now a third party customer), which represents Recylex S.A.'s almost only customer to date
- changes in business conditions for secondary materials (treatment charges)
- fluctuations in lead and zinc prices and in the euro/US dollar exchange rate, to which Recylex S.A.'s business activities are highly sensitive
- trends in volumes and the purchase cost of scrap lead batteries, on which the selling margin and the cash generated by Recylex S.A.'s operating activities are heavily dependent
- financial income, in particular dividends received from the Recytech S.A. equity associate, whose results are highly sensitive to the level of the zinc price and to the level of volumes processed
- potential proceeds from the disposal of non-operating assets
- effects of the restructuring of Recylex S.A.'s financial and non-financial debts
- expenditure linked to the rehabilitation commitments for the L'Estaque site and former mining facilities
- developments in the ongoing litigation involving Recylex S.A. and contingent liabilities (see Notes 1 and 38)
- developments in the recycled polypropylene market and their impact on the business of the C2P S.A.S. subsidiary, Recylex S.A.'s sole outlet for the sale of polypropylene residues from battery recycling. C2P S.A.S., located on Recylex S.A.'s recycling site in Villefranche sur Soane, uses the same infrastructure as Recylex S.A. and therefore offers economies of scale in terms of costs. The interdependence of two companies is a factor to be taken into account when assessing the financial risks of the two companies.

See the Going concern section of Note 2 – Accounting policies and application of IFRS for details of how the going concern principle was applied in the preparation of the consolidated financial statements for the year ended December 31, 2019.

No other events liable to have a material impact on the Group's activities or its business and financial position occurred between the end of FY 2019 and the date of this Report.

1.5. Expected developments and outlook

- ***Metal prices in euros and €/$ exchange rates***

Lead and Zinc metal prices were lower in 2020 than the average price in 2019.

The average lead price for the first three quarters of 2020 was €1,599, down 9.5% compared to the average for the first three quarters of 2019 and down 10.4% compared to the annual average lead price for 2019. After some volatility during January and February 2020, lead prices fell sharply from March to May 2020, reaching their annual low point on May 1, 2020 (€1,442). From June 2020, lead prices trended upwards, but did not return to the level posted at the beginning of 2020, before falling back to the low point in September 2020.

According to analysts' forecasts, lead prices (in $/ton), marked by the effects of the SARS-CoV-2 pandemic and the ensuing global economic crisis, should remain at a low level in the medium term in a market environment in surplus for the coming years.

The average zinc price for the first three quarters of 2020 was €1,903, down 17.8% compared to the average for the first three quarters of 2019 and down 16.4% compared to the annual average zinc price for 2019. During the first quarter of 2020, the evolution of the zinc price was marked by a sharp decline, with the price reaching an annual low point on March 25, 2020 (€1,639). The price trend was then fairly volatile in the second quarter of 2020, before picking up again in the third quarter of 2020, without however returning to the level posted at the beginning of the year.

According to analysts' forecasts, after a sharp fall at the beginning of 2020 and a moderate recovery in the second half of the year, the zinc price should then stabilize in the medium term at a lower level than before the crisis, the surplus situation on the market being offset by investor interest in this raw material.

Over the first three quarters of 2020, the average €/$ parity gradually increased to reach an average parity of 1.1794 in September 2020, compared to 1.1195 in 2019.
The evolution of the euro/dollar exchange rate will be a key element in the Group's economic context given its sensitivity to changes in metal prices, quoted in Dollars on the London Metal Exchange, whereas the Group's supplies and sales are mainly made in the Euro zone.

- ***Lead segment***

The refined lead market is at a transition point in 2019 from the tight supply of the past four years to growing surpluses in the coming years. According to the forecasts of specialist analysts, the Lead market should a priori be in a strong surplus in 2020 and 2021 due to the fall in demand in a context of economic crisis.

The short-, medium- and long-term effects of the coronavirus pandemic remain the key issues for the long-term global outlook. The immediate effects of the crisis have been sudden and unprecedented and remain unpredictable. The enormous reduction in economic and social activity has had an impact on the lead industry that will shape it for years to come.

According to specialized analysts, with a market that will become more surplus in the coming years until 2024 and the resulting drop in prices, some parts of the lead smelting industry can be expected to be in difficulty, particularly in the recycling sector. Scrap prices do not tend to decline proportionately with the lead price. If lead prices remain low for an extended period of time - and analysts expect average annual prices to remain below $1800/t for the next few years - then smelter and recycler margins will come under severe pressure.

The Weser-Metall GmbH smelter, which since May 15, 2020 is no longer part of the Recylex Group, but has since become a third party customer for Recylex S.A. This customer represents Recylex S.A.'s almost only outlet. As of August 31, 2020 Recylex S.A. generated 97% of its sales with Weser-Metall GmbH.

Recylex S.A.'s objective is to find new outlets for these recycled products in order to diversify its customer portfolio.

As of August 31, 2020, Recylex S.A.'s two used battery processing centers processed 37,391 tonnes of batteries compared with 38,955 tonnes as of June 30, 2019, a decrease of 4%.

As of June 30, 2020, Recylex S.A.'s battery recycling business posted a loss of 2.2 million euros compared with a profit of 0.6 million euros for the same period in 2019.

The business recorded a current operating loss of €0.5 million for the first half of 2020, compared with an almost break-even result for the same period in 2019.

The outlook for the Lead (and Plastics) segment is closely linked to the Group's new scope of consolidation following the start of insolvency proceedings at each of the German entities on 15 May 2020, as described in paragraph 1.4 "Significant events since the end of the financial year" of this Report.

- ***Zinc segment***

After a world zinc market in deficit in 2018, driven by strong global demand, the zinc market remained in deficit in 2019, still supporting the zinc price at around $2,500 per ton. However, at the beginning of 2020, the market fell into a surplus situation which led to a significant drop in the zinc price to around $1,900/ton at the end of the first quarter of 2020 and ended the third quarter of 2020 with an average of $2,450/ton over the month of September 2020.

The ongoing coronavirus pandemic continued to dominate the short-term outlook for the zinc market. Despite the upward revision of Chinese and European consumption, global demand is expected to contract by 6% or 800 Kton per year in 2020. According to industry analysts, although Covid's restrictions were the main cause of almost all of the loss of mine production in 2020, large stocks of concentrates in early 2020 and the gradual recovery in mine production will allow smelters around the world to collectively increase production. As smelter production increases and demand for zinc declines, the market surplus is expected to result in an increase in implied global refined zinc stocks from historically low levels equivalent to 29 days of global zinc consumption at the end of 2019 to 52 days of global consumption.

The forecast of 52 days of implied global zinc stocks at the end of 2020 is not excessive by historical standards. Although stocks are expected to continue to rise in the short term, some analysts anticipate support for the zinc price as a result of investor interest in commodities, but not back to levels comparable to 2018 and 2019.

As Harz Metall GmbH and Norzinco GmbH have no longer been part of the Recylex Group since May 15, 2020, the outlook for the Zinc segment is reduced to the business of Waelz Oxides through the Recytech S.A.S. joint venture.

This outlook is closely linked to trends in zinc prices, demand for Waelz Oxides by zinc producers, the availability of materials for recycling from steelmakers and changing business conditions.

The evolution of the zinc price and trading conditions in 2020/2021 compared to 2018 and 2019 will be a key factor in the performance of the Zinc segment over the year.

- ***Special Metals segment***

In 2019, the Group began a process of disposing of non-strategic assets, which includes PPM Pure Metals GmbH, the only entity of the Recylex Group within the special metals segment.

This process was interrupted following the start of insolvency proceedings at the level of each of the entities in the German scope on May 15, 2020, as described in paragraph 1.4 "Significant events since the end of the fiscal year" of this Report.

- ***Plastics segment***

In a still difficult economic environment, the priority for the Plastics segment was to develop and diversify its business portfolio by pursuing its strategy of producing high value-added recycled polypropylene compounds. The segment's objective was to focus on improving its margins.

In 2019, the activity of C2P Germany GmbH was refocused on the processing/crushing lead-containing plastics to transform them into a direct substitute fuel for the Group's lead smelter, replacing coal coke. This refocusing is in line with the Group's desire to optimize the segment's industrial strategy in order to improve its future results, as C2P Germany GmbH in Germany has been confronted for years with an extremely difficult and loss-making environment.

Consequently, the extrusion and production of recycled polypropylene will be carried out solely by C2P S.A.S. in France, whose business will most certainly be impacted by developments in the automotive sector, which is itself strongly affected by the crisis linked to the SARS-CoV-2 virus pandemic.

C2P S.A.S.'s polypropylene recycling business is suffering from a declining automotive market and saw its sales volumes decline by 37% in the first half of 2020 compared to the same period in 2019 to 3,800 tons.

Finally, with the start of insolvency proceedings at the level of each of the German entities on May 15, 2020, as described in paragraph 1.4 "Significant events since the end of the fiscal year" of this Report, the Plastics segment will be represented only by C2P S.A.S.'s business in France.

1.6. Research & Development

The Group' German subsidiaries carried out various R&D projects during fiscal year 2019.

In 2011, Harz-Metall GmbH began its first studies on the production processes for processing the materials contained in the former slag heaps at the Goslar site. These projects continued with two new studies and further discussions with the competent authorities concerning the possibility of setting up an industrial site to process the materials contained in one of these former slag heaps.

PPM Pure Metals GmbH, which is specialized in the production of special metals, has continued and launched several projects since 2018 to diversify its sources of supply and optimize its recycling processes. Several activities aimed at expanding PPM's product portfolio to the semiconductor sector have been launched, including investments in new products.

1.7. Description and management of the main risks and uncertainties facing the Group

The Group has reviewed the risks that could have a material adverse effect on its business, financial position or results and considers, on the basis of the information available to it, that there are no significant risks other than those presented below and in notes 32 and 39 to the 2019 consolidated financial statements.

1.7.1. Operational risks

The Group's production sites are exposed to potential risks related to business interruptions due to production incidents and/or accidents, such as power failures or the non-operation of essential equipment. Operating and maintenance procedures have been set up by each Group company to prevent these risks.

In this respect, the installation and start-up of the new Reduction Furnace at the lead smelter operated by Weser-Metall GmbH in Nordenham (Germany) during fiscal year 2018 required technical and operational adaptations to the main Bath Smelting Furnace (BSF) in order to connect it. Technical improvements were made in 2019 to increase the charging rate and availability of the main furnace in its new industrial configuration. In the event of persistent technical difficulties related to the joint operation of the two connected furnaces, production and ultimately the results of the Lead segment, and therefore of the Group as a whole, could be affected, given the significant contribution of this segment to the Group's results.

In addition, technological, legislative and regulatory changes, particularly with respect to import and export controls and the transportation of hazardous waste, could pose a risk to the Group's supplies and markets. In addition, changes in market and trading conditions in the lead, zinc, steel and plastics sectors are also likely to impact the Group's business segments.

At present, the Group's main customers are European.

Since the second half of 2018, the Recylex Group has been engaged in a process of in-depth renewal in terms of internal organization and management, a process that will continue in fiscal year 2019. Consequently, the Group's business segments are exposed to the risks inherent in this type of transformation and modernization process.

1.7.2. Legal risks

The Group is mainly composed of private limited liability companies (GmbHs under German law) for the operating structures.

The main legal proceedings initiated against Recylex S.A. are described in section 1.2.1 and the financial consequences of these proceedings are described in Note 32 "Liquidity risk" to the 2019 consolidated financial statements. In addition, the environmental liabilities managed by the Group (see Note 38 to the 2019 consolidated financial statements) may present legal risks that could result in the liability of the Group entities concerned.

Recylex S.A. and its subsidiaries, as legal entities, and the legal risks they may face, are managed by their respective managements, with the assistance of in-house lawyers and external advisors.

1.7.3. Environmental and social risks

In connection with the transposition of the European Directive 2014/95/EU of October 22, 2014 relating to the publication of non-financial information, the main risks faced by the Group in terms of social, environmental, human rights and anti-corruption matters are presented in this section as well as in section 1.8.

1.7.3.1. Environmental risks

As part of the sustainable development of its activities, the Group is particularly attentive to the impact of its activities on the health, environment and safety of its employees, neighbors and stakeholders, as well as to strict compliance with the legislative and regulatory framework defining standards and good operating practices.

Within the framework of the Group's Extra-Financial Performance Statement (section 1.8), the key environmental indicators corresponding to the main environmental challenges facing all Group sites are:

- Direct and indirect energy consumption,
- Direct and indirect greenhouse gas emissions,
- Percentage of recycled materials consumed.

Given its size and the nature of its activities, the classified facility that is likely to contribute most significantly to the Group's environmental performance is Weser-Metall GmbH in Nordenham (Germany), which started up its new reduction furnace in fiscal year 2018.

All of the Group's operating sites that carry out recycling activities likely to have an impact on the environment are subject to authorizations from the local environmental authorities, compliance with which is an absolute priority.

The sites of Weser-Metall GmbH (Lead segment), Norzinco GmbH (Zinc segment) and PPM Pure Metals GmbH (Special Metals segment) in Germany are classified as Seveso II.

Since June 1, 2016, Recylex S.A.'s Villefranche-sur-Saône and Escaudœuvres sites in France have been classified SEVESO high threshold, following a change in regulations concerning used lead-acid batteries. This new classification is the consequence of a change in regulations following the transposition of the European SEVESO III Directive, but does not imply any change in Recylex S.A.'s activities in France. The associated hazard studies defining the risks and means of protection to be taken into consideration are currently being validated with the authorities.
Risk assessment within the Seveso regulatory framework is entrusted to specialized offices. An emergency plan is prepared in conjunction with the local authorities.

In addition, the Group is responsible for the remediation of environmental liabilities resulting from the industrial or mining past of the two founding companies of the Group (the German company Preussag AG, now TUI AG, and the French company Société Minière et Métallurgique de Peñarroya).

The management of operational risks related to the environment, health and safety is the responsibility of the directors of the Group's subsidiaries and establishments.

1.7.3.2. Social risks

Within the framework of the Group's Extra-Financial Performance Statement (section 1.8), the key social indicators corresponding to the main challenges faced by all and most of the Group's sites respectively are as follows:

- The frequency rate of work-related accidents with lost time,
- The average blood lead level.

The monitoring of these indicators is integrated, in a decentralized manner, into the internal management tools of each Group company concerned, particularly in connection with their certification (see section 1.8.3.1).

1.7.4. Insurances

Insurance for protection against accidental risks is taken out by Recylex S.A. and the German sub-group, through insurance brokers, which is part of the Group's risk management procedures.

The industrial risks insured include property damage and business interruption insurance as well as liability insurance, taken out by Recylex S.A. for the French subsidiaries and by the subsidiary Recylex GmbH for the Group's German subsidiaries.

In addition, insurance policies covering the environmental liability of Group companies up to €10 million, as well as the environmental liability of Group companies relating to the prevention and repair of environmental damage up to 6 million euros per claim per year for the Group's German subsidiaries and €10 million over a 24-month period for Recylex S.A., have been taken out.

Although Recylex S.A. believes that the insurance taken out at Group level is adequate to cover the risks incurred in the course of its business, it may prove insufficient to offset certain losses resulting from exceptional damage or exceptional economic and financial circumstances, which would adversely affect its financial position.

1.8. Recylex Group's extra-financial performance statement

Within the framework of Order no. 2017-1180 of July 19, 2017, which transposed the European Directive 2014/95/EU of October 22, 2014 concerning the publication of non-financial information, and the implementing decree no. 2017-1265 of August 9, 2017, the Group's extra-financial performance statement presents:

- The Group's business model and
- the Group's extra-financial reporting including the main extra-financial risks the Group faces in terms of social, environmental, human rights and anti-corruption issues, as well as the policies implemented to address them and the results of these policies.

1.8.1. Recylex Group's business model[6]

1.8.1.1. Major trends in the recycling industry

A fundamental transition: from raw material treatment to the circular economy of sustainable raw materials:

- *"Third Industrial Revolution"*

Changes in production and consumption patterns, mobility patterns, technologies and energy production are the key factor in the growing demand for raw materials worldwide. In the context of this still ongoing "third industrial revolution", a sustainable supply of raw materials is a necessity to produce our everyday industrial and consumer goods that are increasingly in demand by and for future generations.

- *"Responsible sourcing"*

The continuous extraction of raw materials, their production and supply chain must be managed responsibly and increasingly replaced by more environmentally friendly materials. This twofold transition is based on a collective awareness that is changing consumption patterns, but also on increasingly stringent regulations in favour of the use of more responsible materials.

- *"Recyclability and eco-responsibility"*

The increasing substitution of raw materials in favour of recycled raw materials (RRM) prevents the depletion of natural resources linked to their extraction, as well as the consumption of fossil energy linked to their processing and transport. Beyond that, however, there is the need to act in a more responsible and sustainable manner. For example, the design and production of many products now incorporate the concept of recyclability more and more upstream in order to maximize and ultimately optimize the functioning of circular economies.

- *"Urban mining"*

The increased demand for responsible and eco-responsible raw materials is accompanied in parallel by growing regulations in terms of waste management and limitation of the carbon footprint of their processing. Cities and industries are now the new urban mines that constitute the new sources of sustainable raw materials.

1.8.1.2. The resources

Human capital

744 employees (with Recytech)

9,567 hours of training in 2019

100% of Group companies have employee representative bodies

Industrial capital

11 production units in France and Germany

15million euros of investments in 2019

Environmental capital

1 sustainable performance charter

67% of companies certified ISO 14001

Historical recycling know-how

[6] *La description du modèle d'affaires du Groupe Recylex (chapitre 1.8.1.) inclut la société Recytech S.A. détenue à 50% par Recylex S.A. En cela, le périmètre du modèle d'affaires est différent du périmètre de Reporting extra financier, pour lequel la société Recytech S.A. a été exclue à compter de l'exercice 2018.*

Financial capital

Listed on Euronext Paris Compartment B

GLENCORE

1 reference shareholder, Glencore, with a 29.76% stake and 32.87% voting rights at December 31, 2019

Societal capital

A Group Code of Ethics

Shared values: Commitment, Respect, Performance

Commitments to rehabilitate former industrial sites and mines

1.8.1.3. Four business segments for sustainable and responsible materials

EUROPE'S LEADER IN INTEGRATED LEAD RECYCLING

196 M€ turnover	**102,113** tons of ULAB recycled
380 salaries	**4** industrial sites

With its patented process for processing used batteries and the most energy-efficient smelter in Europe, the Recylex Group's integrated lead recycling model is one of the most efficient in the world in both industrial and environmental terms.

Resulting from the recycling of used lead acid batteries (ULAB) by Recylex S.A. in France and Harz-Metall GmbH in Germany, lead-rich materials are transformed at the Weser-Metall GmbH smelter into lead ingots whose brand and quality are registered at the London Metal Exchange.

Recylex S.A. is one of Europe's leading players, achieving a recycling rate of 92% for used lead acid batteries (recovery of lead, polypropylene and sulfuric acid) in accordance with EU Regulation 493/2012 on the calculation of recycling efficiencies for waste batteries and accumulators.

As one of the largest lead recyclers in Europe, the Group makes a major contribution to the circular economy in Europe.

TWO ACTIVITIES FOR SUSTAINABLE ZINC RECYCLING

80 M€ turnover	**3** Industrial sites
158 employees (including Recytech)	**191,212** tons of zinc-rich waste produced

**These figures include Recytech S.A., Harz-Metall GmbH and Norzinco GmbH.*

Harz-Metall GmbH in Germany and Recytech S.A. in France (50% owned) provide a responsible contribution to the environment by recycling zinc containing dust from electric arc furnaces from steel producers. These dusts from steel production are enriched in our giant rotating furnaces using the Waelz process. The Waelz oxides produced are secondary raw materials for zinc producers, replacing materials from the mines.

Norzinco GmbH in Germany recycles a different type of zinc-rich scrap, from old zinc (roofing zinc), top dross and re-melted zinc. These raw materials are processed with the very high temperature New Jersey distillation process.
Both high-purity zinc oxides and zinc dusts produced are used in several daily applications such as tires, chemicals or cosmetics.

With these two activities, the Group thus makes a major contribution to the circular economy of zinc in Europe.

SPECIALIST IN RECYCLED POLYPROPYLENE COMPOUND

12 M€ turnover	**12,000** tons of recycled plastic
32 employees	**2** industrial sites

As close as possible to its resources and consumers, the recycling industry is a key player in tomorrow's cities and infrastructures.

With 30 years of experience, C2P S.A.S. in France and C2P Germany GmbH are pioneers in the production of recycled polypropylene in Europe.

They recover polypropylene from multiple waste streams (battery shells, bumpers, production scraps, packaging, construction waste, bottle caps collected from associations, etc.). During the financial year of 2019, the activity of C2P Germany GmbH was adjusted and the production of recycled polypropylene was suspended.

The unique know-how developed by C2P lies in its mastery of grinding, extrusion recycling and compounding techniques: the recycled material is enriched with custom additives to obtain a polypropylene with high added value, adapted to customer specifications.

Thanks to C2P's expertise and its teams working closely with customers' needs, the Recylex Group plays an active role in the sustainable supply of recycled plastics, helping to preserve natural resources by limiting the consumption of fossil fuels.

WORLD EXPERT IN HIGH-PURITY SPECIAL METALS

16 M€ turnover	**158** tons of special metals produced
102 employees	**2** industrial sites

PPM Pure Metals GmbH in Germany has a high level know-how in the production and purification of special metals such as arsenic, germanium, gallium or indium.

Although PPM Pure Metals GmbH mainly processes raw materials, it has also developed recycling know-how for some of its products.

PPM Pure Metals GmbH offers tailor-made products and solutions. These very high purity metals and their compounds are intended for high-tech applications for major global industries such as electronics, mobile telephony or infrared technologies. These advanced metals are produced in small quantities according to very precise specifications and are refined to an extreme degree of purity up to 99.999995%.

1.8.1.4. The strategy for the future

With its historic and unrivalled know-how, the Recylex Group is a major player in Europe in the production of sustainable and responsible "raw materials". Recylex provides reliable solutions to the major challenges of Europe's circular economy by turning available industrial and individual waste from industries and cities, which are today's new urban mines, into new raw material.

The Group's current priority is to reorganize its structure to achieve a stable and profitable operation of its industrial activities. The Group's long-term strategy is to integrate and optimize all the stages of transformation of incoming materials in its process in order to maximize their recovery. The Group's future value creation will be based on its ability to continuously improve the use of incoming materials, but also on its ability to develop other sources of supply that are more profitable due to the technical nature of their processing.

In addition, the Recylex Group is committed to take care for its historical past by managing environmental liabilities which have had arisen from former industrial activities and mining in last centuries.

Finally, the Group is committed to a policy of creating value for society, by giving priority to local employment areas (see section 1.8.5.3) and also through corporate philanthropy initiatives as close as possible to its sites (see section 1.8.5.2).

More specifically, since 2017 the Group has undertaken an ongoing industrial transformation, the main levers of which are: the project to return its lead segment to sustainable profitability, the cornerstone of which is the new reduction furnace, representing an investment of more than 40 million euros, and the modernization of the Group's organization and processes.

The Recylex Group's global strategy is based on the Group's historical expertise in the treatment and recovery of industrial waste, the production of metals and recycled raw materials, as well as on the control of its industrial processes in terms of Health, Safety and Environment.

The Group has identified various risks that could impact its strategy in the short and medium term.

The Recylex Group prepares itself as best as possible for unexpected developments and incidents which could have effects in the group operations and results by continuously monitoring its industrial and financial development[7]. The Group is prepared as best as possible to adapt and react in order to limit potential negative impacts. Therefore, the Recylex Group has identified a non-exhaustive list of potential risks that could impact its activities, in order to anticipate and react as most effective as possible.

The global outbreak of SARS-CoV-2 in early 2020, as well as the measures taken by state governments to face it, is an example of an unprecedented event with unpredictable consequences, posing difficulties in anticipating its impacts in the short, mid and long term and demanding risk management measures to safeguard the Recylex Group's activities and to preserve the health and safety of its employees.

1.8.2. Group's extra-financial reporting

As part of the application decree no. 2017-1265 of August 9, 2017 implementing the European Directive 2014/95/EU of October 22, 2014 on the publication of non-financial information, the Reporting of the Group's extra-financial indicators has been reviewed with the managers of the companies and concerned departments with a view in particular to identifying the key social and environmental indicators corresponding to the main challenges faced by the Group's companies.

The monitoring of non-financial key indicators is integrated into the management tools of each Group site or company, in a decentralized manner, with targets defined by each site for certain key indicators as part of their certifications. In view of the reduction furnace at the Weser-Metall GmbH lead smelter in Nordenham as well as the managerial changes in the Group's German scope of consolidation during the 2019 financial year, the monitoring and preparation of the Group's extra-financial reporting was reviewed and adapted by the departments concerned at dedicated meetings, depending on their relevance to the main challenges and areas of intervention of the Group. These challenges are defined, prioritized and monitored over several years as part of the various certifications of each Group entity during management reviews.

For the 2019 financial year, the methodological guide, prepared by the relevant Group departments, formalizing and describing the process, all definitions and methods to be followed for extra-financial reporting (each indicator is the subject of a methodological sheet containing definitions and calculation

[7] *See the 2019 Management Report.*

methods) continued to serve as an internal guide for the Group sites within the scope of the extra-financial data reporting. This methodological guide is updated periodically and serves as a reference for the external audit of the Group's Extra-Financial Reporting and, as such, is available to readers of the Recylex Annual Report upon request[8].

1.8.2.1. Extra-financial indicators and reporting scope

1.8.2.1.1. Extra-financial indicators and risks

Initiated in 2011, the Group's extra-financial reporting includes social and environmental indicators selected by the concerned departments, in consultation with the managers of the Group's subsidiaries and sites. During 2019, the Group's extra-financial reporting continued, with a particular focus on the changes brought about by the implementation of the European Directive 2014/95/EU of October 22, 2014.

Amongst the indicators of the extra-financial reporting, Key performance indicators were identified by the departments concerned at dedicated meetings, based on their relevance to the Group's main challenges and areas of intervention.

The main non-financial risks and challenges for Group companies concern health and safety at work, in particular the frequency of work accidents and the monitoring of the blood lead level of exposed personnel, as well as the impact of the Group's activities on the environment, in particular C02 emissions and energy consumption. Therefore, have been identified the following key performance indicators:

RISKS	KEY INDICATORS	RESULTS 2019	RESULTS 2018
SAFETY AND WORKING CONDITIONS	Frequency rate of lost-time accidents	47.67%	40.99%
	Average blood lead level of the Group's exposed personnel	140 g/l*	139g/l *
ENVIRONMENT	Direct and indirect CO2 emissions	193 493 tCO2**	178 012 tCO2
	Direct and indirect energy consumption	342 467 MWh	336 970 MWh
	Percentage of recycled materials consumed	70.88%	73.30%

**Average lead-in-blood level for 2019 did not include C2P France exposed employees following the change of occupational doctor, which resulted in an administrative malfunction.*
***First fully operational year of the new reduction furnace of Weser-Metall GmbH.*

As a company working in the recycling and circular economy field, Recylex's core business is focused on recycling secondary materials.

Recylex is committed to environmental responsibility and the protection of its employees (occupational health and safety) and each Group entity has identified, particularly in the context of its ISO 14001 certification, priority risks and challenges for its activities in terms of safety, health and the environment, as shown in the table above.

With regard to risks to the health and safety of employees, each Group entity is committed to implementing objectives and procedures to reduce the number of accidents in the workplace to the ideal value of 0, in particular by making its employees aware of the importance of following all occupational safety procedures. Thus, the control of safety and health protection at work is carried out by direct supervisors, the doctor and the QHSE manager. Safety walks and technical meetings dealing in particular with safety issues are held regularly at Group sites.

In addition, in the context of occupational safety, regular monitoring of the lead-in-blood levels of its exposed employees is one of Recylex's major concerns as a company that processes used lead batteries. Each Group entity concerned by this monitoring concentrates its efforts on reducing the lead-in-blood levels of its employees in cooperation with the occupational health authorities.

Recylex operates industrial processes that are likely to have an impact on the environment and concentrates its efforts on reducing it as much as possible. In particular, the Recylex Group has set up a policy describing common objectives in terms of safety, the environment and employee involvement in the QHSE management of its sites.

With regard to CO2 emissions, a variable that is highly dependent on production volumes and sales, the Group's plants are all equipped with filters and means of controlling air and soil quality in order to take into account the impact of their activities in accordance with their operating permits.

Recylex Group entities are deploying measures to reduce energy consumption. More than half of Recylex's entities are ISO 50001 certified for energy management. Energy efficiency is part of the purchasing policy of most Group companies, and the departments in charge of purchasing take into account the energy consumption of certain materials.

Beyond these priority risks, other significant and managed social and environmental risks have been identified with regard to our activities and will be addressed in the extra-financial performance statement: respect for Human Rights, the fight against corruption and tax evasion (see section 1.8.5.3.), employee training, particularly in the areas of safety (see section 1.8.5.6.), talent retention (see section 1.8.5.2.) and emissions of air pollutants, effluent discharges and hazardous waste management (see section 1.8.4).

1.8.2.1.2. The scope of the extra-financial reporting

The scope of the Group's extra-financial reporting for fiscal year 2019 includes data relating to the parent company and all its subsidiaries within the meaning of Article L. 233-1 of the French Commercial Code or companies that it controls within the meaning of Article L. 233-3 of the French Commercial Code, with the exclusion of companies in which Recylex S.A. legally or economically holds directly or indirectly less than 51% of the capital, given Recylex S.A.'s limited operational control within these entities.

As from financial year 2018, in order to bring the scope of Extra-Financial Reporting into line with the Group's financial

[8] *Any request may be sent by e-mail on the Company's website (www.recylex.eu - Contact section) or by post to the Company's administrative headquarters: 79, rue Jean-Jacques Rousseau, 92150 Suresnes (France).*

consolidation scope, information relating to Recytech S.A., which is 50% owned by Recylex S.A., has been excluded. In addition, entities with no employees are excluded from the scope of social reporting and companies with no operational activity are excluded from the scope of environmental reporting.

Any perimeter restrictions (activities or geographical areas) specific to certain indicators are specified in the methodological guide. Changes in the scope of consolidation (resulting in particular from acquisitions, creation or cessation of activities) are taken into account on the date of their effective implementation.

Therefore, as this statement relates to the financial year 2019, the deconsolidation of the Recylex Group following the start of insolvency proceedings in May 2020 by the German sub-group, i.e. C2P Germany GmbH, Harz-Metall GmbH, Norzinco GmbH, Weser-Metall GmbH, Recylex GmbH and PPM Pure Metals GmbH is not taken into account. The start of the insolvency proceedings in May 2020 resulted in Recylex S.A.'s definitive loss of control over all these entities.

Internally defined methodologies may have limitations for certain selected indicators, in particular due to:

- The disparity between the national laws of the various countries in which the Group's sites are located (particularly in labor and social protection law)
- Difficulties in responding to an indicator for legal or policy reasons
- Estimates (e.g. measurements of the activity generating emissions and/or discharges)

1.8.2.2. External audits

The environmental, social and societal information published in this Report in respect of the year 2019 has been verified by one of our statutory auditors, KPMG Audit, a division of KPMG S.A.

The procedures carried out by this body are designed to:

- Produce a reasoned opinion on the compliance of the declaration with the provisions set out in I and II of Article R 225-105-1 of the French Commercial Code;
- Express a conclusion of moderate assurance on the fact that the information referred to above is presented, in all material respects, in a fair manner in accordance with the standards used. This report is appended to this Report.

1.8.3. Group environmental information

1.8.3.1. General environmental policy

Environmental Management System within the Group

The Group's Sustainable Performance Charter, which will be integrated into the Group's Code of Ethics in 2019, is applicable to all the Group's establishments and subsidiaries and complies with the principle of continuous improvement of the ISO 14001:2015 environmental standard.

The implementation of the Group's Sustainable Performance Charter is the responsibility of the management of each establishment or subsidiary, which is responsible for ensuring compliance with environmental parameters and contact with local authorities and populations. At least one person reports to each site manager, whose main activity is dedicated to environmental management, training and information of employees with the objective of reducing environmental risks, as well as the definition of organizations to be set up in emergency situations for each site.

Environmental management systems provide a framework for identifying the impacts of activities, defining progress objectives, implementing action plans and evaluating results. With this in mind, each Group site and subsidiary has its management systems certified by accredited organizations. These certifications are international references in terms of Quality, Health, Safety and Environment (hereafter "QHSE") and the certifications held by the sites concerned by the Group's extra-financial reporting as at December 31, 2019 are presented in the table below:

Operating plants as at December 31, 2019	Business segment	Certifications (1st obtained)
France		
Recylex S.A. à Villefranche-sur-Saône	Lead	ISO 14001:2015 (since 2008)
Recylex S.A. à Escaudœuvres	Lead	ISO 14001:2015 (since 2008)
C2P S.A.S à Villefranche-sur-Saône	Plastics	ISO 14001:2015 (since 2006) ISO 9001:2015 (since 2007) OHS.A.S 18001:2007 (since 2008)
Germany		
Harz-Metall GmbH à Goslar	Zinc / Lead	ISO 14001:2015 (since 1995) ISO 9001:2015 (since 1995) ISO 50001:2011 (since 2013)
Weser-Metall GmbH à Nordenham	Lead	ISO 14001:2015 (since 2002) ISO 9001:2015 (since 1995) ISO 50001:2011 (since 2012)
Norzinco GmbH à Goslar	Zinc	ISO 14001:2015 (since 2004) ISO 9001:2015 (since 2004) ISO 50001:2011 (since 2011) OHS.A.S 18001:2007 (since 2012)
C2P Germany GmbH à Goslar	Plastique	ISO 9001:2015 (depuis 2002)* ISO 50001:2011 (depuis 2016)*
PPM Pure Metals GmbH à Langelsheim	Special metals	ISO 9001:2015 (since 1993) ISO 50001 :2011 (since 2012)
PPM Pure Metals GmbH à Osterwieck	Special metals	ISO 50001:2011 (since 2012)

** During the financial year 2019, C2P Germany GmbH activities were adjusted and the production of recycled polypropylene was suspended. Therefore, C2P Germany GmbH did not carry out its ISO 50001:2011 and ISO 9001:2015 certifications renewal audits.*

All of the Group's operating sites, whose activities are detailed in section 1.1. of this Report, are subject to administrative environmental authorizations in view of their industrial activity, which is likely to have an impact on the environment.

REACH and CLP Regulations

The European Regulation (EC) 1907/2006 (REACH) covers the registration, evaluation, authorization and restriction of chemicals. It entered into force in 2007, superseding the previous legislative regime for chemicals in the European Union.

REACH transfers responsibility for the assessment and management of the risks posed by these chemicals to industrial producers, importers and users, and provides appropriate safety information for their use. This Regulation has an impact on a large range of companies operating across many sectors, and not just in industry. REACH requires new forms of cooperation between businesses, enhancing the communication processes throughout the supply chain, and the development of tools to guide and assist businesses and the authorities with its implementation.

The main purpose of REACH is to ensure a high level of protection of human health and the environment, including the promotion of alternative trial methods, free movement of substances in the internal market and greater competitiveness and innovation.

Furthermore, European Regulation (EC) No. 1272/2008 on the classification, labeling and packaging ("CLP") of substances and mixtures has been in full force since June 1, 2015. In accordance with the GHS standard, the CLP Regulation establishes a classification of hazardous chemical substances and provides information about the dangers for users based on a labeling system. This Regulation CLP also provides the basis for the safety data sheets (SDS) regulated under the REACH Regulation and lays down requirements for the packaging of hazardous chemicals. With the publication of the Ninth Adaptation to Technical Progress (ATP) on July 19, 2016, lead metal is now classified in category 1A in terms of its toxicity to reproduction and effects on or via lactation.

The Group works closely with international trade organizations to implement the various stages in the process. Norzinco GmbH has been designated Lead Registrant for zinc oxide by the Zinc REACH Consortium (International Zinc Association in Brussels), while Weser-Metall GmbH has been designated for waste from the recycling of lead-acid batteries by the REACH Lead Consortium (International Lead Association in London).

Since, in accordance with the regulations, all pre-registrations would have lost their validity on 31 December 2019, all necessary steps have been taken for the Group's companies' concerned substances in order to transfer pre-registrations to full registrations before the deadline expired.

PPM Pure Metals GmbH is the lead registrant for antimony trichloride managed by the International Antimony Association and for arsenic metal and arsenic trichloride managed by the Arsenic Consortium and its compounds. Finally, PPM Pure Metals GmbH acts as the lead registrant for the registration of germanium dioxide managed by the REACH Germanium Consortium.

Following the publication of the European Chemicals Agency ("ECHA") Decision ED/61/2018, lead was included in the list of candidates for possible inclusion in Annex XIV for substances of very high concern because of their reproductive toxicity (Article 57c). The International Lead Association is still active to prevent lead from being included in Annex XIV of the REACH Directive (EG / 1907/2006).

MISA project (Sectorial Approach for Metals and Inorganic Products), launched in 2018 and continued in 2019, was managed by the consortia. The project aims to better identify the risks associated with the uses of these substances and to increase the level of safety in their use. This MISA project will continue in 2020.

Protecting biodiversity: measures taken to limit impacts on the natural environment and protected species

The majority of the Group's operating plants are located in industrial or urban areas, far from any protected area (e.g. Natura 2000) and therefore do not require any special protection measures. Each subsidiary and site of the Group nevertheless remains attentive to limiting the impact of its activities on the environment.

Certain lands surrounding the Recylex S.A. facility located in Escaudœuvres (France) are located in natural areas of ecological, faunistic and floristic interest, known as "ZNIEFF". This is a permanent scientific inventory of areas of French territory that are particularly interesting from an ecological point of view, in particular because of the balance or richness of the ecosystems that make it up and the presence of rare and threatened plant and animal species. The presence of ZNIEFF does not have a direct regulatory impact but implies ensuring the probable presence of protected species for which strict regulations exist.

Moreover, in the context of the rehabilitation of mining sites or old sites, particular attention is paid to protected species, for example during closure work on former mining galleries when they are identified as a shelter for bats.

Measures taken to adapt to the consequences of climate change

The consequences of climate change, such as increased temperatures, rising water levels and more severe weather phenomena (wind and rain), have a limited effect on the Group's operating facilities at present given their location.

The Group's main plant, Weser-Metall GmbH in Germany, located on the banks of a river, is anticipating the consequences of climate change by implementing various measures to protect against the risk of floods (reinforcement of dikes) and storms (improvement of the water tightness of buildings, increase in the capacity of the storm basin).

1.8.3.2. Group environmental strategy

The Recylex Group is fully integrated into the circular economy, treating and recovering hazardous waste, such as used lead acid batteries or zinc-rich dust resulting from steel production by electric arc furnaces recycling ferrous scraps, as well as non-hazardous waste, such as zinc scrap and polypropylene waste.

For example, the Group recycles and recovers > 92% of the components of a used lead acid battery and approximately 98% of its lead content, a unique performance in Europe. The lead compounds in the battery are transformed into lead metal ingots, the plastic casing is purified and transformed into polypropylene granules, and the impure sulfuric acid is regenerated into clean

acid. All these recycled materials are of the same quality as those produced from non-renewable raw materials.
Recycling contributes to the reduction of greenhouse gases, in particular by avoiding energy consumption linked to the extraction of raw materials and their transport to Europe. Recycling technologies also consume less energy than processes processing non-renewable raw materials.

The main source of greenhouse gas emissions is almost 80% from the combustion of coke and natural gas in metallurgical furnaces for the production of lead ingots or zinc compounds. Greenhouse gas emission reduction targets are in accordance with the continuous optimization of all production processes. For information, the assessment of greenhouse gas emissions related to the transport of incoming and intra-Group materials for the two main business segments Lead and Zinc would represent approximately 7% additional emissions in 2019. Nevertheless, the Recylex Group is taking care in its intra-Group supply chain, but also for its coke and raw materials supplies, to favour modal shift by giving priority to river transport and combined road/rail transport.

In addition, the Group is equipped with technical means enabling meetings to be held by videoconference and telephone conference, in particular in order to limit greenhouse gas emissions related to business traveling. To this end, most of the meeting rooms and workstations of the Group's staff members whose duties require travel are equipped with an individualized videoconferencing system.

Finally, as most Group companies do not have a company restaurant, actions to combat food waste are therefore limited. Group companies that use external catering services ensure that portions are adequate for employee consumption.

1.8.3.3. Rehabilitation of former mining sites, decommissioned industrial sites and former slag heaps

Substantial provisions have been set aside for the rehabilitation of mining and industrial sites that remain under the Group's responsibility (see note 38 of the Notes to the consolidated financial statements).

FRANCE

When it was created in 1988, the Group inherited responsibility for some thirty mining concessions in France, of which only two were still in operation at that time.

At the end of 2018, Recylex S.A. is no longer a mining concession holder in accordance with Article L. 144-4 of the French Mining Code, which stipulates that mining concessions not in operation and instituted for an unlimited period expire on December 31, 2018. However, the end of the validity of the mining title does not mean the end of the mining police concerning the conditions for carrying out rehabilitation work on former mining sites. The rehabilitation of these sites and their safety have been the subject of a multi-year work plan validated and revised in consultation with local authorities and State bodies. At December 31, 2019, provisions covering the entire rehabilitation program for former mining sites totaled 2,963 thousand euros.

Recylex S.A. also retains responsibility for the rehabilitation of the abandoned L'Estaque industrial site in Marseilles (see section 1.8.4.9 below).

GERMANY

In Germany, the subsidiaries Harz-Metall GmbH, PPM Pure Metals GmbH and Weser-Metall GmbH remain responsible for former slag heaps or residue deposits located within or near active sites. These former slag heaps or depots, which have often not been in operation for several years, but for which responsibility is either total or shared with other manufacturers, are being rehabilitated in consultation with the local authorities.

1.8.4. Environmental indicators

The Group's operating sites may have an environmental footprint primarily related to air emissions and discharges to process water, particularly heavy metals such as lead and zinc.

The relevant values measured or calculated for the Group's operating sites have been collected and reported in accordance with the extra-financial reporting formalization process described above and are presented in the tables below. In general, the "measured" data is derived from self-checking. This self-assessment is subject to at least annual verification by an approved body and to unannounced checks by local administrative authorities.

1.8.4.1. Consumption of non-renewable materials

The table below shows the evolution of the Group's consumption of non-renewable raw materials over the last two years:

	2019	2018
Group consumption of non-renewable materials	93,136 tons	89,399 tons

The Group's consumption of non-renewable materials increased in 2019 compared to 2018.
This development is linked to the first full year of operation of the new reduction furnace at Weser-Metall GmbH and a consequent increase in coke consumption.

1.8.4.2. Consumption of recyclable materials

The following table shows the evolution of the Group's consumption of recyclable[9] materials over the last two years:

	2019	2018
Group consumption of renewable materials	226,695 tons	245,484 tons
Percentage of recycled materials consumed by the Group in relation to the total materials consumed	70.88 %	73.30 %

[9] *Recyclable materials are materials that can be recycled or replace material produced from a virgin resource, purchased or obtained from sources inside or outside the Group. The recyclable materials selected for this indicator are mainly used lead-acid batteries, lead compounds ("Fine" and "Metallic"), electric furnace steel mill dust, polypropylene waste and lead and zinc waste.*

As the Group's activities are mainly in the area of recycling, the proportion of recyclable materials consumed by the Group is significant and represents approximately 71% of the total materials consumed by the Group in 2019. This indicator has been identified as one of the key indicators of the Group's extra-financial performance.

In 2019, purchases of recyclable materials decreased. In a context of difficult economic conditions and ongoing technical improvements at the Weser-Metall GmbH smelter, Recylex S.A. and Harz-Metall GmbH' slowed down their ULAB purchases in 2019. In addition, reduced volumes of zinc scrap purchased by Norzinco GmbH and Harz-Metall GmbH's Waelz oxide production activity also contributed to this decrease in the processing of recyclable materials.

1.8.4.3. Waste

This indicator covers hazardous and non-hazardous waste that is recycled or disposed of (as defined in Directive 2008/98/EC of 18 November 2008 on waste) and is identified by type of waste and calculated individually for each treatment route (recovery or disposal). This excludes waste generated and treated during the manufacturing process such as poor quality products recycled internally.

In application of national regulations transposing Directive 2008/98/EC of 18 November 2008 on waste, lead-acid materials from subsidiaries and establishments recovering used lead-acid batteries are considered as waste until specific end-of-waste status criteria are defined for these materials.
However, these materials considered as waste are used and recovered by the Group's entities as "secondary" raw materials replacing, without additional treatment, virgin raw materials or mining resources. This process explains the high recycling rate reported below.

The main effort made to manage the waste generated by the Group's activities is to reduce the volume of waste destined for disposal, by encouraging as much as possible the internal recycling of materials that are not rich enough in metals to be marketed or of non-compliant products. Waste that cannot be recycled internally is treated by approved disposal channels.

The evolution of the volume of waste generated by the Group's activities over the last two years, as well as their management method, is as follows:

	2019	2018
Production of hazardous waste by the Group	145,886 tons	101,541 tons
Percentage of hazardous waste recovered	73.0 %	96.0 %

The increase in the volumes of hazardous waste produced in 2019 compared to 2018 is due to the inclusion of final slag produced by the new reduction furnace at the Weser-Metall GmbH smelter, which processes oxide lead concentrate previously sold for the recovering of lead content.

It should be noted that approximately 73% of the hazardous waste recovered is used as "secondary" raw materials by the Nordenham smelter in Germany for its production of market lead.

	2019	2018
Production of non-hazardous waste by the Group	52,661 tons	57,851 tons
Percentage of non-hazardous waste recovered	9.8%	10.3 %

The main volume of waste generated corresponds to the slag resulting from the production of Waelz oxides at the Harz-Metall GmbH site, which had less activity in 2019 due to a major maintenance shutdown in early 2019.

1.8.4.4. Direct and indirect energy consumption

The table below shows the evolution of energy consumption by the sites (in MWh) over the last two years:

Direct energy[10] consumption Group	2019	2018
Natural Gas	247,460 MWh	246,083 MWh
Diesel/Fuel	4,793 MWh	4,445 MWh
Self-generated electricity	928 MWh	1 160 MWh
Total	253,181 MWh	251,688 MWh
Indirect energy[11] consumption Group		
Electricity	89,132 MWh	85,191 MWh
Diesel/Fuel	148 MWh	91 MWh
Total energy consumption by the Group	342,467 MWh	336,974MWh

This indicator has been identified as one of the key indicators of the Group's extra-financial performance. It is monitored at each of the Group's sites concerned as part of its policy of optimized management of energy consumption.
The Group's energy consumption increased slightly in 2019 compared to 2018, despite the change in the scope of the Group's extra-financial reporting in 2018, due to the start-up of the new reduction furnace at Weser-Metall GmbH during the 2018 financial year.

With regard to the measures taken to reduce energy consumption, the Group is continuing its efforts to reduce its energy consumption both in terms of the use of natural gas for thermal processes and the electricity consumed by the electric motors of the industrial tools at its sites.

In 2019, the German companies certified ISO 50001 successfully achieved their certification renewal audit. The subsidiary Weser-Metall GmbH is working on heat recovery systems and has invested in a more economical oxygen supply system. In addition, since 2014, the subsidiary Norzinco GmbH has been operating a heat exchanger with a neighbouring wood-producing company to use the heat from Norzinco GmbH's production facilities to dry the

[10] Direct energy is the energy consumed by the company on site (e.g. natural gas used for production and for heating buildings, petrol or diesel used for internal handling, heat generation, generator and plant preheating).
[11] Indirect energy is energy consumed outside the company to supply energy to the company (for example, electricity for the operation of manufacturing plants and related services).

wood produced by the neighbouring company for a fee. In the area of electricity consumption, the Group's sites are investing in more efficient electric motors with frequency variation during equipment replacement operations. In order to promote recycled polypropylene, whose undeniable environmental advantage is its lower energy consumption, the C2P subsidiary in France issues carbon savings certificates for each of its deliveries.

The Group also participates in the development of renewable energies as part of the development of the circular economy of so-called stationary lead batteries, recycled by the Group, which are widely used for temporary energy storage in the solar and wind energy sectors.

1.8.4.5. Water consumption

Due to the nature of its activities and the location of its plants, the Group has no significant challenges related to water supply according to local constraints.

The table below shows the evolution of the Group's water consumption[12] over the last two years:

Total water consumption by the Group	2019	2018
Total	1,762,571 m^3	1,634,235 m^3

The Group's water consumption increased mainly due to the commissioning of the new reduction furnace at the Weser-Metall GmbH smelters.

A part of the Group entities have their own wastewater and industrial water treatment plants in order not only to treat it before discharge, but also to reuse the same water for its industrial processes, replacing new water.

1.8.4.6. Direct and indirect greenhouse gas (GHG) emissions

The table below shows the change in tonnes of CO_2 (tCO_2) emitted by the Group over the last two years:

Direct and indirect greenhouse gas emissions (tCO_2)[13]	2019	2018
Direct emissions by the sites	154 864 tCO_2	141 194 tCO_2
Indirect emissions by the sites (e.g. for electricity production)	38 628 tCO_2	36 819 tCO2
Total	193 493 tCO_2	178 012 tCO_2

This indicator has been identified as one of the key indicators of the Group's extra-financial performance. This indicator, as well as the defined objectives, are monitored and established by the two sites that contribute the most to the Group's CO_2 emissions: Harz-Metall GmbH and Weser-Metall GmbH.

CO_2 emissions in 2019 increased compared to 2018 following the full-year operation of the new reduction furnace at the Weser-Metall GmbH smelter in 2019.

The European Directive 2003/87/EC of 13 October 2003, as amended by Directive 2009/29/EC of 23 April 2009, aims at establishing a greenhouse gas emission allowance trading scheme in order to reduce greenhouse gas emissions in an economically efficient manner. This Directive follows the approval of the Kyoto Protocol by the European Union and its Member States in 2002, which commits them to reduce their greenhouse gas emissions from 1990 levels in order to reduce the impact of these emissions on the climate.

Since 1 January 2013, two plants of the Group, namely Weser-Metall GmbH and Harz-Metall GmbH are covered by the European Union Emissions Trading Scheme for greenhouse gases. The CO_2 emission quotas issued for the Group companies concerned have been fixed on the basis of their declared CO_2 emissions.

1.8.4.7. Atmospheric emissions of metals

This indicator concerns emissions of atmospheric pollutants from point sources that are listed on the environmental permits held by each Group company and that may potentially have harmful effects on the environment and human health of employees and communities neighbouring industrial activities.

The table below shows the evolution of the Group's emissions to air of lead, zinc and cadmium over the last two years:

Stack air emissions (measured releases)[14]	2019	2018
Lead	159.3 kg/year	173.3 kg/year
Zinc	3,307.2 kg/year	3,033.8 kg/year
Cadmium	1.7 kg/year	2.7 kg/year

The reduction in lead emissions in 2019 compared to 2018 is due to new gas filtration equipment at Weser-Metall GmbH following the installation of its new reduction furnace. In addition, the Recylex S.A. plant in Villefranche was equipped with a new high-performance dust collector. The increase in zinc emissions is mainly due to increased discharges at the Norzinco GmbH site in Germany.

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[12]Total water consumption corresponds to the total of all water withdrawals made by all Group companies from all sources of supply (e.g., surface water withdrawal, pumping of water from the water table, rainwater collected (due to the specific nature of the activities of Group companies, rainwater must be clean before it is discharged) measured by flow meters or, failing that, by an estimate corresponding to 70% of rainfall in relation to the paved surface and roofs).

[13]The direct and indirect greenhouse gas emissions taken into account for this indicator are expressed in CO2 equivalent resulting from the use of fossil fuels for direct and/or indirect energy production, as well as for certain industrial processes (e.g. chemical reductions). Excluded are greenhouse gas emissions resulting from the energy consumed in transporting materials from suppliers to the plant or within the Group and those shipped to customers, as well as fuel consumed by vehicles for transporting people or commuting to and from work. The emission factors used in the calculation of this indicator are taken from the ADEME's Carbon Base version 2.16.0 for 2018.

[14]The method for calculating annual mass fluxes of heavy metals, excluding fugitive and accidental emissions to air, is specific to each stack and is either (i) continuous monitoring using the formula: metal concentration [mg/m3] x instantaneous flow rate [m3/h], or (ii) point measurement using the formula: metal point concentration [mg/m3] x point flow rate [m3/h] x operating time (h). Where more than one-point measurement is available, the operating time is weighted for each point measurement.

1.8.4.8. Metal effluent discharges by type and destination

The European Directive 2000/60/EC of 23 October 2000 establishing a framework for Community action in the field of water policy defines objectives for improving water quality in Europe and is gradually being taken into account in the operating authorizations for effluent treatment plants operated by Group companies that must adapt to these new regulations.

The table below shows the evolution of lead, cadmium and zinc discharges into water[15] by Group companies over the past two years:

Discharges to water by the Group's sites (measured discharges)[16]	2019	2018
Lead	9.5 kg/year	7.2 kg/year
Zinc	89.0 kg/year	140.2 kg/year
Cadmium	5.4 kg/year	12.0 kg/year

Releases of zinc and cadmium in effluent decreased due to the new industrial water treatment plant at the Oker-Goslar site, which has been fully operational since 2018.

In Villefranche and Escaudoeuvres, the water treatment plants have been optimized in their operation in order to meet the new discharge objectives and car park water treatment systems have been installed.

1.8.4.9. Environmental expenses and provisions at Group sites

Expenses related to Group sites

The environmental expenses summarized in the tables below relate, on the one hand, to capital expenditures related to the environment of the Group's operating sites and, on the other hand, to costs arising from the remediation of closed industrial sites, mining sites and former Group slag heaps.

(i) Environmental investments of the Group's operating sites

		2019	2018
Investments related to the environment and safety of operating sites	France	1,145 K€	2,640 K€
	Germany	3,655 K€	1,356 K€
	Total	**4,800 K€**	**3,996 K€**

In 2019, 30.8% of the Group's investments were devoted to improving environmental protection and/or safety conditions in industrial operations.

(ii) Expenses related to discontinued industrial sites and former Group slag heaps

		2019	2018
Expenses related to discontinued industrial sites	France	3,049 K€	3,061 K€
	Germany	0	0
	Total	3,049 K€	3,061 K€
Expenses related to the former slag heaps	France	0	0
	Germany	659 K€	558 K€
	Total	659K€	558 K€
Total expenditures		**3,708 K€**	**3,619 K€**

The expenses accounted for in the 2019 financial year amount to approximately 3,708 thousand euros covering the cost of restoring former industrial sites in France and Germany.

L'ESTAQUE (FRANCE)

Following the shutdown of the L'Estaque plant in February 2001, several orders in addition to the prefectoral order of 23 December 2002 defining the rehabilitation programme set out the conditions for carrying out the rehabilitation work and set the deadline for completion of the work at 31 December 2018. In view of the work still to be carried out and further to the request made in January 2019 to postpone the deadline for the rehabilitation work, this deadline has been extended to 31 December 2022 by prefectoral order dated 10 April 2019.

In June 2012, a contract was signed with a specialised company for the construction and operation of a first storage cell. In 2014, a second cell was built and partially filled. After a period of interruption of work, Recylex S.A. resumed excavation and filling of the second cell in the second half of 2017. In 2019, works focused on the extension towards West of the second storage cell and its operation for approximately 45,000 m3 of stored waste. The excavations concern an area located near the railway tracks in anticipation of work by SNCF Réseau in this sector, the slag heap located behind the site's former offices and, finally, the deposits of the plant's demolition materials on the site's large platform. Expenditure incurred in 2019 amounted to 3,049 thousand euros.

The amount of provisions (before actualization) covering the entire rehabilitation programme at the L'Estaque site amounted to 5,939 thousand euros at 31 December 2019 (see note 14 of the notes to the consolidated financial statements for the year ended 31 December 2019). These amounts correspond to the best available estimates established on the basis of technical reports by independent experts.

[15] *These data concern the discharge into water of the main metals listed in the environmental permits required for the Group's industrial facilities that are likely to have harmful effects on the aquatic environment and the environment of communities downstream of the discharge points, excluding untreated collected rainwater and domestic wastewater. The method used to calculate the annual mass flows of heavy metals for all defined discharge points (to surface water or to another user) in kg/year corresponds either (i) to continuous monitoring according to the following formula: metal concentration [mg/m3] x instantaneous flow rate [m3/h], or (ii) to point measurements according to the following formula: metal point concentration [mg/m3] x point flow rate [m3/h] x operating time [h].*

[16] *The method for calculating annual mass flows of heavy metals, excluding any fugitive and accidental emissions to the atmosphere, is specific to each stack and corresponds to either (i) continuous monitoring according to the formula: metal concentration [mg/m3] x instantaneous flow rate [m3/h], or (ii) point measurement according to the formula: metal point concentration [mg/m3] x point flow rate [m3/h] x operating time (h). Where there are multiple point measurements, the operating time is weighted for each point measurement.*

GERMANY

This expense mainly covers the site of Harz-Metall GmbH in Goslar, Germany, with the rehabilitation and monitoring of the old slag heaps.

(iii) Expenditure related to mining sites in France

	2019	2018
Expenses related to mining sites in France	1,260 K€	1,093 K€

During the 2019 financial year, the expense related to work at a mine located in the Gard department and the management of water treatment plants installed on former mining sites. On December 1, 2019, the operation of the water treatment plant at the former Largentière mine (Ardèche) was transferred to the Post-Mining Department of the BRGM (*Bureau de Recherches Géologiques et Minières)* pursuant to Articles L. 163-1 et seq. and L. 174-1 et seq. of the Mining Code.

Provisions related to the environment concerning the Group's sites

The environmental provisions detailed in the table below are included in note 38 of the notes to the consolidated financial statements and in note 2 of the notes to the parent company financial statements for the year ended December 31, 2019:

Amount of provisions (in thousands of euros)	2019	2018
France		
Sites in operation	0	0
Discontinued industrial sites	5,939 K€	8,790 K€
Mines	2,963 K€	3,923 K€
Germany		
Sites in operation	2,445 K€	2,403 K€
Discontinued industrial sites	6,924 K€	7,457 K€
Total of provisions	**18,271 K€**	**22,573 K€**

1.8.5. Social information of the Group

As part of the process of formalizing extra-financial reporting, the process and scope of social data for Group entities with employees are defined and specified in section 1.8.2.1 of this Report.

The scope of the Group's social data changed between financial year 2017 and financial year 2018 following the exclusion of the data relating to Recytech S.A. The scope remained the same between financial year 2018 and financial year 2019.

1.8.5.1. Group Operational Staff

The table below shows the breakdown of the number of Operational Staff and the Average Operational Staff in Full-Time Equivalent (FTE) by geographical area and at Group level:

	Operational Staff[17] at 31/12		Average Operational Staff in FTEs[18]	
	2019	**2018**	**2019**	**2018**
Germany	625	619	627.4	596.1
France	72	72	71.6	71.4
Group	**697**	**691**	**699**	**667.5**

At 31 December 2019, the Group's Operational Staff increased very slightly (0.87%) compared to 2018 and is split between Germany (89.67%) and France (10.33%).

The proportion of the Group's Operating Workforce working part-time compared to full-time (according to the working hours provided for by the applicable law or collective agreement) increased very slightly at 31 December 2019 (6.46%) compared to 31 December 2018 (5.64%).

	Full-time operational staff at 31/12		Part-time operational staff at 31/12	
	2019	**2018**	**2019**	**2018**
Germany	583	584	42	35
France	69	68	3	4
Group	**652**	**652**	**45**	**39**

The methods of organizing working time depend in particular on the business sector of the Group's companies and establishments, as well as their geographical location, with adaptations for production sites requiring continuous operation of the facilities and requiring shift work.

The table below shows the breakdown of the Operational Staff by age according to geographical areas and at Group level as at 31 December 2019:

Operational staff by age		France	Germany	Total
Less than 30	**2019**	5	115	120
	2018	6	113	119
30-44	**2019**	26	200	226
	2018	24	182	206
45-49	**2019**	12	69	81
	2018	13	78	91
50-55	**2019**	18	105	123
	2018	17	108	125
Over 55	**2019**	11	136	147
	2018	12	138	150

In order to complete the operational staff and depending on the peaks in activity of the various Group companies, the Group has used subcontractors, mainly in the fields of handling, maintenance of industrial sites and administrative offices, security guards, and maintenance of its industrial facilities. During 2019, the number of

[17] The Group's Operational Staff corresponds to employees on fixed-term or permanent employment contracts with one of the Group's companies and recorded in the personnel registers on the last day of December, regardless of their work schedule, and includes employees on maternity or adoption leave, employees provided by another Group entity or employees absent for a long period (more than 6 months) whose position has been replaced, but excluding subcontractors, temporary workers, trainees, apprentices or holders of professionalization contracts, employees seconded to a company outside the Group and employees absent for a long period (more than 6 months) who have not been replaced.

[18] The Average Operating Staff in Full Time Equivalent (FTE) corresponds to the Operating Workforce existing at the end of each month of the past year, adjusted to take into account part-time employees using the individual attendance rate, as well as employees present for only part of the past year, divided by 12.

subcontractors (excluding transport and temporary workers) who worked for the Group represented on average approximately 6.3% of the Group's full-time equivalent Operating Staff.

1.8.5.2. Departure rate of Operational Staff

The Group's departure rate, corresponding to the total number of Operating Employees who left one of the Group's companies divided by the number of Operating Employees at 31 December, increased in 2019 (10.62%) compared to 2018 (6.66%).

