ANNUAL REPORT 2020

Recylex
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REGULATED INFORMATION

ANNUAL FINANCIAL REPORT 2020

(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)

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 all the companies included in the consolidation, and that the accompanying management report includes a fair review of the development and performance of the business, and the financial position of the Company and all the companies included in the consolidation, together with a description of the principal risks and uncertainties that they face.

Thomas Hüser

Chairman of the Board of Directors

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS

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FINANCIAL YEAR ENDED DECEMBER 31, 2020

The shareholders of Recylex S.A. (hereinafter, the "Company" or "Recylex S.A.") have been convened to an Ordinary General Meeting to hear the report on the activities of Recylex S.A. and its subsidiaries in the financial year to December 31, 2020 and to consider for approval the annual 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 annual and consolidated financial statements for that period.

In accordance with Article L. 225-37 of the French Commercial Code, Recylex S.A. provides the corporate governance report for 2020 in a specific section (section 2.9 of this Report).

1. THE RECYLEX GROUP

In this report, except where otherwise stated, the term "Group" refers to Recylex S.A. and the companies included in the scope of consolidation as defined in Article L. 233-16 of the French Commercial Code.

The scope of the Group's activities was profoundly affected by the events described in paragraph 1.1 below. At the level of the Group's parent company, Recylex S.A., these events resulted in the total and definitive loss of control over all the entities of the German subgroup and their subsequent exclusion from the Group's scope of operations. Consequently, the Group's scope of consolidation as described in this report refers to the Group in its new business configuration.

The Recylex Group operates 3 production sites in France and is a key player in the circular economy. Its main activities are at the heart of the urban mine:

- Recycling of lead, mainly from used automotive 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.

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

The parent company Recylex S.A. (whose registered and administrative offices are located in France) conducts two activities, a holding activity and an operational activity for the recycling of used lead-acid batteries distributed over two plants in France located in Escaudœuvres (Hauts de France) and Villefranche-sur-Saône (Auvergne-Rhône-Alpes). Recylex S.A. is listed on Euronext Paris (ISIN: FR0000120388 – ticker: RX) and does not have any branch offices.

1.1. Market conditions and the Group's business activities during 2020

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

(€ per tonne)	2020 average	2019 average	*Change*
Lead price	**1,598**	**1,787**	**-11%**
Zinc price	**1,979**	**2,274**	**-13%**

Source: London Metal Exchange 2020.

The average lead price for 2020 was €1,598, down 11% compared to the 2019 average. Between January 2, 2020 and December 31, 2020, the price of lead fell 6%. During 2020, lead prices remained below the 2019 level, but recovered in the last quarter of 2020.

The average zinc price for 2020 was €1,979, down 13% compared to the 2019 average. Z During the first quarter of 2020, the zinc price trend was marked by a sharp decline with the price reaching its annual low of €1,639 on March 25, 2020. The price trend was then quite volatile in the second quarter of 2020, before rising again in the third and fourth quarters of 2020.

In 2020, the average €/$ exchange rate rose to 1.1412, up 2% compared to 2019.

Restructuring of the German subgroup's debt

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

Following the discussions with the financial partners in December 2019, the Group initiated the study of asset disposals of Weser-Metall GmbH in addition to PPM Pure Metals GmbH and Norzinco GmbH (whose disposal processes had been initiated in the first half of 2019) in order to restructure the German subgroup's debt. The Group also studied the impact of these proposed disposals on its business model and the associated strategic developments with a view to maintaining the Group's remaining activities.

Accordingly, a new schedule of discussions with the financial partners has been established until April 30, 2020, and the Group has obtained a conditional position from the financial partners in February 2020 in relation to the progress of the disposal projects 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 these discussions schedule until May 31, 2020 subject to a review of the progress of the disposal projects by the financial partners in mid-March 2020. At the same time, the Group also secured:

- From Glencore International AG an extension of the €4.4 million in additional bridge financing to cover identified cash requirements until May 31, 2020 (compared to April 30, 2020 previously).

As a result, the bridge financing increased 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 to 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, representing 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.

On March 19, 2020, the Group announced that the overall review of the progress of the disposal projects, previously scheduled for mid-March 2020, would take place at the end of April 2020.

On April 15, 2020, the German subgroup informed its financial partners of the delay in completing the disposal projects, in particular of Weser-Metall GmbH, mainly due to the restrictions caused by the SARS-CoV-2 pandemic.

Accordingly, the German subgroup was granted on May 7, 2020 an extension to the schedule of the ongoing discussions until June 30, 2020 (previously May 31, 2020) as well as:

- From Glencore International AG an extension to the €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 (from €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 disposals and debt restructuring processes of the German subgroup as outlined above were subsequently interrupted by the filings for insolvency proceedings at the level of the entities of the German subgroup on May 14, 2020, as explained below.

Impacts of the SARS-CoV-2 virus on the Group’s activities and the filings for insolvency proceedings at the level of the entities 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.

In order to adapt to the sharp decline in demand, particularly in the automotive industry, and against the background of sharply falling metal prices, Weser-Metall GmbH stopped production on March 26, 2020. The business was switched to "Service and Maintenance" mode. Weser-Metall GmbH resumed production on May 18, 2020.

The Group’s used lead-acid 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, and C2P S.A.S.’ lending mediation attempt was unsuccessful.

The sharp decline in zinc prices and the deterioration of business conditions continued in the first quarter of 2020, further impacting the contraction in the Zinc segment. As of April 30, 2020, 2020, Harz Metall GmbH did not see an increase in sales of the electric arc furnace dust recycling business despite a favorable comparison basis compared to the first four months of 2019 when a maintenance shutdown had taken place. Notwithstanding a steep increase in its production volumes (9,000 tonnes in 2020 compared to 5,000 tonnes in 2019), sales amounting to €5.5 million were only marginally higher than in the first four months of 2019, due to a sharp deterioration in trading conditions and a sharply falling zinc price. 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 after considering all possible scenarios, it became obvious that a sufficient recovery was unlikely in the short to medium term. In particular, trends in zinc prices started to jeopardize the future prospects of the zinc operations at Harz-Metall GmbH (the German subgroup), resulting in an additional financing requirement of €8.6 million over the following 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 file for insolvency proceedings on May 14, 2020.

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 for insolvency proceedings on May 14, 2020 because of the joint and several liabilities of all the German subgroup’s entities vis-à-vis the financial partners. These filings for insolvency proceedings were confirmed by decisions of the German Insolvency Court of Göttingen on May 15, 2020. It should be noted that the French companies of the Recylex Group are not included in the scope of these proceedings under German law.

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 filings for "protective shield" procedures was 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 filings for insolvency proceedings at the level of the German subgroup's legal entities has had the following major implications for the parent company Recylex S.A.:

- On one hand, the €16 million loan granted in 2014 by Glencore International AG to Recylex S.A. may become due and payable at any time, as since 2016 it is linked to the German subgroup's financing. On May 18, 2020, the Group obtained from Glencore International AG a preliminary conditional waiver until October 31, 2020 of its right to declare this loan immediately due and payable. This waiver was extended to February 19, 2021. At the balance sheet date, Recylex S.A. was granted a new temporary waiver from Glencore International AG of its right to declare the loan immediately due and payable. The terms of this temporary waiver are described in Note 13 "Interest-bearing borrowings" and Note 32.5.1.2 "Financial liabilities - Recylex S.A." to the 2020 consolidated financial statements;
- On the other hand, following the decisions by the German Insolvency Court confirming the filings for insolvency proceedings, Recylex S.A. definitively lost all control over the German entities, which led to the deconsolidation of the entire German subgroup from its consolidated financial statements.

Changes in the scope of consolidation

The decisions of the German Insolvency Court confirming the filings for insolvency proceedings at the level of the German subgroup entities led to the loss of control over all the German subgroup entities. Following the Court's decisions, all powers were transferred entirely to the Managing Directors of the German entities and the insolvency administrator who has been. As the consolidation criteria set out in IFRS 10 are no longer met, Recylex S.A. has deconsolidated all the German entities subject to insolvency proceedings effective May 14, 2020, i.e.:

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

As a result, the Recylex Group consists, from that date onwards, solely of:

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

Income statement

As a result of these events, the consolidated income statement as of December 31, 2020 reflects the activities of the German subgroup for only four-months, rather than twelve months as for the year ended December 31, 2019, making it difficult to compare one period with the other.

In order to improve the readability of the consolidated financial statements for the year ended December 31, 2020, the Group presents certain aggregates of the consolidated income statement for the year ended December 31, 2020 based on the new scope of consolidation (i.e., adjusted to exclude the German subgroup entities, which were deconsolidated in the first half of 2020 – see above).

The term **"New scope**" thus represents the consolidated group consisting of the scope of consolidation in force at December 31, 2020. This new scope consists of the following entities:

- Parent company: Recylex S.A.;
- Fully consolidated C2P S.A.S. and FMM S.A. (no longer in business);
- Equity method: Recytech S.A. (50%-owned) and Eco-Recyclage (33.33%-owned).

Comments on trends in results between 2019 and 2020 therefore refer to this "New scope".

- ***Consolidated key figures***:

(€ million)	At Dec. 31, 2020	At Dec. 31, 2019	At Dec. 31, 2020 New scope	At Dec. 31, 2019 New scope	*Change New scope*
Sales	113.9	237.4	58.1	72.8	*-14.7*
Operating income/(loss) before non-recurring items	(25.6)	(38.5)	(12.1)	(2.4)	*-9.7*
Result from discontinued operations	(2.3)	(15.4)	-	-	-
Net income/(loss)	126.8	(84.3)	(145.7)	(2.5)	148.2

- ***Lead segment***

(€ million)	At Dec. 31, 2020	At Dec. 31, 2019	At Dec. 31, 2020 New scope	At Dec. 31, 2019 New scope	*Change New scope*
Sales	98.9	195.9	48.7	61.6	*-12.9*
Operating income/(loss) before non-recurring items	(14.5)	(29.4)	(6.9)	1.3	*-8.2*

In 2020, Lead segment sales represented 83% of total sales on a new scope of consolidation basis. As of December 31, 2020, consolidated sales totaled €48.7 million (new scope), down 21% compared to 2019.

Due to the public health measures and the economic slowdown triggered by the SARS-CoV-2 pandemic, operations at the Group's two ULAB recycling plants in France (Recylex S.A.) were shut down almost completely between April and May 2020, with "short-time" measures for their employees.

The battery recycling business gradually resumed during the second half of 2020. In 2020, Recylex S.A. recycled around 61,000 tonnes of ULAB, an almost stable volume compared to 2019, a year marked by technical difficulties at the lead smelter, but below the volume observed in 2018 with the recycling of 71,300 tonnes of ULAB. Recylex S.A. continues to deliver materials to Weser-Metall GmbH on a prepaid basis in view of this entity's ongoing insolvency proceedings. The outlook for the ULAB processing activity - now the Group's main activity - will depend heavily on the continued operation of Weser-Metall GmbH and the continued supply of secondary materials to Weser-Metall GmbH's smelter by Recylex S.A. Weser-Metall GmbH, currently the company's principal and quasi-unique client, is now outside the Recylex Group and is subject to insolvency proceedings.

Over the period, the fall in lead prices coupled with the downturn in commercial conditions and higher ULAB purchasing prices carved heavily into the segment's margin.

In addition, the results of the Lead segment include the full write-down of the trade receivables held by Weser-Metall GmbH at the time of its insolvency proceedings, i.e. an amount of €4.8 million.

As a result, the Lead segment recorded an operating loss before non-recurring items of €6.9 million in 2020, compared to a positive result of €1.3 million in 2019 (new scope).

Following the deconsolidation of Weser-Metall GmbH and Harz-Metall GmbH, the Lead segment now consists solely of Recylex S.A.'s activities in France.

- ***Zinc segment***

(€ million)	At Dec. 31, 2020	At Dec. 31, 2019	At Dec. 31, 2020 New scope	At Dec. 31, 2019 New scope	*Change New scope*
Sales	6.2	23.6	-	-	-
Operating income/(loss) before non-recurring items	(3.4)	2.9	-	-	-

The segment's 2020 consolidated sales consist of the electric arc furnace recycling activity operated by Harz-Metall GmbH and the zinc waste recycling activity operated by Norzinco GmbH presented under the Result from discontinued operations (IFRS 5).

Sales for the segment amounted to €6.2 million in 2020, i.e. until the date of deconsolidation of Harz-Metall GmbH in May 2020. The segment recorded an operating loss before non-recurring items of €3.4 million in 2020.

Following the deconsolidation of German entities Norzinco-GmbH and Harz-Metall GmbH, the Zinc segment now consists solely of the 50% stake in Recytech S.A., which is accounted for by the equity method under IFRS in the Group's consolidated financial statements. As a result, sales and results for this joint venture are no longer included in the segment reporting. Accordingly, the Zinc segment no longer exists in the new scope of the Recylex Group's business activities.

- ***Special Metals segment***

(€ million)	At Dec. 31, 2020	At Dec. 31, 2019	At Dec. 31, 2020 New scope	At Dec. 31, 2019 New scope	*Change New scope*
Sales	0	0	-	-	-
Operating income/(loss) before non-recurring items	0	0	-	-	-

Special Metals segment's sales are no longer included in the Group's consolidated sales following the application of the IFRS 5 standard and the classification of this activity as a discontinued operation.

Sales and Operating income/ (loss) before non-recurring items are included in the aggregate "Result from discontinued operations". In addition, following the deconsolidation of PPM Pure Metals GmbH in May 2020, the Special Metals segment no longer exists in the Recylex Group's new scope of operations.

- ***Plastics segment***

(€ million)	At Dec. 31, 2020	At Dec. 31, 2019	At Dec. 31, 2020 New scope	At Dec. 31, 2019 New scope	*Change New scope*
Sales	8.7	12.1	8.7	11.2	*-2.5*
Operating income/(loss) before non-recurring items	0.2	(1.0)	0.2	(0.4)	*0.6*

Following the deconsolidation of C2P GmbH, the Plastics segment now consists solely of C2P S.A.S.' activities in France.

Sales totaled €8.7 million in 2020, down 22% compared to 2019 (new scope). Given the very sharp slowdown in global demand for recycled polypropylene, especially in the automotive sector weakened by the effects of the SARS-CoV-2 pandemic, C2P S.A.S.' activity in France was drastically reduced in April 2020 before picking up progressively from May 2020.

Activity in the fourth quarter of 2020 was positive, with production levels close to those prior to the pandemic period.

In this context, the segment's operating income before non-recurring items came to €0.2 million in 2020, compared to a loss of €0.4 million in 2019.

- ***Discontinued operations***

At December 31, 2020, as was the case at the previous year-end, activities of Norzinco GmbH and PPM Pure Metal GmbH have been classified as discontinued operations in the consolidated income statement in accordance with IFRS 5, given the disposal process underway at the time of their deconsolidation.

The Group presents below the Sales and the Operating income/(loss) before non-recurring items relating to the operations classified as discontinued operations in 2019 and 2020, which are included in the aggregate "Results from discontinued operations" in the consolidated income statement.

€ million	At 31/12/2020	At 31/12/2019
Norzinco GmbH (Zinc segment)		
Sales	14.5	57.5
Operating income/(loss) before non-recurring items	(1.1)	(3.2)
PPM Pure Metal GmbH (Special metals segment)		
Sales	5.5	16.4
Operating income/(loss) before non-recurring items	(1.1)	(3.6)

Sales and Operating income/ (loss) before non-recurring items for the year ended December 31, 2020 for discontinued operations refer to the operations carried out by Norzinco GmbH and PPM Pure-Metal GmbH until May 2020, i.e. the date of their deconsolidation following the filings for insolvency proceedings without the respective disposal processes being completed.

1.2. Other key developments and major events

1.2.1. Ongoing litigations involving Recylex S.A.

The updated 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 2020 are presented hereinafter.

1.2.1.1. Former employees of Metaleurop Nord S.A.S.

a) Claims for damages for dismissal without fair cause (2010)

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 enforcement.

On the other hand, 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 it 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 S.A.S.

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 S.A.S. 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,

(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 Metaleurop Nord S.A.S. employees, 84 referred their case to the Amiens Court of Appeal after the Cour de Cassation ruling, 89 agreed to a favorable settlement based on the reimbursement of 50% of the sums paid by the Company in 2017 (a total of approximately €2 million) and 14 have neither appealed nor initially followed up on the settlement proposal.

As of December 31, 2020, following the Cour de Cassation ruling of May 24, 2018, Recylex S.A. had recovered approximately €2 million of the total €7.8 million in compensation paid.

b) Claims for damages for the prejudice of anxiety and/or breach of a safety obligation

The total amount of claims, most of which were received between 2013 and 2017, totals to € 14.4 million, for which a provision of €4.0 million was set aside in Recylex S.A.'s 2020 financial statements.

- <u>Claims for compensation by 97 former employees of Metaleurop Nord S.A.S. represented by the CGT</u>

  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 (see section 1.2.1.2), 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.

  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 rulings of June 29, 2018 final.

- <u>Compensation claims by 327 protected and unprotected former employees of Metaleurop Nord S.A.S.</u>

  In the context of these claims:
  - The deliberation of the Lens Labour Court (Management section) concerning the claims made by 37 former managerial employees will be delivered on 23 March 2021. At the last stage of these proceedings, the claims amounted to a total of approximately €1.1 million;
  - The deliberation of the Lens Labour Court (Industry section) concerning the claims of 290 former non-managerial employees will be delivered on 23 April 2021. At the last stage of these proceedings, the claims amounted to a total of approximately €9.2 million.

  However, in all of these cases, the 327 former employees of Metaleurop Nord S.A.S. requested that Metaleurop Nord S.A.S. be condemned exclusively and that Recylex S.A. be exonerated.

- <u>Compensation claims by 13 other former employees of Metaleurop Nord S.A.S. represented by the CGT</u>

  In connection with these claims, on March 30, 2018, the Lens labour tribunal ordered Recylex S.A. to pay each of these former employees between €4,000 and €20,000 in damages and €500 under Article 700 of the French Code of Civil Procedure, i.e. a total amount of €186,500 Recylex S.A. appealed against these decisions, which suspended their enforcement.

  On November 27, 2020, the Douai Appeal Court overturned the lower court's ruling against Recylex S.A. and dismissed the former employees' claims.

- <u>Claims made by 91 former employees of Metaleurop Nord S.A.S. who were among the 187 former employees who made claims for compensation for dismissal without real and serious cause in 2010</u> (see paragraph a/ above)

  Among the 187 claimants, 91 former employees of Metaleurop Nord S.A.S. had made additional claims for compensation for anxiety and breach of a safety obligation before the Douai Court of Appeal for a total amount of €2.7 million.

  On 31 January 2017, the Douai Court of Appeal decided to postpone ruling on these compensation claims pending the outcome of the administrative procedure underway concerning the inclusion of the Metaleurop Nord site in Noyelles-Godault on the list of establishments entitled to the early retirement benefit for asbestos workers (ACAATA).

In the context of these proceedings, the Douai Administrative Court of Appeal decided, in a judgment of 2 March 2017 that became final, that the registration order should be repealed, and a ministerial order to this effect was issued on 19 December 2017 (see section 1.2.1.2 below).

On 19 February 2021, the Douai Court of Appeal noted that 12 former employees had withdrawn their claims and declared the 79 claims for compensation for anxiety-related harm submitted in the appeal proceedings to be time-barred and therefore inadmissible.

c) Claims for compensation for damage linked to the cancellation of the authorization to dismiss made by 15 former protected employees of Metaleurop Nord S.A.S. and Recylex S.A.'s application for voluntary intervention against the cancellation of the authorizations to dismiss former protected employees of Metaleurop Nord S.A.S.

The claims for compensation for damages related to the cancellation of the dismissal authorization are linked to the administrative procedure initiated by former protected employees to cancel the authorization for their dismissal granted by the Labour Inspectorate in the context of the judicial liquidation of Metaleurop Nord S.A.S. The Company, having never been called upon or represented in this administrative procedure, filed a voluntary intervention application in January 2015 before the Douai Administrative Court of Appeal to challenge this cancellation decided by the Lille Administrative Court on 2 October 2013.

On 7 February 2018 and 13 April 2018, the Conseil d'Etat decided to annul the judgment of the Douai Administrative Court of Appeal of 31 December 2015 and the judgment of the Lille Administrative Court of 2 October 2013, confirming the validity of the authorizations for the dismissal of the latter, decided in 2003.

Following these decisions by the Conseil d'Etat, 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 set aside a judgment adversely affecting its interests concerning the interministerial orders of November 5, 2013 and March 2, 2016 adding the Metaleurop Nord S.A.S. 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 S.A.S.) aimed at classifying the Metaleurop Nord S.A.S. 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 S.A.S. 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 S.A.S. 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 rulings by the Douai Administrative Appeal Court of July 21, 2015 insofar as it related to Metaleurop Nord S.A.S.' 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 ruling of May 13, 2013 null and void
- Dismiss the application submitted by the Chœurs de Fondeurs association
- Enjoin the French Minister of Labor, employment, professional training and social dialog to repeal, within two months of the order's notification, 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 ruling 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 two former employees of Metaleurop Nord S.A.S., 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.

1.2.1.3. Liquidators of Metaleurop Nord S.A.S.

a) Proceedings for damages against the liquidators

On March 19, 2013, Recylex S.A. start proceedings to claim around €22 million in damages before the Béthune Regional Court against the liquidators of Metaleurop Nord S.A.S. 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 S.A.S. employees, which led to damages being paid by Recylex S.A. to over 550 former employees of Metaleurop Nord S.A.S. As a reminder, 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 dismissed Recylex S.A.'s claim for damages and found that the Metaleurop Nord S.A.S.' 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 S.A.S. employees. However, it 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 had been deemed 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. Recylex S.A. appealed the decision.

On December 10, 2020, the Douai Appeal Court acknowledged de personal fault committed by the liquidator of Metaleurop Nord S.A.S. and ordered the Metaleurop Nord S.A.S. liquidators to pay €809,396.75 to Recylex S.A. in consideration of the causal part of their fault in the rulings against Recylex S.A. in connection with the dismissals of former Metaleurop Nord S.A.S. employees that resulted in the award of damages to the latter. The liquidators and their insurers appealed this ruling to the Cour de Cassation.

b) Claim for damages against Recylex S.A.

On October 17, 2014, the liquidators of Metaleurop Nord S.A.S. brought an action against Recylex S.A. before the Arras Commercial Court seeking an order 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 S.A.S. 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 S.A.S. was inadmissible because the claim was time-barred from March 21, 2013 and also because their alleged claim arose prior to the opening of Recylex S.A.'s judicial recovery procedure but was not declared on the list of liabilities.

On January 28, 2021, the Douai Appeal Court dismissed the appeal by the liquidators, upholding the first-instance ruling insofar as it had considered the claim for damages by the Metaleurop Nord S.A.S. liquidators inadmissible because time-barred.

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

1.2.1.4. 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 used lead-acid batteries, following an inquiry that started in 2012 regarding anti-competitive practices in the purchasing of automotive lead-acid batteries.

On February 8, 2017, the European Commission decided to fine several European companies involved in the cartel. That included a fine of €26.7 million for Recylex S.A. and its subsidiaries that purchased automotive used lead-acid batteries between 2009 and 2012. The fine included a 30% reduction applied by the European Commission under its 2006 Leniency Notice and was set aside 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 entire 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.

In July 2020, Recylex S.A. made a request to the European Commission to adjust the amount and payment plan to the Group's new economic situation following the loss of control of the German subgroup in May 2020, so that the payment plan would be compatible with Recylex S.A.'s cash generation capacity. In conjunction with this request, the fine payment plan has been temporarily suspended.

1.2.1.5. Claim for damages brought by SNCF Réseau concerning the 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 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 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.

As a reminder, 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 Estaque site overlooking it, by the company Rio Tinto from 1883 and then by Société des Produits Chimiques de Marseille (SPCM) between 1890 and 1914.

Previously in 2001, the 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 establish 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 proceeding, initiated before the same court more than ten years after the expert's report was issued. Recylex S.A., which has not set aside any provisions to cover the associated risks in its financial statements (see Note 38 to the consolidated financial statements for the year ended December 31, 2020), intends to firmly contest this claim and to defend its interests in this proceeding, which, according to Recylex S.A., is aimed at making the last industrial operators of the Estaque site bear the cost of renovating an overused rail line.

1.2.2. Group's projected cash position at December 31, 2020

1.2.2.1. Recylex S.A.'s cash position

At December 31, 2020, the Recylex S.A. parent company had €4.8 million in cash available, compared to €4.5 million at December 31, 2019.

The Company's cash position was marked by the following developments in 2020:

- A loss-making activity, as the volumes of batteries processed were not sufficient to cover the Company's fixed costs, in an economic context marked by a reduction in activity in the first half of 2020 in connection with the SARS-CoV-2 health crisis;
- Capital expenditures on industrial sites of approximately €0.9 million;
- A favorable change in working capital requirements (+€3.5 million) resulting mainly from a decrease in inventories and a reduction in client's receivables following the implementation of a prepayment system for deliveries to the Weser-Metall GmbH smelter since May 15, 2020. It should be noted that the Company held outstanding receivables of €5.2 million from its German subsidiaries (mainly Weser-Metall GmbH) at the time they filed for insolvency proceedings. These receivables are written down in full in Recylex S.A.'s accounts;
- Dividends in the amount of €4million from Recytech S.A. (50%-owned);
- A net payment of €0.9 million in respect of financial guarantees for notifications of cross-border shipments of waste;
- Rehabilitation costs for former mines and discontinued sites of approximately €2.5 million.

It should be noted that following the filings for insolvency proceedings at the level of the German subgroup entities and the subsequent definitive loss of control, Recylex S.A. was no longer able to re-invoice these entities for their share of costs incurred in respect of holding functions, generating a cash shortfall for Recylex S.A. of approximately €2 million, in an already tight cash situation.

In addition, Recylex S.A. continued to carry out the rehabilitation works on the Estaque site in 2020 at a cost of €1.5 million, it being stated that Recylex S.A. secured the postponement of the completion date of the works until December 31, 2024.

The total cost of the remaining works was reassessed in the second half of 2020 and fully provisioned by €9.1 million at December 31, 2020. Recylex S.A. will have to find external financing to cover the costs of the works, since the cash generated in the Group's new configuration is not sufficient to finance these works.

The Company has prepared cash forecasts based on the information available to date, including sales volumes to its former Weser-Metall GmbH subsidiary, now Recylex S.A.'s principal and quasi-unique client, and cash outflows relating to its commitments to rehabilitate its former mining sites and its Estaque site. This forecast is based on assumptions presented in section 1.2.2.4, as well as in detail in Note 32.5 – "Liquidity risk", section 32.5.1.1 – "Cash forecasts" in the notes to the consolidated financial statements at December 31, 2020.

1.2.2.2. Group cash position and external financing

The Group's gross cash position came to €6.5 million at December 31, 2020, down €2.6 million compared to December 31, 2019. As of December 31, 2020, the Group had no credit lines available, in contrast to December 31, 2019 when the Group had access to €15.0 million in credit lines fully drawn at the level of the German subgroup.

Accordingly, the Group's net cash position was €6.5 million at December 31, 2020, compared to a negative net cash position of €5.9 million at December 31, 2019.

Based on the new scope of consolidation, the Group's cash position came to €6.5 million at December 31, 2020, up €1.3 million from €5.2 million at December 31, 2019. This increase in cash in mainly due to:

- A positive cash flow generated by operating activities of €1.4 million following a sharp reduction of €6.9 million in the working capital requirement in the Lead and Plastics segments, which more than offset the loss incurred (EBITDA of -€5.5 million);
- Dividend of €4.0 million from Recytech S.A. (equity-accounted company);

- A positive cash flow of €1.9 million following the repayment of some of the damages paid by Recylex S.A. in connection with the claims for damages filed by Metaleurop Nord's former employees following the Cour de Cassation ruling of May 24, 2018 – see the "Ongoing litigations involving Recylex S.A. " - section in section 1.2.1.

These aforementioned positive cash flows were used to finance investments (€1.0 million), the repayment of €1.1 million (including interest) in connection with the payment plan to pay the fine imposed by the European Commission and the rehabilitation of former mines and discontinued industrial sites for €2.5 million.

The Group's net financial debt breaks down as follows:

Net financial debt € millions	December 31, 2020	December 31, 2019	Change
Cash	6.5	9.1	(2.5)
Total assets	**6.5**	**9.1**	**(2.5)**
Non-current financial liabilities	0.7	17.3	(16.6)
Of which IFRS 16 lease liabilities	*0.7*	*1.3*	
Current financial liabilities	17.7	134.7	(117.0)
Of which IFRS 16 lease liabilities	*0.5*	*1.1*	
Other non-current liabilities (1)	29.7	31.6	(1.9)
Other current liabilities (1)	4.1	2.4	1.7
Total liabilities	**52.3**	**186.0**	**(133.7)**
Net debt	**45.8**	**176.9**	**(131.2)**

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

The Group's net financial debt totaled €45.8 million, down €131.2 million compared to its level at December 31, 2019 as a result of the deconsolidation of the German subgroup. The latter's share of net debt at December 31, 2019 was €130.5 million.

The Group's net financial debt at December 31, 2020 breaks down as follows:

- A €16 million loan obtained in 2014 from Glencore International AG. As a result of the filings for insolvency proceedings at the level of the German subgroup entities, this loan became due at any time, which explains the classification of this debt as "current" at December 31, 2020, whereas it was presented as "non-current" at December 31, 2019;
- The debt in respect of the European Commission's fine of €24.5 million. This debt is subject to a payment plan which provides in particular for the payment of the fine by Recylex S.A. (Group's parent company) and the deferral of a significant amount over the medium to long term (see Note 18.2 to the 2020 consolidated financial statements). In September 2020, the Company temporarily suspended the payment of the fine imposed by the European Commission under the payment plan agreed in 2017 and has entered into discussions with the European Commission regarding the payment of this fine. The outstanding instalments (due between September and December 2020) amount to €0.5 million;
- The €4.1 million clawback clause (see Note 18.1 to the 2020 consolidated financial statements 2020). The amounts payable under the clawback clause amount to €2.7 million. The main creditor is Glencore International AG for €2.6 million. Recylex S.A. has secured a temporary waiver from Glencore International AG of its right to request the payment of this debt. The terms of this temporary waiver are described in Note 13 "Interest-bearing borrowings" and Note 32.5.1.2 "Financial liabilities - Recylex S.A." to the 2020 Consolidated financial statements;
- The €5.1 million rescheduled debt to Glencore International AG under Recylex S.A.'s continuation plan (maturing in 2026).

1.2.2.3. Analysis of the debt situation

The Group's debt, excluding IFRS 16 lease debt, as of December 31, 2020 is as follows:

€ millions	Liabilities 31/12/2019	Change 2020	Liabilities 31/12/2020	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 debts/liabilities	**12.0**	**(2.8)**	**9.2**	
Borrowing arranged	**16.0**	**1.2**	**17.2**	**2022 (2)**
Total financial debts/liabilities - Recylex S.A	**28.0**	**(1.6)**	**26.4**	
European Commission fine	**24.9**	**(0.2)**	**24.7**	
Intragroup financial debts/liabilities	**(2.8)**	**2.8**	**-**	*(1)*
Total consolidated financial debt	**50.1**	**1.0**	**51.1**	
o/w current	2.4	18.9	21.3	
o/w non-current	47.7	(17.9)	29.8	

(1) In the context of Recylex GmbH's insolvency proceedings, the debt of €2.8 million owed to Recylex GmbH was offset against the €5.0 million receivable held by Recylex S.A. in respect of a loan to Recylex GmbH. The resulting net amount of the receivable has been fully impaired in Recylex S.A.'s accounts.

(2) As part of the plan to spread the European Commission fine, the repayment date for this loan was extended to 2024. The placement of the German sub-group entities in insolvency proceedings made this loan payable at any time. Recylex S.A. has requested and obtained from Glencore International AG a waiver of their right to demand that this loan be paid off by January 31, 2022, provided that Recylex S.A. complies with the conditions precedent included in this waiver (see paragraph 1.2.2.2 above), The outstanding interest due at December 31, 2020 amounted to €1.2 million.

At December 31, 2020, Recylex S.A.'s total financial debt amounted to €51.1 million and represented 138% of the Group's total assets.

Current financial debt breaks down as follows:

Current financial debt € millions	December31, 2020	December31, 2019	Change
Loan from Glencore international AG	17.2	-	17.2
Of which unpaid interest	*1.2*		
European Commission fine	1.4	0.7	0.7
Debt resulting from the financial recovery clause	2.7	1.7	1.0
Total liabilities	**21.3**	**2.4**	**18.9**

As future debt maturities (see Note 35 to the 2020 Consolidated financial statements) are no longer compatible with the Group's future cash generation in its new configuration, Recylex S.A. initiated discussions with its creditors - namely Glencore International AG and the European Commission - in 2020 in order to adapt the amount and maturity of the debts to the Group's cash generation capacity in its new configuration. These discussions were still in progress at the date of the consolidated financial statements. Recylex S.A.'s ability to continue as a going concern will depend, among other things, on the outcome of these discussions (see Note 2 section "Going concern" and Note 32.5 "Liquidity risk").

In addition to financial liabilities, Recylex S.A. has environmental liabilities relating to the rehabilitation of the former mines and the discontinued Estaque site, for which provisions have been set aside in the amount of €13.4 million at December 31, 2020 (see Note 38 to the 2020 Consolidated financial statements), with €9.1 million of this works mainly concerning the Estaque site.

Recylex S.A. has obtained from the competent authorities a temporary suspensions of the postponement the completion date of the works to December 31, 2024.

As the projected costs schedule for the rehabilitation of the Estaque site, based on current obligations and the best estimates available at the balance sheet date, is difficult to reconcile with the Group's future cash flow generation in its new configuration, Recylex S.A. will almost certainly have to find external financing to fund these works or sell the site in its current state.

1.2.2.4. Assessment of liquidity risk

Debt maturities

The filings for insolvency proceedings of the German subgroup entities has made the loan from Glencore International due at any time as it has been linked to the financing of the German subgroup since 2016. On 18 May 2020, the Group obtained from Glencore International AG a first conditional waiver until 31 October 2020 of its right to declare the loan immediately due. This waiver of rights was subsequently extended to February 19, 2021. At the balance sheet date, Recylex S.A. was granted a new temporary and conditional waiver of Glencore International AG's right to declare the loan immediately due and payable until 31 January 2022 at the latest. The termination date of this suspension of rights may, however, be shortened by Glencore International AG if Recylex S.A. does not meet the conditions precedent to the suspension of rights being granted, namely the continued supply of Weser-Metall GmbH with secondary materials by Recylex S.A. or the successful continuation of the restructuring process of Recylex S.A.'s financial and non-financial debt. This explains the classification of this debt, for a total amount of €17.2 million including interest, as a "current liability" at December 31, 2020, whereas it was presented as a "non-current liability" at December 31, 2019.