The total number of departures at Group level in 2019 (74 departures), was higher than the previous year (46 departures). This increase is mainly due to long-term absences (more than 6 months), retirements and resignations in Germany.

The Group has hired 80 employees during the year 2019, down from the year 2018, when 104 employees were recruited.

	Number of recruitments		Number of departures [1] (including dismissals)		Departure rate at 31/12	
	2019	2018	2019	2018	2019	2018
Germany	70	88	64 (7)	36 (7)	10.24	5.81
France	10	16	10 (2)	10 (4)	12.50	13.70
Group	**80**	**104**	**74 (9)**	**46 (11)**	**10.47**	**6.65**

[1] *Due to resignation, dismissal, retirement, fatal work accident (excluding commuting accident) or any other reason.*

The balance of job creation (number of new hires - number of departures) at Group level therefore remains positive in 2019 (+6 job creations).

1.8.5.3. Information on human resources management

Respect for human rights, fundamental conventions of the International Labour Organisation and the fight against discrimination

During the 2015 and 2016 financial years, Recylex S.A. and all Group companies have decided to formally adopt the Recylex Group's Code of Ethics intended to be applicable to all employees of all Group entities. Its updating, with a view to incorporating the provisions relating to the fight against corruption and trading in influence, was initiated during the 2018 financial year. The formal adoption and deployment of the new version of the Code of Ethics within all Group companies, in accordance with applicable regulations, is scheduled for the first half of the 2020 financial year.

The principle of non-discrimination is one of the fundamental principles of the Group's Code of Ethics. All Group companies respect human rights and fundamental freedoms and advocate non-discrimination and equal treatment measures, particularly in the areas of employment and work.

Thus, all Group companies ensure compliance with the stipulations of the fundamental conventions of the International Labour Organization relating to respect for freedom of association and the right to collective bargaining, the elimination of discrimination in respect of employment and occupation, the elimination of forced or compulsory labour, and the effective abolition of child labour.
Group companies ensure that there is no discrimination during recruitment, as well as throughout employees' careers within the various companies of the Group.

In addition, the General Equal Treatment Act, which transposes European directives in the context of the fight against discrimination and came into force in 2006 in Germany, is integrated into the Integrated Management System (IDM) of the Group's German subsidiaries and is applicable within these subsidiaries.

Given the location of all Group companies in Western Europe, the Group's actions in favor of human rights are limited to those indicated in this section.

Professional equality between men and women

Given the nature of the Group's activities in the recycling industry and in the production of non-ferrous metals, the proportion of women in the Group is low compared to men.

According to the principle of equal professional and salary treatment for the same position and seniority, within the same company, women and men are classified according to the same professional grids according to the responsibilities of their position. Due to their size (most Group companies have a small workforce), the same position is often held by only one woman or one man. As a result, it is difficult to compare male and female salaries by age group or by function.

Depending on the country in which they are located, various measures have been taken by Group companies to promote equal opportunities for men and women.

For example, in accordance with French regulations, certain French companies of the Group have adopted an action plan relating to professional equality between men and women, covering specific areas of action to which are attached progress objectives, actions and success indicators.

The number of women within the Group increased by 2.4% in 2019 compared to 2018 and the breakdown of men and women over the last two years is as follows:

Breakdown of the Operational staff by gender at 31/12	2019		2018	
	Men	Women	Men	Women
Germany	556	69	551	68
France	56	16	57	15
Group	**612**	**85**	**608**	**83**

Work of people with disabilities

The Group wishes to promote the integration of disabled workers at its various sites.

The measures implemented in 2019 by Group companies to promote the employment and integration of disabled persons included opening up recruitment for certain positions, assigning them temporary work assignments, purchasing supplies or services from specialized establishments employing disabled workers or adapting certain workstations to their disability.

As of December 31, 2019, 34 disabled employees were employed within the Group.

Social relations

Social dialogue takes place at the level of each Group company and gives rise to regular meetings and exchanges, both formal and informal, between employee representatives and the senior management of each Group company in order to establish a constructive dialogue aimed at maintaining and continuously improving relations with employees.

The number of meetings held during 2019 varied from one Group company to another:

- Between 13 and 50 for the Group's German subsidiaries, with the subsidiary Weser-Metall GmbH holding one meeting per week.
- Between 10 and 12 for the Group's French companies.

Summary of the social negotiations

Social negotiations with employee representative bodies in Group companies during 2019 mainly concerned salary reviews, gender equality and employee profit-sharing.

In France, during 2019, a new profit-sharing agreement for the years 2019-2021 was concluded within Recylex S.A., based on production, quality, safety, health and environmental indicators that will motivate employees to share in the company's economic results while encouraging them to respect and implement the health, safety and environmental policy. During 2019, mandatory annual negotiations (NAO) focused mainly on remuneration.

Regarding the Group's German subsidiaries, negotiations between the employers' and trade union organizations in the metalworking sector resulted in the allocation of a one-time bonus of 400 euros received in July 2019 and the choice between a bonus equal to 27.5% of the individual monthly salary received in July 2019 or eight additional days of leave for employees with a child aged eight years or less, concerning employees of companies active in this sector.

1.8.5.4. Total annual gross remuneration

The Group's employees are remunerated in particular according to their experience, their level of responsibility, the sector of activity concerned and local social regulations.

For the financial year 2019, the Group’s total annual gross compensation[19] amounted to 42,100 thousand euros, up 5.51% compared to the financial year 2018 (39,902 thousand euros). This increase is mainly due to the increase in operational staff in Germany.

In France, profit-sharing agreements are regularly renegotiated in Group companies and employees have the option of joining a company savings plan (PEE) in their company, which participates in this savings plan in the form of a matching contribution.

1.8.5.5. Absenteeism rate

The absenteeism rate corresponds to the measurement of the number of Days of Absence[20] (in Days of Rest), expressed as a percentage of the total number of working days initially scheduled in accordance with applicable regulations, of the Operational Staff over the elapsed period.

The absenteeism rate at Group level is up 2.17% in 2019 compared to 2018, mainly due to an increase in absenteeism in Germany.

Absenteeism rate (%)	2019	2018
Germany	7.3	7.1
France	4.2	5.2
Group	**7.1**	**6.9**

1.8.5.6. Training

Group companies assess employee training needs by collecting the wishes of the employees concerned directly or from their line manager, notably during annual individual interviews and professional interviews. Employees of the Group's German subsidiaries with responsibilities are also subject to a legal obligation to receive regular training in their areas of responsibility such as the environment, energy, health and safety or first aid.

The table below shows the number of hours of training devoted by the Group to its employees, by main themes:

		2019	2018
Number of hours of training per theme	Quality, Health, Safety, Security and Environment (« QHSE »)	4,019	3,919
	Technical training	1,649	2,252
	Languages	505	490
	First aid	852	827
	Others[2]	2,541	2,007
Total number of hours of training[1] at Group level		**9,567**	**9,495**

[1] Training includes any type of internal or external training, excluding on-site support by managers or any type of training lasting less than 3 hours.
[2] Training in this category includes management, IT, transport and employee representative training for the Group's German subsidiaries.

During the 2019 financial year, 42% of employee training at Group level was devoted to the QHSE theme.

1.8.5.7. Health and Security at work

Health and safety management is one of the priorities of the Group's Sustainable Performance Charter. Within this framework, one of the main commitments is to improve the working conditions of employees and to measure and improve processes to prevent occupational illnesses and work-related accidents in the performance of their duties.

[19] Total gross annual compensation at Group level corresponds to the amounts paid to the Operating Workforce in execution of their employment contract before any deduction of taxes or social security charges and including all additional compensation (bonuses, overtime or other benefits paid during the past year) with the exception of amounts granted under the profit-sharing agreement (France).
[20] A Day of Absence is the number of Days of Absence (corresponding to a full day normally worked but not worked due to an event resulting in a work stoppage) during which the Operating Staff was absent from the company during the past calendar year because of incapacity, other than due to a lost-time accident or occupational disease, to carry out its usual activity, excluding authorized absences for any reason whatsoever.

Each of the Group's companies has drawn up a Quality, Health, Safety and Environment (QHSE) policy, with the following objectives in particular:

- To encourage employee participation and raise employee awareness to develop better QHSE practices
- To improve the working atmosphere
- To reduce environmental and occupational risks through staff training

In order to ensure the effective application of health and safety policies on their sites, the measures and actions implemented by Group companies to monitor compliance differ according to the sites and industrial activities concerned, even if they are not the result of any agreement signed with trade unions or employee representatives:

- Implementation of a management system supplemented by a documentation system accessible online by the employees of the sites concerned,
- External audits in the context of certification of management systems implemented by accredited bodies,
- Periodic meetings related to occupational health and safety,
- Regular prevention and awareness actions to protect the health of employees,
- Systematic use of the "cause tree" methodology after any workplace incident or accident,
- Personalized medical monitoring through occupational medicine, reinforced for certain sites by monitoring lead exposure for all exposed employees and subcontractors.

In addition, Recylex S.A.'s General Management is informed of the occurrence of any accident and a detailed analysis of the circumstances is carried out in order to propose corrective action to prevent and reduce the risk of exposure of Group employees.

The health and safety indicators of the Group's Extra-Financial Reporting are presented below.

1.8.5.8. Blood lead level

The blood lead level is the health indicator resulting from the information provided by occupational physicians about Operational Workforce members exposed to lead emissions by measuring their blood lead levels. This indicator is applicable to all exposed members of the Operating Workforce of Group companies.

This indicator has been identified as one of the key indicators of the Group's extra-financial performance. It is monitored at each of the Group's sites concerned as part of its Quality, Health, Safety and Environment policy.

The average lead-in-blood level exposed Group Operational Employees remained considerably stable for the year 2019 compared to 2018. However, the average lead-in-blood level for 2019 did not include C2P France's exposed employees following the change in the occupational doctor, which generated an administrative malfunction.

	2019	2018
Average lead-in-blood level of exposed[1] Group Operational Employees	139 µg/l	136 µg/l
Average lead-in-blood level of Group's exposed[1] Operational Employees (without C2P France)	140 µg/l [2]	139 µg/l [2]

[1] Average blood lead level of the Group's exposed Operational personnel in accordance with the information provided by the occupational physician of the company concerned.
[2] Average lead-in-blood level for 2019 did not include C2P France exposed employees following the change of occupational doctor, which resulted in an administrative malfunction.

At the regulatory level, discussions are continuing on a reduction in the European occupational exposure limit for lead from 400 µg/L to 200 µg/L in blood. At the same time, since 2014, all member companies of the International Lead Association (ILA) have made a voluntary commitment to comply with a blood lead concentration threshold of less than 300 µg/L for exposed employees.

1.8.5.9. Frequency rate of lost time work accidents

The Group's Frequency Rate of work accidents with lost time is calculated by dividing the Total Number of Lost Time Injuries (excluding commuting accidents) occurring in the Group by the Total Number of Hours Worked[21] in the Group, multiplied by 1,000,000.

This indicator has been identified as one of the key indicators of the Group's extra-financial performance. It is monitored at the level of each Group site within the framework of its Quality, Health, Safety and Environment policy and the international standard ISO 14001:2015.

Frequency rate	2019	2018
Germany	51.2	43.3
France	18.82	20.49
Group	**47.67**	**40.99**

The frequency rate of accidents with lost-time at Group level increased from 40.99 in 2018 to 47.67 in 2019, an increase of 16.28% compared to 2018. This increase mainly concerns PPM Pure Metals GmbH and Harz-Metall GmbH.

1.8.5.10. Severity rate of lost time work accidents

The severity rate of lost-time occupational accidents corresponds to the total number of calendar days of work stoppage in relation to the total number of hours worked within the Group multiplied by 1,000 following a lost-time occupational accident (excluding commuting accidents).

Severity rate	2019	2018
Germany	1.3	1.2
France	1.4	0.57
Groupe	**1.35**	**1.16**

[21] The Total Number of Hours Worked is be calculated, in order of preference, either (i) by automatic calculation through the company's computerized hours of work management system (actual hours), (ii) or according to the following formula : (Average Theoretical Individual Annual Hours x Average Annual Operating Workforce in Full-Time Equivalent) + Overtime - hours of absence of the Operating Workforce (actual hours), (iii) or by calculating the number of theoretical hours worked during the past calendar year in accordance with the applicable local legislation or contract without taking into account Overtime or Hours of Absence (theoretical method).

The severity rate of occupational accidents with lost time at the Group level increased by 16.4% in 2019 compared to 2018. This increase mainly concerns Harz-Metall GmbH and Norzinco GmbH.

1.8.6. Societal information

1.8.6.1. Impact of the Group's activities

Road, olfactory or noise impact

Depending on whether they are located in rural or non-rural areas, the Group's plants take measures to limit the impact of their activities on local and neighboring populations, mainly related to road traffic and noise.

Measurements of the noise impact of the activities of the Group's subsidiaries and establishments are carried out at the limits of ownership of the Group's sites.

Releases to land

Releases into the soil at the Group's operating sites are related, for areas outside the plants, to dust fallout and, for internal areas, to the storage and handling of materials. In addition to simply complying with applicable regulations, Group companies monitor soil quality either by measuring atmospheric fallout or by taking periodic samples and conducting analyses to control soil quality.

Group companies and establishments limit the speed of vehicles travelling inside the plants, which has a positive impact on reducing the volume of dust fallout both on and near the sites concerned.

1.8.6.2. Dialogue with local associations and populations, partnership and sponsorship

As part of its Sustainable Performance Charter, the Recylex Group explicitly aims to engage in dialogue with local and national stakeholders. Group companies therefore attach particular importance to establishing and developing close relationships with their main stakeholders in order to promote their integration into the circular economy, their businesses, their industrial and environmental performance and to establish open and transparent dialogue over the long term.

The Group's companies are members of the various professional associations that are most representative of their activities in order to improve their know-how, develop their relationships with the stakeholders in their sector of activity, learn about and develop best practices and promote the role of the circular economy in Europe. Group companies also maintain close relations with local and regulatory authorities. They also take part in numerous national and international trade shows. Most of the Group's companies also carry out local actions aimed in particular at promoting their image, for example by supporting charitable, sports or cultural associations through donations, sponsorship or the purchase of advertising space, or by assisting them in the preparation of scientific conferences or seminars.

Recylex S.A.'s French sites include their QHSE Policy and Objectives in the Group's Sustainable Performance Charter. In this respect, they pay particular attention to meeting the expectations and needs of interested parties, but also to developing long-term relationships with them and with various local associations. Thus, these sites take proactive steps to establish and maintain a lasting relationship with external stakeholders, in particular through a policy of opening sites, discovering the circular economy and the QHSE aspects of recycling and industrial production. In addition, they ensure that they listen carefully and systematically respond to all external questions expressed.

As part of their policy of openness and dialogue, Recylex S.A. and C2P S.A.S. took part in Industry Week 2019, a nationwide event organized by the DGE (Direction Générale des Entreprises, under the authority of the Ministry of the Economy and Finance).

Based on the success of these operations, the Recylex S.A. and C2P S.A.S. sites are committed to pursuing this policy of openness.

In order to cultivate their local roots, Recylex S.A. and C2P S.A.S. also support local sports and cultural associations that ask for donations or sponsorship.

In the Plastics business line, C2P France buys and recycles caps collected by associations, particularly those helping the disabled. Recylex S.A.'s head office in Suresnes collects used corks from its employees for the benefit of an association.

In September 2019, some Recylex employees took part in World Clean-up Day by carrying out a voluntary urban cleaning campaign.

Most of the Group's German companies maintain relations with universities in Germany in order to ensure an exchange of information on technical, environmental and workplace safety issues, for example through seminars or scientific conferences. Their local commitment is also marked by financial support for local associations providing assistance to people.

1.8.6.3. Relations with related parties and consumers

The various Group companies recruit from the local employment pool and develop relationships with local suppliers and service providers. The use of subcontracting by Group companies enables the development of local activities specific to the businesses carried out by the Group.

The involvement of their suppliers and service providers in their QHSE policy is one of the objectives of the Group's sites, as is the satisfaction of the QHSE requirements of their customers and stakeholders. Some Group companies have set up qualitative evaluation grids for their suppliers or transmit their environmental policy to their main subcontractors.

In addition, the purchasing policy of the Group companies concerned takes into account social and environmental issues throughout the supplier selection process (preference given to local service providers in order to limit the carbon impact), the choice of equipment (preference given to non-toxic materials and products), the monitoring of deliveries and, where applicable, the follow-up of any anomalies and corrective actions to be taken by transmitting non-compliance sheets.

Good practices are also implemented by the Group's companies, particularly with a view to preventing any risk of corruption, such as posting rules of good conduct, monitoring the proper application of internal procedures aimed at preventing the risk of corruption, separating the commercial negotiation and control functions (deliveries, accounting) and applying the "four-eyes principle". During 2017, with the assistance of an external firm, the Group has carried out a mapping of the corruption and fraud risks to which Group companies could be exposed. On the basis of this mapping, specific actions aimed at strengthening measures to prevent these risks were put in place, in particular the updating of the Group's Code of Ethics aimed at integrating the Group's anti-corruption policy, which will be formally adopted by all Group companies and deployed during the first half of 2020. In addition, a specific awareness campaign on this issue has been carried out by the legal department. As Group companies are subject to corporate income tax rules in France and Germany, they are not concerned by issues related to the fight against tax evasion.

Group companies do not carry out activities directly related to consumers. Nevertheless, as the recycling of waste, in particular car batteries, is the Group's core business, this activity contributes indirectly to the preservation of consumer health and safety, reinforced by the free provision of sealed stainless steel skips for the safe transport of this hazardous waste.

Finally, given the nature of their activities and the fact that they do not have their own company restaurants, Group companies are not concerned by issues related to the fight against food insecurity, respect for animal welfare and responsible, fair and sustainable food.

2. RECYLEX S.A.

2.1. Situation and activities of Recylex S.A.

Recylex S.A. is the parent company of a French industrial group that is a major player in the circular economy in Europe. It is listed on the Euronext Paris (ISIN: FR0000120388 - Ticker: RX) and has industrial activities comprising the collection, processing and recycling of scrap lead batteries, along with holding-company activities as the parent company of a group. It also manages a number of environmental liabilities it has inherited from the industrial legacy of the Peñarroya S.A. mining group.

Recylex S.A.’s sales totaled €51.1 million in 2020, compared to €63.6 million in 2019. In the Lead segment, the company's used battery processing plants located in Escaudœuvres (Nord) and Villefranche-sur-Saône (Rhône) processed a volume of approximately 61,000 tons of batteries during 2020, a volume that was virtually stable compared with 2019.

In 2020, investments at Recylex S.A.'s two industrial sites amounted to approximately €0.9 million.

The activities of the Group's companies during 2020 are presented in section 1 of this Report.

2.2. Recylex S.A.’ key developments and key events

The other key developments and major events concerning Recylex S.A. are presented in detail in section 1.2 of this Report.

2.3. Results and financial position of Recylex S.A.

The parent company financial statements for the year ended December 31, 2020 were prepared in accordance with generally accepted accounting principles in France and are consistent with those of the previous year.
GmbH in connection with the insolvency proceedings opened in the first half of 2020 at the level of the German sub-group

As of December 31, 2020, Recylex S.A.'s net income reported a loss of €12,136,766.68, compared with a positive result of €2,444,815.39 in 2019.
Recylex S.A.'s income statement for 2020 is characterized by:

- An operating loss before non-recurring items of €19.0 million in 2020, substantially lower compared to the operating loss of €3.0 million in 2019. The operating loss includes depreciation, amortization and provisions in the amount of €11.6 million, significantly higher than in 2019 due to the full impairment of receivables held on German subsidiaries in the amount of €5.6 million as well as the update of the provision for rehabilitation of former mines and discontinued industrial sites in the amount of €5.3 million. The used lead-acid battery recycling business generated an operating loss of €1.5 million in 2020, while the holding activity generated an operating loss of €4.4 million;
- A financial profit of €5.0 million in 2020 compared to a financial loss of €8.8 million in 2019, consisting mainly of dividends received for €4.0 million, down on the previous year, interest due on loans and debts in the amount of € 1.9 million, as well as €2.8 million reversal of the provision for impairment of the €5.0 million loan granted to Recylex GmbH, to take account of the set-off of debts and receivables admitted in the context of the Recylex GmbH insolvency proceedings;
- An exceptional income of €1.9 million relating mainly to the reimbursement received from certain former employees of Metaleurop Nord S.A.S of compensation paid in 2017 by Recylex S.A.

A proposal will be made to the Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2020 to allocate the entire loss for the year ending December 31, 2020, which amounts to €12,136,766.68, to the "retained earnings" account, the balance of which, after allocation, would amount to a deficit amount of €68,811,523.19.

As a reminder, no dividend has been distributed for the last three years.

2.3.1. Debt analysis

As of December 31, 2020, Recylex S.A.'s financial debt amounted to €51.1 million, compared with €52.9 million in 2019 (see the “Key events” note to the 2020 Parent company financial statements).

On December 15, 2015, the Paris Commercial Court approved the successful implementation of Recylex S.A.'s 10-year continuation plan, adopted in November 2005. The company will have spent a total of €58 million under this plan. Certain creditors of the continuation plan, including Glencore International AG, have agreed to defer beyond the expiry of the continuation plan set for the end of 2015, the repayment of the balance of their claims under the plan. As of December 31, 2019, Recylex S.A.'s financial debt in respect of deferred receivables amounted to €7.9 million, repayment of which is as follows:

- €5.1 million, the repayment of which was deferred to 2026 under the European Commission's plan to spread the payment of the fine
- €2.8 million owed by the Company to its subsidiary Recylex GmbH, a debt that the Company intends to offset against the loan of €5.0 million euros granted by the Company to Recylex

As a reminder, Recylex S.A. concluded:

- in 2014, a loan agreement for a maximum amount of €16.0 million euros with Glencore International AG in order, in particular, to finance the final installments of the continuation plan. As of December 31, 2019, the Company had drawn down all of this loan. Under the European Commission's plan to defer payment of the fine, the repayment due date of this loan has been extended to 2024.

Full details of this loan agreement are provided in notes 32.5.1.2 and 39 to the consolidated financial statements for the year ended December 31, 2019

- in 2017, an agreement with the European Commission to defer payment of a fine of 26.7 million euros

2.3.2. Supplier and customer's payment terms

The analysis at end-2019 of trade payables and trade receivables by due date, in accordance with Articles L. 441-6-1 and D. 441-4 of the Commercial Code was as follows:

31/12/19	Article D. 441 I-1° : Received invoices unpaid at the closing date whose deadline has expired						Article D. 441 I-2° : Issued invoices unpaid at the closing date whose deadline has expired					
	0 day	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)	0 day	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)
(A) Range of delayed payment												
Number of concerned invoices	89					94	14					14
Total amount of concerned invoices (incl tax)	337,821€	524,001€	36,937€	17,551€	1,479€	579,967€	3,961,918€	3,919,321€	2,255,691€	214€	9,716€	6,184,42€
Total purchase amount (incl tax) percentage of the exercise	0.53%	0.82%	0.06%	0.03%	0.00%	0.90%						
Sales revenue percentage of the exercise (incl tax)							6.12%	6.05%	3.48%	0.00%	0.02%	9.55%
(B) Excluded Invoices from (A) concerning litigious debts and receivables or unrecorded												
Number of excluded invoices	-	-	-	-	1	-	-	-	-	-	-	-
Amount of excluded invoices (incl tax)	0 €	0 €	0 €	0 €	16,848 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €
(C) Reference payment term used (contractual or legal term - article L. 441-6 or article L. 443-1 of Commercial code)												
Payment term used for the calculation of delayed payments	- Contractual terms: variable according to the supplier. The Invoices of raw materials and freights are usually paid immediately. The other suppliers grant payment terms between 7 and 60 days.						- Contractual terms: between 7 and 45 days.					

2.3.3. Five-year financial summary

A table showing Recylex S.A.'s results over the past five years is provided in section 2.10 of this Report.

2.3.4. Non-deductible expense

In accordance with the requirements of Article 223(4) and 223(5) of the General Taxation Code, we hereby inform you that the amount of expenses that were not tax deductible, as defined in Article 39-4 of the above code, was €30,272 in FY 2019.

2.3.5. Research & Development

The Company incurred no significant research and development expense in FY 2019.

2.4. Description of the main risks and uncertainties to which Recylex S.A. is exposed

The specific risks to which Recylex S.A. and its French sites are exposed are presented in sections 1.2, 1.4 and 1.7 of this Report.

2.5. Significant events since the end of the financial year

Significant events since the end of the financial year are presented in section **Erreur ! Source du renvoi introuvable.** of this Report.

2.6. Recylex S.A.'s outlook and prospects

The outlook and prospects of the Group are presented in sections 1.4 and 1.1 of this Report.

2.7. Acquisitions of equity investments and controlling stakes – existing branches

Recylex S.A. did not acquire any significant equity investments or controlling stakes as defined in Article L. 233-6 of the Commercial Code during FY 2019.

The Company has no existing branch.

2.8. Information regarding Recylex S.A.'s share capital

For further information about Recylex S.A.'s share capital, see Note 2.5 to the 2019 parent company financial statements.

2.8.1. Ownership of the share capital

2.8.1.1. Ownership of the share capital and voting rights

Ownership of Recylex S.A.'s share capital is as follows:

	Number of shares outstanding	% of share capital	Number of shares outstanding	% of share capital
	At December 31, 2019		*At December 31, 2018*	
Glencore Finance (Bermuda) Ltd	7,703,877	29.76	7,703,877	29.76
Treasury stock	23,939	0.09	23,939	0.09
Free float	18,158,666	70.15	18,158,666	70.15
Total	***25,886,482***	***100***	***25,886,482***	***100***

	Number of (theoretical*) voting rights	% of share capital	Number of (theoretical*) voting rights	% of share capital
	At December 31, 2019		*At December 31, 2018*	
Glencore Finance (Bermuda) Ltd	8,944,877	32.87	8,944,877	32.89
Treasury stock	23,939	0.09	23,939	0.09
Free float	18,241,137	67.04	18,226,941	67.02
Total	***27,209,953***	***100***	***27,195,757***	***100***

** Pursuant to Article 223-11 of the AMF's General Regulation, the total number of voting rights is calculated based on all the shares carrying voting rights, including treasury shares, on which the voting rights may not be exercised.*

The nominal share capital of €9,577,998.34 comprised 25,886,482 fully paid-up shares each with par value of €0.37 at December 31, 2019.

Under Recylex S.A.'s Articles of Association, double voting rights are assigned to all fully paid up registered shares that have been owned by the same shareholder for at least two years from the end of the calendar year prior to the date of the Shareholders' meeting. At December 31, 2019, 1,323,471 Recylex S.A. shares carried double voting rights. With the exception of these double voting rights, no shares carry different voting rights.

At December 31, 2010 and at the date hereof, there were no stock options outstanding.

2.8.1.2. Major shareholders

Based on declarations received at December 31, 2019 under regulations regarding ownership thresholds and the notification of significant shareholdings, no shareholders, other than Glencore Finance (Bermuda) Ltd, hold more than 5% of the share capital or voting rights in the Company either directly or indirectly.

Glencore Finance (Bermuda) Ltd is part of the Glencore Group, one of the world's largest natural resources companies and one of the biggest companies in the FTSE 100 index. The Glencore Group's industrial and marketing activities are supported by a global network of over 90 locations in more than 50 countries, and it employs around 190,000 people, including contractors.
Listed on the London, Hong Kong and Johannesburg stock exchanges, the Glencore Group operates in three separate areas of business:

- *Metals and mining: chiefly copper, nickel, zinc/lead, alloys, alumina/aluminum and iron ore.*
- *Energy products: chiefly coal and oil.*
- *Agricultural products: mainly grains, oils/oilseeds, cotton and sugar.*

2.8.1.3. Crossing of ownership thresholds

To the knowledge of Recylex S.A., no crossing of ownership has been realized during the financial year ended December 31, 2019.

2.8.1.4. Stock options

At December 31, 2019, no more shares could potentially be issued through the exercise of stock options:

2.8.1.5. Information relating to operation on shares by members of the Board, managers and persons mentioned in Article L. 621-18-2 of the French Monetary and Financial Code

To the knowledge of the Company, no operation within the scope of article L. 621-18-2 of the French Monetary and Financial Code had been realized during the financial year ended December 31, 2019.

2.9. Corporate governance

Pursuant to the provisions of Article L. 225-37 of the Commercial Code, the purpose of this section is to present the corporate governance disclosures and report to you on:

- application of the recommendations contained in the MiddleNext corporate governance code for small and midcaps (the "MiddleNext Code"), the provisions that have not been applied and the reasons why they were not applied
- the composition of Recylex S.A.'s Board of Directors, application of the principle of balanced gender representation on the Board, and the conditions under which its work was prepared and organized in the financial year ended December 31, 2019
- any restrictions placed by the Board of Directors on the powers of Recylex S.A.'s Chief Executive Officer
- the principles and rules laid down by the Board of Directors to determine the remuneration and benefits in kind awarded to Recylex S.A.'s corporate officers in 2019 and 2020.
- the internal control and risk management procedures implemented by Recylex S.A., in particular procedures relating to the preparation and processing of accounting and financial information for the parent company and consolidated financial statements
- the arrangements under which shareholders may attend and take part in shareholders' meetings.

In this section, except where otherwise specified, the term "Group" means Recylex S.A. and its subsidiaries within the meaning of Article L. 233-1 of the Commercial Code.

2.9.1. Recommendations of the MiddleNext Corporate Governance Code

Recylex S.A. wishes to comply with best practice in corporate governance. Its Board of Directors took the view that the MiddleNext Code offered an alternative for small and midcaps and was better suited to the size and structure of Recylex S.A. than the AFEP-MEDEF Corporate Governance Code.

Having apprised itself of the MiddleNext Code, Recylex S.A.'s Board of Directors decided, effective FY 2010, to refer, within the meaning of Article L. 225-37-4 8° of the Commercial Code, to the MiddleNext Code instead of the AFEP-MEDEF Corporate Governance Code to which it had previously referred. The MiddleNext Code may be consulted on Recylex S.A.'s website[22].

The recommendations of the MiddleNext Code with which Recylex S.A. complies are presented in this section, while the following table contains a summary of the recommendations with which Recylex S.A. either does not comply or only partially complies, together with the reasons why this is so, in accordance with Article L. 225-37-4 8° of the Commercial Code.

MiddleNext Code Recommendation	*Recylex S.A.'s practices and explanations*
Code of conduct applicable to members of the Board (recommendation no. 1): (…) - Every Board member should assiduously attend and take part in meetings of the board and committees of which s/he is a member (…), - Every Board member must attend shareholders' meetings (…).	Recylex S.A.'s Board of Directors believes that in view of the lively and extensive exchanges between the Chairman and Chief Executive Officer and Board members both during and outside meetings, it is not essential for the members to attend every meeting in order for the Board to operate properly and effectively.
Succession planning for senior executives (recommendation no. 14): The recommendation is that succession planning should be a regular agenda item for the Board or for a Board committee to ensure that the issue is addressed and monitored on an annual basis (…).	Recylex S.A.'s Board of Directors has entrusted the Remuneration and Nomination Committee with responsibility for succession planning for senior executives. While it believes the issue is strategically important and needs to be addressed on a regular basis, it does not consider that this necessarily needs to be done on an annual basis.
Establishment of Board committees (recommendation no. 6): (…) Independent directors should chair the Board committees and especially the Audit committee.	Recylex S.A.'s Board of Directors believes that the Audit Committee should be chaired by a non-executive director with "relevant financial or accounting expertise" as defined in law, even if said director does not meet all the requirements for classification as independent.
Establishment of Internal Rules of Procedure for the Board (recommendation no. 7): The recommendation is for the Board to introduce internal rules of procedure covering at the very least the following eight areas: • directors and officer's liability insurance, • rules for calculating directors' remuneration, • succession planning for senior executives and key personnel (…).	Recylex S.A.'s Board of Directors believes that its Board of Directors' internal rules and regulations are satisfactory and appropriate for its smooth operation and that it should not contain either disclosures made in the Company's Annual Report or updated regularly, or information that should remain confidential in the interests of the Company.

2.9.2. Composition of the board, and preparation and organization of its work

This section presents the direction and management of Recylex S.A., a public limited company administered by a Board of Directors and a listed company. The operating principles and missions of the Board of Directors are set in the internal rules of the Board of Directors of Recylex S.A., which are available in full on the Recylex S.A. website.

2.9.2.1. Composition, organization and operation of the Board of Directors

2.9.2.1.1. Composition of the Board

Recylex S.A.'s Articles of Association stipulate that each Director is to be elected for three years and to hold at least 20 shares. The Company complies with Recommendations no. 8 and no. 9 of the MiddleNext Code relating to the selection of members of the Board, and their term of office.

The Board of Directors had the following five directors as at December 31, 2019:

[22] *www.recylex.eu – Group – Governance – MiddleNext Code.*

Name	Offices held	Committee functions	Age at 12/31/2019	Date of first appointment - Most recent reappointment	Expiration date of office	Number of Recylex S.A. shares held at 12/31/2019
M. Sebastian RUDOW	Chairman and Chief Executive Officer	None	39 years old	11/30/2017 – 07/29/2020	Shareholders' meeting to approve the financial statements for the year ending Dec. 31, 2022	200 shares
M. Christopher ESKDALE *	Director	Chairman of the Audit Committee Member of the Remuneration and Nomination Committee (RNC)	50 years old	5/12/2014 – 07/29/2020	Shareholders' meeting to approve the financial statements for the year ending Dec. 31, 2022	100 shares
Mme Diana KISRO-WARNECKE **	Independent Director	Member of the Audit Committee and the RNC	46 years old	07/11/2017*	Shareholders' meeting to approve the financial statements for the year ending Dec. 31, 2019	30 shares
Mme Laetitia SETA	Director	None	44 years old	5/6/2011 – 07/29/2020	Shareholders' meeting to approve the financial statements for the year ending Dec. 31, 2022	20 shares
M. Jean-Pierre THOMAS	Independent Director	Chairman of the RNC Member of the Audit Committee	62 years old	5/12/2009 – 6/5/2018	Shareholders' meeting to approve the financial statements for the year ending Dec. 31, 2020	20 shares

**On September 3, 2020, Mr. Christopher ESKDALE resigned from his office as director and has been replaced the same day by Mr. Nick POPOVIC. The ratification of the cooption of Mr. Nick POPOVIC has director is submitted to the General Meeting of December 16, 2020 (Resolution n°5)*
***On December 19, 2019, Mrs. Diana KISRO-WARNECKE resigned from her office as director and has been replaced on February 6, 2020 by Mrs. Karin LATTWEIN.*

As at December 31, 2019, the Board of Directors was composed of five directors, whose profiles are presented hereinafter:

Sebastian RUDOW

Chairman and Chief Executive Officer

Nationality: German
Date of birth: 15/09/1980
Date of first appointment : November 30, 2017
Date of the last reappointment: July 29, 2020
Expiration date of office: General Meeting to approve the financial statements of the year ended 31.12.2022
Number of shares held : 200

Sebastian RUDOW, a German national born in 1980, holds a degree in law from the University of Mannheim (Germany) and a master's degree from the University of Heidelberg (Germany). Before joining Recylex, he had been a partner since November 2014 in Wellensiek, a firm specialized in advising managers, business owners and boards of directors on turnaround solutions for distressed companies. In addition to his consulting activities, he has held several appointments as a director in various industries over the past decade.

Committee functions: none

Directorships and posts held in other companies during FY 2019:

- Director of Recytech S.A.
- Director of German Strube GmbH & Co KG (in liquidation)

Christopher ESKDALE

Director

Nationality : English
Date of birth : 08/05/1969
Date of first appointment: May 12, 2014
Date of last reappointment: July 29, 2020
Date of Resignation: September 3, 2020
Expiration date of office : General Meeting called to approve the financial statements of the year ended 31.12.2022
Number of shares held : 100

Mr. Christopher ESKDALE has been head of the industrial asset management department of the Glencore Group's Zinc segment until July 2020. He joined the Glencore Group in January 1996 as an asset manager. Previously, he had worked as an accountant with Deloitte & Touche in London and Moscow. Mr. ESKDALE is a member of the Board of Directors of a number of listed international mining companies, including Trevali Mining Corporation and Noranda Income Fund Inc. (Canada), Perubar SA, et Volcan Compania Minera SAA (Peru).
Born in 1969, Mr. ESKDALE is a qualified chartered accountant in England and Wales.

Committee functions:
Member of the Audit Committee and of the Remuneration and Nomination Committee

Directorships and posts held in other companies during FY 2019:

- Director of Trevali Mining Corporation (Foreign listed company)
- Director of Perubar S.A. (Foreign listed company)
- Director of Volcan Compania Minera S.A., Noranda Income Fund, Inc. (Foreign listed company)
- Employee of Glencore International AG (Foreign listed company)

Diana KISRO – WARNECKE

Independant Director

Nationality : German
Date of birth : 22/08/1973
Date of first appointment: July 11, 2017
Date of resignation : December 12, 2019
Number of shares held as at 31.12.2019 : 30

CEO of Dr. K&K ChinaConsulting, an international consulting firm, having been its owner since June 2004, Ms. KISRO-WARNECKE advises mid-sized groups and enterprises. For the past ten years, Ms. KISRO-WARNECKE has been a member of regional government and federal German government delegations. She is a certified bank clerk and took over the family business with an educational focus at the age of 19 and made it the market leader in Germany.

Ms. KISRO-WARNECKE, a German national born in 1973, studied economics at the University of Hanover and the University of Hamburg. She holds a MBA degree in information technology from the University of Liverpool and gained a PhD in marketing and management from the University of Hanover. Ms. KISRO-WARNECKE has served as an assistant professor with distinction and as a lecturer since 2011.

Committee functions:
Member of the Audit Committee and member of the Remuneration and Nomination Committee

Directorships and posts held in other companies during FY 2019:
None

Laetitia SETA

Administratrice

Nationality : French
Date of birth : 23/03/1975
Date of first appointment: May 6, 2011
Date of last reappointment : July 29, 2020
Expiration date of office : General Meeting called to approve the financial statements of the year ended 31.12.2022
Number of shares held : 20

French national born in 1975, Mrs. Laetitia SETA holds an engineering degree in energy technologies from the École Polytechnique Féminine de Sceaux (France) and a master's degree in management and financial techniques from the University of Paris-Dauphine (France).
Ms. SETA began her career as a consultant with PriceWaterhouseCoopers in Paris before joining the Glencore Group, where she has held several positions. She has served as head of Internal Control and of the Price Risk Management Department for the metallurgists Portovesme Srl (Italy) and Philippines Associated Smelting and Refining Corporation (Philippines).

Ms. SETA also served as Project Controller and Director of the new copper smelter construction project at Mopani Copper Mines (Zambia) and project controller for mining investments at Sinchi Wayra S.A. (Bolivia).

In 2008, she joined Glencore International AG in Switzerland as Asset Manager and Trader within the Zinc-Lead-Copper Department. She has also been a member of the Board of Philippines Associated Smelting and Refining Corporation (Philippines).
Ms. Laetitia SETA is an asset manager within the Glencore Group.

Committee functions: None

Directorships and posts held in other companies during FY 2019:

- Employee of Glencore International AG (Foreign listed company)

Jean-Pierre THOMAS

Independent Director

Nationality : Française
Date of birth : 29/03/1957
Date of first appointment: May 12, 2009
Date of last reappointment : June 5, 2018
Expiration date of office : General Meeting called to approve the financial statements of the year ended 31.12.2020
Number of shares held : 20

Born in Gerardmer (Vosges department) in 1957, Mr. THOMAS has a degree in finance and management from SupdeCo and a doctorate in economics from Paris II University.

Mr. THOMAS, who was a managing partner of investment bank Lazard between 1998 and 2013, advising on mergers and acquisitions, private equity and asset management, is now the chairman of his own company, THOMAS Vendôme Investment.
Before joining Lazard, he worked at Christian Dior in 1978 and then in the marketing and financial management teams at Procter & Gamble in 1981. He was a member of the Lorraine Regional Council, Vice-Chairman then Chairman of the Lorraine Regional Council Finance Committee, Member of the French Parliament for the Vosges region. During his political career, Mr. THOMAS sponsored the Act of March 25, 1997 creating retirement savings plans (known as the "THOMAS Act").
Mr. THOMAS is Chairman of the Scientific Committee of Le Cercle de l'Epargne, a think-tank of the AG2R La Mondiale group.

Committee functions:
Chairman of the Remuneration and Nomination Committee and member of the Audit Committee

Directorships and posts held in other companies during FY 2019:

- Director then Chairman of the Board of Rusal (Foreign listed company)

The profiles of Mr. Nick POPOVIC and Mrs. Karin LATTWEIN, director during the financial year 2020 are presented hereinafter.

Nick POPOVIC

Director

Nationality : British / Serbian
Date of birth : 18/02/1970
Date of cooptation : September 3, 2020
Expiration date of office : General Meeting called to approve the financial statements of the year ended 31.12.2022
Number of shares held : N/A (Purchasing ongoing as at 22.10.2020)

Né en 1970, Monsieur Nick POPOVIC a démarré sa carrière au sein de Glencore International AG en 1992 en qualité de négociant du département Zinc à Londres, en Suisse et Moscou. En avril 1998, il est nommé Président – Directeur Général de Kazzinc au Kazakhstan et poursuit sa progression au sein du groupe Glencore où il exerce depuis 2006 les fonctions d'asset manager. Nommé Président du conseil d'administration de Kazzinc Holdings en 2014, il dirige depuis juillet 2020 le département commercial des segments Plomb et Zinc de Glencore Inernational AG.

Titulaire d'un Master of Arts de l'Université de Cambridge, Monsieur Nick POPOVIC est également administrateur de Trevali Mining Corporation (Canada) et Compañia Minera Volcan S.A.A. (Pérou).

Committee functions :
Membre du Comité d'Audit et du Comité des Rémunérations et des Nominations

Directorships and posts held in other companies during FY 2020:

- Director of Trevali Mining Corporation (Foreign listed company)
- Chairman of the Board of Kazzinc Holdings Ltd (Foreign listed company)
- Employee of Glencore International AG (Foreign listed company)

Karin LATTWEIN

Independent Director

Nationality : Allemande
Date of birth : 09/09/1977
Date of first appointment: February 6, 2020
Date of last reappointment : July 29, 2020
Expiration date of office : General Meeting called to approve the financial statements of the year ended 31.12.2022
Number of shares held : 20

Ms. LATTWEIN is currently heading the financial department of an EOM-owned dealership in Stuttgart. She started her career as an investment controller at DaimlerChrysler AG, before joining Porsche AG in 2006 where she was Director of Group Risk Management from 2010 to 2015.
Of German nationality, Ms. LATTWEIN has an MBA from the University of Hohenheim in Stuttgart.

Committee functions:
Chairwoman of the Audit Committee and member of the Remuneration and Nomination Committee

Directorships and posts held in other companies during FY 2020:

- Employee of Porsche Niederlassung Stuttgart GmbH (Foreign company)

The list of other directorships and posts held in other companies by members of the Board of Directors during FY 2019 is as follows:

Sebastian RUDOW	*Foreign companies*	- Director of German Strube GmbH & Co. KG (in liquidation) - Director of Recytech S.A.
Christopher ESKDALE	*Foreign companies*	- Director of Trevali Mining Corporation* - Director of Perubar SA* - Director of Volcan Compania Minera SA, Noranda Income Fund, Inc.* - Employee of Glencore International AG*
Laetitia SETA	*Foreign companies*	- Employee of Glencore International AG*
Diana KISRO-WARNECKE		NA
Jean-Pierre THOMAS	*Foreign companies*	- Director of Rusal and Chairman of the Board of Rusal from January 1 to January 28, 2019 *

**Listed company.*

The list of other directorships and posts held in other companies by members of the Board of Directors during FY 2020 is as follows:

Sebastian RUDOW	*Foreign companies*	- Director of German Strube GmbH & Co. KG (in liquidation) - - Director of Recytech S.A.
Christopher ESKDALE	*Foreign companies*	- Director of Trevali Mining Corporation* - Director of Perubar SA* - Director of Volcan Compania Minera SA, Noranda Income Fund, Inc.* - Employee of Glencore International AG*
Nick POPOVIC**	*Foreign Companies*	- Director of Trevali Mining Corporation * - Chairman of the Board of Kazzinc Holdings Ltd * - Employee of Glencore International AG *
Laetitia SETA	*Foreign companies*	- Employee of Glencore International AG*
Karin LATTWEIN	*Foreign companies*	- Employee of Porsche Niederlassung Stuttgart GmbH
Jean-Pierre THOMAS		NA

** Listed company.*
***The ratification of the cooption of Mr. Nick POPOVIC s submitted to the approval of the General Meeting of December 16, 2020.*

- **Independence of directors**

According to Recommendation no. 3 of the MiddleNext Code, *"to qualify as independent, Board members […] must not have any significant financial, contractual, family or close ties liable to affect the independence of their judgment:*

- *Must not have been for the past five years and must not be an employee or executive officer of the Company or of a company in its Group*
- *Must not have been for the past two years and must not be in a material business relationship with the Company or its Group (customer, supplier, competitor, service provider, creditor, banker, etc.)*
- *Must not be a core shareholder of the Company or hold a material percentage of the voting rights*
- *Must not have close or family ties with a corporate officer or core shareholder*
- *Must not have been a Statutory Auditor of the Company for the past six years."*

At its meeting on March 28, 2019, the Board reviewed the status of each of its members in relation with the aforesaid criteria and considered that Mr. RUDOW, an executive director of Recylex S.A., and Mr. ESKDALE and Ms. SETA, who are employees of the Group to which Recylex S.A.'s core shareholder belongs, did not qualify as independent directors.

The Board took the view that Mr. THOMAS and Ms. KISRO-WARNECKE meet the criteria of "independent" director as defined by Recommendation no. 3 of the MiddleNext Code and the Internal Rules and Regulations of the Board of Directors (the "Internal Regulations")[23]. It should be emphasized that a designation as independent director is not a value judgment. Independent directors do not have personal qualities that differ from those of the other directors so as to make them more likely to act in the shareholders' interests. Directors are informed individually of the essential responsibilities entrusted to them and remain sensitive to the interests of all shareholders in the Board's discussions and decisions in Recylex S.A.'s interests.

Where they face a conflict of interest, and depending on its precise nature, directors must either abstain from voting, or even participating in discussions, or, in extreme cases, resign, in accordance with recommendation no. 1 of the MiddleNext Code. In accordance with the Board's Internal Rules and Regulations, no disclosure constitutes an acknowledgment that no conflict of interest exists.

The Board considers that in addition to their ability to take into account the interests of all shareholders, Recylex S.A.'s directors have also been selected for their skills and expertise, their experience and their thorough understanding of the strategic challenges facing the Group. Given the Group's size and structure, the Board wishes to maintain a limited number of directors, as its members in its current configuration possess varied and complementary technical expertise.

- **Policy of diversity and representativeness on the Board of Directors**

As Recylex S.A.'s Board of Directors includes two women among its members, the proportion of women on the Board of Directors is 40%, in accordance with Article L.225-18-1 of the French Commercial Code.

In accordance with Recylex S.A.'s Articles of Association, the age limit for serving as a Director is 75 years. As of December 31, 2019, no Director of the Company was more than 75 years old and the average age of the board members was 48.

In view of the Directors' qualifications and professional experience, the Company endeavors to ensure that its Board of Directors is composed of members with complementary areas of expertise that are consistent with the business of Recylex S.A. and the other companies of the Recylex Group. This policy applies both to the general skills of Board members (technical, economic, commercial, legal or communications) and to their sectoral skills (in particular the metals industry and the automotive sector).

2.9.2.1.2. Organization and operation of the Board

- **Arrangements for the organization and operation of the Board**

The arrangements for the organization and operation of the Board are determined in Recylex S.A.'s Articles of Association and defined in the Internal Rules and Regulations of the Board of Directors, in compliance with Recommendation no. 7 of the MiddleNext Code, which advocates the introduction of such rules. In addition, the schedule of Board meetings is set in advance and reminders are issued from one meeting to the next. The Statutory Auditors are invited to Board meetings that examine and approve the accounts. As a rule, Board meetings open with approval of the

[23] *The Internal Regulations, which are posted on the Company's website (www.recylex.eu - Group section - Governance - Internal Regulations), may be amended at any time by the Board of Directors.*

minutes of the previous meeting. Decisions are then put to the directors in the order in which they appear on the agenda. The directors discuss each decision before taking a vote. When the discussions have ended and there is no other business, the Chairman adjourns the meeting and reminds the directors of the date of the next meeting.

- **Meetings of the Board of Directors and main matters considered**

In FY 2019, the Board of Directors met seven times, with an average attendance rate of 97%. Meetings lasted for 1 hour on average.

In FY 2019, the main matters considered by the Board were as follows:

- The Group's performance and results
- The financial situation of the German sub-group and the state of the discussions with its financial partners
- Budgets and investments planned by Group companies
- Recylex S.A.'s policy with regard to gender equality and equal pay
- The self-assessment of the Board and Committees
- Agreements referred to in Articles L. 225-38 et seq. of the Commercial Code
- Changes to the Internal rules and regulations of the Board of Directors
- Business trends of the Group's subsidiaries
- Developments in the ongoing litigation involving Recylex S.A.
- Allocation of directors' fees to the members of the Board of Directors
- Remuneration of the Chairman and Chief Executive Director
- The resignation of Mrs. Diana KISRO-WARNECKE

- **Information provided to directors**

Documents, technical files and other information relating to the agenda of each Board meeting are provided to the directors by e-mail and/or via a dedicated secure IT system within a reasonable time, in compliance with Recommendation no. 4 of the MiddleNext Code, with which Recylex S.A. complies. In addition, directors make their own assessment as to whether the information provided to them was adequate in the annual self-assessment in accordance with Recommendation no. 11.

Furthermore, in compliance with Recommendation no. 4 of the MiddleNext Code, the directors are kept regularly informed between meetings of any event or information liable to have an impact on Recylex S.A.'s commitments, financial situation or cash flow, when Recylex S.A.'s situation so warrants.

Directors are provided individually with all the information they need to perform their assignment and may ask to receive all documents they consider useful. The directors individually assess whether the information provided was sufficient and, where appropriate, they may request all additional information they consider relevant in accordance with Recommendation no. 4 of the MiddleNext Code.

2.9.3. Board Committees

The purpose of the committees established by the Board is to prepare certain decisions to be made by the Board by giving their opinions, recommendations or proposals to the Board in accordance with Recommendation no. 6 of the MiddleNext Code.

2.9.3.1. Remuneration and Nomination Committee

- **Members at December 31, 2019**

Jean-Pierre THOMAS	Chairman
Diana KISRO-WARNECKE	Member
Christopher ESKDALE	Member

At the date hereof, the composition of the Remuneration and Nomination Committee is as follows:

Jean-Pierre THOMAS	Chairman
Karin LATTWEIN	Member
Nick POPOVIC	Member

- **Remit and operation**

The Remuneration and Nomination Committee was established in 2003 and, at its meeting on October 22, 2007, the Board drew up terms of reference setting out the Committee's remit and operating procedures.

Its role is to examine the following matters in particular and make recommendations to the Board concerning: (i) the policy for deciding the remuneration of Recylex S.A.'s corporate officers and senior managers, (ii) the introduction of free share or stock option plans, (iii) the procedure for appointing members of the Board, (iv) the Board evaluation procedure, (v) succession planning for Recylex S.A.'s corporate officers and key employees.

- **Work performed in FY 2019**

The Remuneration and Nomination Committee met once in FY 2019, with an attendance rate of 100%. The main matters considered at the meetings was the assessment of the objectives and variable remuneration of the Chairman and CEO for 2018 as well as the modality of his remuneration for 2019.

2.9.3.2. Audit Committee

- **Members at December 31, 2019**

Christopher ESKDALE	Chairman
Diana KISRO-WARNECKE	Member (*independent director within the meaning of Article L. 823-19 of the Commercial Code*)
Jean-Pierre THOMAS	Member (*independent director within the meaning of Article L. 823-19 of the Commercial Code*)

At the date hereof, the composition of the Audit Committee is as follows:

Karin LATTWEIN	Chairwoman (*independent director within the meaning of Article L. 823-19 of the Commercial Code*)
Nick POPOVIC	Member
Jean-Pierre THOMAS	Member (*independent director within the meaning of Article L. 823-19 of the Commercial Code*)

- **Remit and operation**

The Audit Committee was created in FY 2007. The Committee's operating rules are set out in the "Audit Committee's Terms of Reference" and relate primarily to its remit, its membership, its duties and powers and the organization of its meetings.

According to its Terms of Reference, which were amended at the Board meeting of April 13, 2018, the Audit Committee is responsible for monitoring: (i) the process of preparing and controlling accounting and financial information, (ii) the effectiveness of internal control and risk management systems, (iii) the statutory audit of the annual parent company and consolidated financial statements by the Statutory Auditors, and (iv) the selection of the Statutory Auditors, the non-audit services entrusted to them, and their independence.

- **Work performed in FY 2019**

The Audit Committee met one time in FY 2019 with an attendance rate of 100%.
The main matter considered at the Audit Committee's meeting in 2019 was the review of impairment tests pursuant to IAS 36.
No meeting regarding the review of annual or biannual financial statements took place, because of the impossibility for the Company to close its 2018 accounts during FY 2019.

At the meetings to consider the annual and interim accounts, the Statutory Auditors present their opinion on the financial statements and Recylex S.A.'s accounting policies.

Before each meeting held to review annual or interim financial statements, the Chief Financial Officer prepares a presentation for Committee members of the process of preparing the financial statements, the main balance sheet items, valuation methods and the main financial risks to which the Group is exposed.

Minutes are drawn up summarizing the proceedings of Audit Committee meetings.

2.9.3.3. Assessment of the work of the Board of Directors and of the Board Committees

Every year, the agenda of a Board meeting includes an item relating to an assessment of the composition, organization and operation of the Board of Directors and of the Committees, in accordance with Recommendation no. 11 of the MiddleNext Code.

At its meeting on April 27, 2020, the Board carried out its self-assessment and the evaluation of the work of the Board Committees on the basis of answers to the questionnaire sent to the directors and completed anonymously ahead of the meeting. In particular, this questionnaire covered the membership, organization and operation of the Board and its Committees, and assessed their capacity to meet shareholders' expectations, primarily in the light of the recommendations and points to be watched contained in the MiddleNext Code and deemed to be relevant in this assessment.

2.9.4. Restrictions placed by the Board of Directors on the powers of Recylex S.A.'s Chairman and Chief Executive Officer

Under Recylex S.A.'s Articles of Association, the Chief Executive Officer has the broadest powers to act in all circumstances on Recylex S.A.'s behalf. He must exercise his powers without exceeding the corporate purpose and without prejudice to those powers expressly vested by law in Shareholder Meetings and the Board of Directors.

At its meeting on November 30, 2017, when it appointed Sebastian RUDOW as Recylex S.A.'s Chairman and Chief Executive Officer, as ratified by the Combined Shareholders' Meeting of June 5, 2018, the Board decided that the Chairman of the Board would also continue to serve as Chief Executive Officer and not to separate these two offices.

The renewal of the office of the Chairman of the Board as Chief Executive Officer was confirmed by the Board of Directors on October 22, 2020, following the renewal of Sebastian Rudow's term of office by the Combined General Meeting of July 29, 2020.

Under the Internal Rules and Regulations of the Board of Directors, a prior decision of the Board is required for the following matters, in particular:
- commitments with respect to security, endorsements or guarantees within the limits set by the Board of Directors, and the creation of any sureties
- decisions regarding the Group's strategy and changes to Recylex S.A.'s organizational structures or which have major consequences for one or more of the Group's business segments
- any significant transaction outside the Group's published strategy and which is liable to significantly affect it or materially to change the Group's financial structure or results
- decisions to start up new businesses within the framework of the corporate object, or to abandon existing businesses
- legal proceedings brought by Recylex S.A. that could have a significant impact on the Group's image or results
- publication of materially important information intended for the public

The components of the Chairman and Chief Executive Officer's remuneration are determined in compliance with the principles set forth in Recommendation no. 13 of the MiddleNext Code, as regards comprehensiveness, balance, benchmarking (limited to companies of similar size but not necessarily part of the same reference market, since no information on almost any of the Recylex S.A.'s competitors is available), clarity of rules, consistency, proportionality and transparency.

2.9.5. Compensation paid during fiscal year 2019 or allocated for the same fiscal year to corporate officers

It is reminded that the Combined General Meeting of July 29, 2020 approved the information on the compensation of corporate officers referred to in Article L.225-100 of the French Commercial Code, as well as the compensation paid to or granted to the Chairman and Chief Executive Officer during the financial year 2019.

2.9.5.1. Compensation of the members of the Board of Directors for the 2019 financial year

2.9.5.1.1. Principles of compensation of the members of the Board of Directors

In accordance with current law, the maximum amount of directors' fees to be paid each year to the directors is set by Recylex S.A.'s Shareholder Meeting. Its distribution among the directors is determined by the Board of Directors, on the recommendation of the Compensation and Appointments Committee.

Since the Shareholders' Meeting of May 12, 2014, the maximum amount of compensation that may be paid to Directors is set at 150,000 euros for all members of the Board of Directors.

The Board of Directors has decided to allocate to its members, in addition to a fixed and equal part of remuneration, an additional part related to their specific duty as Chairmen of the Board or of the Committees, taking into account the additional workload and responsibilities resulting from these specific duties.

The principles and rules for the remuneration of Directors, which were decided by the Board of Directors at its meeting of October 18, 2019, on the recommendation of the Remuneration and Nomination Committee, are as follows:

(i) fixed compensation of twenty thousand euros (€20,000) to each member of the Board;

(ii) additional compensation in the amount of:
- twenty thousand euros (€20,000) as additional compensation for the Chairman of the Board of Directors and the Chairman of the Audit Committee,
- ten thousand euros (€10,000) as additional compensation for the Chairman of the Nomination and Remuneration Committee;

(iii) reimbursement by Recylex S.A. of travel and travelling expenses incurred by the directors in the performance of their duties, upon production of supporting documents.

2.9.5.1.2. Compensation paid during the 2019 financial year or allocated for the same financial year to the members of the Board of Directors

The total amount of the remuneration paid during the financial year 2019 or allocated for the same financial year to the directors (including the remuneration of Mr. Sebastian RUDOW as director and Chairman of the Board of Directors) therefore amounted to 150,000 euros.

The table below sets out the amounts of compensation paid during/allocated in respect of financial years 2019 and 2018 by Recylex S.A. and Group companies to each of the Directors (other than Mr. Sebastian RUDOW):

Non-executive directors	Payments in FY 2019	Payments in FY 2018
Christopher ESKDALE *(Director and Chairman of the Audit Committee since May 12, 2014)* Remuneration in respect of the director's mandate	€40,000	€40,000
Laetitia SETA *(Director)* Remuneration in respect of the director's mandate	€20,000	€20,000
Jean-Pierre THOMAS *(Director and Chairman of the Remuneration and Nomination Committee since May 12, 2014)* Remuneration in respect of the director's mandate	€30,000	€30,000
Diana KISRO-WARNECKE *(Director since July 11, 2017 and until her resignation on December 12, 2019)* Remuneration in respect of the director's mandate	€20,000	€20,000
TOTAL	**€110,000**	**€110,000**

2.9.5.2. Compensation of the Chairman and Chief Executive Officer for fiscal year 2019

2.9.5.2.1. 2019 Compensation Policy

As no General Meeting was held between June 5, 2018 and July 29, 2020, the compensation policy setting the structure as well as the principles and criteria established to determine the remuneration and benefits of any kind granted to Mr. Sebastian RUDOW for the financial year 2019, could not be approved by a general meeting in 2019.

Therefore, the fixed, variable and exceptional items comprising the total compensation and benefits of any kind paid during the financial year 2019 or granted for the same financial year to Mr. Sebastian Rudow, in his capacity as Chairman and Chief Executive Officer, were determined in accordance with the 2018 compensation policy of the Chairman and Chief Executive Officer approved by the Combined General Meeting of Shareholders of 5 June 2018 (9th resolution).

2.9.5.2.2. Compensation paid during fiscal year 2019 or granted for the same fiscal year to the Chairman and Chief Executive Officer

Pursuant to Article L. 225-100, III of the French Commercial Code, the Shareholders' Meeting of July 29, 2020 (12th resolution) approve the fixed, variable and exceptional components making up the total compensation and benefits of any kind paid during financial year 2019 or allocated in respect of the same financial year to Mr. Sebastian RUDOW, in his capacity as Chairman and Chief Executive Officer, as presented in this sub-section.

- The gross fixed annual compensation of Mr. Sebastian RUDOW in his capacity as Chief Executive Officer of Recylex S.A. for fiscal year 2019 amounted to a gross amount of 230,000 euros.
- At its meeting of April 27, 2020, the Company's Board of Directors decided, on the recommendation of the

Compensation and Nominations Committee, and in accordance with the compensation policy voted by the Ordinary General Meeting of June 5, 2018 (9th resolution), to set the variable compensation of Mr. Sebastian RUDOW in his capacity as Chief Executive Officer of Recylex S.A. for the 2019 financial year at €260,000 (i.e. 113% of the fixed portion of his compensation) on the basis of the following criteria

- individual non-financial criteria relating to (i) the improvement and development of the Group's organization, including in particular internal procedures and communication, (ii) the development of loss-making business segments with a recovery objective by 2019/2020, (iii) the successful start-up of the new reduction furnace and (iv) the development of the Group's future strategy;
- economic criteria based on consolidated EBITDA performance.

- Ancillary benefits: Mr. Sebastian RUDOW, in his capacity as Chief Executive Officer of Recylex S.A., benefits from the health insurance plan applicable to Recylex S.A. employees.
- Post-employment benefits:
  - Mr. Sebastian RUDOW, in his capacity as Chief Executive Officer of Recylex S.A., benefits from the mandatory pension plans like all employees and does not participate in Recylex S.A.'s supplementary pension plans, as part of a "PERCO" collective retirement savings plan or a collective and mandatory defined contribution retirement contract benefiting from the scheme provided for in Article 83 of the French General Tax Code ("Article 83").
  - Mr. Sebastian RUDOW, in his capacity as Chief Executive Officer of Recylex S.A., does not benefit from termination and non-competition indemnities.

Mr. Sebastian RUDOW received during the financial year 2019 an amount of 20,000 euros in respect of his duties as Director and an amount of 20,000 euros in respect of his duties as Chairman of the Board of Directors.

The fixed, variable and exceptional items making up the total compensation and benefits of all kinds paid by Recylex S.A. and the companies (including foreign companies) that it controls during financial year 2018 (and for the record, financial year 2017) or allocated for the same financial years to the Chairman and Chief Executive Officer of Recylex S.A. are set out in the tables below.

Table 1 - Summary of remuneration, stock options and shares allocated to each executive director of Recylex S.A.

Sebastian RUDOW	FY 2019	FY 2018
Remuneration due in respect of FY (details in table 2)	€530,000	€530,000
Value of options granted during FY (details in table 4)	N/A	N/A
Value of performance shares granted during FY (details in table 6)	N/A	N/A
TOTAL	**€530,000**	**€530,000**

Table 2 - Summary of remuneration paid to each executive director

Sebastian RUDOW	FY 2019		FY 2018	
	Amounts due	Amounts paid	Amounts due	Amounts paid
- fixed remuneration (gross)	€230,000	€230,000	€230,000	€230,000
- variable remuneration	€260,000	€260,000	€260,000	€260,000
- exceptional remuneration	N/A	N/A	N/A	N/A
- remuneration allocated as part of the office of director / Chairman of the Board of directors (gross)	€40,000	€40,000	€40,000	€40,000
- benefits in kind (company car)	N/A	N/A	N/A	N/A
TOTAL	**€530,000**	**€530,000**	**€530,000**	**€530,000**

- **Award of stock options and performance shares (free shares)**

Recylex S.A. did not introduce any plan to award stock options or performance shares in FY 2019.

Table 3 - Options to subscribe for or purchase shares granted during the FY to each executive director by Recylex S.A. and by any other Group company

Name of executive director	Sebastian RUDOW
Number and date of plan	None
Type of option (purchase or subscription)	None
Value of options under method used for consolidated financial statements	None
Number of options granted during FY	None
Exercise price	None
Exercise period	None

Table 4 - Options to subscribe for or purchase shares exercised during the FY by each executive director

Name of executive director	Sebastian RUDOW
Number and date of plan	None
Number of options exercised during FY	None
Exercise price	None

Table 5 - Performance shares (free shares) granted to each executive director

Performance-related shares granted, pursuant to a decision by the Shareholders' Meeting, during the financial year to each corporate officer by the issuer or any other Group company (list of names)	Sebastian RUDOW
Number and date of plan	None
Number of shares allotted during FY	None
Value of shares under method used for consolidated financial statements	None
Vesting date	None
End of lock-up period	None
Performance conditions	None

Table 6 - Performance shares (free shares) reaching the end of the lock-up period during the FY for each executive director

Performance shares reaching the end of the lock-up period for executive directors (list of recipients)	Sebastian RUDOW
Number and date of plan	None
Number of shares reaching the end of the lock-up period during FY	None
Vesting terms	None
Year of grant	None

Table 7 - Past awards of stock options

Table 8 - Stock options granted to the ten employees other than corporate officers receiving most options, and options exercised by these individuals during the FY

Table 9 - Executive directors		
	Sebastian RUDOW	
Employment contract	**Yes**	
	No	X
Supplementary pension plan	**Yes**	
	No	X
Remuneration or benefits due or potentially due as a result of termination or change in duties	**Yes**	
	No	X
Compensation relating to a non-compete clause	**Yes**	
	No	X

2.9.5.3. Comparison of remunerations levels between executive officers and employees

In accordance with Article L.225-37-3 of the French Commercial Code, the ratios between the level of compensation of the Chairman and Chief Executive Officer and (i) the average compensation on a full-time equivalent basis of the Company's employees other than corporate officers and (ii) the median compensation of employees are detailed in the table below.

The scope used is that of the listed company preparing the corporate governance report and the indicators are calculated on the basis of the compensation of all Recylex S.A. employees adjusted on a full-time equivalent basis.

The compensation presented relates to the position of executive directors. Therefore, for 2017, the amount used is the sum of the compensation due during this fiscal year to Mr. Sebastian RUDOW and Mr. Yves ROCHE, in respect of their duties as Chairman and Chief Executive Officer.

Comparison of compensation levels between corporate officers and employees						
		2019	**2018**	**2017**	**2016**	**2015**
Chairman & Chief Executive Officer	Annual Compensation	€ 530,000 €	€ 530,000 €	€ 469,751.95	€ 375,842.80	€ 421,842.80
	Ratio / Average Compensation of Employees	9.6	8.8	9.2	6.6	8.3
	Ratio / Median Compensation of Employees	12.9	13.1	12.3	9.9	10.4
Employees	Rémunération moyenne	€ 55,156.06	€ 60,410.04	€ 50,822.85	€ 57,010.16	€ 50,625.98
	Rémunération médiane	€ 40,988.05	€ 40,519.50	€ 38,257.54	€ 37,873.82	€ 40,484.03
Company Performance	Net result (in k €)	2,445	- 65,052	6,494	- 14,910	- 9,466

2.9.6. Remuneration Policy for corporate officers for the fiscal year 2020

The remuneration policy for corporate officers is defined by the Board of Directors on the recommendations of the Appointments and Remuneration Committee and is reviewed annually to determine any adjustments to be made. Any other review of the remuneration policy outside this schedule follows the same procedure.

The Recylex Group is currently in a transformation phase that began in 2016 with the project for a new reduction furnace for the German sub-group company Weser-Metall GmbH. Due to the changes brought about by the new reduction furnace, but also in view of the difficult history of the entire Recylex Group, special expertise is required for the management of Recylex S.A. The Company is keen to develop a stable and sustainable base in order to be able to survive and develop in the market. In this context, the main objective is to enable this transformation and not to make quick profits. The compensation policy for corporate officers has therefore been adapted accordingly.

This compensation policy is in line with the Company's corporate interest and is designed to contribute to the Company's business strategy and sustainability. These objectives are reflected in the implementation of compensation principles adapted to the Company's corporate officers as well as to the Company's social and economic situation.

Performance is measured on the basis of the Recylex Group's ability to successfully complete this difficult phase by motivating and ensuring the good performance of employees and ensuring that the necessary know-how is acquired and retained. As far as possible, the Board of Directors seeks to align the structure of the remuneration of corporate officers with that of Group employees. Indeed, although the compensation of the Group's employees has increased over the last 3 years, the fixed portion of the Chairman and Chief Executive Officer's compensation and the ceiling on the variable portion of this compensation have remained unchanged since 2017.

It is reminded that the General Meeting of July 29, 2020 approved the compensation policy for corporate officers mentioned in I of Article L.225-100 II of the French Commercial Code as well as the compensation policy for the Chairman and Chief Executive Officer for the financial year 2020.

2.9.6.1. Compensation policy for the Chairman and Chief Executive Officer for the financial year 2020

The General Meeting of July 29, 2020 approved the compensation policy for the Chairman and Chief Executive Officer for the financial year (13th resolution).

The Chairman and Chief Executive Officer is appointed for a 3-year term that may not exceed his term of office as Director.

The compensation of the Chairman and Chief Executive Officer includes a fixed and a variable component.

- **Fixed remuneration:**

The Board of Directors, acting on a proposal by the Remuneration and Nomination Committee, decided to set the fixed portion of gross annual remuneration to be paid to Sebastian RUDOW, in his role as Recylex S.A.'s Chief Executive Officer, at €230,000.

- **Variable remuneration:**

Sebastian RUDOW's variable remuneration as Chief Executive Officer of Recylex S.A. will be capped at a maximum of 120% of his fixed remuneration and will be determined based on the following criteria: (i) managing the effects related to the SARS-CoV-2 pandemic and (ii) the progress made in restoring the stability of the Company and the Group by continuing its restructuring.

These criteria for determining the variable portion of compensation have been adapted in light of the Company's difficult financial situation, reflected by the need to restructure the debt and the Recylex Group and the progress made in restructuring and stabilizing the Company, as well as the current health and economic crisis.

To determine the achievement of the objectives set, the Remuneration and Nomination Committee takes into account (i) the objectives set during the period under review in relation to the objectives actually achieved and (ii) the particular situations due to the context and external influences and the way in which the Company reacts and deals with these particular situations to safeguard its interests. For reasons of confidentiality, the level of achievement required for these criteria, although precisely defined, cannot be made public.

The payment of this variable compensation will be subject to the approval by the Ordinary General Meeting of the elements of compensation of the person concerned under the conditions provided for in Article L. 225-100 of the French Commercial Code.

- **Exceptional remuneration:**

The Board of Directors has adopted the principle that the Chairman and Chief Executive Officer may receive exceptional compensation in certain circumstances, which must be precisely communicated and justified by the Board of Directors. The payment of such compensation will be subject to the approval by the Ordinary Shareholders' Meeting of the elements of compensation of the person concerned under the conditions provided for in Article L. 225-100 of the French Commercial Code.

- **Remuneration in respect of his mandate as director:**

The Chairman and Chief Executive Officer receives compensation in respect of his office as Director and Chairman of the Board of Directors, the amount of which was set by the Board of Directors for the year 2020, in accordance with the allocation rules set by the Board of Directors (see section 2.9.7.2 below).

- **Free shares:**

The Chairman and Chief Executive Officer does not benefit from any free share allotment plan but may benefit from any future free share allotment plans under the conditions to be determined by the Board of Directors, upon recommendation of the Remuneration and Nomination Committee.

- **Stock subscription or purchase options:**

The Chairman and Chief Executive Officer does not benefit from any stock option plans, but may benefit from any future stock option plans under the conditions to be determined by the Board of Directors, on the recommendations of the Remuneration and Nomination Committee.

- **Supplementary pension plan:**

The Chairman and Chief Executive Officer does not participate in Recylex S.A.'s supplementary pension schemes, within the framework of a "PERCO" collective retirement savings plan and a collective and mandatory defined contribution pension contract benefiting from the scheme provided for in Article 83 of the French General Tax Code ("Article 83").

- **Pension plan:**

The Chairman and Chief Executive Officer benefits from the health insurance plan applicable to Recylex S.A. employees.

- **Company car:**

The Chairman and Chief Executive Officer does not have a company car but may be entitled to one if the Board of Directors so decides.

- **Assumption of office:**

There is no provision for an allowance for taking office.

- **Termination of functions and non-competition**

There is no provision for severance and non-competition payments.

The compensation policy for the Chairman and Chief Executive Officer for the financial year 2020 is identical to the last compensation policy approved by the Shareholders' Meeting (i.e., on June 5, 2018), with the exception of the criteria for determining the variable portion of the Chairman and Chief Executive Officer's compensation. These criteria have indeed been adapted in order to comply with the Company's difficult financial situation as well as the effects of the current health and economic crisis.

Due to the general context, and in particular the period of transformation that the Company is going through, no deferral period has been set, nor has the Company been able to request the return of the variable compensation.

2.9.6.2. Compensation policy for members of the Board of Directors for the 2020 financial year

The General Meeting of July 29, 2020 approved the remuneration policy for members of the Board of Directors for the financial year 2020 (14th Resolution).

Directors are appointed by the General Meeting of Shareholders for a term of three years or, in the event of cooptation, for the remainder of the predecessor's term of office.

Recylex S.A.'s Annual General Meeting of Shareholders of May 12, 2014 set the total annual remuneration allocated to the members of the Board of Directors for the current and future financial years at 150,000 euros, until further decision of the General Meeting.

The Board of Directors proceeds, on the proposal of the Remuneration Committee and in accordance with the principles below, to allocate the global annual amount of the remuneration set by the General Meeting of Shareholders.

Directors receive a fixed sum as remuneration for their activity, in consideration of their duties as directors and, where applicable, as members or even chairmen of one or more committees, it being specified that this portion is pro-rated for members who have joined or left the Board of Directors during the year.

The Board of Directors, on the recommendation of the Appointments and Remuneration Committee, decided:

(i) to allocate the annual amount of compensation to be allocated to the members of the Board of Directors for the financial year 2020, amounting to 150,000 euros, as follows:
   - 20,000 to each of the members of the Board in respect of their duties as directors
   - 20,000 euros as additional compensation to the Chairman of the Board of Directors and the Chairman of the Audit Committee
   - 10,000 euros as additional compensation to the Chairman of the Compensation and Nominations Committee

(ii) to authorize the reimbursement by the Company of travel and travelling expenses incurred by the Directors in the performance of their duties, upon production of supporting documents

2.9.7. List of transactions carried out by corporate officers in Recylex shares

During FY 2019, no transaction involving the purchase of Recylex shares by a corporate officer was declared to the Autorité des Marchés Financiers.

2.9.8. Terms and conditions relating to shareholder participation in shareholders' meetings

Shareholders may attend General Meetings in accordance with the conditions provided for by law and by Articles 21 et seq. of Recylex S.A.'s Articles of Association[24].

2.9.9. Internal control and risk management procedures[25]

2.9.9.1. Internal control

2.9.9.1.1. Definition, objectives and scope of internal control

- **Definition and objectives**

The Company's internal control and risk management systems, as presented in paragraph 2.9.9.2 below, comprise a set of resources, procedures and actions adapted to Recylex S.A.'s characteristics and specific situation, which are intended to:

(i) contribute to the control of its activities, the effectiveness of its operations and the efficient use of its resources

(ii) enable it to take appropriate account of material risks that could prevent it from achieving the objectives Recylex S.A. has set for itself.

More specifically, these procedures are designed to safeguard, both at Recylex S.A. and its subsidiaries:

- compliance with the laws and regulations
- implementation of the guidelines issued by the Company's senior management
- the smooth working of internal processes, in particular those designed to safeguard Recylex S.A.'s assets; the reliability of financial information.

However, the internal control system implemented within the Group cannot provide absolute assurance that Recylex S.A.'s internal control and risk management objectives will be achieved, or that all risks will be controlled. Any internal control system has inherent limitations that may result from many internal and external factors.

- **Scope**

Within the Recylex Group, internal control systems have been established at Recylex S.A. and its various subsidiaries.

2.9.9.1.2. Components of the internal control system

- **Internal control participants**

The Company's senior management is responsible for the whole internal control system, under the oversight of Recylex S.A.'s Audit Committee.

- **Organization of internal control**

During FY 2019, the organizational principles of Recylex S.A. and its subsidiaries are based on extensive decentralization of responsibilities both as regards the control over operations, and in particular those involved in the preparation of accounting and financial information, and risk management, which is, however, closely supervised by Recylex S.A.'s senior management. This organization structure enables the various companies within the Group to respond more quickly to the various constraints associated with their businesses.

Control procedures are also implemented through a number of so-called support functions within the Group:

- The Company handles the Group's legal affairs, communication, management control and consolidation of accounting and financial information. All these support services are defined in service agreements negotiated between Group companies
- In Germany, Recylex GmbH provides financial support (local cash pooling, and control of accounting and financial information) for all German subsidiaries, and reports back information to Recylex S.A.'s senior management.

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[24] *The Company's bylaws are available on the Company's website (www.recylex.eu - Group section).*

[25] *For the drafting of this section, the Company has drawn on the "Cadre de référence du contrôle interne : Guide de mise en œuvre pour les valeurs moyennes et petites" prepared by the Autorité des Marchés Financiers on February 25, 2008, updated on July 22, 2010.*

- **Control activities**

The Group's internal control procedures are based on the following principles:

- An organization by business area consistent with development priorities and strategic guidelines. This matrix structure determines the scope, respective powers and delegations of powers of group-wide divisions and divisions specifically responsible for strategic activities.
- A three-stage budget control system:
  1. Preparation of an annual budget updated monthly for each strategic activity, initially decentralized to the Group's plants and subsidiaries and then centralized at Recylex S.A.'s headquarters
  2. Preparation of a 12-month revolving forecast, updated monthly
  3. Performance tracking of the Group's businesses by means of monthly reports sent to the members of Recylex S.A.'s Board of Directors, which allow them to monitor the performance of each of the Group's businesses and to ensure that it is on track to meet the objectives set.
- Monitoring and control over the operations and performance of the Group's operating units, involving the following participants:
  4. Recylex S.A.'s management control unit, which tracks subsidiaries' activities in detail on a monthly basis using the budget, actual figures and regularly updated projections. The monthly reports prepared by each operating unit or subsidiary using dedicated software (Magnitude ERP) are reviewed by Recylex S.A.'s management control unit and inquiries are made of the subsidiary, where appropriate.
  5. The Chairman and Chief Executive Officer, the Group Chief Financial Officer and senior executives of subsidiaries and operating units, who meet monthly to analyze each unit's monthly performance, projections and their regular updates ("Business Review").
- An accounting and financial management system common to the main operating subsidiaries, running SAP ERP software.

2.9.9.2. Procedures for the preparation and processing of accounting and financial information

In this section, "Group" refers to Recylex S.A. and its consolidated subsidiaries as defined in Article L. 233-16 of the Commercial Code.

To ensure that financial information is reliable and accurate, an integrated software application (SAP) is used to manage accounting and financial information for all Group companies with the exception of the Belgian subsidiary FMM. The application is also useful for comparing and assigning costs between subsidiaries. It ensures common accounting formats are used and transactions are accounted for consistently in data flows.

The system also allows movements of goods in all user companies to be managed in real time.

Each Group company performs accounting tasks within this uniform information system. These tasks are handled by its own accounting staff or, in a few cases, by an independent accountant. The 2018 financial statements of individual companies in the Group were prepared by their respective accounting and finance managers under the supervision of the Group's Chief Financial Officer.

Each Group company produces monthly financial and technical reports, which are submitted to Recylex S.A.'s senior management. The managers of each Group company are responsible for the reliability of their accounting and financial data. The data are consolidated by the Group Management Control unit, which ensures their consistency and can request any further information or clarifications it deems necessary from the relevant Group subsidiaries or units. This reporting process thus allows Recylex S.A.'s senior management to track on a monthly basis the Group's business trends and whether the objectives are being achieved.

The process for preparing the consolidated financial statements is identical to that of the monthly reporting process, i.e. it is decentralized under the responsibility of each Group company. Technical consolidation has been outsourced since the beginning of FY 2006. However, subsidiaries' compliance with IFRS, asset impairment tests, the accounting treatment applied to derivative hedges of the metal price fluctuation risk and sector-based analysis continue to be performed in-house at Recylex S.A.'s headquarters.

The Group Finance Department is responsible for overseeing all these steps and the system for preparing financial and accounting information.

Accounting and financial information is also audited by Recylex S.A.'s Auditors as part of their statutory obligations.

Once Recylex S.A.'s financial statements and the Group's consolidated financial statements have been prepared, they are reviewed by the Audit Committee in advance of the Board meeting that approves them.

2.9.9.3. Risk assessment and management

At the meeting of the Board on August 31, 2015, Recylex S.A. decided formally to adopt, and to arrange for the relevant bodies of the Group's subsidiaries to adopt, in accordance with the specific legal requirements of each jurisdiction concerned, the Code of Conduct of the Recylex Group, which contains guidelines on the conduct of its business and professional activities and is intended to apply to all employees of all Group entities.

At its Board Meeting of June 12, 2020, Recylex S.A. adopted a new reinforced Ethic Code, in accordance with law n°2016-1691 of December 9, 2016 relating to transparency, anti-corruption and modernization of economic life (Sapin 2). Recylex S.A. implemented a whistleblowing system offering the possibility to any Group employee, as well as any external collaborator or temporary worker of the Group, to report any malfunctions of which he or she is aware and which may be related to the Recylex Group. This new Code of Ethics and this professional whistleblowing procedure are intended to be applicable to all employees of all Group entities.

2.9.10. Current delegations of authority and powers approved by the Shareholders' Meeting to the Board of Directors relating to capital increases

The table below summarizes the delegation of powers during FY 2019, as granted by the General Meeting to the Board of Directors, relating to capital increases and the use of these powers made during FY 2019.

Nature of the delegation of authority	Date of Shareholders' Meeting (resolution number)	Period (expiration date)	Maximum authorized amount	Use made in FY 2019
Repurchase/transfer by Recylex S.A. of its own shares	June 5, 2018 (no. 12)	18 months (December 5, 2019)	10% of share capital at June 5, 2018	None
Reduction in share capital by cancellation of shares	June 5, 2018 (no. 13)	24 months (June 5, 2020)	10% of share capital in any 24-month period	None
Awards of free shares	June 5, 2018 (no. 14)	38 months (August 5, 2021)	10% of share capital at June 5, 2018	None

2.9.11. Employee share ownership

For the purposes of this paragraph, "Group" means Recylex S.A. and its subsidiaries within the meaning of Article L. 225-180 of the Commercial Code.

At December 31, 2019, Group employees did not own any Recylex S.A. shares under employee share ownership plans or other similar plans as stipulated in Article L. 225-102 of the Commercial Code.

2.9.12. Treasury stock movements and holdings

At December 31, 2019, Recylex S.A. held 23,939 treasury shares, representing 0.09% of the share capital.

These 23,939 shares held by Recylex S.A. and not yet allocated are earmarked for distribution to Group employees, and particularly under a stock option plan for employees and corporate officers.

2.9.13. Factors liable to have an impact on the outcome of a public tender offer

1. Information regarding the structure and ownership of share capital and voting rights is disclosed in section 2.8 "Information regarding Recylex S.A.'s share capital".
2. There are no restrictions in Recylex S.A.'s Articles of Association on the exercise of voting rights or transfer of shares nor any agreements of which it has been made aware pursuant to Article L. 233-11 of the Commercial Code that would be liable to have an impact on the outcome of a public tender offer.
3. The main identified shareholders of Recylex S.A. are listed in section 2.8.1.2 of this Report.
4. Under Recylex S.A.'s Articles of Association, double voting rights are assigned to all fully paid up registered shares that have been owned by the same shareholder for at least two years from the end of the calendar year prior to the date of the Shareholders' meeting. Double voting rights cease automatically for any shares held in a securities account in bearer form or transferred, and shall only be recovered by the new owner, subject to registering the share on their behalf in a registered securities account for a period of at least two years from the end of the calendar year prior to the date of the shareholders' meeting considered. Nonetheless, the required timeframe shall not be interrupted and the vested rights shall be retained where a transfer is made from one registered account to another:
   - as a result of a succession to an intestate estate or a testamentary succession, a division of joint property between spouses, a donation *inter vivos* to a spouse or a person with a degree of relationship that entitles them to inherit
   - or arising from a stock split or stock consolidation transaction.
5. The Company did not have any employee share ownership plans in place at December 31, 2019.
6. The Company is not aware of any agreements between shareholders that could result in a restriction on the transfer of shares or the exercise of voting rights.
7. The rules applicable to the appointment and replacement of Directors and the amendment of the Articles of Association are not liable to have an impact in the event of a public tender offer.
8. Under the Board of Directors' Internal Rules and Regulations, prior discussion by the Board of Directors is required in the event of total or partial disposal of equity investments held by Recylex S.A., or of acquisitions or disposals of assets with a value of more than €1,000,000 per transaction.
9. In FY 2014, Recylex S.A. entered into a loan agreement with Glencore International AG (see Note 32 to the consolidated financial statements for the year ended December 31, 2018), which may come to an end (i) in the event of a change in control of Recylex S.A., which is defined as being a situation in which one or more persons acting in concert (within the meaning of Article L. 233-10 of the Commercial Code), come(s) to hold directly or indirectly more than 50% of Recylex S.A.'s share capital or voting rights, or (ii) in the event of a change in Recylex S.A.'s voting rights, which is defined as being a situation in which one or more persons acting in concert (within the meaning of Article L. 233-10 of the Commercial Code), come(s) to hold directly or indirectly more than 30% of Recylex S.A.'s share capital or voting rights.

2.9.14. The Company has not entered into any agreement providing for indemnities for members of the Board of Directors or employees, if they resign or are dismissed without real and serious cause or if their employment is terminated because of a takeover bid or exchange offer, being likely to have an impact in the event of a takeover bid or exchange offer.

2.9.14. Agreements entered into, either directly or through a third party, between a shareholder holding over 10% of Recylex S.A.'s shares and subsidiaries in which Recylex S.A. owns over 50% of the share capital

The agreements entered into, either directly or through a third party, between a shareholder holding more than 10% of Recylex S.A.'s shares and subsidiaries in which Recylex S.A. owns over 50% of the share capital are as follows:

- Since July 18, 2014, its Weser-Metall GmbH subsidiary has entered into several tolling agreements for lead concentrates with Glencore International AG, pursuant to which the latter provides lead concentrates to Weser-Metall GmbH for processing in return for a fee into finished goods that are then returned to Glencore International AG.
- To guarantee due completion of the obligations provided for by the €67 million loan to the German subsidiaries agreed on December 29, 2016 (hereinafter the "Loan"), the securities in Recylex GmbH, Harz-Metall GmbH and Weser-Metall GmbH

were transferred to two trustee structures as part of a German-law trusteeship arrangement agreed on December 19, 2016 between Recylex Beteiligungsgesellschaft Eins, a wholly-owned subsidiary of Recylex S.A., Recylex Beteiligungsgesellschaft Zwei, a wholly-owned subsidiary of Recylex S.A., Recylex GmbH, Weser-Metall GmbH, Harz-Metall GmbH, the two trustees and Glencore International AG, it being specified that beneficial ownership of the shares in these entities remains with the Recylex Group entities, which continue to exercise and enjoy their rights as shareholders provided that the borrowers do not default on their obligations. From an accounting perspective, the arrangement does not cause the subsidiaries to be deconsolidated since, given the rights retained by the owners of the shares, they retain control over the transferred assets within the meaning of accounting regulations as long as the borrowers do not breach their obligations under the Loan agreement

- In accordance with the conditions for the award of the Loan, Glencore International AG gave commitments in December 2016 to the German subsidiaries Recylex GmbH, Harz-Metall GmbH, Weser-Metall GmbH, Norzinco GmbH, C2P-Germany GmbH, PPM Pure Metals GmbH and Recylex Grundstücksverwaltungs GmbH, including to cover any overrun in the budget for Weser-Metall GmbH's new reduction furnace (of up to €10 million) and any specific cash requirements of these German subsidiaries (up to €25 million).
- In connection with the €16 million loan agreement arranged on October 1, 2014 between Recylex S.A. and Glencore International AG, Recylex S.A. and Weser-Metall GmbH entered into a technical cooperation agreement with Glencore International AG. This agreement, including its amendments, and its termination underwent the procedure applicable to regulated agreements as defined in Article L. 225-38 of the Commercial Code.
- In order to replace the technical cooperation agreement, a technical services agreement was entered into on February 28, 2019 between Recylex S.A., Weser-Metall GmbH and Glencore International AG. This agreement, including its amendments during FY2019 underwent the regulated agreements procedure as defined in Article L. 225-38 of the Commercial Code.

In accordance with the provisions of the second paragraph of Article L. 225-39 of the French Commercial Code, the Company's legal department, assisted by the financial department, is responsible for identifying and evaluating agreements relating to current operations and concluded under normal conditions. However, the Board of Directors has not approved any formal procedure as of the date hereof.

2.10. Share capital, other equity instruments, results and other information for the past five financial years

Amounts in euros	2015	2016	2017	2018	2019
I SHARE CAPITAL AND OTHER EQUITY INSTRUMENTS AT THE YEAR-END					
Share capital	31,826,496	31,826,496	9,435,178	9,577,998	9,577,998
Number of ordinary shares in issue	24,110,982	24,110,982	25,500,482	25,886,482	25,886,482
Number of preferred shares in issue					
Maximum number of shares that may be issued in the future					
Through the conversion of bonds					
Through the exercise of stock options	490,000	445,000	265,500	0	0
II OPERATIONS AND RESULTS FOR THE FY					
Revenues excluding VAT	63,603,664	59,079,300	91,122,030	75,517,940	63,599,166
Income before tax, employee profit sharing, depreciation, amortization and charges to/(reversals from) provisions	2,382,066	1,637,140	(27,981,969)	4,772,110	1,404,021
Income tax	(71,059)	(312,959)	(148,210)	0	0
Employee profit-sharing in respect of the FY					
Income after tax, employee profit sharing, depreciation, amortization and charges to/(reversals from) provisions	(9,465,861)	(14,910,435)	6,493,991	(65,051,756)	2,444,815
Income paid out					
III. EARNINGS PER SHARE					
Income after tax, employee profit sharing, but before depreciation, amortization and charges to/(reversals from) provisions	0.10	0.08	(1.09)	0.18	0.05
Income after tax, employee profit sharing, depreciation, amortization and charges to/(reversals from) provisions	(0.39)	(0.62)	0.25	(2.51)	0.09
Net dividend per share					
IV EMPLOYEES					
Average number of employees during FY	38	37	38	40	42
Total payroll for the FY	2,379,206	2,293,806	2,382,591	3,882,299	3,361,550
Amount paid with respect to benefits for the year (social security, social welfare, etc.)	1,179,969	1,139,367	1,152,762	1,504,802	1,319,079

This is a free English translation of the Statutory Auditor's report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

REPORT BY ONE OF THE STATUTORY AUDITORS, APPOINTED AS INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED HUMAN RESOURCES, ENVIRONMENTAL AND SOCIAL INFORMATION INCLUDED IN THE MANAGEMENT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2019

To the Annual General Meeting,

In our capacity as independent third party of your company (hereinafter the "entity") , and accredited by the French Accreditation Committee (*Comité Français d'Accréditation* or COFRAC) under number 3-1049[*], we hereby report to you on the consolidated non-financial statement for the year ended … (hereinafter the "Statement"), included in the Group Management Report pursuant to the requirements of articles L.225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

Responsibility of the entity

The Board of Directors is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement and available upon request at the entity's head office.

Independence and quality control

Our independence is defined by the requirements of article L.822-11-3 of the French Commercial Code and the French Code of Ethics (Code de déontologie) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements and French professional guidance.

Responsibility of the Statutory Auditor appointed as independent third party

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R.225-105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on the entity's compliance with other applicable legal and regulatory requirements, in particular the French anti-corruption and tax avoidance legislation nor on the compliance of products and services with the applicable regulations.

Nature and scope of our work

The work described below was performed in accordance with the provisions of Article A.225-1 *et seq.* of the French Commercial Code, as well as with the professional guidance of the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes* or CNCC) applicable to such engagements and with ISAE 3000[†]:

- We obtained an understanding of all the consolidated entities' activities, and the description of the principal risks associated;
- We assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- We verified that the Statement includes each category of social and environmental information set out in article L.225-102-1 III as well as information regarding compliance with human rights and anti-corruption and tax avoidance legislation;
- We verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L.225-102-1 III, paragraph 2 of the French Commercial Code;
- We verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- We referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented;
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix. Concerning certain risks (Relations with related parties and consumers; Respect for Human Rights, fundamental conventions of the International Labor Organization and the fight against discrimination), our work was carried out on the consolidating entity, for the other risks, our work was carried out on the consolidating entity and on a selection of entities‡.
- We verified that the Statement covers the scope of consolidation, i.e. all the consolidated entities in accordance

[*] *Accreditation Cofrac Inspection, number 3-1049, scope available at www.cofrac.fr*

[†] *ISAE 3000: international standard on assurance engagements other than audits or reviews of historical financial information*

[‡] *Recylex S.A. (France), Norzinco (Germany), HMG Zinc (Germany), HMG Lead (Germany).*

with article L. 233-16 of the French Commercial Code within the limitations set out in the Statement;

- We obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- For the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
  - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities3 and covers between 18% and 96% of the consolidated data selected for these tests;
- We assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgment, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Means and resources

Our work was carried out by a team of five people between January and October 2020 and took a total of approximately three weeks.
We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted about ten interviews with the people responsible for preparing the Statement.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Paris-La Défense, on 22 October 2020

KPMG S.A.

Fanny Houlliot
Partner
Sustainability Services

Alexandra Saastamoinen
Partner

Appendix

Qualitative information (actions and results) considered most important
Proportion of activity outsourced (as a share of workforce)
Measures to promote the employment and integration of people with disabilities
Collective agreements signed during the year
Percentage of training courses devoted to Quality, Health, Safety and Environment (QHSE)
Group Code of Ethics
Share of ISO 14001-certified sites
Recycling measures for batteries and other used materials and results
Sustainable Performance Charter
Investments in environmental protection and site safety improvements
Amount of environmental provisions

Key performance indicators and other quantitative results considered most important

Social key performance indicators and outcomes
Operational Staff at 31/12 and the breakdown by age, by gender and by geographical areas
Number of recruitments and departures
Absenteeism rate
Number of hours of training
Average blood lead level of the Group's exposed personnel
Frequency rate of lost-time accidents
Severity rate

Environmental key performance indicators and outcomes
CO_2 emissions related to direct and indirect energy consumption
Stack air emissions (measured releases) (Lead, Zinc, Cadmium)
Discharges to water by the Group's sites (measured discharges) (Lead, Zinc, Cadmium)
Total water consumption by the Group
Percentage of recycled materials consumed
Production of hazardous and non-hazardous waste by the Group
Percentage of hazardous waste recovered
Direct and indirect energy consumption

CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2019

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CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2019

STATEMENT OF FINANCIAL POSITION*

Financial year ended December 31, 2019

In thousands of euros	*Notes*	*Dec. 31, 2019*	*Dec. 31, 2018*
Assets			
Non-current assets			
Property, plant and equipment	**3 and 5**	29,832	50,388
Intangible assets	**4 and 5**	177	236
Right-of-use assets	**4 and 5**	2,352	
Financial assets	**6**	218	52
Derivatives	**36**	-	-
Other non-current assets	**7**	2,205	2,821
Investments in associates	**7**	10,835	13,398
Deferred tax assets	**28**	-	-
Sub-total		45,619	**66,895**
Current assets			
Inventories	**8**	22,497	42,256
Trade receivables	**9**	14,653	21,107
Current income tax assets		-	91
Other current assets	**10**	9,711	10,214
Derivatives	**36**	-	-
Cash and cash equivalents	**11**	9,093	6,352
Non-current assets held for sale	**40**	15,094	-
Sub-total		71,048	**80,020**
TOTAL ASSETS		**116,667**	**146,915**
Liabilities			
Equity and liabilities			
Share capital	**12**	9,578	9,578
Share premiums	**12**	10,233	10,233
Retained earnings attributable to equity holders of the parent		(105,614)	(22,198)
Net income attributable to equity holders of the parent		(84,340)	(78,713)
Translation adjustments		1,427	1,427
Share capital and retained earnings attributable to equity holders of the parent		**(168,716)**	**(79,673)**
Non-controlling interest		-	-
Total equity		**(168,716)**	**(79,673)**
Non-current liabilities			
Interest-bearing borrowings	**13**	16,000	16,000
Non-current lease liabilities		1,300	
Provisions	**14**	17,288	20,826
Employee benefit obligations	**15**	33,259	31,671
Other non-current liabilities	**18**	31,585	32,999
Deferred tax liabilities	**28**	-	-
Sub-total		**99,432**	**101,496**
Current liabilities			
Interest-bearing borrowings	**13**	133,263	73,545
Current lease liabilities		1,091	
Provisions	**14**	5,102	5,411

Employee benefit obligations	**15**	1,940	2,040
Trade payables	**16**	24,509	33,080
Current tax liabilities		126	78
Derivatives	**36**	541	801
Other current liabilities	**17**	13,748	10,137
Liabilities associated with non-current assets held for sale	**40**	5,630	-
Sub-total		**185,951**	**125,092**
Total liabilities		**285,383**	**226,588**
TOTAL EQUITY AND LIABILITIES		**116,667**	**146,915**

** The financial statements as of December 31, 2019 take into account the application of IFRS 16 "Leases". The effects of the application of IFRS 16 as of January 1, 2019 are presented in note 2. The financial statements as of December 31, 2018 have not been restated.*

CONSOLIDATED INCOME STATEMENT*

Financial year ended December 31, 2019

In thousands of euros	*Notes*	*31/12/2019*	*31/12/2018 Restated (1)*	*31/12/2018 Reported*
Sales of goods and services		237,431	283,425	364,575
Total sales	**19**	**237,431**	**283,425**	**364,575**
Purchases used		(167,396)	(211,085)	(276,012)
Staff costs	**21**	(41,391)	(39,435)	(52,654)
External costs	**20**	(52,243)	(39,436)	(44,251)
Taxes other than on income		(1,033)	(1,197)	(1,244)
Depreciation, amortization, charges to/(reversals from) provisions and impairment losses	**23**	(11,845)	(7,188)	(8,456)
Changes in work-in-progress and finished goods		(1,327)	(6,981)	(4,297)
Other operating income and expense	**24**	(670)	1,853	1,822
Operating income/(loss) before non-recurring items		**(38,475)**	**(20,044)**	**(20,516)**
Other operating income/(expense)	**25**	(23,167)	(44,654)	(44,654)
Share in income of associates		6,688	9,510	9,510
Operating income		**(54,955)**	**(55,188)**	**(55,660)**
Interest income from cash and cash equivalents		47	38	49
Gross interest expense		(12,211)	(9,814)	(9,998)
Net interest expense	**26**	**(12,164)**	**(9,776)**	**(9,949)**
Other financial income and expense	**27**	**(1,803)**	**(1,172)**	**(1,442)**
Income taxes	**28**	5	(12,534)	(11,662)
Net gain/(loss) on discontinued operations	**40**	(15,423)	(43)	
Net income before non-controlling interest		**(84,340)**	**(78,713)**	**(78,713)**
Non-controlling interest		-	-	-
Net income attributable to equity holders of the parent		(84,340)	(78,713)	(78,713)
Earnings per share (in euros):				
- basic	**29**	(3.26)	(3.03)	(3.03)
- diluted	**29**	(3.26)	(3.03)	(3.03)

** The financial statements as of December 31, 2019 take into account the application of IFRS 16 "Leases". The effects of the application of IFRS 16 as of January 1, 2019 are presented in note 2. The financial statements as of December 31, 2018 have not been restated.*
(1) The 2018 consolidated income statement has been restated in accordance with IFRS 5 as of December 31, 2019 - see Note 40.

STATEMENT OF COMPREHENSIVE INCOME

Financial year ended December 31, 2019

In thousands of euros	*31/12/2019*	*31/12/2018 Restated (1)*	*31/12/2018 Reported*
Net income	**(84,340)**	**(78,713)**	**(78,713)**
Translation adjustment on associates	(1)	(2)	(2)
Cash flow hedges	-	-	-
Deferred tax on cash flow hedges	-	-	-
Income and expenses recognized directly in equity	-	-	-
Total other comprehensive income to be reclassified subsequently in net income	**(1)**	**(2)**	**(2)**
Actuarial gains and losses relating to pension liabilities	(4,703)	(72)	(72)
Deferred taxes on actuarial gains and losses relating to pension liabilities	-	12	12
Share of associates in items not to be reclassified in net income, net of tax	**-**	**-**	**-**
Total other comprehensive income not to be reclassified in net income	**(4,703)**	**(60)**	**(60)**
Actuarial gains and losses relating to pension liabilities related to discontinued operations	(369)	**(42)**	
Total other comprehensive income not to be reclassified in net income related to discontinued operations	**(4,334)**	**(18)**	**(60)**
Comprehensive income	**(89,044)**	**(78,775)**	**(78,775)**
Comprehensive income of discontinued operations	(369)	(42)	
Comprehensive income of continuing operations	**(88,675)**	**(78,733)**	**(78,775)**
o/w:			
Portion of continuing operations attributable to equity holders of the parent	(88,675)	(78,733)	(78,775)
Non-controlling interest	-	-	-

(1) The 2018 statement of comprehensive income has been restated in accordance with IFRS 5 as of December 31, 2019 - see Note 40.

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY AT DECEMBER 31, 2019

In thousands of euros, except per share data	***Number of shares***	***Share capital***	**Share premiums**	**Non-recyclable reserves**	**Consolidated retained earnings**	**Total equity attributable to equity holders of parent**	**Total equity**
Equity at December 31, 2017	**25,500,482**	**9,435**	**7,103**	**(11,018)**	**(9,691)**	**(4,171)**	**(4,171)**
Net income for the year	-	-	-	-	(78,713)	(78,713)	(78,713)
Other comprehensive income							
Change in hedging reserves net of tax	-	-	-	-	-	-	-
Change in translation adjustments	-	-	-	-	(2)	(2)	(2)
Actuarial gains and losses on pension liabilities net of tax	-	-	-	(60)	-	(60)	(60)
Total other comprehensive income	-	-	-	(60)	(2)	(62)	(62)
Comprehensive income for the period	**-**	**-**	**-**	**(60)**	**(78,715)**	**(78,775)**	**(78,775)**
Share-based payment	-	-	-	-	-	-	-
Increase/(reduction) in share capital	386,000	143	3,130	-	-	3,273	3,273
Equity at December 31, 2018	**25,886,482**	**9,578**	**10,233**	**(11,078)**	**(88,406)**	**(79,673)**	**(79,673)**
Net income for the year	-	-	-	-	(84,340)	(84,340)	(84,340)
Other comprehensive income							
Change in hedging reserves net of tax	-	-	-	-	-	-	-
Change in translation adjustments	-	-	-	-	(1)	(1)	(1)
Other	-	-	-	-	49	49	49
Actuarial gains and losses on pension liabilities net of tax	-	-	-	(4,752)	-	(4,752)	(4,752)
Total other comprehensive income	-	-	-	(4,752)	48	(4,704)	(4,704)
Comprehensive income for the period	**-**	**-**	**-**	**(4,752)**	**(84,292)**	**(89,044)**	**(89,044)**
Share-based payment	-	-	-	-	-	-	-
Increase/(reduction) in share capital	-	-	-	-	-	-	-
Equity at December 31, 2019	**25,886,482**	**9,578**	**10,233**	**(15,830)**	**(172,698)**	**(168,716)**	**(168,716)**

CONSOLIDATED CASH FLOW STATEMENT*

Financial year ended December 31, 2019

(en milliers d'euros)	***31/12/2019***	***31/12/2018***
Operating income/(loss) before non-recurring items	**-45,314**	**-20,516**
Depreciation, amortization, provisions and impairment losses	12,825	8,456
EBITDA (1)	**-32,488**	**-12,060**
Change in current working capital requirements	1,758	15,140
- Stocks	*3,754*	*4,727*
- Trade receivables and related accounts	*2,299*	*10,043*
- Trade payables and related accounts	*-6,560*	*1,152*
- Other current assets and liabilities	*4,159*	*1,431*
- Social commitments	*-1,895*	*-2,213*
Non-cash current operating expenses	1,084	1,184
- Elimination of the impact of stock options		
- Gains or losses on disposals of fixed assets	*135*	*221*
- Provision for retirement commitments	*949*	*963*
Cash flow from current operations before tax	**-29,646**	**4,264**
Taxes paid	143	-555
Cash flow from current operations after tax	**-29,503**	**3,710**
Other non-current operating income and expenses	-268	-617
Other income and expenses related to site remediation	-5,029	-4,566
Change in non-current working capital requirements	-762	-653
Other financial income and expenses	-1,575	-1,193
- Currency gains and losses	*-252*	*285*
- Factoring costs	*-1,107*	*-1,240*
- Other financial income and expenses	*-216*	*-238*
Change in frozen liabilities		
Dividends received	9,250	10,400
Cash flow from operating activities	**-27,887**	**7,081**
Change in scope of consolidation		
Acquisitions of property, plant and equipment and intangible assets	-15,663	-24,177
Acquisitions and disposal of financial assets	-464	-1,086
Disposals of property, plant and equipment and intangible assets	215	132
Cash flow from investing activities	**-15,913**	**-25,131**
Issuance of borrowings (2)		15,421
Repayment of borrowings (2) (4)	-1,166	-5,215
Other cash flows from financing activities (2)	57,500	16,000
Interest paid	-10,796	-9,423
Other changes in capital		3,273
Cash flows from financing activities	**45,538**	**20,056**
Impact of changes in accounting principles		
Change in cash and cash equivalents	**1,739**	**2,006**

Opening cash and cash equivalents	**-7,448**	**-9,454**
Change in cash and cash equivalents	1,739	2,006
Cash and cash equivalents from discontinued operations (5)	-199	
Closing cash and cash equivalents (3) .	**-5,908**	**-7,448**

** The financial statements as of December 31, 2019 take into account the application of IFRS 16 "Leases". The effects of the application of IFRS 16 as of January 1, 2019 are presented in note 2. The financial statements as of December 31, 2018 have not been restated.*

(1) See Note 19.
(2) See Note 13c.
(3) See Note 11.
(4) Including repayment of the lease debt relating to the application of IFRS 16.
(5) The cash flows in the cash flow statement above are presented without taking into account the impact of the application of IFRS 5 as of December 31, 2019. Cash flows from discontinued operations for fiscal year 2019 are presented below:

Cash flows from discontinued operations (IFRS 5)	***31/12/2019***
Cash flow from operating activities	1,829
Cash flows from investing activities	-2,208
Cash flows from financing activities	-101
Change in cash and cash equivalents	**-481**

Opening cash and cash equivalents from discontinued operations	**679**
Change in cash and cash equivalents from discontinued operations	-481
Closing cash and cash equivalents from discontinued operations	**199**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Preamble:

The discussions with financial partners that continued until May 2020 with a view to restructuring the German sub-group's debt, as well as the commencement of insolvency proceedings at entities in the German sub-group on May 15, 2020, have given rise to a certain number of subsequent events that need to be taken into consideration at the date of closing of the consolidated financial statements given the importance of these events and their impact on the future of the Group.

The Group has taken into account these post-balance sheet events and has, where appropriate, either adjusted its financial statements or provided disclosures in the notes to the financial statements in respect of these events, where they are material, in accordance with the principles described in Note 2.
Note 39 to the financial statements summarizes all subsequent events that have occurred since the end of FY 2019.

Given these specific circumstances, the Group draws attention to Note 39 – "Subsequent events".

NOTE 1 - PRESENTATION OF THE BUSINESS AND SIGNIFICANT EVENTS

Details of the Company

On October 22, 2020, the Board of Directors approved and authorized publication of Recylex S.A.'s consolidated financial statements for the year ended December 31, 2019. These consolidated financial statements will be submitted for approval at the December 16, 2020 Shareholders' Meeting.

Recylex S.A. is a société anonyme (joint-stock corporation) registered in France and listed on Euronext Paris (RX - ISIN: FR0000120388).

Business description

With operations in France and Germany, Recylex is a European group specialized in recycling lead, zinc, and polypropylene, and in the production of very high-purity special metals. The Recylex group, a key player in the circular economy thanks to its longstanding expertise, employed nearly 700 staff in 2019 (excluding Recytech S.A., which is 50%-owned) across eleven production facilities.

Accounting for events subsequent to the balance sheet date

The Group has taken into account events that occurred after the balance sheet date and has, where appropriate, either adjusted its financial statements or provided disclosures in the notes to the financial statements in respect of such events if they were material. Note 2 to the consolidated financial statements sets out the principles for taking into account post-balance sheet items that have had an adjusting effect on the financial statements or that have generated additional disclosures in the notes to the financial statements. Note 39 to the consolidated financial statements lists post-balance sheet events.

Significant events in FY 2019

- ***Metal prices in euros and €/$ exchange rates***

(€ per ton)	2019 average	2018 average	Change
Lead price	**1,787**	1,895	*-6%*
Zinc price	**2,274**	2,468	*-8%*

Source: London Metal Exchange 2019.

The average lead price for 2019 was €1,787, down 6% compared to the 2018 average. Between January 2, 2019 and December 31, 2019, lead prices were highly volatile, falling by 1% over the year as a whole. After edging higher in the first quarter, they went into a steep decline in the second quarter and reached their lowest point for the year. The subsequent sharp rally in the third quarter of 2019 was then fully wiped out by the heavy falls recorded in the fourth quarter.

The average zinc price for 2019 was €2,274, down 8% on the 2018 average. Between January 2, 2019 and December 31, 2019, zinc prices were also highly volatile. After a substantial upswing in the first quarter, zinc prices pulled back significantly in the second and third quarters. The slight uptick at the beginning of the fourth quarter was completely reversed at the end of the period, with zinc prices sinking back to their August low in December.
In 2019, the average €/$ exchange rate fell by 5% compared to 2018 to reach 1.1195. Between January 2 and December 31, 2019, the €/$ exchange rate fell by 2%.

- ***Application of IFRS 5 - Non-Current Assets Held for Sale and Discontinued Operations***

As part of the restructuring of the German sub-group's debt, in the second half of 2019 the Group initiated an active process to sell PPM Pure Metals GmbH (Special Metals) and Norzinco GmbH (Zinc Oxides). In view of the progress of the disposal process, the Group concluded that the criteria determined by IFRS 5 were met and consequently applied the provisions of the standard at the end of the fiscal year. As PPM Pure Metals GmbH is the only entity in the Group's "Special Metals" operating segment and is also a CGU in its own right, this activity is presented, in accordance with IFRS 5, as a "discontinued operation. The same presentation has been adopted for Norzinco GmbH, as its activity is clearly distinct from the dust recycling activity operated by Harz Metal GmbH, and is also a CGU in its own right" (see Note 2). The classification as discontinued operations results in the presentation of "Results from continuing operations" on a separate line of the financial statement.

In order to ensure comparability of the income statement for the year ended December 31, 2019 with the income statement for the year ended December 31, 2018, and as required by IFRS, the Group has restated the income statement at December 31, 2018.

○ ***Consolidated key figures***

In millions of euros	31/12/2019	31/12/2018	*Change*	31/12/2018 reported
Sales	**237.4**	283.4	*(46.0)*	364.6
Operating income/(loss) before non-recurring items	**(38.5)**	(20.0)	*(18.5)*	(20.5)
Net income	**(84.3)**	(78.7)	*(5.6)*	(78.7)

- ***Lead segment***

In millions of euros	31/12/2019	31/12/2018	*Change*
Consolidated sales	**195.9**	**236.2**	*(40.3)*
Operating income/(loss) before non-recurring items	**(29.4)**	**(24.3)**	*(5.1)*

The Lead segment's sales accounted for 83% of the Group's consolidated total in 2019. Consolidated sales totaled €195.9 million in FY 2019, down 17% compared to FY 2018.

FY 2019 lead production came to 105,300 tonnes compared to 104,600 tonnes in FY 2018. That represented a very small increase of 0.7% compared to FY 2018 against the backdrop of a reduction in battery purchases throughout 2019. The Group recycled 102,700 tonnes of scrap lead batteries in FY 2019, down close to 9% compared to the 112,900 tonnes it recycled in FY 2018.

To recap, the main (BSF) furnace was halted on December 29, 2018 after advanced wear and tear was observed in the refractory bricks owing to operational changes following on from the connection of the new reduction furnace and the associated technical difficulties. A decision was made to bring forward partially to January 2019 the major scheduled maintenance shutdown initially planned for the end of the second quarter of 2019. Lead production at the Weser-Metall GmbH smelter's two combined furnaces resumed on January 22, 2019.

Throughout the first three quarters of 2019, the availability and the smelting rate of the existing main furnace, which fluctuated between 71% and 78% and 20-25 tons/h respectively, lagged below the target levels and past technical performance levels (prior to the connection of the second reduction furnace) following various shutdowns for adjustments and repairs to the furnace's auxiliary equipment.

In November 2019, an 11-day shutdown was carried out to repair certain parts of the refractory and to implement technical improvements. As a result, the technical performance of the main furnace improved significantly in December 2019 and in January-February 2020.

In FY 2019, the Lead segment recorded an operating loss before non-recurring items of €29.4 million, compared to an operating loss before non-recurring items of €24.3 million in FY 2018.

Amid the decline in the LME, flat business conditions and higher fixed and variable costs following the entry into production of the reduction furnace and the maintenance operations on the existing furnace, the Nordenham smelter recorded a heavy operating loss before non-recurring items of around €29.8 million.

The steep decline in scrap battery processing activities cut into the unit's operating performance before non-recurring items. Operating income before non-recurring items was close to breakeven level (€0.4 million), down €3.6 million on its FY 2018 level.

Given the smelter's and battery processing facilities' current performance and thus the less favorable outlook than initially anticipated in this segment, the Group recognized an additional asset impairment loss of €17.4 million (see Note 5).

- ***Zinc segment***

In millions of euros	31/12/2019	31/12/2018 restated	Change	31/12/2018 reported
Consolidated	**23.6**	**30.0**	*(6.4)*	**96.3**
Operating income/(loss) before non-recurring items	**2.9**	**12.2**	*(9.3)*	**11.7**

Sales in the Zinc segment represented 10% of consolidated sales in 2019. At December 31, 2019, it amounted to €23.6 million, a decrease of 20% compared to 2018. These figures now include only the sales of the dust recycling business operated by Harz Metall GmbH, while the sales of Norzinco GmbH - discontinued operations - are presented in the net result of discontinued operations.

In 2019, sales of the dust recycling business decreased by more than 20%, mainly due to the sharp fall in the zinc price and the sharp deterioration in trading conditions compared to 2018.

With 172,400 tonnes of dust from electric steel mills processed (compared with 180,500 tonnes in 2018), the Group's total Waelz oxide production (Harz Metall GmbH and Recytech) amounted to nearly 73,030 tonnes at December 31, 2019, down only 2% compared with 2018 despite an unfavorable basis for comparison (Harz-Metall GmbH having carried out a major scheduled maintenance shutdown in 2019, compared with no shutdown in 2018).

In a context of a lower zinc price in 2019 (-8% compared to 2018), the Zinc segment's economic performance deteriorated compared to 2018, due to the high sensitivity of the results of the dust recycling business to the zinc price and significantly deteriorated trading conditions compared to the previous year.

Current Operating Profit from recurring operations for this segment was €2.9 million compared with €12.2 million for the restated 2018 financial year.

In what concerns the zinc waste recycling activity, classified as discontinued operation in accordance with IFRS 5:

- In a difficult market environment, Norzinco GmbH's sales decreased to €57.5 million in FY 2019 compared to €66.3 million in FY 2018. HZO's zinc oxide production was 22,000 tonnes at December 31, 2019, down 10%, mainly due to higher maintenance activities than in 2018.
- Norzinco GmbH's result was negatively impacted by lower volumes and higher fixed and variable costs. Being classified as a discontinued operation in accordance with IFRS 5, this result is no longer included in the Group's income from

recurring operations. It is now part of the aggregate "Results from discontinued operations".

- ***Special Metals segment***

In millions of euros	31/12/2019	31/12/2018 restated	Change	31/12/2018 reported
Consolidated	**0**	0	*NA*	19.2
Operating income/(loss) before non-recurring items	**0**	0	*NA*	0.2

The Special Metals segment's sales are no longer included in the Group's consolidated sales following application of IFRS 5 and the classification of the business as a discontinued operation. The sales are now reflected under "Results from discontinued operations".

They totaled €16.4 million in FY 2019, compared to €19.2 million in FY 2018. Notwithstanding an encouraging performance in the first quarter of 2019, there was a sharp slowdown in demand for several metals during the following quarters. This chiefly applied to arsenic and germanium, which are the segment's leading contributors.

The segment's operating loss before non-recurring items came to €4.7 million in FY 2019, compared to a loss of €0.2 million in FY 2018. Being classified as a discontinued operation in accordance with IFRS 5, this result is no longer included in the Group's profit from recurring operations. It is now part of the "Results from discontinued operations" aggregate.

- ***Plastics segment***

In millions of euros	31/12/2019	31/12/2018	Change
Consolidated sales	**12.1**	12.9	*(0.8)*
Operating income/(loss) before non-recurring items	**(1.0)**	(0.7)	*(0.3)*

The segment's FY 2019 sales came to €12.1 million, down 6% on FY 2018. Recycled polypropylene production amounted to 12,500 tonnes, stable compared to FY 2018.

Business was again severely affected by the reduced competitiveness of recycled materials compared to virgin polypropylene and by weak demand from the automotive sector. As a result, the segment's operating loss before non-recurring items came to €1.0 million in FY 2019, compared to a loss of €0.7 million in FY 2018.

Group cash position and external financing[29]

Cash flow generated by the Group's operating activities before non-recurring items fell substantially compared to the previous year. It sank to an outflow of €29.6 million from an inflow of €4.3 million in 2018.

This sharp deterioration in cash flow from current operations was caused by the significant decrease in EBITDA generated in the Zinc (-€13.0 million) and Special Metals segments (-€4.1 million) and the increase in costs related to the financial restructuring of the German perimeter (€2.3 million).

Cash flow from operating activities amounted to an outflow of €27.9 million in 2018 compared to an inflow of €7.1 million in FY 2018. This cash outflow reflects the impact of:

- the €1.1 million decline in dividends from associates to €9.3 million
- €5.0 million in site remediation costs, chiefly from the ongoing remediation work at the L'Estaque site
- payments of €1.4 million to the European Commission under the staggered payment plan for the fine handed down on February 8, 2017.

Cash flow from investing activities represented an outflow of €15.9 million in FY 2019, compared to an outflow of €25.1 million in FY 2018 owing chiefly to:

- €7.9 million in capital expenditures at the Nordenham lead smelter related to the improvement of the smelter's new configuration
- €2.5 million in capital expenditures devoted to the regenerative thermal oxidation (RTO) filtering installations at Harz Metall GmbH (zinc) to bring the facility into line with the German regulations and €1.0 million in capital expenditures in the facility's infrastructure
- €1.5 million in capital expenditures at PPM GmbH, chiefly in arsenic operations
- €1.4 million in capital expenditures by Recylex S.A. in replacing equipment at the battery processing facilities.

Cash flow from financing activities came to €45.5 million in FY 2019, up from €20.1 million in FY 2018. This increase largely reflected:

- The use of €40.7 million in bridge financing and an additional €16.8 million loan from Glencore International AG, representing a total of €57.5 million for fiscal year 2019;
- €10.8 million in interest payments to the banks and to Glencore International AG.

Taking all these items into account, the Group's net cash position totaled negative €5.9 million compared to negative €7.4 million at December 31, 2018.

The Group's gross cash position rose slightly to €9.1 million at December 31, 2019 from €6.4 million at December 31, 2018. At December 31, 2019, the Group had used all the available credit lines, that is a total of €15.0 million (vs. €13.8 million at December 31, 2018).

[29] The following explanations refer to aggregates before restatement of discontinued operations. The impacts of discontinued operations on cash flows are presented in the Consolidated Statement of Cash Flows.

Net debt *in thousands of euros*	***December 31, 2019***	***December 31, 2018***	***Change***
Cash	9,092	6,352	2,740
Total assets	**9,092**	**6,352**	**2,740**
Non-current financial liabilities	16,000	16,000	0
Current financial liabilities	133,622	73,545	60,077
Other non-current liabilities *(1)*	31,585	32,999	(1,414)
Other current liabilities *(1)*	2,418	1,287	1,131
Total liabilities	**183,625**	**123,831**	**59,794**
Net debt[30]	**174,533**	**117,479**	**57,054**

(1) Liabilities related to the European Commission fine, the clawback clause and the rescheduled liabilities from the continuation plan.

The Group's net debt[31] totaled €174.5 million at December 31, 2019, compared to €117.5 million at December 31, 2018. This increase chiefly derives from:

- The use of €40.7 million in bridge financing arranged with Glencore International AG in February 2019. Initially, this bridge financing amounted to €10 million, but then it was increased firstly to €27.0 million between April and June 2019 and then to €40.7 million in November and December 2019
- The use of an additional €16.8 million loan arranged in July 2019

The Group raised a total of €57.5 million in fresh funding from Glencore International AG during FY 2019.

In addition to the loans and financing provided by Glencore International AG as detailed above, the Weser-Metall GmbH subsidiary benefited from a working capital facility up to €8.3 million throughout FY 2019, resulting in the use of almost the €25 million financing package granted by Glencore International AG under the December 29, 2016 financing agreement.
Taking into account this working capital facility, the Group's net debt increased by €8.3 million to €182.9 million.

Including the facilities stated below, the amount owed to Glencore International AG stood at €82.5 million for the German sub-group and €107.5 million for the Group as a whole, including the €16.0 million loan granted to Recylex S.A., the €5.0 million in financial liabilities linked to Recylex S.A.'s continuation plan and the €3.8 million in liabilities arising from the clawback clause (see Note 31).

Evolution of discussions and indebtedness

Throughout 2019 and into early 2020, the Group continued discussions with financial partners to restructure the debt of the German sub-group. The main developments were as follows:

Following the identification of the German sub-group's additional financing needs for fiscal year 2019 in the amount of €27 million, the Group approached Glencore International AG to cover this financing requirement for 2019. On February 7, 2019, a bridge financing for €10 million maturing on March 31, 2019 was put in place to allow the finalization of the global refinancing agreement which was scheduled for May 2019.