It should be noted that Weser-Metall GmbH is itself subject to insolvency proceedings and its assets are being sold by the German insolvency administration. According to press reports in Germany, Glencore International AG is a potential buyer and has entered into discussions with the German insolvency administration[1]. Having lost all control over the German entities because of the insolvency of the German subgroup entities, Recylex S.A. is following these developments as a third party. At the balance sheet date, Recylex S.A. had no commercial contracts guaranteeing the volumes of secondary materials to be purchased by Weser-Metall GmbH.

As the future maturities of the financial debt are no longer consistent with the Group's future cash generation in its new configuration, Recylex S.A. has entered into discussions with its creditors, namely Glencore International AG and the European Commission, in order to adapt the amount and the repayment schedule of the debt to the Group's cash generation capacity.

In this context, the Group is studying the feasibility of the disposal of certain assets and/or activities in order to facilitate a debt restructuring while allowing the remaining operations to continue.

A possible abridgement or non-extension beyond 31 January 2022 by Glencore International AG of its waiver and its rights to declare the above-mentioned loan payable would, in the absence of a restructuring of this debt, result in the loan becoming due and payable. On the basis of cash flow forecasts known to date, this situation would lead to a shortfall in available assets compared to liabilities due, and Recylex S.A. would then find itself in a position to declare its suspension of payments.

Recylex S.A. temporarily suspended payment of the fine imposed by the European Commission in September 2020 in accordance with the payment plan agreed in 2017, and has entered into discussions with the European Commission regarding payment of this fine. Outstanding payments amount to €0.5 million (due from September to December 2020) plus accrued interest of €0.3 million, for a total due on December 31, 2020 of €0.8 million.
Total payments (including interest) of the European Commission's fine for 2021 amount to €1.7 million.

The amounts due under the clawback clause amount to €2.7 million. The main creditor is Glencore International AG for an amount of €2.5 million. Recylex S.A. has obtained a waiver from Glencore International AG of its right to demand the payment of this debt on the same terms as the waiver of its right to declare the loan of €16.0 million immediately payable (see above).

The accumulation of debts arising from the clawback clause and debts arising from the non-payment of instalments relating to the settlement of the debt to the European Commission may - if their payment is not deferred by these creditors or in the absence of restructuring of these debts - depending on the level of cash available at that time- also lead to a shortfall of available assets in relation to the liabilities due.

Short- and medium-term financial outlook and going concern risks

Recylex S.A. has drawn up a new short- and medium-term financial outlook to take account of the known impacts of the insolvency proceedings at the German entities level and the new scope of its activities. This new outlook is based on the following assumptions:

- The continued operation of Weser-Metall GmbH and the continued supply of secondary materials to Weser-Metall GmbH's smelter by Recylex S.A. Weser-Metall GmbH is now a company outside the Recylex Group and is subject to insolvency proceedings;
- Recylex S.A.'s ability to find new outlets for its products in order to reduce its dependence on Weser-Metall GmbH, which is now its principal and quasi-unique client;
- The extension beyond January 31, 2022 of the maturity date of the €16 million loan granted in 2014 by Glencore International AG;

[1] *https://www.nord24.de/wesermarsch/Nordenhamer-Blei-und-Zinkhuette-wieder-unter-einem-Dach-54133.html (Lead and Zinc smelter under a common roof again).*

- The suspension of the payment of the financial interest related to the €16 million loan granted by Glencore International AG for at least the next twelve months (for an amount of €1.2 million euros), as well as the adaptation of the amount, the terms of repayment and the medium-term interest;
- The temporary suspension of the payment plan for the fine to the European Commission and adjustment of the payment schedule to ensure that it is compatible with Recylex S.A.'s capacity to generate cash. In this respect, a request was made to the European Commission in July 2020 to adjust the amount and payment plan to the Group's new economic situation;
- The adaptation of the annual rehabilitation costs for the former mines and the discontinued Estaque site, so that costs are compatible with Recylex S.A.'s cash-generating capacity, it being specified that Recylex S.A. will most likely have to find external financing for the works on the Estaque site or sell the site in its current state to meet its current obligations. The rehabilitation schedule defined by the additional prefectoral order of January 15, 2021 is set for December 31, 2024, for a total cost of around €9 million.

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

- The forecast volumes of secondary raw materials from Weser-Metall GmbH (now a third-party customer), which is currently Recylex S.A.'s principal and quasi-unique client;
- Changes in the commercial conditions of secondary materials (processing charges);
- Changes in lead and zinc prices and in the €/USD exchange rate, as Recylex S.A.'s business is highly sensitive to changes in these parameters;
- Changes in the volumes and prices of used lead-acid batteries, as the sales margin and cash flow generated by Recylex S.A.'s business are highly dependent on these parameters;
- Financial income, in particular dividends received from Recytech S.A. (an equity-accounted company), whose results are highly sensitive to the level of the zinc price and the volumes processed;
- Additional costs related to the rehabilitation commitments for the discontinued Estaque site and former mining sites;
- Possible proceeds from the disposal of non-operating assets;
- The effects of a restructuring of Recylex S.A.'s financial and non-financial debt;
- Changes in the Ongoing litigations pending against Recylex S.A. and contingent liabilities (see section 1.2.1 above);
- Changes in the recycled polypropylene market and their impact on the business of the subsidiary C2P S.A.S., Recylex S.A.'s sole outlet for the sale of polypropylene waste from battery recycling. The C2P S.A.S. subsidiary, located at Recylex S.A.'s recycling site in Villefranche-sur-Saône, shares the same infrastructure as Recylex S.A., thereby generating economies of scale in costs. The interdependence of the two companies is a factor to be taken into account when assessing the financial risks of the two companies.

Recylex S.A.'s financial stability is based on these assumptions, and failure to achieve one or more of the assumptions described above could result in additional short-term financing requirements.

The Company would then have to find new sources of financing in order to maintain its cash balance and meet its current liabilities. Otherwise, Recylex S.A. could find itself in a situation where it has to declare its suspension of payments.

It should be noted that Recylex S.A.'s ability to continue as a going concern in the medium term will depend to a large extent on its ability to find new outlets for its products in the event that Weser-Metall GmbH reduces its demand for secondary materials.

Note 2 to the 2020 consolidated financial statements describes the conditions under which the going concern principle has been applied in the preparation of the consolidated financial statements at December 31, 2020.

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, 2020 in accordance with the International Financial Reporting Standards (IFRS) as adopted for use in the European Union.

With the German Insolvency Court’s decision confirming the filings for insolvency proceedings at the level of the German subgroup entities, the Group lost control over all the German subgroup entities. Following the Court’s decisions, all powers were transferred entirely to the Managing Directors of the German entities and the court-appointed insolvency administrator. Since the criteria for consolidation laid down in IFRS 10 were no longer met, Recylex S.A. deconsolidated all the German entities subject to insolvency proceedings effective May 14, 2020.

As a result of these events, the consolidated income statement for the year ended December 31, 2020 reflects the activities of companies in the German subgroup only for a four-month period, rather than for twelve months as for the year to December 31, 2019, making it difficult to compare one period with another.

In order to improve the readability of the consolidated financial statements for the year ended in December 31, 2020, the Group presents certain aggregates of the consolidated income statement for the year ended December 31, 2020 based on the new scope of consolidation as specified in paragraph 1.1 of this report (i.e., adjusted to exclude the German subgroup entities, which were deconsolidated in the first half of 2020).

Comments on trends in results between 2019 and 2020 thus refers to this “New scope of consolidation”.

Consolidated sales came to €113.9 million in 2020, of which €70.9 million were generated by the companies of the German subgroup during the first four months of 2020.

Consolidated sales generated under the new scope of consolidation totaled €58.1 million in 2020, compared to €72.8 million in 2019. This decline reflects the weaker performance of the Lead segment, as a result of the slowdown in the volumes of secondary materials processed by the two recycling plants in France and of lower lead prices, as well as a steep reduction in the Plastics segment’s sales in an economic context marked by the effects of the SARS-CoV-2 pandemic.

The consolidated operating loss before non-recurring items came to €25.6 million, including a loss of €13.5 million for the German subgroup entities in the first four months of 2020.

The operating loss before non-recurring items recorded under the new scope of consolidation totaled €12.1 million in 2020, compared to a loss of €2.4 million in 2019.

The major decline in the operating income/ (loss) before non-recurring items was due in particular to:
- A deterioration of the financial performance of the Lead segment in a context of insufficient volumes produced and unfavorable market conditions leading to a decrease in the EBITDA of the segment of -€3.4 million;
- The €5.2 million impairment of trade receivables of the German subgroup entities;
- The heavier burden of the structural costs from the holding activities, since they are no longer shared with the German entities (negative impact of €1.7 million);
- These negative effects were slightly offset by an improvement in the operating income before non-recurring items for the Plastics segment (+0.5 million euros).

Income from equity affiliates (50% shareholding in Recytech S.A.) was -€3.8 million lower than in 2019 given the steep fall in zinc prices during 2020.

The Group's net income was severely affected by a technical effect linked to the deconsolidation of the German subgroup entities (Notes 25 and 37 to the 2020 Consolidated financial statements), which shows a deconsolidation result of €159.4 million recognized in Other Operating Income/ (Expense). This deconsolidation gain, which does not correspond to any cash inflow, reflects the negative consolidated contribution of the German subgroup entities to the Group's net equity arising from the losses it accumulated and previously recognized asset write-downs.

Note 37 to the consolidated financial statements for the year ended December 31, 2020 presents the impacts of the deconsolidation of the German subgroup entities over the period.

The Group comments below on the main aggregates of the consolidated balance sheet at December 31, 2020:

- **Net property, plant and equipment: reduction of €24.1 million**

The decline in property, plant and equipment between 2019 and 2020 is linked to the deconsolidation of the companies of the German subgroup during the first half of 2020 (see Note 1 – "Presentation of the business and key events" and Note 37 – "List of consolidated entities and changes in the scope of consolidation" to the consolidated financial statements for the year ended December 31, 2020).

The net carrying amount of the property, plant and equipment in the German subgroup's entities at December 31, 2019 was €23.9 million (€319.6 million gross, and -€295.7 million in accumulated depreciation and impairment losses).

The net value of property, plant and equipment in the balance sheet amounted to €5.8 million euro, mainly relating to the assets of the used lead-acid battery recycling sites. Property, plant and equipment relating to the Plastics segment have a net value of zero, given the impairment losses previously recognized on these assets.

Capital expenditure for the year 2020 amounts to €1.0 million (new scope).

- **Inventories: reduction of €17.6 million**

The decline in inventories chiefly resulted from deconsolidation of the German subgroup, the impact of which was €15.2 million, reflecting the portion of net inventories accounted for by inventories held by the entities in the German subgroup at December 31, 2019.

The inventories held by Recylex S.A.'s ULAB recycling activities dropped by €1.8 million between 2019 and 2020. The main factor was the reduced availability and thus inventories of batteries for collection in late 2020.

Inventories held by the polypropylene recycling segment also fell by €0.6 million amid stretched market conditions.

- **Trade receivables: reduction of €12.2 million**

The €12.2 million reduction in trade receivables between 2019 and 2020 is attributable to deconsolidation of the German subgroup, which contributed with €12.3 million to the balance of trade receivables at December 31, 2019.

Other than the adjustment required in respect of the German subgroup, trade receivables remained broadly stable at €2.5 million between 2019 and 2020 (€0.2 million increase).

After the entities in the German subgroup filed for insolvency proceedings, the Group introduced a prepayment system for its former Weser-Metall GmbH smelter, Recylex S.A.'s main customer for the secondary materials (paste and metallics) resulting from the recycling of ULAB.

- **Cash and cash equivalents (before deduction of short-term borrowings shown under current borrowings): reduction of €2.5 million**

The evolution in the Group's cash position are presented in section 1.2.2.2.

- **Equity: €128.7 million increase**

Consolidated equity stood at -€40.0 million at December 31, 2010, compared to -€168.7 million at December 31, 2019. This increase in equity is mainly due to a positive net result of €126.8 million, which in turn includes the impact of the deconsolidation of the German subgroup entities, leading to a deconsolidation gain of €159.4 million.

This gain includes the consolidated contribution from the German subgroup, which was largely negative at the end of the previous financial year (December 31, 2019) due to the operating losses, debt burden and the asset write-downs recognized by each CGU, especially the Lead segment and the Weser-Metal GmbH CGU.

In addition, the deconsolidation of the entities of the German subgroup resulted in the reclassification as assets of the Recylex S.A.'s shares held in the German subgroup, together with loans and trade receivables, which had been written off in full in the consolidated financial statements at December 31, 2020.

- **Interest-bearing loan (current and non-current): reduction of €132.4 million**

The reduction in interest-bearing loan was mainly due to the deconsolidation of the entities of the German subgroup in the first half of 2020. The bank and financial debt of €133.4 million in liabilities at December 31, 2019 was removed from the consolidated balance sheet.

The borrowings due in less than one year at December 31, 2020 amount to €17.2 million and mainly consist of:
- The €16 million loan granted by Glencore International AG in 2014 to Recylex S.A.;
- The €1.2 million in capitalized interest accrued on this loan.

The €16.0 million initial maturity date for the loan granted by Glencore International AG in 2014 was scheduled for 2024. However, as a result of the filings for insolvency proceedings at the level of the German subgroup entities, Glencore International AG may request repayment of this loan at any time. At the date of the financial statements, the Group has been conditionally waived by Glencore International AG of its right to demand the immediate payment of this loan (see paragraph 1.2.2.2 above).

The Group's net financial debt is presented in paragraph 1.2.2.2 above.

- **Provisions (current and non-current): reduction of €4.8 million**

Current and non-current provisions came to €17.6 million at December 31, 2020. They declined chiefly as a result of:
- The removal from the consolidated balance sheet of provisions relating to the entities of the German subgroup that were deconsolidated in 2020, for a total of €9.3 million relating to environmental liabilities;
- The €5.3 million increase in provisions for the remediation works of former mines and former industrial sites;
- The use of €0.9 million in environmental provisions for the rehabilitation of former mines and discontinued industrial sites.

The change in provisions during 2020 is presented in detail in Note 14 to the consolidated financial statements for the year ended December 31, 2020.

- **Provisions for pension and post-employment obligations (current and non-current): reduction of €34.7 million**

The decrease is due to the removal from the scope of consolidation of the pension and post-employment benefit obligations of German subgroup entities from the date of their deconsolidation. In its configuration at December 31, 2020, the Group had €0.5 million in provisions for pension and post-employment obligations.

1.4. Key events since the end of the financial year

Key events that have occurred since the end of the fiscal year are described in section 1.4 of this report and in Note 39 of the notes to the 2020 Consolidated financial statements.

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

None.

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

Recylex S.A. activity - battery recycling activity

The average lead price at the end of March 2021 was €1,676/t, up from €1,595/t in the last quarter of 2020.

Demand for secondary materials from Weser-Metall GmbH (now Recylex S.A.'s principal and quasi-unique client - see Notes 1 and 32) remains strong in the first quarter of 2021.

Recylex S.A. thus recycled around 22,300 tons of used batteries, in increase compared to the same period in 2020.

The EBITDA of the activity at the end of March was a profit of €0.8 million.

C2P S.A.S. - polypropylene recycling activity

After a sharp slowdown in activity in the first half of 2020, particularly affected by the automotive sector which was weakened by the effects of the SARS-CoV-2 pandemic, demand in the first months of the year showed positive signs.

C2P S.A.S. was able to sell 2,880 tons of recycled polypropylene, generating sales of €2.8 million at the end of March 2021. The activity resulted in a positive EBITDA at the end of March 2021 and the cash position remains globally stable at €1.5 million.

Recylex S.A.'s cash position

As the result of the activity was insufficient to absorb the company's fixed and environmental costs (see Note 38), the Company financed itself mainly by reducing its working capital requirement and by interim dividends from its stake in Recytech during the first three months of 2021.

Cash and cash equivalents amounted to €8.3 million at March 31, 2021.

The Company's forecasts show that the cash position will decline sharply by the end of the first half of 2021 due to insufficient cash generated by the battery recycling business.

In addition, given current trading conditions, zinc price levels and the availability of zinc dust for recycling, Recylex S.A. anticipates a significant reduction in the dividends receivable from Recytech S.A. in 2021 in respect of the 2020 financial year.

Environment

The request to postpone the completion date for the rehabilitation of the Estaque site to December 31, 2024 was accepted by the competent authorities and resulted in the issuance of an additional prefectoral order dated January 15, 2021.

Rehabilitation works at the Estaque site remain suspended, with only environmental monitoring and site security operations continuing. The company has also initiated a process to find a buyer for the site “as is”, given the impossibility of financing the work with its own funds as described above.

Outlook

At the date of closing of the consolidated accounts, Recylex S.A. is actively working with its advisors on restructuring the Company's financial and non-financial debt and is studying the feasibility of the disposal of certain assets and/or activities in order to facilitate a debt restructuring while allowing the remaining operations to continue.

The financial outlook (which structural assumptions and associated risks are detailed in section 1.2.2.4 “Assessment of liquidity risk”) is based on a favorable outcome to the discussions initiated with Recylex S.A.'s creditors regarding the adjustment of the amount and maturity of existing debts to the Group's future cash generation capacity.

These discussions are currently in progress at the date of approbation of Recylex S.A.'s consolidated financial statements by the Board of Directors. As the outcome of these discussions is uncertain, this situation gives rise to significant uncertainty as to the company's ability to continue as a going concern.

No further events likely to have a material effect on the Group's operations or its economic and financial situation have occurred between the close of the 2020 financial year and the date of this Report.

1.5. Foreseeable developments and future prospects

- ***Trends in metal prices and the €/$ exchange rate***

According to analyst forecasts, the lead market should be in surplus in 2021, but at a lower level than in 2020. This surplus situation is expected to persist over the next few years, although it is expected to diminish somewhat, leading to an overall balanced market.

Analysts expect this market situation, aided by the absence of significant inventories, to support the price of lead (in $/tonne) or at least limit the risk of a downturn.

The evolution of the €/$ exchange rate will also be a key element in the Group's economic context, given its sensitivity to changes in the price of metals, quoted in Dollars on the London Metal Exchange, while the Group's supplies and sales are mainly in the Euro zone.

- ***Lead segment***

The economic effects of the SARS-CoV-2 pandemic are the main challenges for the global lead market in the medium term, in a context of a health crisis that will continue in 2021.

The sudden economic and social downturn caused by the Covid-19 crisis has affected the lead industry, even though it has been remarkably resilient since the beginning of the pandemic. Despite the unprecedented impact on the global economy since the beginning of 2020, global lead demand is only -3.4% lower in 2020 when compared to the previous year (source : Wood Mackenzie).

For 2021, analysts expect some rebound in lead consumption to a level comparable to that of 2019.

According to specialized analysts, demand for lead is expected to grow in the medium term, mainly driven by the automotive sector in China and India, and to a lesser extent in South East Asia.

With the filings for insolvency proceedings at the level of the German subgroup entities, the outlook for the Lead segment is closely linked to the activity of Recylex S.A.'s two used lead-acid battery recycling plants located at Villefranche-sur-Saône and Escaudoeuvres.

The prospects for the processing of used lead-acid batteries - now the Group's core business - will depend to a large extent on the continued operation of Weser-Metall GmbH and the continued supply of secondary materials to the Weser-Metall GmbH smelter by Recylex S.A. Weser-Metall GmbH, which has been Recylex S.A.'s principal and quasi-unique client to date, is now a company outside the Recylex Group and is currently subject of insolvency proceedings involving the sale of its assets by the German insolvency authorities. For the record, Recylex S.A. generated 95% of its sales from this smelter in 2020 and 97% in 2019.

While the aim remains to remain a key supplier to Weser-Metall GmbH in the future, subject to the development of the sale process and the latter's future business model, Recylex S.A. is actively pursuing its search for other commercial outlets for its recycled products. In this context, Recylex S.A. is considering changes to its industrial process in order to meet the qualities required by potential new customers by improving the specificity of the materials produced, which is currently a major obstacle to diversification.

Based on the most recent estimates, Recylex S.A. expects to recycle 85,000 tonnes of used lead-acid batteries in 2021, an increase of 39% over the previous two years.

- ***Plastics segment***

The year 2020 was marked by the pandemic crisis, the effects of which were felt as early as March 2020 with the shutdown of automobile manufacturing plants, the sector that represents the main outlet for C2P S.A.S. products.

In this context, the company's objective was to ensure continuity of the operations under the best possible safety conditions for employees and to take measures to preserve cash flow.

The measures implemented by C2P S.A.S. enabled it to provide quality customer service throughout the period.

Business activity returned to normal levels as of September 2020, which allowed the year to end more in line with expectations.

In addition, since the end of 2020, C2P S.A.S. has benefited from the aid measures set up by ADEME for recyclers of recycled raw materials.

The beginning of 2021 was marked by a sharp increase in virgin polypropylene prices due to various factors impacting the global availability of these raw materials. This context is favorable to the recycled plastics industry, which is regaining economic competitiveness after being under pressure throughout 2020.

As of February 2021, signs of shortages of many additives will put the entire plastics industry at risk of disruption.

C2P S.A.S. is pursuing its strategy of positioning its products in the technical segment of recycled polypropylene (rPP).

1.6. Research and Development (R&D)

In 2020, Recylex S.A. launched some projects to improve the quality of its products and diversify its customer base.

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 condition or results of operations and, based on the information available to it, the Group believes that there are no material risks other than those set out below and in Notes 32 to the Consolidated financial statements at December 31, 2020.

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 malfunctions of essential equipment. Operating and maintenance procedures have been put in place by each Group company to prevent such risks.

In this respect, the Group's business is currently highly organized around its used lead-acid battery processing activity at its two sites in Villefranche-sur-Saône and Escaudoeuvres. In a context of tight cash flow and limited financial capacity, any technical difficulties that, depending on their extent and duration, would lead to a temporary shutdown or significant reduction in the production of secondary materials, would affect the results of the Lead segment and the cash flow of Recylex S.A. and, consequently, the Group as a whole, given the significant contribution of this business to the Group.

In addition, the outlets for the secondary materials produced by the Group's core business of processing used lead-acid batteries are based on a quasi-single client, the Weser-Metall GmbH lead smelter, which is now an external customer. In this situation of customer dependence, any event that would lead this quasi-unique client to significantly reduce its supply of secondary materials would directly affect the production levels of the Group's lead battery processing sites and ultimately impact the results of the Lead segment and the cash flow of Recylex S.A. and therefore the Group as a whole.

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

With the loss of control and the deconsolidation of the German subgroup's entities, the Recylex Group has embarked on a process of adapting the remaining activities in terms of internal organization and management, a process that will continue in 2021. As a result, the Group's business segments are exposed to the risks inherent to this type of transformation and modernization processes.

1.7.2. Legal risks

The Group’s operating structures consist primarily of private limited companies.

The main litigations involving Recylex S.A. are presented in section 1.2.1, and the financial consequences of these proceedings are presented in Note 32 – “Financial risks” to the consolidated financial statements for the year to December 31, 2020. In addition, the environmental liabilities managed by the Group (see Note 38 to the consolidated financial statements for 2020) could potentially give rise to legal risks incurring liability for the Group entities concerned.

The respective executive teams, assisted by internal legal specialists and external advisors, are responsible for managing Recylex S.A. and its subsidiaries as legal entities, together with the legal risks they face.

1.7.3. Technological risks

The day-to-day activities of the operational (production, maintenance, sales) and support (communication, finance, legal) functions of the Group's companies are dependent on the IT systems used by these functions. Any event leading to an IT malfunction (such as a system or communication network failure, damage to infrastructures hosted locally or by an external service provider, or internal or external malicious acts) is likely to have an impact on these activities.

The security of the IT systems is provided by an external service provider.

1.7.4. Environmental as social risks

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

1.7.4.1. Environmental risks

In the context of the sustainable development of its activities, the Group pays particular attention to the impact of its activities on the health, environment and safety of both Group employees, local residents and stakeholders, and to strict compliance with the legislative and regulatory framework defining standards and good operating practices.

Key environmental indicators corresponding to the main environmental challenges facing all Group sites are:
- Direct and indirect energy consumption;
- Direct and indirect CO2 emissions;
- Percentage of recycled materials consumed.

Since June 1, 2016, Recylex S.A.'s Villefranche-sur-Saône and Escaudœuvres facilities in France have been classified as SEVESO high threshold, following a change in regulations concerning used lead-acid batteries. This new classification is the result 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 protective measures to be taken into consideration are currently being validated with the authorities.

Risk assessment within the SEVESO regulatory framework has been entrusted to specialized firms. An emergency plan is prepared in conjunction with the local authorities.

In addition, the Group is responsible for the remediation of environmental liabilities arising 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 managers of the Group's subsidiaries and establishments.

1.7.4.2. Social risks

Key social indicators corresponding to the main issues facing all and most of the Group's sites respectively are:
- 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, in particular in the context of their certifications (see section 1.8.4.1).

1.7.5. Insurances

Insurance for protection against accidental risks has been contracted by Recylex S.A. through insurance brokers, as part of the Group's risk management procedures.

The industrial risks insured are based on property damage and casualty, business interruption and civil liability, taken out by Recylex S.A. for the French subsidiaries.

In addition, Recylex S.A. has taken out environmental liability insurance covering the Group's companies up to an amount of €10 million, as well as environmental liability insurance covering the prevention and repair of remediation damage up to an amount of €10 million over a 24-month period.

Although Recylex S.A. believes that the insurance policies taken out at Group level are adequate to cover the risks incurred in the course of its business, they could 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. Key indicators of the Recylex Group

As the Group fell below the thresholds determined by Article L.225-102-1 of the French Commercial Code in 2020, the Company is no longer required to include the Extra-Financial Performance Statement in its Management report.

Nevertheless, as the Group's environmental and social commitments remain unchanged, the Company presents here the key performance indicators of a non-financial nature relating to the specific activity of the Company, in particular information relating to environmental and personnel issues, in accordance with Article L.225-100-1 I 2° of the French Commercial Code.

Information presented below (entire section 1.8) has not been the subject of a report by an independent third party.

In Section 1.8. the term "Group" refers to the remaining scope of the Group at December 31, 2020, with the exception of Recytech S.A., which has been excluded from the scope of non-financial reporting since 2018, and therefore includes: Recylex S.A. and C2P S.A.S.

1.8.1. 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.

1.8.2. Trois business segments for sustainable and responsible materials

EXPERT IN LEAD RECYCLING IN EUROPE

Recylex S.A. is an expert in the lead circular economy in France and collects used lead-acid batteries throughout Europe. The batteries are crushed using a process patented by Recylex engineers to separate the lead, acid and polypropylene. The lead (paste and metallics) obtained is delivered by multimodal transport (mainly by ship, thus limiting our carbon footprint) to customers, where it is recovered in the form of ingots listed on the London Metal Exchange (LME). The Recylex Group is thus making a major contribution to the circular economy in Europe.

SUSTAINABLE ZINC RECYCLING

Recytech S.A. in France (50% owned) contributes to responsible environmental management by recycling zinc-containing dust from electric arc furnaces. These dusts from steel production are enriched in our giant rotary furnace using the Waelz process. The oxides produced are secondary raw materials for zinc producers, replacing materials from the mines.

SPECIALIST IN RECYCLED POLYPROPYLENE COMPOUND

With more than 30 years of experience, C2P recovers polypropylene from used lead-acid batteries to produce polypropylene granulates, and also recycles polypropylene waste into high-end rPP compounds. Thanks to C2P's expertise and its teams committed to meeting customers' needs, the Recylex Group is actively involved in the sustainable supply of recycled plastics, thus helping to preserve natural resources by limiting fossil fuel consumption.

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

1.8.3. Extra-financial indicators and scope

1.8.3.1. Main risks identified and associated performance indicators

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.

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, including diffuse emissions of heavy metals and CO2 emissions, energy consumption and consumption of recycled materials.

The following key performance indicators have been identified (excluding the former German scope):

RISKS	KEY INDICATORS	RESULTS	
		2020	2019
SAFETY AND WORKING CONDITIONS	Frequency rate of lost-time accidents	20.37%	18.82%
	Average blood lead level of the Group's exposed personnel	78.1 µg/l	73.4 µg/l
ENVIRONMENT	Direct and indirect CO_2 emissions	1,020 tCO_2	1,070 tCO_2
	Direct and indirect energy consumption	8,386 MWh	9,245 MWh
	Percentage of recycled materials consumed	97.24%	97.01 %

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. Technical meetings dealing in particular with safety aspects and operational field audits (internal) are held regularly at the Group's 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 diffuse emissions of heavy metals, 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. Energy efficiency is part of the QHSE policy of Group companies.

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 1.8.5.3.1), employee training, particularly in the areas of safety (see section 1.8.5.5), and emissions of air pollutants, effluent discharges and hazardous waste management (see section 1.8.4.4).

1.8.3.2. The scope

The scope for 2020 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, i.e. Recytech S.A.

The scope of consolidation therefore includes Recylex S.A. and C2P S.A.S.

1.8.4. Group environmental information

The loss of control of the German subgroup (see paragraph 1.1. of the Management Report) in the context of an unprecedented global pandemic has called into question the industrial transformation strategy initiated in 2017 around the project for the new reduction furnace at the former subsidiary Weser-Metall GmbH, which is now excluded from the Group's current scope.

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

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

The Group's current priority is to achieve stable and profitable operation of its industrial activities, in a context of restructuring its financial and non-financial debts.

In addition, the Recylex Group is committed to taking responsibility for its industrial past by managing the environmental remediation resulting from its former industrial and mining activities.

The Recylex Group is preparing to the best of its ability to deal with unexpected developments and events that could affect its operations and results, by continuously monitoring its industrial and financial performance. The Group is ready to adapt and react in order to limit potential negative impacts. The Recylex Group has identified a non-exhaustive list of potential risks that could impact its activities in order to anticipate and react as effectively as possible.

The coronavirus pandemic and the measures taken by governments to deal with it are examples of unprecedented events with unpredictable consequences, posing difficulties in anticipating their short-, medium- and long-term impact, and requiring risk management measures to ensure the sustainability of Recylex Group activities and the health and safety of employees.

1.8.4.1. General environmental policy

Environmental Management System within the Group

The Group's Sustainable Performance Charter, which is part of the Group's Code of Ethics, and the Group’s Sustainable Performance Charter are applicable to all the Group's establishments and subsidiaries and complies with the principle of continuous improvement of the ISO 14001 environmental standard.

The application of the Group's Health, Safety and Environment Policy, which is integrated into the Group's Code of Ethics, is the responsibility of Management but also of all Group employees and their commitment to the environment, health and safety at work.

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, 2020	Business segment	Certifications (1st obtained)
Recylex S.A. (Villefranche-sur-Saône)	Lead	ISO 14001:2015 (since 2008)
Recylex S.A. (Escaudœuvres)	Lead	ISO 14001:2015 (since 2008)
C2P S.A.S (Villefranche-sur-Saône)	Plastics	ISO 14001:2015 (since 2006) ISO 9001:2015 (since 2007) OHS.A.S 18001:2007 (since 2008)

All of the Group's operating sites as of December 31, 2020, 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.

C2P S.A.S. complies with these regulations. Plastic raw materials are materials/compounds that are ready to be used by plastics manufacturers as a total or partial replacement for virgin resins. In this context, all materials produced by C2P S.A.S. meet the requirements of Regulation No. 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the registration, evaluation, and authorization of chemical substances, with the exception of polymers, which are exempt from the registration requirements (Article 2, paragraph 9).

Since, in accordance with the regulations, all pre-registrations would have lost their validity on 31 December 2020 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.

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.

1.8.4.2. 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 polypropylene waste.

For example, the Group recycles and recovers around 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 regenerable 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.

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.

In case of imperative business trips, employees prefer public transportation (train) and carpooling.

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.

1.8.4.3. 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).

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, 2020, provisions covering the entire rehabilitation program for former mining sites and discontinued industrial sites totaled €13.4 million.

Recylex S.A. also retains responsibility for the rehabilitation of the abandoned Estaque industrial site in Marseilles (see section 1.8.4.4.9 below).

1.8.4.4. 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 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.

Figures for 2020 have not been audited and were collected under the full responsibility of Recylex. In addition, figures for 2019 have been recalculated to exclude the former German scope and provide a basis for comparison.

1.8.4.4.1. 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:

	2020	2019	2019*
Group consumption of non-renewable materials	1,868 tonnes	2,048 tonnes	89,399 tonnes*

**Based on the 2019 audited information, including the former German perimeter.*

The Group's consumption of non-renewable materials fell slightly in 2020. At C2P S.A.S., consumption of non-renewable materials fell slightly in 2020 compared with 2019 as a result of the drop in demand for recycled polypropylene in the automotive sector, which has been severely impacted by this unprecedented crisis. Consumption of non-renewable materials at Recylex S.A.'s Villefranche and Escaudoeuvres plants remained stable in 2020 compared with 2019.

1.8.4.4.2. Consumption of recyclable materials

The following table shows the evolution of the Group's consumption of recyclable[2] materials over the last two years:

	2020	2019	2019*
Group consumption of renewable materials	65,798 tonnes	66,451 tonnes	226,695 tonne*s
Percentage of recycled materials consumed by the Group in relation to the total materials consumed	97.2 %	97.0 %	70.9 %*

**Based on the 2019 audited information, including the former German perimeter.*

As the Group's activities are mainly in the field of recycling, the proportion of recyclable materials consumed by the Group is significant, representing around 97% of all materials consumed by the Group in 2020. This indicator has been identified as one of the key indicators.

As with the consumption of non-renewable materials, in the context of the Covid-19 health crisis, the volumes processed and recycled by C2P S.A.S. have suffered from a slowdown in demand for recycled polypropylene in the automotive sector.

Recylex S.A.'s consumption of recyclable materials increased slightly, as a result of higher volumes of batteries processed at the Villefranche site.

[2] 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.

1.8.4.4.3. 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).

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:

	2020	2019	2019*
Production of hazardous waste by the Group	54,166 tonnes	59,701 tonnes	145,886 tonnes*
Percentage of hazardous waste recovered	95.7 %	95.2 %	73.0 %*

**Based on the 2019 audited information, including the former German perimeter.*

Overall, the Group's hazardous waste production remained stable in 2020 compared to 2019. For C2P S.A.S., the slight decrease in the volume of hazardous waste produced in 2020 compared to 2019 is explained by the approximately 30% decrease in the tonnage of washed materials.

It should be noted that approximately 96% of the hazardous waste recovered is used as "secondary" raw materials by lead smelters in Europe for the production of merchant lead.