Despite the technical improvements made to the industrial configuration of the Nordenham lead smelter, the technical and financial performances did not enable the smelter's cash consumption to be contained. At the request of the German sub-group, the amount of the above-mentioned bridge financing was increased in May 2019 to a total amount of €21.3 million and then to €27.0 million in June 2019. At the same time, the maturity of the said bridge financing was extended to June 30, 2019.

In June 2019, the cash requirements of the German sub-group for the year 2019 were revised upwards beyond the initial estimate of €27.0 million euros which served as a basis for discussions on an agreement to restructure the bank debt, and bringing the German sub-group's financing requirement for the year 2019 to €46.8 million euros. This upward revision of cash requirements was mainly due to the significant deterioration in certain factors compared to the initial forecasts:

- The persistence of technical difficulties at the Weser-Metall GmbH lead smelter, despite recent improvements, resulting in insufficient production levels
- The very recent deterioration in business conditions, particularly in the Waelz Oxides activity of the Zinc segment (sharp increase in treatment charges paid to zinc producers); this activity was also impacted by a temporary decline in its industrial performance following the scheduled maintenance shutdown of Harz-Metall GmbH in the second quarter of 2019
- The sharp fall in zinc and lead prices expressed in euros

In this new context, the German subsidiary Weser-Metall GmbH (WMG) initiated, from July 2019, technical and operational feasibility studies for various investment projects and measures aimed at stabilizing the operation of the smelter with its two furnaces, continuing to improve its production and enabling it to become profitable. These studies were also necessary in order to update the financial assumptions and forecasts of the German sub-group for the period 2022 to 2024 (date of the initial maturity of the financing obtained in 2016) and to enable discussions with all the financial partners to be resumed on these new bases and to determine whether a global financing agreement is possible.

In order to enable the implementation of this action plan, a new short-term financing was requested in July 2019 by the German sub-group from Glencore International AG in the amount of €16.8 million, covering the period during which these studies are being carried out and the financial forecasts are being updated until November 30, 2019.

At the same time, the German sub-group obtained from its financial partners:

- A deferral to November 30, 2019 of their early termination rights, as well as a deferral until the same date of the repayment schedule initially scheduled for December 31, 2018, March 31, 2019, June 30, 2019 and September 30, 2019
- An extension to November 30, 2019 of the maturity date of the bridge financing granted by Glencore International AG, previously set at June 30, 2019, for a total amount of €27 million

At the end of October 2019, Weser-Metall GmbH announced a delay in its technical studies and tests carried out as well as in updating the financial assumptions and forecasts of the German

[30] *Excluding contingent liabilities (see Note 30).*
[31][31] *The Group's net debt includes interest-bearing borrowings and other liabilities (Note 18), the European Commission fine, the rescheduled liabilities, and the clawback clause, less available cash.*

sub-group due to the longer than initially expected time required to carry out the technical studies and tests aimed at recovering a wider range of metals contained in particular in electronic scrap, in addition to the lead-rich materials usually used. In order to finalize these studies and the related financial forecasts, the Group has obtained an increase in the bridge financing of €6.2 million (for November 2019) and then €7.5 million (for the period until December 20, 2019), bringing the total amount of the bridge financing obtained from Glencore International AG to €40.7 million. The Group also obtained:

- From Glencore International AG the extension of the maturity date of this bridge financing (€40.7 million) as well as the additional financing of €16.8 million to December 20, 2019
- With the banks a deferral until December 20, 2019 of the early termination rights in respect of the financing obtained in December 2016, as well as the deferral until the same date of the repayments due on December 31, 2018, March 31, 2019, June 30, 2019, and September 30, 2019 for a total amount of €8.0 million

Following discussions with the financial partners in December 2019, the Group initiated the study of an asset disposal concerning Weser-Metall GmbH in addition to PPM Pure Metals GmbH and Norzinco GmbH in order to restructure the debt of the German sub-group, as well as the study of the impact of these disposal projects on its business model and the associated strategic developments with a view to continuing the Group's remaining activities.

In this context, a new schedule of discussions with the financial partners has been established until April 30, 2020, and the Group has obtained a position from the financial partners in February 2020 in relation to the progress of the divestment projects to restructure the debt:

- The extension of maturities and early termination rights until April 30, 2020
- the extension of the bridge financing of €20.7 million with Glencore International AG for a total amount of €61.4 million with a maturity date of April 30, 2020

The progress of the discussions is presented in Note 39 "Subsequent events".

Cash position of parent company Recylex S.A.

At December 31, 2019, the Recylex S.A. parent company had €4.5 million in cash available, compared to with €0.9 million at December 31, 2018. The Company has prepared cash forecasts based on the information currently available, including forecast expenditures relating to its commitments for the remediation of former mining sites and its L'Estaque site, and repayments linked to the payment of the fine handed down to Recylex S.A. and its subsidiaries by the European Commission in 2017.

To recap, Recylex S.A. concluded:

- in 2014, Recylex S.A. entered into a loan agreement with Glencore International AG for an amount of up to €16 million to finance the final repayments under the continuation plan. At December 31, 2019, the Company had drawn down the full amount of this loan. Under the staggered payment plan for the European Commission's fine, the repayment date for this loan was rescheduled to 2024.
- an agreement was reached in 2017 with the European Commission for the staggered payment of the €26.7 million fine.

Since the search for financing or specialized partnerships dedicated specifically to remediation works at the L'Estaque site launched in 2013 came to nothing, Recylex S.A. continued the remediation works at the L'Estaque site in 2019 at a cost of €3.0 million.
The total cost of the work yet to be performed was fully covered by €5.9 million in provisions at December 31, 2019, and Recylex S.A. will use its own capital for this purpose.

The impact of the Group's German operations on Recylex S.A.'s financial position and the risks facing parent company Recylex S.A. are presented in Notes 32 and 39.

Recylex S.A.'s rescheduled debt

On December 15, 2015, the Paris Commercial Court confirmed that the Company's obligations under its continuation plan had been duly fulfilled. Recylex S.A. therefore completed the 10-year continuation plan adopted in November 2005. The Company repaid a total of €58 million under the plan.

As a reminder, certain creditors under the continuation plan, including Glencore International AG, agreed in 2013 to postpone beyond the term of the plan the repayment of the balance of liabilities under this plan.

At December 31, 2019, Recylex S.A.'s financial liabilities relating to the deferred payments (after elimination of intra-group debts and before discounting) totaled €5.1 million. Under the staggered payment for the European Commission's fine, the repayment date for these liabilities was rescheduled for 2026.

Ongoing litigation involving Recylex S.A.

The document summarizing the ongoing litigation involving Recylex S.A. is available on the Recylex Group's website: *www.recylex.eu* - *Finance* section - *Legal proceedings schedule*. Developments in the main ongoing proceedings during FY 2019 are presented hereinafter.

(i) Former employees of Metaleurop Nord SAS

a) 2010: Claims for damages for dismissal without fair cause and/or for the prejudice of anxiety and breach of a safety obligation

In 2013, the Lens Labor Court ruled that Recylex S.A. was a co-employer of 187 former employees and decided to add damages totaling around €7.1 million to Recylex S.A.'s liabilities under the continuation plan, for which provisions were set aside in the Company's financial statements. Recylex S.A. appealed those decisions, thereby suspending their enforcement.

The Lens Labor Court also ruled in 2013 that Recylex S.A. was a co-employer of six protected former managerial employees, but found that the Lens Labor Court did not have jurisdiction to examine their claims owing to the principle of the separation of judicial and administrative powers. Following the appeal lodged by these protected former employees against the first-instance rulings, the Douai Appeal Court upheld them in rulings on February 21, 2014.

On January 31, 2017, overturning the 187 decisions made by the Lens Labor Court in 2013, the Douai Appeal Court refused to consider Recylex S.A. as the co-employer of the claimants, but nevertheless considered that Recylex S.A. had committed a fault that had caused harm to the former employees of Metaleurop Nord SAS. It therefore ordered Recylex S.A. to pay an amount of between €15,000 and €53,000 to each of the 187 former employees of Metaleurop Nord SAS to compensate them for their loss of a chance to keep their jobs, along with €400 in costs, making a total principal amount of €7,759,800. All sums due in respect of these decisions, including principal and interest, were paid by the Company on December 1, 2017, which lodged an appeal against these decisions before the Cour de Cassation.

On May 24, 2018, the Cour de Cassation:

(i) dismissed the appeal lodged by the former employees aimed at challenging the refusal by the Douai Appeal Court to consider Recylex S.A. as their co-employer, and

(ii) reversed and canceled the decisions of the Douai Appeal Court to the extent that they had ordered Recylex S.A. to pay damages to the former employees for loss of the opportunity to remain in employment, referring these cases to the Amiens Court of Appeal to rule on this point.

Of the 187 former employees of Metaleurop Nord S.A.S., 84 have appealed to the Amiens Court of Appeals on dismissal after the French Supreme Court (*Cour d'appel d'Amiens*), 86 have accepted a favorable out-of-court settlement for the repayment of 50% of the sums paid by the Company in 2017 (i.e. an amount of approximately €1.9 million) and 17 have neither appealed nor followed up on the proposed settlement.

Of the aforementioned 187 claimants, 91 had filed additional claims with the Douai Appeal Court for damages for the prejudice of anxiety and breach of a safety obligation, in a total amount of €5.6 million (of which part is provisioned in Recylex S.A.'s financial statements). On January 31, 2017, the Douai Appeal Court decided to stay the proceedings concerning the claims for damages pending the outcome of the current administrative proceedings regarding the inclusion of the Metaleurop Nord SAS site in Noyelles-Godault on the list of facilities entitling asbestos workers to early retirement benefits ("ACAATA benefits"). In connection with these proceedings, the Douai Administrative Appeal Court decided in a definitive ruling on March 2, 2017 that the order adding the site to the list had to be repealed, and a ministerial decree was issued to this end on December 19, 2017 (see section (iii) below). The next hearing before the Douai Court of Appeal, concerning the claims made by the 91 former employees for the prejudice of anxiety and breach of a security obligation, has been set for November 24, 2020 (see paragraph (b) below).

b) 2013-2017: 437 claims for damages in respect of the prejudice of anxiety and/or breach of a safety obligation and/or disputing dismissal in a total amount of €32.1 million, for which provisions of €4.0 million were set aside.

On October 14, 2016 and October 18, 2016, without waiting for the final outcome of the administrative proceedings regarding the classification of the Noyelles-Godault site on the list of facilities giving rise to an entitlement to ACAATA benefits, and although it had been informed that the Conseil d'Etat had overturned the classification ruling of July 21, 2015, the Lens Labor Court decided to order Recylex S.A. to pay damages to 97 former employees represented by the CGT union, in an amount of between €3,000 and €24,000 each, along with €500 under article 700 of the Civil Procedure Code, representing an aggregate amount of €1,213,500. Recylex S.A. appealed these decisions, which suspended their enforcement. Conversely, claims from seven former non-protected employees were rejected, but two of them appealed.

The Douai Appeal Court overturned on June 29, 2018 the Lens Labor Court rulings of October 14 and 18, 2016 and found that the damages for the prejudice of anxiety can be granted only to former employees of a plant included on the list of facilities eligible for the early retirement allocation for asbestos workers ("ACAATA") and that Recylex S.A. was never included on such list. The Company thus reversed the provision it had set aside to cover the risk. 88 former employees have appealed to the Supreme Court of Appeal of Douai against these decisions.

On January 29, 2020, the Court of Cassation has rejected the appeals of the 88 former employees, thus making the Douai Court of Appeal's decisions final on June 29, 2018.

Regarding the claims made by approximately 333 other protected and unprotected former employees of Metaleurop Nord SAS:

- The next hearing before the Lens Labor Court (Management section) concerning the claims made by 39 former employees for an initial total amount claimed of approximately €2.5 million is scheduled for December 1, 2020. As things currently stand, the claims amount to a total of approximately €1.2 million
- The decision of the Lens Labor Court (Industry section) concerning the claims made by 294 former employees for an initial total amount of approximately €18.5 million is expected to be filed on January 29, 2021. As things currently stand, the claims amount to a total of approximately €9.2 million

However, in all of these cases, the 333 former employees of Metaleurop Nord SAS sought an exclusive order against Metaleurop Nord SAS and, as a result, held harmless Recylex S.A.

Concerning claims for damages for the prejudice of anxiety brought by 13 former employees of Metaleurop Nord SAS represented by the CGT union, on March 30, 2018, the Lens Labor Court decided to order Recylex S.A. to pay to each of them an amount of between €4,000 and €20,000 as damages, along with €500 under article 700 of the Civil Procedure Code, totaling €186,500. Recylex S.A. appealed these decisions, which suspended their enforcement. The next hearing before the Douai Court of Appeal is scheduled for November 27, 2020.

Finally, following the decisions of the Conseil d'Etat of February 7, 2018 and April 13, 2018, which definitively rejected their application for cancellation of the dismissal authorizations granted by the Labor Inspectorate as part of the compulsory liquidation of Metaleurop Nord SAS, 15 former protected employees of Metaleurop Nord SAS withdrew their action against Recylex S.A. before the Lens Labor Court to contest their dismissal.

(ii) Application by Recylex S.A. to be joined to proceedings against the cancellation of the dismissal authorizations concerning former protected employees of Metaleurop Nord SAS

The claims for damages for losses arising from cancellation of the dismissal authorization are related to the administrative proceedings commenced by former protected employees to cancel authorization of their dismissal. Since Recylex S.A. had never been called to appear or represented in connection with this administrative procedure, it applied in January 2015 to be joined to the proceedings being heard by the Douai Administrative Appeal court with a view to overturning this cancellation by the Lille Administrative Court on October 2, 2013.

The Conseil d'Etat decided on February 7, 2018 and April 13, 2018 to overturn the December 31, 2015 ruling by the Douai Administrative Appeal Court and the decision by the Lille Administrative Court of October 2, 2013, confirming the validity of the dismissal authorizations for these former protected employees in 2003.

(iii) Application by Recylex S.A. to set aside a judgment adversely affecting its interests concerning the interministerial orders of November 5, 2013 and March 2, 2016 adding the Metaleurop Nord SAS facility in Noyelles-Godault to the list of asbestos manufacturing, flocking and insulating plants entitling asbestos workers to early retirement benefits ("ACAATA benefits")

The aforementioned claims for damages for the prejudice of anxiety and/or disruption to livelihood and/or breach of a safety requirement are connected with the administrative proceedings initiated in 2003 by Chœurs de Fondeurs (association of former employees of Metaleurop Nord SAS) aimed at classifying the Metaleurop Nord SAS facility in Noyelles-Godault on the list of asbestos manufacturing, flocking and insulating plants giving rise to an entitlement for ACAATA benefits.

On May 13, 2013, the Douai Administrative Appeal Court (i) overturned the ruling of the Lille Administrative Court of July 4, 2012 upholding the decision made on December 23, 2009 by the French labor ministry refusing to add the Metaleurop Nord SAS facility to the list of asbestos manufacturing, flocking and insulating plants, and (ii) ordered the French ministry of labor, employment, professional training and social dialog to add said facility to the list of those giving rise to an entitlement to ACAATA benefits for the period between January 1, 1962 to December 31, 1996. An interministerial order was made on November 5, 2013 for that purpose.

Since Recylex S.A. had never been asked to appear or represented in connection with this administrative procedure, it submitted an application to set aside a judgment adversely affecting its interests to the Douai Administrative Appeal Court related to the latter's May 13, 2013 ruling and an application to the Lille Administrative Court to repeal the aforementioned interministerial order classifying the facility.

On July 21, 2015, the Douai Administrative Appeal Court confirmed the addition of the Metaleurop Nord SAS site in Noyelles-Godault to the list of those eligible for the ACAATA allocation. However, it shortened the eligibility period from January 1, 1962 until December 31, 1989, rather than until December 31, 1996, as was previously the case. On March 2, 2016, an interministerial order amending the order of November 5, 2013 was issued for that purpose, and Recylex S.A. brought proceedings before the Lille Administrative Court seeking the annulment of this new classification-related interministerial order.

On June 27, 2016, pursuant to the proceedings brought by Recylex S.A., the Conseil d'Etat canceled the order by the Douai Administrative Appeal Court of July 21, 2015 insofar as it related to Metaleurop Nord SAS' site in Noyelles-Godault being classified on the list of facilities giving rise to an entitlement to ACAATA benefits for the period from January 1, 1962 to December 31, 1989. The matter was referred back to the Douai Administrative Appeal Court, with a differently constituted bench, which was to re-examine it and make a decision about both the admissibility and merits of the classification request.

On March 2, 2017, the Douai Administrative Appeal Court ruled in Recylex S.A.'s favor and decided to:

- declare its order of May 13, 2013 null and void
- dismiss the application submitted by the Chœurs de Fondeurs association
- enjoin the French ministry of labor, employment, professional training and social dialog to repeal, within two months of notification of that order, the order of November 5, 2013 placing Metaleurop Nord's facility at Noyelles-Godault on the list of facilities giving rise to an entitlement to ACAATA benefits.

Since the order became definitive, and the application by the Chœurs de Fondeurs association was not admitted by the Conseil d'Etat, a ministerial order repealing the classification orders of November 5, 2013 and March 2, 2016 was issued on December 19, 2017. On February 19, 2018, a claim for annulment of this ministerial decree of December 19, 2017 was lodged by former employees of Metaleurop Nord SAS, as well as a new request for the classification of the Noyelles-Godault site. On June 26, 2019, the Lille Administrative Court repealed the action for annulment against the interministerial decree of December 19, 2017.

(iv) Liquidators of Metaleurop Nord SAS

a) Claim for damages against the liquidators

On March 19, 2013, Recylex S.A. commenced proceedings to claim around €22 million in damages before the Béthune Regional Court against the liquidators of Metaleurop Nord SAS for the loss that Recylex S.A. had suffered on account of the fault committed by the liquidators in a personal capacity in connection with the dismissals of the former Metaleurop Nord SAS employees, which led to damages being paid by Recylex S.A. to over 550 former employees of Metaleurop Nord SAS. To recap, these damages were paid to remedy their dismissal without fair cause and the absence of any efforts to find them other suitable jobs within the company.

On September 18, 2018, the Béthune Regional Court threw out Recylex S.A.'s claim for damages and found that the Metaleurop Nord SAS' liquidators were at fault, in a personal capacity, for not having fulfilled their legal duty to look for other suitable employment during the economic redundancy procedure in 2003 for the former Metaleurop Nord SAS employees. However, the Court found that the liquidators should be exonerated in respect of two-thirds of the corresponding loss, insofar as the legal deadline of 15 days imposed on the liquidators to make the redundancies would have been incompatible with their statutory duty to look for other suitable employment. The Court also held the liquidators harmless from their liability on the grounds that Recylex S.A. itself would have been obliged to look for other suitable employment.

Since both the Court's grounds for exonerating liquidators were totally unfounded in its opinion, Recylex S.A. appealed the decision. The next hearing before the Douai Court of Appeal has been set for October 22, 2020.

b) Claim for damages against Recylex S.A.

On October 17, 2014, the liquidators of Metaleurop Nord SAS summoned Recylex S.A. to appear before the Arras Commercial Court with a view to its being ordered to pay a total principal amount of around €22 million (not provided for in the financial statements), which corresponds to the statutory severance pay, pay in lieu of notice period, paid leave, employers' payroll charges and salaries paid to the former Metaleurop Nord SAS employees by the AGS salary guarantee fund regime.

On April 11, 2018, the Arras Commercial Court ruled in favor of Recylex S.A.. It found the claim filed by the liquidators of Metaleurop Nord SAS was inadmissible because the claim was time-barred from March 21, 2013 and also because their alleged claim arose prior to the commencement of Recylex S.A.'s judicial recovery procedure but was not declared on the list of liabilities. The liquidators appealed the decision. The next hearing for pleadings before the Douai Court of Appeal has been set for November 19, 2020.

No provision has been set aside in the Company's financial statements in relation to these proceedings.

(v) European Commission fine

On June 24, 2015, the Directorate General for Competition of the European Commission sent a statement of objections to Recylex S.A. and its subsidiaries purchasing scrap lead batteries, following an inquiry that started in 2012 regarding anti-competitive practices in the purchasing of scrap lead car batteries.

On February 8, 2017, the European Commission decided to impose a fine on several European players in the sector concerned, including Recylex S.A. and its subsidiaries purchasing used lead-acid automotive batteries for the period from 2009 to 2012 in the amount of €26.7 million. This amount takes into account a 30% reduction granted by the European Commission under its 2016 Leniency Notice and has been provisioned in Recylex S.A.'s financial statements as of December 31, 2016.

During the second quarter of 2017, after discussions involving all the relevant parties, the European Commission agreed on May 2017 to the staggered payment plan proposed by Recylex S.A., which includes the payment of the fine by Recylex S.A. (the Group's parent company) and the deferral, on a medium- to long-term basis, of the payment of a sizable proportion of the fine. Under that agreement, Recylex S.A. is paying the fine (principal and interest) according to the timetable set out in the staggered payment plan.

On May 23, 2019, the General Court of the European Union rejected the appeal lodged by Recylex S.A. and its subsidiaries against the European Commission's decision of February 8, 2017.

On July 23, 2019, Recylex S.A. lodged an appeal against this decision before the Court of Justice of the European Union, solely on points of law.

(vi) Claim for damages brought by SNCF Réseau concerning the L'Estaque site

On May 7, 2018, Recylex S.A. announced that SNCF Réseau, a public industrial and commercial institution, had filed a claim in the Marseille Administrative Court to have Recylex S.A. and RETIA SASAU jointly ordered to pay the entire amount necessary for the "complete refurbishment" of the publicly owned rail assets in the L'Estaque section in Marseille.

SNCF Réseau currently assesses the total cost of the works at €70 million encompassing:

- repair work on the entire Tunnel des Riaux and the Tunnel du Rio Tinto at a cost of €17.1 million and €33.4 million respectively
- the demolition and reconstruction of the Viaduc de Vauclair viaduct (€11.4 million) connecting these two tunnels on land belonging to SNCF, which has never housed any industrial installation
- replacement of the track and ballast in these tunnels and on this viaduct (€8.1 million)

Part of the Tunnel des Riaux is located on 15 hectares of land currently undergoing remediation that belongs to Recylex S.A., and the Tunnel du Rio Tinto is located below a (33-hectare) plot of remediated land that belongs to RETIA SASAU.

To recap, the SNCF Miramas-l'Estaque rail line, which was completed in 1915, is more than a century old and was built after the beginning of the industrial operations at the L'Estaque site overlooking it, by Rio Tinto from 1883 and then by Société des Produits Chimiques de Marseille (SPCM) between 1890 and 1914.

Previously in 2001, SNCF had requested a survey of alleged damage, without any effort to establish liability, by an expert appointed by the Marseille Administrative Court, which failed to find any link between the state of the SNCF rail infrastructure and the former industrial installations on the land above.

Recylex S.A. is surprised by this motion, launched in the same court more than ten years after the expert's report was prepared. Recylex S.A., which has not set aside any provisions to cover the associated risks in its financial statements (see Note 38), intends to defend itself vigorously against this claim and to protect its interests in these proceedings. In its opinion, the aim of this claim is to have the last industrial operators of the L'Estaque site pay for the cost of refurbishing a dilapidated rail line.

NOTE 2 - ACCOUNTING POLICIES AND APPLICATION OF IFRS

Significant accounting methods

Use of estimates

The Group's management has used certain estimates and assumptions to draw up the financial statements in accordance with IFRS. These estimates and assumptions may affect the amounts shown in respect of assets and liabilities, contingent liabilities at the preparation date of the financial statements, and the amounts shown in respect of income and expense during the year.

These estimates are based on the going concern principle and prepared using the information available when they were produced. They are continually assessed based on past experience, as well as various other factors deemed to be reasonable that represent the basis for the assessments of the carrying amount of assets and liabilities. Estimates may be revised if the assumptions on which they were based change or upon receipt of additional information. Actual results may differ significantly from those estimates depending on various assumptions or conditions.

Given the current backdrop of high market volatility and the degree of difficulty involved in predicting the economic outlook, the accounting estimates used in the preparation of the consolidated financial statements for the year ended December 31, 2019 are based on the best current estimates of the Group's management.

The principal estimates made by the Group's management relate to depreciation and amortization, impairment losses on intangible assets and property, plant and equipment, and for the remediation of mining and former industrial sites, provisions for risks relating to legal proceedings, pension liabilities, deferred taxes and derivatives.

Disclosures concerning contingent assets and liabilities at the preparation date of the consolidated financial statements are also based on estimates. The estimates used are presented in the corresponding notes to the financial statements.

Basis of preparation

The consolidated financial statements have been prepared in euros, and all amounts have been rounded off to the nearest thousand euros, unless stated otherwise.

Compliance with accounting standards

Pursuant to EC Regulation no. 1126/2008 adopted on November 3, 2008, the Recylex Group has prepared its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted for use in the European Union at the preparation date of these financial statements.

International accounting standards include IFRS, IAS (International Accounting Standards) and their interpretations (Standing Interpretations Committee) and IFRICs (International Financial Reporting Interpretations Committee).

All the standards and interpretations adopted by the European Union are available on the European Commission's website at: https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_en.

IFRS applicable at December 31, 2019

The accounting methods and measurement rules applied by the Group in the consolidated financial statements for the year to December 31, 2019 are identical to those used in the financial statements to December 31, 2018, with the exception of the changes detailed below.

- **IFRS 16 – Leases**

The IASB has published IFRS 16 – Leases, which introduces a new model for recognizing leases, which is mandatory from January 1, 2019. This standard requires lessees to recognize all outstanding lease payments under leases covered by the standard in the form of a right-of-use asset and a lease liability.

The Group has applied the standard effective January 1, 2019 using the simplified retrospective approach, which recommends recognizing the cumulative effect of first-time adoption as an adjustment to opening equity at January 1, 2019. Accordingly, the comparative figures shown for 2018 have not been restated and are presented as they were under the principles laid down in IAS 17 and its interpretations.

The table below summarizes the carrying amounts of "right of use" assets at the date of application of the standard as of January 1, 2019:

In thousands of euros	January 1, 2019
Real estate	549
Industrial equipment	837
Computer and other equipment	64
Transport vehicles	1,589
Total impact at opening	**3,039**

The Group mainly holds leases for its offices, industrial equipment and company vehicles.
In accordance with the exemptions permitted by the standard, the Group has excluded from the scope of the standard contracts with the following characteristics:

- short-term leases (less than 12 months)
- contracts where the underlying asset is of low value (replacement cost less than USD 5,000)
- leases of intangible assets

Among the key assumptions, the Group has used a rate of 5% to value the lease liabilities of the contracts. This rate is based on the Group's marginal debt ratio.

The impacts of IFRS 16 are presented below.

Consolidated statement of financial position

In thousands of euros	December 31, 2019 (excluding IFRS 16)	IFRS 16 impact	December 31, 2019 (IFRS 16)
Non-current assets	43,265	2,351	45,616
of which right of use net of depreciation	-	3,351	*3,351*
of which depreciation of the right of use	-	*-1,000*	*-1,000*
of which IDA	-	-	-
Current assets	70,838	209	71,047
Of which non-current assets held for sale	*14,885*	*209*	*15,094*
Total Assets	**114,102**	**2,560**	**116,662**
Group shareholders' equity	*-168,715*	-	-168,715
of which result	*-84,169*	*-171*	*-84,340*
Total Non-Current Liabilities	98,132	1,301	99,433
of which debts eligible rights	-	*1,301*	*1,301*
Total Current Liabilities	184,685	1,259	185,944
of which debts eligible rights	-	*1,091*	*1,091*
of which liabilities related to assets held for sale	5,461	*169*	*5,630*
Total liabilities and shareholders' equity	**114,102**	**2,560**	**116,662**

Consolidated income statement

In thousands of euros	December 31, 2019 (excluding IFRS 16)	IFRS 16 impact	December 31, 2019 (IFRS 16)
Turnover	237,431	-	237,431
Operating income	-54,925	-30	-54,955
of which depreciation	*-10,564*	*-1,281*	*-11,845*
of which external expenses	*-53,494*	*1,251*	*-52,243*
Net cost of financial debt	-12,026	*-138*	-12,164
Of which interest expense	*-12,058*	*-138*	*-12,196*
Other financial income and expenses	-1,804	-	-1,804
Tax	5	-	5
Net income from discontinued operations	-15,421	-2	-15,423
Pre-tax income (loss)	**-84,169**	**-171**	**-84,340**

Consolidated cash flow statement

(in thousands of euros)	*31/12/2019 reported*	*IFRS 16*	*31/12/2019 pre-IFRS 16*
Income from current operations	**-45,314**	**-171**	**-45,143**
Depreciation, amortization, provisions and impairment losses	12,825	1,336	11,489
EBITDA on current operations	**-32,488**	**1,165**	**-33,653**
Change in current working capital requirements	1,758	1	342
Non-cash current operating expenses	1,084		2,499
Cash flow from current operations before tax	**-29,646**	**1,166**	**-30,812**
Taxes paid	143		143
Cash flow from current operations after tax	**-29,503**	**1,166**	**-30,669**
Other non-current operating income and expenses	-268		-268
Other income and expenses related to site remediation	-5,029		-5,029
Change in non-current working capital requirements	-762		-762
Other financial income and expenses	-1,575		-1,575
Change in frozen liabilities			
Dividends received	9,250		9,250
Cash flow from operating activities	**-27,887**	**1,166**	**-29,053**
Change in scope of consolidation			
Acquisitions of property, plant and equipment and intangible assets	-15,663		-15,663
Acquisitions and disposal of financial assets	-464		-464
Disposals of property, plant and equipment and intangible assets	215		215
Cash flows from investing activities	**-15,913**		**-15,913**
Issuance of loans			
Repayment of loans	-1,166	-1,166	
Other cash flows from financing activities	57,500		57,500
Interest paid	-10,796		-10,796
Other changes in capital			
Cash flows from financing activities	**45,538**	**-1,166**	**46,704**
Impact of changes in accounting principles			
Change in cash and cash equivalents	**1,739**	**0**	**1,739**
Opening cash and cash equivalents	**-7,448**		**-7,448**
Change in cash and cash equivalents	1,739	0	1,739
Cash and cash equivalents from discontinued operations	-199	0	-199
Closing cash and cash equivalents	**-5,908**		**-5,908**

Reconciliation with the lease liability presented before the application of the standard in off-balance sheet commitments:

In thousands of euros	
Off-balance sheet commitments on operating leases as of December 31, 2018	**2,678**
Short-term rental contracts	-120
Lease not included in off-balance sheet commitments	620
Other effects	118
Undiscounted lease liabilities as of January 1, 2019	**3,295**
Effect of discounting	-256
Lease liabilities as of January 1, 2019	**3,039**

Other standards applicable as of January 1, 2019

The following standards are applicable as of January 1, 2019 and do not have a significant impact on the financial information presented:

- IFRIC 23 "Uncertainty about the Treatment of Income Taxes", effective January 1, 2019. This interpretation clarifies the application of the recognition and measurement provisions of IAS 12 "Income Taxes" when there is uncertainty about the treatment of income taxes.
  This interpretation has no impact on the financial information presented.
- Limited amendments to IAS 19 "Modification, curtailment or settlement of a plan", applicable prospectively for fiscal years beginning on or after January 1, 2019.
  This amendment has no impact on the financial information presented.

New standards issued but not yet effective

The following new standards, amendments to existing standards and interpretations have been published but are not applicable as of December 31, 2019 and have not been early adopted by the Group:

- Amendment to IFRS 3 "Business Combinations" on the definition of a business with an expected effective date of January 1, 2020
- Amendment to IAS 1 and IAS 8: amendment to the definition of the term "significant" whose application date is expected to be January 1, 2020

Accounting for events subsequent to the balance sheet date

The Group has taken into account events after the balance sheet date and has, where appropriate, either adjusted its financial statements or provided disclosures in the notes to the financial statements in respect of such events if they were material.

In accordance with IAS 10.8, only events confirming a situation prevailing at the balance sheet date have led to adjustments in the financial statements. Material events that relate to a new situation arising after the balance sheet date are disclosed in the notes (IAS 10.10).

Going concern

The financial statements for the year ended on December 31, 2019 were prepared in unusual conditions given the continuation until May 2020 of discussions with financial partners with a view to restructuring the debt of the German sub-group and the commencement of insolvency proceedings covering the German sub-group's entities on May 15, 2020 (see Note 39 – Subsequent events).

The going concern basis on which the consolidated financial statements for the year ended on December 31, 2019 have been prepared is heavily dependent on the Group's economic and financial outlook with the residual scope of consolidation as from May 15, 2020. In particular, it is closely linked to Recylex S.A.'s ability to continue trading over the long term, which is itself dependent, among other things, on the ability of Weser-Metall GmbH, a company no longer part of the Recylex Group and subject to an insolvency proceeding, to continue trading while continuing to purchase secondary materials from Recylex S.A..

Accordingly, Recylex S.A. has prepared revised financial forecasts, the main assumptions of which are presented in Note 39 ("Subsequent events - Financial position of Recylex S.A. and assessment of going concern"). The assumptions underpin the going concern status of Recylex S.A.. and, by extension, the going concern status of the Group as a whole.
The cash flow forecasts thus prepared may also be affected by the factors presented in Note 32.5.1.1 – Liquidity risks - Cash flow forecasts.

Accordingly, subject to the assumptions and risks presented in Notes 39 and 32.5.1.1 to the consolidated financial statements mentioned above, the consolidated financial statements for the year ended on December 31, 2019 have been prepared on a going concern basis.

Were one or more of the assumptions not to be satisfied and/or were there to be a negative change in one or more of the parameters presented in Note 39, that would give rise, depending on its magnitude, to a short-term financing requirement that would no longer be compatible with Recylex S.A.'s cash flow forecast mentioned above. As a result, the Company would be obliged to raise new financing in order to cover its cash requirements and meet its liabilities in the normal course of its business.

As a result, in this scenario, the Company may not be able to realize its assets and liabilities and settle its debts in the normal course of its business. Consequently, this situation has created significant uncertainty about its going concern status.

Scope and methods of consolidation

The consolidated financial statements include the financial statements of Recylex S.A., all the companies directly or indirectly controlled by the Group, companies jointly controlled by the Group and those over which the Group exerts significant influence at December 31 each year.

Subsidiaries' financial statements are prepared for the same reference period as those for the parent company using consistent accounting methods.

All inter-company transactions and balances, as well as income, expense and unrealized gains and losses arising from internal transactions included in the carrying amount of assets, are eliminated in full.

Companies over which the Group exercises exclusive control directly or indirectly are fully consolidated.

Investments in jointly controlled entities are accounted for under the equity method.

Investments in associates are accounted for under the equity method. An associate is a company over which the Group has significant influence and which is neither a subsidiary nor a joint venture.

To ensure the fulfillment of obligations under the Loan agreement concluded by the German sub-group, the shares of Recylex GmbH, Harz-Metall GmbH and Weser-Metall GmbH were transferred to two ad hoc security trustees as part of a German-law security trust agreement, it being stipulated that beneficial ownership of the shares is retained by Recylex Group entities, which continue to exercise and enjoy their shareholder rights as long as the borrowers do not breach their obligations. From an accounting perspective (IFRS 10), the arrangement does not lead to deconsolidation insofar as the settlors, given the rights they retain, maintain control of the assets transferred as defined in the accounting regulations provided that the borrowers do not default on their obligations under the Loan agreement.

At the balance sheet date of December 31, 2019, as the borrowers were not in breach of their obligations, control was retained by the settlors. All the entities in the German sub-group have therefore been included in the Group's scope of consolidation.

Summary of significant accounting methods

Presentation of the balance sheet

Pursuant to IAS 1, the Group has adopted a balance sheet format with a distinction between current and non-current assets and liabilities.

The distinction between current and non-current items is based on the following rules:
- assets and liabilities comprising components of the working capital requirement in the normal business cycle are classified as current
- assets and liabilities that are not part of the normal business cycle are shown either under current or non-current assets and liabilities, depending on whether they have a maturity of more or less than one year

Foreign currency translation

The consolidated financial statements have been prepared in euros, the functional currency of all Group companies.

Translation of foreign currency transactions

Transactions denominated in currencies other than the euro are recorded at the exchange rate ruling at the transaction date. At the balance sheet date, foreign currency assets and liabilities are translated at the closing rate, and unrealized currency gains and losses are taken to income.

Property, plant & equipment, intangible assets, and impairment losses

- **Property, plant and equipment**

Property, plant and equipment is carried at cost, excluding recurring maintenance expenses, less accumulated depreciation and impairment losses. Cost includes purchase and production cost, as well as any costs directly attributable to bringing the asset into service in its location for normal operation.

Depreciation is calculated on a straight-line basis over the following estimated useful lives:

Buildings	20 to 50 years
Technical installations, plant, equipment and tools	5 to 30 years
Other property, plant and equipment	3 to 15 years

Property, plant and equipment is derecognized upon its retirement or when no future economic benefits are expected to flow from its use or its disposal. Any gains or losses resulting from derecognition of an asset (difference between the net proceeds upon disposal and carrying amount of the asset) are recognized in income when the asset is derecognized. The residual value, useful life and depreciation schedule of assets are reviewed and adjusted, if necessary, at each balance sheet date. Any such changes are treated as changes in estimates in accordance with IAS 8.

Depreciation of property, plant and equipment is recognized under depreciation and amortization on the income statement.

Borrowing costs related to the acquisition of property, plant and equipment are either expensed in the period in which they are incurred or included in the cost of non-current assets in progress until they come into service in accordance with IAS 23.

Any subsidies are recognized as a reduction in the gross value of the relevant item of property, plant and equipment and are written back to income as it is depreciated.

- **Intangible assets and goodwill**

Intangible assets are stated at their purchase cost.

Where they have a finite useful life, intangible assets are amortized over the useful life anticipated by the Group. This useful life is determined by the Group on a case-by-case basis based on the nature of the items included in each category. Where they have an indefinite useful life, intangible assets are not amortized, but systematically undergo annual impairment testing.

A summary of the estimated useful lives generally applied to the Group's intangible assets is shown below:

Software	Straight-line amortization over periods of 1 to 10 years
Patents, etc.	Straight-line amortization over periods of 10 to 20 years

Goodwill arising on a business combination is initially stated at cost and represents the excess of the Group's interest in identifiable assets acquired net of liabilities and contingent liabilities assumed over the cost of the business combination. After its initial recognition, goodwill is stated at cost less any impairment losses. Goodwill must undergo impairment testing annually or more frequently whenever events or changing circumstances indicate impairment has occurred.

- **Asset impairment losses**

  - *Impairment tests on intangible assets with an indefinite useful life and goodwill*

Goodwill and intangible assets with an indefinite useful life are tested for impairment in accordance with IAS 36 – Impairment of Assets at least once each year or more frequently where there are indications of impairment. When tests indicate that the recoverable amount of an asset (or group of assets) has fallen below its net carrying amount, an impairment loss equal to the difference is recognized in income and allocated first to goodwill.

A previously recognized impairment loss is reversed where there is a change in the estimates used to determine the recoverable amount of the asset. In this case, the carrying amount of the asset is increased to its recoverable amount. However, goodwill impairment losses may not be reversed. Impairment losses, and conversely reversals of impairment losses, are recognized in income. Accumulated amortization may be adjusted so that the revised carrying amount of the asset is spread over the remainder of its useful life.

- *Impairment tests on property, plant and equipment and intangible assets with a finite useful life*

The Group's assets consist solely of property, plant, equipment and intangible assets with finite lives. The Group does not carry any goodwill or other intangible assets with indefinite lives. Assets are divided into eight cash generating units (CGUs). Accounting standards require the Group to test the value of its assets if it sees indications of impairment. If no such evidence exists, impairment tests are updated at the Group's discretion. Cash-generating units (CGUs) are defined in accordance with IAS 36. Management has defined operational CGUs based on the Group's legal entities, taking into account both activities of Harz-Metall GmbH (zinc and lead).

CGU	Business/operating segment
Weser-Metall GmbH	Lead
Harz-Metall GmbH	Lead
Recylex S.A.	Lead
Harz-Metall GmbH	Zinc
Norzinco GmbH	Zinc
C2P S.A.S.	Plastics
C2P GmbH	Plastics
PPM Pure Metals GmbH	Special Metals

As part of these tests, the Group compared the carrying amount of each CGU for which an indication of impairment was observed with its recoverable amount, which is defined as the higher of its value in use and fair value less costs to sell. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit and its ultimate sale. Fair value less costs to sell reflects the amount that could be obtained from selling the asset (or group of assets) in an arm's length transaction less any costs directly attributable to the disposal.

Cash flow projections are generally drawn up for a five-year period, with a terminal value, to which a growth rate revised every year is applied. Terminal value is computed using the Gordon-Shapiro method. The discount rate is calculated using the Weighted Average Cost of Capital (WACC) method.

Financial assets

Non-current financial assets consist of investments in unconsolidated subsidiaries, amounts due from investments, and advances and guarantee deposits granted to third parties.

In accordance with IFRS 9, investments in controlled, unlisted companies that are not consolidated are treated as available-for-sale securities (other models under IFRS 9) and measured at fair value through profit or loss.

Where there is no active market, the Group employs commonly used measurement methods. When fair value cannot be estimated reliably using generally accepted methods, the securities are stated at acquisition cost, less any accumulated impairment.

Advances and guarantee deposits are non-derivative financial assets with pre-determined or determinable payments that are not listed on an active market. Such assets are recognized at amortized cost using the effective interest rate method. Any gains or losses are recognized in income when the loans or receivables are derecognized or impaired.

Acquisitions and disposals of financial assets are generally recognized on the transaction date.

Inventories

Inventories and work in progress are stated at the lower of cost and net realizable value.

Cost is determined using the weighted average unit cost method. This includes raw materials and direct labor costs, as well as a portion of indirect production costs.

Net realizable value is the estimated selling price in the normal course of business less the estimated costs to completion and the estimated costs necessary to make the sale.

Trade receivables

Trade receivables are recognized at the initial invoice amount less any write-downs for unrecoverable amounts and then reported as financial assets at amortized cost. A provision is set aside when there is objective evidence that the Group will not be able to recover the receivables. Unrecoverable receivables are recorded as a loss as soon as they are identified as such.

For the Group's two German subsidiaries, factoring agreements are accounted for according to their legal terms. The general terms and conditions of the factoring agreements provide for a guarantee against the risk of customer insolvency under which the factoring company has "no recourse". The trade receivables are thus sold to the factoring company at their face value. The cash received from the sale is paid into the Company's bank accounts. The retentions provided for contractually by the factoring companies are recognized as other receivables.

Non-current assets held for sale and related liabilities

Under IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, a non-current asset or a disposal group of directly associated assets and liabilities is classified as being held for sale when its carrying amount will be recovered principally through its sale rather than through its continuing use. The non-current assets (or group of assets) must also be available for immediate sale in its existing state or its sale must be highly probable.

When the conditions for classification laid down in the standard are met, the non-current asset or group of assets are presented separately on the statement of financial position under Non-current assets held for sale and distribution. Liabilities related to the group of assets held for sale are also presented separately on the statement of financial position under Liabilities held for sale or distribution.

At the reporting date, the non-current assets or group of assets held for sale are measured at the lower of their carrying amount and their fair value less costs to sell.

Under IFRS 5, a discontinued operation is a component of an entity that either has been classified as held for sale and represents either a separate major line of business or a geographical area, is part of a single coordinated disposal plan, or is a subsidiary acquired exclusively with a view to being resold. Where this is the case, the gain/(loss) on discontinued operations is presented separately in the income statement representing the post-tax gain or loss from the discontinued operations.

Derivatives not designated as hedging instruments

The Group is exposed to two main transaction risks related to metals prices:

1. Risk of fluctuations in metal prices relative to its firm commitments under sale contracts which are not recognized on the balance sheet:

This exposure derives from sales of metals for which production is based on secondary materials (lead produced from battery recycling), the price of which is not directly linked to market prices, and on surplus metals recovered from the materials to be processed.

2. Risk of fluctuations in the price of metals held in commercial inventories[32]:

Most transactions related to metals use LME prices. If metal prices were constant, the price paid by the Group for these raw materials would be passed on to the customers in the product price. However, during the transformation of the raw materials into products, fluctuations in metal prices result in differences between the price paid for the metal contained in the raw materials and the price received for the metal contained in the products sold to the customer. A transaction risk therefore exists concerning changes in metal prices between the moment when the price of the raw material purchased is determined and the moment when the price of the finished goods is determined.

The Group uses derivatives traded on the London Metal Exchange (LME) or forward contracts to protect itself against these transaction risks. Those derivatives are initially and subsequently measured at their fair value, but they are not designated as hedging instruments as defined in IFRS 9. Changes in fair value are recognized through profit or loss under Other financial income or Other financial expense.

Derivatives designated as hedging instruments

The Group applies the principles of hedge accounting where it can be demonstrated that hedging relationships between derivatives and the risks hedged satisfy the requisite conditions for hedge accounting to be adopted. The conditions to be met are:

- designation and formal documentation at the inception of the hedge
- the demonstration that the hedging relationship meets all the hedge effectiveness requirements, i.e. (i) there is an economic relationship between the hedged item and the hedging instrument, (ii) the effect of credit risk does not dominate the value changes that result from that economic relationship, and (iii) there is no imbalance in the hedge ratio between the weightings of the hedged item and the hedging instrument that would create hedge ineffectiveness that could result in an accounting outcome that would be inconsistent with the purpose of hedge accounting.

The Group then identifies the hedging strategy, the risk hedged, and the method used to assess the hedge's effectiveness:

- **Fair value hedges:**

The hedged item is remeasured with respect to the risk hedged, and the hedging instrument is measured and recognized at its fair value. Changes in these two items are recognized simultaneously under operating income.

- **Cash flow hedges:**

The hedged item is not remeasured, and only the hedging instrument is remeasured at fair value. The double-entry of this remeasurement consists of the recognition in equity net of tax of the effective portion of the change in fair value attributable to the hedged risk. Amounts accumulated in equity are taken back to income when the hedged item affects the income statement. The ineffective portion is left in income for the period.

Cash and cash equivalents

Cash and short-term deposits recognized on the balance sheet include bank balances, cash and short-term deposits with an initial maturity of less than three months.

For the purposes of the cash flow statement, cash and cash equivalents include cash and cash equivalents as defined above, net of short-term bank overdrafts.

Interest-bearing borrowings

All borrowings are initially recognized at the fair value of the amount received less any directly attributable transaction costs. Following initial recognition, interest-bearing borrowings are stated at amortized cost using the effective interest rate method.

The portion of debt due in less than one year is shown under current liabilities.

Provisions

Provisions are set aside when the Group has a legal, contractual or constructive obligation to a third party arising as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, without any equivalent benefit being expected, and where the amount of the obligation can be estimated reliably.

Where the Group anticipates partial or full repayment of the provision, for instance under an insurance contract, the repayment is recognized as a separate asset, but only if the repayment is near-certain. The expense associated with the provision is shown on the income statement net of any repayment.

If the effect of time value is material, provisions are discounted at a pretax rate that reflects, where appropriate, the risks specific to the liability. Where the provision is discounted, the increase in the provision linked to the passage of time is recognized as a borrowing cost.

[32] Lead inventories at the Nordenham smelter are divided into a) permanent inventories; b) commercial inventories. The Group is exposed to risks relating to the prices of metals in its inventories. This risk relates to the market value of the metal, which could fall below the carrying amount of inventories. The Group's policy is not to hedge the risk relating to permanent inventories and to hedge the risk relating to commercial inventories.

When the provision is used, the provision is reversed through a credit to the expense account in which the expense covered by the provision was recorded. When the reversal of the provision reflects the disappearance of the risk without any related outlay, the reversal takes place through a credit to the charges to provisions account.

The provisions set aside by the Group primarily cover site remediation and pollution abatement.

Provisions are set aside to cover risks identified at sites in operation wherever a legal or regulatory obligation arises.

In the case of provisions for remediation of operational storage areas for end-of-process waste (slag), the Group recognizes provisions for its remediation obligations, with a balancing entry in non-current assets reflecting the expected date of the relevant expenditures (present value). This asset is amortized over the residual useful life of the underlying asset.

In addition, provisions for site remediation are recognized in accordance with the legal requirements.

The provisions set aside to cover these risks are assessed on the basis of a forecast budget prepared with the help of specialist consultancies, based on legal and technical factors known at the time the estimates are made. The Group then consults contractors in order to refine its forecasts.

Provisions arising during the normal business cycle are classified under current provisions.

Employee benefits

The Group sets aside three types of provision:

- *Provisions for long-service awards*
  These provisions are set aside where local rules (law, collective bargaining agreement, etc.) give rise to a liability for the Group.

- *Provisions for early retirement*
  Certain employees in Germany benefit from an early retirement scheme including a period of part time working and a period of leave. During these periods, they receive a salary equivalent to 50% of their final salary plus a payment to offset the reduction in their working hours.

- *Provisions for pensions and post-employment obligations*
  Pursuant to the law and customary practice in each country, the Group provides its employees with pension plans and related benefits. In France, each Group employee receives a lump-sum payment upon retirement. In Germany, certain employees receive supplementary pension payments.

Aside from the statutory plans, pension plans may be either defined contribution or defined benefit plans.

Statutory pension plans

In some countries, most notably France, the Group contributes to the statutory social security plan, whereby the expense incurred during a period matches the contributions payable to government agencies.

Defined contribution plans

Benefits paid under these plans depend solely on total contributions into the plan and the return achieved on investments of these amounts. The Group's obligation is limited to the contributions paid, which are expensed as incurred.

Defined benefit plans

The Group's obligation under these pension plans is calculated on an annual basis by independent actuaries using the projected unit credit method. These obligations are assessed based on assumptions concerning mortality, staff turnover and estimated future salaries.

Projected future benefits are discounted to net present value using appropriate rates for each country. Discount rates are determined by reference to the rates of return on bonds issued by corporate borrowers with an AA rating having the same maturity and denominated in the same currency as the obligations.

There are two different types of pension plan in this category:
- annuity plans - beneficiaries receive pension payments throughout their retirement (German retirement plan). Former employees also qualify for the benefit of this type of plan in France.
- lump-sum payments upon retirement or departure from the Company (lump-sum end-of-career payments in France). Employees receive a number of months of salary dependent on length of service at the time of retirement, as defined in the collective bargaining agreement in force.

Actuarial gains and losses arise when differences are observed between actual figures and previous estimates, or following changes in actuarial assumptions. In the case of post-employment benefits, these items are fully recognized in the year in which they arise under Other comprehensive income in accordance with IAS 19 – Employee Benefits.

The liabilities recorded are equivalent to the present value of the obligation less the fair value of plan assets. Fair value is determined using available market information.

The risks faced by the Group under these plans are longevity and asset impairment risks.

Share-based payments:

The Group uses share-based remuneration methods.
Stock options and free share plans have been granted to certain senior managers and employees of the Group.

- *Stock options:*
  The fair value of services received in return for the grant of these options is measured definitively with reference to the fair value of those options at the grant date and to the number of options for which the vesting conditions will be met at the end of the vesting period. In carrying out this measurement, the Group uses a Black & Scholes mathematical valuation model. During the vesting period, the total fair value is charged on a straight-line basis over the whole vesting period for the plan in question, and the number of options for which the vesting conditions will be met is reviewed at each balance sheet date. The expense is recognized in staff costs, with a matching increase in equity. When options are exercised, the

exercise price received by the Group is recognized in cash and cash equivalents, with a matching increase in equity.

- *Free shares:*
  Free shares are measured at fair value on the grant date. This amount is recognized under staff costs on a straight-line basis over the vesting period of the rights (period between the date of grant and the expiration date of the plan).

Leases

Under IFRS 16, the Group recognizes a right-of-use asset and lease liability corresponding to the present value of future lease payments. The right-of-use asset is initially measured at cost, then depreciated on a straight-line basis through to the end of the lease term taking into account optional periods whether or not they are reasonably certain to be exercised. The leasing liabilities are discounted at a rate of 5% based on the Group's marginal borrowing rate at year-end.

The leases covering low-unit value assets (less than €4,500) or entered into for an initial term of less than 12 months are recognized directly in expenses.

Presentation of the income statement and principal financial indicators

As permitted under IAS 1 – Presentation of Financial Statements, the Group presents its income statement using the nature of expense method.

Revenue recognition

Revenue from the lead, zinc and polypropylene business segments arises from sales of recycled lead, zinc and polypropylene, from sales of the by-products produced from the recycling process (silver, sulfuric acid) and from contributions to treatment charges.

Revenue from the Special Metals segment derives from sales of the high-purity metals (arsenic, germanium, gallium) produced or purified.

Revenue from these sales is recognized when control of the products passes to the customer, i.e., when the identified performance obligations are satisfied.
In its various activities, the Group has determined that performance obligations are mainly met when products are delivered and, accordingly, revenue is recognized at that specific moment.

Tolling volumes are not recognized in sales.

Operating income/(loss) before non-recurring items

Operating income before non-recurring items is the income or loss on operating processes and includes all income and expense items arising directly from the Group's business activities, excluding:

- income and expense resulting from one-off decisions and transactions, such as the effects of the continuation plan on corporate liabilities, an issue covered in detail in Note 18, asset disposals and restructuring
- income and expenses related to the legal proceedings involving Metaleurop Nord SAS (see Notes 14 and 25)
- income and expense relating to closed industrial sites, former landfill sites and the Group's mining concessions in connection with the waiver of rights to operate them (see Notes 25 and 38)
- impairment (reversals of impairment) of non-current assets following impairment tests (see Notes 5 and 25).

Other non-recurring income/(expense)

This heading is used where a major event that occurred during the accounting period is liable to skew analysis of the Group's performance.

It includes a very limited number of income and expense items, which are unusual by virtue of their frequency, nature or amount.

Operating income

Operating income reflects all income and expense items arising directly from the Group's business activities, irrespective of whether these items are recurring or whether they are the result of one-off decisions and transactions.

EBITDA

EBITDA represents operating income before non-recurring items restated for charges to and reversals from depreciation, amortization and provisions (excluding provisions for post-retirement benefits). This indicator is a non-IFRS metric used to measure the company's ability to generate cash from its operating activities. The Group believes that the presentation of this indicator is useful for investors and other stakeholders.

EBITDA is not defined by an IFRS standard and should not be considered as an alternative to any other financial indicator.

Income tax

Income tax assets and liabilities falling due in the current or in previous years are stated at the amount expected to be collected from or paid to the tax authorities. The tax rates and tax regulations used to determine these amounts are those enacted or substantively enacted at the balance sheet date.

Deferred taxes are recognized using the liability method in respect of all temporary differences existing at the balance sheet date between the tax base of assets and liabilities and their carrying amount in the balance sheet, as well as on tax loss carryforwards.

Deferred taxes are measured at the tax rates that have been enacted at the balance sheet publication date.

A deferred tax asset is recognized only to the extent that it is probable that taxable profit will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each balance sheet date and are not recognized where a risk of non-recovery exists.

Earnings per share

Basic earnings per share are calculated by dividing profit or loss attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share are calculated by dividing profit or loss attributable to ordinary equity holders of the parent entity by the weighted average number of shares adjusted for the effects of all dilutive potential ordinary shares.

NOTE 3 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment break down as follows:

a) Property, plant and equipment at December 31, 2018 and December 31, 2019

Dec. 31, 2018 *In thousands of euros*	*Gross*	*Accumulated depreciation and impairment losses (1)*	*Net*
Land	5,031	(795)	4,236
Buildings	127,459	(120,085)	7,374
Plant, equipment and tools	248,401	(221,783)	26,618
Assets in progress	10,151	(1,367)	8,784
Other	26,215	(22,839)	3,376
Total	**417,257**	**(366,869)**	**50,388**

(1) See Note 5

Dec. 31, 2019 *In thousands of euros*	*Gross*	*Accumulated depreciation and impairment losses (2)*	*Net*
Land	4,527	(1,115)	3,412
Buildings	99,473	(95,009)	4,463
Plant, equipment and tools	224,430	(210,235)	14,195
Assets in progress	4,995	(599)	4,396
Other	22,444	(19,078)	3,366
Total	**355,869**	**(326,036)**	**29,832**

(2) See Note 5

The impact between 2018 and 2019 of property, plant and equipment classified as "assets held for sale" (IFRS 5) amounts to €3.1 million (€69.4 million gross value and (€66.3) million of accumulated depreciation and impairment losses).

b) Right-of-use assets at December 31, 2019 under IFRS 16

Dec. 31, 2019 *In millions of euros*	*Gross*	*Reclass.*	*Accumulated depreciation and impairment losses (2)*	*Net*
Buildings	549		(110)	439
Plant, equipment and tools	3,117		(2,418)	699
Other	1,888		(673)	1,214
Total	**5,554**		**(3,201)**	**2,352**

As stated in Note 2 – Accounting policies and application of IFRSs, the Group has applied the simplified retrospective approach to apply IFRS 16. Accordingly, the 2018 comparatives have not been restated for the effects of IFRS 16, and the leases recognized at December 31, 2018 were accounted for in line with the previous IAS 17 standard. At December 31, 2018, the lease-financed non-current assets chiefly consisted of industrial equipment, breaking down as follows:

In thousands of euros	*Gross*	*Depreciation*	*Net*
Dec. 31, 2018	974	(1,761)	1,213

c) Change in property, plant and equipment between January 1, 2018 and December 31, 2019

In thousands of euros	*Net*
Net carrying amount after depreciation and impairment losses at January 1, 2018	**76,926**
Capital expenditures	23,831
Depreciation for the year	(7,470)
Impairment losses for the year (net of reversals)	(42,545)
Disposals and retirements	(352)
Reversals of depreciation during the year	-
Other	(3)
Net carrying amount after depreciation and impairment losses at December 31, 2018	**50,388**
Capital expenditures	15,562
Depreciation for the year	(9,618)
Impairment losses for the year (net of reversals)	(21,667)
Disposals and retirements	(630)
IFRS 5 impact	(2,749)
Other	(1,454)
Net carrying amount after depreciation and impairment losses at December 31, 2019	**29,832**

Capital expenditures are mainly related to

- the improvement of the new configuration of the Nordenham smelter (€7.8 million)
- the installation of a filtering installation ("Regenerative Thermal Oxidation" RTO) for Harz Metall GmbH (Zinc) in order to comply with German regulations for €2.5 million and investments in site infrastructure for €1.0 million
- €1.5 million in investments made by PPM Pure-Metal GmbH in facilities mainly in the arsenic field
- €1.4 million in investments made by Recylex S.A. in the renewal of battery processing center equipment

These investments are offset by the impairment losses recognized as of December 31, 2019 on all the Group's CGUs (see Note 5).

The impact of IFRS 5 includes property, plant and equipment classified as assets held for sale at the end of fiscal year 2019 in application of IFRS 5 for the entities Norzinco GmbH, PPM Pure-Metal GmbH and Recylex Grundstücksverwaltungs GmbH.

Subsidies related to property, plant and equipment are presented on the balance sheet as a reduction in the value of the relevant assets and accordingly give rise to a reduction in annual depreciation expense. The subsidies obtained originate from regional development funds in Germany and were granted subject to certain recruitment or investment conditions. At the balance sheet date, all the subsidies recognized satisfy the conditions of grant, and so there is no risk that they will have to be repaid.

NOTE 4 – INTANGIBLE ASSETS AND GOODWILL

Intangible assets and goodwill break down as follows:

a) Intangible assets and goodwill at December 31, 2018 and December 31, 2019

Dec. 31, 2018 *In thousands of euros*	*Gross*	*Accumulated amortization and impairment losses (3)*	*Net*
Goodwill	117	(117)	-
Concessions, patents, licenses, etc.	8,681	(8,445)	236
Other intangible assets	-	-	-
Total	**8,798**	**(8,562)**	**236**

(3) See Note 5

Dec. 31, 2019 *In thousands of euros*	*Gross*	*Accumulated amortization and impairment losses (4)*	*Net*
Goodwill	-	-	-
Concessions, patents, licenses, etc.	7,545	(7,368)	177
Other intangible assets	-	-	-
Total	**7,545**	**(7,368)**	**177**

(4) See Note 5

b) Change in intangible assets between January 1, 2018 and December 31, 2019

In thousands of euros	*Net*
Net carrying amount after amortization and impairment losses at January 1, 2018	**66**
Capital expenditures	288
Goodwill	-
Amortization for the year	(118)
Impairment loss	-
Disposals	-
Other	-
Net carrying amount after amortization and impairment losses at December 31, 2018	**236**
Capital expenditures	53
Goodwill	-
Amortization for the year	(119)
Impairment loss	-
Disposals	-
Other	7
Net carrying amount after amortization and impairment losses at December 31, 2019	**177**

NOTE 5 - IMPAIRMENT TESTS

Presentation of the CGUs

The Group's assets consist solely of property, plant, equipment and intangible assets with finite lives. The Group does not carry any goodwill or other intangible assets with indefinite lives. Assets are tested if there are indications of impairment. If no such evidence exists, impairment tests are updated at the Group's discretion.

Accounting for events subsequent to the balance sheet date at December 31, 2019

The asset value of a CGU is considered to be complex and non-homogeneous, and the main factors determining its value may change after the balance sheet date. The subsequent changes may therefore clarify trends in certain factors already known at the balance sheet date.
In particular, changes in technical performance and in the financial resources required (investments and costings) to achieve the technical performance targeted after the balance sheet date may confirm a trend in cash flows already observed at the balance sheet date and thus lead to a correction of the extent of the change in the value of the asset.