	2020	2019	2019*
Production of non-hazardous waste by the Group	3,109 tonnes	3,954 tonnes	52,661 tonnes*
Percentage of non-hazardous waste recovered	99.9 %	99.8 %	9.8 %*

**Based on the 2019 audited information, including the former German perimeter.*

It is important to note that Recylex S.A. and C2P S.A.S. succeeded in recovering 99.9% of non-hazardous waste generated internally in 2020, a fact linked to the recovery of 100% of polypropylene from recycling and sent to C2P S.A.S., and the organization of the sorting of non-hazardous waste sent to external recovery channels.

1.8.4.4.4. 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[3] consumption Group	2020	2019	2019*
Natural Gas	2,677MWh	2,413MWh	247,460MWh
Diesel/Fuel	531MWh	618MWh	4,793MWh
Self-generated electricity	0 MWh	0 MWh	928 MWh
Total	253,181MWh	251,688MWh	253,181MWh
Indirect energy[4] consumption Group	2020	2019	2019*
Electricity	5,177MWh	6,215MWh	89,132MWh
Diesel/Fuel	0 MWh	0 MWh	148 MWh
Total	5,177MWh	6,215MWh	89,280MWh
Total energy consumption by the Group	8,386MWh	9,245MWh	342,467MWh

**Based on the 2019 audited information, including the former German perimeter.*

This indicator has been identified as one of the key indicators. 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 has decreased slightly in 2020 compared with 2019 following measures to rationalize energy consumption, as well as the temporary shutdown of production linked to the first containment in April 2020, which led to a temporary reduction in volumes processed, especially at the level of C2P S.A.S.

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 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.

[3] *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).*
[4] *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).*

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. The Group is also studying the development of photovoltaic projects on former mining sites, thus participating in the circular economy and the production of renewable energy.

1.8.4.4.5. 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[5] over the last two years:

Total water consumption by the Group	2020	2019	2019*
Total	42,760 m^3	62,670 m^3	1,762,571 m^3

**Based on the 2019 audited information, including the former German perimeter.*

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. Water consumption at Group level has decreased due to a sharp drop in the consumption of borehole water linked to the improvement in the quality of the water treated at the Villefranche water treatment plant, which is reused for industrial operations.

1.8.4.4.6. 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)[6]	2020	2019	2019*
Direct emissions by the sites	785 tCO_2	594 tCO_2	154,864 tCO_2
Indirect emissions by the sites (e.g. for electricity production)	310 tCO_2	372 tCO2	38,628 tCO_2
Total	965 tCO_2	1,095 tCO_2	193,493 tCO_2

**Based on the 2019 audited information, including the former German perimeter.*

This indicator has been identified as one of the key indicators.

Direct and indirect greenhouse gas emissions remained stable in 2020 compared to 2019.

1.8.4.4.7. 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)[7]	2020	2019	2019*
Lead	6.0 kg/an	10.7 kg/an	159.3 kg/an
Zinc	0 kg/an	0 kg/an	3,307.2 kg/an
Cadmium	0 kg/an	0 kg/an	1.7 kg/an

**Based on the 2019 audited information, including the former German perimeter.*

Lead emissions were lower in 2020 than in 2019, due to the installation of a new high-performance dust collector at the Recylex S.A. plant in Villefranche.

1.8.4.4.8. 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[8] by Group companies over the past two years:

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[5]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).

[6]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.

[7]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.

[8]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].

Discharges to water by the Group's sites (measured discharges)[9]	2020	2019	2019*
Lead	1.4 kg/year	0.6 kg/year	9.5 kg/year
Zinc	0.7 kg/year	4.3 kg/year	89.0 kg/year
Cadmium	0.1 kg/year	0.2 kg/year	5.4 kg/year

**Based on the 2019 audited information, including the former German perimeter.*

Lead discharges to water increased in 2020 compared to 2019.

Despite daily concentrations below regulatory limits at the Villefranche site, an incident occurred at the end of November 2020 resulting in a high level of lead being released over two days. The incident was reported to the authorities in a timely manner and corrective actions have been implemented to limit the environmental consequences.

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.

1.8.4.4.9. Environmental expenses and provisions at Group sites

Significant provisions and expenses are made for the rehabilitation of former mining sites and discontinued industrial sites that remain under the Group's responsibility (see Note 38 of the notes to the consolidated financial statements at 31 December 2020).

1.8.5. Social information of the Group

The Group is also committed to a policy of creating social value, by giving priority to local employment and also through sponsorship actions as close as possible to its sites.

In section 1.8.5. the term "Group" refers to the residual scope of the Group at 31 December 2020 with the exception of Recytech S.A., which has been excluded from the scope of non-financial reporting since 2018, and therefore includes: Recylex S.A. and C2P S.A.S.

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[10] at 31/12		Average Operational Staff in FTEs[11]	
	2020	**2019**	**2020**	**2019**
Recylex S.A.	38	45	39.4	44.6
C2P S.A.S.	24	27	27.3	27
Group	**62**	**72**	**66.7**	**71.6**

At 31 December 2020, the Group's Operational Staff decreased significantly (-13.89%) compared to 2019.

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. During the financial year 2020, short-time working measures were implemented in the Group's companies as part of the government measures put in place in the context of the coronavirus pandemic.

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.

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, 2020, increased significantly (25%) compared to 2019 (12.50%).

The total number of departures at Group level in 2020 (18 departures), was higher than the previous year (10 departures). This increase is mainly explained by individual contractual terminations and the end of trial periods. The Group has hired 8 employees during the year 2020, down from the year 2019, when 10 employees were recruited.

	Number of recruitments		Number of departures[1] (including dismissals)		Departure rate at 31/12 (%)	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
Recylex S.A.	7	9	14 (3)	4 (0)	31.11	10.00
C2P S.A.S.	1	1	4 (3)	6 (2)	14.81	18.75
Group	**8**	**10**	**18 (6)**	**10 (2)**	**25.00**	**12.50**

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

[9] 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.

[10] 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.

[11] 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.

The balance of job creation (number of recruitments - number of departures) at Group level is therefore negative in 2020 (-10).

1.8.5.3. Information on human resources management

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

During the 2020 financial year, Recylex S.A. and all Group companies decided to formally adopt the Recylex Group's Code of Ethics, replacing the 2016 Code of Ethics, intended to be applicable to all employees of all Group entities. Its update includes provisions relating to the fight against corruption and trading in influence.

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.

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.

1.8.5.3.2. 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.

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 decreased in 2020 compared to 2019 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	2020		2019	
	Men	Women	Men	Women
Recylex S.A.	29	9	33	12
C2P S.A.S.	21	3	23	4
Group	**50**	**12**	**56**	**16**

1.8.5.3.3. 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.

Short-time working and homme-office measures have been taken in consultation with the CSE.

During 2020, 23 meetings were held for Group companies (11 for Recylex S.A. and 10 for C2P S.A.S.).

1.8.5.3.4. Summary of the social negotiations

Social negotiations with employee representative bodies in Group companies during 2020 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.

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 2020, the Group's total annual gross compensation[12] amounted to 3,698 thousand euros, up 6.71% compared to the financial year 2019 (3,465 thousand euros).

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.

[12] 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).

1.8.5.5. 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.

In the financial year 2020, training was mainly devoted to the QHSE theme.

1.8.5.6. 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.

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.

1.8.5.7. 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. It is monitored at each of the Group's sites concerned as part of its Quality, Health, Safety and Environment policy.

Average lead-in-blood level of exposed Group Operational Employees	2020	2019
Recylex S.A.	78.8 µg/l	76.8 µg/l
C2P S.A.S.	77 µg/l	69 µg/l
Group	**78.1 µg/l**	**73.4 µg/l**

**Based on the 2019 audited information, including the former German perimeter.*

The average lead-in-blood level exposed Group Operational Employees remained considerably stable for the year 2020 compared to 2019.

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.

1.8.5.8. 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[13] in the Group, multiplied by 1,000,000.

Frequency rate (%)	2020	2019
Recylex S.A.	0	15.69
C2P S.A.S.	48.77	23.51
Group	**20.37**	**18.82**

This indicator has been identified as one of the key indicators. 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.

The frequency rate of accidents with lost-time at Group level is 20.37% in 2020.

[13] 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).

1.8.5.9. 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 (%)	2020	2019
Recylex S.A.	0	0.05
C2P S.A.S.	0.15	3.43
Group	**0.06**	**1.40**

The severity rate of occupational accidents with lost time at the Group level is 0.06% in 2020.

1.8.6. Societal information

1.8.6.1. Impact of the Group's activities

1.8.6.1.1. 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.

1.8.6.1.2. 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. Due to the health crisis, many national and international trade fairs and events (Semaine de l'Industrie, Pollutec, FIP) in which the Group's companies regularly participate could not be held. Most of the Group's companies also carry out local actions aimed in particular at promoting their image, for example by supporting charitable associations.

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.

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.

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 Formal adoption by all Group companies and deployment will be implemented in April 2021, along with training at each site during the year. 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. Recylex S.A.' situation and activities o

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 annual 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.

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 €8.3 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 Annual financial statements).

€ millions	*Liabilities 31/12/2019*	*Change 2020*	*Liabilities 31/12/2020*	*Maturity date*
Original continuation plan	2.8	(2.8)	-	*(1)*
Glencore International AG	5.1	-	5.1	**2026**
Clawback clause	4.1	-	4.1	
Total rescheduled debts/liabilities	**12.0**	**(2.8)**	**9.2**	
Borrowing arranged	**16.0**	**1.2**	**17.2**	**2022 (2)**
Subtotal financial debts/liabilities	**28.0**	**(1.6)**	**26.4**	
European Commission fine	**24.9**	**(0.2)**	**24.7**	
Recylex S.A. total financial debt	**52.9**	**(1.8)**	**51.1**	

- Borrowing arranged: as part of the plan to spread the European Commission's fine, the repayment date for this loan was extended to 2024. The filings for insolvency proceedings at the level of the German sub-group entities has made this loan payable at any time. Recylex S.A. has requested and obtained a waiver from Glencore International AG of their right to demand that this loan be paid off by January 31, 2022, provided that Recylex S.A. complies with the conditions precedent included in the waiver (see paragraph 1.1 above). The outstanding interest due at December 31, 2020 amounts to €1.2 million.

- European Commission fine: In 2017, an agreement was reached with the European Commission to defer the payment of a fine of €26.7 million. In July 2020, Recylex S.A. made a request to the European Commission seeking an adjustment of the amount and payment plan to the Group's new economic situation in its new configuration, following the loss of control of the German subgroup in May 2020, so that this payment plan would be compatible with Recylex S.A.'s cash-generating capacity. In parallel with this request, the fine payment plan was temporarily suspended.

- Under the Company's 2005-2015 continuation plan, certain creditors, including Glencore International AG, had agreed to defer the payment of the balance of their receivables under the plan beyond the end of 2015. At December 31, 2020, Recylex S.A.'s financial debt in respect of deferred receivables amounted to €5.1 million. Repayment of this debt has been deferred to 2026 under the plan to defer payment of the European Commission fine.

- In addition, as part of the Recylex GmbH insolvency proceedings, the debt of €2.8 million owed to Recylex GmbH (also arising from the 2005-2015 continuation plan) was set off against the €5.0 million receivable held by Recylex S.A. in respect of a loan to Recylex GmbH. The resulting net amount of the receivable has been fully impaired in Recylex S.A.'s accounts.

The liability relating to the clawback clause amounted to €4.1 million at the year-end (see Note 4.7 to the 2020 Annual financial statements).

As the future maturities of the financial debt are no longer compatible with the Group's future cash generation in its new configuration, Recylex S.A. has entered into discussions with its creditors, namely Glencore International AG and the European Commission, to adapt the amount and maturity of debt to its cash generation capacity, as set out in the "Key events" section of the Notes to the 2020 Annual financial statements.

In addition to financial liabilities, Recylex S.A. has environmental liabilities relating to the remediation of the former mines and the discontinued Estaque site, for which provisions have been set aside in the amount of €13.4 million at December 31, 2020 (see Note 38 to the Consolidated financial statements at December 31, 2020), with €9.1 million mainly concerning the Estaque site.

Recylex S.A. has obtained from the competent authorities the postponement of the completion date of the works to December 31, 2024.

As the projected costs schedule for the rehabilitation of the Estaque site, based on current obligations and the best estimates available at the balance sheet date, is difficult to reconcile with the Group's future cash flow generation in its new configuration, Recylex S.A. will almost certainly have to find external financing to fund these works or sell the site in its current state.

2.3.2. Supplier and customer's payment terms

The breakdown, at the end of 2020, of trade paybales and trade receivables by due date, in accordance with Articles L. 441-6-1 and D. 441-4 of the French Commercial Code, was as follows:

At December 31, 2020	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	73					46	15					3
Total amount of concerned invoices (incl tax)	€143,571	€193,428	€3,044	€597	€3,923	€200,992	€863,035	€10,336	€132	€0	€0	€10,468
Total purchase amount (incl tax) percentage of the exercise	0.25%	0.34%	0.01%	0.00%	0.01%	0.35%						
Sales revenue percentage of the exercise (incl tax)							1.67%	0.02%	0.00%	0.00%	0.00%	0.02%
(B) Excluded Invoices from (A) concerning litigious debts and receivables or unrecorded												
Number of excluded invoices	-	-	-	-	2	2	-	-	-	-	-	-
Amount of excluded invoices (incl tax)	€0	€0	€0	€0	€16,308 €	€16,308	€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. Raw material and transport invoices are generally paid in cash with a processing time varying between 8 and 15 days. The other suppliers grant payment terms between 7 and 60 days.						- Contractual terms: between 7 and 45 days.					

**Invoices issued to entities of the German subgroup and not settled at the date of the filings for insolvency proceedings at the level of these entities have not been included in the above table. These invoices are fully impaired in the accounts of Recylex S.A.*

2.3.3. Table of results

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 €23,059 in 2020.

2.3.5. Research & Development

The Company incurred no significant research and development expense in 2020.

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 post-balance sheet events

The significant post-balance sheet events are presented in section 1.4 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 1.5 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 French Commercial Code during 2020.

The Company does not have any branch offices.

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 2020 Annual 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:

		Glencore Finance (Bermuda) Ltd.	Treasury stock	Free float	***Total***
31/12/2020	**Number of shares outstanding**	7,703,857	23,939	18,158,686	***25,886,482***
	% of share capital	29.76	0.09	70.15	***100***
31/12/2019	**Number of shares outstanding**	7,703,877	23,939	18,158,666	***25,886,482***
	% of share capital	29.76	0.09	70.15	***100***
31/12/2018	**Number of shares outstanding**	7,703,877	23,939	18,158,666	***25,886,482***
	% of share capital	29.76	0.09	70.15	***100***

		Glencore Finance (Bermuda) Ltd.	Treasury stock	Free float	***Total***
31/12/2020	**Number of (theoretical*) voting rights**	8,944,827	23,939	18,304,334	***27,273,130***
	% of share capital	32.80	0.09	67.11	***100***
31/12/2019	**Number of (theoretical*) voting rights**	8,944,877	23,939	18,241,137	***27,209,953***
	% of share capital	32.87	0.09	67.04	***100***
31/12/2018	**Number of (theoretical*) voting rights**	8,944,877	23,939	18,226,941	***27,195,757***
	% of share capital	32.89	0.09	67.02	***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, 2020.

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, 2020, 1,386,648 Recylex S.A. shares carried double voting rights. Other than these double voting rights, no shares carry different voting rights.

At December 31, 2020 and at the date of this report, there were no stock options outstanding.

2.8.1.2. Major shareholders

Based on declarations received at December 31, 2020 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

Recylex S.A. was not informed of any ownership thresholds being crossed by shareholders during 2020.

2.8.1.4. Stock options

At December 31, 2020, no shares could be issued through the exercise of stock options.

2.8.1.5. Disclosures concerning share transactions by corporate officers and persons referred to in Article L. 621-18-2 of the French Monetary and Financial Code

As far as the Company is aware, the following transactions falling within the scope of Article L. 621-18-2 of the French Monetary and Financial Code were carried out during the financial year ended December 31, 2020:

- Karin Lattwein, a director, acquired 20 shares at a unit price of €1.848 on October 14, 2020, which was reported to the Autorité des Marchés Financiers on October 15, 2020.
- Nick Popovic, a director, was loaned 20 shares on November 17, 2020, which was reported to the Autorité des Marchés Financiers on November 20, 2020.

2.9. Corporate governance report

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, 2020,
- Any restrictions placed by the Board of Directors on the powers of Recylex S.A.'s Chief Executive Officer,
- The remuneration paid during FY 2020 or awarded in respect of the same financial year to Recylex S.A.'s corporate officers and the compensation policy for corporate officers for the 2021 financial year,
- 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 annual 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.22-10-10 4° 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[14].

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.22-10-10 4° of the Commercial Code.

[14] *www.recylex.eu – Group – Governance – MiddleNext Corporate Governance 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 attend and take part in meetings of the board and committees of which s/he is a member as regularly as possible (…) - 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 of the Board of Directors, 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 officers 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 describes how Recylex S.A. is led and managed as a *société anonyme* (joint-stock corporation) with a board of directors and a listed company. The operating principles and duties of the Board of Directors are laid down in the internal rules and regulations for Recylex S.A.'s Board of Directors, which are available in full on Recylex S.A.'s website.

2.9.2.1. Reconfiguration of governance

Following Sebastian Rudow's resignation from his duties as Chairman of the Board of Directors, Director and Chief Executive Officer of the Company effective March 1, 2021, the Board of Directors, at its meeting on February 25, 2021, on the recommendation of the Remuneration and Nomination Committee, decided to split the duties of Chairman of the Board of Directors from those of Chief Executive Officer.

The duties of Chairman of the Board of Directors were entrusted to Thomas Hüser, following his co-option as a director. His co-option as a director will be submitted for approval by the Shareholders' Meeting on June 16, 2021 (resolution n°5).

The duties of Chief Executive Officer were entrusted to Jacky Gofflot, who previously served as Managing Director of the French breaking sites.

THOMAS HÜSER
Chairman of the Board of Directors

- Nationality: German
- Date of birth: Feb. 16, 1971
- Date of first appointment: February 25, 2021, effective March 1, 2021
- Expiration date of office: Shareholders' Meeting to approve financial statements for year to Dec. 31, 2022
- Number of shares held: being acquired at April 22, 2021

Mr. Thomas Hüser was born in 1971 in Gladbeck, Germany. Mr. Hüser studied History, Political science and Philosophy at the University of Essen and University of Berlin. After a period teaching as a university professor, Mr. Hüser held positions with various associations in Germany, including the VDV (professional footballers' association) and Initiativkreis Ruhr, an influential industrial association. In 2004, Mr. Hüser set up his own public relations agency and advised well-known companies in the industry, materials, energy and logistics sectors.

Mr. Thomas Hüser is an expert in Economics and Public affairs, with extensive experience in the industry and energy sectors.

Committee functions: None
Current offices held and other functions: None
Offices held in other companies during the last five years: Chief Executive Officer of Recito GmbH (office ended in 2021)

JACKY GOFFLOT
Chief Executive Officer

- Nationality: French
- Date of birth: Aug. 21, 1966
- Date of appointment: February 25, 2021, effective March 1, 2021
- Expiration date of office: no end date
- Number of shares held: 0

Mr. Jacky Gofflot was born in France in 1966. Mr. Gofflot holds a General Engineering degree from the CESI School in Arras (France) and a BTS degree in Chemistry from the LTE School in Armentières (France). Over the course of his 30-year career, Mr. Gofflot has held various plant management roles (Paprec Harnes, Coolrec France, Metal Blanc, Norzinco Anzin) and launched the world's first electronic card pyrolysis unit (PCB). He joined Recylex as a Managing Director of the breaking sites in April 2020.

Mr. Jacky Gofflot was appointed Chief Executive Officer of Recylex S.A. by the Board of Directors effective March 1, 2021.

Current offices held and other functions: Chairman of the Board of Directors of Recytech S.A. (since March 11, 2021)
Offices held in other companies during the last five years: None

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

2.9.2.2.1. Composition of the Board

Recylex S.A.'s Articles of Association stipulate that each Director is to be appointed 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.

During 2020, the composition of the Board of Directors underwent the following changes:

Name	Offices held	Event	Replaced by
Karin Lattwein	Independent director	Coopted on Feb. 6, 2020 (cooption ratified by the Shareholders' Meeting of July 27, 2020)	-
Christopher Eskdale	Director	Resigned on Sept. 3, 2020	Nick Popovic
Nick Popovic	Director	Coopted on Sept. 3, 2020 (cooption ratified by the Shareholders' Meeting of December 16, 2020)	-

At December 31, 2020, the Board of Directors was constituted of five directors, whose profiles are presented below:

Name	Offices held	Committee role	Age at Dec. 31, 2019	Date of first appointment/Most recent reappointment	Expiration date of office	Number of Recylex S.A. shares held at Dec. 31, 2020
Sebastian Rudow*	Chairman and Chief Executive Officer	None	40 years old	Nov. 30, 2017 – July 29, 2020	Shareholders' meeting to approve the financial statements for the year ending Dec. 31, 2022	200 shares
Karin Lattwein	Independent director	Chairwoman of the Audit Committee Member of the Remuneration and Nomination Committee	43 years old	Feb. 6, 2020 – July 29, 2020	Shareholders' meeting to approve the financial statements for the year ending Dec. 31, 2022	20 shares
Nick Popovic	Director	Member of the Audit Committee Member of the Remuneration and Nomination Committee	50 years old	Sept. 3, 2020	Shareholders' meeting to approve the financial statements for the year ending Dec. 31, 2022	20 shares
Laetitia Seta	Director	None	45 years old	May 6, 2011 – July 29, 2020	Shareholders' meeting to approve the financial statements for the year ending Dec. 31, 2022	20 shares
Jean-Pierre Thomas**	Independent director	Member of the Audit Committee Chairman of the Remuneration and Nomination Committee	63 years old	May 12, 2009 – June 5, 2018	Shareholders' meeting to approve the financial statements for the year ending Dec. 31, 2020	20 shares

** On February 25, 2021, Sebastian Rudow resigned from his office as Chairman of the Board of Directors, Director and Chief Executive Officer effective March 1, 2021 and was replaced as Director and Chairman of the Board of Directors by Thomas Hüser. The co-option of Thomas Hüser by the Board of Directors will be submitted for approval by the Shareholders' Meeting of June 16, 2021 (resolution n°5)*

*** The renewal of Jean-Pierre Thomas' term of office as a director is submitted to the Shareholders' Meeting of June 16, 2021 (resolution n°6)*

SEBASTIAN RUDOW

Chairman of the Board of Directors – Chief Executive Officer

- Nationality: German
- Date of birth: Sept. 15, 1980
- Date of first appointment: June 30, 2017
- Date of most recent reappointment: July 29, 2020
- Expiration date of office: Shareholders' Meeting to approve financial statements for year to Dec. 31, 2022
- Number of shares held: 200

Mr. 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, Mr. Rudow 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 companies is difficult situations. In addition to his consulting activities, Mr. Rudow has held several appointments as a director in various industries over the past decade.

On February 25, 2021, Mr. Sebastian Rudow resigned from his duties as Chairman of the Board of Directors, director and Chief Executive Officer effective March 1, 2021.

Committee functions: None
Offices held in 2020: Chairman of the Board of Directors of Recytech S.A. (until March 11, 2021)
Offices held in other companies during the last five years: Director of German Strube GmbH & Co. KG (in liquidation)

KARIN LATTWEIN

Independent director

- Nationality: German
- Date of birth: Sept. 9, 1977
- Date of first appointment: February 6, 2020
- Date of most recent reappointment: July 29, 2020
- Expiration date of office: Shareholders' Meeting to approve financial statements for year to Dec. 31, 2022
- Number of shares held: 20

Ms. Karin Lattwein, a German national, gained an MBA from the University of Hohenheim in Stuttgart. Ms. Lattwein began her career working as an investment controller at DaimlerChrysler AG, before joining Porsche AG in 2006 where she served as head of group risk management between 2010 and 2015.

Ms. Karin Lattwein is currently the head of sales and marketing at an EOM-dealership in Stuttgart.

Committee functions: Chairwoman of the Audit Committee and member of the Remuneration and Nomination Committee
Current offices held and other functions: Employee of Porsche Niederlassung Stuttgart GmbH
Offices held in other companies during the last five years: None

NICK POPOVIC
Director

- Nationality: Dual British-Serbian
- Date of birth: Feb. 18, 1970
- Date of first appointment: September 3, 2020
- Expiration date of office: Shareholders' Meeting to approve financial statements for year to Dec. 31, 2022
- Number of shares held: 20

Mr. Nick Popovic, born in 1970, began his career in 1992 with Glencore International AG, where he worked as a trader in the zinc department in London, Switzerland and Moscow. In April 1998, Mr. Popovic was named Chairman and Chief Executive Officer of Kazzinc in Kazakhstan and continued his career within the Glencore group. Since 2006, Mr. Popovic has worked as an asset manager. Mr. Popovic was appointed as Chairman of the Board of Directors of Kazzinc Holdings in 2014, and since July 2020 Mr. Popovic heads the commercial department of Glencore International AG's lead and zinc segments.

Mr. Nick Popovic holds a Master of Arts degree from Cambridge University and is also a director of Trevali Mining Corporation (Canada) and Compañia Minera Volcan SAA (Peru).

Committee functions: Member of the Audit Committee and member of the Remuneration and Nomination Committee
Current offices held and other functions:
- Chairman of the Board of Directors of Kazzinc Holdings Ltd (foreign listed company)
- Director of Trevali Mining Corporation (foreign listed company)
- Employee of Glencore International AG (foreign listed company)

Offices held in other companies during the last five years: None

LAETIA SETA
Director

- Nationality: French
- Date of birth: Mar. 23, 1975
- Date of first appointment: May 6, 2011
- Date of most recent reappointment: July 29, 2020
- Expiration date of office: Shareholders' Meeting to approve financial statements for year to Dec. 31, 2022
- Number of shares held: 20: 20

Ms. Laetitia Seta, a French national born in 1975, holds an engineering degree in energy technologies from the École Polytechnique Féminine de Sceaux (France) and a aster'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 in December 1999, where Ms. Seta has held several positions. Ms. Seta 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. Laetitia 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 SA (Bolivia).

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

Committee functions: None.
Current offices held and other functions: Employee of Glencore International AG (foreign listed company)
Offices held in other companies during the last five years: None

JEAN-PIERRE THOMAS
Independent director

- Nationality: French
- Date of birth: Mar. 29, 1957
- Date of first appointment: May 12, 2009
- Date of most recent reappointment: June 5, 2018
- Expiration date of office: Shareholders' Meeting to approve financial statements for year to Dec. 31, 2020
- Number of shares held: 20

Committee functions: Chairman of the Remuneration and Nomination Committee and member of the Audit Committee
Current offices held and other functions: None
Offices held in other companies during the last five years: Director and Chairman of the Board of Directors of Rusal (foreign listed company, office expired in 2019)

Born in Gérardmer (Vosges department) in 1957, Mr. Jean-Pierre Thomas holds a degree in finance and management from SupdeCo and a doctorate in economics from Paris II University.

Mr. Thomas was managing partner of the investment bank Lazard between 1998 and 2013, advising on mergers and acquisitions, private equity and asset management, and now chairs his own company, Thomas Vendôme Investment.
Before joining Lazard, Mr. Thomas worked at Christian Dior in 1978 and then in the marketing and financial management teams at Procter & Gamble in 1981. Mr. Thomas 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. Jean-Pierre 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.

The term of office of Mr. Jean-Pierre Thomas as a director coming to an end during the year 2021, it is proposed to the Shareholders' Meeting of June 16, 2021 to renew Mr. Jean-Pierre Thomas' term of office for a period of three years until the close of the General Meeting called to approve the financial statements for the financial year ending on December 31, 2023. (resolution n°6).

The list of other offices and functions held in other companies by members of the Board of Directors during 2020 is as follows:

Sebastian RUDOW	*French and 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 Directors of Kazzinc Holdings Ltd* - Employee of Glencore International AG*
Laetitia SETA	*Foreign company*	- Employee of Glencore International AG*
Karin LATTWEIN	*Foreign company*	- Employee of Porsche Niederlassung Stuttgart GmbH
Jean-Pierre THOMAS		n/a

**Listed company*

- **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 within the same 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 December 16, 2020, the Board reviewed the status of each of its members in relation with the aforesaid criteria and considered that Sebastian Rudow, an executive director of Recylex S.A., as well as Nick Popovic and Laetitia Seta, who are employees of the Group to which Recylex S.A.'s core shareholder belongs, did not qualify as independent directors.

The Board considered that Jean-Pierre Thomas and Karin Lattwein 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")[15]. 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 making 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.

- **Diversity and gender balance policy applicable to the Board of Directors**

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).

In line with the requirements of Article L. 225-18-1 of the French Commercial Code, two out of five of the members of Recylex S.A.'s Board of Directors are women, with the proportion of women standing at 40%,.

In accordance with Recylex S.A.'s Articles of Association, the upper age limit for directors stands at 75. At December 31, 2020, none of the Company's directors were over 75 years old, the age of directors ranged between 40 and 63 years old and the average age of Board members was 48.

2.9.2.2.2. Organization and operation of the Board

- **Organization and operations of the Board**

Organization and operations 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 financial statements. As a rule, Board meetings open with approval of the minutes of the previous meeting. Decisions then presented to the Directors in the order in which they are placed on the agenda and are discussed by the Directors before being voted on by them. Once the discussions have been completed and the agenda exhausted, the Chairman adjourns the meeting of the Board of Directors and reminds them of the date of the next meeting.

- **Meetings of the Board of Directors and main items discussed**

In 2020, the Board of Directors met nine times, with an average attendance rate of 89%. The average length of the meetings was 1 hour 22 minutes.

In 2020, the main items discussed by the Board were as follows:

- The Group's performance and results
- The financial position of the former German subgroup, the state of discussions with its financial partners and its restructuring plans

[15] *The Internal Rules and Regulations, which may be consulted on the Company's website (www.recylex.eu (English version) – Group – Corporate governance – Internal Rules and Regulations), may be amended by the Board of Directors at any time*

- The impact of the Covid-19 pandemic on the Group's remaining scope and the filings for insolvency proceedings by companies in the former German subgroup
- Budgets and investments planned by Group companies
- Review and approval of the financial statements for the years ended December 31, 2018 and 2019 and preparation of the Board of Directors' 2018 and 2019 reports
- Approval of the new Code of Ethics
- Recylex S.A.'s policy on gender equality and equal pay
- Self-assessment by the Board of Directors and Board Committees
- Agreements referred to in Articles L. 225-38 et seq. of the Commercial Code
- Amendment of the Board of Directors' Internal Rules and Regulations
- Business trends of the Group's subsidiaries
- Developments in the ongoing litigation involving Recylex S.A.
- The co-options as directors of Karin Lattwein and Nick Popovic
- Compensation of members of the Board of Directors
- Compensation of the Chairman and Chief Executive Officer.

- **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 for 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, 2020**

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 compensations 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.

- **Activities during 2020**

The Remuneration and Nomination Committee met three times in FY 2020, with an attendance rate of 100%. The main topics considered at the meetings were the candidacies of Karin Lattwein and Nick Popovic, the objectives and variable remuneration of the Chairman and CEO for the financial years 2019 and 2020, and the compensation modalities for the financial year 2020.

2.9.3.2. Audit Committee

- **Members at December 31, 2020**

Karin Lattwein	Chairwoman (*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*)
Nick Popovic	Member

- **Remit and operation**

The Audit Committee was created in 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 and holding of its meetings.

In accordance with its Terms of Reference, as 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 and consolidated financial statements by the Statutory Auditors, and (iv) selection of the Statutory Auditors, non-audit services entrusted to them, and their independence.

- **Activities during 2020**

The Audit Committee met three times 2020 with an attendance rate of 78%.

The main topics discussed at the Audit Committee's meetings in 2020 were the review of the consolidated and annual financial statements for the years ended December 31, 2018 and 2019, the Board of Directors' report on FY 2018 and FY 2019, and the review of the 2020 half-year financial statements.

At the meetings to consider the annual and interim financial statements, 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 debates 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 of vigilance 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 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 Mr. Sebastian Rudow was appointed as Recylex S.A.'s Chairman and Chief Executive Officer, and 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 decision to continue having the duties of the Chief Executive Officer performed by the Chairman of the Board of Directors was confirmed by the Board of Directors on October 22, 2020 following the renewal of Mr. Sebastian Rudow term of office by the Combined Shareholders' Meeting of July 29, 2020.

Following the Sebastian Rudow's resignation from his duties as Chairman of the Board of Directors and Chief Executive Officer of the Company effective March 1, 2021, the Board of Directors, at its meeting on February 25, 2021, on the recommendation of the Remuneration and Nomination Committee, decided to separate the duties of Chairman of the Board of Directors from those of Chief Executive Officer.

The duties of Chairman of the Board of Directors were entrusted to Mr. Thomas Hüser, following his co-option as a director.

The duties of Chief Executive Officer were entrusted to Mr. Jacky Gofflot, who previously served as Managing Director of the battery breaking sites.

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 significantly change the Group's financial structure or results
- decisions to start up new businesses aligned with 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 significantly information intended for the public.

The components of the Chairman's and of the Chief Executive Officer's compensation 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 2020 or awarded in respect of the same financial year to corporate officers

The information in this paragraph relating to the remuneration of corporate officers required by Article L. 22-10-34, I and L. 22-10-34, II of the French Commercial Code will be submitted for approval to the General Meeting of June 16, 2020 (7th and 8th resolutions).

It is reminded that the Combined General Meeting of July 29, 2020 approved the information relating to the remuneration of corporate officers mentioned in Article L. 22-10-9 I of the Commercial Code for the 2019 financial year, pursuant to Article L. 22-10-34, I of the Commercial Code, as well as the fixed, variable and exceptional components making up the remuneration of the Chairman and Chief Executive Officer paid or allocated for the 2019 financial year, pursuant to Article L. 22-10-34, II of the Commercial Code.

2.9.5.1. Remuneration of members of the Board of Directors in respect of 2020

2.9.5.1.1. Reminder of the remuneration policy applicable to members of the Board of Directors

In accordance with the law, the maximum amount of the total remuneration to be awarded each year to the directors is set by Recylex S.A.'s Shareholder Meeting. It is allocated to individual directors by the Board of Directors based on a recommendation by the Remuneration and Nomination Committee.

Since the May 12, 2014 Shareholders' Meeting, the maximum amount of the total remuneration that may be paid to the directors has been set at €150,000 for all members of the Board of Directors.

In addition to a fixed and equal share of remuneration, the Board of Directors decided to award to members of the Board of Directors an additional amount related to their specific duties on the Board or Committees, in view of the additional workload and responsibilities resulting from these specific duties.

The principles and rules for directors' remuneration, which were laid down by the Board of Directors at its meeting of April 27, 2020, on the recommendation of the Remuneration and Nomination Committee, are as follows:

(i) Fixed remuneration of twenty thousand euros (€20,000) to each of the Board members

(ii) Additional remuneration amounting to:
- Twenty thousand euros (€20,000) in additional remuneration for the duties of the Chairman of the Board of Directors and Chairman of the Audit Committee,
- Ten thousand euros (€10,000) in additional remuneration for the duties of the Chairman of the Remuneration and Nomination Committee,

(iii) Reimbursement of travel expenses incurred by the directors in connection with their duties upon production of supporting receipts and documents.

2.9.5.1.2. Remuneration paid during 2020 or awarded in respect of the same financial year to members of the Board of Directors

The total amount of remuneration paid during 2020 or awarded in respect of the same financial year to directors (including the remuneration of Sebastian Rudow for his office as director and Chairman of the Board of Directors) thus amounted to €148,333.33.

The following table presents the amounts of remuneration paid during/awarded in respect of 2020 by Recylex S.A. and Group companies to each of the directors (other than Sebastian Rudow – the remuneration of Sebastian Rudow being detailed hereinafter):

Directors	Payments in 2020	Payments in 2019
Christopher Eskdale *(Director until September 3, 2020 and Chairman of the Audit Committee until April 27, 2020)*	€20,000	€40,000
Nick Popovic *(Director since September 3, 2020)*	€6,666.67	-
Diana Kisro-Warnecke *(Director since July 11, 2017 and until her resignation on December 12, 2019)*	-	€20,000
Karin Lattwein *(Director since February 6, 2020 and Chairwoman of the Audit Committee since April 27, 2020)*	€31,666.67	-
Laetitia Seta *(Director)*	€20,000	€20,000
Jean-Pierre Thomas *(Director and Chairman of the Remuneration and Nomination Committee since May 12, 2014)*	€30,000	€30,000
TOTAL	**€108,333.33**	**€110,000**

2.9.5.2. Remuneration of the Chairman and Chief Executive Officer in respect of 2020

2.9.5.2.1. Reminder of the 2020 compensation policy

The Combined General Meeting of July 29, 2020 approved the remuneration policy of the Chairman and Chief Executive Officer, defined by the Board of Directors on recommendation of the Remuneration and Nomination Committee, in respect of 2020 (resolution no. 13).

The Chairman of the Board of Directors is appointed for a term of three years.

The remuneration of the Chairman and Chief Executive Officer is composed of a part related to the functions of the Chairman of the Board of Directors and a part related to the functions of the Chief Executive Officer.

The 2020 remuneration policy has fixed and variable components.

- **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. would be capped at a maximum of 120% of his fixed remuneration and would be determined based on the following criteria: (i) management of the SARS-CoV-2 pandemic effects, and (ii) progress back towards profitability for the Company and the Group, by continuing its restructuring.

These criteria for determining the variable portion of remuneration were adjusted to take account of the Company's challenging financial position, evidenced by the imperative of restructuring its debt, as well as that of the Recylex Group, and of making progress with this restructuring and efforts to stabilize the Company, as well as the current pandemic and economic crisis.

To calculate attainment of the objectives set, the Remuneration and Nomination Committee takes account of: (i) targets set during the period under consideration relative to those actually reached, and (ii) specific situations arising from the context and external influences, as well as how the Company reacts and addresses these specific situations to protect its interests. For confidentiality reasons, the exact level of attainment required for these criteria cannot be made public, although it has been laid down in precise terms.

Payment of this variable remuneration is contingent upon approval of the Ordinary General Meeting of the relevant individual's remuneration as provided for in former Article L. 225-100 of the French Commercial Code (L. 22-10-34 of the French Commercial Code).

- **Exceptional remuneration:**

The Board of Directors agreed in principle that the Chairman and Chief Executive Officer may receive exceptional remuneration in certain circumstances, which will have to be disclosed and explained in precise terms by the Board of Directors. Payment of such remuneration will be contingent upon approval at the Ordinary Shareholders' Meeting of the relevant individual's remuneration as provided for in former Article L. 225-100 of the French Commercial Code (L. 22-10-34 of the French Commercial Code).

- **Remuneration as Director and Chairman of the Board of Directors:**

The Chairman of the Board of Directors receives director's remuneration and remuneration for serving as Chairman and Chief Executive Officer, the amount of which was set by the Board of Directors for FY 2020, in accordance with the allocation rules laid down by the Board of Directors (see section 2.9.5.1.1 hereinabove).

- **Free shares:**

The Chairman and Chief Executive Officer does not qualify for the benefit of any free share allotment plan, but is eligible for any future free share allotment plans on terms and conditions to be determined by the Board of Directors on the recommendation of the Remuneration and Nomination Committee.

- **Stock options:**

The Chairman and Chief Executive Officer does not qualify for the benefit of any stock options plan, but he is eligible for any future stock option plans on terms and conditions to be determined by the Board of Directors on the recommendation of the Remuneration and Nomination Committee.

- **Supplementary pension plan:**

The Chairman and Chief Executive Officer is not covered by Recylex S.A.'s supplementary pension plan in the form of a group retirement savings plan or of a compulsory defined-contribution group pension plan under the regime set out in Article 83 of the General Taxation Code.

- **Personal protection insurance:**

The Chairman and Chief Executive Officer is a member of the personal protection and health insurance plan covering Recylex S.A.'s employees.

- **Company car:**

The Chairman and Chief Executive Officer does not have the benefit of a company car, but could be granted such benefit if the Board of Directors so decided.

- **Signing-on fee:**

No signing-on fee is provided for.

- **Termination of duties and no-competition**

No remuneration is paid under termination of duties or no-competition.

Given to the general environment, especially the period of transformation that the Company is experiencing, no deferral period or the option for the Company to request the return of variable remuneration.

2.9.5.2.2. Remuneration paid during FY 2020 or awarded in respect of the same financial year to the Chairman and Chief Executive Officer

Pursuant to Article L. 22-10-34 of the Commercial Code, the proposal is for the Shareholders' Meeting of June 16, 2021 (resolution no. 8) to approve the fixed, variable and exceptional components of the total remuneration and benefits of any kind paid or awarded in respect of FY 2020 to Sebastian Rudow in his role as Chairman and Chief Executive Officer, as presented in the following sub-section:

- The fixed portion of Sebastian Rudow's gross annual remuneration for his office as Recylex S.A.'s Chief Executive Officer in respect of FY 2020 amounted to €230,000.
- At its meeting of February 25, 2021, the Company's Board of Directors decided, on the recommendation of the Remuneration and Nomination Committee and, in accordance with the remuneration policy approved at the Ordinary General Meeting of July 29, 2020 (resolution no. 12) as described hereinabove (section 2.9.5.2.1) to set Sebastian

- Rudow's variable remuneration in his role as Chief Executive Officer of Recylex S.A. in respect of FY 2020 at €250,000 (i.e., 108% of his fixed remuneration) linked to achievement of the following criteria: (i) management of the SARS-CoV-2 pandemic effects, and (ii) progress back towards profitability for the Company and the Group, by continuing its restructuring. Sebastian Rudow did not receive any exceptional compensation.
- Ancillary benefits in kind: Sebastian Rudow, in his capacity as Recylex S.A.'s Chief Executive Officer has benefited from the personal protection and health insurance plan covering Recylex S.A.'s employees. Mr. Sebastian RUDOW did not benefit from a free share allocation plan or a stock option plan or a company car
- Post-employment benefit obligations:
  - Sebastian Rudow, in his capacity as Chief Executive Officer of Recylex S.A. has benefited, like all employees, from compulsory pensions and is not covered by Recylex S.A.'s supplementary pension plan in the form of a group retirement savings plan or of a compulsory defined-contribution group pension plan under the regime set out in Article 83 of the General Taxation Code.
  - Sebastian Rudow in his capacity as Chief Executive Officer has not benefited from payments under termination of duties or no-compete clauses.
- During FY 2020, Sebastian Rudow received €20,000 in respect of his duties as a director and €20,000 in respect of his duties as Chairman of the Board of Directors.

The components of the total remuneration and benefits of any kind actually paid during the financial year 2020 or awarded in respect of the same financial year to Mr. Sebastian RUDOW, in his capacity as Chairman and Chief Executive Officer, are thus in accordance with the remuneration policy approved by the Combined General Meeting of 29 July 2020 (13th resolution) and detailed above (sub-section 2.9.5.2.1).

The fixed, variable and exceptional remuneration making up the total remuneration and benefits of any kind paid by Recylex S.A. and the companies it controls (including those registered outside France) during FY 2020 or awarded in respect of that same year to the Chairman and CEO of Recylex S.A. are detailed in the following tables:

Table 1 - Summary of remuneration, stock options and shares granted to Recylex S.A.'s Chairman and Chief Executive Officer

Sebastian Rudow	2020	2019
Remuneration due for the financial year (details in table 2)	€520,000	€530,000
Value of options granted during the year (details in table 4)	n/a	n/a
Value of performance shares granted during FY (details in table 6)	n/a	n/a
TOTAL	**€520,000**	**€530,000**

Table 2 - Summary of remuneration paid to the Chairman and Chief Executive Officer

Sebastian Rudow	2020 Amounts due	2020 Amounts paid	2019 Amounts due	2019 Amounts paid
- fixed remuneration (gross)	€230,000	€230,000	€230,000	€230,000
- variable remuneration	€250,000	n/a	€260,000	€260,000
- exceptional remuneration	n/a	n/a	n/a	n/a
- remuneration awarded for duties as a director / as 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	**€520,000**	**€270,000**	**€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 2020.

Table 3 - Options to subscribe for or purchase shares granted during the FY to the 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 the 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 the executive director

Performance-related shares allotted, pursuant to a decision by the Shareholders' Meeting, during the year to each company officer by the issuer or any other Group company (list of recipients)	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 the 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 past FY

Table 9 – Executive director		
Sebastian Rudow, Chairman and Chief Executive Officer		
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 under a no-compete clause	Yes	
	No	X

2.9.5.3. Comparison between executive remuneration and employee pay in respect of 2020

Pursuant to Article L. 22-10-9 of the Commercial Code, the ratios between the remuneration received by the Chairman and Chief Executive Officer and (i) firstly, average pay on a full-time equivalent basis of the Company's employees other than corporate officers and (ii) secondly, the median pay of employees, are shown in the following table.

The scope adopted for these comparisons comprises the listed company preparing the corporate governance report, and the indicators are calculated based on the pay received by all Recylex S.A. employees on a full-time equivalent basis.

The remuneration shown is that allocated to the executive directors' duties and due during the FY. Accordingly, the amount shown for FY 2017 reflects the sum of the remuneration payable in respect of that year to Sebastian Rudow and to Yves Roche in respect of their duties as Chairman and Chief Executive Officer.

Comparison between remuneration paid to the Chairman and CEO and employees' pay

		2020	2019	2018	2017	2016
Chairman and Chief Executive Officer	Rémunération annuelle	€520,000	€530,000	€530,000	€469,751.95	€375,842.80
	(Evolution / N-1)	*- 2 %*	*0 %*	*13 %*	*25 %*	*- 11 %*
	Ratio / Average employee pay	12.5	9.6	8.8	9.2	6.6
	(Evolution / N-1)	*30 %*	*9 %*	*- 4 %*	*39 %*	*- 20 %*
	Ratio / Median employee pay	13.8	12.9	13.1	12.3	9.9
	(Evolution / N-1)	*7 %*	*- 2 %*	*7 %*	*24 %*	*- 5 %*
Employees	Average pay	€41,549.11	€55,156.06	€60,410.04	€50,822.85	€57,010.16
	(Evolution / N-1)	*- 25 %*	*- 9 %*	*19 %*	*- 11 %*	*13 %*
	Median pay	€37,809.92	€40,988.05	€40,519.50	€38,257.54	€37,873.82
	(Evolution / N-1)	*- 8 %*	*1 %*	*6 %*	*1 %*	*- 6 %*
Performance of the Company	Net results (in thousands of euros)	- 12,137	2,445	-65,052	6,494	-14,910

2.9.6. Remuneration policy for corporate officers for 2021

The remuneration policy for the corporate officers is laid down by the Board of Directors on the recommendation of the Remuneration and Nomination Committee and is reviewed every year to determine whether any adjustments need to be made to it. Any other adjustment to remuneration policy or any derogation to it outside the scope of this timetable follows the same procedure.

In accordance with Article L. 22-10-8, III, paragraph 2 of the Commercial Code, in the event of exceptional circumstances, the Board of Directors may derogate from the application of the remuneration policy for corporate officers if such derogation is temporary, in line with the company's interest and necessary to guarantee the company's sustainability or viability.

The Recylex Group is currently undergoing a period of restructuring. Special expertise is required to manage Recylex S.A. as a result of the effects of the SARS-CoV-2 pandemic that led to deconsolidation of its former German subgroup in May 2020 and the troubled history of the entire Recylex Group. The Company is keen to build stable and sustainable foundations so it can stay afloat and expand in the market. Accordingly, the top priority is to complete the restructuring rather than to make a quick profit. The remuneration policy for corporate officers has thus been adjusted accordingly.

The remuneration policy complies with the Company's corporate interest and aims to further the Company's business strategy and underpin its viability. In view of these objectives, appropriate remuneration principles have been introduced for corporate officers and for the Company's social and economic position.

Performances are measured according to the Recylex Group's ability to see this challenging phase through to fruition by motivating and keeping up employees' performance and by ensuring that they acquire and retain the relevant skills. As far as possible, the Board of Directors aligns the structure of corporate officers' remuneration with that of the Group's employees. The pay of the Group's employees decreased in 2020, the fixed portion of the remuneration paid to the Chairman and Chief Executive Officer and the cap on the variable portion remained unchanged between 2017 and 2020.

Following Sebastian Rudow's resignation with effect on March 1, 2021 from his duties as Chairman of the Board of Directors and Chief Executive Officer of the Company effective March 1, 2021, the Board of Directors, at its meeting on February 25, 2021, on the recommendation of the Remuneration and Nomination Committee, decided to split the duties of Chairman of the Board of Directors from those of Chief Executive Officer.

The duties of Chairman of the Board of Directors were entrusted to Thomas Hüser, following his co-option as a director. His co-option as a director is submitted for approval by the Shareholders' Meeting on June 16, 2021 (resolution n°5).

The duties of Chief Executive Officer were entrusted to Jacky Gofflot, who previously served as Manager of the Sites of Battery Breaking of Recylex S.A..

The remuneration policy for Recylex S.A.'s corporate officers for the 2021 financial year, as established by the Board of Directors, will be submitted to the General Meeting of June 16, 2021 (resolutions 9 to 11), i.e. :

- the Directors of Recylex S.A. ;
- the Chairman of the Board of Directors; and
- the Chief Executive Officer.

As a reminder, the Combined General Meeting of July 29, 2020 approved the remuneration policy for the Chairman and Chief Executive Officer and the members of the Board of Directors for the 2020 financial year, pursuant to Article L. 22-10-8 of the French Commercial Code.

2.9.6.1. Remuneration policy for the Chairman of the Board of Directors for 2021

Pursuant to Article L. 22-10-8 of the French Commercial Code, the General Meeting of June 16, 2021 is invited to approve the remuneration policy for the Chairman of the Board of Directors for the financial year 2021 (9th resolution).

The Chairman is appointed by the Board of Directors for a term that may not exceed his term of office as director. He may be re-elected and the Board of Directors may dismiss him at any time.

It is reminded that Mr. Sebastian RUDOW resigned from his duties as director and Chairman of the Board of Directors on February 28, 2021 and Mr. Thomas HÜSER was co-opted by the Board of Directors as director and appointed Chairman of the Board of Directors at its meeting of February 25, 2021, with effect from March 1, 2021 and for the remainder of his predecessor's term of office, i.e., until the General Meeting called to approve the financial statements for the year ending December 31, 2022.

The ratification of the co-option of Mr. Thomas HÜSER as Director is submitted to the General Meeting of June 16, 2021 (5th resolution).

The remuneration policy for the Chairman of the Board of Directors is thus intended to apply to:

- Mr. Sebastian RUDOW from January 1, 2021 to February 28, 2021;
- Mr. Thomas HÜSER from March 1, 2021.

The Board of Directors takes particular care to ensure that the remuneration of the Chairman of the Board of Directors is appropriate to the tasks entrusted to him, established in a manner consistent with good market practice and in the interests of all stakeholders in the Company's business.

The remuneration of the Chairman of the Board includes a fixed component and no variable component.

- **Fixed remuneration:**

The fixed annual remuneration is the only element of remuneration for the Chairman of the Board of Directors. The fixed remuneration of the Chairman of the Board of Directors is intended to remunerate the responsibilities and tasks attached to this corporate mandate, whether these are of legal origin or internal to the Company (internal regulations of the Board of Directors). The determination of the amount of this remuneration also takes into account the experience and skills of the person as well as the specific assignments that may be entrusted to him.

The Board of Directors has not set a rule concerning the frequency of the review of the fixed remuneration of the Chairman of the Board of Directors, it being understood, however, that in practice this remuneration is reviewed regularly by the Board of Directors. A review may take place during the term of office in the event of a change in the scope of responsibility of this function or of the Company, or if it is out of line with market practices.

For 2021, the amount of the fixed part of the remuneration of the Chairman of the Board of Directors will be due pro rata temporis to the duration of the mandate of the Chairman of the Board of Directors, by Mr. Sebastian RUDOW on the one hand, and by Mr. Thomas HÜSER on the other.

- Application to Mr. Sebastian RUDOW

The Board of Directors, on the recommendation of the Remuneration and Nomination Committee, decided to set the gross annual fixed portion of Mr. Sebastian RUDOW's remuneration for his duties as Chairman of the Board of Directors and Director of Recylex S.A. at a gross amount of EUR 40,000 (of which EUR 20,000 for his duties as Director).

This amount will be due pro rata temporis for the period during which Mr. Sebastian RUDOW holds the office of Chairman of the Board of Directors, i.e. 6,666.67 euros, from January 1, 2021 to February 28, 2021.

- Application to Mr. Thomas HÜSER

The Board of Directors, on the recommendation of the Remuneration and Nomination Committee, has decided to set the gross annual fixed portion of Mr. Thomas HÜSER's remuneration in his capacity as Chairman of the Board of Directors of Recylex S.A. at a gross amount of EUR 114,000 (of which EUR 20,000 in respect of his duties as a director).

For 2021, this amount will be due pro rata temporis to the period during which Mr. Thomas HÜSER holds his office as Chairman of the Board of Directors.

- **Variable remuneration:**

The Chairman of the Board of Directors does not receive any variable remuneration.

- **Exceptional remuneration:**

The Chairman of the Board of Directors does not receive any exceptional remuneration.

- **Free shares, Stock Options:**

The Chairman of the Board of Directors does not receive any remuneration in the form of free shares or stock options.

- **Supplementary pension plan:**

The Chairman of the Board of Directors does not benefit from any supplementary pension plan.

- **Personal protection insurance:**

The Chairman of the Board of Directors does not benefit from a health insurance plan.

- **Company car:**

The Chairman of the Board of Directors does not benefit from a company car.

- **Signing-on fee:**

No signing-on fee is provided for.

- **Termination of duties and no-compete clause**

No remuneration is paid under termination of duties or no-compete clauses.

The remuneration policy applicable to the Chairman of the Board of Directors in FY 2021 was adjusted after the dissociation of the governance structure of the Company.

2.9.6.2. Remuneration policy for the Chief Executive Officer for 2021

The 10th resolution submitted to the General Meeting of 16 June 2021 concerns the approval of the remuneration policy of the Chief Executive Officer for the financial year 2021, pursuant to Article L. 22-10-8 of the Commercial Code.

The Chief Executive Officer is appointed by the Board of Directors for a term that it determines.

The Board of Directors shall ensure that the various components of the Chief Executive Officer's remuneration are structured in such a way as to ensure that the Chief Executive Officer's actions are long-term and that his or her interests are effectively aligned with the general interest of the Company. In this respect, it regularly reviews the characteristics of the Chief Executive Officer's remuneration policy and the components of his remuneration to ensure that these objectives are met.

In establishing the remuneration policy for the 2021 financial year, the Board of Directors, on the recommendation of the Remuneration and Nomination Committee, took into account the issues currently facing Recylex S.A., particularly in terms of financial difficulties and debt restructuring.

It is reminded that Mr. Sebastian RUDOW resigned from his position as Chief Executive Officer on February 28, 2021 and Mr. Jacky GOFFLOT was appointed Chief Executive Officer by the Board of Directors at its meeting of February 25, 2021, with effect from March 1, 2021 and for an indefinite term.

- **Fixed remuneration:**

The fixed remuneration of the Director General is intended to remunerate the responsibilities and tasks attached to this function by law. The determination of the amount of this remuneration also takes into account the skills and experience of the person.

For 2021, the amount of the fixed part of the remuneration of the Managing Director will be due pro rata temporis to the period of exercise of the mandate of Managing Director, by Mr. Sebastian RUDOW on the one hand, and by Mr. Jacky GOFFLOT, on the other hand.

- Application to Mr. Sebastian RUDOW

The Board of Directors, on the recommendation of the Remuneration and Nomination Committee, decided to set the gross fixed portion of the remuneration of Mr. Sebastian RUDOW in his capacity as Managing Director of Recylex S.A. at a gross amount of EUR 230,000 (annual basis).

This amount will be due pro rata temporis for the period during which Mr. Sebastian RUDOW will hold his office as Chief Executive Officer in 2021, i.e. between January 1, 2021 and February 28, 2021, which amounts to a gross amount of EUR 38,333.33.

- Application to Mr. Jacky GOFFLOT

The Board of Directors, on the recommendation of the Remuneration and Nomination Committee, decided to set the gross fixed portion of Mr. Jacky GOFFLOT's remuneration in his capacity as Chief Executive Officer of Recylex S.A. at a gross amount of EUR 180,000 (annual basis).

For 2021, this amount will be due pro rata temporis to the duration of Mr. Jacky GOFFLOT's term of office as Chief Executive Officer.

- **Variable remuneration:**

The variable remuneration of the 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) management of the SARS-CoV-2 pandemic effects, and (ii) progress back towards profitability for the Company and the Group, by continuing its restructuring.

These criteria for determining the variable portion of remuneration were adjusted to take account of the Company's challenging financial position, evidenced by the imperative of restructuring its debt, as well as that of the Recylex Group's, and of making progress with this restructuring and efforts to stabilize the Company, as well as the current pandemic and economic crisis.

To calculate attainment of the objectives set, the Remuneration and Nomination Committee takes account of: (i) targets set during the period under consideration relative to those actually reached, and (ii) specific situations arising from the environment and external influences, as well as how the Company reacts and addresses these specific situations to protect its interests.

The payment of this variable remuneration is conditional upon the approval by the ordinary general meeting of the remuneration elements of the Chief Executive Officer paid during the financial year 2021 or allocated in respect of the same financial year, under the conditions provided for in Article L. 22-10-34, II of the Commercial Code.

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 the possibility for the Company to request the return of the variable compensation.

The Board of Directors, on the proposal of Mr. Sebastian RUDOW and the Remuneration and Nomination Committee, has decided that Mr. Sebastian RUDOW will not receive variable remuneration for the performance of his duties as Chief Executive Officer during the financial year 2021.

- **Exceptional remuneration:**

The Board of Directors agreed in principle that the Chief Executive Officer may receive exceptional remuneration in certain circumstances, which will afterwards have to be disclosed and explained in precise terms by the Board of Directors. Payment of such remuneration will be contingent upon approval at the Ordinary Shareholders' Meeting of the Chief Executive Officer's remuneration as provided for in Article L. 22-10-34 of the Commercial Code.

- **Free shares:**

The Chief Executive Officer does not qualify for the benefit of any free share allotment plan, but is eligible for any future free share allotment plans on terms and conditions to be determined by the Board of Directors on the recommendation of the Remuneration and Nomination Committee.

- **Stock options:**

The Chief Executive Officer does not qualify for the benefit of any stock options plan, but he is eligible for any future stock option plans on terms and conditions to be determined by the Board of Directors on the recommendation of the Remuneration and Nomination Committee.

- **Supplementary pension plan:**

The Chief Executive Officer is covered by Recylex S.A.'s supplementary pension plan in the form of a group retirement savings plan or a compulsory defined-contribution group pension plan under the regime set out in Article 83 of the General Taxation Code.

- **Personal protection insurance:**

The Chief Executive Officer is a member of the personal protection and health insurance plan covering Recylex S.A.'s employees.

- **Company car:**

The Chief Executive Officer benefits from a company car.

- **Signing-on fee:**

No signing-on fee is provided for.

- **Unemployment insurance:**

The Company may subscribe to an unemployment on behalf of the Chief Executive Officer.

- **Termination of duties and no-compete clause**

No termination or non-competition indemnity is provided for in respect of the duties of the Chief Executive Officer. It is however specified that the employment contract of the current Chief Executive Officer, Mr. Jacky GOFFLOT, was not terminated at the time of his appointment as Managing Director, but it was suspended for the duration of his functions as Managing Director.

The remuneration policy applicable to the Chief Executive Officer in FY 2021 was adjusted to reflect the Company's challenging financial position and the effects of the current pandemic and economic crisis.

2.9.6.3. Remuneration policy for members of the Board of Directors in respect of FY 2021

The 11th resolution submitted to the Shareholders' Meeting of June 16, 2021 is related to the approval of the remuneration policy for members of the Board of Directors in FY 2021, in accordance with Article L. 22-10-8 of the French Commercial Code.

This section deals with the remuneration policy for directors. The specific treatment of the Chairman of the Board of Directors is detailed in Section 2.9.6.1 above.

Directors are appointed by the General Meeting for a term of three years or, in case of co-option, for the remaining term of office of the predecessor (for the term of office of each director, see Section 2.9.2.2 above).

Recylex S.A.'s Annual Shareholders' Meeting on May 12, 2014 set the aggregate annual amount of directors' remuneration allocated to members of the Board of Directors for the year then in progress and for future years at €150,000, until the Shareholders' Meeting decides otherwise.

Based on the recommendation of the Remuneration and Nomination Committee and the principles outlined above, the Board of Directors allocates the annual aggregate amount set by the Shareholders' Meeting to the individual directors.

In consideration for the duties they perform as directors and, in certain cases, as a member or chair of one or more committees, the directors receive a fixed sum, it being specified that their shares is pro-rated for members who join or leave the Board of Directors during a year.

On the recommendation of the Remuneration and Nomination Committee, the Board of Directors decided:

(i) To allocate the annual amount of €150,000 as directors' remuneration to members of the Board of Directors for FY 2020 as follows:
   - €20,000 to each Board member (including the Chairman of the Board of Directors) for the performance of their duties as directors
   - €20,000 in additional remuneration to the Chairman of the Audit Committee
   - €10,000 in additional remuneration to the Chairman of the Remuneration and Nomination Committee

(ii) To authorize the reimbursement by the Company of travel expenses incurred by the directors in connection with their duties upon production of supporting receipts and documents.

2.9.7. Transactions in Recylex shares by corporate officers

In FY 2020, two purchases of Recylex shares by two corporate officers were reported to the Autorité des Marchés Financiers.

- Karin Lattwein, a director, acquired 20 shares at a unit price of €1.848 on October 14, 2020, which was reported to the Autorité des Marchés Financiers on October 15, 2020.
- Nick Popovic, a director, was loaned 20 shares on November 17, 2020, which was reported to the Autorité des Marchés Financiers on November 20, 2020.

2.9.8. Arrangements for shareholders to attend and take part in shareholders' meetings

Shareholders may attend and take part in Shareholders' Meetings under the conditions provided by law and by Articles 21 et seq. of Recylex S.A.'s Articles of Association[16].

2.9.9. Internal monitoring and risk management procedures[17]

2.9.9.1. Internal monitoring

2.9.9.1.1. Definition, objectives and scope of internal monitoring

- **Definition and objectives**

Recylex S.A.'s internal control and risk management systems, as presented in section 2.9.9.2 below, comprise a set of resources, procedures and actions adapted to the characteristics and specific situation of Recylex S.A., aimed at

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

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

More specifically, the purpose of these procedures is to ensure within Recylex S.A. and its subsidiaries:

- Compliance with laws and regulations;
- Application of the guidelines set by Recylex S.A.'s General Management;
- The proper functioning of Recylex S.A.'s internal processes, in particular those contributing to the safeguarding of its assets and the reliability of financial information.

However, the internal monitoring system set up within the Group cannot provide an absolute guarantee that Recylex S.A.'s internal monitoring and risk management objectives will be achieved, or that all its risks will be controlled. There are inherent limitations to any internal monitoring system, which may be the result of numerous endogenous and exogenous factors.

- **Scope**

Within the Recylex Group, internal monitoring systems are established within Recylex S.A. and its various subsidiaries.

2.9.9.1.2. Components of the internal monitoring system

- **Internal monitoring players**

The entire internal monitoring system is managed by Recylex S.A.'s General Management and supervised by Recylex S.A.'s Audit Committee.

- **Organization of internal monitoring**

In 2020, the organizational principles of Recylex S.A. and its subsidiaries are based on a very high degree of decentralization of responsibilities for both the monitoring of operations, particularly those involved in the preparation of accounting and financial information, and risk management, which are nonetheless closely supervised by Recylex S.A.'s senior management.

[16] *The Company's Articles of Association are available on its website (www.recylex.eu - Group section).*
[17] *For the wording of this section, the Company drew on the "Internal control reference framework: Implementation guidelines for small and medium companies" prepared by the Autorité des Marchés Financiers dated February 25, 2008, updated on July 22, 2010.*

This organization enables the various companies making up the Group to be more responsive to the various constraints associated with their activities.

Monitoring is also exercised through a number of "support" functions located throughout the Group. The Company provides legal support, communication, financial control and consolidation of the Group's accounting and financial data. All of these support services are governed by service contracts negotiated between Group companies.

- **Monitoring activities**

The Group's internal monitoring procedures are organized around the following principles

- An organization by business segment in line with the Group's development and strategic orientations. This matrix organization sets out the areas of intervention, the respective powers and the delegations of authority of the cross-functional departments and the departments specific to the strategic activities;
- A budgetary control that takes place in three stages:
  1. The establishment, initially decentralized within the Group's establishments and subsidiaries, and then centralized at Recylex S.A.'s administrative headquarters, of an annual budget broken down by strategic activity and set monthly;
  2. The preparation of a rolling 12-month forecast, to be re-evaluated on a monthly basis;
  3. Monitoring the performance of the Group's activities through monthly reporting to the members of the Board of Directors of Recylex S.A., in order to track the performance of each of the Group's activities and ensure that they are in line with the objectives set.
- Monitoring and control of the activity and performance of the Group's operating units, involving the following players
  4. Recylex S.A.'s management control department monitors the subsidiaries' activities in detail on a monthly basis, based on the budget, actuals and periodically updated forecasts. The monthly reports drawn up by each operating unit or subsidiary using a dedicated computerized tool are reviewed by Recylex S.A.'s management control department and are the subject of specific investigations with the subsidiary if necessary;
  5. The Chairman and Chief Executive Officer, the Chief Financial Officer and the managers of the subsidiaries and operating units meet monthly to analyze the monthly performance of each unit, as well as the forecasts and their periodic updates ("Business Review");
- A common accounting and financial management information processing system for the main operating subsidiaries ("S.A.P." software package).

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

In this section, the term "Group" refers to Recylex S.A. and the companies included in its scope of consolidation (within the meaning of Article L.233-16 of the French Commercial Code). (within the meaning of Article L.233-16 of the French Commercial Code).

In order to ensure the reliability and integrity of financial information, accounting and financial information for all Group companies, with the exception of the Belgian subsidiary FMM, is managed using an integrated IT tool ("S.A.P." software package). It is also a good tool for comparing and integrating costs at the level of the consolidated companies. In terms of information flows, it aims to ensure common accounting schemes and the regularity of the accounting of operations.

In addition, this system allows for the real-time management of all goods movements in each user company.

Accounting work is thus carried out within the framework of this uniform information system by each Group company, which has its own accountants or, in certain cases, shares the services of an external accountant. The preparation of the annual financial statements for fiscal year 2020 has been entrusted to the accounting and financial managers of these companies, under the supervision of the Group Chief Financial Officer.

Financial and technical reporting is carried out monthly by each Group company and sent to Recylex S.A.'s General Management. The managers of each Group company are responsible for the reliability of their accounting and financial data. The data are summarized by Group Management Control, which ensures that the data are consistent and may request any additional information or explanations it deems necessary from the Group subsidiaries or establishments concerned. This reporting process therefore provides Recylex S.A.'s General Management with a monthly overview of the Group's activities and the actual achievement of assigned objectives.

The process of closing the consolidated financial statements is identical to that of reporting, i.e. decentralized and under the responsibility of each Group company. Technical consolidation has been outsourced to an external firm since the beginning of 2006. However, Recylex S.A.'s head office continues to handle the compliance of subsidiaries' accounts with IFRS, asset impairment tests and accounting for the hedging of metal price risks through derivatives, as well as segment analysis.

The Group Finance Department is responsible for controlling all these steps and the system for preparing financial and accounting information.

The accounting and financial information is also verified by Recylex S.A.'s Statutory Auditors as part of their legal obligations. At the end of this preparation phase, the financial statements are examined by the Audit Committee prior to the meeting of the Board of Directors of Recylex S.A. at which the Annual and consolidated financial statements of the Group are approved.

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 meeting of the Board of Directors on June 12, 2020, Recylex S.A. adopted a new stricter Code of Conduct in accordance with law no. 2016-1691 of December 9, 2016 on transparency, anti-corruption measures and the "Sapin II" modernization of business life. In addition, Recylex S.A. has introduced a whistleblowing system under which any of the Group's employees and any external or occasional employee may report failings of which they are aware related to the Recylex Group. The aim is for the new Code of Conduct and the whistleblowing system to apply to employees of all Group entities.

2.9.10. Delegations of authority and powers in force granted by the Shareholders' Meeting to the Board of Directors relating to capital increases

The table below summarizes the delegation of powers during 2020, as granted by the Shareholders' Meeting to the Board of Directors, relating to capital increases and the use of these powers made during 2020.