In accordance with IAS 10, the Group has adjusted its impairment tests by taking into account only post-balance sheet events that confirm a situation existing at the balance sheet date.

In July 2020, the Group therefore reviewed the recoverable amount of the CGUs for which, at the balance sheet date, indications of impairment had been identified and the recoverable amount of which is significantly influenced by events subsequent to the balance sheet date at December 31, 2019 up to the date on which the consolidated financial statements are approved by the Board of Directors.

Only events with a significant impact on the cash flows of the CGUs that showed indications of impairment at the balance sheet date were taken into account.

Assets are divided into eight cash generating units (CGUs).

CGU	Business/operating segment
Weser-Metall GmbH	Lead
Harz-Metall GmbH	Lead
Recylex S.A.	Lead
Harz-Metall GmbH	Zinc
Norzinco GmbH	Zinc
C2P S.A.S.	Plastics
C2P GmbH	Plastics
PPM Pure Metals GmbH	Special Metals

Indications of impairment observed

To monitor the value of its assets, the Group updated the impairment tests on certain CGUs posting a persistent operating loss before non-recurring items or operating income before non-recurring items below the Group's expectations. The CGUs are:

<u>Lead segment - lead smelter</u>

The Weser-Metall GmbH CGU (lead smelter) recorded a heavy operating loss before non-recurring items in 2019 as a result of inadequate smelting volumes, lower lead prices and treatment charges.

Despite a significant improvement in technical performance after a short maintenance shutdown in the final quarter of 2019, the performance of both furnaces did not suffice to offset the smelting volume shortfall in previous months and to compensate for the deterioration in economic conditions. Another aim of the shutdown was to implement the technical improvements intended to stabilize the smelting and the production of the two connected furnaces. The plant's posted an EBITDA loss of €23 million in 2019, compared to a loss of €25 million in 2018.

Further investments were required during 2019 to optimize the operation of the new production configuration. These improvements were intended to raise the availability and smelting capacity of the main (BSF) furnace. Despite these optimization measures, the technical performance originally anticipated will not always be achievable.

Accordingly, the CGU's profitability outlook had been revised downwards.

The indications of impairment observed during the FY 2019 were confirmed by trends in the plant's production in 2019 and 2020 and also those in costs and necessary investments:

- The targeted increase in the availability and smelting capacity of the main furnace (BSF) was only partially achieved in the last quarter of 2019 and additional measures to improve these parameters are planned in 2020.
- Maintenance costs as well as recurring capex to achieve and maintain the targeted production levels proved to be significantly higher than the initial estimates for 2018 and 2019

Market forecasts for the increase in lead prices and treatment charges received also had to be revised downwards.

Lead Segment – used lead-acid battery recycling

The Harz Metall GmbH – Lead CGU recorded a very heavy operating loss before non-recurring items in 2019 owing to the sharp fall in lead prices and higher fixed production costs linked to the infrastructure of the production site in Germany. The CGU's business outlook had to be revised down owing to the outlook for lead prices and trading conditions.

The Recylex S.A. – Lead CGU recorded positive operating income before non-recurring items in 2019, but it was significantly lower than in 2018. This decline was caused by a major drop in processing volumes (down 15% compared to 2018) and a big slide in lead prices. The CGU's business outlook had to be revised down owing to the prospects for lead prices and trading conditions.

Zinc segment - Waelz oxides

Dust recycling sales decreased more than 20% in FY 2019, chiefly as a result of the steep fall in zinc prices and the substantial deterioration in business conditions compared to FY 2018. Waelz oxide production at the Harz Metall GmbH CGU totaled close to 26,785 tonnes at December 31, 2019, down just 2% compared to 2018.

Market dynamics with regard to the increase in zinc prices and trading conditions (treatment charges paid) also had to be revised unfavorably. These trends, which began in the second half of 2019, were confirmed in the first quarter of 2020.

Special Metals segment

PPM Pure Metals GmbH's sales totaled €16.4 million in 2019, down 14% compared to 2018. Notwithstanding an encouraging performance in the first quarter of 2019, there was a sharp slowdown in demand for several metals during the following quarters. This chiefly applied to arsenic and germanium, which are the segment's leading contributors. Its operating performance before non-recurring items took a serious turn for the worse in 2019.

Plastics segment

Even though volumes firmed up slightly on their 2018 level, the C2P S.A.S. CGU was unable to break even at operating level before non-recurring items.

The CGU's business outlook had to be revised downwards as the recycled polypropylene market became more and more competitive and sales volumes decreased, particularly in the automotive sector.

Impairment testing - methodology

As part of these tests, the Group compared the carrying amount of each CGU with its recoverable amount, which is defined as the higher of its value in use and fair value less costs to sell.

Accordingly, in the financial statements at December 31, 2019, the Group adopted:

- fair value less costs to sell for the Weser-Metall GmbH CGU, reflecting the new productivity investments scheduled and a sales process underway in the first quarter of 2020
- fair value less costs to sell for the PPM Pure Metall CGU
- value in use for the Harz Metall Lead and Recylex S.A. Lead, Harz Metall Zinc and C2P S.A.S. CGUs

Value in use

To determine value in use, the Group discounts forecast future cash flows over a period of five years, to which it adds a terminal value. The growth rate used to extrapolate the cash flow projections in order to determine terminal value was 1.5%.
The discount rate used to calculate value in use is after-tax weighted average cost of capital. The rate calculated at December 31, 2018 stood at 10.8% for the Harz Metall Lead and Recylex S.A. Lead, Harz Metall Zinc and C2P S.A.S. CGUs.

The weighted average cost of capital is calculated on the following basis:

- a risk-free rate of 0.1%, or the average 10-year Bund yield over a 2-year period
- a sector beta of 1.34
- a market risk premium of 7.8%
- a spread of 6.7% used to calculate the cost of debt
- and a sector-average leverage ratio figure for weighting the two components

Fair value

In accordance with IFRS 13 and in the absence of an active market for the relevant CGU (level 1 fair value input) or relevant listed peers (level 2 fair value input), the fair value of the Weser-Metall GmbH CGU was determined by discounting the projected market cash flows at the cost of capital (level 3 fair value input), with those projected cash flows including those anticipated from planned new productivity investments. To determine fair value less costs to sell, the Group discounted estimated future market cash flows over a period of five years, and then added a terminal value. The growth rate used to extrapolate the cash flow projections in order to determine terminal value was 1.5%.

The calculation of the cost of capital is based on 2-year parameters and includes a specific risk premium of 3.4% for the Weser-Metall GmbH CGU. This rate stands at 13.4%.

The calculation of the cost of capital applicable to fair value is based on:

- a risk-free rate of 0.1%, or the average 10-year Bund yield over a 2-year period
- a 2-year capital employed beta of 1.34
- a market risk premium of 7.8%
- a company-specific risk premium of 3.4% for Weser-Metall GmbH to reflect the industrial uncertainties. This risk premium was lower than in 2018 as a result of production improvements made between the final quarter of 2019 and the first quarter of 2020 and use of a 6.7% spread in calculations of the cost of debt

For the Weser-Metall GmbH CGU, future market cash flows include productivity investments and the additional EBITDA expected to be generated every year through the furnace's higher level of availability. Implementation risks are taken into account in the aforementioned company-specific risk premium.

Impairment testing - results

- Weser-Metall GmbH: since the recoverable amount of this CGU is lower than the carrying amount of the assets tested, the Group recognized €11.9 million in impairment losses.
- Harz Metall GmbH Lead: since the recoverable amount of this CGU is lower than the carrying amount of the assets tested, the Group recognized €3.1 million in impairment losses.
- Recylex S.A. Lead: since the recoverable amount of this CGU is lower than the carrying amount of the assets tested, the Group recognized €2.4 million in impairment losses.
- Harz Metall GmbH Zinc: since the recoverable amount of this CGU is lower than the carrying amount of the assets tested, the Group recognized €2.8 million in impairment losses.
- C2P S.A.S. Plastics: since the recoverable amount of this CGU is lower than the carrying amount of the assets tested, the Group recognized €2.3 million in impairment losses.
- PPM Pure Metals GmbH: since the recoverable amount of this CGU is lower than the carrying amounts of the assets tested, the Group recognized €0.3 million in impairment losses.
- Norzinco GmbH: Since the value of the CGU's assets was written off completely at December 31, 2019, no further impairment losses were recognized.

Net carrying amounts at December 31, 2019 and December 31, 2018, taking into account impairment losses on property, plant & equipment and intangible assets tested and/or on which impairment losses were recognized, break down as follows:

				12/31/2018
CGU *In millions of euros*	**Non-current assets, gross**	**Accumulated depreciation and amortization**	**Impairment losses**	**Net**
Weser-Metall GmbH, Lead	173.2	(103.7)	(47.3)	22.2
C2P GmbH, Plastics	6.4	(5.3)	(1.2)	0.0
PPM GmbH, Special Metals	43.7	(37.8)	(4.9)	1
Norzinco GmbH, Zinc	12.2	(8.7)	(3.5)	-
Total	**235.5**	**(155.5)**	**(56.9)**	**23.2**

				12/31/2019
CGU *In millions of euros*	**Non-current assets, gross**	**Accumulated depreciation and amortization**	**Impairment losses**	**Net**
Weser-Metall GmbH, Lead	178.9	(107.7)	(59.2)	12.0
C2P GmbH, Plastics	6.1	(4.8)	(1.3)	0
Harz Metall – Zinc	116.1	(101.4)	(2.8)	12.0
Harz Metall – Lead	21.2	(18.1)	(3.1)	0
Recylex S.A. - Lead	32.0	(23.6)	(2.4)	5.9
C2P S.A.S. - Plastics	9.8	(7.5)	(2.3)	0
Total	**364.1**	**(263.1)**	**(71.1)**	**29.9**

Presentation of key assumptions used in determining recoverable amounts

The recoverable amount of each CGU is determined by discounting future cash flows, using estimates that reflect the 2020 forecast and the most recent business plans prepared by the operating segments. These estimates are produced for each operating segment, based on their financial targets and the following key assumptions:

- the lead and zinc prices used in estimates are based on the forecasts of a panel of base metal market analysts. The Group used prices below these forecasts in its estimates
- the euro/US dollar exchange rate, based on a panel of analyst forecasts
- purchasing conditions for primary and secondary raw materials and selling conditions for finished goods and by-products
- the perpetual growth rate used to calculate terminal value
- discount rate
- the volume of processing volumes, which in turn depends on the furnace's availability rate, the materials smelting rate and the materials smelting mix at Weser-Metall GmbH
- the competitive and regulatory environment

The main assumptions used to calculate the recoverable amount of each CGU are set out below.

Assumptions common to the CGUs in the following segments:

Operating segment	Perpetual growth rate	Average lead/zinc price (US dollar)		Average euro/US dollar exchange rate	
		Forecasting period	Terminal value	Forecasting period	Terminal value
Lead	1.5%	1,764	1,856	1.15	1.18
Zinc	1.5%	2,370	2,500	1.15	1.18

CGU-specific assumptions:

Operating segment	CGU	Valuation method	Volume growth	
			Average annual growth rate over the forecasting period	Terminal value[33]
Lead	Weser-Metall GmbH (a)	Market DCF	5.9%	1.5%
	Recylex S.A. (b)			
	Harz Metall GmbH (b)	DCF	7.8%	
		DCF	2.7%	
Zinc	Harz Metall GmbH (c)	DCF	1.9%	1.5%
Plastics	C2P S.A.S. (d)	DCF	3.1%	1.5%

(1) Growth in smelting volume.
(2) Growth in volume of recycled batteries.
(3) Growth in dust processing volumes.
(4) Growth in polypropylene sales volumes.

Sensitivity of recoverable amounts

Impact in millions of euros	Weser-Metall GmbH			Harz Metall GmbH – Zinc			Harz Metall GmbH - Lead		
	Parameters	Sensitivity scale	Impact	Parameters	Sensitivity scale	Impact	Parameters	Sensitivity scale	Impact
To the lead/zinc price	USD 1,764	USD (100)	(3.0)	USD 2,370	USD (100)	(6.7)	1,764	USD 100	3.1
To the euro/US dollar exchange rate	€/$ rate: 1.15	€/$ rate: 0.05	(16.2)	€/$ rate: 1.15	€/$ rate: 0.05	(5.9)	1.15	€/$ rate: (0.05)	3.1
To the discount rate	13.4%	0.5%	(1.5)	12.2%	0.5%	(0.9)	10.8%	(0.5)%	NS
To furnace availability rate	86%	(1.0)%	(4.7)						
To the lead/zinc price									

Impact in millions of euros	Recylex S.A. - Lead			C2P S.A.S. - Plastics		
	Parameters	Sensitivity scale	Impact	Parameters	Sensitivity scale	Impact
To the lead/zinc price	USD 1,764	USD (100)	(6.0)	NA	NA	NA
To the euro/US dollar exchange rate	€/$ rate: 1.15	€/$ rate: 0.05	(6.0)			
To the discount rate	10.8%	0.5%	(0.7)	10.8%	(0.5)%	0.1
to changes in recycled volumes	90,000 tonnes	(5.0)%	(2.6)			
Change in sales				€12 million	10%	0.5
Normalized EBITDA				6.6%	2.5%	1.5

For the Weser-Metall GmbH CGU, the total impairment loss recognized on the balance sheet would be increased by:

- €3.0 million with a lead price that was USD 100 lower
- €16.2 million with a euro/US dollar exchange rate that was 0.05 higher
- €1.5 million with a 0.5-point increase in the discount rate
- €4.7 million with a 1.0-point decrease in the furnace availability rate

For the Recylex S.A. - Lead CGU, the total impairment loss recognized on the balance sheet would be increased by:

- €6 million with a lead price that was USD 100 lower
- €6 million with a euro/US dollar exchange rate that was 0.05 higher
- €0.7 million with a 0.5-point increase in the discount rate
- €2.6 million with a 5% decrease in recycled volumes.

[33] *Value used for the calculation of terminal value relative to the final forecasting period*

For the Harz Metall GmbH – Lead CGU, the total impairment loss recognized on the balance sheet would be decreased by:

- €3.1 million with a lead price that was USD 100 higher
- €3.1 million with a euro/US dollar exchange rate that was 0.05 lower
- €0.01 million with a 0.5-point decrease in the discount rate

For the Harz Metall GmbH – Zinc CGU, the total impairment loss recognized on the balance sheet would be increased by:

- €6.7 million with a zinc price that was USD 100 lower
- €5.9 million with a euro/US dollar exchange rate that was 0.05 higher
- €0.9 million with a 0.5-point increase in the discount rate

For the C2P S.A.S. Plastics CGU, the total impairment loss recognized on the balance sheet would be decreased by:

- €0.5 million with a 5% increase in sales,
- €1.5 million with a 2.5-point increase in the EBITDA margin.

NOTE 6 - NON-CURRENT FINANCIAL ASSETS

The Group believes that the amortized cost of non-current financial assets represents a reasonable estimate of their fair value. The Group's non-current financial assets can be broken down as follows:

In thousands of euros	*Dec. 31, 2019*	*Dec. 31, 2018*
Investments in non-consolidated companies	93,383	93,636
Amounts due from investee companies	150,608	150,608
Loans and guarantees	708	463
Other financial assets	125	125
Financial assets before impairment	244,824	244,832
Impairment	(244,606)	(244,780)
Non-current financial assets	**218**	**52**

Investments in non-consolidated companies consist of companies that are over 50%-owned by the Group. They are shown in the following table:

In thousands of euros	*Registered offices*	*Net carrying amount of securities at Dec. 31, 2019*	*Net carrying amount of securities at Dec. 31, 2018*
Metaleurop Nord SAS	Paris	59,510	59,510
Metaleurop International Finance	Amsterdam	-	253
Peñarroya Espagne	Cartagena	33,872	33,872
Peñarroya Utah	Utah (United States)	1	1
Investments in non-consolidated companies, gross		93,383	93,636
Impairment losses		(93,383)	(93,636)
Investments in non-consolidated companies, net		**-**	**-**

Metaleurop Nord SAS and Peñarroya Espagne are in court-ordered liquidation, and were not consolidated at December 31, 2019 in accordance with IFRS 10.B37. The corresponding investments were written off in full. Amounts due from these investments amounting €150,608,000 have also been written off in full.

NOTE 7 - OTHER NON-CURRENT ASSETS AND INVESTMENTS IN ASSOCIATES

Other non-current assets

Other non-current financial assets (€2,205,000) mainly comprise the outstanding balance of the €5 million in funds initially received by Harz-Metall GmbH following the settlement agreement reached with TUI AG in 2009. These funds are intended for the future remediation of certain Group sites in Germany (see Notes 14 and 38), the cost of which has been provided for.

Investments in associates

In thousands of euros	*Net*
Net carrying amount after depreciation and impairment losses at December 31, 2018	**13,398**
Dividend payments	(9,250)
Income for the period	6,688
Others including currency effects	(1)
Net carrying amount after amortization and impairment losses at December 31, 2019	**10,835**

Assets and liabilities attributable to associate undertakings break down as follows (data for 100%):

In thousands of euros	*Dec. 31, 2019*	*Dec. 31, 2018*
Property, plant and equipment	8,527	9,015
Intangible assets	42	109
Financial assets	326	280
Deferred tax assets	201	201
Inventories	1,218	1,037
Trade receivables	5,906	6,999
Other current assets including current income tax assets	1,375	1,028
Cash and cash equivalents	8,654	13,414
Total assets	**26,249**	**32,083**
Equity	21,679	26,807
Provisions	-	23
Trade payables	2,254	2,709
Other current liabilities including liabilities due	2,316	2,544
Total liabilities	**26,249**	**32,083**

Income from associate undertakings breaks down as follows (data for 100%):

In thousands of euros	*Dec. 31, 2019*	*Dec. 31, 2018*
Sales of goods and services	41,273	50,624
Operating expenses	(21,775)	(21,807)
Operating income	**19,498**	**28,817**
Net financial income	2	(14)
Income taxes	(6,125)	(9,784)
Net income	**13,375**	**19,019**

NOTE 8 - INVENTORIES

Inventories held by the Group break down as follows:

In thousands of euros	*Dec. 31, 2019*	*Dec. 31, 2018*
Raw materials	13,353	18,704
Work in progress	7,199	14,813
Finished and semi-finished goods	2,487	10,907
Sub-total	23,039	44,424
Less: Impairment losses	(542)	(2,168)
Inventories and work in progress, net	**22,497**	**42,256**

Restated for the impact of IFRS 5 (see Note 40) the decline in the net value of inventories and work in progress came to around €5.1 million. This drop was mainly due to lower volumes stored at the Weser-Metall GmbH and Recylex S.A. plants.

NOTE 9 - TRADE RECEIVABLES

Trade receivables break down as follows:

In thousands of euros	*Dec. 31, 2019*	*Dec. 31, 2018*
Trade receivables (1)	17,964	24,563
Impairment	(3,311)	(3,456)
Trade receivables, net	**14,653**	**21,107**

(1) At December 31, 2019, only receivables not yet due on the balance sheet date under recourse factoring agreements were recognized as trade receivables in accordance with IFRS 9. The amount derecognized, corresponding to non-recourse factoring agreements, was €5,950,000. At December 31, 2018, the amount derecognized corresponding to non-recourse factoring agreements was €24,553,000.

Restated for the impact of IFRS 5 (see Note 40), the decline in trade receivables came to around €2.2 million. The key contributor to this decline was the controlled reduction in outstanding customer payments at the Nordenham lead smelter.

Trade receivables do not bear interest and are generally payable in 0 to 60 days.

NOTE 10 - OTHER CURRENT ASSETS

Other current assets break down as follows:

In thousands of euros	*Dec. 31, 2019*	*Dec. 31, 2018*
Advances and downpayments on orders in progress (1)	622	1,819
Social security receivables	4	117
Tax receivables	2,661	2,953
Other receivables (2)	5,140	4,932
Prepaid expenses	1,284	393
Total other current assets (3)	**9,711**	**10,214**

(1) Advances and downpayments concern mainly down payments made to suppliers of raw materials.
(2) Other receivables chiefly reflect €3.4 million in guarantees for notifications on cross-border shipments.
(3) The impact of IFRS 5 on other current assets amounts to €0.5 million and mainly concerns tax receivables.

NOTE 11 - CASH AND CASH EQUIVALENTS

The Group's cash and cash equivalents comprise:

In thousands of euros	*Dec. 31, 2019*	*Dec. 31, 2018*
Cash at bank and in hand	8,957	5,935
Other marketable securities	136	417
Cash held on the balance sheet, gross	**9,093**	**6,352**
Bank overdraft facilities	15,000	13,800
Total cash on cash flow statement, net	**(5,908)**	**(7,448)**

Short-term bank borrowings concern only Recylex GmbH, which has used its credit lines to finance businesses in Germany. At December 31, 2019, the Group no longer held any undrawn available credit lines for which drawdown conditions were satisfied. The credit lines available amounted to €15 million and the Group had used them in full at December 31, 2019.

Changes in the cash position of the Recylex S.A. parent company and of the Group are presented in Note 32 on liquidity risk and Note 1 on the Group's cash position.

NOTE 12 - SHARE CAPITAL

Share capital and premiums

The share capital amounted to €9,577,998 and comprised 25,886,482 fully paid-up shares with par value of €0.37 each at December 31, 2019.

No new shares were issued during 2019.

Ordinary shares in issue and fully paid-up	***Number of shares outstanding***	***Par value*** *(in euros)*	***Share capital*** *In thousands of euros*	***Share premiums*** *In thousands of euros*
At January 1, 2019	**25,886,482**	**0.37**	**9,578**	**10,233**
Issue of new shares	-	-	-	-
At December 31, 2019	**25,886,482**	**0.37**	**9,578**	**10,233**

Treasury shares

At December 31, 2019, Recylex S.A. held 23,939 treasury shares. These treasury shares were bought by the Company between September 2000 and June 2001 as part of a share buy-back program authorized by shareholders at the March 30, 2000 Shareholders' Meeting. Their average purchase price was €6.81. Treasury shares are deducted from equity.

	Dec. 31, 2019	Dec. 31, 2018
Number of treasury shares	23,939	23,939
Value of treasury shares, gross - In thousands of euros	163	163

The net value of treasury shares at December 31, 2019 stood at €86,000.

Stock options

At December 31, 2019, there were no more stock options in force since the plan reached its expiration date on September 26, 2018.

NOTE 13 - INTEREST-BEARING BORROWINGS

Analysis of borrowings

a) Current portion of borrowings and other financial liabilities

In thousands of euros	Dec. 31, 2019	Dec. 31, 2018
Portion due in less than one year	133,622	73,545
Portion of borrowings classified under IFRS 5	(359)	-
Portion of borrowings due within one year after IFRS 5 restatement	133,263	73,545
Dettes de location courantes	1,091	-
Total	**134,354**	**73,545**

The portion due in less than one year at December 31, 2019 amounts to €133.3 million (€133.6 million including activities held for sale) and consists mainly of:

- €15 million in bank overdraft facilities compared to €13.8 million at December 31, 2018 (see Note 11)
- €117.1 million in borrowings from financial partners (Banks and Glencore International AG), of which €0.4 million relate to activities held for sale;
- €1.5 million in accrued interest

Following the German sub-group's failure to meet its performance target at December 31, 2018 as stipulated in the financing agreement entered into in December 2016 and amended in September 2018, and in view of the discussions underway at the end of the year, the financial partners temporarily agreed not to exercise their early termination rights and to postpone the repayments that fell due on December 31, 2018, March 31, 2019, June 30, 2019, September 30, 2019, and December 31, 2019 representing a total amount of €10 million at the balance sheet date.

Since the Group did not possess at December 31, 2019 an unconditional right to defer repayments beyond 12 months, the full amount repayable, initially over more than one year, to its financial partners was reclassified under current borrowings, as provided for in IAS 1.

In addition, the German sub-group negotiated €16 million in additional financing from Glencore International AG and a total of €40.7 million in bridge loans during 2019. The portion of current borrowings repayable to Glencore International AG stood at €73.5 million at December 31, 2019.

b) Non-current financial liabilities

In thousands of euros	Dec. 31, 2019	Dec. 31, 2018
Portion due in more than one year	16,000	16,000
Lease liabilities - non-current	1,300	-
Total	**17,300**	**16,000**

At December 31, 2019, non-current borrowings include the €16 million loan arranged by Recylex S.A. in 2014 with Glencore International AG, repayment of which has been postponed until 2024.

The initiation of the insolvency proceedings by the legal entities of the German subgroup on May 15, may result in this loan becoming due and payable at any time, in particular insofar as since 2016 it is linked to the financing of the German sub-group.

The Group has obtained a waiver from Glencore International AG until February 19, 2021 of its right to declare this loan immediately due and payable (see Note 39 and Note 32).

c) Reconciliation of the change in borrowings to the cash flow statement (pre-IFRS 5)

In thousands of euros	Dec. 31, 2018	New issues	Repayments	Change in bank overdraft facilities	Dec. 31, 2019
Current borrowings	59,635	57,500	-	-	117,135
Non-current borrowings	16,000	-	-	-	16,000
Leases	-	-	-	-	-
Bank overdraft facilities	13,800	-	-	1,200	15,000
Accrued interest	110	1,487	(110)	-	1,487
Total interest-bearing borrowings	**89,545**	**58,987**	**(110)**	**1,200**	**149,622**
o/w current	73,545	58,987	(110)	1,200	133,622
o/w non-current	16,000	-	-	-	16,000

In addition, the German sub-group obtained during 2019 financing totaling €57.5 million from Glencore International AG in the form of €16.8 million in additional financing and a total of €40.7 million in bridge loans.

No borrowings were repaid during 2019.

Repayment schedules of loans

The table below presents a loan repayment schedule based on the initial maturity dates of the bank financing concluded in 2016 with the financial partners of the German sub-group:

In thousands of euros	***Dec. 31, 2019***			***Dec. 31, 2018***
	One to five years	***Over five years***	***Total***	
Bank borrowings	58,635	-	58,635	57,435
Glencore borrowings	89,500	-	89,500	32,000
Accrued interest	1,487	-	1,487	110
Interest-bearing borrowings	**149,622**	**-**	**149,622**	**89,545**
IFRS 5	**(359)**	**-**	**(359)**	**-**
Interest-bearing loans after IFRS 5	**149,263**		**149,263**	**89,545**

The repayment schedule for the bank borrowings has been prepared based on the original borrowing schedules agreed in 2016 with the German sub-group's financial partners, it being stipulated that the financial partners temporarily agreed not to exercise their early termination rights and to postpone until April 30, 2020 the repayments that fell due on December 31, 2018, March 31, 2019, June 30, 2019, September 30, 2019, and December 31, 2019 representing a total amount of €10 million at the balance sheet date.

The repayment schedule for the debt arranged with Glencore International AG was as follows at December 31, 2019:

- For the German sub-group:
    - €16 million borrowing in connection with the 2016 financing: repayment subordinated to the repayment of existing bank borrowings
    - Additional financing (€16.8 million): payment at April 30, 2020
    - Bridge financing (€40.7 million): payment at April 30, 2020
- For Recylex S.A.: €16 million repayable in June 30, 2024

In late November 2019, the Group commenced the process of reviewing asset disposals to restructure the German sub-group's existing debt. This process, which was underway at December 31, 2019, was halted by the commencement on May 15, 2020 of insolvency proceedings at each entity in the German sub-group (see Note 39 – Subsequent events).

NOTE 14 - PROVISIONS

Current and non-current provisions can be analyzed as follows:

a) Provisions at December 31, 2019 and December 31, 2018

In thousands of euros	***Dec. 31, 2019***	***Dec. 31, 2018***
Current provisions		
Environmental provisions	5,006	5,314
Litigation (1)	-	-
Restructuring	-	-
Other risks and charges	96	97
Sub-total	**5,102**	**5,411**
Non-current provisions		
Environmental provisions	13,149	16,688
Litigation (1)	4,041	4,041
Restructuring	6	5
Other risks and charges	92	92
Sub-total	**17,288**	**20,826**
Total provisions	**23,390**	**26,237**

(1) Provisions for litigation covering the claims for damages for the prejudice of anxiety lodged by 546 former employees of Metaleurop Nord SAS (see Note 1 (i) b)).

Environmental provisions are presented in detail in Note 38 and provisions for litigation in Note 1.

b) Changes in provisions during 2019

In thousands of euros	**Balance at Dec. 31, 2018**	*Charges for the period*	*Discounting*	*Reclassifications*	*Reversal of provisions used*	*Reversal of provisions not used*	**Balance at Dec. 31, 2019**
Environmental provisions (Note 38) (1)	22,002	528	421	-	(4,796)	-	18,155
Litigation (2)	4,041	-	-	-	-	-	4,041
Restructuring	5	1	-	-	-	-	6
Other risks and charges	189	-	-	(1)	-	-	188
Total provisions	**26,237**	**529**	**421**	**(1)**	**(4,796)**	**-**	**22,390**

(1) Environmental provisions were used principally for the rehabilitation of L'Estaque site and the former mines in France for €4,061 thousand. The discounting effect of €421,000 arising from the environmental provisions derived to a large extent from the change in discount rate assumptions.

In accordance with IAS 37, these provisions have been discounted. Charges to environmental provisions for the year included provisions related to the remediation of the former mines (see Note 38).

NOTE 15 - PENSION AND POST-EMPLOYMENT OBLIGATIONS

Provisions for pension and other post-employment benefits break down into non-current and current portions as follows:

a) Provisions at December 31, 2019 and December 31, 2018

In thousands of euros	*Dec. 31, 2019*	*Dec. 31, 2018*
Post-employment benefits - Current obligations	1,940	2,040
Post-employment benefits - Non-current obligations	33,259	31,671
Post-employment benefit obligations	**35,200**	**33,711**

b) Changes in provisions during 2019

In thousands of euros	**Balance at Dec. 31, 2018**	*Charges/Reversals*	*Actuarial gains and losses*	*Contribution to plan assets*	**Reclassification IFRS 5**	**Balance at Dec. 31, 2019**
Post-employment benefit obligations - Pension liabilities	33,711	(920)	4,752	(262)	(2,081)	35,200

Defined benefit plans

Change in plan assets and liabilities

Changes in defined-benefit plan obligations by geographical area in 2019 and 2018 break down as follows:

FY 2019

In thousands of euros	Germany	France	Total
Change in benefit obligations			
Actuarial liability at Jan. 1, 2019	37,444	468	37,912
Current service cost during the year	394	34	428
Interest cost	601	8	609
Actuarial losses/(gains)	4,647	62	4,709
Benefits paid	(1,887)	(827)	(1,914)
Actuarial liability at Dec. 31, 2019	**41,199**	**545**	**41,744**
IFRS 5 impact	**(3,175)**	**-**	**(3,175)**
Actuarial debt at 31/12/19 after IFRS 5	**38,024**	**545**	**38,569**
Change in plan assets			
Plan assets at Jan. 1, 2019	(4,202)	-	(4,202)
Interest income	(69)	-	(69)
Actuarial losses/(gains)	43	-	43
Contributions	(262)	-	(262)
Benefits paid	26	-	26
Plan assets at Dec. 31, 2019	**(4,465)**	**-**	**(4,465)**
IFRS 5 impact	**1,096**	**-**	**1,096**
Hedging assets at 12/31/19 after IFRS 5	**(3,369)**	**-**	**(3,369)**
Liabilities recognized on the balance sheet	**34,655**	**545**	**35,200**
o/w due in less than 1 year	1,901	39	1,940

FY 2018

In thousands of euros	Germany	France	Total
Change in benefit obligations			
Actuarial liability at Jan. 1, 2018	38,383	461	38,843
Current service cost during the year	369	36	405
Interest cost	616	7	624
Actuarial losses/(gains)	25	45	70
Benefits paid	(1,949)	(81)	(2,030)
Actuarial liability at Dec. 31, 2018	**37,444**	**468**	**37,912**
Change in plan assets			
Plan assets at Jan. 1, 2018	(3,956)	-	(3,956)
Interest income	(65)	-	(65)
Actuarial losses/(gains)	2	-	2
Contributions	(280)	-	(280)
Benefits paid	97	-	97
Plan assets at Dec. 31, 2018	**(4,202)**	**-**	**(4,202)**
Liabilities recognized on the balance sheet	**33,242**	**468**	**33,711**
o/w due in less than 1 year	2,002	38	2,040

The German plans are covered by assets. Assets consist of an insurance policy that covers part of the employer's liability.

Estimated contributions paid in 2018 amount to approximately €260,000.

Annual benefit payments due between 2020 and 2024 amount to approximately €2,000,000. The total amount due in years after 2024 stands at around €51,000,000.

Analysis of actuarial gains and losses

In accordance with the revised IAS 19, actuarial gains and losses are recognized via a balancing entry to consolidated reserves under Other comprehensive income.

In thousands of euros	Germany	France	Total
Analysis of actuarial gains and losses in 2019			
Actuarial losses/(gains) resulting from changes in actuarial assumptions (in thousands of euros)	(4,655)	(55)	(4,710)
(in %)			
-Demographic assumptions		-	
- Financial assumptions	(4,655)	(55)	(4,710)
Experience losses/(gains)	8	(7)	1
(in %)			
Actuarial losses/(gains) arising on obligations	(4,647)	(62)	(4,709)
Actuarial losses/(gains) generated on assets	(43)	-	(43)
Actuarial losses/(gains) over the period	**(4,690)**	**(62)**	**(4,752)**

Change in provisions

Amounts recognized on the balance sheet in 2019 and 2018 changed as follows:

FY 2019

In thousands of euros	Germany	France	Total
Provisions/assets at Jan. 1, 2019	33,242	468	33,710
Net cost for the period	926	42	968
-Current service cost during the year			
-Interest cost			
-Expected return on plan assets			
Other comprehensive income (actuarial gains and losses arising)	4,690	62	4,752
Benefits paid	(1,860)	(27)	(1,887)
Contributions paid by the employer	(262)	-	(262)
Provisions/assets at Dec. 31, 2019 before IFRS 5	**36,736**	**545**	**37,281**
IFRS 5 impact	**(2,081)**	**-**	**(2,081)**
Provisioned/assets at Dec. 31, 2019	**34,655**	**545**	**35,200**

FY 2018

In thousands of euros	Germany	France	Total
Provisions/assets at Jan. 1, 2018	34,426	461	34,888
Net cost for the period	920	43	963
-Current service cost during the year	*369*	*36*	*405*
-Interest cost	*616*	*7*	*623*
-Expected return on plan assets	*(65)*	*-*	*(65)*
Other comprehensive income (actuarial gains and losses arising)	27	45	72
Benefits paid	(1,852)	(81)	(1,933)
Contributions paid by the employer	(280)	-	(280)
Provisions/assets at Dec. 31, 2018	**33,242**	**468**	**33,711**

History

The benefit obligation and plan assets at the end of the past five years are shown below:

Germany

(en milliers d'euros)	Total current value of benefit obligations at the end of the year	Fair value of plan assets at the end of the year	Coverage of benefit obligations
31/12/2015	40,993	(4,564)	**36,429**
31/12/2016	41,775	(4,844)	**36,931**
31/12/2017	38,383	(3,956)	**34,426**
31/12/2018	37 444	(4,202)	**33,242**
31/12/2019	41,201	(4,465)	**36,736**

France

(en milliers d'euros)	Total current value of benefit obligations at the end of the year	Market value of plan assets at the end of the year	Coverage of benefit obligations
31/12/2015	397	-	**397**
31/12/2016	337	--	**337**
31/12/2017	461	-	**461**
31/12/2018	468	-	**468**
31/12/2019	545	-	**545**

Actuarial assumptions

The assumptions underpinning measurements at the 2019 balance sheet date compared to 2018 are presented below:

	Germany		France	
In thousands of euros	*Dec. 31, 2019*	*Dec. 31, 2018*	*Dec. 31, 2019*	*Dec. 31, 2018*
Discount rate	0.80%	1.65%	0.80%	1.65%
Salary growth rate	2.25%	2.25%	2.00%	2.00%
Pension growth rate	2.00%	2.00%	*NA*	*NA*

- **Sensitivity of benefit obligations**

The change in benefit obligations is materially influenced by the discount rate and salary and pension growth rates assumed for each geographical area or country. The following tables present a study of the sensitivity of actuarial obligations to changes in the discount rate, rate of salary growth and rate of pension growth:

- ***Discount rate***

In thousands of euros	+0.25%	(0.25)%	+1%	(1)%
Actuarial liability	(1,488)	1,587	(5,447)	7,030
Charge	72	(70)	246	(332)

- ***- Other sensitivities calculated for the obligation***

In thousands of euros	+0.25%	(0.25)%
Rate of salary increase	58	(56)
Rate of pension increase	1,201	(1,146)

- ***Employees and duration***

The average duration of the main plans and the number of employees covered by them was as follows at December 31, 2019:

In thousands of euros	Germany	France	Total
Active	423	70	493
Deferred	109	-	109
Retired	552	1	553
Total employees	**1,084**	**71**	**1,155**
Average duration	**15**	**13**	**15**

Defined contribution plans

The Group's obligation is limited to the contributions paid, which are expensed as incurred. The contributions expensed under the Company's own plans (excluding statutory and social security-type plans) amounted to €88,400 for 2019, paid by C2P S.A.S. and Recylex S.A.. Since FMM SA in Belgium no longer has any employees, it does not make any more contributions. The contributions expensed in prior years for the supplementary pensions break down as follows:

Year	Contribution In thousands of euros
2019	48.3
2018	88.4
2017	64.5
2016	55.3
2015	47.8

NOTE 16 - TRADE PAYABLES

The Group's trade payables break down as follows:

In thousands of euros	***12/31/2019***	***12/31/2018***
Trade payables	24,508	33,080
Total	**24,508**	**33,080**

Trade payables do not bear interest and are generally payable within 0 to 60 days.

The impact of IFRS 5 on trade payables between fiscal years 2018 and 2019 amounts to €2 million.

NOTE 17 - OTHER CURRENT LIABILITIES

Other current liabilities break down as follows:

In thousands of euros	***Dec. 31, 2019***	***Dec. 31, 2018***
Tax and employee-related liabilities	5,741	6,535
Liabilities related to non-current assets	-	-
Other liabilities	8,007	3,602
Prepaid income	-	-
Total	**13,748**	**10,137**

Other liabilities include the €0.7 million portion of the European Commission fine, liabilities arising from the financial recovery clause in the amount of €1.7 million and liabilities relating to industrial subcontracting at the Weser-Metall GmbH plant with Glencore International AG in the amount of €3.4 million.

The impact of IFRS 5 on other current liabilities between fiscal years 2018 and 2019 amounts to €1 million and mainly concerns tax and employee-related liabilities.

NOTE 18 - OTHER NON-CURRENT LIABILITIES

Other non-current liabilities break down as follows:

Non-current rescheduled liabilities (by maturity)	***Dec. 31, 2019***			***Dec. 31, 2018***
In thousands of euros	***One to five years***	***Over five years***	***Total***	***Total***
Non-current rescheduled liabilities after discounting(1)	-	5,017	5,017	4,781
Clawback clause	-	2,420	2,420	3,332
European Commission fine	10,268	13,880	24,148	24,886
Total	**10,268**	**21,317**	**31,585**	**32,999**

(1) Amount owed to Glencore International AG, the repayment date for which has been postponed until 2026.

18.1 OTHER FINANCIAL LIABILITIES - CLAWBACK CLAUSE (OPTION 1 OF THE CONTINUATION PLAN)

The Company's continuation plan, approved by the Paris Commercial Court on November 24, 2005, stipulated that creditors electing for option 1 of the continuation plan, which entails the abandonment of 50% of their claim, would benefit from a clawback clause provided that (i) they informed the Company by registered letter within six months of the judgment approving the plan and that (ii) the plan was not reformulated prior to its expiry (on November 24, 2015). This clause provides, under the conditions mentioned above, that from and including December 31, 2015, Recylex S.A. will allocate 20% of its cash at December 31 of each subsequent year to repayment of the waived debt on a pari passu basis between the creditors, with no limit on the duration of such repayments. Three creditors requested the benefit of the clawback clause within the specified timeframe, and the total amount of debt covered by the clause amounts to €19,210,000.

On December 15, 2015, the Paris Commercial Court confirmed that Recylex S.A.'s continuation plan had been completed. Since December 31, 2010, the Group has recognized the debt relating to the clawback clause. The fair value of the liabilities under the clawback clause corresponds to the present value of probable future repayments under the clause. One of the main components of future cash flows is the price of lead. The volatility of metal prices and the difficulty in predicting trends in both prices and the economic outlook makes all medium-term and long-term forecasting extremely difficult. As a result, the Company has adopted a multi-scenario model to determine the value of liabilities under the clawback clause. Starting from the assumption that trends in lead prices follow a normal distribution, a large number of scenarios for lead prices were modeled.

As a reminder, given the limited variation in the Business Plan and, crucially, the low level of variation in normalized cash flows, the Company has decided to carry out a full valuation of the fair value of liabilities under the clawback clause using a multi-scenario model on a regular basis. In the intervening years, the fair value of liabilities under the clawback clause is adjusted only for time effects relating to the shortening of the period before payments fall due.

Repayments under the clawback clause have been calculated on the basis of the Business Plan drawn up by the Company and normalized cash flows thereafter based on the Group's configuration at the balance sheet date (without the impact of the subsequent events presented in Note 39). The fair value of this clawback clause is recognized under Other non-current liabilities (see Note 27) on the balance sheet. At December 31, 2019, the provision set aside to cover the clawback clause came to €2.4 million.

18.2 EUROPEAN COMMISSION FINE

On February 8, 2017, the European Commission fined Recylex S.A. and its subsidiaries €26.7 million for anti-competitive practices in the purchasing of scrap car batteries (Note 1). That amount was fully recorded as a liability in Recylex S.A.'s financial statements.

A staggered payment plan was agreed for the fine under which Recylex S.A. (Group's parent company) will assume responsibility for paying the fine, and a large portion of it will be deferred over the medium to long term. Under that agreement, Recylex S.A. is paying the fine (principal and interest) according to the timetable set out in the staggered payment plan.

NOTE 19 - OPERATING SEGMENTS

Operating segment information

The Group's management has defined operating segments on the basis of the internal reporting examined regularly by management in order to make decisions allocating resources to segments and evaluate their performance.
The Group has five main operating segments:

- the **Lead** segment, consisting of the battery crushing activities in France (Recylex S.A.) and Germany (Harz-Metall GmbH), and the primary smelting activities (Weser-Metall GmbH smelter in Germany)
- the **Zinc** segment, consisting of electric arc furnace dust recycling (Waelz oxide production at the Harz-Metall GmbH plant in Germany and the Recytech plant in France) and recycling of zinc-bearing waste (production of zinc oxide by Norzinco GmbH in Germany)
- the **Special Metals** segment, consisting of the custom production of very high-purity metals by PPM Pure Metals GmbH
- the **Plastics** segment, combining the activities of C2P S.A.S. in France and C2P GmbH in Germany (recycling of plastic materials)
- the **Other businesses** segment, consisting of the holding company activities of parent company Recylex S.A., the activities of the Group's other commercial and administrative entities and activities related to the remediation of the former industrial and mining sites in France and Germany.

Performance indicators

The information presented is based on internal reporting used by management to assess the performance of the various segments. The key financial performance indicators used are operating income before non-recurring items and **EBITDA** (operating income before non-recurring items and before charges to and reversals from amortization, depreciation, provisions, and impairment losses).

When assessing the performance of its **Lead** operating segment, in its internal reporting the Group uses the **LIFO** (**Last In First Out**) method to measure inventories at its main smelter in Germany (Nordenham). At this plant, the Recylex Group holds lead inventories in the form of raw materials, semi-finished goods and finished goods. These inventories are critical for the smooth operation of the plant. They are turned over continuously and remain relatively stable in volume. The measurement of the aforementioned inventories at Nordenham using the average weighted cost (AWC)[34] method introduces an economic factor that—because of the high volatility of lead prices—may make it hard to assess the performance of the plant, and therefore of the Group's Lead operating segment.

As a result, in its internal reporting, the Recylex Group analyzes its Lead operating segment using the LIFO method to measure inventories at the Nordenham smelter, and reconciles this data with financial statements prepared in accordance with IFRS, in which the AWC method is used.

In addition, the Group decided to continue using proportionate consolidation for Recytech S.A. in the presentation of the Zinc segment's income statement in line with the data used in its internal reporting per segment. Segment balance sheet information is presented in accordance with the changes introduced by IFRS 10 and 11.
The tables below set out, for each operating segment, total sales, **operating income before non-recurring items** using the LIFO method, **EBITDA** using the LIFO method, the reconciliation between the two valuation methods and **operating income before non-recurring items** and **EBITDA** in accordance with IFRS (IFRS operating income before non-recurring items).

Each column of the table below contains figures specific to each segment, which is analyzed as an independent entity. The Eliminations column shows eliminations of intragroup transactions, so segment data can be reconciled with the Group's financial statements.

All inter-segment commercial relationships are conducted on a market basis, on identical terms and conditions to those prevailing for the provision of goods and services to external customers.

[34] *IAS 2 requires inventories to be measured using the average weighted cost (AWC) method or the first in, first out (FIFO) method.*

Financial year ended December 31, 2019

In thousands of euros	*Lead*	*Zinc*	*Special Metals*	*Plastics*	*Other businesses*	*Eliminations*	*IFRS 5*	*Total*
Sales to external customers	195,947	81,065	16,433	12,146	375		(68,536)	237,430
Inter-segment sales	5,562	1,155	50	1,714		(8,482)		
Total sales (IFRS)	**201,509**	**82,221**	**16,483**	**13,860**	**375**	**(8,482)**	**(68,536)**	**237,430**
Restatement following application of IFRS 10 & 11		20,637						20,637
Total sales restated under IFRS 10 & 11		**102,858**						**258,067**
EBITDA (IFRS)	**(20,805)**	**1,963**	**(4,124)**	**(449)**	**(9,037)**		**5,823**	**(26,630)**
Restatement following adoption of IFRS 10 & 11		10,932						10,932
AWC - LIFO adjustment	(109)							(109)
EBITDA restated for LIFO and IFRS 10 & 11	**(20,914)**	**12,895**	**(4,124)**	**(449)**	**(9,037)**		**5,823**	**(15,806)**
Depreciation, amortization, charges to/(reversals from) provisions and impairment losses (LIFO)	(8,602)	(2,288)	(582)	(599)	(767)		1,014	(11,824)
Restatement following adoption of IFRS 10 & 11		(914)						(914)
Operating income before non-recurring items restated for LIFO and IFRS 10 & 11	**(29,515)**	**9,692**	**(4,706)**	**(1,048)**	**(9,804)**		**6,837**	**(28,544)**
LIFO - AWC adjustment	87							87
Restatement following adoption of IFRS 10 & 11		(10,018)						(10,018)
Operating income before non-recurring items (IFRS)	**(29,428)**	**(326)**	**(4,706)**	**(1,048)**	**(9,804)**		**6,837**	**(38,475)**
Other non-recurring operating income/(expense)								(23,167)
Net financial income								(13,968)
Income tax benefit/(expense)								5
Share in income of associates								6,688
Result from discontinued operations								(15,423)
Net income for the period (IFRS)								**(84,340)**

Main balance sheet items In thousands of euros	**Lead**	**Zinc**	**Special Metals**	**Plastics**	**Other businesses**	**IFRS 5**	**Total**
Intangible assets	168	4	40	-	5	(39)	177
Property, plant and equipment	19,396	8,706	2,419	-	1,729	(2,418)	29,832
Inventories[35]	17,453	9,107	5,836	1,391	-	(11,289)	22,497
Trade receivables	12,314	3,156	1,085	2,317	15	(4,234)	14,653
Total segment assets	**49,331**	**20,972**	**9,380**	**3,708**	**1,749**	**17,980**	**67,159**
Provisions and pension liabilities	23,696	4,436	3,490	405	27,643	(2,082)	57,589
Trade payables	18,676	3,676	994	694	2,479	(2,010)	24,509
Other current liabilities	7,541	1,790	722	458	4,198	(960)	13,748
Total segment liabilities	**49,913**	**9,902**	**5,206**	**1,557**	**34,319**	**(5,052)**	**95,846**
Investments in property, plant and equipment	9,233	4,184	1,510	647	13		15,587
Investments in intangible assets	49	4	22	-	-		76
Segment capital expenditures	**9,283**	**4,188**	**1,532**	**647**	**13**		**15,663**
Property, plant and equipment	(7,306)	(1,756)	(34)	(446)	(109)	33	(9,618)
Intangible assets	(115)	(3)		-	(1)		(119)
Other non-cash income and expenses	(15,152)	(9,402)	(771)	(2,520)	(479)	5,372	(22,951)
Depreciation, amortization and charges to provisions	**(22,573)**	**(11,162)**	**(805)**	**(2,966)**	**(589)**	**5,405**	**(32,690)**

[35] *Inventories in the Lead segment, measured using the LIFO method, totaled €20,077,000 at December 31, 2018 versus €20,312,000 under IFRS (AWC).*

Financial year ended December 31, 2018

In thousands of euros	*Lead*	*Zinc*	*Special Metals*	*Plastics*	*Other businesses*	*Eliminations*	*Total*
Sales to external customers	236,179	96,307	19,173	12,881	35		364,575
Inter-segment sales	4,929	919	100	2,761		(8,709)	-
Total sales (IFRS)	**241,108**	**97,226**	**19,273**	**15,642**	**35**	**(8,709)**	**364,575**
Restatement following application of IFRS 10 & 11		25,312					25,312
Total sales restated under IFRS 10 & 11	**241,108**	**122,538**	**19,273**	**15,642**	**35**	**(8,709)**	**389,887**
EBITDA (IFRS)	**(19,788)**	**14,965**	**520**	**(267)**	**(7,491)**		**(12,061)**
Restatement following adoption of IFRS 10 & 11		15,296					15,296
AWC - LIFO adjustment	235						235
EBITDA restated for LIFO and IFRS 10 & 11	**(19,553)**	**30,261**	**520**	**(267)**	**(7,491)**		**3,470**
Depreciation, amortization, charges to/(reversals from) provisions and impairment losses (LIFO)	(4,557)	(3,246)	(351)	(482)	181		(8,455)
Restatement following adoption of IFRS 10 & 11	(25)	(888)					(913)
Operating income before non-recurring items restated for LIFO and IFRS 10 & 11	**(24,135)**	**26,127**	**169**	**(749)**	**(7,310)**		**(5,898)**
LIFO - AWC adjustment	(210)						(210)
Restatement following adoption of IFRS 10 & 11		(14,409)					(14,409)
Operating income before non-recurring items (IFRS)	**(24,345)**	**11,718**	**169**	**(749)**	**(7,310)**		**(20,517)**
Other non-recurring operating income/(expense)							(44,654)
Net financial income							(11,390)
Income tax benefit/(expense)							(11,662)
Share in income of associates							9,510
Net income for the period (IFRS)							**(78,713)**

Main balance sheet items ***In thousands of euros***	**Lead**	**Zinc**	**Special Metals**	**Plastics**	**Other businesses**	**Total**
Intangible assets	231	4	-	-	1	236
Property, plant and equipment	31,629	12,481	1,291	2,461	2,526	50,388
Inventories[36]	20,312	12,449	7,430	2,065	-	42,256
Trade receivables	14,548	3,228	1,342	1,954	35	21,107
Total segment assets	**66,720**	**28,162**	**10,063**	**6,481**	**2,562**	**113,987**
Provisions and pension liabilities	19,786	4,372	3,100	287	32,403	59,948
Trade payables	20,877	4,459	1,531	655	2,057	29,579
Other current liabilities	3,971	1,855	781	410	3,120	10,137
Total segment liabilities	**44,634**	**10,686**	**5,412**	**1,352**	**37,580**	**99,664**
Investments in property, plant and equipment	18,444	3,457	1,446	473	11	23,831
Investments in intangible assets	248	1	37	-	-	286
Segment capital expenditures	**18,692**	**3,458**	**1,483**	**473**	**11**	**24,117**
Property, plant and equipment	(4,247)	(2,346)	(366)	(420)	(91)	(7,470)
Intangible assets	(82)	(1)	(37)	-	-	(120)
Other non-cash income and expenses	(41,875)	(969)	120	(118)	(649)	(43,761)
Depreciation, amortization and charges to provisions	**(46,204)**	**(3,316)**	**(283)**	**(538)**	**(740)**	**(51,351)**

Geographical zones

The following line items have been analyzed by component:

- sales are broken down by customer marketing area;
- capital expenditures and assets are broken down according to the countries in which consolidated companies are based.

In accordance with IFRS 8, non-current assets broken down by geographical zone are non-current assets other than financial instruments, deferred tax assets and surplus pension plan assets.

Financial year ended December 31, 2019

Sales ***In thousands of euros***	***Westerns Europe***	***Rest of Europe***	***Americas***	***Rest of the world***	***IFRS 5***	***Total***
Total sales…….	286,795	15,275	1,487	2,407	(68,536)	237,429

In thousands of euros	***France***	***Germany***	***Belgium***	***Total***
Investments in property, plant and equipment	1,932	13,655	-	15,587
Investments in intangible assets	0	53	-	53

[36] *Inventories in the Lead segment, measured using the LIFO method, totaled €27,594,000 at December 31, 2017 versus €27,562,000 under IFRS (AWC).*

Financial year ended December 31, 2018

Sales ***In thousands of euros***	**Western Europe**	**Rest of Europe**	***Americas***	***Rest of the world***	***Total***
Total sales…….	321,435	35,443	1,532	6,165	364,575

In thousands of euros	***France***	***Germany***	***Belgium***	***Total***
Investments in property, plant and equipment	1,437	22,394	-	23,831
Investments in intangible assets	10	276	-	286

Structure of sales

In 2019, 94% of sales in the Lead segment were made to 10 customers.

In the Zinc segment, 15% of sales were generated by one customer.

Sales in the other operating segments come from a large number of customers.

Ten customers generated 64% of the Group's total consolidated sales (excluding IFRS 5). One of these customers accounted for 31% of the Group's total sales (excluding IFRS 5.

NOTE 20 - EXTERNAL COSTS

External costs break down as follows:

In thousands of euros	***31/12/2019***	***31/12/2018 restated***	***31/12/2018 reported***
General sub-contracting	(22,363)	(12,680)	(13,700)
Maintenance and repairs	(11,102)	(12,540)	(13,237)
Insurance premiums	(1,586)	(1,306)	(1,693)
Goods transport, public transportation	(8,604)	(5,725)	(6,943)
Leasing, rental and service charges	(914)	(2,163)	(2,496)
Fees and external labor costs	(5,003)	(2,792)	(3,496)
Travel and entertainment expenses	(723)	(670)	(884)
Other external costs	(1,948)	(1,560)	(1,802)
Total external costs	**(52,243)**	**(39,436)**	**(44,251)**

The sharp increase in general subcontracting is due to improvement and maintenance work at the Nordenham plant (Weser-Metall GmbH).

NOTE 21 - STAFF COSTS

The average Group headcount on a full-time equivalent (FTE) basis was as follows:

In thousands of euros	***31/12/2019***	***31/12/2018 restated***	***31/12/2018 reported***
France	72	70	70
Germany	627	400	596
Total FTE employees	**699**	**470**	**666**

Staff costs break down as follows:

In thousands of euros	***31/12/2019***	***31/12/2018 restated***	***31/12/2018 reported***
Wages and benefits	(33,013)	(31,334)	(42,267)
Employee and employer payroll charges	(8,378)	(8,101)	(10,387)
Total staff costs	**(41,391)**	**(39,435)**	**(52,654)**

NOTE 22 - RESEARCH AND DEVELOPMENT COSTS

Research and development costs expensed directly in income amounted to:

In thousands of euros	***31/12/2019***	***31/12/2018***
Research and development costs	-	(394)

NOTE 23 - DEPRECIATION, AMORTIZATION, CHARGES TO/(REVERSALS FROM) PROVISIONS AND IMPAIRMENT LOSSES

Depreciation, amortization, charges to/(reversals from) provisions and impairment losses recognized in 2018 and 2019 break down as follows:

In thousands of euros	***31/12/2019***	***31/12/2018 restated***	***31/12/2018 reported***
Depreciation of property, plant and equipment	(10,771)	(6,565)	(7,426)
Amortization of intangible assets	(119)	(83)	(120)
Charges to/(reversals from) provisions and impairment losses	(955)	(540)	(910)
Total	**(11,845)**	**(7,188)**	**(8,456)**

The increase in depreciation of property, plant and equipment during 2019 was mainly related to the commissioning of the reduction furnace at the Nordenham smelter.

NOTE 24 - OTHER OPERATING INCOME AND EXPENSE

Other operating income and expense breaks down as follows:

In thousands of euros	**31/12/2019**	***31/12/2018 restated***	***31/12/2018 reported***
Operating subsidies	107	103	103
Other income and expense	(777)	1,750	1,719
Total	**(670)**	**1,853**	**1,822**

NOTE 25 - NON-RECURRING OPERATING INCOME/(EXPENSE)

This item includes income and expense that is unusual in frequency, nature or amount.

In thousands of euros	*31/12/2019*	*31/12/2018 Reported*	*31/12/2018 restated*
Charges to/reversals of provisions and additional costs incurred at the L'Estaque plant, former mines and other closed sites(1)	(230)	(2,151)	(2,151)
Charges to/reversals of provisions for Labor Court rulings(2)	-	789	789
Impairment/reversals of impairment of assets at Weser-Metall GmbH(3)	(22,667)	(42,545)	(42,545)
Impairment of Recylex S.A.'s financial guarantees	(78)	(70)	(70)
Other income and expenses(4)	(192)	(677)	(677)
Other non-recurring operating income/(expense)	(23,167)	(44,654)	(44,654)

(1) See Note 14 and Note 38
(2) See Note 14
(3) See Note 5
(4) The sale of FMM S.A.'s Belgian industrial site for 1.2 million euros
(5) Other expenses mainly include consulting fees relating to Group financing for 589,000 euro.

NOTE 26 - NET INTEREST EXPENSE

Net interest expense breaks down as follows:

In thousands of euros	*31/12/2019*	*31/12/2018 restated*	*31/12/2018 Reported*
Interest income from cash and cash equivalents	47	38	49
Interest expense on bank and non-bank borrowings and bank overdrafts	(12,196)	(9,370)	(9,471)
Change in the fair value of interest rate swaps	(14)	(526)	(526)
Net interest expense	**(12,164)**	**(9,858)**	**(9,949)**

The rise in interest expense is due to the use of the credit lines in Germany as well as the increase in the German sub-group's debt burden to cover its operating and investment needs.

NOTE 27 - OTHER FINANCIAL INCOME AND EXPENSE

In thousands of euros	*31/12/2019*	*31/12/2018 restated*	*31/12/2018 Reported*
Net foreign exchange gains and losses	(291)	219	285
Impact of discounting provisions and financial liabilities	(657)	(167)	(167)
Factoring costs	(856)	(951)	(1,240)
Total other financial income and expense	1	(190)	(320)
Other financial income and expense	**(1,803)**	**(1,090)**	**(1,442)**

The discounting of provisions and financial liabilities gave rise to €0.7 million in financial expense.

Other financial income and expense in 2018 chiefly consisted of an expense in respect of the change in the fair value of commodity derivatives not designated as hedging instruments, as defined in IFRS 9 (Note 33). No such derivatives were put in place in 2019.

The net foreign-exchange loss is related to fluctuations in the US dollar, as certain of the German subsidiaries' assets and liabilities are denominated in US dollars.

NOTE 28 - INCOME TAXES

Income tax expense for the years ended December 31, 2018 and December 31, 2019 principally comprises the following items:

In thousands of euros	*31/12/2019*	*31/12/2018 restated*	*31/12/2018 Reported*
Current income tax benefit/(expense)	5	9	23
Current income tax benefit/(expense)	**5**	**9**	**23**
Arising from the creation and reversal of temporary differences	-	(5,411)	(4,525)
Related to tax loss carryforwards	-	(7,160)	(7,160)
Deferred income tax benefit/(expense)	**-**	**(12,571)**	**(11,685)**
Consolidated income tax expense	**5**	**(12,562)**	**(11,662)**

The deferred tax expense recognized in 2018 arose from the derecognition of tax losses previously capitalized and the impairment of deferred tax assets on temporary differences related to the German sub-group up to the amount of deferred tax liabilities, such that the net balance of deferred taxes recognized on the statement of financial position was zero.

At December 31, 2019, the Group again recognized deferred tax assets only up to the amount of deferred tax liabilities, taking into account their reversal date. Accordingly, no deferred tax benefit or expense was recognized on the 2019 income statement. The net balance of deferred taxes on the consolidated statement of financial position was again zero.

Reconciliation between actual tax and theoretical tax expense

In thousands of euros	*31/12/2019*	*31/12/2018*
Net income before tax and share in income of associates	(91,033)	(76,560)
Group tax rate	28,00%	33.33%
Theoretical tax charge	**25,489**	**25,518**
Increase or decrease in income tax expense resulting from:		
- use of unrecognized previous tax losses and non-recognition of tax loss carryforwards as assets	(11,005)	(10,304)
- derecognition of previous tax losses	(4,339)	(7,160)
- taxes at reduced rates	1 910	(2,358)
- unrecognized deferred tax	(11,123)	(16,496)
- other differences	(927)	(862)
Actual tax expense	5	**(11,662)**

Deferred tax assets and liabilities *In thousands of euros*	*31/12/2019*	*31/12/2018*
Deferred tax assets		
Provisions added back for tax purposes	-	-
Additional provision for employee benefits	1,424	1,907
Deferred tax on hedge accounting	-	-
Offsetting of deferred tax assets and liabilities at the same taxable entity	(1,424)	(1,907)
Total	**-**	**-**
Deferred tax liabilities		
Restatement of expected useful life of non-current assets	(896)	(916)
Change in inventory measurement method at German units	(409)	(612)
Other temporary differences	(119)	(379)
Offsetting of deferred tax assets and liabilities at the same taxable entity	1,424	1,907
Total	-	-
Net deferred taxes	**-**	**-**

At December 31, 2019, the Group did not recognize any deferred tax assets on its tax loss carryforwards given the uncertainty as to whether they can be used in the foreseeable future (see Note 32.5 and Note 39).
That said, the Group holds tax losses that may be carried forward indefinitely against the future taxable income of companies that generated these losses.