Nature of the delegation of authority	Date of Shareholders' Meeting (resolution number)	Period (expiration date)	Maximum authorized amount	Use made in FY 2020
Reduction in share capital by cancellation of shares	June 5, 2018 (No. 13)	24 months June 5, 2020 (Delegation expired)	10% of share capital in any 24-month period	None
Awards of free shares	June 5, 2018 (No. 14)	38 months (August 5, 2021)	3% 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, 2020, 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, 2020, 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" of this Report.
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 shareholders of Recylex S.A. identified 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, if they register the shares in their name 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, 2020.
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, 2020), 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.
10. The Company has not entered into agreements providing for payments to members of the Board of Directors, executive directors or employees where they resign or are dismissed without fair cause or if their job comes to an end as a result of a public tender or exchange offer that may have an impact on their role.

2.9.14. Agreements entered into, either directly or through a third party, between a corporate officer or shareholder holding over 10% of Recylex S.A.'s shares and companies controlled by Recylex S.A. in the meaning of Article L. 233-3 of the French Commercial Code

At December 31, 2020, following the loss of control over the German subgroup in May 2020, no agreement was entered into, either directly or through a third party, between a corporate officer or shareholder holding over 10% of Recylex S.A.'s shares and companies controlled by Recylex S.A. in the meaning of Article L. 233-3 of the French 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	2016	2017	2018	2019	2020
I SHARE CAPITAL AND OTHER EQUITY INSTRUMENTS AT THE YEAR-END					
Share capital	31,826,496	9,435,178	9,577,998	9,577,998	9,577,998
Number of ordinary shares in issue	24,110,982	25,500,482	25,886,482	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	445,000	265,500	0	0	0
II OPERATIONS AND RESULTS FOR THE FY					
Revenues excluding VAT	59,079,300	91,122,030	75,517,940	63,599,166	51,084,284
Income before tax, employee profit sharing, depreciation, amortization and charges to/(reversals from) provisions	1,637,140	(27 981 969)	4,772,110	1,404,021	(5,202,391)
Income tax	(312,959)	(148 210)	0	0	0
Employee profit-sharing in respect of the FY					
Income after tax, employee profit sharing, depreciation, amortization and charges to/(reversals from) provisions	(14,910,435)	6,493,991	(65 051 756)	2,444,815	(12,136,767)
Income paid out					
III. EARNINGS PER SHARE					
Income after tax, employee profit sharing, but before depreciation, amortization and charges to/(reversals from) provisions	0.08	(1,09)	0.18	0.05	0,20
Income after tax, employee profit sharing, depreciation, amortization and charges to/(reversals from) provisions	(0,62)	0.25	(2,51)	0.09	0,47
Net dividend per share					
IV EMPLOYEES					
Average number of employees during FY	37	38	40	42	39
Total payroll for the FY	2,293,806	2,382,591	3,882,299	3,361,550	3,066,913
Amount paid with respect to benefits for the year (social security, social welfare, etc.)	1,139,367	1,152,762	1,504,802	1,319,079	1,133,496

CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2020

CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2020

STATEMENT OF FINANCIAL POSITION

Financial year ended December 31, 2020

(In thousands of euros)	Notes	31/12/2020	31/12/2019
Assets			
Non-current assets			
Property, plant and equipment	**3 et 5**	5,764	29,832
Intangible assets	**4 et 5**	16	177
Right-of-use assets	**3 et 5**	1,105	2,352
Financial assets	**6**	65	218
Derivatives	**36**	-	-
Other non-current assets	**7**	-	2,205
Investments in associates	**7**	9,690	10,835
Deferred tax assets	**28**	-	-
Sub-total		**16,640**	**45,619**
Current assets			
Inventories	**8**	4,857	22,497
Trade receivables	**9**	2,486	14,653
Current income tax assets		-	-
Other current assets	**10**	6,457	9,711
Derivatives	**36**	-	-
Cash and cash equivalents	**11**	6,544	9,093
Non-current assets held for sale	**40**	-	15,094
Sub-total		**20,344**	**71,048**
TOTAL ASSETS		**36,984**	**116,667**

Financial year ended December 31, 2020

(In thousands of euros)	Notes	31/12/2020	31/12/2019
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		(188,019)	(105,614)
Net income attributable to equity holders of the parent		126,767	(84,340)
Translation adjustments		1,427	1,427
Share capital and retained earnings attributable to equity holders of the parent		**(39,209)**	**(168,716)**
Non-controlling interest		-	-
Total equity		**(40,014)**	**(168,716)**
Non-current liabilities			
Interest-bearing borrowings	**13**	-	16,000
Non-current lease liabilities		727	1,300
Provisions	**14**	12,846	17,288
Employee benefit obligations	**15**	466	33,259
Other non-current liabilities	**18**	29,776	31,585
Deferred tax liabilities	**28**	-	-
Sub-total		**43,815**	**99,432**
Current liabilities			
Interest-bearing borrowings	**13**	17,202	133,263
Current lease liabilities		525	1,091
Provisions	**14**	4,762	5,102
Employee benefit obligations	**15**	19	1,940
Trade payables	**16**	4,154	24,509
Current tax liabilities		-	126
Derivatives	**36**	-	541
Other current liabilities	**17**	6,521	13,748
Liabilities associated with non-current assets held for sale	**40**	-	5,630
Sub-total		**33,183**	**185,951**
Total liabilities		**76,998**	**285,383**
TOTAL EQUITY AND LIABILITIES		**36,984**	**116,667**

CONSOLIDATED INCOME STATEMENT

Financial year ended December 31, 2020

(In thousands of euros)	**Notes**	**31/12/2020**	**31/12/2019**
Sales of goods and services		113,883	237,431
Total sales	**19**	**113,883**	**237,431**
Purchases used		(82,665)	(167,396)
Staff costs	**21**	(16,720)	(41,391)
External costs	**20**	(24,820)	(52,243)
Taxes other than on income		(607)	(1,033)
Depreciation, amortization, charges to/(reversals from) provisions and impairment losses	**23**	(10,343)	(11,845)
Changes in work-in-progress and finished goods		(4,292)	(1,327)
Other operating income and expense	**24**	(46)	(670)
Operating income/(loss) before non-recurring items		**(25,610)**	**(38,475)**
Other operating income/(expense)	**25**	157,416	(23,167)
Share in income of associates		2,855	6,688
Operating income		**134,661**	**(54,955)**
Interest income from cash and cash equivalents		101	47
Gross interest expense		(5,516)	(12,211)
Net interest expense	**26**	**(5,415)**	**(12,164)**
Other financial income and expense	**27**	**(329)**	**(1,803)**
Income taxes	**28**	158	5
Net gain/(loss) on discontinued operations	**40**	(2,308)	(15,423)
Net income before non-controlling interest		**126,767**	**(84,340)**
Non-controlling interest		**-**	**-**
Net income attributable to equity holders of the parent		126,767	(84,340)
Earnings per share (in euros):			
- basic	**29**	4.90	(3.26)
- diluted	**29**	4.90	(3.26)

STATEMENT OF COMPREHENSIVE INCOME

Financial year ended December 31, 2020

(In thousands of euros)	**31/12/2020**	**31/12/2019**
Net income	**126,767**	**(84,340)**
Translation adjustment on associates	17	(1)
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	**17**	**(1)**
Actuarial gains and losses relating to pension liabilities	1,919	(4,703)
Deferred taxes on actuarial gains and losses relating to pension liabilities	-	-
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	**1,919**	**(4,703)**
Actuarial gains and losses relating to pension liabilities related to discontinued operations	148	(369)
Total other comprehensive income not to be reclassified in net income related to discontinued operations	**1,771**	**(4,334)**
Comprehensive income	**128,703**	**(89,044)**
Comprehensive income of discontinued operations	148	(369)
Comprehensive income of continuing operations	**128,555**	**(88,675)**
o/w:		
Portion of continuing operations attributable to equity holders of the parent	128,555	(88,675)
Non-controlling interest	-	-

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY AT DECEMBER 31, 2020

(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, 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)
Others	-	-	-	-	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)**
Net income for the year	-	-	-	-	126,767	126,767	126,767
Other comprehensive income							
Change in hedging reserves net of tax	-	-	-	-	-	-	-
Change in translation adjustments	-	-	-	-	17	17	17
Other	-	-	-	-	-	-	-
Actuarial gains and losses on pension liabilities net of tax	-	-	-	1,919	-	1,919	1,919
Total other comprehensive income	-	-	-	1,919	17	1,936	1,936
Comprehensive income for the period	**-**	**-**	**-**	**1,919**	**126,784**	**128,703**	**128,703**
Share-based payment	-	-	-	-	-	-	-
Increase/(reduction) in share capital	-	-	-	-	-	-	-
Equity at December 31, 2020	**25,886,482**	**9,578**	**10,233**	**(13,911)**	**(45,914)**	**(40,014)**	**(40,014)**

CONSOLIDÉS CONSOLIDATED CASH FLOW STATEMENT

Financial year ended December 31, 2020

(In thousands of euros)		***31/12/2020 (1)***	***31/12/2019 (1)***
Operating income/(loss) before non-recurring items		**-27,843**	**-45,314**
Depreciation, amortization, provisions and impairment losses		11,016	12,825
EBITDA	Note 19	**-16,827**	**-32 488**
Change in current working capital requirements		8,061	1,758
- Stocks		*8,589*	*3 754*
- Trade receivables and related accounts		*-6,197*	*2 299*
- Trade payables and related accounts		*2,320*	*-6 560*
- Other current assets and liabilities		*4,201*	*4 159*
- Social commitments		*-853*	*-1 895*
Non-cash current operating expenses		309	1,084
- Elimination of the impact of stock options			
- Gains or losses on disposals of fixed assets		*32*	*135*
- Provision for retirement commitments		*277*	*949*
Cash flow from current operations before tax		**-8,457**	**-29,646**
Impôts Taxes paid		140	143
Cash flow from current operations after tax		**-8,317**	**-29,503**
Other non-current operating income and expenses		1,940	-268
Other income and expenses related to site remediation		-2,533	-5,029
Change in non-current working capital requirements		369	-762
Other financial income and expenses		-344	-1,575
- Currency gains and losses		-58	*-252*
- Factoring costs		-265	*-1 107*
- Other financial income and expenses		-21	*-216*
Dividends received		4,000	9,250
Cash flow from operating activities		**-4,886**	**-27,887**
Change in scope of consolidation	(2)	10,692	
Acquisitions of property, plant and equipment and intangible assets	Note 3	-2,596	-15,663
Acquisitions and disposal of financial assets		-936	-464
Disposals of property, plant and equipment and intangible assets		8	215
Cash flow from investing activities		**7,169**	**-15,913**
Issuance of borrowings			
Repayment of borrowings			
Repayment of lease debt	Note 13	-1,088	-1,166
Other cash flows from financing activities	Note 13c	12,000	57,500
Interest paid	Note 13c	-744	-10,796
Other changes in capital			
Cash flows from financing activities		**10,169**	**45,538**
Impact of changes in accounting principles			

Change in cash and cash equivalents		**12,452**	**1,739**
Opening cash and cash equivalents		**-5,908**	**-7,448**
Change in cash and cash equivalents		12,452	1,739
Cash and cash equivalents from discontinued operations	Note 40	-	-199
Closing cash and cash equivalents	Note 11	**6,544**	**-5,908**

(1) The cash flows in the above consolidated cash flow statement are presented without taking into account the impact of the application of IFRS 5 as of December 31, 2020 and December 31, 2019. Cash flows from discontinued operations for the fiscal year 2020 with its 2019 comparison are presented below.

(2) The cash flow relating to the change in the scope of consolidation for the year ended December 31, 2020 corresponds to the cash of the German subgroup entities at the date of deconsolidation (negative net cash of €10.7 million) - see Note 37.

Cash flows from discontinued operations (IFRS 5)	Note 40		
Cash flow from operating activities		501	1,829
Cash flows from investing activities		-189	-2,208
Cash flows from financing activities		-41	-101
Change in cash and cash equivalents		**271**	**-481**
Opening cash and cash equivalents from discontinued operations		**199**	**679**
Change in cash and cash equivalents from discontinued operations		271	-481
Change in scope of consolidation		-470	-
Closing cash and cash equivalents from discontinued operations		**-**	**199**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Preamble:

The Group's activities were deeply impacted by the events reported hereafter in Note 1. These events resulted in the complete and definitive loss of control of the entity of the German sub-group, and thus their exit from the scope of the Group's activities. This had significant impacts at Recylex S.A. level mainly in terms of payability of the existing debt and reduced cash inflows from the entities of the German sub-group.

As of May 2020, the Group has taken actions in order to ensure the going on of its activities on the short term, and has started discussions with the main creditors that are Glencore International AG and the European Commission. The purpose of these discussions is to restructure the debt which reimbursement is today no more compatible with the cash generation capacity of the Group in its new configuration.

The outcome of these discussions, that are still in progress at the date of the approval of the financial statements, being uncertain, this situation rises a significant uncertainty on the going concern.

In this context, the following notes to the Consolidated Financial Statements as of 31 December 2020 should be read with a specific attention to:

- Note 1 which sets out the cash position and the financial debt of the Group and its parent company Recylex S.A. as at 31 December 2020;
- Note 2 which clarifies in paragraph "Going concern" the conditions under which the going concern principle has been applied in the preparation of consolidated financial statements as at 31 December 2020;
- Note 13 which describes in paragraph a) "Current portion of borrowings and other financial liabilities" the waiver granted by Glencore International AG of its right to declare the loan immediately due and the conditions precedent which could lead Glencore International AG to shorten this waiver before its term and the situation of cessation of payments which would result from it;
- Note 32.5.1 "Liquidity risk of the parent company Recylex S.A." which details, on one hand, the assumptions underlying the short- and medium-term financial outlook as well as the risks associated with not achieving these assumptions and, on the other hand, the exigibility of existing debts and their potential consequence on the going concern of Recylex S.A. and of the Group as a whole.
- Note 39 "Subsequent events" which reminds that discussions with creditors are continuing over 2021 and that in this context the Group is studying the feasibility of selling certain assets and/or activities.

NOTE 1 - PRESENTATION OF THE BUSINESS AND KEY EVENTS

Details of the Company

On April 22, 2021, the Board of Directors approved and authorized the publication of Recylex S.A.'s consolidated financial statements for the year ended December 31, 2020. These consolidated financial statements will be submitted for approval at the June/May xx, 2021 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

The Recylex Group is a specialist in lead recycling (from used automotive and industrial batteries), zinc recycling (from dust from electric steel mills) and polypropylene recycling.

The scope of the Group's activities has been profoundly impacted by the events described below at the level of the former German entities, making the scope of the Group's activities at December 31, 2020 difficult to compare with that existing at December 31, 2019.

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 the post-balance sheet events.

Significant events in 2020

Restructuring of the German sub-group's debt

At the beginning of 2020, the Group continued discussions with the financial partners to restructure the debt of the German sub-group. The main developments were as follows:

Following discussions with the financial partners in December 2019, the Group initiated the study of asset disposals concerning Weser-Metall GmbH in addition to PPM Pure Metals GmbH and Norzinco GmbH (whose disposal processes had been initiated in the first half of 2019) in order to restructure the German subgroup' debt, 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 disposal projects allowing the restructuring of 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 with Glencore International AG, bringing the total amount to €61.4 million, with a maturity date of April 30, 2020.

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

- From Glencore International AG an extension of the existing bridge financing in the amount of €4.4 million to cover identified cash needs until May 31, 2020 (compared to April 30, 2020 previously). The bridge financing has thus increased to €65.8 million (previously €61.4 million). Glencore International AG has also extended the maturity date of the bridge financing and the additional financing (€16.8 million) to May 31, 2020;
- With the banks a waiver until May 31, 2020 of the early termination rights in respect of the 2016 financing, as well as a waiver 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, together with the interests 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 progress review of the disposal projects, previously scheduled for mid-March 2020, will now take place at the end of April 2020.

On April 15, 2020 the German subgroup informed its financial partners of the delay in the progress of the disposal projects of, among others, Weser Metall GmbH, mainly due to the restrictions occasioned by the SARS-CoV-2 pandemic.

In this context, on May 7, 2020 the German sub-group obtained an extension of the current schedule of discussions until June 30, 2020 (compared to May 31, 2020 previously) as well as :

- From Glencore International AG an extension of the existing bridge financing up to an amount of €6.5 million in order to cover the identified cash needs until June 30, 2020 (compared to May 31, 2020 previously). The bridge financing would thus be increased to €72.3 million (previously €65.8 million). An extension to the same date was also obtained from Glencore International AG of the maturity date of the bridge financing and the additional financing (€16.8 million);
- From the bank consortium a waiver until June 30, 2020 of the early termination rights in respect of the December 2016 financing, as well as a waiver 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, together with the interests due on December 31, 2019 and March 31, 2020, for a total amount of approximately €5.5 million.

In addition, the assessment by the financial partners of the conditions under which their financing could be maintained beyond May 31, 2020 has been postponed to mid-May 2020 instead of the end of April 2020.

The disposal projects and the debt restructuring processes of the German subgroup described above were subsequently interrupted by the filings for insolvency proceedings at the level of the former German subgroup's entities on May 14, 2020, as reported 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.

In order to adapt to the steep decline in demand, particularly in the automotive industry, and against the background of sharply falling metal prices, Weser-Metall GmbH halted its production on 26 March 2020. 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 and the recourse to credit mediation for C2P S.A.S. was not successful.

The sharp decline in zinc prices and the deterioration of business conditions continued in the first quarter of 2020, further impacting the business of the Zinc segment downwards. As of April 30, 2020, Harz-Metall GmbH's electric arc furnace dust recycling sales did not increase despite a favorable base of comparison in the first four months of 2019 when a maintenance shutdown had taken place. Notwithstanding a steep increase in production volumes (9,000 tonnes compared with 5,000 tonnes), sales were only slightly above their level in the first four months of 2019 to €5.5 million due to the significantly deteriorated business conditions and a sharply falling zinc price.

Combined with the sharp rise in energy and production costs, this activity recorded a current operating loss of €1.8 million for the first four months of 2020.

Given the existing macroeconomic outlook in early May 2020 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. Given the inability to cover this new additional financing requirement, the prospect of Harz-Metall GmbH continuing as a going concern had become compromised and, due to German law, the management of Harz-Metall GmbH was forced to file for insolvency 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 for insolvency proceedings on May 14, 2020 because of the joint liabilities of all the German sub-group's entities towards the financial partners. These requests for insolvency proceedings were confirmed by decisions of the German Insolvency Court of Göttingen on May 15, 2020. It should be noted that the Recylex Group's French companies are not included in these proceedings under German law.

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 initiate "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 overcome.

The fillings for insolvency proceedings at the level of the German sub-group's legal entities will have the following major implications for the former 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. On May 18, 2020, the Group obtained from Glencore International AG an initial conditional suspension until October 31, 2020 of its right to declare the loan immediately due. This suspension of rights was subsequently extended to February 19, 2021. At the date of approval of the accounts, Recylex S.A. benefited from a further temporary suspension of the Glencore International AG's right to declare the loan immediately due. The conditions of this suspension of rights are described in Note 13 "Interest bearing borrowings" and Note 32.5.1.2 "Financial Liabilities - Recylex S.A.";
- On the other hand, as of the decisions of the German Insolvency Court confirming the opening of insolvency proceedings, Recylex S.A. has definitively lost control of the German entities, which has resulted in the deconsolidation of the entire German scope in its consolidated financial statements.

Changes in the scope of consolidation

The loss of control is a direct consequence of the decisions of the German Court confirming the filings fo insolvency proceedings at the level the German sub-group entities. With the court's decisions, all powers have been transferred in full to the Managing Directors of the German entities and to the court-appointed insolvency administrator. Since the criteria for consolidation laid down in IFRS 10 are no longer met, Recylex S.A. has deconsolidated all the German entities subject to insolvency proceedings as of May 14, 2020, namely:

- Lead segment: Weser-Metall GmbH (the Group's smelting operation) 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).

As result, the Recylex Group is, from that point onwards, solely constituted 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
- Other segments: Recylex S.A.'s holding activities, including the 50% joint venture in Recytech S.A. accounted for by the equity method in the Group's consolidated financial statements

Note 37 "List of consolidated entities and changes in the scope of consolidation" of the consolidated financial statements presents the impact of the deconsolidation of the German sub-group on the consolidated financial statements as of December 31, 2020.

Group cash position and financial debt

The Group's gross cash position amounted to €6.5 million at December 31, 2020, down €2.6 million comparing to €9.1 million at December 31, 2019. At December 31, 2020, the Group had no credit lines, unlike as of December 31, 2019, when the Group had available and fully drawn credit lines at the level of the former German subgroup amounting to €15.0 million.

As result, the Group had a positive net cash position of €6.5 million at December 31, 2020, compared with a net cash position of -€5.9 million at December 31, 2019.

Based on the new scope of consolidation, cash and cash equivalents amounted to €6.5 million compared to €5.2 million at December 31, 2019, up €1.3 million. This increase in cash and cash equivalents is mainly due to:

- a positive cash flow from operating activities of €1.4 million following a sharp reduction in working capital requirements of €6.9 million in the two Lead and Plastics segments, which overcompensated for the loss generated by the two businesses (EBITDA of -€5.5 million);
- dividends from Recytech SA (accounted for by the equity method) of €4.0 million;
- a positive cash flow of €1.9 million following the repayment of part of the compensation paid by Recylex S.A. in connection with the claims of former Metaleurop Nord employees following the Court of Cassation ruling of May 24, 2018.

These positive cash flows have enabled the company to finance its investments (€1.0 million), the repayment of €1.1 million (including interest) under the plan to pay off the penalty imposed by the European Commission, and expenses related to the rehabilitation of former sites amounting to €3.1 million.

Net financial debt breaks down as follows:

Net debt *(in thousands of euros)*	***December 31, 2020***	***December 31, 2019***	***Change***
Cash and Cash equivalents	6,544	9,092	(2,548)
Total assets	**6,544**	**9,092**	**(2,548)**
Non-current financial liabilities	726	17,300	(16,574)
Of which rent liability IFRS 16	*726*	*1,300*	
Current financial liabilities	17,727	134,714	(116,987)
Of which rent liability IFRS 16	*525*	*1,092*	
Other non-current liabilities *(1)*	29,716	31,585	(1,869)
Other current liabilities *(1)*	4,138	2,418	1,720
Total liabilities	**52,307**	**186,017**	**(133,710)**
Net debt	**45,763**	**176,925**	**(131,162)**

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

The Group's net financial debt amounted to €45.8 million, down €131.2 million from December 31, 2019, due to the deconsolidation of the German subgroup, whose share of net financial debt at December 31, 2019 amounted to €130.5 million.

The Group's net financial debt at December 31, 2020 breaks down as follows:

- A loan of €16 million granted in 2014 by Glencore International AG. As at 31 December 2020 the debt under this loan amounts to €17.2 million (including capitalized and accrued interest). The insolvency of the German sub-group entities has made this loan payable at any time to Glencore International AG, which explains the classification of this debt as "current" at December 31, 2020, whereas it was presented as "non-current" at December 31, 2019 (see above and Note 13 "Interest-bearing loans);
- The debt relating to the European Commission's fine in the amount of €24.7 million. This debt is subject to a repayment plan under which Recylex S.A. (the Group's parent company) will pay the fine (the Group's parent company) and the waiver of a significant portion of the fine to the medium to long term (see note 18.2 to the consolidated financial statements at December 31, 2020). The Company temporary suspended in September 2020 the payment of the fine imposed by the European Commission according to the payment plan agreed in 2017 and has entered into discussions with the European Commission regarding the payment of this fine. The unpaid amounts total €0.5 million (due from September to December 2020).
- The clawback clause for an amount of €4.1 million (see note 18.1 to the consolidated financial statements at December 31, 2020). The amounts due under this clause amount to €2.7 million. The main creditor is Glencore International AG with €2.5 million. Recylex S.A. has obtained a suspension of its right to demand payment of this debt from Glencore International AG on the same terms as the suspension of its right to declare the loan of €16.0 million immediately due and payable.
- The rescheduled debt from the continuation plan of Recylex S.A. for an amount of €5.1 million to Glencore International AG (due in 2026).

As future debt maturities (see Note 35) are no longer compatible with the Group's future cash generation in its new scope of consolidation and configuration, Recylex S.A. initiated discussions with its creditors - namely Glencore International AG and the European Commission - in 2020 targeting to adapt the amount and maturity of the debts to the Group's cash generation capacity in its new configuration. These discussions were still in progress at the date of the approval of the consolidated financial statements. Recylex S.A.'s ability to continue as a going concern will depend, among other things, on the outcome of these discussions (see Notes 2 section "Going concern" and 32.5 "Liquidity risk").

Cash position of the parent company Recylex S.A.

At December 31, 2020, the parent company Recylex S.A.'s available cash amounted to €4.8 million compared with €4.5 million at December 31, 2019.

The temporary increase in cash at June 30, 2020 (€11.6 million) was due to a sharp decrease in working capital caused by a sharp decrease in trade receivables and inventories following the reduction in activity in April 2020 and Weser-Metall GmbH's prepayment system for Recylex S.A. deliveries since May 15, 2020. The increase in working capital requirements in the second half of 2020 (+€3.2 million) and the Company's operating losses have significantly reduced cash in the second half of 2020.

Recylex S.A. also continued to carry out the rehabilitation works on the Estaque site in 2020 for an amount of €1.8 million, it being specified that Recylex S.A. has obtained from the competent authorities a temporary stop of the rehabilitation works on the Estaque site until December 31, 2021, and a postponement of the rehabilitation works until December 31, 2024.

Costs for former mining sites amount to 0.7 million Euro. The total amount of work remaining to be carried out was reassessed during the second half of 2020 and is fully provisioned at December 31, 2020 for an amount of €9.1 million. Recylex S.A. will have to find external financing to fund this works or sell the site in its current state, as the cash flow generation under the new Group structure is insufficient to fund these works.

The Company has prepared a cash flow forecast based on the information available to date, in particular sales volumes to the former subsidiary Weser-Metall GmbH, which is now Recylex S.A.'s principal and quasi unique client, and cash outflows related to its commitments in connection with the rehabilitation of the former mining sites and the site of Estaque. This forecast is based on the assumptions set out in Note 32.5 “Liquidity risk”, section 32.5.1.1 “Cash flow forecasts”.

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. has 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 the repayment of the claims under this continuation plan.

At December 31, 2020, 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 aforementioned payment for the European Commission’s fine, the repayment date for these liabilities was rescheduled for 2026.

The debt due under the clawback clause amounts to €2.7 million, of which €2.5 million is owed to Glencore International AG. Recylex S.A. obtained from Glencore International AG a temporary suspension of its right to demand payment of this debt at the same terms as the suspension of its right to declare the loan of €16.0 million immediately payable.

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 2020 are presented hereinafter.

(i) Former employees of Metaleurop Nord S.A.S.

a) Claims for damages for dismissal without fair cause (2010)

In 2013, the Lens labour tribunal considered Recylex S.A. to be the co-employer of 187 former employees and decided to include in the liabilities of Recylex S.A.'s continuation plan compensation totaling approximately €7.1 million, for which provisions have been made in Recylex S.A.'s accounts, following an appeal by Recylex S.A., which suspended the execution of these decisions.

On the other hand, in 2013, the Lens labour tribunal considered Recylex S.A. to be the co-employer of six protected former managerial employees, but declared itself incompetent to examine their claims due to the principle of separation of judicial and administrative powers. Following the appeal lodged by these former protected employees against the decisions of the court of first instance, the Douai Court of Appeal upheld these decisions in its judgments of 21 February 2014.

On January 31, 2017, overturning the 187 decisions handed down by the Lens labour tribunal in 2013, the Douai Appeal Court refused to consider Recylex S.A. as a co-employer of the claimants, but nevertheless considered that Recylex S.A. had committed misconduct that had caused damage to the former employees of Metaleurop Nord S.A.S., and therefore ordered Recylex S.A. to pay each of the 187 former employees of Metaleurop Nord S.A.S. between €15,000 and €53,000 in compensation for loss of opportunity to retain employment, as well as €400 in costs, representing a total principal amount of €7,759,800. Recylex S.A., which appealed against these decisions before the Cour de Cassation, paid all the sums due under these decisions, in principal and interest, on December 1, 2017.

On May 24, 2018, the Cour de Cassation:
- On one hand, 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
- And on the other hand, 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), 89 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 €2.0 million) and 14 have neither appealed nor followed up on the proposed settlement.

As of December 31, 2020, following the Court of Cassation's ruling of May 24, 2018, Recylex S.A. had recovered approximately €2 million of the total €7.8 million in compensation paid.

b) Claims for damages for the prejudice of anxiety and breach of a safety obligation

The total amount of claims, most of which were received between 2013 and 2017, amounts to €4.4 million, for which a provision of €4.0 million has been made in the accounts for the year ended 31 December 2020.
These applications are detailed as follows:

- *Claims for compensation by 97 former employees of Metaleurop Nord S.A.S. represented by the CGT*

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.

- *Compensation claims by 333 protected and unprotected former employees of Metaleurop Nord S.A.S.*

In the context of these claims:
- o The deliberation of the Conseil de Prud'hommes de Lens (section Encadrement) concerning the claims made by 37 former managerial employees will be delivered on 23 March 2021. At the last stage of these proceedings, the claims amounted to a total of approximately €1.1 million;
- o The deliberation of the Lens Labour Court (Industry section) concerning the claims of 290 former non-managerial employees will be delivered on 23 April 2021. At the last stage of these proceedings, the claims amounted to a total of approximately €9.2 million.

However, in all of these cases, the 327 former employees of Metaleurop Nord S.A.S. requested that Metaleurop Nord S.A.S. be condemned exclusively and that Recylex S.A. be exonerated.

- *Compensation claims by 13 other former employees of Metaleurop Nord S.A.S. represented by the CGT*

In connection with these claims, on March 30, 2018, the Lens labour tribunal ordered Recylex S.A. to pay each of these former employees between €4,000 and €20,000 in damages and €500 under Article 700 of the French Code of Civil Procedure, i.e. a total amount of €186,500 Recylex S.A. appealed against these decisions, which suspended their enforcement. On November 27, 2020, the Douai Appeal Court overturned the lower court's ruling against Recylex S.A. and dismissed the former employees' claims.

- *Claims made by 91 former employees of Metaleurop Nord S.A.S. who were among the 187 former employees who made claims for compensation for dismissal without real and serious cause in 2010 (see paragraph a/ above).*

Among the 187 claimants, 91 former employees of Metaleurop Nord S.A.S. had made additional claims for compensation for anxiety and breach of a safety obligation before the Douai Court of Appeal for a total amount of €2.7 million.

On 31 January 2017, the Douai Court of Appeal decided to postpone ruling on these compensation claims pending the outcome of the administrative procedure underway concerning the inclusion of the Metaleurop Nord site in Noyelles-Godault on the list of establishments entitled to the early retirement benefit for asbestos workers (ACAATA).

In the context of these proceedings, the Douai Administrative Court of Appeal decided, in a judgment of 2 March 2017 that became final, that the registration order should be repealed, and a ministerial order to this effect was issued on 19 December 2017 (see section 1.2.1.2 below).

On 19 February 2021, the Douai Court of Appeal noted that 12 former employees had withdrawn their claims and declared the 79 claims for compensation for anxiety-related harm submitted in the appeal proceedings to be time-barred and therefore inadmissible.

<u>c) Claims for compensation for damage linked to the cancellation of the authorization to dismiss made by 15 former protected employees of Metaleurop Nord S.A.S. and Recylex S.A.'s application for voluntary intervention against the cancellation of the authorizations to dismiss former protected employees of Metaleurop Nord S.A.S.</u>

The claims for compensation for damages related to the cancellation of the dismissal authorization are linked to the administrative procedure initiated by former protected employees to cancel the authorization for their dismissal granted by the Labour Inspectorate in the context of the judicial liquidation of Metaleurop Nord S. A.S. The Company, having never been called upon or represented in this administrative procedure, filed a petition for voluntary intervention before the Administrative Court of Appeal in Douai in January 2015, seeking to challenge the authorization for their dismissal. A.S. The Company, having never been called upon or represented in this administrative procedure, filed a voluntary intervention application in January 2015 before the Douai Administrative Court of Appeal to challenge this cancellation decided by the Lille Administrative Court on 2 October 2013.

On 7 February 2018 and 13 April 2018, the Conseil d'Etat decided to annul the judgment of the Douai Administrative Court of Appeal of 31 December 2015 and the judgment of the Lille Administrative Court of 2 October 2013, confirming the validity of the authorizations for the dismissal of the latter, decided in 2003.

Following these decisions by the Conseil d'Etat, 15 former protected employees of Metaleurop Nord S.A.S. withdrew their action against Recylex S.A. before the Conseil de Prud'hommes de Lens to contest their dismissal.

(ii) 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 S.A.S. 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 compensation for anxiety and/or disruption of living conditions and/or breach of a safety obligation are part of the administrative procedure initiated in 2003 by the Chœurs de Fondeurs association (grouping together former employees of Metaleurop Nord S.A.S.) aimed at classifying the Metaleurop Nord S.A.S. establishment in Noyelles-Godault on the list of asbestos manufacturing, flocking and lagging establishments likely to give rise to entitlement to the ACAATA.

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 S.A.S. 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 S.A.S. 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 S.A.S.' 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 S.A.S., 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.

(iii) Liquidators of Nord S.A.S.

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 S.A.S. 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 S.A.S. employees, which led to damages being paid by Recylex S.A. to over 550 former employees of Metaleurop Nord S.A.S. 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 S.A.S. 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 S.A.S. 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.

On December 10, 2020, the Douai Appeal Court found that the liquidators of Metaleurop Nord S.A.S. were personally at fault and ordered the liquidators of Metaleurop Nord S.A.S. to pay Recylex S.A. €809,396.75 in respect of the causal part of their fault in the judgments against Recylex S.A. in the context of the redundancies of the former employees of Metaleurop Nord S.A.S., which had led to the granting of compensation to the employees. The liquidators and their insurers appealed against this decision to the Court of Cassation.

b) Claim for damages against Recylex S.A.

On October 17, 2014, the liquidators of Metaleurop Nord S.A.S. brought an action against Recylex S.A. before the Arras Commercial Court, seeking an order that Recylex S.A. pay a total principal amount of approximately €22 million, which has not been provided for, corresponding to statutory redundancy payments, compensation in lieu of notice, paid vacations, employer's contributions and remuneration, paid to the former employees of Metaleurop Nord S.A.S. by the French wage guarantee scheme (AGS).

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 S.A.S. was inadmissible because the claim was time-barred from March 21, 2013 and also because their alleged claim arose prior to the start of Recylex S.A.'s judicial recovery procedure but was not declared on the list of liabilities.

On 28 January 2021, the Douai Court of Appeal rejected the appeal lodged by the liquidators, confirming the first instance judgment insofar as it had considered the liability action brought by the liquidators of Metaleurop Nord S.A.S. to be inadmissible as time-barred.

No provision has been set aside in the Company's financial statements in relation to these proceedings.

(iv) 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.