These tax losses are as follows:
- €165 million for the French units
- €93 million with respect to corporate tax at the German subsidiaries
- €72 million with respect to trade tax at the German subsidiaries

NOTE 29 - EARNINGS PER SHARE

The following table shows details of the earnings and numbers of shares used to calculate basic and diluted earnings per share for all operations.

Earnings per share for all operations

	31/12/2019	*31/12/2018*
Net income attributable to equity holders of the parent (in thousands of euros)	(84,340)	(78,713)
Weighted average number of ordinary shares used to calculate basic earnings per share	25,862,543	25,989,005
Earnings per share in euros	**(3.26)**	**(3.03)**

	31/12/2019	***31/12/2018***
Net income attributable to equity holders of the parent (in thousands of euros)	(84,340)	(78,713)
Weighted average number of ordinary shares used to calculate basic earnings per share	25,862,543	25,989,005
Impact of dilution:		
Weighted average number of stock options (with dilutive impact)	0	27,374
Weighted average number of ordinary shares adjusted for diluted earnings per share	25,862,543	26,016,379
Diluted earnings per share in euros	**(3.26)**	**(3.03)**

NOTE 30 - COMMITMENTS AND CONTINGENCIES

Investment commitments

At December 31, 2019, the Group had made investment commitments amounting to €0.9 million in relation to the new lead reduction furnace at the Nordenham plant in Germany (see Note 1 - section on the Lead segment).

Commitments arising from forward purchases and sales

At December 31, 2019, the Group had no commitments arising from the forward sale or purchase of currencies.

Commitments given and received

At December 31, 2019, commitments given and received by Group companies were as follows:

Commitments given

a) In connection with the €67 million loan granted on December 29, 2016 to the Group's German subsidiaries (hereinafter the "Loan", see Note 1 to the consolidated financial statements for the year ended December 31, 2016):
- To ensure the fulfillment of obligations under the Loan, the shares of Recylex GmbH, Harz-Metall GmbH and Weser-Metall GmbH were transferred to two ad hoc security trustees as part of a German-law security trust agreement, it being stipulated that beneficial ownership of the shares is retained by Recylex Group entities, which continue to exercise and enjoy their shareholder rights as long as the

borrowers do not breach their obligations. From an accounting perspective, the arrangement does not cause the subsidiaries to be deconsolidated since, given the rights retained by the settlors, they retain control over the transferred assets within the meaning of accounting regulations as long as the borrowers do not breach their obligations under the Loan agreement

- The pledge of Recylex GmbH shares to Recylex S.A.'s former banking partners was transferred to Glencore International AG following the latter's purchase of bank debt on August 4, 2005, to guarantee the repayment of debt included in Recylex S.A.'s continuation plan and due under the clawback clause provided for by that plan. However, as part of the creation of the aforementioned security trust arrangement aimed at ensuring compliance with obligations under the Loan, that pledge was suspended for the duration of the Loan.
- Recylex S.A. had granted a senior pledge of its shares in Recytech S.A. to Glencore International AG to guarantee repayment of the €16 million loan facility granted to it on October 1, 2014 (see Note 13). Given the aforementioned suspension of the pledge of Recylex GmbH shares on December 19, 2016, required to set up the security trust arrangement, Recylex S.A. granted a second-ranking charge over its shares in Recytech S.A. to Glencore International AG in order to guarantee Recylex S.A.'s obligations with respect to the aforementioned clawback clause
- In line with the requirements for the award of the Loan, Recylex S.A. entered into:
  - An agreement pursuant to which it undertook for a period expiring one year after repayment in full of the amounts due in respect of the Loan, to cover the cost of any and all payment obligations arising for its German subsidiaries from the procedure before the European Commission concerning the scrap lead batteries sector (see Note 1 to the consolidated financial statements for the year ended December 31, 2019)
  - A loan agreement under which Recylex S.A. lent €10.7 million to Weser-Metall GmbH for the full term of the Loan, and
  - A receivables subordination agreement with Weser-Metall GmbH and the agent designated by the German banks under the Loan, subordinating the repayment of the aforementioned €10.7 million loan granted by Recylex S.A. to Weser-Metall GmbH to the prior repayment of all sums due under the Loan.
- Recylex GmbH, Harz-Metall GmbH, Weser-Metall GmbH, PPM Pure Metals GmbH, Norzinco GmbH, Recylex Grundstücksverwaltungs GmbH and C2P GmbH entered into agreements guaranteeing the repayment of the Loan granted to Recylex GmbH, Harz-Metall GmbH, Weser-Metall GmbH, PPM Pure Metals GmbH and Norzinco GmbH.
- Harz-Metall GmbH, Weser-Metall GmbH, PPM Pure Metals GmbH, Norzinco GmbH and C2P GmbH pledged the entirety of their inventories and their property, plant and equipment as collateral for the performance of the German subsidiaries' obligations under the Loan.
- Recylex GmbH, Harz-Metall GmbH, Weser-Metall GmbH, Norzinco GmbH, C2P GmbH, PPM Pure Metals GmbH and Recylex Grundstücksverwaltungs GmbH pledged their trade receivables not transferred under factoring agreements, and their property, plant and equipment as collateral for the performance of the Loan agreement.

b) Other commitments given:

- As part of Recytech S.A.'s obligation to create a financial guarantee to cover the safety of its facilities and the treatment of waste materials on its site in the event of the discontinuation of its business, Recylex S.A. has undertaken, in the event of such discontinuation of business at Recytech S.A., to take ownership of all electric arc furnace dust present on the latter's site and to bear the dust shipping and treatment charges.

Commitments received

- In accordance with the conditions for the award of the Loan to the Group's German subsidiaries on December 29, 2016, Glencore International AG gave commitments on October 19, 2016 to the Group's German subsidiaries to cover any overrun in the budget for Weser-Metall GmbH's new reduction furnace (of up to €10 million) and any specific cash requirements of these German subsidiaries (up to €25 million). At December 31, 2019, the full €25 million amount had been used by the German subsidiaries.

Litigation and contingent liabilities

For information about the main litigation and disputes in progress, see Note 1 (Ongoing litigation).

Recylex S.A. did not set aside any provisions in its financial statements at December 31, 2019 to cover the risks arising from the motion filed by SNCF Réseau to have Recylex S.A. and RETIA SASAU jointly ordered to pay the entire amount necessary for the "complete refurbishment" of the publicly owned rail assets in the L'Estaque rail section in Marseille.

Recylex S.A. regards this procedure as giving rise to a potential liability that does not satisfy the criterion for recognition under IAS 37 because:

- Recylex S.A. is challenging the legal basis for this motion and thus whether there are any constructive or legal obligations arising from this application
- There is no detailed documentation concerning this application enabling it to assess the probability of an outflow of financial resources.

The environmental contingent liabilities are disclosed in Note 38.

NOTE 31 - INFORMATION CONCERNING RELATED PARTIES AND BENEFITS GRANTED TO ADMINISTRATIVE AND MANAGEMENT BODIES

Information concerning related parties

In thousands of euros	*Expenses 2019*	*2018*	*Income 2019*	*2018*	*Assets 2019*	*2018*	*Liabilities 2019*	*2018*
Glencore International AG	47,790	36,881	11,972	29,872	91	3,263	107,462	42,883
Recytech S.A.	-	-			-	-	-	-
Due dates								
Less than 1 year	-	-	-	-	91	3,263	84,168	5,833
1 to 5 years	-	-	-	-	-	-	23,294	37,050
More than 5 years	-	-	-	-	-	-	-	-
Impairment of doubtful receivables	-	-	-	-	-	-	-	-

There are no material transactions with related parties that have not been concluded under normal market conditions.

At December 31, 2019, the Company had drawn down all of the loan facility granted by Glencore International AG to Recylex S.A. totaling €16 million and due for repayment in 2024. The rescheduled liabilities with respect to Glencore International AG, relating to the rescheduling of debts due under the continuation plan and repayable in 2026, amounted to €5.1 million (Note 18).

In addition to the €16 million loan drawn down in 2018 by Recylex GmbH (€12 million) and Weser-Metall GmbH (€4 million) as part of the 2016 global financing agreement, the German sub-group arranged during 2019 from Glencore International AG €16.8 million in additional financing, plus several bridge loans representing a total of €40.7 million. The portion of current borrowings repayable to Glencore International AG stood at €73.5 million at December 31, 2019.

Liabilities with a maturity date of less than one are composed as follows:

Loans granted by Glencore International AG	73,500
Trade payables to Glencore International AG	8,336
Accrued interest on borrowings	775
Debt resulting from the better fortunes clause	1,557
Total liabilities	**84,168**

Disclosures of the compensation and benefits of all types granted to the Group's administrative and management bodies

Related party transactions comprise the compensation and benefits granted to the Group's senior executives and members of Recylex S.A.'s Board of Directors.

The compensation and benefits of all types paid to members of Recylex S.A.'s Board of Directors break down as follows:

In thousands of euros	***At December 31, 2019***	***At December 31, 2018***
Short-term benefits	640	640
Total compensation and benefits*	**640**	**640**

** See section 2.9.5 of the Management Report of the Board of Directors.*

No other post-employment or long-term benefits have been granted to senior executives.

NOTE 32 - LIQUIDITY RISK

The Recylex group, which specializes in the recycling of zinc, lead and plastics and the production of special metals, is exposed to currency and interest rate risk and the risk of fluctuations in commodity prices. It is also exposed to other risks, such as counterparty and liquidity risk.

The Group has defined a policy and created a handbook of procedures to measure, manage and control its market risk exposure. This policy prohibits any speculative positions from being established in the market and consists in using derivatives to hedge part of the Group's exposure to risks arising from commodity price fluctuations. Procedures have been put in place at Group companies where risks have been identified.

Financial instruments are traded on the over-the-counter market with a highly rated counterparty. The Group primarily uses futures and options. Derivatives cover existing and anticipated financial and commercial exposure. Derivative positions are tracked on a fair-value basis.
Exposure to currency and commodity risks is managed locally, at the level of the Group companies affected.

32.1 Interest-rate risk

The Group is exposed to interest-rate risk on its borrowings, most of which are variable-rate and linked to Libor or Euribor (see Note 13). Only the debt previously included under the continuation plan's liabilities (which ended in December 2015) and now repayable in 2026 does not bear interest (see Note 18). To protect itself against a rise in interest rates and the resulting increase in interest payments on its variable-rate borrowings, the Group has arranged several floating-for-fixed rate swaps (see Note 36).

32.2 Currency risk

The Group is exposed to currency risk arising from transactions carried out by its subsidiaries in currencies other than their functional currency, with certain supply contracts, most notably,

being denominated in US dollars. The Group's policy is not to hedge this currency risk.
At December 31, 2019, the Group had no US dollar-denominated commodity derivatives hedging euro-denominated sales. All commodity derivatives are now denominated in euros (see Note 36).

32.3 Commodity risk

The Group is exposed to the risk of fluctuations in metal prices, especially lead and zinc, as well as silver (a by-product mainly from the processing of lead at the Group's smelter in Germany). Lead and zinc prices are quoted in US dollars on the London Metal Exchange and silver prices on the London Bullion Market Association (LBMA). The Group has no influence over the price of these metals and is thus exposed to fluctuations in their value. Exposure results from sales of metals for which production is based on primary and secondary raw materials (such as used lead-acid batteries), the price of which was set at a different time. For that reason, hedges may be put in place to cover any time lag between purchase and sale dates and for commercial inventories.

The Group can thus use derivatives to protect a portion of its margins. In 2019, the Group did not use derivative financial instruments to hedge its exposure to lead and zinc prices (see Note 36).

32.4 Counterparty risk

The Group is exposed to credit risk in the event that a counterparty fails. The Group's credit risk policy varies from segment to segment.

- *Credit risk linked to trade receivables*

On the basis of the information available to it, the Group does not expect any third-party insolvency that could have a significant impact on the Group's financial statements. However, failures among Group customers cannot be ruled out.

In the Lead segment, the Group does business with a limited number of customers proven to be financially sound. However, the Group cannot fully rule out the risk relating to the potential insolvency of its customers.

In the Zinc segment, the picture is more mixed. In the zinc oxide production business, the customer base is highly fragmented, with no single customer accounting for a significant proportion of sales. In Waelz oxides, the Group does business with one main customer, which produces zinc. Failure of this customer would have a direct and significant impact on Harz-Metall GmbH's financial position, thereby potentially compromising the financial commitments made by the Group as a whole.

In the Lead and Zinc segments, the Group hedges some of its accounts receivable by selling receivables to a factoring company under no-recourse factoring contracts. At December 31, 2019, the Group had sold €5.9 million compared to €24.6 million at December 31, 2018.

- *Credit risk linked to cash and cash equivalents and derivatives*

Currency and commodity hedges and cash investments are made with prime financial institutions with long-term credit ratings of BBB+ and A- from Standard & Poor's as at December 31, 2019. However, failures among financial institutions cannot be ruled out.

32.5 Liquidity risk

32.5.1 Recylex S.A. parent company's liquidity risk

32.5.1.1 Cash forecasts

Recylex S.A. has prepared a cash forecast based on the information currently available to it, including:

- the projected primary and secondary materials needs of the Weser-Metall GmbH subsidiary, which operates the Group's lead smelter with its two now connected furnaces and is currently almost Recylex S.A.'s only customer, as well as the subsidiary's forecast cash position
- changes in business conditions for secondary materials (treatment charges)
- fluctuations in lead and zinc prices and in the euro/US dollar exchange rate, parameters to which Recylex S.A.'s business activities are highly sensitive
- trends in volumes and the purchase cost of scrap lead batteries, on which the selling margin and the cash generated by Recylex S.A.'s operating activities are heavily dependent
- financial income, in particular dividends received from the equity associate (Recytech S.A.), whose results are highly sensitive to the level of zinc prices and to the volumes treated
- expenditure linked to the remediation commitments for the closed L'Estaque site and former mining facilities (see Note 39)
- the proceeds from the disposal of non-operating assets
- the effects of a restructuring of Recylex S.A.'s financial and non-financial debt
- developments in the ongoing litigation involving Recylex S.A. and contingent liabilities (see Notes 1 and 38)
- developments in the recycled polypropylene market and their impact on the business of the C2P S.A.S. subsidiary, Recylex S.A.'s sole outlet for the sale of polypropylene residues from battery recycling. The C2P S.A.S. subsidiary located at Recylex S.A.'s Villefranche-sur-Saône site uses the same infrastructure as Recylex S.A. and therefore offers economies of scale in terms of costs. The interdependence of these companies is a factor that needs to be taken into account when assessing both companies' financial risks.

A negative change in one or more of these parameters would, depending on its extent, give rise to a short-term financing requirement that would no longer be compatible with Recylex S.A.'s cash flow forecast mentioned above and would require it to seek and obtain new financing in order to maintain a balanced cash position, to meet the company's liabilities and enable it to continue as a going concern.

32.5.1.2 Financial liabilities - Recylex S.A.

Recylex S.A.'s financial liabilities (rescheduled liabilities and borrowings shown at their non-discounted value in the table below), and their projected repayment schedule (before elimination of intragroup items) are analyzed below:

In millions of euros	Liabilities Dec. 31, 2018	Change 2019	Liabilities Dec. 31, 2019	Maturity date
Original continuation plan	2.8	-	2.8	*(1)*
Glencore International AG	5.1	-	5.1	**2026**
Clawback clause	4.1		4.1	
Recylex S.A.'s total rescheduled liabilities[37]	**12.0**	**-**	**12.0**	
Borrowing arranged (Note 13)	**16.0**	**-**	**16.0**	**2024**
Total financial liabilities - Recylex S.A.	**28.0**	**-**	**28.0**	
European Commissi fine[38]	**25.4**	**(0.5)**	**24.9**	
Intragroup financial liabilities	**(2.8)**	**-**	**(2.8)**	*(1)*
Total consolidated financial liabilities	**50.6**	**(0.5)**	**50.1**	
o/w current	1.3	1.1	2.4	
o/w non-current	49.3	(1.6)	47.7	

(1) Repayment of this liability is subordinated in particular to the payment of the European Commission fine.

At December 31, 2019, Recylex S.A.'s had a total of €52.9 million in financial liabilities (€50.1 million after elimination of intragroup receivables).

At December 31, 2019, Recylex S.A. had used the entire €16 million borrowing facility arranged with Glencore International AG in 2014. Under the staggered payment plan for the European Commission's fine, the repayment date for this loan was rescheduled to 2024.

It should be noted that an adverse event, such as non-compliance with the European Commission's plan to defer payment of the fine or a negative outcome in ongoing litigation against Recylex S.A. (See Note 1 "Ongoing legal proceedings concerning Recylex S.A."), could significantly worsen the Company's financial position. In this case, the lender could request the early termination of the aforementioned €16 million loan agreement and the immediate repayment of the amounts borrowed under this loan, which would no longer be compatible with Recylex S.A.'s cash flow forecasts. Unless the lender waives the exercise of its aforementioned rights and/or agrees to renegotiate favorably the terms of repayment of the loan, Recylex S.A.'s going concern status could be called into question.
Note 39 – Subsequent events presents how changes in the German sub-group will affect whether the loan becomes due for payment. The insolvency procedures concerning the Group's German companies launched on May 2020 could make the loan repayable at any time.

Recylex S.A. does not have any current bank lines.

32.5.1.3 Impact of legal proceedings - Recylex S.A.

Recylex S.A.'s short-term cash position and medium- to long-term financial position will be heavily influenced by the outcome of the ongoing litigation, and it has no control over the schedule of court hearings. Those proceedings are presented in detail in Note 1.

- the claim for damages from the liquidators of Metaleurop Nord SAS amounting to €22 million, not provided for in Recylex S.A.'s financial statements
- claims for damages lodged against Recylex S.A. in the Lens Labor Court and the Douai Appeal Court by former employees of Metaleurop Nord SAS, for damages relating to the prejudice of anxiety and/or breach of a safety obligation and/or their disputed dismissal. The total amount claimed in these proceedings currently stands at around €16 million, against which €4 million of provisions have been set aside in Recylex S.A.'s financial statements (see Notes 1 and 14).
- the motion filed by SNCF Réseau, a public industrial and commercial institution, in the Marseille Administrative Court to have Recylex S.A. and RETIA SASAU jointly ordered to pay the entire amount necessary for the "complete refurbishment" of the publicly owned rail assets in the L'Estaque section in Marseille. SNCF Réseau currently assesses the total cost of the works at €70 million. No provision for risks was recognized in respect of this claim at December 31, 2019 (see Notes 1 and 30).

32.5.1.3 Other information - Recylex S.A.

The following additional factors should also be taken into account when assessing the liquidity risk at Recylex S.A., the Group's parent company:

- Recylex S.A. does not have any Group-wide cash pooling arrangements in place
- Bank borrowings arranged and lines of credit used by certain subsidiaries in Germany are subject to bank covenants prohibiting the payment of dividends to the Recylex S.A. parent company until all sums borrowed have been repaid
- Since Weser-Metall GmbH is almost its only customer, Recylex S.A.'s cash flow is highly dependent on that of Weser-Metall GmbH, which forms part of the cash pooling system operated by Recylex GmbH across all the companies in the Group's German sub-group.

The assessment of Recylex S.A.'s liquidity risk subsequent to the December 31, 2019 balance sheet date is presented in Note 39 – Subsequent events.

[37][37] *See Note 18 - Other non-current liabilities and Note 18.1 - Rescheduled liabilities*
[38] *Current and non-current portion*

32.5.2 German sub-group's liquidity risk

32.5.2.1 Financial liabilities - German sub-group

In millions of euros	Liabilities Dec. 31, 2018	Change 2019	Liabilities Dec. 31, 2019	Maturity date
Bank borrowings	43.6	-	43.6	**2020-2024**
Bank overdraft facilities	13.8	1.2	15.0	**2024**
Glencore International AG	16.0	57.5	73.5	**2024**
Recylex S.A.	15.7	-	15.7	**2024**
Accumulated interest		1.5	1.5	
Total financial liabilities – German sub-group	**89.1**	**60.2**	**149.3**	
Intragroup financi liabilities	**(15.7)**	**-**	**(15.7)**	**2024**
Total consolidated financial liabilities[39]	**73.4**		**133.6**	
o/w current	73.4		133.5	
o/w non-current	-		-	

Pursuant to IAS 1.69, the German sub-group's entire financial liabilities were reclassified as current financial liabilities at December 31, 2019 (see Note 13 - Interest-bearing borrowings).

The post-reporting date restructuring of the German sub-group's debt is presented in Note 39 – Subsequent events.

NOTE 33 - FINANCIAL INSTRUMENTS ON THE BALANCE SHEET

Analysis of financial instruments by type of instrument

Dec. 31, 2019	Available for sale assets	Loans and receivables	Fair value through profit or loss	Hedging derivatives	Financial liabilities at amortized cost	Carrying amount	Fair value
In thousands of euros							
Assets							
Non-current assets							
Non-current financial assets	-	219	-	-	-	219	219
Non-current derivatives	-	-	-	-	-	-	-
Other non-current assets	-	2,192	-	-	-	2,192	2,192
Current assets							
Trade receivables	-	14,653	-	-	-	14,653	14,653
Current derivatives(3)	-	-		-	-	-	-
Cash and cash equivalents	-	9,093	-	-	-	9,093	9,093
Liabilities							
Non-current liabilities							
Non-current interest-bearing borrowings	-	-	-	-	16,000	16,000	16,000
Other non-current liabilities(1)	-	-	-	-	31,585	31,585	31,585
Current liabilities							
Current interest-bearing borrowings	-	-	-	-	133,263	133,263	133,263
Trade payables	-	-	-	-	24,508	24,508	24,508
Current derivatives(3)	-	-	541	-	-	541	541
Other current financial liabilities(2)	-	-	-	-	5,836	5,836	5,836

(1) Other non-current liabilities are presented in Note 18.
(2) Other current financial liabilities include, among others, liabilities related to the clawback clause and the current portion of the European Commission's fine.
(3) Comprises only commodity derivatives and interest rate swaps (Note 36).

[39] *See Note 13 - Interest-bearing borrowing.*

Dec. 31, 2018	Available for sale assets	Loans and receivables	Fair value through profit or loss	Hedging derivatives	Financial liabilities at amortized cost	Carrying amount	Fair value
In thousands of euros							
Assets							
Non-current assets							
Non-current financial assets	-	52	-	-	-	52	52
Non-current derivatives	-	-	-	-	-	-	-
Other non-current assets	-	2,821	-	-	-	2,821	2,821
Current assets							
Trade receivables	-	21,107	-	-	-	21,107	21,107
Current derivatives[3]	-	-		-	-	-	-
Cash and cash equivalents	-	6,352	-	-	-	6,352	6,352
Liabilities							
Non-current liabilities							
Non-current interest-bearing borrowings	-	-	-	-	16,000	16,000	16,000
Other non-current liabilities[1]	-	-	-	-	32,999	32,999	32,999
Current liabilities							
Current interest-bearing borrowings	-	-	-	-	73,545	73,545	73,545
Trade payables	-	-	-	-	29,579	29,579	29,579
Current derivatives[3]	-	-	801	-	-	801	801
Other current financial liabilities[2]	-	-	-	-	1,287	1,287	1,287

(1) Other non-current liabilities are presented in Note 18.
(2) Other current financial liabilities include liabilities related to the clawback clause and the current portion of the European Commission's fine.
(3) Comprises only commodity derivatives (Note 36).

The net carrying amount of trade payables and receivables represents a reasonable estimate of their fair value given the Group's short payment periods.

Net gains and losses by category of instrument and impact on equity

In thousands of euros	*Recognized in income* 2019	2018
Income/(expense) relating to loans and receivables recognized at amortized cost	-	-
Foreign exchange gains/(losses) on loans and receivables (Note 27)	(291)	285
Reversal of/(charge to) impairment losses on loans and receivables	(657)	-
Foreign exchange gains/(losses) on cash and cash equivalents (Note 27)	-	-
Factoring costs (Note 27)	(856)	(1,240)
Net gains and losses on loans and receivables	**(1,804)**	**(955)**
Income from investments held at fair value	-	-
Net gains and losses on investments at fair value through profit or loss (1)	**-**	**-**
Interest expense on borrowings stated at amortized cost (Note 26)	(12,211)	(9,471)
Impact of discounting liabilities under the continuation plan (Note 18)	(236)	(279)
Foreign exchange losses on borrowings at amortized cost (Note 27)	-	-
Financial gain/(loss) relating to recognition of liabilities related to the clawback clause under financial liabilities (Note 18.2)	-	-
Net gains and losses on borrowings and debt at amortized cost	**(12,447)**	**(9,750)**
Derivatives not designated as hedging instruments	**(14)**	**(800)**
Investments held at fair value	-	-
Total	**(14,265)**	**(11,505)**

NOTE 34 - INFORMATION CONCERNING CREDIT RISK

Unpaid receivables

The Group's credit risk exposure breaks down as follows:

At December 31, 2019	*Carrying amount*	*Financial assets neither due nor written down at the balance sheet date*	*Financial assets due but not written down at the balance sheet date*			*Financial assets written down*
In thousands of euros			0-3 months	3-6 months	Over 6 months	
Loans	707	209	-	-	-	498
Trade receivables	17,964	13,760	893	-	-	3,311
Other receivables	2,192	2,192				-
Other financial assets (1)	150,608	-	-	-	-	150,608
Total	**171,471**	**16,161**	**893**	**-**	**-**	**154,417**

At December 31, 2018	*Carrying amount*	*Financial assets neither due nor written down at the balance sheet date*	*Financial assets due but not written down at the balance sheet date*			*Financial assets written down*
In thousands of euros			0-3 months	3-6 months	Over 6 months	
Loans	462	42	-	-	-	420
Trade receivables	24,563	20,767	340	-	-	3,456
Other receivables	2,821	2,821	-	-	-	-
Other financial assets (1)	150,608	-	-	-	-	150,608
Total	**178,454**	**23,630**	**340**	**-**	**-**	**154,484**

(1) These represent amounts due from Metaleurop Nord SAS and Peñarroya Espagne (see Note 6).

At December 31, 2019, €0.9 million in trade receivables remained unpaid but were not written down. Of these receivables, 100% were less than 90 days past due.

Impairment of loans and receivables

In thousands of euros	*December 31, 2019*			*December 31, 2018*		
	Loans and other non-current financial assets	*Trade receivables*	*Other current assets*	*Loans and other non-current financial assets*	*Trade receivables*	*Other current assets*
Total impairment at January 1	**244,780**	**3,456**	**1,092**	**244,709**	**3,441**	**1,052**
Increases	78	4	653	71	18	40
Uses	-	-	-	-	-	-
Reversals	(253)	(65)	(315)	-	(4)	-
Total impairment at December 31	**244,605**	**3,395**	**1,430**	**244,780**	**3,456**	**1,092**
IFRS 5	**-**	**(84)**	**-**	**-**	**-**	**-**
Accumulated impairment at December 31 after IFRS 5 impact	**244,605**	**3,311**	**1,430**	**244,780**	**3,456**	**1,092**

Impairment losses are recognized only on a case-by-case basis.

NOTE 35 - LIQUIDITY RISK: OUTSTANDING FINANCIAL LIABILITIES BY MATURITY DATE

At December 31, 2019, undiscounted contractual cash flows (principal and interest) arising from outstanding financial liabilities break down by maturity date as follows:

In thousands of euros	*Carrying amount*	*Contractual cash flows*	*2020*	*2021*	*2022*	*2023*	*2024*	*> 5 years*
Borrowings (1)	149,622	156,921	136,721	1,200-	1,200-	1,200-	16,000	-
Liabilities rescheduled under the continuation plan (2)	5,017	5,050	-	-	-	-	-	5,050
Clawback clause (3)	2,421	19,210	-	-	-	-	-	19,210
Trade payables	24,509	24,509	24,509	-	-	-	-	-
Commitments under operating leases and finance leases	2,392	2,635	1,125	727	436	316	31	-
Other current liabilities (4)	24,148	29,028	1,600	1,700	1,700	1,700	8,200	14,128-
Total	**208,109**	**237,353**	**163,955**	**3,627**	**3,336**	**3,216**	**24,831**	**38,388**

(1) See Note 13.
(2) €5,050,000 relating to financial liabilities vis-à-vis Glencore International AG (see Notes 18 and 32).
(3) The figures relating to the clawback clause include the nominal value of this debt and do not take account of the effect of discounting. This clawback clause provides that from and including December 31, 2015, Recylex S.A. will allocate 20% of its cash at December 31 of each subsequent year to repayment of the waived debt on a pari passu basis between the creditors, with no limit on the duration of such repayments. The total liability covered by the clawback clause is €19,210,000. Its fair value (Note 18.1) at December 31, 2019 was €2,421,000.
(4) Liabilities related to the European Commission fine (Note 18).

NOTE 36 - EXPOSURE TO MARKET RISK AND DERIVATIVES

Commodity risk

The Group is exposed to the structural risk of fluctuations in metals prices, particularly lead, zinc and silver. This exposure derives from sales of metals for which production is based on secondary materials (lead produced from battery recycling), the price of which is not directly linked to market prices, and on surplus metals recovered from the materials to be processed. The Group may use derivatives traded on the London Metal Exchange to protect itself partially against these risks. Those derivative instruments are not designated as hedging instruments within the meaning of IFRS 9.

The Group is also exposed to two main transaction risks related to metals prices:

- the risk of fluctuations in metal prices relative to its firm commitments under sale contracts which are not recognized on the balance sheet
- the risk of fluctuations in the price of metals held in commercial inventories[40].

Most transactions related to metals use London Metal Exchange (LME) prices. If metal prices were constant, the price paid by the Group for these raw materials would be passed on to customers in the product price. However, during the transformation of the raw materials into products, fluctuations in metal prices result in differences between the price paid for the metal contained in the raw materials and the price received for the metal contained in the products sold to customers. A transaction risk therefore exists concerning changes in metal prices between the moment when the price of the raw material purchased is determined and the moment when the price of the finished goods is determined.

The Group's policy is to hedge its transaction risk as far as possible, (relating to the change in metal prices between the time when the price of the raw material purchased is determined (input quotation period) and the time when the selling price of the finished product is determined (output quotation period)) mainly by using futures contracts. These financial instruments do not qualify as hedging instruments within the meaning of IFRS 9 and are recognized in the category of instruments held for trading. They are measured at fair value through profit or loss. As of December 31, 2019, the Group had no commodity derivatives.

Fair value *In thousands of euros*	***Dec. 31, 2019*** *Current*	*Non-current*	*Total*	***Dec. 31, 2018*** *Total*
Other financial instruments (assets - liabilities)	-	-	-	(274)
Assets				
Derivatives (cash flow hedges)	-	-	-	-
Derivatives (fair value hedges)	-	-	-	-
Derivatives (other)	-	-	-	-
Liabilities				
Derivatives (cash flow hedges)	-	-	-	-
Derivatives (fair value hedges)	-	-	-	274
Derivatives (other)	-	-	-	-

[40] Lead inventories at the Group's main smelter are divided into: a) permanent inventories; b) commercial inventories. The Group is exposed to risks relating to the prices of metals in its inventories. This risk relates to the market value of the metal, which could fall below the carrying amount of inventories. The Group's policy is not to hedge the risk relating to permanent inventories and to hedge the risk relating to commercial inventories.

Fair value hedges

At December 31, 2019, the Group did not have any derivative instruments designated as fair value hedges.

Cash flow hedges

At December 31, 2019, the Group did not have any derivative instruments designated as cash flow hedges.

Currency risk

The Group is exposed to a limited currency risk arising from the transactions conducted by its subsidiaries in various currencies other than their functional currency. The principal currency to which the Group is exposed is the US dollar. The Group is also exposed to currency risk on commodity derivatives traded in US dollars that are used to hedge sales denominated in euros. The Group's policy is not to hedge this currency risk.

At December 31, 2019, the Group's exposure to currency risk was as follows:

Dec. 31, 2019	*In thousands of US dollars*	*In thousands of pounds sterling*	*In thousands of yen*	*In thousands of euros*
Trade receivables	2,950			2,625
Other current assets	84	4		80
Cash and cash equivalents	1,223			1,088
Assets	**4,257**	**4**		**3,793**
Trade payables	5,569			7,832
Other current financial liabilities	4,129		39	3,699
Equity and liabilities	**9,698**		**39**	**11,531**

At the balance sheet date, the sensitivity analysis was performed based on the assets and liabilities denominated in US dollars and sterling as well as commodity derivatives denominated in US dollars. For currency risk, sensitivity reflects the impact of a +/-10% change in the euro-US dollar and euro-sterling exchange rates from their levels at the balance sheet date.
The impact on income is based on the nominal amount of the assets and liabilities (stated in euros), to which a +10% or -10% change in the exchange rate is applied.

At December 31, 2019, the Group's sensitivity to exchange-rate movements were as follows:

In thousands of euros	US dollar	Sterling	Yen
Net exposure (assets - liabilities)	(5,441)	4	(39)
+10%	440	(0)	51
-10%	(538)	1	51

Interest rate risk

The Group's financial liabilities primarily consist of variable- and fixed-rate borrowings and of variable-rate short-term loans, plus the rescheduled liabilities originating from Recylex S.A.'s continuation plan (not bearing interest). To protect itself against a rise in interest rates and the resulting increase in interest payments on its variable-rate borrowings, the Group has arranged several floating-for-fixed rate swaps. These derivatives, which were not designated as hedging instruments at December 31, 2019, are carried on the balance sheet at their fair value, with €15,000 being expensed to reflect changes in their fair value.

At December 31, 2019, the primary risk of interest rate fluctuations derived from the interest rate derivatives. Management considers the risk as non-material.

NOTE 37 - LIST OF CONSOLIDATED ENTITIES AT DECEMBER 31, 2019

The scope of consolidation for FY 2019 is shown in the table below.

	Registered office	Consolidation method	% interest at 12/31/2018	% control	% interest at 12/31/2017
Recylex S.A.	Paris	Parent company	100.00	100.00	100.00
France					
C2P S.A.S.	Villefranche-sur-Saône	FC	100.00	100.00	100.00
Recytech S.A.	Fouquières-lès-Lens	EQ	50.00	50.00	50.00
Belgium					
Fonderie et Manufacture de Métaux SA	Brussels	FC	100.00	100.00	100.00
Germany					
Recylex GmbH	Hanover	FC	100.00	100.00	100.00
Weser-Metall GmbH	Nordenham	FC	100.00	100.00	100.00
Harz-Metall GmbH	Goslar	FC	100.00	100.00	100.00
C2P GmbH	Goslar	FC	100.00	100.00	100.00
PPM Pure Metals GmbH	Langelsheim	FC	100.00	100.00	100.00
Recylex Grundstücksverwaltungs GmbH	Langelsheim	FC	100.00	100.00	100.00
Norzinco GmbH	Goslar	FC	100.00	100.00	100.00
Recylex Beteiligungsgesellschaft Eins mbH	Hanover	FC	100.00	100.00	100.00
Recylex Beteiligungsgesellschaft Zwei mbH	Hanover	FC	100.00	100.00	100.00
Algeria					
Eco-Recyclage SpA	Algiers	EQ	33.33	33.33	33.33
FC = Full consolidation	EQ = Equity method		NC = Non-consolidated		

NOTE 38 - ENVIRONMENT-RELATED PROVISIONS AND CONTINGENT LIABILITIES

1. Background and general presentation of environment-related provisions and contingent liabilities

The Group's active sites are presented in detail in section 1 of the Board of Directors' Management Report.

The Recylex group's activities are subject to local, national and international regulations relating to the environment and industrial safety. These regulations are constantly changing and impose numerous requirements. As a result, these activities carry a risk that Recylex will be held liable for matters including site remediation and industrial safety. In accordance with IFRS, provisions can only be set aside where the Group has a legal, regulatory or contractual obligation to a third party resulting from past events. This obligation can also arise from public commitments or practices by the Group that have created a legitimate expectation from the relevant third parties that the Group will assume certain liabilities, where it is likely or certain that this obligation will give rise to an outflow of resources to such a third party, and the amount can be reliably estimated and corresponds to the best possible estimate of the commitment.

At end-2019, environmental provisions recognized by the Group totaled €18.2 million, covering the present value of all forecastable expenditure in line with the required remediation timeframe. The amounts recognized represent the best estimates based on reports and technical studies by independent experts. The Group cannot rule out the possibility that assumptions used to calculate these provisions will have to be reassessed. As a result, the Company monitors these provisions to take into account changes in the interpretation or application of the regulations by the relevant authorities, the technical, hydrological and geological constraints relating to environmental remediation issues, and the discovery of pollution not currently identified.

In accordance with IFRS, a contingent liability is identified when:

- A possible obligation arises 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; or
- A present obligation arises from past events but is not recognized because:
  - It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation,
  - The amount of the obligation cannot be measured with sufficient reliability.

Environmental provisions recorded (before discounting) are summarized in the table below:

In thousands of euros	Dec. 31, 2019	Dec. 31, 2018
France		
Active sites	0	0
Closed sites	5,939	8,790
Mines	2,963	3,923
Germany		
Active sites	2,445	2,403
Closed sites	6,924	7,457
Total provisions	**18,271**	**22,573**

The Group has drawn up expenditure projections reflecting existing obligations identified at closed sites and at active sites:

In thousands of euros	2020	2021	2022	2023	2024	Over 5 years
Recylex S.A.	3,706	3,379	599	286	135	798
German sub-group	1,029	1,127	828	695	745	2,501
Closed sites & mines	4,734	4,506	1,427	981	879	3,299
German sub-group	1,182	0	0	0	1,263	0
Active sites	1,182	0	0	0	1,263	0
Total expenditure covered by provisions	**5,876**	**4,506**	**1,427**	**981**	**2,142**	**3,299**

Environmental provisions and contingent liabilities identified by the Group are discussed below.

2. Provisions and monitoring of contingent liabilities relating to mining concessions (France)

2.1 Provisions recognized under the procedure for giving up rights to operate mining concessions

Recylex S.A. still holds mining concessions at which operations have ceased. Work to remediate these former mining sites and make them safe is taking place under a multi-year plan approved and amended in conjunction with local authorities and government organizations.

The aggregate amount of provisions (before discounting) covering the entire former mining site remediation program came to €2,963,000 at December 31, 2019.

In thousands of euros	Dec. 31, 2019	Dec. 31, 2018
Total provisions	**2,963**	**3,923**

Since December 31, 2018, Recylex S.A. has no longer held any mining concessions as a result of a provision in art. L. 144-4 of the French Mining Code that stipulates that unused mining concessions of an unlimited duration expire on December 31, 2018.The expiration of the validity of this mining concession does not mean the end of mining safety obligations concerning implementation arrangements for the remedial work required by prefectural decree, but not yet completed. Work commenced in 2017 to ensure the safety of a mining site in the Gard department and continued in 2018, and a dispute arose with the authorities concerning a mining site in the Hautes-Pyrénées department following a prefectural decision. During FY 2019, the expense related to works at a mine located in the Gard department and management of water treatment stations at former mining facilities. At December 1, 2019, the operation of the water treatment station at the former Largentière mine (Ardèche department) was transferred to the BRGM's (geological and mining research office) post-mining department in accordance with article L. 163-1 et seq. and L. 174-1 et seq. of the French Mining Code.

Expenditure incurred in 2019 for the remediation of former mines came to €1,260,000.

2.2 Monitoring of contingent liabilities relating to former mining sites

At December 31, 2019, the Company was not aware of any actual or potential obligation relating to former mining sites that could constitute a contingent liability.

3. Provisions and monitoring of contingent liabilities relating to closed sites and former landfill sites

The table below sets out provisions (before discounting) for remediation of the Recylex group's closed sites.

In thousands of euros	Dec. 31, 2019	Dec. 31, 2018
France		
Closed sites	5,939	8,790
Germany		
Closed sites	6,924	7,457
Total	**12,863**	**16,247**

3.1 Provisions recognized for sites in France (L'Estaque site)

Following the shutdown of operations at the L'Estaque facility in February 2001, several orders subsequent to the prefectural order of December 23, 2002 laying down the remediation program specified the conditions for the remediation work and set a deadline of December 31, 2018 for completion of the work. Based on the work still to be completed, a request to defer the deadline for the remediation work until December 31, 2022 was sent in January 2019 to the Prefect of the Bouches-du-Rhône department. This request was accepted by a prefectoral decree of April 11, 2019.

Given the economic impact of the SARS-CoV-2 pandemic and the economic uncertainty weighing on the company following the start of insolvency proceedings in respect of all of the Group's German subsidiaries, Recylex S.A. applied to the DREAL PACA on May 22, 2020 for a temporary suspension of work until December 31, 2021 and a postponement of the completion date to December 31, 2024.

In June 2012, a contract was signed with a specialist contractor covering the construction and operation of an initial storage cell. In 2014, a second cell was built and partially filled. After a standstill period, Recylex S.A. resumed the task of excavating and filling the second storage cell during the second half of 2017. In 2018, work focused on extending the second storage cell and then using it to store around 60,000 cubic meters in waste. In FY 2019, work focused on extending to the west the second storage cell and then using it to store around 45,000 cubic meters of waste. The excavation works took place in an area close to the tracks ahead of work planned by SNCF Réseau in the sector, the former slag heap located behind the former offices at the site, and, lastly, rubble from the demolition of the plant at the site's main platform.

The aggregate amount of provisions (before discounting) covering the entire remediation program at the L'Estaque site came to €5,939,000 at December 31, 2019 (see Note 14 to the consolidated financial statements for the year ended December 31, 2019). This amount is the best available estimate based on technical reports by independent experts.

A total of €3,049,000 in expenses was incurred in 2019 in connection with the remediation of the L'Estaque facility.

Recylex S.A. continues to monitor opportunities for unlocking value from the site over the next few years.

Provisions recognized for sites in Germany

Most industrial sites and landfill sites in Germany ceased operations before the merger between Preussag GmbH and Peñarroya SA in 1988. Under German law, an operator remains liable for all the damage caused, even if it has sold the land to third parties. In 2009, a settlement was reached between two of the Group's German subsidiaries, Harz-Metall GmbH and PPM Pure Metals GmbH, and the TUI Group on the remediation of certain sites in Germany belonging to these subsidiaries.

The provisions set aside for the German sites correspond to ground and water remediation obligations, particularly relating to former slag heaps and landfill sites for which the Group's German subsidiaries remain responsible, taking account of the agreement with TUI. The Group has been notified of these obligations by the local authorities. The total amount of provisions (before discounting) recognized for the German sites was €6,924,000 at December 31, 2019, including €5,658,000 for the Harz-Metall GmbH site in Goslar and €1,220,000 for the Weser-Metall GmbH site. These amounts are the best available estimates, based on technical reports by independent experts.

(i) Harz-Metall GmbH site: former slag heaps

For the Harz-Metall GmbH site, the Group is responsible in particular for remediating former slag heaps and abandoned industrial facilities (estimated cost: €4,507,000), and site surveillance (estimated cost: €1,151,000). Expenditure incurred in FY 2019 for the remediation and securing of former slag heaps and industrial sites amounted to €592,000.

(ii) Weser-Metall GmbH site: former lead facility and other landfill sites

At the Weser-Metall GmbH site in Nordenham, the €1,220,000 provision covers the cost of remediating the former lead facility. Close to the Weser-Metall GmbH site are two landfills that ceased operations in 1977 (Rahden) and 1995 (Galing I) respectively. At the Rahden landfill, the local authorities have requested a reduction in the zinc levels in the ground before vegetation can be reintroduced. The Group has arranged monitoring of zinc levels, with an estimated duration of ten years. The total provision, including monitoring costs, was €600,000 at December 31, 2019. At the Galing landfill, a €500,000 provision was set aside to cover monitoring costs, also expected to last ten years.

3.2 Monitoring of contingent liabilities in France and Germany

At the PPM Pure Metals GmbH site in Langelsheim, Germany, work to ensure the safety of the former slag heap has been completed in the vicinity of the new road. However, the Group cannot rule out the possibility that the local authority may require additional work. The additional work for which the Group could then be responsible has an estimated cost of €1,100,000, but is not provisioned because there is no proven obligation.

4. Active sites

In 2010, Harz-Metall GmbH created on its own site an authorized landfill site for the final storage of slag from its Waelz oxide manufacturing process. This landfill site has a capacity of 360,000 tonnes. The Group recognizes provisions for remediation of operational storage areas built to hold end-of-process waste (slag from production) with a balancing entry in non-current assets reflecting the expected date of the relevant expenditures (present value). This asset is amortized as it is used. The provision made reflects the date that this expense will be incurred and is therefore discounted to present value. A corresponding asset is created as a balancing entry for this provision. The provision thus calculated is €2,257,000 at December 31, 2019. The asset is amortized as the storage capacity is used.

In France, act no. 2003-699 of July 30, 2003, requires guarantees to be created to ensure the safety of certain facilities and the protection of the environment, in the event of discontinuation of their operations. By the nature of their businesses, Recylex S.A. and Recytech S.A. are covered by this requirement. In 2019, Recylex S.A. made the sixth payment of the aforementioned guarantee, the amount of which was approved by the relevant authorities in accordance with article R. 516-1 of the Environmental Code as amended by the order of May 31, 2012. The total value of the guarantee to be created by Recylex S.A. is €700,000, to be paid over nine years. At December 31, 2019, Recylex S.A. recognized a long-term financial asset corresponding to the first six tranches in a total amount of €498,000. That asset is written down in full, as the use of this financial guarantee, which is contingent upon discontinuation of the business, is not located in a defined period.

5. Discouing of environmental provisions

The provisions set aside to cover environmental liabilities are discounted in the consolidated financial statements as permitted under IAS 37. For this purpose, the Group uses the TEC rate, the benchmark rate for French government bonds, with the maturity chosen to reflect the expected date of the expenditure.

At December 31, 2019, the rates used ranged from 0.094% (TEC 10-year rate) to 0.367% (TEC 15-year rate). When the rate is negative, the liabilities are not discounted.

The sensitivity of the environmental provisions to a change in discount rate is shown in the following table:

	Change in the discount rate (in basis points)			
	-1,0	-0,5	0,5	1,0
Impact on the amount of the provision (in millions of euros)	0,1	0,1	-0,2	-0,5

(1) Changes in the 10-year and 15-year TEC benchmark rates over the past 5 years.

NOTE 39 – SUBSEQUENT EVENTS

The Group has taken into account events after the balance sheet date and, where appropriate, has either adjusted its financial statements or provided disclosures in the notes to the financial statements in respect of such events if they were material.

In accordance with IAS 10.8, only events confirming a situation prevailing at the balance sheet date have led to adjustments in the financial statements. Material events relating to new circumstances arising after the balance sheet date are disclosed in the notes (IAS 10.10).

39. 1. Subsequent events taken into account that have led to adjustments to the financial statements are as follows:

Impairment testing (Note 5): The Group has reviewed the recoverable amount of the CGUs for which, at the balance sheet date, indications of impairment had been identified and the recoverable amount of which is significantly influenced by events subsequent to the balance sheet date at December 31, 2019 up to the date on which the consolidated financial statements are approved by the Board of Directors.

39.2. Subsequent events taken into account that have resulted in a specific disclosure in the notes to the financial statements are as follows:

Changes in metal prices and the euro/dollar exchange rate in early 2020

Lead and zinc metal prices declined in late 2019 and early 2020 compared to the average price in 2019.

The average lead price for 2019 was €1,787, down 6% compared to the 2018 average. The average lead price for the first half of 2020 was €1,598, down 11% compared to the 2019 average. Between January 2, 2020 and June 30, 2020, the price of lead fell almost continuously, with an 8% drop since the beginning of the year.

The average zinc price in 2019 was €2,274, down 8% on the 2018 average. The average zinc price for the first half of 2020 was €1,857, down 18% compared to the 2019 average. Between January 2, 2020 and June 30, 2020, the zinc price fell by 13%, as a result of a very sharp drop since February 2020.

In 2019, the average €/$ exchange rate fell by 5% compared to 2018 to reach 1.1195. The average euro/dollar exchange rate in the first half of 2020 was also 2% below the 2019 average.

Restructuring of the German sub-group's debt

Discussions continued during early 2020 between the Group and its financial partners with a view to restructuring the German sub-group's debt. The main developments were as follows:

Following the discussions with the financial partners in December 2019, the Group started looking into disposing of Weser-Metall GmbH in addition to PPM Pure Metals GmbH and Norzinco GmbH (whose disposal processes had been initiated during the first half of 2019) in order to restructure the debt of the German sub-group, as well as studying the impact of these proposed disposals on its business model and the associated strategic developments with a view to continuing the Group's remaining activities.

Accordingly, a new schedule of discussions with the financial partners was established until April 30, 2020, and the Group obtained a position from the financial partners in February 2020 in relation to the progress with proposed disposals paving the way for debt restructuring:

- The deferral of the maturity date and early termination rights until April 30, 2020
- The deferral of the €20.7 million bridge financing with Glencore International AG bringing its total amount to €61.4 million with a maturity date of April 30, 2020

On February 21, 2020, the Group obtained an extension of this discussion schedule until May 31, 2020 subject to a review of the progress of the proposed disposals by the financial partners in mid-March 2020. At the same time, the Group also secured:

- From Glencore International AG €4.4 million in additional bridge financing to cover identified cash requirements until May 31, 2020 (compared to April 30, 2020 previously). The bridge financing increased accordingly to €65.8 million (compared to €61.4 million previously). Glencore International AG also extended the maturity date of the bridge financing as well as that of the additional financing to May 31, 2020 (€16.8 million).
- From the bank consortium the deferral to May 31, 2020 of their rights of early termination of the 2016 financing, as well as the deferral until the same date of the repayments due on December 31, 2018, March 31, 2019, June 30, 2019, September 30, 2019, December 31, 2019 and March 31, 2020 for a total amount of €12.0 million, as well as the interest due on December 31, 2019 and March 31, 2020 for a total amount of approximately €5.5 million.

On March 19, 2020, the Group announced that the overall review of the status of proposed disposals, previously scheduled for mid-March 2020, would take place at the end of April 2020.

On April 15, 2020, the German sub-group informed its financial partners of the delay in completing the disposal processes, in particular of Weser-Metall GmbH, mainly due to the restrictions caused by the SARS-CoV-2 pandemic.

Accordingly, the German sub-group was granted on May 7, 2020 an extension to the timetable for the ongoing talks until June 30, 2020 (compared to May 31, 2020 previously) as well as:

- From Glencore International AG €6.5 million in additional bridge financing to cover identified cash requirements until June 30, 2020 (compared to May 31, 2020 previously). The bridge financing would thus be increased to €72.3 million (compared to €65.8 million previously). A deferral to the same date was also obtained from Glencore International AG of the maturity date for the bridge financing as well as that of the additional financing (€16.8 million).
- From the bank consortium a deferral to June 30, 2020 of their early termination rights under the December 2016 financing, as well as the deferral until the same date of the repayments due on December 31, 2018, March 31, 2019, June 30, 2019, September 30, 2019, December 31, 2019 and March 31, 2020, or a total amount of €12.0 million, as well as the interest due on December 31, 2019 and March 31, 2020 representing a total amount of approximately €5.5 million.

In addition, the review by the financial partners of the conditions under which their financing could be continued beyond May 31, 2020 was postponed from the end of April 2020 to mid-May 2020.

The asset disposal and debt restructuring processes being pursued by the German sub-group as outlined above were then brought to a halt by the commencement of insolvency proceedings at each entity in the German sub-group on May 15, 2020, as explained below.

Impacts of the SARS-CoV-2 virus on the Group's activities and start of insolvency proceedings at the level of all the companies of the German subgroup

On March 11, 2020, the World Health Organization declared the SARS-CoV-2 virus (Covid 19) outbreak to be a pandemic. Amid the lockdown measures taken to address the global SARS-CoV-2 pandemic, metal prices went into a tailspin.

Weser-Metall GmbH halted its production on March 26, 2020 in response to the steep decline in demand, especially from the automotive sector, as metals prices collapsed. The business switched to servicing and maintenance mode. Weser-Metall GmbH resumed production on 18 May 2020.

The Group's scrap lead batteries recycling activities in France (Recylex S.A.) and in Germany (Harz-Metall GmbH) shut down almost completely. The three plants introduced furlough arrangements for their employees.

Recylex S.A. and C2P S.A.S. both requested a loan from their respective main bank under the PGE state-guaranteed loan program. Their requests were turned down by their banking partners.

The sharp decline in zinc prices and worsening business conditions continued into the first quarter of 2020 further impacting the contraction in the Zinc segment. Despite a favorable base of comparison in the first four months of 2019 when facilities were shut down for maintenance, Harz Metall GmbH's electric arc furnace dust recycling sales were not significantly higher in 2020 than in the year-earlier period.
Notwithstanding a steep increase in its production volumes (9,000 tons up from 5,000 tons), its sales only edged just above their level in the first four months of 2019 to €5.5 million as business conditions took a serious turn for the worse and zinc prices tumbled lower. The business posted an operating loss before non-recurring items of €1.8 million in the first four months of 2020 as a result of the strong rise in energy costs and production costs.

Given the macroeconomic outlook and based on a review of all the potential scenarios, it became obvious that a sufficient recovery was unlikely in the short to medium term. In particular, trends in zinc prices have started to jeopardize the future prospects of the zinc operations at Harz-Metall GmbH in the German sub-group, giving rise to an additional financing requirement of €8.6 million over the next two years for this one company alone. The Group's financial partners were unable to provide this additional financing (on top of their existing commitments) amid the ongoing restructuring. Since there was no prospect of this new additional financing requirement being met, the prospects of Harz-Metall GmbH being able to continue as a going concern were called into question and, pursuant to German law, Harz-Metall GmbH's management was obliged to commence insolvency proceedings on May 14, 2020.

The managers of all the other German entities (Weser-Metall GmbH, Norzinco GmbH and PPM Pure Metals GmbH, Recylex

GmbH, C2P Germany GmbH and Recylex Grundstücksverwaltungsgesellschaft mbH) were also obliged to file requests for the commencement of insolvency proceedings on May 14, 2020 because of the joint and several liabilities of all the German sub-group's entities vis-à-vis the financial partners. These requests for the commencement of insolvency proceedings were confirmed by decisions of the German District Court of Göttingen on May 15, 2020. It is important to point out that the Recylex Group's French companies are not covered by these proceedings under German law, however.

The "protective shield" procedure (laid down in article 270 b (1) of the German Insolvency Code - first sentence) was chosen for the German operating entities (Weser-Metall GmbH, Harz-Metall GmbH, Norzinco GmbH and PPM Pure Metals GmbH) and the "direct management" procedure for the other German entities (Recylex GmbH, C2P Germany GmbH and Recylex Grundstücksverwaltungsgesellschaft mbH (property management company)). The purpose of the request to commence "protective shield" procedures is to keep the business operating and to implement a restructuring process tailored to each of the entities, thereby enabling them to survive once the SARS-CoV-2 pandemic has been brought under control.

The commencement of insolvency proceedings by the German sub-group's legal entities will have the following major implications for parent company Recylex S.A.:

- On the one hand, the €16 million loan granted in 2014 by Glencore International AG to Recylex S.A. may become due at any time, in particular insofar as since 2016 it is linked to the German sub-group's financing. The Group has obtained a waiver from Glencore International AG on May 18, 2020, waiving its right to declare this loan immediately due and payable until October 31, 2020. This deferral was conditionally extended to February 19, 2021. Its conditions include the fact that Recylex S.A. will continue to deliver secondary materials to Weser-Metall GmbH.
- In addition, with the decision by the German Insolvency Court to set in motion the insolvency proceedings, Recylex S.A. has lost all control over the German entities, leading to the deconsolidation of the entire German sub-group from its consolidated financial statements.

Changes in the scope of consolidation

The loss of control is a direct consequence of the decisions by the German Insolvency Court to commence insolvency proceedings. With the court's decisions, all powers have been transferred entirely to the CEOs of the German entities and the insolvency administrator it appointed. Since the criteria for consolidation laid down in IFRS 10 are no longer met, Recylex S.A. will have to deconsolidate all the German entities subject to insolvency proceedings effective May 15, 2020, i.e.:

- Lead segment: Weser-Metall GmbH (the Group's primary smelting) and Harz-Metall GmbH (used lead acid battery – ULAB – recycling),
- Zinc segment: the electric arc furnace dust recycling activities of Harz-Metall GmbH and Norzinco GmbH (zinc waste recycling),
- Special Metals segment: PPM Pure Metals GmbH (special metals production),
- Plastics segment: C2P GmbH (polypropylene waste recycling)
- Other businesses: Recylex GmbH (holding company activities in Germany) and Recylex Grundstücksverwaltungsgesellschaft mbH (property management company).

To provide some context for the 2019 consolidated figures given the Group's new scope of consolidation following commencement of the insolvency proceedings and loss of control over the German entities in May 2020, the Group presents below certain key figures for the German sub-group to be deconsolidated, it being specified that these figures have been disclosed for information purposes by operating segment on the basis of the consolidated financial statements at December 31, 2019:

German Sub-group **Income Statement items** *(In thousands of euros)*	***Lead***	***Zinc***	***Special Metals***	***Plastics***	***Other businesses***	***Eliminations***	***Total***
Sales to external customers	193 528	81 663	16 433	938	375	0	292 936
Inter-segment sales	4 938	1 155	50	316	1 399	(7 858)	0
Total sales (IFRS)	**198 466**	**82 818**	**16 483**	**1 253**	**1 774**	**(7 858)**	**292 936**
Restatement following application of IFRS 10 & 11	0	0	0	0	0	0	0
Total sales restated under IFRS 10 & 11	**198 466**	**82 818**	**16 483**	**1 253**	**1 774**	**(7 858)**	**292 936**
EBITDA (IFRS)	**(23 304)**	**1 732**	**(4 205)**	**(540)**	**(6 531)**	**0**	**(32 848)**
Restatement following application of IFRS 10 & 11	0	0	0	0	0	0	0
AWC - LIFO adjustment	(109)	0	0	0	0	0	(109)
EBITDA restated for LIFO and IFRS 10 & 11	**(23 413)**	**1 732**	**(4 205)**	**(540)**	**(6 531)**	**0**	**(32 957)**
Depreciation, amortization and impairment losses (LIFO)	(7 356)	(2 057)	(501)	(154)	66	0	(10 001)
Restatement following application of IFRS 10 & 11	0	0	0	0	0	0	0
Operating income / (loss) before non-recurring items restated for LIFA and IFRS 10 & 11	**(30 769)**	**(325)**	**(4 706)**	**(694)**	**(6 465)**	**0**	**(42 958)**
LIFO - AWC adjustment	87	0	0	0	0	0	87
Restatement following application of IFRS 10 & 11	0	0	0	0	0	0	0
Operating income / (loss) before non-recurring items (IFRS)	**(30 682)**	**(325)**	**(4 706)**	**(694)**	**(6 465)**	**0**	**(42 871)**
Other non-recurring operating income/(expense)							(26 478)
Net Financial income/(expense)							(12 492)
Income tax benefit/(expense)							5
Share in income from equity affiliates							0
Contribution to the 2019 Consolidated Net Result of the entities part of the German Sub-group (entities subject to insolvency proceedings in 2020)							**(81 835)**

Balance sheet items (In thousands of euros)	Lead	Zinc	Special Metals	Plastics	Other businesses	Total
Property, plant and Equipment & Intangible assets	15 836	8 710	2 488	(0)	360	27 393
Other non-current assets	1 087	1 087	17	0	2 819	5 010
Total non-current assets	**16 923**	**9 797**	**2 505**	**(0)**	**3 179**	**32 403**
Inventories						
Trade receivables	12 342	3 199	1 085	0	0	16 625
Other current assets	1 854	911	138	32	1 435	4 370
Cash and cash equivalents	1 736	1 120	177	0	1 016	4 049
Total current assets	**27 492**	**10 671**	**7 236**	**34**	**2 452**	**47 884**
Interest-bearing borrowings	11 512	127	9	0	155	11 803
Provisions	1 026	2 092	26	0	4 825	7 969
Employee benefits	19 253	1 930	3 278	65	9 674	34 201
Other non-current liabilities	(0)	0	0	0	0	0
Total non-current liabilities	**31 791**	**4 149**	**3 313**	**65**	**14 655**	**53 973**
Interest-bearing borrowings - current part	103 255	55	384	0	29 801	133 495
Provisions - current part	523	213	20	53	492	1 301
Employee benefits - current part	1 381	201	167	0	728	2 477
Other current liabilities - current part	37 201	2 156	1 771	102	822	42 051
Total current liabilities	**142 360**	**2 625**	**2 341**	**155**	**31 842**	**179 324**

As a result, the Recylex group will, from that point onwards, consist solely of:

- Lead segment: Recylex S.A.'s ULAB recycling activities (Villefranche and Escaudoeuvres plants),
- Plastics segment: C2P S.A.S.'s polypropylene waste recycling activities.
- Zinc segment: 50% joint venture in Recytech S.A. accounted for by the equity method in the Group's consolidated financial statements.
- Recylex S.A.'s holding company activities.

To provide some context for the 2019 consolidated figures given the Group's new scope of consolidation following commencement of the insolvency proceedings and loss of control over the German entities in May 2020, the Group presents below certain key figures in the 2019 financial reporting, restated to exclude the German sub-group currently undergoing insolvency proceedings, it being specified that these figures have been disclosed for information purposes by operating segment on the basis of the consolidated financial statements at December 31, 2019:

Remaining Group Income Statement items *(In thousands of euros)*	*Lead*	*Zinc*	*Special Metals*	*Plastics*	*Other businesses*	*Eliminations*	*Total*
Sales to external customers	61 629	0	0	11 208	(0)	0	72 837
Inter-segment sales	1 970	0	0	0	0	(1 970)	0
Total sales (IFRS)	**63 599**	**0**	**0**	**11 208**	**(0)**	**(1 970)**	**72 837**
Restatement following application of IFRS 10 & 11	0	20 637	0	0	0	0	20 637
Total sales restated under IFRS 10 & 11	**63 599**	**20 637**	**0**	**11 208**	**(0)**	**(1 970)**	**93 474**
EBITDA (IFRS)	**2 290**	**0**	**0**	**114**	**(2 954)**	**0**	**(551)**
Restatement following application of IFRS 10 & 11	0	10 932	0	0	0	0	10 932
AWC - LIFO adjustment	0	0	0	0	0	0	0
EBITDA restated for LIFO and IFRS 10 & 11	**2 290**	**10 932**	**0**	**114**	**(2 954)**	**0**	**10 381**
Depreciation, amortization and impairment losses (LIFO)	(1 036)	0	0	(467)	(387)	0	(1 890)
Restatement following application of IFRS 10 & 11	0	(914)	0	0	0	0	(914)
Operating income / (loss) before non-recurring items restated for LIFA and IFRS 10 & 11	**1 253**	**10 018**	**0**	**(354)**	**(3 340)**	**0**	**7 577**
LIFO - AWC adjustment	0	0	0	0	0	0	0
Restatement following application of IFRS 10 & 11	0	(10 018)	0	0	0	0	(10 018)
Operating income / (loss) before non-recurring items (IFRS)	**1 253**	**0**	**0**	**(354)**	**(3 340)**	**0**	**(2 441)**
Other non-recurring operating income/(expense)							(5 068)
Net Financial income/(expense)							(1 683)
Income tax benefit/(expense)							0
Share in income from equity affiliates							6 688
Contribution to the 2019 Consolidated Net Result of the entities part of the Remaining Group (excluding entities of the German sub-group subject to insolvency proceedings in 2020)							**(2 505)**

Balance sheet items (In thousands of euros)	Lead	Zinc	Special Metals	Plastics	Other businesses	Total
Property, plant and Equipment & Intangible assets	5 420	0	0	308	1 726	7 455
Other non-current assets	11	10 834	0	156	51	11 051
Total non-current assets	**5 431**	**10 834**	**0**	**464**	**1 777**	**18 506**
Inventories	5 893	0	0	1 388	0	7 281
Trade receivables	9 797	0	0	2 317	15	12 129
Other current assets	4 167	0	0	51	1 641	5 859
Cash and cash equivalents	1	0	0	729	4 513	5 242
Total current assets	**19 858**	**0**	**0**	**4 485**	**6 168**	**30 511**
Interest-bearing borrowings	236	0	0	197	16 449	16 883
Provisions	(0)	0	0	0	9 319	9 319
Employee benefits	156	0	0	287	65	508
Other non-current liabilities	(0)	0	0	0	31 585	31 585
Total non-current liabilities	**392**	**0**	**0**	**484**	**57 419**	**58 294**
Interest-bearing borrowings - current part	458	0	0	82	209	749
Provisions - current part	1 513	0	0	0	2 289	3 802
Employee benefits - current part	27	0	0	(0)	12	39
Other current liabilities - current part	4 883	0	0	1 690	9 274	15 847
Total current liabilities	**6 880**	**0**	**0**	**1 772**	**11 784**	**20 437**

Lead segment and Plastics business trends since May 15, 2020

Since May 15, 2020, the Weser-Metall GmbH smelter has no longer been part of the Recylex Group, but is now a third-party customer of Recylex S.A.. This customer purchases almost all of Recylex S.A.'s output. As of August 31, 2020, Weser-Metall GmbH generated 97% of Recylex S.A.'s sales.

Recylex S.A.'s goal is to find new client markets for these recycled products in order to diversify its customer base.

As of August 31, 2020, Recylex S.A.'s two scrap battery processing centers processed 37,391 tonnes of batteries compared to 38,955 tonnes in the first half of 2019, which represented a 4% decline. The contraction in volumes was caused by the April 2020 shutdown as part of the lockdown to tackle the SARS-CoV-2 pandemic.

In the first half of 2020, Recylex S.A.'s battery recycling activities posted an operating loss before non-recurring items of €2.2 million, compared to income of €0.6 million in the same period of 2019.

C2P S.A.S.' polypropylene recycling activities were hit by the slowdown in the automotive market, which caused its volumes decline 37% in the first half of 2020 compared to the same period of 2019 to reach 3,800 tons.

The business recorded an operating loss before non-recurring items of €0.5 million in the first six months of 2020. In the same period of 2019, it had more or less broken even.

Recylex S.A.'s financial position of Recylex S.A. and going concern status

At the commencement date of the insolvency proceedings, Recylex S.A. was owed the following amounts by the German sub-group:

- a €10.7 million loan granted to Weser-Metall GmbH in 2016,
- a €5.0 million loan granted to Recylex GmbH, the amount of which was released in 2017 and 2018, it being specified that Recylex S.A. has a €2.8 million liability under the continuation which it intends to offset against this loan,
- €5.4 million in trade receivables due from Weser-Metall GmbH.

These receivables will most likely not be recovered due to the commencement of the German entities' insolvency proceedings.

As Recylex S.A.'s main customer is Weser-Metall GmbH, Recylex S.A.'s ability to continue operating depends on Weser-Metall GmbH's ability to continue trading and to keep on sourcing secondary materials from Recylex S.A.. Recylex S.A.'s objective is to remain a key supplier to Weser-Metall GmbH and to continue to seek other client markets.

Following a malfunction in the battery breaking system, the Villefranche-sur-Saône site had to stop production temporarily for 3 weeks in July/August 2020. Production resumed on August 12. Recylex S.A. therefore had to revise its production volumes and financial forecasts downwards for the year 2020.

Recylex S.A. held €8.8 million in cash at August 31, 2020, up €4.3 million compared to at December 31, 2019. This temporary increase in cash reflected a substantial reduction in the working capital requirement. In particular, there was a major reduction in trade receivables and inventories with the curtailment of operations in April 2020 and Weser-Metall's prepayments for deliveries made by Recylex S.A. since May 15, 2020.

Recylex S.A..'s working capital requirement is expected to increase strongly between now and the end of the year, depending on business activity and changes in payment terms to Weser-Metall GmbH. This increase should be combined with the loss generated by the business and should consume a significant portion of existing cash.

Recylex S.A. has drawn up revised short-, medium- and long-term financial projections to reflect the known impacts to date of the insolvency proceedings at the German entities and the new scope of its operations. These new projections are based on the following assumptions:

- The continued trading of Weser-Metall GmbH and the continued supply of secondary materials to the Weser-Metall GmbH smelter (now outside the Recylex Group) by Recylex S.A.,
- The deferral beyond February 19, 2021 of the repayment date for the €16 million loan granted in 2014 by Glencore International AG, which is currently contingent on Recylex

SA's continued supply of secondary materials to Weser-Metall GmbH,
- The suspension of interest payments on the €16 million loan granted by Glencore International AG for at least the next 12 months, as well as the adjustment of the repayment and interest terms over the medium term,
- The temporary suspension of the plan for payment of the fine to the European Commission and the reprofiling of the payment schedule to fit with Recylex S.A.'s revised cash flow forecasts. To this end, a request was sent to the European Commission in July 2020 for adjustment of the amount and the payment plan to Recylex S.A.'s new economic position.
- The acceptance by the competent authorities of the temporary suspension of the rehabilitation work at the L'Estaque site until December 31, 2021 and postponement of the completion date of the work until December 31, 2024. To this end, a request was sent in late May 2020 to the PACA region's environmental agency (DREAL) seeking a temporary suspension of the rehabilitation work until December 31, 2021 and a delay to the completion date until December 31, 2024 (see Note 38 – 3.1)
- The successful completion of the sale of non-operating assets in the next 12 months.

Assessment of liquidity risk

In addition to the risk that the assumptions described above will not be met, Recylex S.A.'s cash flow projections may be affected by the following factors in this new environment:
- the likely volumes of secondary raw materials purchased by Weser-Metall GmbH (now a third party customer), which represents Recylex S.A.'s almost only customer to date,
- changes in business conditions for secondary materials (treatment charges),
- fluctuations in lead and zinc prices and in the euro/US dollar exchange rate, to which Recylex S.A.'s business activities are highly sensitive
- trends in volumes and the purchase cost of scrap lead batteries, on which the selling margin and the cash generated by Recylex S.A.'s operating activities are heavily dependent
- financial income, in particular dividends received from the Recytech S.A. equity associate, whose results are highly sensitive to the level of the zinc price and to the level of volumes processed
- expenditure linked to the rehabilitation commitments for the L'Estaque site and former mining facilities,
- potential proceeds from the disposal of non-operating assets
- effects of the restructuring of Recylex S.A.'s financial and non-financial debts
- developments in the ongoing litigation involving Recylex S.A. and contingent liabilities (see Notes 1 and 38)
- developments in the recycled polypropylene market and their impact on the business of the C2P S.A.S. subsidiary, Recylex S.A.'s sole outlet for the sale of polypropylene residues from battery recycling. C2P S.A.S., located on Recylex S.A.'s recycling site in Villefranche sur Soane, uses the same infrastructure as Recylex S.A. and therefore offers economies of scale in terms of costs. The interdependence of two companies is a factor to be taken into account when assessing the financial risks of the two companies.

See the Going concern section of Note 2 – Accounting policies and application of IFRS for details of how the going concern principle was applied in the preparation of the consolidated financial statements for the year ended December 31, 2019.

NOTE 40 – DISCONTINUED OPERATIONS AND ASSETS HELD FOR SELD

PPM Pure Metals GmbH and Norzinco GmbH

As stated in the press releases dated April 24, 2019 and November 28, 2019, the Group set in motion during 2019 the process of disposing of non-core assets, namely Norzinco GmbH and PPM Pure Metals GmbH:

- By December 31, 2019, the Group had received an offer to purchase the shares of its PPM Pure Metals GmbH subsidiary following the non-core asset disposal process set in motion in 2019, it being specified that this disposal encompasses all the assets in the Special Metals segment. On this basis, in accordance with the criteria laid down under IFRS 5, PPM Pure Metals GmbH was classified as an “asset held for sale” on the statement of financial position, and the income/loss recorded by PPM Pure Metals GmbH is shown on the Net income from discontinued operations and assets held for sale line on the consolidated income statement.
- At December 31, 2019, based on the progress made with the disposal of Norzinco GmbH, the Group concluded that the criteria laid down in IFRS 5 had been met. The disposal process is part of the Group’s withdrawal from non-core operations for the purpose of finalizing the German sub-group’s debt restructuring. Accordingly, Norzinco GmbH was classified as an “asset held for sale” on the statement of financial position, and the income/loss recorded by Norzinco GmbH is shown on the Net income from discontinued operations and assets held for sale line on the consolidated income statement.

Norzinco GmbH Norzinco GmbH is part of the Zinc operating segment and PPM Pure Metals GmbH of the Special Metals segment.

Weser-Metall GmbH

As stated in the press release dated November 28, 2019, the Group has indicated that plans for the potential sale of Weser-Metall GmbH had been set in motion, without any decision being taken to date as part of discussions with the German sub-group’s financial partners. The continuation of the German sub-group’s financing arrangements until April 30, 2020 was based on conditions, including a progress review of the proposed disposal, initially commenced in February 2020, for the purpose of assessing whether the sale proceeds would be sufficient to lay the ground for an enduring restructure of the German sub-group’s debt. Accordingly, the Group has concluded that the criteria laid down in IFRS 5 were not met at the balance sheet date of December 31, 2019.

At December 31, 2019, the main asset and liability categories by operating segment classified as assets and liabilities held for sale are as follows:

In thousands of euros	**Zinc segment**	**Special Metals segment**		
	Norzinco GmbH	PPM Pure Metals GmbH	Recylex Grundstücksverwaltungs GmbH	Total December 31, 2019
Non-current assets	0	2,198	290	2,488
Current assets	5,355	7,251		12,605
o/w inventories	*1,788*	*5,836*		*7,623*
o/w trade receivables	*3,156*	*1,079*		*4,234*
Total assets or groups of assets held for sale	**5,355**	**9,449**	**290**	**15,094**
Non-current liabilities	373	1,712		2,085
o/w pension liabilities	*246*	*1,703*		*1,949*
Current liabilities	1,342	2,202		3,544
Total liabilities associated with a group of assets held for sale	**1,715**	**3,914**	**0**	**5,629**
Net assets held for sale	3,640	5,535	290	9,465

The Group’s net income at in the years ended December 31, 2018 and December 31, 2019 includes the net contribution from Norzinco GmbH and PPM Pure Metal GmbH combined on the “net income from discontinued operations” line. Discontinued operations had the following impact on the income statement:

In thousands of euros	Norzinco GmbH	PPM Pure Metals GmbH	Total at December 31, 2019	Total at December 31, 2018
Total sales	57,513	16,422	73,936	85,501
Operating income/(loss) before non-recurring items	-3,229	-3,624	-6,853	-397
Operating income	-11,168	-4,030	-15,198	-396
Net interest expense	-184	-41	-225	-450
Income taxes	0	0	0	803
Net income before non-controlling interest	**-11,352**	**-4,071**	**-15,423**	**-43**

At the December 31, 2019 close, the measurement at fair value less costs to sell of the assets held for sale prompted the Group to recognize an additional €7.2 million impairment loss on Norzinco GmbH. This impairment loss was recognized under operating income in the following table.

Cash flows generated by assets held for sale in 2018 and 2019 are shown below.

In thousands of euros	Norzinco GmbH	PPM Pure Metals GmbH	Total at December 31, 2019
Cash flow from operating activities	518	1,311	1,829
Cash flow from investing activities	-676	-1,532	-2,208
Cash flow from financing activities	-32	-69	-101
Change in cash	**-190**	**-290**	**-480**

NOTE 41 – FEES PAID TO STATUTORY AUDITORS

	Deloitte				KPMG			
	Amount		%		Amount		%	
(in thousands of euros)	2019	2018	2019	2018	2019	2018	2019	2018
Audit								
Recylex S.A.	180,000	200,000	31%	35%	180,000	200,000	94%	94%
Subsidiaries	393,800	376,000	69%	65%	12,500	12,000	6%	6%
Sub-total	***573,800***	***576,000***	***100%***	***100%***	***192,500***	***212,000***	***100%***	***100%***
Other services								
Recylex S.A.	0	0	0%	0%	20,100	45,100	100%	100%
Subsidiaries	40,200	78 000	100%	100%	0	0	0%	0%
Sub-total	***40,200***	***78,000***	***100%***	***100%***	***20,100***	***45,100***	***100%***	***100%***
TOTAL	**614,000**	**654,000**	**100%**	**100%**	**212,600**	**257,100**	**100%**	**100%**

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.
This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

To the Recylex S.A. Annual General Meeting,

Disclaimer of opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Recylex S.A. for the year ended December 31, 2019.

These financial statements were approved by the Board of Directors on October 22, 2020 on the basis of the information available at that date in the evolving context of the Covid-19 health crisis.

We are unable to express an opinion on whether the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as of December 31, 2019 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union. Due to the materiality of the matters described in the section "Basis for disclaimer of opinion", we were unable to collect sufficient and appropriate information on which to base an opinion on the consolidated financial statements.

This observation is consistent with our report to the Audit Committee.

Basis for disclaimer of opinion

As disclosed in the notes to the consolidated financial statements ("Business continuity" section of Note 2, "Accounting policies and application of IFRS", Section 32.5, "Liquidity risk" of Note 32, "Financial risk management" and Note 39, "Post-balance sheet events"), the Group's financial and operational difficulties, and in particular those met by the German sub-group and the Weser-Metall GmbH smelter, as well as the impacts of the Covid-19 global pandemic on metal prices and more specifically on the price of zinc, led these entities to:

- *recognize that the business continuity outlook was significantly impaired, as the new financing requirements generated by this situation could not be covered by their financial partners;*
- *file a request to open insolvency proceedings. This request was granted by the Göttingen German Court on May 15, 2020.*

This procedure led to the immediate loss of control by the Group of its German subsidiaries and, therefore, their deconsolidation from that date. The Recylex Group is now limited to its French businesses, that is Recylex S.A.'s two used lead battery recycling plants, C2P S.A.S. and the 50% stake in Recytech S.A.

In this context, the Group reviewed its outlook, which is based on a certain number of assumptions, items and ongoing actions, including:

- continuation of Weser-Metall GmbH's activity and of the supply of secondary materials by Recylex S.A to the Weser-Metall GmbH smelter (now outside the Recylex Group),
- changes in the commercial terms and conditions of secondary materials (processing costs), lead and zinc prices and the €/USD exchange rate, as Recylex S.A.'s activity is highly sensitive to changes in these parameter,
- changes in used lead battery volumes and purchase prices, as the commercial margin and cash generated by Recylex S.A.'s activity is heavily dependent on these parameters,
- changes in the recycled polypropylene market and its impact on the business of the subsidiary C2P S.A.S, Recylex S.A.'s sole outlet for the sale of polypropylene residue from battery recycling. The subsidiary C2P S.A.S., located on the Recylex S.A. recycling site in Villefranche sur Saône, uses the same infrastructures as Recylex S.A., therefore enabling economies of scale. The interdependency of both companies is a factor to be taken into account when assessing their financial risks,
- extension beyond February 19, 2021 of the deferral of the maturity date of the €16 million loan granted in 2014 by Glencore International AG, conditional on the continued supply by Recylex S.A. of secondary materials to Weser-Metall GmbH,
- suspension of interest on the €16 million loan granted by Glencore International AG for at least the next 12 months, and adaptation of repayment and interest conditions in the mid-term,
- financial income and notably dividends received from Recytech S.A. (equity associate), whose results are highly sensitive to zinc prices,
- developments in ongoing legal procedures against Recylex S.A. and contingent liabilities (see Notes 1 and 38),
- temporary suspension of the payment plan for the European Commission fine and changes to the payment schedule to make it compatible with Recylex S.A.'s new cash forecasts,
- acceptance by the competent authorities of the temporary stoppage of clean-up work at the Estaque site until December 31, 2021 and the deferral of the work completion date to December 31, 2024.
- the successful completion of the sale of non-operational assets in the next 12 months.

No definitive items of assessments allow the attainment of the assumptions and items adopted or the outcome of ongoing actions to be foreseen. A material uncertainty therefore exists, casting doubt on the Company's ability to continue as a going concern. Should the assumptions and items adopted not be confirmed or the outcome of ongoing actions be unfavorable, the application of IFRS accounting standards as adopted by the European Union in a normal context of business continuity, notably for the assessment of assets and liabilities, could prove inappropriate.

Based on a similar situation and items of the same nature, we were already unable to certify the financial statements for the year ended December 31, 2018 in our report of June 15, 2020.

We also bring your attention to the following point:

Given the circumstances, the auditors of the German sub-group entities were unable to attend the physical inventory counts at these entities as of December 31, 2019. These inventories totaled €15 million as of December 31, 2019 and we were unable to attest the existence of the inventories using other control procedures.

Emphasis of matter

We draw your attention to:

- Note 2, "Accounting policies and application of IFRS" to the consolidated financial statements, which details the impact of the first-time application of IFRS 16 "Leases" adopted by the European Union and applicable for fiscal years beginning on or after January 1, 2019.
- Note 2 "Accounting methods and application of IFRS" and Note 40 "Discontinued operations, operations being sold and assets held for sale" to the consolidated financial statements which outline the accounting treatment and impact of the planned divestments of the German subsidiaries Norzinco GmbH and PPM Pure-Metal GmbH.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*code de commerce*) relating to the justification of our assessments, we inform you that, given the disclaimer of opinion detailed above, we have no key audit matters to bring to your attention relating to risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period, other than those detailed in the section "Basis of disclaimer of opinion".

Specific verifications

As required by law and regulations, we have also verified, in accordance with professional standards applicable in France, the information pertaining to the Group presented in the management report of the Board of Directors issued on October 22, 2020.

With regard to the events which occurred and the facts known after the date the financial statements were approved relating to the impact of the Covid-19 crisis, the management indicated to us that they will be communicated to the shareholders' meeting called to approve the financial statements

We have the same matters to report on the fair presentation and the consistency with the consolidated financial statements of the Group information given in the management report of the Board of Directors, as disclosed in the section "Basis of disclaimer of opinion".

We attest that the consolidated non-financial performance statement required by Article L. 225-102-1 of the French Commercial Code (*code de commerce*) is included in the Group management report. Pursuant to Article L. 823-10 of this Code, we have not verified the fair presentation or consistency of the information contained in this statement with the consolidated financial statements, which must be the subject of a report by an independent third-party.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Metaleurop S.A. (which became Recylex S.A. in 2007) by the Annual General Meeting of March 30, 2000 for Deloitte & Associés and of February 13, 1995 for KPMG.

As of December 31, 2019, Deloitte & Associés and KPMG were in the 20th year and 26th year of total uninterrupted engagement, respectively, considering the successive terms of office between legal entities of the same network.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our role is to conduct an audit in accordance with professional standards applicable in France and to issue a report on the financial statements.

We conducted our engagement in compliance with independence rules applicable to us, for the period from January 1, 2019 to the issue date of our report and in particular we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) no. 537/2014 or in the French Code of ethics for statutory auditors.

Furthermore, the non-audit services we provided during the year to your Company and the entities it controls that are not mentioned in the management report or the notes to the consolidated financial statements were as follows:

- Issue of an independent third-party report on the social, environmental and societal information stipulated in Article L.225-102-1 of the French Commercial Code (services rendered by KPMG),

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration referred to in Article 6 of Regulation (EU) no. 537/2014, confirming our independence pursuant to the rules applicable in France as defined in particular by Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of ethics for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

Paris La Défense, October 23, 2020

The Statutory Auditors

KPMG Audit *Division of KPMG S.A.*	Deloitte & Associés
Alexandra Saastamoinen *Partner*	Laurent Odobez *Partner*

PARENT COMPANY FINANCIAL STATEMENTS AT DECEMBER 31, 2019

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Balance sheet

ASSETS - in thousands of euros			Dec. 31, 2019	Dec. 31, 2018
	Gross	Deprec., amort. charges to prov.	Net	Net
Intangible assets	3,441	(3,415)	26	16
Property, plant and equipment	28,572	(22,675)	5,897	7,916
Financial assets				
Equity investments	158,045	(151,472)	6,573	6,573
Loans and advances to investee companies	161,308	(161,308)	0	0
Other	4,112	(613)	3,499	3,265
NON-CURRENT ASSETS	**355,478**	**(339,482)**	**15,995**	**17,770**
Inventories and work in progress	5,998	(81)	5,917	9,779
Advances and downpayments on orders	434		434	434
Trade receivables	14,638	(4,270)	10,367	11,045
Other receivables	7,928	(6,617)	1,311	949
Marketable securities	163	(77)	86	141
Cash and cash equivalents	4,473		4,473	926
CURRENT ASSETS	**33,634**	**(11,045)**	**22,588**	**23,273**
Prepaid expenses and deferred charges	625		625	33
Unrealized currency translation losses				
ASSETS	**389,736**	**(350,528)**	**39,208**	**41,076**

Liabilities - in thousands of euros	Dec. 31, 2019	Dec. 31, 2018
Share capital	9,578	9,578
Share and other premiums	10,233	10,233
Revaluation reserves	1,455	1,455
Statutory reserves	944	944
Special tax-allowance reserves		
Other reserves	660	660
Retained earnings	(59,120)	5,932
Special tax-allowance provisions	40	52
Net income/(loss) for the period	2,445	(65,052)
I - TOTAL EQUITY	**(33,764)**	**(36,197)**
Provisions for contingencies	6,461	7,373
Provisions for charges	9,257	13,038
II - TOTAL PROVISIONS	**15,718**	**20,412**
Bank borrowings		
Other borrowings and financial liabilities	16,109	16,110
Financial liabilities	**16,109**	**16,110**
Trade payables	4,588	4,797
Tax and employee-related liabilities	1,649	1,454
Other financial liabilities	34,910	34,501
Prepaid income		
Other financial liabilities	**41,146**	**40,752**
III - TOTAL FINANCIAL LIABILITIES	**57,255**	**56,861**
Unrealized currency translation gains		
IV - OVERALL TOTAL	**39,208**	**41,076**

Income statement

in thousands of euros	31/12/2019	31/12/2018
Sales	63,599	75,518
Provision reversals	4,375	4,250
Other operating revenue and change in inventories	(4,826)	(582)
Operating revenue	**63,148**	**79,187**
Purchases and change in inventories	(43,023)	(57,092)
Other purchases and external costs	(16,127)	(16,173)
Taxes other than on income	(412)	(443)
Staff costs	(4,681)	(5,387)
Depreciation, amortization and charges to/(reversals from) provisions	(1,934)	(3,282)
Operating expense	**(65,177)**	**(82,377)**
OPERATING INCOME/(LOSS)	(3,029)	(3,190)
Interest and similar income	10,031	11,154
Provision reversals and expense transfers	253	
Foreign exchange gains		
Financial income	**10,284**	**11,154**
Interest and similar expenses	(1,963)	(1,983)
Charges to provisions	(55)	(71,739)
Foreign exchange losses		
Financial expense	**(2,018)**	**(73,722)**
NET FINANCIAL INCOME	**8,266**	**(62,568)**
INCOME BEFORE NON-RECURRING ITEMS	**5,238**	**(65,758)**
Net non-recurring gains/(losses) on management activities	(938)	(242)
Net gains/(losses) on capital transactions	(257)	2
Net provision reversal/(charge)	(1,598)	947
NET NON-RECURRING INCOME/(EXPENSE)	**(2,793)**	**707**
Income before tax	**2,445**	**(65,052)**
Income tax	0	0
NET INCOME	**2,445**	**(65,052)**

Cash flow statement

In thousands of euros	31/12/2019	31/12/2018
Net income excluding dividends	(6,805)	(75,452)
Depreciation and amortization of non-current assets	975	961
Change in provisions	(2,016)	68,863
Gains and losses on disposals of non-current assets	257	(2)
CASH FLOW FROM OPERATIONS	**(7,589)**	**(5,630)**
Change in inventories	3,780	1,810
Change in trade receivables and payables	(408)	(4,946)
NET CASH FROM OPERATING ACTIVITIES (A)	**(4,216)**	**(8,765)**
Purchases of non-current assets and increase in related receivables		
- Property, plant and equipment	(1,414)	(1,244)
- Financial assets	(2,980)	(2,446)
Disposals of non-current assets and decrease in related receivables		
- Property, plant and equipment		18
- Financial assets	2,667	1,356
Investment subsidies		
NET CASH FROM INVESTING ACTIVITIES (B)	**(1,727)**	**(2,317)**
NET CASH FROM OPERATING AND INVESTING ACTIVITIES (C = A + B)	**(5,943)**	**(11,082)**
Capital contributions	0	3,273
Dividends paid		
Dividends received	9,250	10,400
Change in financial liabilities	(1)	(0)
Change in non-operating assets and liabilities	241	(2,020)
NET CASH FROM FINANCING ACTIVITIES (D)	**9,490**	**11,652**
CHANGE IN CASH AND CASH EQUIVALENTS (C + D)	**3,547**	**570**

Significant events

Recylex S.A.

Recylex S.A. is the parent company of a French industrial group that is a major player in the circular economy in Europe.

It is listed on the Euronext Paris (ISIN: FR0000120388 - Ticker: RX) and has industrial activities comprising the collection, processing and recycling of scrap lead batteries, along with holding-company activities as the parent company of a group. It also manages a number of environmental liabilities it has inherited from the industrial legacy of the Peñarroya SA mining group.

Key events

In 2019, the average lead price in euros fell by 6% relative to 2018, to reach €1,787. Between January 2, 2019 and December 31, 2019, lead prices were highly volatile, falling by 1% over the year as a whole. After edging higher in the first quarter, they went into a steep decline in the second quarter and reached their lowest point for the year. The subsequent sharp rally in the third quarter of 2019 was then fully wiped out by the heavy falls recorded in the fourth quarter.

The average lead price stated in US dollars moved 3% lower owing to the overall downdraft in the US currency over 2019, which accentuated the decline in lead prices stated in euros. The average euro/US dollar exchange rate declined 5% from an average of $1.1810 in FY 2018 to an average of $1.1195 in FY 2019.

In FY 2019, the Company's battery processing plants handled around 60,600 tonnes, below the FY 2018 figure of around 71,300 tonnes.

Ongoing litigation involving Recylex S.A.

The document summarizing the ongoing litigation involving Recylex S.A. is available on the Recylex Group's website: www.recylex.eu - *Finance* section - Legal proceedings schedule. Developments in the main ongoing proceedings during FY 2019 are presented hereinafter.

(i) Former employees of Metaleurop Nord SAS

a) 2010: Claims for damages for dismissal without fair cause and/or for the prejudice of anxiety and breach of a safety obligation

In 2013, the Lens Labor Court ruled that Recylex S.A. was a co-employer of 187 former employees and decided to add damages totaling around €7.1 million to Recylex S.A.'s liabilities under the continuation plan, for which provisions were set aside in the Company's financial statements. Recylex S.A. appealed those decisions, thereby suspending their enforcement.

The Lens Labor Court also ruled in 2013 that Recylex S.A. was a co-employer of six protected former managerial employees, but found that the Lens Labor Court did not have jurisdiction to examine their claims owing to the principle of the separation of judicial and administrative powers. Following the appeal lodged by these protected former employees against the first-instance rulings, the Douai Appeal Court upheld them in rulings on February 21, 2014.

On January 31, 2017, overturning the 187 decisions made by the Lens Labor Court in 2013, the Douai Appeal Court refused to consider Recylex S.A. as the co-employer of the claimants, but nevertheless considered that Recylex S.A. had committed a fault that had caused harm to the former employees of Metaleurop Nord SAS. It therefore ordered Recylex S.A. to pay an amount of between €15,000 and €53,000 to each of the 187 former employees of Metaleurop Nord SAS to compensate them for their loss of a chance to keep their jobs, along with €400 in costs, making a total principal amount of €7,759,800. All sums due in respect of these decisions, including principal and interest, were paid by the Company on December 1, 2017, which lodged an appeal against these decisions before the Cour de Cassation.

On May 24, 2018, the Cour de Cassation:

(iii) dismissed the appeal lodged by the former employees aimed at challenging the refusal by the Douai Appeal Court to consider Recylex S.A. as their co-employer, and

(iv) reversed and canceled the decisions of the Douai Appeal Court to the extent that they had ordered Recylex S.A. to pay damages to the former employees for loss of the opportunity to remain in employment, referring these cases to the Amiens Court of Appeal to rule on this point.

Of the 187 former employees of Metaleurop Nord S.A.S., 84 have appealed to the Amiens Court of Appeals on dismissal after the French Supreme Court (*Cour d'appel d'Amiens*), 86 have accepted a favorable out-of-court settlement for the repayment of 50% of the sums paid by the Company in 2017 (i.e. an amount of approximately €1.9 million) and 17 have neither appealed nor followed up on the proposed settlement.

Of the aforementioned 187 claimants, 91 had filed additional claims with the Douai Appeal Court for damages for the prejudice of anxiety and breach of a safety obligation, in a total amount of €5.6 million (of which part is provisioned in Recylex S.A.'s financial statements). On January 31, 2017, the Douai Appeal Court decided to stay the proceedings concerning the claims for damages pending the outcome of the current administrative proceedings regarding the inclusion of the Metaleurop Nord SAS site in Noyelles-Godault on the list of facilities entitling asbestos workers to early retirement benefits ("ACAATA benefits"). In connection with these proceedings, the Douai Administrative Appeal Court decided in a definitive ruling on March 2, 2017 that the order adding the site to the list had to be repealed, and a ministerial decree was issued to this end on December 19, 2017 (see section (iii) below). The next hearing before the Douai Court of Appeal, concerning the claims made by the 91 former employees for the prejudice of anxiety and breach of a security obligation, has been set for November 24, 2020 (see paragraph (b) below).

b) 2013-2017: 455 claims for damages in respect of the prejudice of anxiety and/or breach of a safety obligation and/or disputing dismissal in a total amount of €26.5 million, for which provisions of €3.4 million were set aside.

On October 14, 2016 and October 18, 2016, without waiting for the final outcome of the administrative proceedings regarding the classification of the Noyelles-Godault site on the list of facilities giving rise to an entitlement to ACAATA benefits, and although it had been informed that the Conseil d'Etat had overturned the classification ruling of July 21, 2015, the Lens Labor Court decided to order Recylex S.A. to pay damages to 97 former employees represented by the CGT union, in an amount of between €3,000 and €24,000 each, along with €500 under article 700 of the Civil Procedure Code, representing an aggregate amount of €1,213,500. Recylex S.A. appealed these decisions, which suspended their enforcement. Conversely, claims from seven former non-protected employees were rejected, but two of them appealed.

The Douai Appeal Court overturned on June 29, 2018 the Lens Labor Court rulings of October 14 and 18, 2016 and found that the damages for the prejudice of anxiety can be granted only to former employees of a plant included on the list of facilities eligible for the early retirement allocation for asbestos workers ("ACAATA") and that Recylex S.A. was never included on such list. The Company thus reversed the provision it had set aside to cover the risk. 88 former employees have appealed to the Supreme Court of Appeal of Douai against these decisions.

On January 29, 2020, the Court of Cassation has rejected the appeals of the 88 former employees, thus making the Douai Court of Appeal's decisions final on June 29, 2018.

Regarding the claims made by approximately 333 other protected and unprotected former employees of Metaleurop Nord SAS:

- The next hearing before the Lens Labor Court (Management section) concerning the claims made by 39 former employees for an initial total amount claimed of approximately €2.5 million is scheduled for December 1, 2020. As things currently stand, the claims amount to a total of approximately €1.2 million
- The decision of the Lens Labor Court (Industry section) concerning the claims made by 294 former employees for an initial total amount of approximately €18.5 million is expected to be filed on January 29, 2021. As things currently stand, the claims amount to a total of approximately €9.2 million

However, in all of these cases, the 333 former employees of Metaleurop Nord SAS sought an exclusive order against Metaleurop Nord SAS and, as a result, held harmless Recylex S.A..

Concerning claims for damages for the prejudice of anxiety brought by 13 former employees of Metaleurop Nord SAS represented by the CGT union, on March 30, 2018, the Lens Labor Court decided to order Recylex S.A. to pay to each of them an amount of between €4,000 and €20,000 as damages, along with €500 under article 700 of the Civil Procedure Code, totaling €186,500. Recylex S.A. appealed these decisions, which suspended their enforcement. The next hearing before the Douai Court of Appeal is scheduled for November 27, 2020.

Finally, following the decisions of the Conseil d'Etat of February 7, 2018 and April 13, 2018, which definitively rejected their application for cancellation of the dismissal authorizations granted by the Labor Inspectorate as part of the compulsory liquidation of Metaleurop Nord SAS, 15 former protected employees of Metaleurop Nord SAS withdrew their action against Recylex S.A. before the Lens Labor Court to contest their dismissal.

(ii) Application by Recylex S.A. to be joined to proceedings against the cancellation of the dismissal authorizations concerning former protected employees of Metaleurop Nord SAS

The claims for damages for losses arising from cancellation of the dismissal authorization are related to the administrative proceedings commenced by former protected employees to cancel authorization of their dismissal. Since Recylex S.A. had never been called to appear or represented in connection with this administrative procedure, it applied in January 2015 to be joined to the proceedings being heard by the Douai Administrative Appeal court with a view to overturning this cancellation by the Lille Administrative Court on October 2, 2013.

The Conseil d'Etat decided on February 7, 2018 and April 13, 2018 to overturn the December 31, 2015 ruling by the Douai Administrative Appeal Court and the decision by the Lille Administrative Court of October 2, 2013, confirming the validity of the dismissal authorizations for these former protected employees in 2003.

(iii) Application by Recylex S.A. to set aside a judgment adversely affecting its interests concerning the interministerial orders of November 5, 2013 and March 2, 2016 adding the Metaleurop Nord SAS facility in Noyelles-Godault to the list of asbestos manufacturing, flocking and insulating plants entitling asbestos workers to early retirement benefits ("ACAATA benefits")

The aforementioned claims for damages for the prejudice of anxiety and/or disruption to livelihood and/or breach of a safety requirement are connected with the administrative proceedings initiated in 2003 by Chœurs de Fondeurs (association of former employees of Metaleurop Nord SAS) aimed at classifying the Metaleurop Nord SAS facility in Noyelles-Godault on the list of asbestos manufacturing, flocking and insulating plants giving rise to an entitlement for ACAATA benefits.

On May 13, 2013, the Douai Administrative Appeal Court (i) overturned the ruling of the Lille Administrative Court of July 4, 2012 upholding the decision made on December 23, 2009 by the French labor ministry refusing to add the Metaleurop Nord SAS facility to the list of asbestos manufacturing, flocking and insulating plants, and (ii) ordered the French ministry of labor, employment, professional training and social dialog to add said facility to the list of those giving rise to an entitlement to ACAATA benefits for the period between January 1, 1962 to December 31, 1996. An interministerial order was made on November 5, 2013 for that purpose.

Since Recylex S.A. had never been asked to appear or represented in connection with this administrative procedure, it submitted an application to set aside a judgment adversely affecting its interests to the Douai Administrative Appeal Court related to the latter's May 13, 2013 ruling and an application to the Lille Administrative Court to repeal the aforementioned interministerial order classifying the facility.

On July 21, 2015, the Douai Administrative Appeal Court confirmed the addition of the Metaleurop Nord SAS site in Noyelles-Godault to the list of those eligible for the ACAATA allocation. However, it shortened the eligibility period from January 1, 1962 until December 31, 1989, rather than until December 31, 1996, as was previously the case. On March 2, 2016, an interministerial order amending the order of November 5, 2013 was issued for that purpose, and Recylex S.A. brought proceedings before the Lille Administrative Court seeking the annulment of this new classification-related interministerial order.

On June 27, 2016, pursuant to the proceedings brought by Recylex S.A., the Conseil d'Etat canceled the order by the Douai Administrative Appeal Court of July 21, 2015 insofar as it related to Metaleurop Nord SAS' site in Noyelles-Godault being classified on the list of facilities giving rise to an entitlement to ACAATA benefits for the period from January 1, 1962 to December 31, 1989. The matter was referred back to the Douai Administrative Appeal Court, with a differently constituted bench, which was to re-examine it and make a decision about both the admissibility and merits of the classification request.

On March 2, 2017, the Douai Administrative Appeal Court ruled in Recylex S.A.'s favor and decided to:

- declare its order of May 13, 2013 null and void
- dismiss the application submitted by the Chœurs de Fondeurs association
- enjoin the French ministry of labor, employment, professional training and social dialog to repeal, within two months of notification of that order, the order of November 5, 2013 placing Metaleurop Nord's facility at Noyelles-Godault on the list of facilities giving rise to an entitlement to ACAATA benefits.

Since the order became definitive, and the application by the Chœurs de Fondeurs association was not admitted by the Conseil d'Etat, a ministerial order repealing the classification orders of November 5, 2013 and March 2, 2016 was issued on December 19, 2017. On February 19, 2018, a claim for annulment of this ministerial decree of December 19, 2017 was lodged by former employees of Metaleurop Nord SAS, as well as a new request for the classification of the Noyelles-Godault site. On June 26, 2019, the Lille Administrative Court repealed the action for annulment against the interministerial decree of December 19, 2017.

(iv) Liquidators of Metaleurop Nord SAS

a) Claim for damages against the liquidators

On March 19, 2013, Recylex S.A. commenced proceedings to claim around €22 million in damages before the Béthune Regional Court against the liquidators of Metaleurop Nord SAS for the loss that Recylex S.A. had suffered on account of the fault committed by the liquidators in a personal capacity in connection with the dismissals of the former Metaleurop Nord SAS employees, which led to damages being paid by Recylex S.A. to over 550 former employees of Metaleurop Nord SAS. To recap, these damages were paid to remedy their dismissal without fair cause and the absence of any efforts to find them other suitable jobs within the company.

On September 18, 2018, the Béthune Regional Court threw out Recylex S.A.'s claim for damages and found that the Metaleurop Nord SAS' liquidators were at fault, in a personal capacity, for not having fulfilled their legal duty to look for other suitable employment during the economic redundancy procedure in 2003 for the former Metaleurop Nord SAS employees. However, the Court found that the liquidators should be exonerated in respect of two-thirds of the corresponding loss, insofar as the legal deadline of 15 days imposed on the liquidators to make the redundancies would have been incompatible with their statutory duty to look for other suitable employment. The Court also held the liquidators harmless from their liability on the grounds that Recylex S.A. itself would have been obliged to look for other suitable employment.

Since both the Court's grounds for exonerating liquidators were totally unfounded in its opinion, Recylex S.A. appealed the decision. The next hearing before the Douai Court of Appeal has been set for October 22, 2020.

b) Claim for damages against Recylex S.A.

On October 17, 2014, the liquidators of Metaleurop Nord SAS summoned Recylex S.A. to appear before the Arras Commercial Court with a view to its being ordered to pay a total principal amount of around €22 million (not provided for in the financial statements), which corresponds to the statutory severance pay, pay in lieu of notice period, paid leave, employers' payroll charges and salaries paid to the former Metaleurop Nord SAS employees by the AGS salary guarantee fund regime.

On April 11, 2018, the Arras Commercial Court ruled in favor of Recylex S.A.. It found the claim filed by the liquidators of Metaleurop Nord SAS was inadmissible because the claim was time-barred from March 21, 2013 and also because their alleged claim arose prior to the commencement of Recylex S.A.'s judicial recovery procedure but was not declared on the list of liabilities. The liquidators appealed the decision. The next hearing for pleadings before the Douai Court of Appeal has been set for November 19, 2020.

No provision has been set aside in the Company's financial statements in relation to these proceedings.

(v) European Commission fine

On June 24, 2015, the Directorate General for Competition of the European Commission sent a statement of objections to Recylex S.A. and its subsidiaries purchasing scrap lead batteries, following an inquiry that started in 2012 regarding anti-competitive practices in the purchasing of scrap lead car batteries.

On February 8, 2017, the European Commission decided to impose a fine on several European players in the sector concerned, including Recylex S.A. and its subsidiaries purchasing used lead-acid automotive batteries for the period from 2009 to 2012 in the amount of €26.7 million. This amount takes into account a 30% reduction granted by the European Commission under its 2016 Leniency Notice and has been provisioned in Recylex S.A.'s financial statements as of December 31, 2016.

During the second quarter of 2017, after discussions involving all the relevant parties, the European Commission agreed on May 2017 to the staggered payment plan proposed by Recylex S.A., which includes the payment of the fine by Recylex S.A. (the Group's parent company) and the deferral, on a medium- to long-term basis, of the payment of a sizable proportion of the fine. Under that agreement, Recylex S.A. is paying the fine (principal and interest) according to the timetable set out in the staggered payment plan.

On May 23, 2019, the General Court of the European Union rejected the appeal lodged by Recylex S.A. and its subsidiaries against the European Commission's decision of February 8, 2017.

On July 23, 2019, Recylex S.A. lodged an appeal against this decision before the Court of Justice of the European Union, solely on points of law.

(vi) Claim for damages brought by SNCF Réseau concerning the L'Estaque site

On May 7, 2018, Recylex S.A. announced that SNCF Réseau, a public industrial and commercial institution, had filed a claim in the Marseille Administrative Court to have Recylex S.A. and RETIA SASAU jointly ordered to pay the entire amount necessary for the "complete refurbishment" of the publicly owned rail assets in the L'Estaque section in Marseille.

SNCF Réseau currently assesses the total cost of the works at €70 million encompassing:

- repair work on the entire Tunnel des Riaux and the Tunnel du Rio Tinto at a cost of €17.1 million and €33.4 million respectively
- the demolition and reconstruction of the Viaduc de Vauclair viaduct (€11.4 million) connecting these two tunnels on land belonging to SNCF, which has never housed any industrial installation
- replacement of the track and ballast in these tunnels and on this viaduct (€8.1 million)

Part of the Tunnel des Riaux is located on 15 hectares of land currently undergoing remediation that belongs to Recylex S.A., and the Tunnel du Rio Tinto is located below a (33-hectare) plot of remediated land that belongs to RETIA SASAU.

To recap, the SNCF Miramas-l'Estaque rail line, which was completed in 1915, is more than a century old and was built after the beginning of the industrial operations at the L'Estaque site overlooking it, by Rio Tinto from 1883 and then by Société des Produits Chimiques de Marseille (SPCM) between 1890 and 1914.

Previously in 2001, SNCF had requested a survey of alleged damage, without any effort to establish liability, by an expert appointed by the Marseille Administrative Court, which failed to find any link between the state of the SNCF rail infrastructure and the former industrial installations on the land above.

Recylex S.A. is surprised by this motion, launched in the same court more than ten years after the expert's report was prepared. Recylex S.A., which has not set aside any provisions to cover the associated risks in its financial statements (see Note 38), intends to defend itself vigorously against this claim and to protect its interests in these proceedings. In its opinion, the aim of this claim is to have the last industrial operators of the L'Estaque site pay for the cost of refurbishing a dilapidated rail line.

Cash position and external financing

At December 31, 2019, the Recylex S.A. parent company had €4.5 million in cash available, compared to with €0.9 million at December 31, 2018. The Company has prepared cash forecasts based on the information currently available, including forecast expenditures relating to its commitments for the remediation of former mining sites and its L'Estaque site, and repayments linked to the payment of the fine handed down to Recylex S.A. and its subsidiaries by the European Commission in 2017.

To recap, Recylex S.A. concluded:

- in 2014, Recylex S.A. entered into a loan agreement with Glencore International AG for an amount of up to €16 million to finance the final repayments under the continuation plan. At December 31, 2019, the Company had drawn down the full amount of this loan. Under the staggered payment plan for the European Commission's fine, the repayment date for this loan was rescheduled to 2024.
- an agreement was reached in 2017 with the European Commission for the staggered payment of the €26.7 million fine.

Since the search for financing or specialized partnerships dedicated specifically to remediation works at the L'Estaque site launched in 2013 came to nothing, Recylex S.A. continued the remediation works at the L'Estaque site in 2019 at a cost of €3.0 million.
The total cost of the work yet to be performed was fully covered by €5.9 million in provisions at December 31, 2019, and Recylex S.A. will use its own capital for this purpose.

The impact of the Group's German operations on Recylex S.A.'s financial position and the risks facing parent company Recylex S.A. are presented in Notes 32 and 39.

Post-balance sheet events

On March 11, 2020, the World Health Organization declared the SARS-CoV-2 virus (Covid 19) outbreak to be a pandemic. Amid the lockdown measures taken to address the global SARS-CoV-2 pandemic and given the sharp slowdown in demand in the Lead segment, measures were taken to align the Company's operations with its current outlook. As part of this approach, the used lead-acid battery recycling plants were shut down temporarily and furlough arrangements were introduced for employees during the first half of 2020.

Against the backdrop of the lockdown measures taken to address the global SARS-CoV-2 pandemic, metal prices went into a tailspin. Given the macroeconomic outlook and based on a review of all the potential scenarios for the Company's German subsidiaries, it became evident that a sufficient recovery was unlikely in the short to medium term. In particular, trends in zinc prices have started to jeopardize the future prospects of the zinc operations at the Harz-Metall GmbH subsidiary, giving rise to an additional financing requirement of €8.6 million over the next two years for this one company alone. The financial partners were unable to provide this additional financing (on top of their existing commitments) amid the ongoing restructuring. Since there was no prospect of this new additional financing requirement being met, the prospects of Harz-Metall GmbH being able to continue as a going concern were called into question and, pursuant to German law, Harz-Metall GmbH's management was obliged to commence insolvency proceedings on May 14, 2020.

The managers of all the other German entities (Weser-Metall GmbH, Norzinco GmbH and PPM Pure Metals GmbH, Recylex GmbH, C2P Germany GmbH and Recylex Grundstücksverwaltungsgesellschaft mbH) were obliged to file requests for the commencement of insolvency proceedings on May 14, 2020 because of the joint and several liabilities of all the German entities vis-à-vis the financial partners. These requests for the commencement of insolvency proceedings were confirmed by decisions of the German District Court of Göttingen on May 15, 2020. It is important to point out that Recylex S.A. and its French subsidiaries are not covered by these proceedings under German law, however.

The commencement of insolvency proceedings by the German sub-group's legal entities will have the following major implications for parent company Recylex S.A.:

- On the one hand, the €16 million loan granted in 2014 by Glencore International AG to Recylex S.A. may become due at any time, in particular insofar as since 2016 it is linked to the German sub-group's financing. The Group has obtained a waiver from Glencore International AG on May 18, 2020, waiving its right to declare this loan immediately due and payable until October 31, 2020. This deferral was conditionally extended subject to February 19, 2021. Its conditions include the fact that Recylex S.A. will continue to deliver secondary materials to Weser-Metall GmbH.
- In addition, with the decisions by the German Insolvency Court to set in motion the insolvency proceedings, Recylex S.A. has lost all control over the German entities, all powers have been transferred entirely to the CEOs of the German entities and the insolvency administrator appointed by the Court.

At the commencement date of the insolvency proceedings, Recylex S.A. was owed the following amounts by the German subsidiaries:

- a €10.7 million loan granted to Weser-Metall GmbH in 2016,
- a €5.0 million loan granted to Recylex GmbH, the amount of which was released in 2017 and 2018, it being specified that Recylex S.A. has a €2.8 million liability under the continuation which it intends to offset against this loan,
- €5.4 million in trade receivables due from Weser-Metall GmbH in respect of activities in 2020

These receivables will most likely not be recovered due to the commencement of the German entities' insolvency proceedings. The €10.7 million loan to Weser-Metall GmbH and the €5.0 million loan to Recylex GmbH were fully written down in Recylex S.A.'s accounts.

As Recylex S.A.'s main customer is Weser-Metall GmbH, Recylex S.A.'s ability to continue operating depends on Weser-Metall GmbH's ability to continue trading and to keep on sourcing secondary materials from Recylex S.A.. Recylex S.A.'s objective is to remain a key supplier to Weser-Metall GmbH and to continue to seek other client markets.

Following a malfunction in the battery breaking system, the Villefranche-sur-Saône site had to stop production temporarily for 3 weeks in July/August 2020. Production resumed on August 12. Recylex S.A. therefore had to revise its production volumes and financial forecasts downwards for the year 2020.

Recylex S.A.'s cash position as of August 31, 2020 was €8.8 million, an increase of €4.3 million compared to December 31, 2019. This temporary increase is due to a sharp reduction in working capital requirements, in particular a sharp reduction in trade receivables and inventories following the reduction in activity in April 2020 and the prepayment by Weser-Metall of Recylex S.A. deliveries since May 15, 2020.

Recylex S.A.'s working capital requirement is expected to increase sharply between now and the end of the year depending on business activity and changes in payment terms to Weser-Metall GmbH. This increase should be combined with the loss generated by the business, which will consume a significant portion of existing cash.

Recylex S.A. has drawn up revised short-, medium- and long-term financial forecasts to reflect the known impacts to date of the insolvency proceedings at the German entities and the new scope of its operations. These new projections are based on the following assumptions:

- The continued trading of Weser-Metall GmbH and the continued supply of secondary materials to the Weser-Metall GmbH smelter (now outside the Recylex Group) by Recylex S.A.,
- The extension of the deferral beyond February 19 2021 of the maturity date of the €16 million loan granted in 2014 by Glencore International AG, which is currently contingent on Recylex S.A.'s continued supply of secondary materials to Weser-Metall GmbH,
- The suspension of interest payments on the €16 million loan granted by Glencore International AG for at least 12 months, as well as the adjustment of the repayment and interest terms over the medium term,
- The temporary suspension of the plan for payment of the fine to the European Commission and the reprofiling of the payment schedule to fit with Recylex S.A.'s revised cash flow forecasts. In July 2020, a request was made to the European Commission to adapt the amount and the payment plan to the new economic situation,
- The acceptance by the competent authorities of the temporary suspension of the rehabilitation work at L'Estaque site until December 31, 2021 and postponement of the completion date of the work until December 31, 2024. In this respect, a request was made at the end of May 2020 to the DREAL PACA department requesting a temporary halt to the rehabilitation work until December 31, 2021 and a postponement of the completion date to December 31, 2024 (see Note 38 - 3.1 to the consolidated financial statements for the year ended December 31, 2019),
- The successful completion of the sale of non-operating assets in the next 12 months.

Assessment of liquidity risk

In addition to the risk that the assumptions described above will not be met, Recylex S.A.'s cash flow projections may be affected by the following factors in this new environment:

- the likely volumes of secondary raw materials purchased by Weser-Metall GmbH (now a third party customer), which represents Recylex S.A.'s almost only customer to date,
- changes in business conditions for secondary materials (treatment charges),
- fluctuations in lead and zinc prices and in the euro/US dollar exchange rate, parameters to which Recylex S.A.'s business activities are highly sensitive
- trends in volumes and the purchase cost of scrap lead batteries, on which the selling margin and the cash generated by Recylex S.A.'s operating activities are heavily dependent
- financial income, in particular dividends received from the Recytech S.A. equity associate, whose results are highly sensitive to the level of the zinc price and to the level of volumes processed
- expenditure linked to the rehabilitation commitments for the L'Estaque site and former mining facilities
- potential proceeds from the disposal of non-operating assets
- effects of the restructuring of Recylex S.A.'s financial and non-financial debts

- developments in the ongoing litigation involving Recylex S.A. and contingent liabilities (see Notes 1 and 38 to the consolidated financial statements for the year ended December 31, 2019)
- developments in the recycled polypropylene market and their impact on the business of the C2P S.A.S. subsidiary, Recylex S.A.'s sole outlet for the sale of polypropylene residues from battery recycling. C2P S.A.S., located at the Recylex S.A. recycling site in Villefranche-sur-Saône, uses the same infrastructure as Recylex S.A. and therefore offers economies of scale in terms of costs. The interdependence of two companies is a factor to be taken into account when assessing the financial risks of both companies.

Going concern

The continuation until May 2020 of discussions with financial partners with a view to restructuring the debt of the German sub-group and the start of insolvency proceedings at the level of the entities of the German sub-group on May 15, 2020, created special conditions for the closing of the financial statements for the year ended December 31, 2019.

The going concern principle adopted for the preparation of the financial statements for the year ended December 31, 2019 is closely linked to Recylex S.A.'s ability to continue its business on a long-term basis, which is itself dependent, among other things, on the ability of Weser-Metall GmbH, a company now outside the Recylex Group and subject to insolvency proceedings, to also continue its business while continuing to obtain secondary materials from Recylex S.A.

Against this backdrop, Recylex S.A. has prepared new financial forecasts, the main assumptions of which are described above and which condition the continuation of Recylex S.A.'s operations.

Were one or more of the assumptions not to be satisfied and/or were there to be a negative change in one or more of the parameters presented above, that would give rise, depending on its magnitude, to a short-term financing requirement that would no longer be compatible with Recylex S.A.'s financial forecast mentioned above. As a result, the Company would be obliged to raise new financing in order to cover its cash requirements and meet its liabilities in the normal course of its business.

As a result, in this scenario, the Company may not be able to realize its assets and liabilities and settle its debts in the normal course of its business. Consequently, this situation has created significant uncertainty about its going concern status.

No other events liable to have a material impact on the Company's activities or on its business and financial position occurred between the end of FY 2019 and the preparation date of the financial statements for the year ended December 31, 2019.

Notes to the parent company financial statements

The 2019 parent company financial statements have been prepared in accordance with the provisions of the French Commercial Code and with French generally accepted accounting principles (ANC 2014-03 regulation and the subsequent regulations amending ANC 2014-03 regulation). Generally accepted accounting conventions have been applied in accordance with the conservatism principle and with the basic accounting concepts of going concern, consistency of accounting policies and accrual basis, in compliance with general rules for preparing and presenting financial statements. The basic policy used for measuring items recorded in the accounts is the historical cost method.

The assumptions and threats to the going concern status are presented in the Subsequent events section.

Given the current backdrop of high market volatility, especially in the price of lead and the €/$ rate, as well as the degree of difficulty involved in predicting the economic outlook, both in terms of the effects on economic activity of the current health crisis and the challenges facing the Company (see above), the accounting estimates used in the preparation of the financial statements for the year ended December 31, 2019 are based on the best current estimates of the Company's management.

1. Accounting policies

1.1. Intangible assets

Intangible assets are stated at their purchase cost less accumulated amortization. Intangible assets with a finite useful life are amortized on a straight-line basis over a period corresponding to their useful life (from one to five years).

1.2. Property, plant and equipment

Property, plant and equipment is measured at cost (purchase price and transaction costs), with the exception of property, plant and equipment purchased before December 31, 1976, which has been revalued.
Depreciation is calculated on a straight-line basis over the estimated useful life of the item.
Depreciation periods are as follows:

	Period
Buildings	20 to 30 years
Equipment and tools	5 to 20 years
Other property, plant and equipment	3 to 10 years

Impairment of property, plant and equipment used in production:

Property, plant and equipment is tested for impairment whenever there are indications of a loss in value.

An impairment loss is recognized if and only if the value in use is not lower than the net carrying amount.

Impairment testing consists in comparing the net carrying amount of the asset to its recoverable amount, which is obtained by summing the discounted future net cash flows.

1.3. Financial assets

Non-current financial assets are measured at acquisition cost. An impairment loss is recognized if their value in use falls below their carrying amount. Value in use is determined either by the discounted future cash flow method, or as a share of shareholders' equity. Where necessary, impairment losses are recognized on receivables due from equity investments and security deposits and based on the probability of non-recovery.

1.4. Inventories and work in progress

Raw materials are measured using the weighted average cost method.
Work-in-progress and finished goods are measured at their weighted average real production cost. An impairment loss is recognized if the net realizable value of inventories at year-end, which is based mainly on the average lead price in the final month of the year, is lower than their cost.

1.5. Assets

Receivables are recorded at their nominal value and, where necessary, are subject to a provision for impairment based on their degree of non-recovery.

1.6. Marketable securities

Marketable securities comprise treasury shares measured at cost. Where the market price is lower than cost, an impairment loss is recognized. This is calculated as the difference between the carrying amount of the securities and their average market price in the final month of the year.

1.7. Provisions for contingencies and charges

Provisions for contingencies and charges are created to cover probable outflows of resources to third parties without a corresponding economic benefit for Recylex S.A.. They are measured in accordance with the CRC 2000-06 standard of December 7, 2000 covering liabilities. They mainly concern site remediation work, severance pay and benefits payable to employees under the early retirement plan for the mining industry, pensions, end-of career allowances, long-service awards and other miscellaneous risks. These provisions are estimated using the most likely assumptions. Where the expected outflows of resources are likely to take place over the long term (more than 5 years in general), the liability is discounted to present value.

1.7.1. Environmental provisions

Environmental provisions are set aside where there is a legal or regulatory obligation. In most cases, this relates to the remediation of closed sites. These provisions are assessed on the basis of the Company's mining and metalworking experience and of external cost estimates when such estimates are available.

1.7.2. Pension and post-employment obligations

Pension and post-retirement obligations are measured using the projected unit credit method. This method takes account of length of service and the probability of the employee being employed by the Company at retirement date. These obligations are fully provisioned.

2. Notes to the balance sheet

2.1. Property, plant and equipment and intangible assets

2.1.1. Intangible assets

in thousands of euros	Jan. 1, 2019	Acquisitions/ Increases	Disposals/ Reversals	Other movements	Dec. 31, 2019	*o/w: revaluation of 1976*
Patents, licenses and concessions	215	5		7	227	
Software	3,210	6	(2)		3,214	
Gross	**3,425**	**11**	**(2)**	**7**	**3,441**	
Patents, licenses and concessions	204	5			209	
Software	3,205	3	(2)		3,206	
Amortization	**3,409**	**8**	**(2)**	**0**	**3,415**	
Net	**16**	**3**	**0**	**7**	**26**	

2.1.2. Property, plant and equipment

in thousands of euros	Jan. 1, 2019	Acquisitions/ Increases	Disposals/ Reversals	Other movements	Dec. 31, 2019	*o/w: revaluation of 1976*
Land	3,318	114	(69)		3,362	*1,479*
Buildings	10,576	25	(17)		10,584	*376*
Plant, equipment and tools	9,524	1,089	(617)	115	10,112	*27*
Other	4,229	67	(29)	49	4,315	*2*
Property, plant and equipment in progress	262	108	0	(171)	199	
Advances and downpayments	0				0	
Gross	**27,909**	**1,403**	**(733)**	**(7)**	**28,572**	***1,884***
Land	912	26	(69)		869	*24*
Buildings	7,661	374	(17)		8,017	*376*
Plant, equipment and tools	7,597	393	(613)		7,377	*27*
Other	3,823	175	(29)		3,968	*2*
Depreciation	**19,993**	**967**	**(728)**	**0**	**20,232**	***429***
Land	0				0	
Buildings	0				0	
Plant, equipment and tools(1)	0	2,443			2,443	
Other	0				0	
Impairment losses	**0**	**2,443**	**0**	**0**	**2,443**	***0***
Net	**7,916**	**(2,007)**	**(5)**	**(7)**	**5,897**	***1,455***

Provision for impairment of assets:

As of December 31, 2019, the following indications of impairment were noted:

- Decrease in volumes processed in 2019 (-15%) leading to a sharp decline in operating income compared to 2018,
- Economic outlook revised downwards due to the outlook for lead prices and trading conditions.