In July 2020, Recylex S.A. made a request to the European Commission to adapt the amount and payment plan to the new economic situation of the Group in its new configuration, following the loss of control of the German sub-group in May 2020, so that this payment plan would be compatible with Recylex S.A.'s capacity to generate cash. In parallel with this request, the fine payment plan was temporarily suspended.

(v) 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 30), 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 METHODES 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.

The SARS-CoV-2 pandemic, the high volatility of lead and zinc prices and the Euro/dollar exchange rate, as well as the economic events that have impacted the scope of the Group's activities, as described in Note 1 "Business review and major events", create specific conditions for the preparation of the consolidated financial statements for the year ended in December 31, 2020, particularly with regard to the accounting estimates that are required in application of the accounting principles.

In this context, the significant judgments and accounting estimates used in the preparation of the consolidated financial statements for the year ended in December 31, 2020 were made on the basis of the best estimate available to Group management at that date.

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. More specifically, the Group has reviewed certain assets and liabilities in the light of the crisis and the particular economic and financial context currently experienced by the Group:

- Impairment losses on industrial assets: in December 2020, the Group reviewed the recoverable amount of CGUs for which indications of impairment were identified and whose recoverable amount was significantly influenced by events in fiscal year 2020 described in Note 1.
- Trade receivables from the German subgroup entities that arose prior to the filing for insolvency proceedings have been fully impaired in fiscal 2020 in the amount of €5.2 million. Since May 15, 2020, deliveries to Weser-Metal GmbH have been subject to prepayments by the latter.
- The Group has not recognized any deferred tax assets in excess of deferred tax liabilities, maintaining a net zero position in its financial statements as for the year ended in December 31, 2019.

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, 2020

The accounting methods and measurement rules applied by the Group in the consolidated financial statements for the year to December 31, 2020 are identical to those used in the financial statements to December 31, 2019.

The following standards are applicable as of January 1, 2020 and do not have a material impact on the financial information presented:

- Amendments to IFRS 3 - Definition of a business
- Amendments to IAS 39, IFRS 7 and IFRS 9 - Reform of Reference Interest Rates
- Amendment - Modification of references to the conceptual framework in the standards
- Amendments to IAS 1 and IAS 8 -Definition of materiality

These amendments have no impact on the financial information presented**.**

New standards published but not yet effective

The following new standards, amendments to existing standards and interpretations have been published but are not effective as of December 31, 2020 and have not been early adopted by the Group:

- Amendment to IFRS 16 - Covid-19 Pandemic Rent Relief
- Amendment to IAS 1 - Presentation of financial statements: classification of liabilities as current or non-current
- Amendment to IFRS 10 and IAS 28 - Sale or contribution of assets between an investor and an associate or joint venture

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 continuation until May 2020 of the discussions with the financial partners with a view to restructuring the debt of the German sub-group, as well as the fillings for insolvency proceedings at the level of the German sub-group's entities on May 14, 2020 (see Note 1), confirmed by the Insolvency Court of Göttingen on May 15, 2020, creates special conditions for the closing of the accounts as of December 31, 2020.

The going concern basis on which the consolidated financial statements for the year ended on December 31, 2020 have been prepared is heavily dependent on:

- The economic and financial outlook of the Group with the residual scope as of May 15, 2020. The ability of Recylex S.A. to continue its business 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. It should be noted that Weser-Metall GmbH is now Recylex S.A.'s principal and quasi unique client;
- The outcome of discussions with the Group's creditors, Glencore International AG and the European Commission, concerning the adaptation of both the amounts and the maturity of the debts to the Company's ability to repay;
- Recylex S.A.'s ability to find financing for the rehabilitation of the Estaque site or the opportunity to sell the site in its current state.

Taking these developments into account, Recylex S.A. has drawn up financial forecasts, the main assumptions of which are described in Note 32.5 ("Liquidity risk") and which affect the ability of Recylex S.A. to continue as a going concern and, by extension, the Group as a whole. The cash flow forecasts thus established may also be affected by the risk factors described in the same note.

In this context and under the assumptions and risks described in Notes 32.5 to the consolidated financial statements, the consolidated financial statements for the year ended in December 31, 2020 have been prepared on a going concern basis.

It should be noted that 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 32.5, that would give rise, depending on its magnitude, to a short-term financing requirement that would necessitate seeking and obtaining new financing in order to cover its cash requirements and meet its liabilities in the normal course of its business.

At the date of closing of the consolidated accounts, Recylex S.A. is actively working with its advisors on restructuring the Company's financial and non-financial debt and is studying the feasibility of the disposal of certain assets and/or activities in order to allow a debt restructuring and the remaining operations to continue. The financial outlook is based on a favorable outcome to the discussions initiated with Recylex S.A.'s creditors regarding the adjustment of the amount and maturity of existing debts to the Group's future cash generation capacity. These discussions are currently in progress at the date of approbation of Recylex S.A.'s consolidated financial statements by the Board of Directors. The outcome of these discussions is uncertain, and if no agreement is reached with the creditors, then the consequences in terms of payability of debts would lead Recylex S.A. to declare its cessation of payments in the current state of its cash flow forecasts.

Consequently, this situation gives rise to significant uncertainty as to the company's ability to continue as a going concern.

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 and integrated.

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.

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 and intangible assets

- **Property, plant and equipment**

Property, plant and equipment is carried at historical cost, excluding recurring maintenance expenses, less accumulated depreciation and any accumulated impairment losses. Cost include the acquisition cost or 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 in the income statement under "Depreciation, amortization, charges to/(reversals from) provisions and impairment losses ".

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 and loss of value**

- *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 the different operating activities that may coexist within the same entity.

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.

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

In its current configuration, the Group is mainly confronted with a transactional risk related to metal prices. This risk is related to fluctuations in metal prices in relation to its unrecognized firm commitments arising from sales contracts. The exposure arises from sales of metals for which production is based on secondary materials (lead from the recycling of used lead-acid batteries), the price of which is not indexed to the market price, and on surplus metals recovered from the materials to be processed.

The Group may use derivatives on metals listed on the LME or forward contracts to hedge these transactional risks. These derivatives are initially and subsequently measured at fair value, but do not qualify as hedging instruments within the meaning of IFRS 9. Changes in fair value are recognized in "Other financial income" or "Other financial expenses" in the income statement

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.

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 works:

- Provisions for site remediation are recorded for discontinued sites, in accordance with legal requirements.
- For sites in operation, provisions are recorded to cover identified risks when a legal or regulatory obligation is declared.
- 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.

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 pensions and other post-employment benefits*
  In accordance with the laws and practices of each country, the Group provides its employees with pensions and other post-employment benefits plans. In France, each Group employee is entitled to a retirement benefit.
  In addition to the basic plans, the 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.

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 major 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

- <u>From January 1st, 2020 until the date of deconsolidation of the German sub-group entities:</u>

  Sales from the lead, zinc and polypropylene business correspond to sales of recycled lead, zinc and polypropylene as well as sales of by-products obtained during the recycling process (silver, sulfuric acid) and the share in treatment costs.

  Sales from the special metals activity corresponds to sales of high purity metals (arsenic, germanium, and gallium) produced or purified.

  Sales from these activities are recognized upon transfer of control of the products to the customer, i.e. when the identified performance obligation(s) are met. For its various activities, the Group has determined that performance obligations are primarily satisfied upon delivery of products and, accordingly, sales are recognized at that specific date.

  For volumes processed in the context of industrial subcontracting, the volumes produced are not recognized in the calculation of revenue.

- <u>From the date of deconsolidation of the German sub-group entities until the end of the financial year:</u>

  Sales from ordinary activities correspond to:
  - Lead: sales of secondary materials containing lead from the processing of used lead-acid batteries,
  - Plastics: sales of recycled polypropylene compounds produced from polypropylene waste, including the casings of used lead-acid batteries.

  Sales associated with these sales are recognized upon transfer of control of the products to the customer, i.e. when the identified performance obligation(s) are met.

  In its various businesses, the Group has determined that the performance obligations are primarily satisfied upon delivery of the products and, accordingly, sales are recognized at that specific date.

Operating income/ (loss) before non-recurring items

Operating income/ (loss) before non-recurring items corresponds to the result of the operating process and includes all recurring income and costs directly related to the Group's activities, except for:

- 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 S.A.S. (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 operating income and expenses

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.

Taxes

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, 2019 and December 31, 2020

31/12/2019 *In thousands of euros*	***Gross Value***	***Accumulated depreciation and impairment losses***	***Net Value***
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**

31/12/2020 *In thousands of euros*	***Gross Value***	***Accumulated depreciation and impairment losses***	***Net Value***
Land	2,183	-	2,183
Buildings	11,832	(9,293)	2,539
Plant, equipment and tools	16,408	(16,090)	318
Assets in progress	698	(489)	209
Other	5,782	(5,267)	515
Total	**36,903**	**(31,139)**	**5,764**

The decrease in property, plant and equipment between 2019 and 2020 is related to the deconsolidation of the German subgroup entities in the first half of 2020 (see Note 1 "Presentation of the business and major events" and Note 37 "List of consolidated entities and changes in the scope of consolidation").

The net value of the property, plant and equipment of the entities in the German scope of consolidation as of December 31, 2019 amounted to €23.9 million (€319.6 million in gross value and -€295.7 million in accumulated depreciation and impairment losses).

Impairment losses included in "Accumulated amortization and impairment losses" amounted to €71.1 million as of December 31, 2019 (including €66.4 million for the CGUs attached to the entities of the German subgroup deconsolidated in 2020 and €4.7 million euros as of December 31, 2020 (see Note 5 "Impairment tests").

b) Right-of-use assets at December 31, 2019 and December 31, 2020 under IFRS 16

31/12/2019 *In millions of euros*	*Gross Value*	*Accumulated depreciation and impairment losses*	*Net Value*
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**

31/12/2020 *In millions of euros*	*Gross Value*	*Accumulated depreciation and impairment losses*	*Net Value*
Buildings	549	(219)	330
Plant, equipment and tools	3,194	(2,666)	528
Other	619	(372)	247
Total	**4,362**	**(3,257)**	**1,105**

Impairment losses recognized on assets relating to lease rights of use (IFRS 16) amount to €1.0 million at December 31, 2019 and €0.9 million at December 31, 2020.

c) Change in property, plant and equipment between January 1, 2019and December 31, 2020

In thousands of euros	*Net*
Net carrying amount after depreciation and impairment losses at January 1, 2019	**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)
Impact IFRS 5	(2,749)
Other	(1,454)
Net carrying amount after depreciation and impairment losses at December 31, 2019	**29,832**
Capital expenditures	2,351
Depreciation for the year	(4,039)
Impairment losses for the year (net of reversals)	-
Disposals and retirements	(41)
Effect change of consolidation scope	(22,455)
Other	116
Net carrying amount after depreciation and impairment losses at December 31, 2020	**5,764**

Investments in fiscal year 2020 amounted to €2.4 million and mainly concerned:

- Investments made by the German sub-group entities up to the date of their deconsolidation for a total amount of €1.4 million;
- Recylex S.A.'s capital expenditures of €0.9 million to renew equipment at the Villefranche and Escaudoeuvres used lead-acid battery processing plants;
- Investments in the polypropylene recycling business, amounting to €0.1 million.

Depreciation and amortization for the year includes €2.9 million of depreciation and amortization for the German sub-group entities until the date of their deconsolidation. The effect of the change in the scope of consolidation of €22.5 million represents the net value of the fixed assets of the entities of the German sub-group at the date of their deconsolidation.

NOTE 4 - INTANGIBLE ASSETS AND GOODWILL

Intangible assets and goodwill break down as follows:

a) Intangible assets and goodwill at December 31, 2019 and December 31, 2020

31/12/2019 *In thousands of euros*	*Gross Value*	*Accumulated amortization and impairment losses*	*Net Value*
Goodwill	-	-	-
Concessions, patents, licenses, etc.	7,545	(7,368)	177
Other intangible assets	-	-	-
Total	**7,545**	**(7,368)**	**177**

31/12/2020 *In thousands of euros*	*Gross Value*	*Accumulated amortization and impairment losses*	*Net Value*
Goodwill	-	-	-
Concessions, patents, licenses, etc.	3,490	(3,474)	16
Other intangible assets	-	-	-
Total	**3,490**	**(3,474)**	**16**

b) Change in intangible assets between January 1, 2019 and December 31, 2020

In thousands of euros	***Net***
Net carrying amount after amortization and impairment losses at January 1, 2019	**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**
Capital expenditures	56
Goodwill	-
Amortization for the year	(51)
Impairment loss	-
Disposals	-
Impact of changes in the scope of consolidation	(166)
Other	-
Net carrying amount after amortization and impairment losses at December 31, 2020	**16**

NOTE 5 – IMPAIRMENT TESTS

Presentation of the CGUs

The Group's assets consist exclusively of property, plant, equipment and intangible assets with finite useful lives: the Group does not carry goodwill or other intangible assets with indefinite useful lives. Assets are tested for impairment when there is an indication that they may be impaired. In the absence of such indications, the Group updates its impairment tests on a voluntary basis.

As explained in Note 37 "List of consolidated companies and changes in the scope of consolidation", the loss of control over the German sub-group led Recylex S.A. to deconsolidate all the German entities subject to insolvency proceedings with effect from May 15, 2020, resulting in the following CGUs:

- Weser-Metall GmbH (the Group's smelting operations) and Harz-Metall GmbH (the used lead-acid batteries recycling business);
- Harz-Metall GmbH (steel mill dust recycling business) and Norzinco GmbH (zinc waste recycling business);
- PPM Pure-Metals GmbH (special metals production);
- C2P GmbH (polypropylene waste recycling business).

As a result, as of that date, the Recylex Group's assets are divided into two Cash Generating Units:

- **Recylex S.A.:** Recylex S.A.'s used lead-acid battery recycling business (Villefranche and Escaudoeuvres plants);
- **C2P S.A.S.:** C2P S.A.S.'s polypropylene waste recycling business.

The table below shows the changes in CGUs between December 31, 2019 and December 31, 2020:

CGUs as of December 31, 2019	CGUs impacted by the loss of control of he German subgroup	CGUs as of December 31, 2020	Activity/operating segment
Weser-Metall GmbH	Weser-Metall GmbH		Lead
Harz-Metall GmbH	Harz-Metall GmbH		Lead
Recylex S.A.		Recylex S.A.	Lead
Harz-Metall GmbH	Harz-Metall GmbH		Zinc
Norzinco GmbH	Norzinco GmbH		Zinc
C2P S.A.S.		C2P S.A.S.	Plastic
C2P GmbH	C2P GmbH		Plastic
PPM Pure Metals GmbH	PPM Pure Metals GmbH		Special metals

Indications of impairment observed

As part of the monitoring of the value of its assets, the Group has updated the impairment tests for those CGUs whose current operating income remains negative or below the Group's expectations. These are the following CGUs:

<u>Lead Segment – used lead-acid battery recycling</u>

The Recylex S.A. - Lead CGU reported negative current operating income in 2020, down sharply on 2019. Although the volumes processed remained close to those processed in 2019, the CGU faced more unfavorable market conditions in 2020, in particular a lead price that remained well below the level observed in 2019 (-10% on average for the price in euros) as well as tighter availability of used batteries impacting their purchase price. The economic outlook for this CGU at the end of the year includes these market trends.

<u>Plastics segment</u>

The CGU experienced a difficult market environment in 2020 due to the effects of the global SARS-CoV-2 pandemic, which had a strong impact on the automotive industry, C2P S.A.S.'s main market. Despite a sharp drop in sales volumes (-26%), the CGU generated a slightly positive current operating income. However, the economic environment of this CGU remains impacted by the effects of the global pandemic, particularly in the automotive sector, in an increasingly competitive recycled polypropylene market.

Impairment tests - 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.

In this context, for the 2020 consolidates financial statements, the Group has adopted the value-in-use method for the Recylex S.A. Lead and C2P S.A.S. CGUs.

<u>Value-in-use</u>

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 determine value in use is is after-tax weighted average cost of capital. This rate, calculated at December 31, 2020, was 10.9% for the Recylex S.A. Lead and C2P S.A.S. CGUs.

The weighted average cost of capital is calculated on the following basis:

- a risk-free rate of "zero"
- a sector beta of 1.34
- a market risk premium of 8.2%
- a spread of 3.5% used to calculate the cost of debt
- and a sector-average leverage ratio figure for weighting the two components

Tests de pertes de valeur - résultats

- Recylex S.A. Lead CGU: The results of the impairment test carried out at December 31, 2020 did not lead to the recognition of any additional impairment losses beyond the impairment losses previously recognized in the amount of €2.4 million;

- C2P S.A.S. Plastique CGU: The impairment test performed as of December 31, 2020 revealed that the recoverable amount of the CGU was slightly higher than the carrying amount of the assets tested. No reversal of impairment has been made in view of the current economic environment and the particular situation the Group is currently experiencing.

The net carrying amounts as of December 31, 2020 and December 31, 2019, after taking into account impairment losses on property, plant & equipment and intangible assets tested and/or impaired, are as follows

CGU *In millions of euros*	31/12/2019 Fixed assets, gross value	Accumulated depreciation and amortization	Impairment losses	Net value
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**

CGU *In millions of euros*	31/12/2020 Fixed assets, gross value	Accumulated depreciation and amortization	Impairment losses	Net value
Recylex S.A. - Lead	26.1	(19.5)	(2.4)	4.2
C2P S.A.S. - Plastic	9.9	(7.6)	(2.3)	0
Total	**36.0**	**(27.1)**	**(4.7)**	**4.2**

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 2021 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 price used in estimates is 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 expected business outlook for each CGU, including, for the Recylex S.A. - Lead CGU, the continued supply of secondary materials to the Weser-Metall GmbH smelter (now outside the Recylex Group) and the development of Recylex S.A.'s own customer base;
- the competitive and regulatory environment.

The main assumptions used to calculate the recoverable amount of each CGU are set out below.

<u>Assumptions for the Recylex S.A. - Lead CGU:</u>

Operating segment		Lead
Perpetual growth rate		1.5%
Average lead/zinc price (US dollar	**Forecasting period**	1,933
	Terminal value *	2,000
Average euro/US dollar exchange rate	**Forecasting period**	1.20
	Terminal value *	1.20

Operating segment		Lead
CGU		Recylex S.A
Valuation method		Discounted Cash Flows
Volume growth	Average annual growth rate over the forecasting period	5.6%
	Terminal value*	1.5%

**Value used to calculate the terminal value in relation to the last projection period.*

Volume growth refers to the volume of used lead-acid batteries recycled. The average annual growth rate includes a catch-up effect on volumes in 2021 compared with the drop in volumes in 2020 due to the economic context of the SARS-CoV-2 pandemic and the industrial and financial context experienced by the almost sole customer of the used lead-acid battery processing business, the Weser-Metall GmbH foundry (see Note 1).

Operating segment		Plastics
CGU		C2P S.A.S.
Valuation method		Discounted Cash Flows
Volume growth	Average annual growth rate over the forecasting period	6.4 %
	Terminal value*	1.5%

**Value used to calculate the terminal value in relation to the last projection period.*

Volume growth refers to the volume of polypropylene sold. The average annual growth rate incorporates the effect of catching up on volumes at the beginning of the plan, following the sharp drop in volumes in 2020 in the economic context of the SARS-CoV-2 pandemic. Budgets and forecasts are based on operating assumptions including, among others, a production level for the year 2021 close to that observed before the health crisis.

Sensitivity of recoverable amounts

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 price	1,933 $/t	(100) $/t	(8.1)	n/a	n/a	n/a
To the euro/US dollar exchange rate	1.20 €/$	+0.05 €/$	(6.0)	n/a	n/a	n/a
To the discount rate	10.9%	+0.5%	(0.8)	10.9%	(0.5)%	0.2
To changes in recycled volumes	85,000 tonnes	(5.0)%	(2.8)			
EBITDA margin over the projection period				6.7%	+1.0%	0.4
Normalized EBITDA				4.9%	+1%	0.6

n/a = not applicable

For the Recylex S.A. - Lead CGU, the total impairment loss recognized on the balance sheet would be increased by:

- €4.2 million with a lead price that was USD 100 lower
- €4.2 million with a euro/US dollar exchange rate that was 0.05 higher (depreciation of the dollar)
- €0.8 million with a 0.5-point increase in the discount rate
- €2.8 million with a 5% decrease in recycled volumes

For the C2P S.A.S. Plastics CGU, the total impairment loss recognized on the balance sheet would be decreased by:

- €0.4 million with a 5% increase in sales
- €0.6 million with normalized EBITDA margin increased by 1%

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	31/12/2020	31/12/2019
Investments in non-consolidated companies	149,400	93,383
Amounts due from investee companies	161,308	150,608
Loans and guarantees	626	708
Other financial assets	125	125
Financial assets before impairment	311,459	244,824
Impairment	(311,394)	(244,606)
Non-current financial assets	**65**	**218**

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, 2020*	*Net carrying amount of securities at Dec. 31, 2019*
Metaleurop Nord S.A.S.	Paris	59,510	59,510
Peñarroya Espagne	Cartagena	33,872	33,872
Peñarroya Utah	Utah (USA)	1	1
Recylex Beteiligungsgesellschaft Eins mbH	Hannover	53,188	-
Recylex Beteiligungsgesellschaft Zwei mbH	Hannover	2,829	-
Gross value of non-consolidated investments		149,400	93,383
Provision for impairment		(149,400)	(93,383)
Net value of non-consolidated investments		-	-

Metaleurop Nord S.A.S. and Peñarroya Spain, which are in compulsory liquidation, were not consolidated at December 31, 2020, in accordance with IFRS 10.B37. The amount of the corresponding equity investments is fully impaired. Receivables relating to these investments, amounting to €161,308,000, have also been fully impaired.

Recylex Beteiligungsgesellschaft Eins mbH and Recylex Beteiligungsgesellschaft Zwei mbH hold the shares of the German sub-group over which the Group lost control in fiscal year 2020 (see Note 37 "List of consolidated companies and changes in scope of consolidation"). The shares of these two companies were fully impaired at December 31, 2020.

NOTE 7 - OTHER NON-CURRENT ASSETS AND INVESTMENTS IN ASSOCIATES

Other non-current assets

Other non-current financial assets amounted to €2,205 euros as of December 31, 2019 and 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. Following the deconsolidation of the German subgroup entities, there are no longer any long-term financial assets.

Investments in associates

In thousands of euros	***Net***
Net carrying amount after depreciation and impairment losses at December 31, 2019	**10,835**
Dividend payments	(4,000)
Income for the period	2,855
Others including currency effects	
Net carrying amount after amortization and impairment losses at December 31, 2020	**9,690**

Breakdown of assets and liabilities in associated companies (100%):

In thousands of euros	*31/12/2020*	*31/12/2019*
Property, plant and equipment	8,738	8,527
Intangible assets	10	42
Financial assets	373	326
Deferred tax assets	102	201
Inventories	1,048	1,218
Trade receivables	4,180	5,906
Other current assets including current income tax assets	1,446	1,375
Cash and cash equivalents	8,688	8,654
Total assets	**24,585**	**26,249**
Equity	19,374	21,679
Provisions	85	-
Trade payables	3,038	2,254
Other current liabilities including liabilities due	2,088	2,316
Total liabilities	**24,585**	**26,249**

Breakdown of income from associated companies (100%):

In thousands of euros	*31/12/2020*	*31/12/2019*
Sales of goods and services	29,141	41,273
Operating expenses	(21,174)	(21,775)
Operating income	**7,967**	**19,498**
Net financial income	2	2
Income taxes	(2,259)	(6,125)
Net income	**5,710**	**13,375**

NOTE 8 - INVENTORIES

Inventories held by the Group break down as follows:

In thousands of euros	*31/12/2020*	*31/12/2019*
Raw materials	1,636	13,353
Work in progress	2,803	7,199
Finished and semi-finished goods	455	2,487
Sub-total	4,894	23,039
Less: Impairment losses	(37)	(542)
Inventories and work in progress, net	**4,857**	**22,497**

The fall in inventories is mainly due to the deconsolidation of the former German subgroup, the impact of which amounts to €15.2 million, corresponding to the share of inventories of the former German subgroup entities in the net value of inventories at December 31, 2019.

Inventories of Recylex S.A.'s used lead-acid battery recycling business decreased between 2019 and 2020 (-€1.8 million), mainly in respect of inventories of used batteries to be processed, given the lower availability of batteries to be collected in late 2020.

Inventories in the polypropylene recycling and recovery activity also decreased (-€0.6 million) in a tighter market context.

NOTE 9 - TRADE RECEIVABLES

The Group's trade receivables can be analyzed as follows:

In thousands of euros	*31/12/2020*	*31/12/2019*
Trade receivables	11,488	17,964
Provision for depreciation	(9,002)	(3,311)
Trade receivables, net	**2,486**	**14,653**

The decrease in trade receivables between 2019 and 2020 (-€12.2 million) is due to the deconsolidation of the German subgroup entities, which contributed to the balance of receivables at December 31, 2019 in the amount of €12.3 million.

At the date of deconsolidation of the German subgroup entities, the parent company Recylex S.A. held €5.7 million in receivables from its German subsidiaries. These receivables are included in the balance sheet at their gross value of €5.7 million and have been fully written down in 2020 in view of the fact that the entities of the German subgroup have been placed under insolvency proceedings.

Without taking into account the entities of the German subgroup, trade receivables remain globally stable between 2019 and 2020 at €2.5 million (+€0.2 million from one year-end to the next).

Since the German subgroup's entities were placed in insolvency proceedings, the Group has set up a system of prepayments to Weser-Metall GmbH, Recylex S.A.'s principal and quasi-unique client for secondary materials (pastes and metallics) from the processing of used lead-acid batteries.

Trade receivables are non-interest bearing and are generally payable within 0 to 60 days. With the deconsolidation of the German subgroup entities, there are no longer any outstanding factoring contracts. As a reminder, as of December 31, 2019, receivables assigned under risk transfer contracts amounted to €5.9 million.

The Group believes that the value recorded in the balance sheet for trade receivables is a reasonable approximation of their fair value as of December 31, 2020.

NOTE 10 - OTHER CURRENT ASSETS

Other current assets break down as follows:

In thousands of euros	*31/12/2020*	*31/12/2019*
Advances and downpayments on orders in progress (1)	769	622
Social security receivables	13	4
Tax receivables	989	2,661
Other receivables (2)	4,627	5,140
Prepaid expenses	59	1,284
Total other current assets (3)	**6,457**	**9,711**

(1) Advances and downpayments relate mainly to advances paid to suppliers of secondary raw materials (€0.5 million) and downpayments on orders for fixed assets (€0.3 million).

(2) Other receivables mainly include payments made by Recylex S.A. in respect of guarantees for notifications on cross-border transfers amounting to €4.3 million.

NOTE 11 - CASH AND CASH EQUIVALENTS

The Group's cash and cash equivalents comprise:

In thousands of euros	*31/12/2020*	*31/12/2019*
Cash at bank and in hand	6,523	8,957
Other marketable securities	21	136
Cash held on the balance sheet, gross	**6,544**	**9,093**
Bank overdraft facilities	-	15,000
Total cash on cash flow statement, net	**6,544**	**(5,908)**

Bank overdrafts relating to Recylex GmbH no longer exist as a result of the deconsolidation of the German subgroup.

Changes in the cash position of the parent company Recylex S.A. and the Group are described in Note 32 on liquidity risk and note 1 on the Group's cash position.

NOTE 12 – SHARE CAPITAL

Share capital and premiums

As of December 31, 2020, the share capital amounted to €9,577,998 and was composed of 25,886,482 fully paid-up shares with a par value of €0.37, as at December 31, 2019.
No new shares were issued during fiscal year 2020.

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, 2020	**25 886 482**	**0.37**	**9 578**	**10,233**
Issue of new shares	-	-	-	-
At December 31, 2020	**25 886 482**	**0.37**	**9 578**	**10,233**

Treasury shares

At December 31, 2020, 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.

	31/12/2020	31/12/2019
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, 2020 stood at €44,000.

Stock options

At December 31, 2020, 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	31/12/2020	31/12/2019
Portion due in less than one year	17,202	133,622
Portion of borrowings classified under IFRS 5	-	(359)
Portion of borrowings due within one year after IFRS 5 restatement	17,202	133,263
Current lease liabilities	525	1,091
Total	**17,727**	**134,354**

The portion of borrowings due within one year at December 31, 2019 related exclusively to the German subgroup. With the deconsolidation of the German subgroup entities in the first half of 2020, bank and financial debt present in liabilities as of December 31, 2019 has been removed from the consolidated balance sheet in the amount of €133.4 million.

The portion of borrowings due within one year at December 31, 2020 amounts to €17.2 million and mainly concerns:

- The loan granted to Recylex S.A. by Glencore International AG in 2014 for an amount of €16 million;
- Capitalized and accrued interest on this loan in the amount of €1.2 million.

The original maturity of the loan granted by Glencore International AG in 2014 in the amount of €16.0 million was 2024. However, the filings for insolvency proceedings at the level of the German subgroup entities made this loan due at any time by Glencore International AG. On May 18, 2020, the Group obtained from Glencore International AG a waiver until October 31, 2020 of its right to declare the loan immediately due. This waiver was extended to February 19, 2021. At the date of approval of the accounts, Recylex S.A. benefits from a further temporary suspension of the Glencore International AG's right to declare the loan immediately due until 31 January 2022 at the latest. The expiry date of this temporary suspension may, however, be shortened by Glencore International AG if Recylex S.A. does not meet the conditions precedent to the waiver being granted, i.e. the continued supply of Weser Metall GmbH with secondary materials by Recylex S.A. or the the successful continuation of the restructuring process for Recylex S.A.'s financial and non-financial debt.

As the Group does not have an unconditional right to defer repayment beyond 12 months at December 31, 2020, this loan has been reclassified as a current loan in accordance with IAS 1.

In addition, the interest on the €16.0 million loan from Glencore International AG has been capitalized for the full year 2020, amounting to €1,202 thousand as of December 31, 2020.

b) Non-current borrowings

In thousands of euros	31/12/2020	31/12/2019
Portion due in more than one year	-	16,000
Lease liabilities - non-current	727	1,300
Total	**727**	**17,300**

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.

This loan has been reclassified as current borrowings as of December 31, 2020 (see paragraph a) above).

c) Reconciliation of the change in borrowings with the cash flow statement (before IFRS 5 reclassification)

In thousands of euros	31/12/2019	Issues	Repayments	Change in BoF	Change in scope of consolidation	Reclassification	31/12/2020
Current borrowings	117,135	12,000	-	-	(129,135)	16,000	16,000
Non-current borrowings	16,000	-	-	-	-	(16,000)	-
Bank overdraft facilities (BoF)	15,000	-	-	(2,025)	(12,975)	-	-
Accrued interest	1,487	4,371	-	-	(4,656)	-	1,202
Total interest-bearing borrowings	**149,622**	**16,371**	**-**	**(2,025)**	**(146,766)**	**-**	**17,202**
o/w current	133,622	16,371	-	(2,025)	(146,766)	16,000	17,202
o/w non-current	16,000	-	-	-	-	(16,000)	-

No borrowings were repaid during 2020.

Repayment schedules of loans

In thousands of euros	***31/12/2020***			***31/12/2019***
	One to five years	***Over five years***	***Total***	
Bank borrowings	-	-	-	58,635
Glencore borrowings	16,000	-	16,000	89,500
Accrued interest	1,202	-	1,202	1,487
Interest-bearing borrowings	**17,202**	**-**	**17,202**	**149,622**
IFRS 5	**-**	**-**	**-**	**(359)**
Interest-bearing loans after IFRS 5	**17,202**		**17,202**	**149,263**

The loan of €16 million, together with capitalized interest of €1.2 million have a maturity of less than 1 year due to the fact that the loan became due and payable (see explanation above).

NOTE 14 - PROVISIONS

Current and non-current provisions break down as follows:

a) Provisions at December 31, 2020 and December 31, 2020

In thousands of euros	***31/12/2020***	***31/12/2019***
Current provisions		
Environmental provisions	628	5,006
Litigation	4,041	-
Restructuring	-	-
Other risks and charges	93	96
Sub-total	**4,762**	**5,102**
Non-current provisions		
Environmental provisions	12,748	13,149
Litigation	-	4,041
Restructuring	-	6
Other risks and charges	99	92
Sub-total	**12,847**	**17,288**
Total provisions	**17,609**	**22,390**

Provisions for litigation relate to claims for damages for anxiety suffered by former employees of Metaleurop Nord S.A.S. (see Note 1 (i) b)).

Environmental provisions are described in detail in Note 38 and provisions for litigation in Note 1.

b) Changes in provisions during 2020

In thousands of euros	**Balance at Dec. 31, 2019**	*Charges for the period*	*Discounting*	*Reclassifications*	*Reversal of provisions used*	*Reprise provision non utilisée*	*Reversal of provisions not used*	**Balance at Dec. 31, 2020**
Environmental provisions (Note 38)	18,155	5,332	11	-	(871)	-	(9,251)	13,376
Litigation	4,041	-	-	-	-	-	-	4,041
Restructuring	6	-	-	-	-	-	(6)	-
Other risks and charges	188	19	-	(15)	-	-	-	192
Total provisions	**22,390**	**5,351**	**11**	**(15)**	**(871)**	**-**	**(9,257)**	**17,609**

The use of environmental provisions relates mainly to the rehabilitation of the l'Estaque site and the former mines in France for €852,000.

Charges to environmental provisions during the year relate in particular to the rehabilitation of the l'Estaque site and the former mines (see Note 38 "Provisions and contingent liabilities relating to the environment").

NOTE 15 - PENSIONS AND RELATED BENEFITS

Provisions for pensions and other post-employment benefits, broken down into current and non-current portions, break down as follows:

Les provisions pour retraites et assimilés scindées en part courante et non courante s'analysent comme suit:

a) Provisions at December 31, 2020 and December 31, 2019

In thousands of euros	***31/12/2020***	***31/12/2019***
Post-employment benefits - Current obligations	19	1,940
Post-employment benefits - Non-current obligations	466	33,259
Post-employment benefit obligations	**485**	**35,200**

b) Changes in provisions during 2020

In thousands of euros	**Balance at 31/12/2019**	*Charges/ Reversals*	*Actuarial gains and losses*	*Contribution to plan assets*	*Reclassification IFRS 5*	*New scope of consolidation*	**Balance at 31/12/2020**
Post-employment benefit obligations - Pension liabilities	35,200	(572)	(1,919)	-	148	(32,373)	485

The change in the scope of consolidation corresponds to the pension and post-employment benefit obligations of the German sub-group entities at the date of their deconsolidation. By way of comparison, the amount of the Group's accrued commitments as of December 31, 2019 in the current configuration of the Group amounted to €547 thousand.