In accordance with the ANC 2014-03, the Company has performed an impairment test on industrial assets (used lead-acid battery processing business). To carry out this test, the Company compared the carrying amount of industrial assets with their value in use.

To determine value in use, the Company uses the discounted cash flow method based on projected future cash flows over a five-year period plus a terminal value. The growth rate used to extrapolate the cash flow projections used to determine the terminal value is 1.5%.
The discount rate used to determine value in use is the weighted average cost of capital net of tax. This rate is 10.8% at December 31, 2019.

As the value in use thus determined is lower than the carrying amount of the assets tested, the Company recorded an impairment charge of €2,443,000 at December 31, 2019.

2.2. Financial assets

in thousands of euros	Jan. 1, 2019	Acquisitions/ Increases	Disposals/ Reversals	Other movements	Dec. 31, 2019	*o/w revaluation of 1976*
Equity investments	158,297		(253)		158,045	*9,940*
Amounts due from equity investments	161,308				161,308	
Other long-term investments	123				123	
Loans						
Other [(1) (2)]	3,676	2,980	(2,667)		3,989	
Gross	**323,404**	**2,980**	**(2,920)**		**323,464**	***9,940***
Equity investments	151,725		(253)		151,472	*9,940*
Amounts due from equity investments	161,308				161,308	
Other long-term investments	114				114	
Loans						
Other	420	78			498	
Impairment	**313,567**	**78**	**(253)**		**313,392**	***9,940***
Net	**9,838**	**2,902**	**(2,667)**		**10,072**	

(1) Since the December 31, 2018 year-end, the shares held in the German sub-group have been fully written off to reflect the sub-par performance of the German units, including the Weser-Metall GmbH lead smelter, the profitability outlook for which had to be revised downwards. At December 31, 2019, the net value of the investment in the German units was zero.
(2) This principally reflects financial guarantees connected with notifications concerning cross-border shipments of waste.

2.3. Inventories and work in progress

in thousands of euros	Dec. 31, 2019	Dec. 31, 2018
Raw materials and other supplies	2,146	1,073
Finished and semi-finished goods	3,852	8,706
Gross	**5,998**	**9,779**
Impairment losses	81	-
Net	**5,917**	**9,779**

2.4. Receivables and prepaid expenses at the end of the financial year

	Degree of asset liquidity		
In thousands of euros	Gross	Maturities of less than one year	Maturities of more than one year
Receivables from non-current assets			
Loans and advances to investee companies	161,308		161,308
Loans			
Other non-current financial assets [(1)]	3,989	3,438	551
Current receivables			
Trade receivables [(2)]	14,638	11,327	3,311
Other receivables[(3) (4)]	8,362	1,745	6,617
Prepaid expenses	625	625	
Total	**188,921**	**17,134**	**171,786**

((1) Including guarantees connected with notifications concerning cross-border waste shipments: €3,438,000.

(2) Doubtful receivables provisioned: €4,270,000.
(3) Including advances and downpayments on orders €434,000.
(4) Amounts due in more than one year correspond to Group current accounts that have been fully written down.

2.5. Share capital

2.5.1. Share capital and additional paid-in capital

The Company's share capital amounted to €9,577,998 and comprised 25,886,482 fully paid-up shares with par value of €0.37 each at December 31, 2019.

	Number of shares outstanding	Par value *(in euros)*	Share capital *(in euros)*
At January 1, 2019	25,886,482	0.37	9,577,998
New ordinary shares issued	-	-	-
AT DECEMBER 31, 2019	**25,886,482**	**0.37**	**9,577,998**

2.5.2. Statement of changes in equity

The following table shows the changes in the Company's equity:

:In thousands of euros	Dec. 31, 2018	Capital increase/ Appropriation of 2018 income	Other movements in the period	Dec. 31, 2019
Share capital[(1)]	9,578			9,578
Share and other premiums	10,233			10,233
Revaluation reserves	1,455			1,455
Statutory reserves	944			944
Special tax-allowance reserves				
Other reserves	660			660
Retained earnings	5,932	(65,052)		(59,120)
Special tax-allowance provisions	52		(12)	40
Net income for the period	(65,052)	65,052	2,445	2,445
Total	**(36,197)**	**0**	**2,443**	**(33,764)**

(1) See note to share capital.

2.5.3 Shareholding structure

At December 31, 2019, ownership of the Company's shares and associated voting rights making up its capital was as follows:

	Breakdown of share ownership		Breakdown of voting rights (theoretical*)	
	Number	(in %)	Number	(in %)
Glencore Finance Bermuda Ltd	7,703,877	29.76%	8,944,877	32.87%
Free float	18,158,666	70.15%	18,241,137	67.04%
Treasury shares	23,939	0.09%	23,939	0.09%
Total	**25,886,482**	**100%**	**27,209,953**	**100%**

**Pursuant to Article 223-11 of the AMF's General Regulation, the total number of voting rights is calculated based on all the shares carrying voting rights, including treasury shares, on which the voting rights may not be exercised.*

The 23,939 treasury shares that are not allocated under a bonus share plan gave rise to a €77,000 impairment loss, on the basis of the average market price of Recylex shares in December 2019, i.e. €3.60.

2.6. Provisions (other than those set aside against non-current assets)

in thousands of euros	31/12/2018	Charges for the period	Provision reversals used	Provision reversals not used	Other movements	31/12/2019
Environmental costs[(1)]	12,713	230	(4,041)			8,902
Restructuring production plants	10		(7)			3
Pension liabilities	223	48	(12)			259
Other [(2)]	7,465			(912)		6,553
Provisions for contingencies and charges	**20,412**	**278**	(4,060)	(912)		**15,718**
Trade receivables [3)]	3,744	526				4,270
Inventories		81				81
Other [(3)]	6,858	74	(315)			6,617
Marketable securities	22	55				77
Impairments	**10,624**	**736**	(315)			**11,045**
TOTAL	**31,036**	**1,015**	(4,375)	(912)		**26,763**
-operating		960	(4,375)			
-financial		55				
-non-recurring				(912)		
TOTAL		**1,015**	(4,375)	(912)		

(1). Reversals relating to remediation costs totaling €1,190,000 for former mining sites and €2,851,000 for the L'Estaque site.
(2) Reversal of €912,000 in provisions related to the adjustment to the clawback clause.
(3) The other impairment losses include the complete write-off of the €5,000,000 current-account advance granted to Recylex GmbH given the unlikelihood of its collection given the subsidiary's financial position.

2.7. Maturity schedule of liabilities

in thousands of euros	Dec. 31, 2018 Amount	Dec. 31, 2019 Amount	Less than one year	One to five years	Over five years
Bank borrowings					
Other borrowings and financial liabilities[(1)]	16,110	16,109	109	16,000	
Financial liabilities	**16,110**	**16,109**	**109**	**16,000**	
Trade payables	4,797	4,588	4,588		
Tax and employee-related liabilities	1,454	1,649	1,649		
Other financial liabilities[(2)]	34,501	34,910	2,907	10,268	21,735
Trade payables	**40,752**	**41,146**	**9,144**	**10,268**	**21,735**
Total financial liabilities	**56,861**	**57,255**	**9,253**	**26,268**	**21,735**

(1) Total borrowings correspond to drawings made by Recylex S.A. under the loan facility granted by Glencore International AG to pay the final two installments under the continuation plan and pay the second wave of labor court claims related to Metaleurop Nord SAS.

(2) Other financial liabilities include €24,886,000 for the European Commission fine, €7,855,000 reflecting continuation plan liabilities, and €1,680,000 related to the clawback clause.

Items concerning related companies

in thousands of euros	At Dec. 31, 2019 Net	Of which related companies
Equity investments	6,573	1,708
Loans and advances to investee companies	-	-
Advances and downpayments on orders	434	-
Trade receivables	10,367	10,338
Other receivables	1,311	-
Bank borrowings	-	-
Other borrowings and financial liabilities	16,109	-
Trade payables	4,588	2
Other financial liabilities	34,910	2,805
Operating revenue	63,148	61,152
Operating expense	66,177	718
Financial income	10,284	747
Financial expense	2,018	-

2.8. Accrued income and unpaid expenses

in thousands of euros	FY 2019	FY 2018
Accrued income included in balance sheet items:		
- Trade receivables[1]		
- Other operating receivables	160	167
- Cash and cash equivalents	15	12
Accrued income	**175**	**179**
Accrued expenses included in balance sheet items:		
- Other borrowings and financial liabilities	109	110
- Trade payables	3,653	3,114
- Tax and employee-related liabilities	1,414	1,266
- Other financial liabilities[1]	25	125
Accrued expenses	**5,200**	**4,615**

3. Notes to the income statement

3.1 Sales

in thousands of euros	2019	2018	*in thousands of euros*	2019	2018
By business segment			**By geographical market**		
Production plants	60,932	73,816	France	2,261	2,476
Other	2,667	1,702	Outside France	61,338	73,042
TOTAL	**63,599**	**75,518**	**TOTAL**	**63,599**	**75,518**

3.2 Financial income and expense

In thousands of euros	FY 2019	FY 2018
- Equity investments[1]	9,250	10,400
- Other marketable securities and amounts due from non-current assets	747	726
- Other interest and similar income	34	28
- Reversals of provisions	253	
- Income from disposals		
Financial income	**10,284**	**11,154**
- Interest and similar expenses		
- Charges to provisions	(55)	(71,739)
- Other interest and similar expenses[2]	(1,963)	(1,983)
- Net expenses on disposals		
Financial expense	**(2,018)**	**(73,722)**
NET FINANCIAL INCOME	**8,266**	**(62,568)**

(1) Dividends received from Recytech S.A..
(2) Interest on the Glencore International AG loans and European Commission fine.

3.3 Non-recurring income and expense

In thousands of euros	FY 2019	FY 2018
Other income and expense[1]	(938)	(242)
Net income/(expense) on management activities	**(938)**	**(242)**
- Disposals of property, plant and equipment and intangible assets	(5)	2
- Disposals of financial assets [2]	(253)	
Net income/(expense) on capital transactions	**(257)**	**2**
- Accelerated tax depreciation	12	14
- Asset impairment	(2,443)	
- Provision relating to the clawback clause[1]	912	213
- Provision for the European Commission fine		
- Provision for the Metaleurop Nord SAS labor court litigation		789
- Provision for the prejudice of anxiety related to asbestos at Metaleurop Nord SAS		
- Provisions for various risks	(78)	(70)
Net (charges to)/reversals from provisions	**(1,598)**	**947**
NET NON-RECURRING INCOME/(EXPENSE)	**(2,793)**	**707**

(1) Including a €912,000 expense reflecting the recognition of the clawback clause for FY 2019 and the reversal of a provision for this expense.
(2) Asset disposal of investments in Metaleurop International Finance BV.
(3) Including €2,443,000 following an impairment test on industrial assets at December 31, 2019, as the value in use of the battery-breaking assets was lower than their carrying amount.

4. Other disclosures

4.1 Directors' fees

Directors' fees allocated by the Company to members of the Board of Directors amounted to €640,000 in FY 2019

4.2 Average headcount

At December 31	2019	2018
Workers	9	8
Clerical, technical and supervisory	17	14
Managers	16	18
TOTAL	**42**	**40**

4.3 Pension liabilities and actuarial assumptions

Pension liabilities and actuarial assumptions	2019	2018
Discount rate	0.80%	1.65%
Pension liabilities (in thousands of euros)	226	180

4.4 Off-balance sheet commitments given and undertakings received

in thousands of euros	Dec. 31, 2019	Dec. 31, 2018
Guarantees and similar commitments(1)	16,000	16,000
Forward currency purchases and sales		
Commitments given	**16,000**	**16,000**
Guarantees and similar commitments		
Forward currency purchases and sales		
Commitments received	**-**	**-**

(1) Recylex S.A. has granted a first-ranking pledge over its shares in Recytech S.A. to Glencore International AG in relation to the €16 million loan facility granted to it, under which €16 million has been drawn down. On December 19, 2016, Recylex S.A. granted a second-ranking pledge over its shares in Recytech S.A. to Glencore International AG to guarantee the repayment of the amount due under the clawback clause (see Note 4.7).

In accordance with the terms required to obtain the €67 million loan granted to the Group's German subsidiaries (the "Loan"), Recylex S.A. has entered into:

a. an agreement under which it has undertaken, for a period ending one year after all sums due under the Loan agreement are repaid, to indemnify the German subsidiaries for any payment obligations for which they might be liable as a result of the European Commission investigation into the purchasing of scrap lead batteries (see Note 1 to the consolidated financial statements for the year ended December 31, 2019)

b. a loan agreement pursuant to which Recylex S.A. provides €10.7 million to Weser-Metall GmbH for the entire duration of the loan

c. a receivables subordination agreement with Weser-Metall GmbH and the agent designated by the German banks under the Loan, subordinating the repayment of the aforementioned €10.7 million loan granted by Recylex S.A. to Weser-Metall GmbH to the prior repayment of all sums due under the Loan

As part of Recytech S.A.'s obligation to establish a financial guarantee covering the safety of its facilities and the treatment of waste materials on its site in the event of the discontinuation of its operations, Recylex S.A. has undertaken, in the event of such discontinuation of business at Recytech S.A., to assume responsibility for all electric arc furnace dust present on the latter's site and to bear the cost of the transport and treatment of this dust.

4.5 Income tax

On October 1, 1994, the Company elected to adopt the tax consolidation group tax regime. At December 31, 2019, the group included its C2P S.A.S. subsidiary. The tax expense attributable to each subsidiary is calculated at standard tax rates to ensure that the group tax relief rules are neutral for the subsidiary.

In 2019, the net tax consolidation benefit for Recylex S.A. was zero.

4.6 Tax assets and liabilities

4.6.1 Nature of the temporary differences between tax treatment and accounting treatment

in thousands of euros	At beginning of period		Variations		At end of period	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Changes in deferred tax						
1. Special tax-allowance provisions						
- Excess tax depreciation on property, plant and equipment and intangible assets		52	12			40
2. Provisions not deductible in the year of recognition						
- Employee-related provisions	283		46	7	322	
- Provisions for depreciation of property, plant and equipment			2,443		2,443	
- Impairment of non-current financial assets	313,567		78	253	313,392	
- Provisions for impairment of trade receivables			526		526	
- Provisions for contingencies and charges	19,286		230	4,353	15,164	
- Other	6,245		72		6,317	
TOTAL	339,381	52	3,408	4,613	338,164	40

4.6.2 Tax losses held by the entire French tax consolidation group

in thousands of euros	At beginning of period	Losses arising during the year	At end of period
Evergreen tax loss carryforwards - rate of 28%	**(159,580)**	**(5,865)**	**(165,445)**

The Company's continuation plan, approved by the Paris Commercial Court on November 24, 2005, stipulated that creditors electing for option 1 of the continuation plan, which entails the abandonment of 50% of their claim, would benefit from a clawback clause provided that they informed the Company by registered letter within six months of the judgment approving the plan and that the plan was not reformulated prior to its expiry (on November 24, 2015).

4.7 Liabilities rescheduled under the continuation plan

On December 15, 2015, the Paris Commercial Court confirmed that Recylex S.A.'s continuation plan had been completed. This clawback clause provides that from and including December 31, 2015, Recylex S.A. will allocate 20% of its cash at December 31 of each subsequent year to repayment of the waived debt on a pari passu basis between the creditors, with no limit on the duration of such repayments. Three creditors requested the benefit of the clawback clause within the specified timeframe, and the total amount of debt covered by the clause amounts to €19,210,000. At December 31, 2019, Recylex S.A. recognized a liability relating to the clawback clause in an amount of €1,680,000, recognized under other liabilities.

The provision related to the clawback clause corresponds to the discounted present value of probable future repayments under the clause. One of the main components of future cash flows is the price of lead. The volatility of metal prices and the difficulty in predicting trends in both prices and the economic outlook makes all medium-term and long-term forecasting extremely difficult. As a result, the Company has adopted a multi-scenario model to determine the value of liabilities under the clawback clause. Starting from the assumption that trends in lead prices follow a normal distribution, a large number of scenarios for lead prices were modeled.
As a reminder, given the limited variation in the Business Plan and, crucially, the low level of variation in normalized cash flows, the Company's practice it to carry out a full valuation of the fair value of liabilities under the clawback clause using a multi-scenario model only once every two years. In the intervening years, the fair value of liabilities under the clawback clause is adjusted only for time effects relating to the shortening of the period before payments fall due.

Repayments under the clawback clause have been calculated on the basis of the Business Plan drawn up by the Company and normalized cash flows thereafter based on the Group's configuration at the balance sheet date (without the impact of the subsequent events presented in the Significant events section of the notes and in Note 39 to the consolidated financial statements). The fair value of these liabilities is recognized on the balance sheet under Provisions for charges with a balancing entry under Non-recurring expenses (see Note 2.6). At December 31, 2019, the provision set aside to cover the clawback clause came to €2.4 million.

5. List of subsidiaries and equity investments at December 31, 2019

In thousands of euros	Share capital	Equity other than share capital	Percentage ownership	Carrying amount of securities, gross	Carrying amount of securities, net	Loans and advances gross	Loans and advances, net	Security deposits and endorsements granted	Sales	Earnings in previous year	Dividends received
1. Subsidiaries (more than 50%-owned)											
France											
Metaleurop Nord SAS (in liquidation)	16,769	NA	100%	59,511	-	130,254	-	-	-	NA	
C2P S.A.S.	900	3,190	100%	1,708	1,708	-	-	-	11,208	-146	
Outside France											
Recylex Beteiligungsgesellschaft 1 mbH, Germany	25	53,164	100%	53,194	-	-	-	-	-	-2	
Recylex Beteiligungsgesellschaft 2 mbH, Germany	25	2,793	100%	2,823	-		-	-	-	-1	
Fonderie et Manufacture de Métaux SA, Belgium	475	-2,225	100%	1,867	-	-	-	-	-	-18	
2. Equity investments (50% equity interest or less)											
France											
Recytech S.A., France	6,240	15,238	50%	4,865	4,865	-	--		41,273	13,375	9,250
Outside France											
Eco Recyclage SpA, Algeria	540	222	33%	205	-	-	--		-	NA	
3. Other investments											
Peñarroya España				33,872		20,354					
Total equity investments, loans and advances				**158,045**	**6,573**	**150,608**	**-**				

6. Environmental information

6.1. Background

Recylex S.A. directly manages two facilities classified for the protection of the environment in France - one in Arnas (Rhône department) and one in Escaudœuvres (Nord department) - and the L'Estaque site in Marseille (Bouches-du-Rhône department), which has been closed since 2001. Two other sites are managed by subsidiaries: C2P S.A.S. in Arnas and 50%-owned Recytech S.A. in Fouquières-lès-Lens (Pas de Calais department).

Recylex S.A. was created in 1988 from the merger between Société Minière et Métallurgique de Peñarroya (SMMP) and the non-ferrous metals division of Germany-based Preussag, and took over around thirty mining concessions in France, two of which were still being operated at the time. Recylex S.A. established a program to upgrade safety in its mining concessions, which was validated and kept updated with the French industry ministry and local authorities. Since December 31, 2018, Recylex S.A. has no longer held any mining concessions but remained liable for remediation work.

6.2. Environment-related provisions and contingent liabilities

Recylex S.A.'s activities are subject to local, national and international regulations relating to the environment and industrial safety. These regulations are constantly changing and impose numerous obligations. As a result, these activities carry a risk that Recylex S.A. will be held liable for matters including site clean-up and industrial safety.

Provisions are recognized for identified risks at sites in operation, whenever there is a legal or regulatory obligation. The Company recognizes a provision for remediation of sites as required by statutory obligations. The provisions set aside to cover these risks are assessed on the basis of the Company's mining and metalworking experience and on external cost estimates when such estimates are available.

At December 31, 2019, environmental provisions recognized by Recylex S.A. totaled €8,902,000, covering the present value of all foreseeable expenditure over the period for which the regulations apply, which may last until 2029.

The amounts recognized represent the best estimates based on reports and technical studies by independent experts. Expenditure recognized in FY 2019 amounted to €4,309,000, covering the cost of surveys and site remediation, along with the cost of operating longstanding facilities treating mine water before discharge into the natural environment.

Recylex S.A. cannot rule out the possibility that assumptions used to calculate these provisions will have to be revised. As a result, the Company monitors these provisions to take into account changes in the interpretation or application of the regulations by the relevant authorities, the technical, hydrological and geological constraints relating to environmental remediation issues, and the discovery of pollution not currently identified.

Environmental provisions and contingent liabilities identified by Recylex S.A. are discussed in the following paragraphs.

6.3. Mining concessions

6.3.1. Provisions recognized under the procedure of giving up rights to operate mining concessions

Since December 31, 2018, Recylex S.A. has no longer held any mining concessions as a result of a provision in art. L. 144-4 of the French Mining Code that stipulates that unused mining concessions of an unlimited duration expire on December 31, 2018. The expiration of the validity of these mining concessions does not mean the end of mining safety obligations concerning implementation arrangements for the remedial work. Work to remediate these former mining sites and make them safe is taking place under a multi-year plan approved and amended in conjunction with local authorities and government organizations. The aggregate amount of provisions covering the entire former mining site remediation program came to €2,963,000 at December 31, 2019.

In thousands of euros	2019	2018
Total provisions	2,963	3,923

Expenditure incurred in 2019 for the remediation of former mines came to €1,260,000.

During the FY 2019, expenses included the works in the mine located in the Gard region of France and the management of the water treatment plants installed on former mining sites. On December 1, 2019, the operation of the water treatment plant at the former Largentière mine (Ardèche) was transferred to the Post-Mining Department of the BRGM (*Bureau de Recherches Géologiques et* Minières) in accordance with Articles L. 163-1 et seq. and L. 174-1 et seq. of the French Mining Code.

6.3.2. Monitoring of contingent liabilities relating to former mining sites

At December 31, 2019, the Company was not aware of any actual or potential obligation that could constitute a contingent liability.

6.4. Discontinued site at L'Estaque

6.4.1. Provisions recognized under the site remediation program

Following the shutdown of operations at the L'Estaque facility in February 2001, several orders subsequent to the prefectural order of December 23, 2002 laying down the remediation program specified the conditions for the remediation work and set the deadline for completion of the work as December 31, 2018. Based on the work still to be completed, a request to defer the deadline for the remediation work until December 31, 2022 was sent in January 2019 to the Prefect of the Bouches-du-Rhône department.
This request was accepted by a prefectoral decree of April 11, 2019.

Given the economic impact of the SARS-CoV-2 pandemic and the economic uncertainty weighing on the company following the start of insolvency proceedings in respect of all the Group's German subsidiaries, Recylex S.A. applied to the DREAL PACA on May 22, 2020 for a temporary suspension of the rehabilitation works until December 31, 2021 and a postponement of the completion date to December 31, 2024.

In June 2012, a contract was signed with a specialist contractor covering the construction and operation of an initial storage cell. In 2014, a second cell was built and partially filled. After a standstill period, Recylex S.A. resumed the task of excavating and filling the second storage cell during the second half of 2017. In FY 2018, work focused on extending the second storage cell and then using it to store around 60,000 cubic meters in waste. In FY 2019, work focused on extending to the west the second storage cell and then using it to store around 45,000 cubic meters of waste. The excavation works took place in an area close to the tracks ahead of work planned by SNCF Réseau in the sector, the former slag heap located behind the former offices at the site, and, lastly, rubble from the demolition of the plant at the site's main platform.

The aggregate amount of provisions covering the entire former mining site rehabilitation program came to €5,939,000 at December 31, 2019. These amounts are the best available estimates, based on technical reports by independent experts.

6.4.2. Contingent liabilities at the site

Recylex S.A. did not set aside any provisions in its financial statements at December 31, 2019 to cover the risks arising from the motion filed by SNCF Réseau to have Recylex S.A. and RETIA SASAU jointly ordered to pay the entire amount necessary for the "complete refurbishment" of the publicly owned rail assets in the L'Estaque rail section in Marseille (see paragraph 5 of the ongoing litigation section under Significant events).

Recylex regards this procedure as giving rise to a potential liability that does not satisfy the criterion for recognition of a provision because:

- Recylex S.A. is challenging the legal basis for this motion and thus whether there are any constructive or legal obligations arising from this application
- There is no detailed documentation concerning this application enabling it to assess the probability of an outflow of financial resources.

6.5. Sites in operation

In France, act no. 2003-699 of July 30, 2003, requires guarantees to be created to ensure the safety of certain facilities and the protection of the environment, in the event of discontinuation of their operations.
By the nature of their businesses, Recylex S.A. and Recytech S.A. are covered by this requirement. The total value of the guarantee to be created by Recylex S.A. is €700,000, to be paid over nine years.
At December 31, 2019, Recylex S.A. recognized a long-term financial asset corresponding to the first six tranches in a total amount of €498,000. That asset is written down in full, as the use of this financial guarantee, which is contingent upon discontinuation of the business, is not located in a defined period.

6.6. Other environmental information

Recylex S.A. was not granted any public environmental funds or government subsidies in FY 2019.

7. Other disclosures

7.1. Inventory of securities at December 31, 2019

In thousands of euros	Net carrying amount
I - Subsidiaries and equity investments	
A) Foreign companies	
Recylex Beteiligungsgesellschaft 1 mbH	0
Recylex Beteiligungsgesellschaft 2 mbH	0
Fonderie et Manufacture de Métaux SA	0
Other securities	
Sub-total	0
B) French companies	
Metaleurop Nord SAS	0
Recytech S.A.	4,865
C2P S.A.S.	1,708
Other securities	
Sub-total	6,573
Total subsidiaries and equity investments	
II - Long-term investments and investment securities	
Long-term investments	9
Treasury shares	86
Other marketable securities	
Total long-term investments and investment securities	
Total securities held	

7.2. Appropriation of income

In thousands of euros	Net carrying amount
Appropriation of earnings	**31/12/2019**
1. Net income/(loss) for the period	2,445
of which after-tax income before non-recurring items	5,238
2. Appropriation to retained earnings/(losses)	2,445
3. Charge to the statutory reserve	

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This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

To the Recylex S.A. Annual General Meeting,

Disclaimer of opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Recylex S.A. for the year ended December 31, 2019.

These financial statements were approved by the Board of Directors on October 22, 2020 on the basis of the information available at that date in the evolving context of the Covid-19 health crisis.

We are unable to express an opinion on whether the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as of December 31, 2019 and of the results of its operations for the year then ended in accordance with French accounting principles. Due to the materiality of the matters described in the section "Basis for disclaimer of opinion", we were unable to collect sufficient and appropriate information on which to base an opinion on the financial statements.

This observation is consistent with our report to the Audit Committee.

Basis for disclaimer of opinion

As disclosed in the section "Post balance sheet events / Business continuity / Assessment of liquidity risk" of the "Main events" note to the financial statements, the German sub-group entities filed a request to open insolvency proceedings in May 2020. The request was granted on May 15, 2020. This procedure limits the activity of Recylex S.A. to its French entities. In this context, the Company reviewed its outlook, which is based on a certain number of assumptions, items and ongoing actions, including:

- continuation of Weser-Metall GmbH's activity and of the supply of secondary materials by Recylex S.A to the Weser-Metall GmbH smelter (now outside the Recylex Group),
- changes in the commercial terms and conditions of secondary materials (processing costs), lead and zinc prices and the €/USD exchange rate, as Recylex S.A.'s activity is highly sensitive to changes in these parameter,
- changes in used lead battery volumes and purchase prices, as the commercial margin and cash generated by Recylex S.A.'s activity is heavily dependent on these parameters,
- changes in the recycled polypropylene market and its impact on the business of the subsidiary C2P S.A.S, Recylex S.A.'s sole outlet for the sale of polypropylene residue from battery recycling. The subsidiary C2P S.A.S., located on the Recylex S.A. recycling site in Villefranche sur Saône, uses the same infrastructures as Recylex S.A. therefore enabling economies of scale. The interdependency of both companies is a factor to be taken into account when assessing their financial risks,
- extension beyond February 19, 2021 of the deferral of the maturity date of the €16 million loan granted in 2014 by Glencore International AG, conditional on the continued supply by Recylex S.A. of secondary materials to Weser-Metall GmbH,
- suspension of interest on the €16 million loan granted by Glencore International AG for at least the next 12 months, and adaptation of repayment and interest conditions in the mid-term,
- financial income and notably dividends received from Recytech S.A. (equity associate), whose results are highly sensitive to zinc prices,
- developments in ongoing legal procedures against Recylex S.A. and contingent liabilities (see Notes 1 and 38),
- temporary suspension of the payment plan for the European Commission fine and changes to the payment schedule to make it compatible with Recylex S.A.'s new cash forecasts,
- acceptance by the competent authorities of the temporary stoppage of clean-up work at the Estaque site until December 31, 2021 and the deferral of the work completion date to December 31, 2024,
- the successful completion of the sale of non-operational assets in the next 12 months.

No definitive elements of assessment allow the attainment of the assumptions and items adopted or the outcome of ongoing actions to be foreseen. A material uncertainty therefore exists, casting doubt on the Company's ability to continue as a going concern. Should the assumptions and items adopted not be confirmed or the outcome of ongoing actions be unfavorable, the application of French accounting rules and methods in a normal context of business continuity, notably for the assessment of assets and liabilities, could prove inappropriate.

Based on a similar situation and items of the same nature, we were already unable to certify the financial statements for the year ended December 31, 2018 in our report of June 15, 2020.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*code de commerce*) relating to the justification of our assessments, we inform you that, given the disclaimer of opinion detailed above, we have no key audit matters to bring to your attention relating to risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period, other than those detailed in the section "Basis of disclaimer of opinion".

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law and regulations.

Information given in the management report and in the other documents addressed to the Annual General Meeting with respect to the financial position and the financial statements.

We have the same matters to report on the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors approved on October 22, 2020 and in the other documents addressed to shareholders with respect to the financial position and the financial statements, as disclosed in the section "Basis of disclaimer of opinion".

With regard to the events which occurred and the facts known after the date the financial statements were approved relating to the impact of the Covid-19 crisis, the management indicated to us that they will be communicated to the shareholders' meeting called to approve the financial statements.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment terms, required under Article D.441-4 of the French Commercial Code.

Corporate governance information

We attest that the Board of Directors' report on corporate governance contains the information required by Articles L.225-37-3 and L.225 -37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code relating to remunerations and benefits paid or granted to the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlled by it included within the scope of consolidation. Based on this work, we attest the accuracy and fair presentation of this information.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Metaleurop S.A. (which became Recylex S.A. in 2007) by the Annual General Meeting of March 30, 2000 for Deloitte & Associés and of February 13, 1995 for KPMG.

As of December 31, 2019, Deloitte & Associés and KPMG were in the 20th year and 26th year of total uninterrupted engagement, respectively, considering the successive terms of office between legal entities of the same network.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Our role is to conduct an audit in accordance with professional standards applicable in France and to issue a report on the financial statements.

We conducted our engagement in compliance with independence rules applicable to us, for the period from January 1, 2019 to the issue date of our report and specifically we did not provide any prohibited non-audit services referred to in the French Code of ethics (*code de déontologie*) for statutory auditors.

Furthermore, the non-audit services we provided during the year to your Company and the entities it controls that are not mentioned in the management report or the notes to the consolidated financial statements were as follows:

- Issue of an independent third-party report on the social, environmental and societal information stipulated in Article L.225-102-1 of the French Commercial Code (services rendered by KPMG),

We submit a report to the Audit and Risk Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as significant audit findings. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration referred to in Article 6 of Regulation (EU) no. 537/2014, confirming our independence pursuant to the rules applicable in France as defined in particular by Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of ethics for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

Paris La Défense, October 23, 2020

The Statutory Auditors

KPMG Audit	Deloitte & Associés
Division of KPMG S.A.	
Alexandra Saastamoinen *Partner*	Laurent Odobez *Partner*

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DRAFT RESOLUTIONS SUBMITTED TO THE COMBINED GENERAL MEETING OF DECEMBER 16, 2020

RESOLUTIONS TO BE CONSIDERED BY THE ORDINARY GENERAL MEETING

FIRST RESOLUTION
(Approval of the parent company financial statements for the year ended December 31, 2019)

Having heard the Board of Directors' report on the Company's management and the Statutory Auditors' report on the parent company financial statements 2019, and having examined the financial statements for Recylex S.A. for the financial year ended December 31, 2019, including the balance sheet, the income statement and the notes to the financial statements for that year, the Ordinary General Meeting, acting under the required quorum and majority conditions, hereby approves the said financial statements as presented, as well as all operations represented therein and mentioned in the said reports.

The Ordinary General Meeting acknowledges a net income of €2,444,815.39

Consequently, it ratifies the Directors' acts of management in respect of the said financial year.

SECOND RESOLUTION
(Approval of the consolidated financial statements for the year ended December 31, 2019)

Having heard the Board of Directors' report on the Group's management and the Statutory Auditors' report on the consolidated financial statements, and having examined the 2019 consolidated financial statements of the Group for the financial year ended December 31, 2019, including the balance sheet, the income statement and the notes to the financial statements for that year, the Ordinary General Meeting, acting under the required quorum and majority conditions, hereby approves the said financial statements as presented, as well as all operations represented therein and mentioned in the said reports.

THIRD RESOLUTION
(Appropriation of net income for the year ended December 31, 2019, as reflected in the parent company financial statements)

Having heard the Board of Directors' report and the Statutory Auditors' report on the parent company 2019 financial statements, the Ordinary General Meeting, acting under the required quorum and majority conditions, hereby:

- recognizes the net income for the year ended December 31, 2018, amounting to €2,444,815.39;
- resolves to appropriate the net income of €2,444,815.39 to the retained earnings account, which consequently shows a debit balance after appropriation of €56,674,756,51.

The General Meeting approves the amount of the non-deductible costs and expenses referred to in Article 39-4 of the General Taxation Code, amounting to €30,272.

The General Meeting, in accordance with the law, hereby acknowledges that no dividend has been paid out in the last three financial years.

FOURTH RESOLUTION
(Approval of the related party agreements referred to in Article L.225-38* et seq. *of the Commercial Code)

The Ordinary General Meeting, acting under the required quorum and majority conditions, and having heard the special report of the Statutory Auditors on the agreements referred to in Article L. 225-38 of the Commercial Code, hereby acknowledges the said report and approves the agreements mentioned therein, these agreements being authorized by the Board of Directors and entered into during the financial year ended December 31, 2019.

FIFTH RESOLUTION
(Ratification of the cooptation of Mr. Nick POPOVIC as director)

The General Meeting, voting under the quorum and majority conditions required for ordinary general meetings, ratifies the cooptation of Mr. Nick POPOVIC as Director by the Board of Director at its meeting of September 3, 2020, in replacement of Mr. Christopher ESKDALE.

RESOLUTIONS TO BE CONSIDERED BY THE ORDINARY AND EXTRAORDINARY GENERAL MEETING

SIXTH RESOLUTION
(Powers)

The General Meeting hereby grants all necessary powers to the holder of an original, a copy or an excerpt of the minutes of this General Meeting to carry out any legal or administrative formalities, to file any documents and to satisfy any publication requirements provided for by the legislation in force.

The Board of Directors

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REPORT OF THE BOARD OF DIRECTORS TO THE COMBINED GENERAL MEETING OF DECEMBER 16, 2020 ON DRAFT RESOLUTIONS

Ladies and Gentlemen Shareholders,

We have called this Combined General Meeting to report to you on the activities of Recylex S.A. (hereinafter the "*Company*") and its subsidiaries during the fiscal year beginning January 1, 2019 and ending December 31, 2019, and to submit for your approval the Company's corporate and consolidated financial statements for this fiscal year.

We have also called this meeting in order to ask you to vote on:

- the approval of the agreements referred to in Articles L.225-38 et seq. of the French Commercial Code,
- the ratification of the cooptation of a director.

The activity of the Company and its subsidiaries during the fiscal year ended December 31, 2019, as well as the progress of corporate affairs since the beginning of the current fiscal year, has been reported in the management report of the Board of Directors, which has been communicated to you in accordance with the law.

The purpose of this report is to present to you the draft resolutions submitted to your vote.

ON AN ORDINARY BASIS

I. APPROVAL OF THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS - APPROPRIATION OF EARNINGS (FIRST, SECOND AND THIRD RESOLUTIONS)

The Board of Directors proposes that the General Meeting approve the financial statements for the financial year ended December 31, 2019 as approved by the Board of Directors, in view of the net income for the financial year ending December 31, 2019, which amounts to 2,444,815.39 euros, to allocate the entire income of 2,444,815.39 euros to the "retained earnings" account, the balance of which, after allocation, would amount to a debit amount of 56,674,756.51 euros.

In accordance with legal provisions, the Board of Directors proposes that the General Meeting of Shareholders approve the amount of expenses and charges referred to in Article 39-4 of the French General Tax Code that are not deductible from income, amounting to 30,272 euros for the year ended December 31, 2019.

We remind you that no dividend has been distributed for the last three financial years.

II. APPROVAL OF THE AGREEMENTS REFERRED TO IN ARTICLES L.225-38 ET SEQ. OF THE FRENCH COMMERCIAL CODE (FOURTH RESOLUTION)

The Board of Directors proposes that the General Meeting take note of the conclusions of the special report of the auditors on the agreements referred to in Articles L.225-38 et seq. of the French Commercial Code and approve the agreements mentioned in this report. These agreements were authorized by the Board of Directors and entered into during the 2019 financial year.

In accordance with article L.225-40 of the French Commercial Code, interested parties may not take part in the vote on this resolution.

III. RATIFICATION OF THE COOPTATION OF MR. NICK POPOVIC AS DIRECTOR (FIFTH RESOLUTION)

The Board of Directors proposes that the General Meeting ratify the co-option by the Board of Directors at its meeting on September 3, 2020 of Mr. Nick POPOVIC as Director, as a replacement of Mr. Christopher ESKDALE.

Born in 1970, Mr. Nick POPOVIC started his career at Glencore International AG in 1992 as a trader for the Zinc Department of London, Switzerland and Moscow. In April 1998, he is appointed Chief Executive Director of Kazzinc in Kazakhstan and continue his progress inside the Glencore Group where he occupies the position of asset manager since 2006. Appointed Chairman of the Board of Directors of Kazzinc Holdings in 2014, he is head of the Lead and Zinc marketing department of Glencore International AG since July 2020.

Nick Popovic holds a Master of Arts degree from the University of Cambridge and has nearly 30 years of experience in the metals sector within the Glencore Group. He is a specialist in the Lead and Zinc industry.

ON AN ORDINARY AND EXTRAORDINARY BASIS

XII. POWERS TO COMPLETE THE FORMALITIES (SIXTH RESOLUTION)

Finally, you are asked to grant all necessary powers to the holder of an original, copy or extract of the minutes of this General Meeting to complete all legal and/or administrative formalities, to file any documents and to satisfy any publication requirements provided for by the legislation in force.

We trust that these proposals will meet your approval and, accordingly ask you to vote in favor of the draft resolutions submitted to you.

The Board of Directors

This "Special Report of the Board of Directors on stock-options" is a non-official translation into English of the "Rapport Spécial du Conseil d'administration sur les options de souscription et d'achat d'actions" issued in French language and is provided solely for the convenience of English-speaking users. This report should be read in conjunction with and construed in accordance with French law.

SPECIAL REPORT OF THE BOARD OF DIRECTORS ON TRANSACTIONS MADE UNDER THE PROVISIONS OF ARTICLES L.225-177 TO L. 225-186 OF THE FRENCH COMMERCIAL CODE (STOCK OPTIONS)

FINANCIAL YEAR ENDED DECEMBER 31, 2019

To the Shareholders,

In accordance with the provisions of article L. 225-184 of the French Commercial Code we have the honour of reporting to you on transactions carried out under articles L. 225-177 to L. 225-186 of the said Code relating to stock options.

We can report that no stock option plan was implemented over the course of the year under the provisions of the above articles.

I – OPTIONS GRANTED TO AND EXERCISED BY COMPANY OFFICERS

We can report that no stock option was granted over the course of the financial year to company officers in recognition of their functions and duties within Recylex S.A. ("the Company"), either by the Company or by companies related to it under the terms of article L. 225-180 of the French Commercial Code:

Name and function of beneficiary	Number of options granted	Purchase or subscription	Price (in euros)	Expiry	Company involved
N/A					

We confirm that no stock option was allocated over the course of the financial year to company officers of the Company, in recognition of the functions and responsibilities exercised within the Company, by controlled companies under the definition of article L. 233-16 of the French Commercial Code:

Name and function of of beneficiary	Number of options granted	Purchase or subscription	Price (in euros)	Expiry	Company involved
N/A					

We confirm that no stock option held on the Company or on companies related to it under the terms of Article L.225-180 of the French Commercial Code or controlled by it under the definition of Article L.233-16 of the French Commercial Code, was exercised by any company officer of the Company during the financial year:

Name and function of beneficiary	Number of options exercised	Purchase or subscription	Price (in euros)	Exercise date	Company involved
N/A					

II – OPTIONS GRANTED TO AND EXERCISED BY EMPLOYEES

We confirm that no stock option was allocated over the course of the financial year by the Company nor by those companies or groups related to it under the provisions of article L.225-180 of the French Commercial Code to employees of the Company other than company officers:

Name and function of beneficiary	Number of options granted	Purchase or subscription	Price (in euros)	Expiry	Company involved
N/A					

We report to you hereafter the stock options binding on the Company and affiliated companies or groups related to it under the definition of the said article L. 225-180 of the French Commercial Code, which were exercised over the financial year by Company employees who are not company officers.

Beneficiary	Number of options exercised	Purchase or subscription	Price (in euros)	Exercise date	Company involved	Function
N/A						

The Board of Directors

This "Special Report of the Board of Directors on free share allocations" is a non-official translation into English of the "Rapport Spécial du Conseil d'administration sur l'attribution d'actions gratuites"" issued in French language and is provided solely for the convenience of English-speaking users. This report should be read in conjunction with and construed in accordance with French law.

SPECIAL REPORT OF THE BOARD OF DIRECTORS ON TRANSACTIONS MADE UNDER THE PROVISIONS OF ARTICLES L.225-197-1 TO L. 225-197-3 OF THE FRENCH COMMERCIAL CODE (FREE SHARE ALLOCATIONS)

FINANCIAL YEAR ENDED DECEMBER 31, 2019

To the Shareholders,

In accordance with the provisions of article L. 225-197-4 of the French Commercial Code we have the honour of reporting to you on transactions carried out under articles L. 225-197-1 to L. 225-197-3 of the said Code relating to the free allocation of shares to employees and company officers of Recylex S.A. ("the Company").

I – FREE ALLOCATIONS OF SHARES TO COMPANY OFFICERS

We can report that no free allocation of shares was made over the course of the year to Company officers in relation to their duties and functions within the Company either by the Company or by those related to it under the provisions of article L. 225-197-2 of the French Commercial Code.

In accordance with the provisions of article L. 225-184 of the French Commercial Code we have the honour of reporting to you on transactions carried out under articles L. 225-177 to L. 225-186 of the said Code relating to stock options.

Name and function of beneficiary	Number of shares allocated	Value	Company involved
N/A			

We confirm that no free share was allocated over the course of the year to company officers of the Company, in recognition of the functions and responsibilities exercised within the Company, by controlled companies under the definition of Article L.233-16 of the French Commercial Code.

Name and function of beneficiary	Number of shares allocated	Value	Company involved
N/A			

II - FREE ALLOCATIONS OF SHARES TO EMPLOYEES

We confirm that no free share was allocated over the course of the year by the Company and by those companies or groups related to it under the provisions of article L.225-197-2 of the French Commercial Code to employees of the Company other than company officers:

Name and function of beneficiary	Number of shares allocated	Value	Company involved	Function
N/A				

The Board of Directors

This is a free translation into English of the Statutory Auditors' special report on regulated agreements that is issued in the French language and is provided solely for the convenience of English speaking readers. This report on regulated agreements should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code (Code de Commerce) and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

SHAREHOLDERS' MEETING TO APPROVE THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

To the Shareholders' Meeting of Recylex S.A.

In our capacity as statutory auditors of your Company, we hereby report to you on regulated agreements.
The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements brought to our attention or which we may have discovered during the course of our audit, as well as the reasons justifying that such agreements are in the Company's interest, without expressing an opinion on their usefulness and appropriateness or identifying other such agreements, if any. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code (*Code de commerce*), to assess the interest involved in respect of the conclusion of these agreements for the purpose of approving them.

Our role is also to provide you with the information stipulated in Article R. 225- 31 of the French Commercial Code relating to the implementation during the past year of agreements previously approved by Shareholders' Meeting, if any.

We performed the procedures that we considered necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

AGREEMENTS SUBMITTED TO THE APPROVAL OF THE SHAREHOLDERS' MEETING

Agreements authorized and entered into during the year

Pursuant to Articles L. 225-40 *et seq.* of the French Commercial Code, the following agreements, entered into during the year and previously authorized by the Board of Directors, have been brought to our attention.

- ***Technical services agreement and its amendments, between Weser-Metall GmbH and Glencore International AG, in the presence of Recylex S.A.***

Directors concerned: Mrs. Laetitia Seta, Mr. Christopher Eskdale and employees of Glencore International AG

On October 1, 2014, your Company signed a technical cooperation agreement with its sub-subsidiary Weser-Metall GmbH and Glencore International AG (the "Technical Cooperation Agreement"), whereby Weser-Metall GmbH and Glencore International AG agreed to exchange technical information with the objective of increasing the efficiency and long-term performance of the Weser-Metall smelting plant and thereby improving the long-term economic performance of the Group and, hence, enabling your Company to repay the loan granted by Glencore International AG to your Company.

On February 28, 2019, Weser-Metall GmbH and Glencore International AG entered into a technical services agreement, in the presence of Recylex S.A., under which Glencore International AG provides additional technical assistance to Weser-Metall GmbH in consideration for €10,000 per month.

The purpose of this agreement, which came into effect on January 1, 2019 for an initial term of 3 months, was to boost the long-term profitability of the Weser-Metall GmbH smelting plant with its two furnaces and therefore promote the long-term economic viability of the Recylex group. It replaced the Technical Cooperation Agreement signed in 2014.

This agreement was authorized by the Board of Directors' meeting of January 24, 2019, which considered it to be in the interests of your Company, particularly with regard to the conditions precedent of the €16 million loan taken out with your Company on October 1, 2014. Glencore International AG has called for the application of the Technical Cooperation Agreement over the term of the loan.

On May 31, 2019, an initial amendment to the technical services agreement was signed between Weser-Metall GmbH and Glencore International AG, in the presence of your Company, to extend the initial term of this agreement, which remained in force between the parties after the initial three months, to May 31, 2019, effective as of April 1, 2019, in connection with the agreements obtained at the same time regarding the German sub-group's financing. On June 11, 2019, your Board of Directors authorized the signing of this amendment to extend the initial term to May 31, 2019 and any other subsequent date as long as discussions on the German sub-group's financing are still ongoing, such agreements being justified in the interests of your Company.

On June 17, 2019, a second amendment to the technical services agreement was signed between Weser-Metall GmbH and Glencore International AG, in the presence of your Company, to extend the initial term of this agreement to July 31, 2019, effective as of June 1, 2019, in connection with the agreements obtained at the same time regarding the German sub-group's financing. This amendment was authorized, in the interests of the Company, by the Board of Directors' meeting of June 11, 2019.

On October 24, 2019, a third amendment to the technical services agreement was signed between Weser-Metall GmbH and Glencore International AG, in the presence of your Company, to extend the initial term of this agreement to December 31, 2019, effective as of July 31, 2019, in connection with the agreements obtained at the same time regarding the German sub-group's financing. The amendment also provided for the termination as of September 1 2019 of the Technical Cooperation Agreement entered into between your Company, Weser-Metall GmbH and Glencore International AG on October 1, 2014, with the agreement being replaced by the technical services agreement.

This third amendment was authorized by the Board of Directors' meeting of October 18, 2019, which considered that it was in the interests of your Company, Weser-Metall GmbH and the Group as a whole to benefit from the support of experts for the technical studies and measures undertaken to improve the operating methods and profitability of the Group's smelting plant.

- ***Termination of the Technical Cooperation Agreement and its successive amendments entered into between your Company, Weser-Metall GmbH and Glencore International AG.***

Directors concerned: Mrs. Laetitia Seta, Mr. Christopher Eskdale and employees of Glencore International AG

On October 1, 2014, your Company signed a technical cooperation agreement with its sub-subsidiary Weser-Metall GmbH and Glencore International AG, whereby Weser-Metall GmbH and Glencore International AG agreed to exchange technical information with the objective of increasing the efficiency and long-term performance of the Weser-Metall smelting plant and thereby improving the long-term economic performance of the Group and, hence, enabling your Company to repay the loan granted by Glencore International AG to your Company. This agreement was authorized by the Board of Directors' meeting of September 23, 2014

In a letter dated January 17, 2018 representing a contract amendment, the technical cooperation agreement was modified to include a technical audit assignment conducted by Glencore International AG health and safety experts, on the situation of the Weser-Metall GmbH subsidiary and other Group subsidiaries with regard to health and safety, remunerated at a daily rate of €1,500. The amendment of this technical cooperation agreement was authorized by the Board of Directors' meeting of March 16, 2018.

In a letter dated April 23, 2018 representing a contract amendment, the technical cooperation agreement was modified to include a specific technical assistance assignment for the update of your Group's risk hedging policy for metal prices, involving the assistance of Glencore International AG's technical experts, remunerated at a daily rate of €1,200. The amendment of this technical cooperation agreement was authorized by the Board of Directors' meeting of April 13, 2018.

On October 24, 2019, by means of the third amendment to the technical services agreement signed between Weser-Metall GmbH and Glencore International AG, in the presence of your Company, as mentioned above, the Technical Cooperation Agreement was terminated retroactively to September 1, 2019. The termination of this agreement was authorized by the Board of Directors' meeting of October 18, 2019. It was replaced by the technical services agreement.

AGREEMENTS PREVIOUSLY APPROVED BY THE SHAREHOLDERS' MEETING

Agreements approved during previous years

a) with continuing effect during the year

Pursuant to Article R. 225-30 of the French Commercial Code, we have been informed that the following agreements, previously approved by Shareholders' Meetings of prior years, have remained in force during the year.

- ***Second rank pledge agreement between your Company and Glencore International AG on shares held by your Company in Recytech S.A. (50%)***

Directors concerned: Mrs. Laetitia Seta, Mr. Christopher Eskdale and employees of Glencore International AG

On December 5, 2016, the Group's German subsidiaries, Recylex GmbH, Weser-Metall GmbH, Harz-Metall GmbH, PPM Pure Metals GmbH, Norzinco GmbH, C2P Germany GmbH and Recylex Grundstücksverwaltungs GmbH, signed a loan agreement with a bank consortium for €67 million, subject to the lifting of several conditions precedent (hereinafter the "**Loan**").

Among the conditions precedent for the Loan, in December 2016 Glencore International AG granted commitments to the German subsidiaries, Recylex GmbH, Harz-Metall GmbH, Weser-Metall GmbH, Norzinco GmbH, C2P-Germany GmbH, PPM Pure Metals GmbH and Recylex Grundstücksverwaltungs GmbH, notably to cover any overrun in the budget for Weser-Metall GmbH's new reduction furnace (of up to €10 million) and any specific cash requirements of these German subsidiaries (up to a maximum of €25 million).

In addition, under the conditions precedent for the Loan and with a view to guaranteeing the performance of its obligations stipulated in the Loan agreement, the shares of Recylex GmbH, Harz-Metall GmbH and Weser-Metall GmbH were transferred to two special purpose Trustees under a Trust agreement governed by German law signed on December 19, 2016 between Recylex Beteiligungsgesellschaft Eins, a wholly-owned subsidiary of your Company, Recylex GmbH, Weser-Metall GmbH, Harz-Metall GmbH, the two Trustees and Glencore International AG. The Recylex group entities retain the economic ownership of these entities, and continue to exercise and benefit from their shareholder rights provided the borrowers do not default on their obligations.

In the context of this Trust arrangement, Glencore International AG has suspended, for the term of the Trusteeship, its rights under the first rank pledge on the Recylex GmbH shares, guaranteeing the performance by your Company of its obligations pursuant to the financial recovery clause set out in your Company's continuation plan.

On December 19, 2016, in order to guarantee the performance by the German subsidiaries of their obligations under the aforementioned commitments granted by Glencore International AG and your Company's obligations to Glencore International AG under the aforementioned financial recovery clause, your Company entered into an agreement providing a second rank pledge in favor of Glencore International AG on all the shares held by your Company in Recytech S.A. (i.e. 50%), as well as a cash proceeds special account which will be credited by future dividends received by your Company from Recytech S.A. Your company is free to use this cash proceeds special account except in the event of failure by the German subsidiaries or by your Company to respect their aforementioned obligations, duly notified.

This agreement was authorized by the Board of Directors' meeting of November 7, 2016.

- ***Pledge in favor of Glencore International AG on shares held by your Company in Recylex GmbH***

Directors concerned: Mrs. Laetitia Seta, Mr. Christopher Eskdale and employees of Glencore International AG

1) Guaranteeing repayment of a credit facility

To guarantee the repayment of amounts due under a credit facility granted by Glencore International AG in favor of your Company on September 30, 2002, your Company granted a first rank pledge to Glencore International AG on all shares held by your Company in Recylex GmbH.

This agreement was authorized by the Board of Directors' meeting of September 20, 2002.

Costs and interest relating to the aforementioned credit facility have not been paid in full and were recorded in liabilities in your Company's continuation plan. As the continuation plan is interest free, the repayment of receivables under this plan does not bear interest.

At your Company's request, Glencore International AG accepted to defer until November 24, 2019 repayment of the residual receivable included in your Company's continuation plan of €149,571.57, in accordance with the same conditions provided for by the plan. The amendment to this agreement was authorized by the Board of Directors' meeting of October 16, 2013.

In fiscal year 2017, in the context of the payment plan for the €26.7 million fine imposed by the European Commission, Glencore International AG accepted to defer the repayment date to 2026 for this receivable. As the amendment of this agreement was a prerequisite to the acceptance of the payment plan for the European Commission fine, it was authorized by the Board of Directors' meeting of May 24, 2017 in the interests of your Company.

2) Guaranteeing repayment of amounts due under the financial recovery clause stipulated in your Company's continuation plan

Glencore International AG holds a second rank pledge on all shares held by your Company in Recylex GmbH guaranteeing the repayment of a debt initially owed to the Company's historical banks and assigned by them in July 2005 to Glencore International AG, accompanied by the pledge guaranteeing repayment. Your Company was notified of the assignment of the receivables on September 1, 2005.

Following the decision of the Paris Trade Court of December 15, 2015 noting the proper performance of the continuation plan, the financial recovery clause stipulated in this plan gave rise to the recognition in favor of Glencore International AG of an outstanding receivable of €17,812,955.84, repayment of which is guaranteed by a second rank pledge on all shares held by your Company in Recylex GmbH.

The continuation plan, including the financial recovery clause, was approved by the Board of Directors of your Company on September 5, 2005.

Under this financial recovery clause, your Company irrevocably undertook, as from December 31, 2015, to allocate 20% of its available cash (i.e. cash and short-term securities), as of December 31 of each fiscal year, to the repayment of the outstanding receivables on a pari passu basis between the continuation plan creditors benefiting from the financial recovery clause, with no limit in time (see Note 18.2 to the consolidated financial statements for the year ended December 31, 2016).

In the context of the Loan and the Trust agreement described above and entered into in December 2016, Glencore International AG suspended, for the entire duration of the trusteeship implemented until repayment in full of the Loan, its rights under the pledge on Recylex GmbH shares held by your Company.

- ***Provision by Glencore International AG of a credit facility in favor of your Company***

Directors concerned: Mrs. Laetitia Seta, Mr. Christopher Eskdale and employees of Glencore International AG

Glencore International AG provided your Company with a credit facility available from April 16, 2003 to August 29, 2003 with the following terms and conditions:

- Date of the agreement : April 16, 2003
- Maximum drawdown amount : €12,000,000.00
- Expiry date : August 29, 2003
- Amount drawn down at 12.31.03 : €11,000,000.00
- Interest rate : 1 month Euribor + 1.00

This agreement was authorized by the Board of Directors' meeting of April 8, 2003.

At your Company's request, Glencore International AG accepted to defer until November 24, 2019 repayment of the residual receivable included in your Company's continuation plan of €4,900,507.33, in accordance with the same conditions provided for by the plan. This agreement was authorized by the Board of Directors' meeting of October 16, 2013.

In fiscal year 2017, in the context of the payment plan for the €26.7 million fine imposed by the European Commission, Glencore International AG accepted to defer the repayment date to 2026 for this receivable. As the amendment of this agreement was a prerequisite to the acceptance of the payment plan for the European Commission fine, it was authorized by the Board of Directors' meeting of May 24, 2017 in the interests of your Company.

The balance of this receivable, including interest of €149,572, was €5,050,079 as of December 31, 2019.

- ***Debt waiver with a financial recovery clause in favor of Glencore International AG***

Directors concerned: Mrs. Laetitia Seta, Mr. Christopher Eskdale and employees of Glencore International AG

As part of your Company's continuation plan, approved by the Board of Directors' meeting of September 5, 2005, Glencore International AG waived its receivable of €17,812,955, subject to a financial recovery clause. Under this financial recovery clause, your Company irrevocably undertook, as from December 31, 2015, to allocate 20% of its available cash (i.e. cash and short-term securities), as of December 31 of each fiscal year, to the repayment of the outstanding balance on a pari passu basis between the continuation plan creditors benefiting from the financial recovery clause, with no limit in time.

Under this financial recovery clause, your Company has allocated €4.1 million to liabilities as of December 31, 2019.

- ***Loan agreement between your Company and Glencore International AG***

Directors concerned: Mrs. Laetitia Seta, Mr. Christopher Eskdale and employees of Glencore International AG

On October 1, 2014, your Company signed a loan agreement with Glencore International AG with the following main terms and conditions:

- Maximum amount: €16 million;
- Purpose: payment of the last two installments under your Company's business continuation plan and cash requirements provisioned in your Company's accounts as of June 30, 2014;
- Interest: 7% per annum + average Libor, payable half-yearly;
- Repayable in full in one installment on June 30, 2019 or in advance either at the initiative of your Company or in case of events that make or are likely to make the financial situation of your Company significantly worse.

This agreement was authorized by the Board of Directors' meeting of September 23, 2014, which considered it was in the interests of your Company, given the forecast cash requirements identified by your Company at the authorization date.

In fiscal year 2017, in the context of the payment plan for the €26.7 million fine imposed by the European Commission, Glencore International AG accepted to defer the repayment date for this loan facility to June 30, 2024. As the amendment of this agreement was a prerequisite to the acceptance of the payment plan for the European Commission fine, it was authorized by the Board of Directors' meeting of May 24, 2017 in the interests of your Company.

Your Company performed drawdowns totaling €16 million on this loan facility, generating interest of €1,082 thousand in fiscal year 2019.

- ***First rank pledge agreement between your Company and Glencore International AG on shares held by your Company in Recytech S.A. (50%)***

Directors concerned: Mrs. Laetitia Seta, Mr. Christopher Eskdale and employees of Glencore International AG

On October 1, 2014, to guarantee the repayment of the aforementioned loan, your Company entered into a pledge agreement with Glencore International AG, whereby your Company granted a pledge in favor of Glencore International AG on all shares held by your Company in Recytech S.A. (owned 50%), as well as a cash proceeds special account to be credited with any future dividends received by your Company from Recytech S.A. Your company is free to use this cash proceeds special account except in case of events that make or are likely to make the financial situation of your Company significantly worse, as detailed in the above loan agreement.

This agreement was authorized by the Board of Directors' meeting of September 23, 2014, which considered it was in the interests of your Company as ancillary to the aforementioned loan agreement and given the interest for your Company of securing this loan.

b) without effect during the year

In addition, we have been informed of the following agreements, previously approved by Shareholders' Meetings of prior years, which had no effect during the year.

- ***Commitment to contribute to transportation costs and steel mill dust recycling costs on the industrial site of Recytech S.A. (owned 50%) in case of closure or cessation of Recytech S.A.***

Director concerned: Mr. Sebastian Rudow, also a director of Recytech S.A.

Decree 2012-633 published on May 3, 2012 includes the obligation for certain installations treating waste and classified for the protection of the environment to set up financial guarantees to ensure the clean-up and rehabilitation of the site in case of closure. In this context, your Company committed to recover all the steel mill dust on the industrial site of Recytech S.A. and pay the dust transportation and recycling costs in case of closure or cessation of Recytech S.A.

This agreement was authorized by the Board of Directors' meeting of March 27, 2014.

Paris La Défense, October 26, 2020

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