Defined benefit plans

Change in plan assets and liabilities

The changes in the defined benefit obligations by geographical area during the years 2020 and 2019 are detailed below.

FY 2020

In thousands of euros	Germany	France	Total
Change in benefit obligations			
Actuarial liability at Jan. 1, 2020	38,024	545	38,569
Current service cost during the year	68	42	110
Interest cost	45	4	49
Past service costs	-	(29)	(29)
Actuarial losses/(gains)	(1,878)	(40)	(1,918)
Benefits paid	(664)	(38)	(702)
Change scope of consolidation	(35,595)	-	(35,595)
Actuarial debt at 31/12/2020	**-**	**485**	**485**
Change in plan assets			
Plan assets at Jan. 1, 2020	(3,369)	-	(3,369)
Interest income	-	-	-
Actuarial losses/(gains)	-	-	-
Contributions	-	-	-
Benefits paid	-	-	-
Change scope of consolidation	3,369		3,369
Hedging assets at 12/31/2020	**-**	**-**	**-**
Liabilities recognized on the balance sheet	**-**	**485**	**484**
o/w due in less than 1 year	-	19	19

Following the deconsolidation of the German subgroup entities in the first half of 2020, there are no longer any pension and other post-employment benefit obligations relating to Germany recognized as liabilities in the consolidated balance sheet at December 31, 2020.
In addition, there is no hedging asset for the Group's pension obligations as of December 31, 2020.

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 debt at 31/12/2019	**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
Hedging assets at 12/31/2019	**(4,465)**	**-**	**(4,465)**
IFRS 5 - Impact	**1,096**	**-**	**1,096**
Hedging assets at 12/31/20 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

Rationalization of actuarial differences

In accordance with IAS 19, actuarial gains and losses are recognized in other comprehensive income with a corresponding entry to consolidated reserves.

In thousands of euros	Germany	France	Total
Analysis of actuarial gains and losses in 2020			
Actuarial losses/(gains) resulting from changes in actuarial assumptions (in thousands of euros)	(1,878)	(23)	(1,901)
(in %)			
-Demographic assumptions		(52)	(52)
- Financial assumptions	(1,878)	29	(1,849)
Experience losses/(gains)	-	(17)	(17)
Actuarial losses/(gains) arising on obligations	(1,878)	(40)	(1,918)
Actuarial losses/(gains) generated on assets	-	-	-
Actuarial losses/(gains) over the period	**(1,878)**	**(40)**	**(1,918)**

Change in provisions

Amounts recognized on the balance sheet in 2020 and 2019 changed as follows:

FY 2020

In thousands of euros	Germany	France	Total
Provisions/assets at Jan. 1, 2020	34,655	545	35,200
Net cost for the period	113	18	131
-Current service cost during the year			
-Interest cost			
-Expected return on plan assets			
Other comprehensive income (actuarial gains and losses arising)	(1,878)	(40)	(1,918)
Benefits paid	(664)	(39)	(703)
Contributions paid by the employer	-	-	-
Change in the scope of consolidation	(32,226)	-	(32,226)
Provisioned/assets at Dec. 31, 2020	**-**	**485**	**485**

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**

History

The benefit obligation and plan assets at the end of the past five years are shown below:

Germany

(in thousands of euros	*31/12/2016*	*31/12/2017*	*31/12/2018*	*31/12/2019*	*31/12/2020**
Total current value of benefit obligations at the end of the year	41,775	38,383	37,444	41,201	n/a
Fair value of plan assets at the end of the year	(4,844)	(3,956)	(4,202)	(4,465)	n/a
Coverage of benefit obligations	**36,931**	**34,426**	**33,242**	**36,736**	**n/a**

France

(in thousands of euros)	*31/12/2016*	*31/12/2017*	*31/12/2018*	*31/12/2019*	*31/12/2020*
Total current value of benefit obligations at the end of the year	337	461	468	545	485
Fair value of plan assets at the end of the year	-	-	-	-	-
Coverage of benefit obligations	**337**	**461**	**468**	**545**	**485**

Actuarial assumptions

The assumptions underpinning measurements at the 2020 balance sheet date compared to 2019 are presented below:

In thousands of euros	Germany		France	
	*31/12/2020**	*31/12/2019*	*31/12/2020*	*31/12/2019*
Discount rate	n/a	0.80%	0.23%	0.80%
Salary growth rate	n/a	2.25%	1.3%	2.00%
Pension growth rate	n/a	2.00%	n/a	n/a

**Not applicable. With the deconsolidation of the German subgroup entities in the first half of 2020, there are no longer any liabilities recognized in the consolidated balance sheet as of December 31, 2020.*

Sensitivity of benefit obligations

The change in benefit obligations is materially influenced by the discount rate, salary and pension growth rates. 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	(13)	13	(48)	57

- Rate of salary increase

In thousands of euros	+0.50%	(0.50)%	+1%	(1)%
Actuarial liability	25	(23)	51	(44)

Employees and duration

The average duration of the main plans and the number of employees covered by them was as follows at December 31, 2020:

In thousands of euros	France
Active	46
Deferred	-
Retired	1
Beneficiaries	19
Total employees	**66**
Average duration	**13**

Beneficiaries are former employees who receive post-employment benefits (allowances) that do not constitute a pension plan.

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 €70 thousand for 2020, 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
2020	70,3
2019	48,3
2018	88,4
2017	64,5
2016	55,3

NOTE 16 - TRADE PAYABLES

The Group's trade payables break down as follows:

In thousands of euros	*31/12/2020*	*31/12/2019*
Trade payables	4,154	24,508
Total	**4,154**	**24,508**

Trade payables do not bear interest and are generally payable within 0 to 60 days.

The decrease in trade payables between 2019 and 2020 is mainly due to the deconsolidation of the German subgroup entities, whose trade payables amounted to €19.3 million at December 31, 2019.

NOTE 17 - OTHER CURRENT LIABILITIES

Other current liabilities break down as follows:

In thousands of euros	*31/12/2020*	*31/12/2019*
Tax and employee-related liabilities	2,161	5,741
Liabilities related to non-current assets	-	-
Other liabilities	4,360	8,007
Prepaid income	-	-
Total	**6,521**	**13,748**

Other liabilities mainly include the current portion of the European Commission's fine, including interest, of €1.4 million, as well as the debt relating to the financial recovery clause of €2.7 million.

NOTE 18 - OTHER NON-CURRENT LIABILITIES

Other non-current liabilities break down as follows:

Non-current rescheduled liabilities (by maturity)	31/12/2020			31/12/2019
In thousands of euros	*One to five years*	*Over five years*	*Total*	*Total*
Non-current rescheduled liabilities after discounting(1)	-	5,050	5,050	5,017
Clawback clause (2)	-	1,447	1,447	2,420
European Commission fine (3)	23,279	-	23,279	24,148
Total	23,279	6,497	29,776	31,585

(1) Debt owed to Glencore International AG, the repayment date of which has been extended to 2026.
(2) The debt write-off granted to Recylex S.A. under the continuation plan of November 24, 2005, amounting to €19.2 million, are subject to a clawback clause.
(2) A fine of €26.7 million imposed in 2017 by the European Commission on Recylex S.A. and its subsidiaries operating in the used automotive battery procurement sector. The fine is subject to a payment plan, with Recylex S.A. (the Group's parent company) assuming responsibility for payment of the fine and were the payment of a large part of the fine is deferred to the medium and long term.

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, prior to the loss of control of the former German subgroup entities.

For the year ending in December 31, 2020, given the restructuring of Recylex S.A.'s financial and non-financial debt on which the Group is currently working and the outcome of which is currently uncertain, the valuation of the clawback clause has not been updated.

The fair value of this clawback clause is recognized under Other non-current liabilities on the balance sheet as a counterpart to the other financial expenses (see Note 27). At December 31, 2020, the provision set aside to cover the clawback clause came to €1.4 million.

18.2 AMENDE DE LA COMMISSION EUROPÉENNE

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. It should be noted that Recylex S.A. temporarily suspended in September 2020 the payment of the fine imposed by the European Commission and has entered into discussions with the European Commission concerning payment of this fine, as part of the restructuring of its financial and non-financial debt. The non-paid settlements amount to €0.5 million (due from September to December 2020).

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.

As described in Note 37 "List of consolidated entities as of December 31. December 31, 2020", the loss of control of the former German subgroup entities led Recylex S.A. to deconsolidate all the former German entities subject to insolvency proceedings as of May 14, 2020, namely:

- **Lead segment:** Weser-Metall GmbH (the Group's smelting operation) 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 activities:** Recylex GmbH (holding company activities in Germany) and Recylex Grundstücksverwaltungsgesellschaft mbH (property management company).

As result, the Recylex Group is, from that point onwards, solely constituted 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
- **Other activities**: Recylex S.A.'s holding activities, including the 50% joint venture in Recytech S.A. accounted for by the equity method in the Group's consolidated financial statements

The Group's decision-making bodies have adapted the reports reviewed to the Group's economic situation and to medium- and long-term challenges and prospects, which has led them to refocus operational reporting on the Lead and Plastics segments and on other activities for steering purposes in deciding on the allocation of resources and assessing performance.

As result, the following changes have been made to segment information:

- The presentation of EBITDA and LIFO adjusted operating income is no longer performed, as this approach in terms of inventory management is only followed at the Weser-Metal GmbH smelter, which is now outside the Group;
- The presentation of the indicators of the Zinc segment restated for the application of IFRS 10 and IFRS 11 by integrating Recytech S.A. proportionally is no longer applied.

As the Group no longer has any activity in the Waelz Oxides business, and more broadly in the Zinc segment, it no longer has a consistent operational reporting for the Zinc segment. For this reason, the Group's share of the sales and results of the Recytech S.A. joint venture (50% owned) is no longer included in segment reporting. More generally, the Group does not have any operations in the Zinc segment and therefore no longer has any operational reporting on this segment.

- The Group no longer has any activities in Special Metals segment and therefore no longer has operational reporting for this segment.

Consequently, the Group presents below segment information based on the new scope of reporting of its activities, and gives a geographical breakdown at the income statement aggregate level between the activities of the German subgroup and the activities of the French subgroup.

The entities in the scope of consolidation forming each geographical segment are presented in the table below, it being specified that (i) the German subgroup corresponds to the activities over which the Group lost control and which were deconsolidated during 2020 and (ii) the French subgroup corresponds to the remaining activities of the Group after the loss of control of the German subgroup.

Segment	German subgroup entities	French subgroup entities
Lead sgment	• Weser-Metall GmbH • Harz-Metall GmbH (recycling of used lead acid batteries)	• Recylex S.A. (recycling activities of used lead batteries) • FMM S.A. (company no longer in business)
Zinc segment	• Norzinco GmbH (zinc waste recycling business) • Harz-Metall GmbH (electric arc furnaces dust recycling business)	
Special metals segment	• PPM Pure-Metals GmbH (special metals production)	
Plastic segment	• C2P GmbH (grinding of lead-containing plastics)	• C2P S.A.S (polypropylene waste recycling activity)
Other activities	• Recylex GmbH (holding activity) • Recylex Grundstücksverwaltungsgesellschaft mbH (property management activity)	• Recylex S.A. (holding company activity and rehabilitation of old sites) • Equity accounting of Recytech S.A. (50%-owned) and Eco-Recyclage (33.33%-owned) are accounted for by the equity method

In addition, the Group presents below a reconciliation of Sales and Operating income / (loss) before non-recurring items between segment information and the consolidated income statement as of December 31, 2020.

- **Performance indicator**

The information presented is based on the internal reporting used by the Management to assess the performance of the various segments.

The benchmark financial performance indicators are "Operating income/(loss) before non-recurring items" and "EBITDA" (Operating income/(loss) before non-recurring items and before depreciation, amortization, provisions and impairment).

For the purpose of segment reporting, the Group presents each segment and subgroup as an independent entity:

- Sales between business segments are shown under "inter-company sales"
- Sales between the German and French subgroups are shown in a separate column in the table
- The group does not take into account the presentation of Norzinco GmbH and PPM Pure-Metals GmbH as discontinued operations (IFRS 5). These entities are therefore attached to their respective business segments.

Financial year ended December 31, 2020

		31-dec-20			
In thousands of years		Total Consolidated	including German subgroup (2)	including French subgroup	Inter-subgroups sales (1)
Lead	Sales	101,060	65, 007	50,212	(14 159)
	EBITDA	(6,282)	(5,157)	(1,125)	
	Operating income/(loss) before non-recurring items	(14,546)	(7,633)	(6,914)	
Zinc	Sales	20,902	21,285	0	(383)
	EBITDA	(3,558)	(3,558)	0	
	Operating income/(loss) before non-recurring items	(4,464)	(4,464)	0	
Special Metals	Sales	5,547	5,547	0	0
	EBITDA	(1,044)	(1,044)	0	
	Operating income/(loss) before non-recurring items	(1,462)	(1,462)	0	
Plastic	Sales	8,935	255	8,680	0
	EBITDA	414	(34)	448	
	Operating income/(loss) before non-recurring items	197	28	169	
Other businesses	Sales	1,184	345	1,422	(583)
	EBITDA	(6,358)	(2,188)	(4,170)	
	Operating income/(loss) before non-recurring items	(7,567)	(2,224)	(5,343)	
Inter-segment sales		(3,743)	(1,519)	(2,224)	
Sales by segment		**133,885**	**90,920**	**58,089**	**(15,124)**
Sales from discontinued operations		(20,002)	(20,002)	0	0
Consolidated sales		**113,883**	**70,919**	**58,089**	**(15,124)**
Total Operating income/(loss) before non-recurring items by business segment		**(27,843)**	**(15,754)**	**(12,088)**	
Operating income/(loss) before non-recurring items from discontinued operations		(2,232)	(2,232)	0	
Operating income/(loss) before non-recurring items		**(25,610)**	**(13,522)**	**(12,088)**	
Other operating income/(losses)		157,416	625	156,791	
Financial income (loss)		(5,744)	(3,867)	(1,878)	
Tax expense (income)		158	158	0	
Share of income from equity affiliates		2,855	0	2,855	
Net Result from discontinued operations		(2,308)	(2,308)	0	
Consolidated net income		**126,767**	**(18,913)**	**145,680**	

(1) Inter-company sales correspond to sales and reinvoicings made by Recylex S.A. to entities in the German subgroup, which are eliminated in consolidation.
(2) Results for the German subgroup correspond to the activity of the German subgroup entities from January 1, 2020 until the date of deconsolidation (approximately 4 months of activity).

Reconciliation of Income from ordinary activities with the consolidated income statement:

As of December 31, 2020 In thousands of euros	Sector Information	Inter-segment sales	Discontinued Operations (1)	Consolidated income statement
Lead	101,060	(2,145)		98,915
Zinc	20,902	(276)	(14,463)	6,163
Special metals	5,547	(5)	(5,539)	3
Plastic	8,935	(255)		8,680
Other activities	1,184	(1,062)		122
Eliminations	(3,743)	3,743		0
Total Sales of current activities	**133,885**	**0**	**(20,002)**	**113,883**

(1) Sales from discontinued operations correspond to those of the German entities Norzinco GmbH and PPM Pure-Metals GmbH, which have been classified as discontinued operations since December 31, 2019. These sales are included in a separate line "Result from discontinued operations" in the consolidated income statement (see Note 40). These entities are part of the German entities over which the Group lost control in 2020 (see Note 37).

Reconciliation of Operating income/(loss) before non-recurring items with the consolidated income statement:

As of December 31, 2020 In thousands of euros	Sector Information	Discontinued Operations (1)	Consolidated income statement
Lead	(14,545)		(14,546)
Zinc	(4,464)	1,109	(3,355)
Special metals	(1,462)	1,123	(339)
Plastic	197		197
Other activities	(7,567)		(7,567)
Operating income/(loss) before non-recurring items	**(27,843)**	**2,232**	**(25,610)**

(1) Current operating result from discontinued operations corresponds to that of the German entities Norzinco GmbH and PPM Pure-Metals GmbH, which have been classified as discontinued operations since December 31, 2019. Their current operating result is included in a separate line "Result from discontinued operations" in the consolidated income statement (see Note 40). These entities are part of the German entities over which the Group lost control in 2020 (see Note 37).

Reconciliation of Sectorial- EBITDA with the EBITDA calculated from the consolidated income statement:

In thousands of euros	**31-dec-20**	**including German subgroup**	**including French subgroup**
Sectorial EBITDA	-16,827	-11,980	-4,847
EBITDA from discontinued operations	-1,560	-1,560	0
Consolidated EBITDA	-15,267	-10,420	-4,847

Balance sheet aggregates by business segment as of December 31, 2020

In thousands of euros	**Lead**	**Zinc**	**Special metals**	**Plastic**	**Other activities**	**Total**
Intangible assets	14	0	0	0	2	16
Property, plant and equipment	4,139	0	0	0	1,625	5,764
Right of use	540	0	0	212	352	1,103
Inventories	4,064	0	0	794	0	4,858
Trade receivables	458	0	0	1,945	85	2,487
Total segment assets	**9,214**	**0**	**0**	**2,950**	**2,064**	**14,228**
Provisions and pensions	261	0	0	212	17,620	18,093
Trade payables	2,496	0	0	627	1,033	4,156
Other current liabilities	846	0	0	586	5,088	6,520
Total Segment liabilities	**3,603**	**0**	**0**	**1,425**	**23,741**	**28,769**
Investments in property, plant and equipment	1,477	871	60	130	2	2,539
Investments in intangible assets	52	4	0	0	0	56
Investments (1)	**1,529**	**875**	**60**	**130**	**2**	**2,596**
Including French subgroup entities	*873*	*0*	*0*	*125*	*0*	*998*
Including German subgroup entities	*656*	*875*	*60*	*5*	*2*	*1,598*
Intangible fixed assets	(3,197)	(862)	(223)	(231)	(24)	(4,537)
Property, plant and equipment	(48)	(1)	(19)	0	(1)	(70)
Right of use	(88)	(55)	(7)	(94)	(858)	(1,103)
Other non-cash income and expenses	67	54	(136)	13	(7,543)	(7,545)
Depreciation, amortization and provisions (1)	**(3,266)**	**(865)**	**(385)**	**(313)**	**(8,426)**	**(13,254)**
Including French subgroup entities	*(1,111)*	*0*	*0*	*(313)*	*(8,438)*	*(9,862)*
Including German subgroup entities	*(2,155)*	*(865)*	*(385)*	*(0)*	*12*	*(3,392)*

(1) Capital expenditure and depreciation and provisions for the year 2020 include capital expenditures, depreciation, and provisions for the entities of the German sub-group from January 1, 2020 until their deconsolidation date. In this context, the Group provides a breakdown of capital expenditure and depreciation and provisions between those relating to the deconsolidated German sub-group and those relating to the remaining activities, i.e. the French sub-group.

Financial year ended December 31, 2019

The Group presents below the information by business segment in the presentation applicable until the end of the 2019 financial year, i.e. before the changes resulting from the deconsolidation of the German sub-group.

(in thousands of euros)	*Lead*	*Zinc*	*Special metals*	*Plastic*	*Other activities*	*Eliminations*	*IFRS 5 (1)*	*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)**

(1) As a reminder, Norzinco GmbH (Zinc) and PPM Pure-Metals GmbH (Special Metals) were classified as discontinued operations in the consolidated income statement for fiscal 2019 in accordance with IFRS 5.

Balance sheet aggregates by business segment as of December 31, 2019:

As of December 31,2020 In thousands of euros	**Lead**	**Zinc**	**Special metals**	**Plastic**	**Other activities**	**IFRS 5 (2)**	**Total**
Intangible fixed assets	168	4	40	-	5	(39)	177
Property, plant and equipment	19,396	8,706	2,419	-	1,729	(2,418)	29,832
Stocks	17,453	9,107	5,836	1,391	-	(11,289)	22,497
Clients	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 pensions	23,696	4,436	3,490	405	27,643	(2,082)	57,589
Trade payables and related accounts	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**
Property, plant and equipment investments	9,233	4,184	1,510	647	13		15,587
Investments in intangible assets	49	4	22	-	-		76
Segment investments	**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 fixed 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 provisions	**(22,573)**	**(11,162)**	**(805)**	**(2,966)**	**(589)**	**5,405**	**(32,690)**

(1) As a reminder, Norzinco GmbH (Zinc) and PPM Pure-Metals GmbH (Specialty Metals) were classified as discontinued operations in the consolidated income statement for fiscal 2019 in accordance with IFRS 5.

- **Information by geographical area**

The Group presents below sales per commercial area as well as investments in property, plant and equipment and intangible assets by country of operation:

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, 2020:

Sales:

With the loss of control of the German sub-group's entities, the sales structure changed at Group level, and relates now to the sales of the Lead and Plastics segments:

- Lead segment - French sub-group: sales are concentrated on the recycling business of used lead-acid batteries. In the first half of 2020, 93% of the Lead segment's sales on the basis of the new scope of consolidation (i.e. without the entities of the German sub-group) were generated with a single customer, Weser-Metall GmbH, i.e. with the smelter that is now outside the Group following the loss of control of the German subgroup entities in the first half of 2020;
- Plastics segment - French sub-group: Sales in this segment are concentrated on C2P S.A.S.'s sales to a large number of customers;
- The sales of the Lead and Plastics segments of the French sub-group are mainly generated with customers located in Western Europe.

Non-current assets:

In thousands of euros	France	Germany	Total
Intangible assets	16	0	16
Property, plant and equipment	5,764	0	5,764
Rights of use	1,103	0	1,103
Investments in intangible assets	0	56	56
Investments in property, plant and equipment	998	1,542	2,539

Financial year ended December 31, 2019:

Sales (in thousands of euros)	Western Europe	Rest of Europe	Rest of the world	Rest of the world	IFRS 5	Total
Sales from ordinary activities	286,795	15,275	1,487	2,407	(68,536)	237,429

In thousands of euros	France	Germany	Total
Investments in property, plant and equipment	1,932	13,655	15,587
Investments in intangible assets	-	53	53

NOTE 20 - EXTERNAL COSTS

External costs break down as follows:

In thousands of euros	*31/12/2020*	*31/12/2019*
General sub-contracting	(9,069)	(22,363)
Maintenance and repairs	(4,780)	(11,102)
Insurance premiums	(879)	(1,586)
Goods transport, public transportation	(5,061)	(8,604)
Leasing, rental and service charges	(303)	(914)
Fees and costs of external staff	(3,793)	(5,003)
Travel, missions and reception expenses	(174)	(723)
Other external costs	(761)	(1,948)
Total external costs	**(24,820)**	**(52,243)**

The decrease in external costs between 2019 and 2020 is due to the deconsolidation of the German subgroup entities during the first six months of 2020. The year 2020 includes external costs of the German subgroup entities only up to the date of deconsolidation in the amount of €15.1 million, of which €10.1 million relates to the lead smelter operated by 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	31/12/2020	31/12/2019
France	68	72
Germany	n/a	627
Total FTE employees	**63**	**699**

With the loss of control of the German sub-group's entities, the sales structure changed at Group level, and relates to the sales of the Lead and Plastics segments:

Staff costs break down as follows:

In thousands of euros	*31/12/2020*	*31/12/2019*
Wages and employee benefits	(13,306)	(33,013)
Employee and employer payroll charges	(3,414)	(8,378)
Total staff costs	**(16,720)**	**(41,391)**

Staff costs included in the consolidated income statement for the year 2020 and relating to the entities of the deconsolidated German subgroup amount to €11.3 million.

NOTE 22 - RESEARCH AND DEVELOPMENT COSTS

Research and development costs expensed directly in income amounted to:

In thousands of euros	31/12/2020	31/12/2019
Research and development costs	(34)	-

NOTE 23 – DEPRECIATION, AMORTIZATION, CHARGES TO/(REVERSAL FROM) PROVISIONS AND IMPAIRMENT LOSSES

Depreciation, amortization, charges to/ (reversals from) provisions and impairment losses recognized in 2020 and 2019 break down as follows:

In thousands of euros	*31/12/2020*	*31/12/2019*
Amortization of tangible assets	(4,032)	(9,606)
Amortization of intangible assets	(51)	(119)
Amortisation of rights of use	(1,076)	(1,165)
Charges/(reversals) to provisions and impairment losses	(5,184)	(955)
Total	**(10,343)**	**(11,845)**

The increase during 2020 was mainly related to the depreciation of trade receivables against the entities of the German subgroup, not settled at the date of the application for insolvency proceedings, amounting to €5.2 million.

NOTE 24 - OTHER OPERATING INCOME AND EXPENSE

Other operating income and expense breaks down as follows:

In thousands of euros	31/12/2020	*31/12/2019*
Operating subsidies	163	107
Other income and expense	(209)	(777)
Total	**(46)**	**(670)**

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	*31/12/2020*	*31/12/2019*
Charges to/reversals of provisions for rehabilitation costs of former mines and closed industrial sites (1)	(5,325)	(230)
Exceptional rehabilitation costs for closed industrial sites	(1,354)	-
Allocation to/reversal of provisions for impairment of assets (2)	(9)	(22,667)
Impairment of Recylex S.A.'s financial guarantees	(71)	(78)
Deconsolidation result (3)	159,431	-
Indemnities received (4)	1,950	-
Other income and expenses(5)	2,794	(192)
Other non-recurring operating income/(expense)	**157,416**	**(23,167)**

(1) See Note 14 and Note 38
(2) See Note 5
(3) Impact of the deconsolidation of the German sub-group entities following their loss of control. See Note 37
(4) Indemnities received relate to the reimbursement received of part of the indemnities previously paid by Recylex S.A. in connection with the compensation claims of former Metaleurop Nord employees following the May 24, 2018 ruling by the French Supreme Court.
(5) Other income and expenses mainly relate to the reversal of the provision for receivables from the former subsidiary Recylex GmbH in respect of debts set off against receivables held by Recylex S.A. in the context of the Recylex GmbH insolvency proceedings.

NOTE 26 – COST OF THE NET FINANCIAL DEBT

The cost of the net financial debt breaks down as follows:

(In thousands of euros)	*31/12/2020*	*31/12/2019*
Income from cash and cash equivalents	101	47
Interest on bank and non-bank loans, bank overdrafts	(5,516)	(12,196)
Change in fair value of interest rate swaps	-	(14)
Cost of net financial debt	**(5,415)**	**(12,164)**

The interest at December 31, 2020 breaks down as follows:

- Interest on the German subgroup's borrowings up to the deconsolidation date: €3.5 million
- Interest on Glencore debt and European Commission debt at Recylex S.A.: €1.8 million
- Interest on IFRS 16 rental debt: €0.1 million

NOTE 27 - OTHER FINANCIAL INCOME AND EXPENSE

In thousands of euros	*31/12/2020*	*31/12/2019*
Net foreign exchange gains and losses	(73)	(291)
Impact of discounting provisions and financial liabilities	(44)	(657)
Factoring costs	(199)	(856)
Other financial income and expense	(13)	1
Other financial income and expense	**(329)**	**(1,803)**

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.

Factoring costs relate solely to the entities of the German sub-group which was deconsolidated during the first half of 2020.

NOTE 28 - INCOME TAX EXPENSE

Income tax expense for the years ended December 31, 2020 and December 31, 2019 principally comprises the following items:

In thousands of euros	31/12/2020	31/12/2019
Current income tax benefit/(expense)	158	5
Current income tax benefit/(expense)	**158**	**5**
Arising from the creation and reversal of temporary differences	-	-
Related to tax loss carryforwards	-	-
Deferred income tax benefit/(expense)	**-**	**-**
Consolidated income tax expense	**158**	**5**

At 31 December 2020, the Group continued to recognize deferred tax assets only to the extent of deferred tax liabilities, taking into account their timing of reversal. As a result, no deferred tax income or expense has been recognized in the income statement for the year 2020. The net balance of deferred taxes remains zero in the consolidated balance sheet.

At December 31, 2020, the Group has not recognized any deferred tax assets on tax loss carryforwards due to the uncertainty of their use in the near future (see Note 32.5 and Note 39).

However, the Group has tax losses that can be carried forward indefinitely against the future taxable profits of the companies that generated these losses. These tax losses amount to €165 million at the level of the French tax group.

NOTE 29 - EARNINGS PER SHARES

The following table presents information on the earnings and shares used to calculate basic and diluted earnings per share for all activities.

Earnings per share for all activities

	31/12/2020	31/12/2019
Net income attributable to ordinary equity holders of the parent entity (in thousands of euros)	126,767	(84,340)
Weighted average number of ordinary shares for basic earnings per share	25,862,543	25,862,543
Earnings per share in euros	**4.90**	**(3.26)**

In thousands of euros	31/12/2020	31/12/2019
Net income attributable to ordinary equity holders of the parent entity (in thousands of euros)	126,767	(84,340)
Weighted average number of ordinary shares for basic earnings per share	25,862,543	25,862,543
Effect of dilution :		
Stock-options (dilutive effect)	0	0
Weighted average number of ordinary shares adjusted for diluted earnings per share	25,862,543	25,862,543
Diluted earnings per share in euros	**4.90**	**(3.26)**

NOTE 30 - COMMITMENTS AND CONTINGENCIES

Commitments given and received

Commitments existing at December 31, 2019 and relating to the entities of the German subgroup (see Note 30 to the consolidated financial statements at December 31, 2019) ended in fiscal year 2020 with the filings for insolvency proceedings at the level of the former German subgroup entities.

As of December 31, 2020, commitments given and received by Group companies are as follows:

a) Commitments gives :

Pledge of Recytech S.A. shares

- Recylex S.A. has pledged its shares in Recytech S.A. to Glencore International AG as collateral for the repayment of the loan facility granted on October 1, 2014 in an amount of €16 million;
  - Recylex S.A. has pledged its shares in Recytech S.A. to Glencore International AG as a second-ranking pledge, in particular to secure Recylex S.A.'s obligations under the clawback clause (nominal amount of €17,8 million). As a reminder, the pledge of the Recylex GmbH shares in favour of the former Recylex S.A. banks was transferred to Glencore International AG following the latter's purchase of the bank claims on August 4, 2005, with a view to guaranteeing the repayment of the claims admitted in the Recylex S.A. continuation plan due under the clawback clause provided for therein. However, in connection with the setting up of the security trust to guarantee compliance with the obligations under the Loan, this pledge was suspended for the entire duration of the Loan and Recylex S.A. then pledged its shares in Recytech S.A. as a secondary security. The second rank pledge covers also the financing contribution of Glencore international AG in the framework of the Financing agreement of December 2016. This financial contribution amounts to €25,0 million.

Concerning Recytech S.A.

- 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.

b) Commitments received:
None.

Litigation and contingent liabilities

The main litigation and disputes/ contingences in progress are described in Note 1 "Business review and major events".

Concerning 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. did not set aside any provisions in its financial statements at December 31, 2020 to cover these risks.

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		Income		Assets		Liabilities	
	2020	2019	2020	2019	2020	2019	2020	2019
Glencore International AG	15,493	47,790	5,641	11,972	-	91	24,707	107,462
Recytech S.A.	-	-	108	22	-	-	-	-
Due dates								
Less than 1 year	-	-	-	-	-	91	19,657	84,168
1 to 5 years	-	-	-	-	-	-	-	23,294
More than 5 years	-	-	-	-	-	-	5,050	-
Impairment of doubtful receivables	-	-	-	-	-	-	-	-

There are no material transactions with related parties that have not been concluded under normal market conditions.

The main transactions existing at the closing date are the following:

At December 31, 2020, the Company had drawn down the full amount of the loan facility granted by Glencore International AG to Recylex S.A. totaling €16 million (Note 13), for which €1.2 million of capitalized interest was recorded as a liability at December 31, 2020.

The rescheduled liabilities with respect to Glencore International AG under the deferred receivables of the continuation plan, which are due for repayment in 2026, amounts to €5.1 million (Note 18).

Glencore International AG has a clawback clause on the receivables waived in 2005 as part of the company's continuation plan. The amount recorded as a liability under this clause amounts to €2.5 million.

The liabilities with a maturity of less than one year are composed as follows

Loans granted by Glencore International AG	16,000
Capitalized and accrued interests on loans	1,202
Debt resulting from the clawback clause	2,455
Total liabilities	**19,657**

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, 2020	At December 31,2019
Short-term benefits	628	640
Total compensation and benefits*	**628**	**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 – FINANCIAL RISKS

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. 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.

32.1 Interest rate risk

Since the deconsolidation of the German scope of consolidation on May 15, 2020 (see Notes 1 and 37), the Group no longer has any variable-rate loans from banks.

The €16.0 million loan that Recylex S.A. took out with Glencore international AG in 2014 is at a variable rate (Libor + 7%). The Group is therefore exposed to changes in Libor. The Group has not entered into any financial instruments to hedge against changes in interest rates.

The debts previously recognized as liabilities under the continuation plan (which ended in December 2015) and whose maturity date has been extended to 2026 do not bear interest (see Note 18).

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, 2020, the Group had no US dollar-denominated commodity derivatives hedging euro-denominated sales.

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 2020, the Group did not use derivative financial instruments to hedge its exposure to lead and zinc prices due to the lack of available credit lines (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.

Since the deconsolidation of the former German scope of consolidation on May 15, 2020 (see Notes 1 and 37), the Recylex Group is, as of that time, comprised solely of:

- Lead segment: Recylex S.A.'s used lead battery recycling operations (Villefranche and Escaudoeuvres plants)
- Plastics segment: C2P S.A.S.'s polypropylene waste recycling business;
- - Other activities: Recylex S.A.'s holding company business, including the equity method accounting for the 50% stake in Recytech S.A.

In the Lead segment, Recylex S.A.'s commercial relations are mainly with its former subsidiary Weser Metall-GmbH, which has been the Company's principal and quasi-unique client to date and which is now a company outside the Recylex Group and under insolvency proceedings. Recylex S.A. has set up a prepayment system for Weser-Metall GmbH, which has significantly reduced Recylex S.A.'s exposure to this customer.
At December 31, 2020, trade receivables not covered by prepayment held against Weser-Metall GmbH amounted to €0.4 million.

In the Plastics segment, the picture is more mixed, with a diffuse customer base and no single customer carrying significant weight within the business.

Factoring of trade receivables was only used by certain entities of the German sub-group, which is no longer part of the Group's scope of consolidation. The Group therefore no longer uses factoring and no trade receivables had been assigned at December 31, 2020.

- *Credit risk linked to cash and cash equivalents and derivatives*

Commodity hedging transactions and cash investments are made with prime financial institutions (with a long-term rating according to Standard & Poor's A- as of December 31, 2020). However, default by financial institutions cannot be totally excluded.

32.5 Liquidity risk

32.5.1 Liquidity risk of the parent company Recylex S.A.

32.5.1.1 Cash forecasts

Recylex S.A. has drawn up a new short- and medium-term financial outlook to take into account the known impacts of the insolvency proceedings at the level of the German entities and the new scope of its activities. This new outlook is based on the following assumptions:

- The continuation of Weser-Metall GmbH operations and the continued supply of secondary materials to the Weser Metall GmbH smelter by Recylex S.A. Weser-Metall GmbH is now a company outside the Recylex Group and subject to insolvency proceedings;
- Recylex S.A.'s ability to find new outlets for its products in the medium term in order to reduce its dependence on Weser-Metall GmbH, which is currently its quasi unique client;
- The extension beyond January 31, 2022 of the maturity date of the €16 million loan granted in 2014 by Glencore International AG, (Notes 13 and 32.5.1.2)
- The suspension of the payment of financial interest on the €16 million loan granted by Glencore International AG for at least the next 12 months (for an amount of €1,2 million), as well as the adjustment of the amount, the terms of repayment and the medium-term interest;
- Temporary suspension of the payment plan for the fine to the European Commission and adjustment of the payment schedule to ensure that it is compatible with Recylex S.A.'s capacity to generate cash. In this respect, a request was made to the European Commission in July 2020 to adjust the amount and payment plan to the Group's new economic situation;
- The adequacy of annual expenditure on the rehabilitation of the former mines and the discontinued l'Estaque site, so that expenditure is compatible with Recylex S.A.'s cash-generating capacity, it being specified that Recylex S.A. will almost certainly have to find external financing for the work on the l'Estaque site or sell the site in its current state in order to meet its current obligations. The rehabilitation schedule defined by the supplementary prefectoral order of January 15, 2021 is set at December 31, 2024, for a total cost of approximately €9 million (see Note 38);

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

- The forecast volumes of secondary raw materials from Weser-Metall GmbH (now a third-party customer), which is Recylex S.A.'s almost sole 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 equity associate (Recytech S.A.), whose results are highly sensitive to the level of zinc prices and to the volumes treated;
- complementary expenditure linked to the rehabilitation obligations for L'Estaque site and former mining sites;
- 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.

Recylex S.A.'s financial equilibrium is based on these assumptions, and failure to achieve one or more of the assumptions described above could result in additional short-term financing requirements. The Company would then have to find new sources of financing in order to maintain its cash balance and meet its current liabilities. Otherwise, Recylex S.A. could find itself in a situation where it has to declare its suspension of payments.

It should be noted that Recylex S.A.'s ability to continue as a going concern in the medium term depends very heavily on its ability to find new outlets for its products in the event that Weser Metall GmbH reduces its demand for secondary materials. At the balance sheet date, Recylex S.A. had no commercial contracts guaranteeing the volumes of secondary materials to be purchased by Weser Metall GmbH.

Please refer to Note 2 - Accounting Policies and Application of IFRS - Going Concern for the application of the going concern principle in the preparation of the consolidated financial statements at December 31, 2020.

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 31/12/2019***	***Change 2020***	***Liabilities 31/12/2020***	***Maturity date***
Original continuation plan (1)	2.8	(2.8)	-	
Glencore International AG	5.1	-	5.1	**2026**
Clawback clause	4.1	-	4.1	
Recylex S.A.'s total rescheduled debts/liabilities (3)	**12.0**	**(2.8)**	**9.2**	
Borrowing arranged (Note 13) (2)	**16.0**	**1.2**	**17.2**	**2022**
Total financial debts/liabilities - Recylex S.A.	**28.0**	**(1.6)**	**26.4**	
European Commission (4)	**24.9**	**(0.2)**	**24.7**	
Intragroup financial debts/liabilities (1)	**(2.8)**	**2.8**	**-**	
Total consolidated financial debt	**50.1**	**1.0**	**51.1**	
o/w current	2.4	18.9	21.3	
o/w non-current	47.7	(17.9)	29.8	

(1) In the context of Recylex GmbH's insolvency proceedings, the debt of €2.8 million owed to Recylex GmbH was offset against the €5.0 million receivable held by Recylex S.A. in respect of a loan to Recylex GmbH. The resulting net amount of the receivable (€2.2 million) has been fully written down in Recylex S.A.'s accounts.

(2) As part of the plan to spread the European Commission's fine, the repayment date for this loan has been extended to 2024. The interest due and not paid amounts to €1.2 million at December 31, 2020. Recylex S.A. has obtained from Glencore International AG a temporary suspension, subject to conditions, until 31 January 2022, of the latter's right to demand that the loan become payable (see Notes 13 and below). In this context, this loan is classified as due 2022.

(3) See note 18 Other non-current liabilities - 18.1 Rescheduled liabilities.

(4) Current and non-current portion.

At December 31, 2020, Recylex S.A.'s total financial debt amounted to €51.1 million, equivalent to 138% of the Group's total assets. The current financial debt is now as follows:

Current financial debt (in millions of euros)	***December 31, 2020***	***December 31,2019***	***Change***
Loan from Glencore international AG	17.2	-	17.2
Of which unpaid interest	*1.2*		
European Commission fine	1.4	0.7	0.7
Debt resulting from the financial recovery clause	2.7	1.7	1.0
Total liabilities	**21.3**	**2.4**	**18.9**

It should be noted that the filings for insolvency proceedings of the German sub-group entities has made the loan from Glencore International due at any time as it has been linked to the financing of the German sub-group since 2016. On 18 May 2020, the Group obtained from Glencore International AG a first conditional suspension until 31 October 2020 of its right to declare the loan immediately due. This suspension of rights was subsequently extended to 19 February 2021. At the balance sheet date, Recylex S.A. was granted a temporary and conditional suspension of Glencore International AG's right to declare the loan immediately due and payable until 31 January 2022 at the latest. The termination date of this suspension of rights may, however, be shortened by Glencore International AG if Recylex S.A. does not meet the conditions precedent to the suspension of rights being granted, namely the continued supply of Weser Metall GmbH with secondary materials by Recylex S.A. or the successful continuation of the restructuring process of Recylex S.A.'s financial and non-financial debt. This explains the classification of this debt, for a total amount of €17.2 million including interest, as a "current liability" at December 31, 2020, whereas it was presented as a "non-current liability" at December 31, 2019 (see Notes 1 and 13).

It should be noted that Weser Metall GmbH is itself subject to insolvency proceedings. The assets of Weser Metall GmbH are being sold by the German insolvency administration. According to press reports in Germany, Glencore International AG is a potential buyer and has entered into discussions with the German insolvency administration[18]. Having lost all control over the German subsidiaries because of the insolvency of the German sub-group entities, Recylex S.A. is following these developments as a third party. At the balance sheet date, Recylex S.A. had no commercial contracts guaranteeing the volumes of secondary materials to be purchased by Weser Metall GmbH.

As the future maturities of the financial debt (see Note 35) are no longer consistent with the Group's future cash generation in its new configuration, Recylex S.A. has entered into discussions with its creditors, namely Glencore International AG and the European Commission, in order to adapt the amount and the repayment schedule of the debt to the Group's cash generation capacity. In this context, the Group is also studying the feasibility of a partial disposal of certain activities in order to allow a restructuring of the debt and to allow the residual activity to continue operating. A possible abridgement or non-extension beyond 31 January 2022 by Glencore International AG of suspension of its rights to terminate the above-mentioned loan would, in the absence of a restructuring of this debt, result in the loan becoming due and payable. On the basis of cash flow forecasts known to date, this situation would lead to a shortfall in available assets compared to liabilities due and Recylex S.A. would then find itself in a position to declare its suspension of payments.

Recylex S.A. temporarily suspended payment of the fine imposed by the European Commission in September 2020 and subject to the payment plan agreed in 2017, and has entered into discussions with the European Commission regarding payment of this fine.

The outstanding instalments amount to €0.5 million (due from September to December 2020) plus accrued interest of €0.3 million, for a total amount due of €0.8 million. The annual payment (interests included) of the European Commission's fine for the year 2021 amounts to €1.7 million.

The amounts due under the clawback clause amount to €2.7 million. The main creditor is Glencore International AG for an amount of €2.5 million. Recylex S.A. has obtained a suspension from Glencore International AG of its right to demand payment of this debt on the same terms as the waiver of its right to declare the loan of €16.0 million immediately payable (see above).

The accumulation of debts arising from the clawback clause and debts arising from the non-payment of instalments relating to the settlement of the debt to the European Commission may - if their payment is not deferred by these creditors or in the absence of restructuring of these debts - depending on the level of cash available at that time- also lead to a shortfall of available assets in relation to the liabilities due.

Recylex S.A. does not have a current bank credit line for cash management.

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; detailed in Note 1, and it has no control over the schedule of court hearings:

- the claim for damages from the liquidators of Metaleurop Nord S.A.S. 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 S.A.S., 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 €14.4 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 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).

32.5.1.4 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:

- The Group's cash position is not centralized at the level of Recylex S.A.;

[18] *https://www.nord24.de/wesermarsch/Nordenhamer-Blei-und-Zinkhuette-wieder-unter-einem-Dach-54133.html (Lead and Zinc smelter under a commun roof again)*

- Recylex S.A.'s principal and quasi-unique client being its former subsidiary Weser-Metall GmbH, Recylex S.A.'s cash position is highly dependent on the progress of Weser-Metall GmbH's business and its willingness to continue its commercial relationship with Recylex S.A.
- Thus, in order to be able to continue as a going concern in the medium term, Recylex S.A. will have to find new outlets to reduce its dependence on Weser-Metall GmbH and compensate for a possible drop in demand for secondary materials from Weser Metall-GmbH; It should be noted that at the date of approval of accounts, Recylex S.A. had no commercial contracts guaranteeing the volumes of secondary materials to be purchased by Weser Metall GmbH.
- It should be noted that Recylex S.A. will have to find new external financing to fund the rehabilitation works at the Estaque site or sell the site in its current state, as the level of expenditure to be incurred from 2022 onwards in accordance with the new schedule (see Note 38) is incompatible with the company's cash generation;
- C2P S.A.S, Recylex S.A.'s sole outlet for the sale of polypropylene residues from the recycling of used lead batteries. The C2P S.A.S. subsidiary, located at Recylex S.A.'s recycling site in Villefranche-sur-Saône, uses the same infrastructure as Recylex S.A., thereby generating economies of scale in costs. The interdependence of the two companies is a factor to be taken into account when assessing the financial risks of the two companies.

32.5.2 Liquidity risk of the German perimeter

32.5.2.1 Financial debts - German scope

With the deconsolidation of the German subgroup entities in the first half of 2020 (see Notes 1 and 37), the bank and financial debt as of December 31, 2019 is removed from the consolidated balance sheet in the amount of €133.4 million euro.

The financial liabilities of the German sub-group, together with the expected repayment schedule (before elimination of intra-group receivables and payments), are as follows:

In millions of euros	*Liabilities 31/12/2019*	*Change*	*Exit of scope of consolidation*	*Liabilities 31/12/2020*	*Maturity date*
Bank borrowings	43.6		(43.6)	-	**2020**
Bank overdraft facilities	15.0	(2.0)	(13.0)	-	
Glencore International AG	73.5	12.0	(85.5)	-	**2020**
Recylex S.A.	15.7		(15.7)	-	**2020**
Accumulated interest	1.4	3.3	(4.7)	-	**2020**
Total financial liabilities – German sub-group	**149.1**	**13.3**	**(162.5)**	**-**	
Intragroup financial liabilities	**(15.7)**	**-**	**15.7**	**-**	**2020**
Total consolidated financial liabilities[19]	**133.4**	**13.3**	**(146.8)**	**-**	
o/w current	133.4	13.3	(146.8)	-	
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
.

[19] *See note 18 Other non-current liabilities - 18.1 Rescheduled liabilities.*

NOTE 33 - FINANCIAL INSTRUMENTS ON THE BALANCE SHEET

Analysis of financial instruments by type of instrument

31/12/2020	*Available for sale assets*	*Loans and receivables*	*Fair value through profit or loss*	*Hedging derivatives*	*Financial liabilities at amortized cost*	*Carrying amount*	*Fair value*
(en milliers d'euros)							
Actifs							
Non-current assets							
Non-current financial assets	-	65	-	-	-	65	65
Non-current derivatives	-	-	-	-	-	-	-
Other non-current assets	-	-	-	-	-		-
Current assets							
Trade receivables	-	2,486	-	-	-	2,486	2,486
Current derivatives[3]	-	-	-	-	-	-	-
Cash and cash equivalents	-	6,544	-	-	-	6,544	6,544
Liabilities							
Non-current liabilities							
Non-current interest-bearing borrowings	-	-	-	-	-	-	-
Other non-current liabilities[1]	-	-	-	-	29,776	29,776	29,776
Current liabilities							
Current interest-bearing borrowings	-	-	-	-	17,202	17,202	17,202
Trade payables	-	-	-	-	4,154	4,154	4,154
Current derivatives[3]	-	-	-	-	-	-	-
Other current financial liabilities[2]	-	-	-	-	4,200	4,200	4,200

(1) Other non-current liabilities are detailed in Note 18.
(2) Other current financial liabilities include liabilities related to the financial recovery clause and the current portion of the European Commission fine.

31/12/2019	*Available for sale assets*	*Loans and receivables*	*Fair value through profit or loss*	*Hedging derivatives*	*Financial liabilities at amortized cost*	*Carrying amount*	*Fair value*
(en milliers d'euros)							
Actifs							
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	25,508
Current derivatives[3]	-	-	541	-	-	541	541
Other current financial liabilities[2]	-	-	-	-	5,836	5,836	5,836

(1) Other non-current liabilities are detailed in Note 18.
(2) Other current financial liabilities include, among others, liabilities related to the financial recovery clause and the current portion of the European Commission fine.
(3) Concerns only interest rate swaps (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

(en milliers d'euros)	31/12/2020	Recognized in income 31/12/2019
Income/(expense) relating to loans and receivables recognized at amortized cost	-	-
Foreign exchange gains/(losses) on loans and receivables (Note 27)	(73)	(291)
Reversal of/(charge to) impairment losses on loans and receivables	(44)	(657)
Foreign exchange gains/(losses) on cash and cash equivalents (Note 27)	-	-
Factoring costs (Note 27)	(199)	(856)
Net gains and losses on loans and receivables	**(316)**	**(1,804)**
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)	(5,516)	(12,211)
Impact of discounting liabilities under the continuation plan (Note 18)	33	(236)
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	**(5,483)**	**(12,447)**
Derivatives not designated as hedging instruments	**-**	**(14)**
Investments held at fair value	-	-
Total	**(5,799)**	**(14,265)**

NOTE 34 - INFORMATION CONCERNING CREDIT RISK

Unpaid receivables

At December 31, 2020	*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	4,455	4,455	-	-	-	-
Trade receivables	11,488	2,486	-	-	-	9,002
Other receivables	2,667	172	-	-	-	2,495
Other financial assets (1)	161,308	-	-	-	-	161,308
Total	**179,918**	**7,113**	**-**	**-**	**-**	**172,805**

(1) These are receivables from investments in Metaleurop Nord S.A.S. and Peñarroya Spain (see Note 6) and a loan from the former subsidiary Weser-Metall GmbH.

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**

(1) These are receivables from investments in Metaleurop Nord S.A.S. and Peñarroya Spain (see Note 6) and a loan from the former subsidiary Weser-Metall GmbH.

Impairment of loans and receivables

In thousands of euros	December 31, 2020			December 31, 2019		
	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	**244,605**	**3,311**	**1,430**	**244,780**	**3,456**	**1,092**
Increases	71	5,165	-	78	4	653
Uses	-	-	-	-	-	-
Reversals	-	-	-	(253)	(65)	(315)
Total impairment at December 31	**244,677**	**8,476**	**1,430**	**244,605**	**3,395**	**1,430**
IFRS 5	-	-	-	-	(84)	-
Change due to the deconsolidation of the German sub-group	66,716	526	1,065	-	-	-
Accumulated impairment at December 31 after IFRS 5 impact	**311,393**	**9,002**	**2,495**	**244,605**	**3,311**	**1,430**

Impairment losses are recognized only on a case-by-case basis.

NOTE 35 - LIQUIDITY RISK: OUTSTANDING FINANCIAL LIABILITIES BY MATURITY DATE

At December 31, 2020, 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	2021	2022	2023	2024	2025	> 5 ans
Borrowings (1)	17,202	17,202	-	17,202	-	-	-	-
Liabilities rescheduled under the continuation plan (2)	5,050	5,050	-	-	-	-	-	5,050
Clawback clause (3)	4,100	19,210	198	2,455	-	-	-	16,557
Trade payables	4,154	4,154	4,154	-	-	-	-	-
Commitments under operating leases and finance leases	1,252	1,252	525	364	364			-
Other current liabilities (4)	24,704	27,961	2,233	1,700	1,700	8,200	14,128	-
Total	**56,462**	**74,829**	**7,110**	**21,721**	**2,064**	**8,200**	**14,128**	**21,607**

(1) Loan granted by Glencore International AG (see note 13). The placing of the German subgroup entities in insolvency proceedings has made this loan payable at any time by Glencore International AG. On February 10, 2021 Recylex S.A. obtained a temporary waiver from Glencore International AG of its right to declare this loan immediately due and payable until January 31, 2022, subject to conditions.
(2) In respect of the debt to Glencore International AG, €5 050 thousand (see notes 18 and 32).
(3) The contractual flows relating to the clawback clause correspond to the nominal value of this debt without taking into account the valuation of the clause at the balance sheet date. This clawback clause provides that, from December 31, 2015 onwards, Recylex S.A. will allocate 20% of its cash position at December 31 of each year to the repayment of the balance of the waived receivables, on a pari passu basis between the creditors, with no time limit. The total amount of receivables eligible for the above-mentioned clawback clause is €19,210,000. The clawback clause amounts to €4,100,000 in the consolidated balance sheet (see note 18.1). The amounts due and payable under the clawback clause amount to €2,653 thousand, of which €2,455 thousand to Glencore International AG. Recylex S.A. has obtained - subject to conditions- a suspension from Glencore International AG of its right to demand payment of this debt until January 31, 2022.
(4) Liability relating to the European Commission fine (Note 18).

NOTE 36 - EXPOSURE TO MARKET RISK AND DERIVATIVES

Raw materials

The Group is exposed to a transactional risk relating to changes in the price of metal, mainly lead, 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 semi-finished product is determined (output quotation period). The exposure arises from sales of semi-finished products for which production is based on secondary materials (lead from battery recycling), the price of which is not indexed to price, and on surplus metals recovered from the materials to be processed.

At December 31, 2020, the Group had no financial instruments to hedge its exposure to the risk of changes in metal prices.

Interest rates

In order to hedge against the rise in interest rates associated with the interest expense to be paid on variable-rate debt, the entities of the German subgroup had entered into several pay-fixed/receive-floating interest rate swaps. These derivatives, which do not qualify as hedging instruments, were recorded in the balance sheet as of December 31, 2019 at fair value with changes in fair value recognized in the income statement.

As of December 31, 2020, following the deconsolidation of all German entities, the Group no longer had any financial instruments to hedge against interest rate fluctuations.

Foreign exchange

The Group is exposed to a limited foreign exchange risk, as its transactions are almost exclusively in euros.

NOTE 37 - LIST OF CONSOLIDATED ENTITIES AND CHANGES IN THE SCOPE OF CONSOLIDATION

The scope of consolidation as of December 31, 2020 is presented in the following table:

	Registered office	Consolidation method	% interest at 12/31/2020	% control	% interest at 12/31/2019
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 S.A.	Brussels	FC	100.00	100.00	100.00
Algérie					
Eco-Recyclage SpA	Algiers	EQ	33.33	33.33	33.33
FC = Full consolidation	EQ = Equity method		NC = Non-consolidated		

Changes in the scope of consolidation in fiscal year 2020:

<u>Deconsolidation of the German subgroup entities:</u>

As of May 15, 2020, the following entities were deconsolidated following the placement of the German entities in insolvency proceedings under German law:

	Registered office	Consolidation method	of interest 05/15/2020	of interest 12/31/2019	Changes in scope of consolidation
Germany					
Recylex GmbH	Hanover	FC	100.00	100.00	Loss of control
Weser-Metall GmbH	Nordenham	FC	100.00	100.00	Loss of control
Harz-Metall GmbH	Goslar	FC	100.00	100.00	Loss of control
C2P GmbH	Goslar	FC	100.00	100.00	Loss of control
PPM Pure Metals GmbH	Langelsheim	FC	100.00	100.00	Loss of control
Recylex Grundstücksverwaltungs GmbH	Langelsheim	FC	100.00	100.00	Loss of control
Norzinco GmbH	Goslar	FC	100.00	100.00	Loss of control

In accordance with the provisions of IFRS 10, the Group has made an assessment of control taking into account these new facts and circumstances and has concluded that the criteria defined by IFRS 10 are no longer met, which results in the deconsolidation of all German entities subject to insolvency proceedings in its consolidated financial statements.

The loss of control is a direct consequence of the decisions of the German court confirming the filings for insolvency proceedings at the level of the former German subgroup entities on May 15, 2020. With the court's decisions, all powers are fully transferred to the Managing Directors of the German entities and to the appointed insolvency administrator. The objective of these insolvency proceedings under German law is the management of the German entities in the best interests of the creditors and no longer of the shareholders. In particular, the right of the shareholder to instruct the management or to dismiss and/or appoint managing directors is very limited according to § 276a of the German Insolvency Code. The loss of control resulting from these events is definitive and the entities of the German subgroup have been permanently removed from the scope of consolidation of the Group.

<u>Other changes in the scope of consolidation:</u>

As part of the deconsolidation of the German subgroup entities referred to above, the Group has also decided to no longer consolidate the following two structures:

	Registered office	Consolidation method	of interest 05/15/2020	of interest 12/31/2019	Changes in scope of consolidation
Germany					
Recylex Beteiligungsgesellschaft Eins mbH	Hanover	FC	100.00	100.00	Deconsolidated
Recylex Beteiligungsgesellschaft Zwei mbH	Hanover	FC	100.00	100.00	Deconsolidated

As a reminder, these two companies were created in 2016 as part of the creation of the German security trust in order to hold the Recylex GmbH shares held by Recylex S.A. for the duration of the security trust. These companies have no operating activities, no liabilities and no assets other than the shares of Recylex GmbH, a company over which the Group has lost control.

Effect of the deconsolidation of the German sub-group entities:

As the Group does not have a financial statement at the date of this unexpected event, it has been decided, for the purposes of deconsolidating the German operations, to use the closest monthly financial statement under the applicable standards, i.e. the one drawn up at April 30, 2020. Transactions between April 30, 2020 and May 15, 2020 were considered immaterial in a context where the situation related to the SARS-Cov-2 pandemic existing at the time of the initiation of insolvency proceedings had led the Group to implement measures to adapt its activities to the general slowdown in demand, in particular a halt in activities at the industrial sites of the Lead segment.

The change in the scope of consolidation resulting from the deconsolidation operation has led to the recognition of a gain or loss on the sale of the business, which is included in the parent company's income statement (IFRS 10.25).
The deconsolidation of the German subgroup thus gives rise to a deconsolidation income of €159.4 million euros. This income is explained by the consolidated contribution of the German sub-group, which was largely negative at the previous year-end (December 31, 2019) due to accumulated operating losses, the weight of financial debt and asset impairments recognized at the level of each CGU, in particular in the Lead segment and the Weser-Metal GmbH CGU.

In addition, the deconsolidation of the German sub-group's entities resulted in the reclassification as assets of Recylex S.A. of the shares held in the German sub-group and of the loans and trade receivables that were fully impaired in the consolidated financial statements at December 31, 2020.

The deconsolidation income of €159.4 million includes the recognition at zero fair value of the Recylex GmbH equity investments held by Recylex S.A., the loans held by Recylex S.A. to Weser-Metal GmbH and Recylex GmbH, and the trade receivables held by Recylex S.A. to the German sub-group entities.

This result of deconsolidation was recorded under "Other operating income and expenses" in the consolidated income statement at December 31, 2020.

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 a set of constantly evolving local, national and international regulations in the field of the environment and industrial and mining safety, which impose numerous requirements. As such, these activities may entail a risk of liability for the Recylex Group, particularly in terms of site clean-up, rehabilitation of former mines and industrial safety. Under the IFRS applied by the Group, provisions can only be set aside when the Group has a legal, regulatory or contractual obligation to a third party resulting from past events.

This obligation may also arise from public practices or commitments of the Group which have created a legitimate expectation on the part of the third party concerned that the Group will assume certain responsibilities, where it is certain or probable that the obligation will result in an outflow of resources to the third party and where the amount can be reliably estimated and corresponds to the best possible estimate of the obligation.

At the end of fiscal year 2020, the environmental provisions recognized by the Group amounted to €13.4 million, covering the present value of all the estimated expenses over the required rehabilitation period. The amounts recorded correspond to the best possible estimates based on reports and technical studies by independent experts. The Group does not rule out the possibility that the assumptions used to determine these provisions may have to be reassessed. To this end, provisions are monitored to take account of changes in regulations, changes in the interpretation or application of regulations by the relevant authorities, or, in the case of environmental rehabilitation, technical, hydrological or geological constraints, or the discovery of pollution not yet identified.

Under the IFRS standards applied by the Group, a contingent liability is identified when:

- A potential obligation resulting from past events, the existence of which will be confirmed only by the occurrence (or non-occurrence) of one or more uncertain future events not wholly within the control of the enterprise; or
- A present obligation that 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.

The amount of the obligation cannot be measured with sufficient reliability. The environmental provisions recognized (before discounting) are summarized in the table below:

In thousands of euros	31/12/2020	31/12/2019
France		
Active sites	-	-
Closed sites	9,077	5,939
Mines	3,494	2,963
Others	805	-
Germany		
Active sites	-	2,445
Closed sites	-	6,924
Total provisions	**13,376**	**18,271**

The deconsolidation of the German sub-group's entities in the first half of 2020 led to the removal from Recylex S.A.'s books of the environmental liabilities attached to these entities. The impact of the deconsolidation on environmental provisions amounted to a negative amount of €9.3 million.

As a result, the environmental provisions recorded in the balance sheet at December 31, 2020 refer solely to the remediation of the discontinued L'Estaque site and the former mining concessions and derelict sites for which Recylex S.A. is responsible.

The Group has drawn up a forecast of expenditure based on the current obligations identified at the closed industrial sites and former mines:

In thousands of euros	2021	2022	2023	2024	2025	Over 5 years
Discontinued industrial sites	242	1,056	3,358	4,421	0	0
Former mines and others	387	1,888	286	135	137	1,466
Total provisioned expenses	**628**	**2,944**	**3,644**	**4,556**	**137**	**1,466**

The environmental provisions recognized and the contingent liabilities identified by the Group are discussed in the following paragraphs.

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

The rehabilitation and safety of former mining sites for which Recylex S.A. is responsible are covered by multi-year work plans that are validated and revised in consultation with the relevant local authorities and government bodies, depending on the specific conditions and rules applying to each site.

As of December 31, 2020, the total amount of provisions (before discounting) covering the entire rehabilitation program for former mining sites amounted to €3.5 million.

In thousands of euros	31/12/2020	31/12/2019
Total provisions	**3,494**	**2,963**

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. Recylex S.A. is still responsible for the rehabilitation works required by the prefectoral order.

In addition to the recurring costs of technical monitoring and site management, the cost of works in 2020 includes monitoring of deposits, water monitoring, land stability monitoring, site maintenance and any depollution measures required and/or prescribed by prefectoral order and/or the law.

Costs incurred in 2020 for the rehabilitation of the former mines amounted to €0.7 million.

At the end of 2020, the Group added €0.9 million to the existing rehabilitation provision to cover higher than initially estimated costs for the rehabilitation works in a former mine in the Tarn region and additional work arising from its legal and regulatory obligations.

2.2 Monitoring of contingent liabilities relating to former mining sites

At December 31, 2020, 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	31/12/2020	31/12/2019
France		
Closed sites	9,077	5,939
Germany		
Closed sites	-	6,924
Total	**9,077**	**12,863**

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. The request to postpone the completion date to December 31, 2024 was accepted by the competent authorities and resulted in the issuance of an additional prefectoral order dated January 15, 2021.

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 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 implementation of rehabilitation works starting in 2019 has revealed larger polluted areas than initially estimated, which have concentrated the majority of the work before the temporary suspension of the main rehabilitation operations. In addition, the Company has also been faced with exceptional maintenance and repair work in certain areas of the site.

It should be noted that works on environmental monitoring and site safety have nevertheless continued throughout 2020, despite the temporary suspension of operations.

In this context, costs in 2020 on the rehabilitation of the Estaque site amounts to €1.8 million, including €1.4 million expenditure on works not initially planned as described above.

Provisions (before discounting) covering the entire rehabilitation program at the Estaque site amounted to €9.1 million at December 31, 2020.

Taking advantage of the temporary suspension of the rehabilitation works, the Group has reviewed the status of the rehabilitation program in relation to its obligations, to the observations made on the site in recent years, and to the planned schedule. A re-estimation of the main estimates was made at the end of 2020. On this basis, at the close of the fiscal year ending in December 31, 2020, the Group added €3.5 million to the existing provision to cover the additional costs generated by the extension of the duration of the remediation program, the costs inherent in any stoppage and restarting of work sites, and the discovery of polluted materials that need to be treated and that require more storage than initially expected, leading the Company to have to extend the storage capacity of the landfill.

The amount of the provision at December 31, 2020 corresponds to the best estimates available at that date, based on the technical reports of independent experts.

It should be noted that Recylex S.A. will have to find new external financing to fund the rehabilitation works at the Estaque site or to sell the site in its current state, as the costs to be incurred from 2022 onwards are incompatible with the company's cash flow generation (see Note 32 "Liquidity risk").

3.2 Monitoring of contingent liabilities in France

As of December 31, 2020, the Company is not aware of any potential or actual obligation that could constitute a contingent liability relating to the shutdown of industrial sites in France.

4. Active sites

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 2020, 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, 2020, Recylex S.A. recognized a long-term financial asset corresponding to the first six tranches in a total amount of €570,000. 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. Discounting 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.

As the rates used were negative at December 31, 2020, no discounting was performed.

The sensitivity of environmental provisions to a change in discount rates is shown in the table below:

	Change in the discount rate[1] (in basis points)			
	0.5	1.0	1.5	2.0
Impact on the amount of the provision (in millions of euros	-0.1	-0.2	-0.4	-0.6

(1) As the rates used are negative, we show the impact of discounting on the amount provisioned in the event of an increase in rates.

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).

Recylex S.A.'s activity - battery recycling

The average lead price at the end of March 2021 was €1,676/t, up from €1,595/t in the last quarter of 2020.

Demand for secondary materials from Weser-Metall GmbH (now Recylex S.A.'s principal and quasi-unique client - see Notes 1 and 32) remains strong in the first quarter of 2021. Recylex S.A. thus recycled around 22,300 tons of used batteries, in increase compared to the same period in 2020.

The EBITDA of the activity at the end of March was a profit of €0.8 million. As the result of the activity was insufficient to absorb the company's fixed and environmental costs (see Note 38), the Company financed itself mainly by reducing its working capital requirement and by interim dividends from its stake in Recytech during the first three months of 2021.

Cash and cash equivalents amounted to €8.3 million at March 31, 2021.

The Company's forecasts show that the cash position will decline sharply by the end of the first half of 2021 due to insufficient cash generated by the battery recycling business.

Polypropylene recycling activity operated by C2P S.A.S.

After a sharp slowdown in activity in the first half of 2020, particularly affected by the automotive sector which was weakened by the effects of the SARS-CoV-2 pandemic, demand in the first months of the year showed positive signs.

C2P S.A.S. was able to sell 2,880 tons of recycled polypropylene, generating sales of €2.8 million at the end of March 2021. The activity resulted in a positive EBITDA at the end of March 2021 and the cash position remains globally stable at €1.5 million.

Other events

The request to postpone the completion date for the rehabilitation of the Estaque site to December 31, 2024 was accepted by the competent authorities and resulted in the issuance of an additional prefectoral order dated January 15, 2021. Rehabilitation works at the Estaque site remain suspended, with only environmental monitoring and site security operations continuing. The company has also initiated a process to find a buyer for the site “as is”, given the impossibility of financing the work with its own funds.

With regard to Recytech S.A., given the trading conditions, zinc price levels and the availability of zinc dust for recycling noted during the year 2020, the Group anticipates, in its cash forecasts, a significant reduction in the dividends to be received in 2021 in respect of the 2020 financial year.

In April 2021, Recylex S.A. received a claim from a supplier of its former subsidiary Harz-Metall GmbH before the Land Court of Nuremberg. The claim is for alleged damages - due to anti-competitive practices - in the amount of €7.3 million. Recylex S.A. is currently analyzing the reasons and grounds for this claim, which it intends to contest fully. No provision has been recorded in the accounts in this respect.

Outlook

At the date of closing of the consolidated accounts, Recylex S.A. is actively working with its advisors on restructuring the Company's financial and non-financial debt and is studying the feasibility of the disposal of certain assets and/or activities in order to allow a debt restructuring and the remaining operations to continue.

The financial outlook (which structural assumptions and associated risks are detailed in Note 32.5 “Liquidity risk”) is based on a favorable outcome to the discussions initiated with Recylex S.A.'s creditors regarding the adjustment of the amount and maturity of existing debts to the Group's future cash generation capacity. These discussions are currently in progress at the date of approbation of Recylex S.A.'s consolidated financial statements by the Board of Directors.

As the outcome of these discussions is uncertain, this situation gives rise to significant uncertainty as to the company's ability to continue as a going concern.

NOTE 40 - DISCONTINUED OPERATIONS, ASSETS HELD FOR SALE AND ASSETS HELD FOR SALE

Norzinco GmbH and PPM Pure-Metals GmbH

In fiscal 2019, the Group began a process of disposal of non-strategic assets concerning the entities Norzinco GmbH and PPM Pure-Metals GmbH. The disposal processes initiated by the Group continued in the first half of 2020 and were halted by the opening of insolvency proceedings at the level of these two entities on May 14, 2020 without the disposals being finalized. Until the date of the loss of control leading to their deconsolidation, the Group has applied the provisions of IFRS 5 for entities classified as discontinued operations as of December 31, 2019, namely Norzinco GmbH and PPM Pure-Metals.

Weser-Metall GmbH

As of December 31, 2019, the Group had initiated a study of a possible disposal of Weser-Metall GmbH, although no decision had been taken in discussions with the German subgroup's financial partners. The continued financing of the German subgroup was subject to conditions, including a review of the progress of the disposal project, initially scheduled for February 2020, in order to assess whether the proceeds from the disposal would be sufficient to allow a sustainable restructuring of the German sub-group's debt. The Group concluded that the criteria set out in IFRS 5 were not met at the December 31, 2019 closing date.

In the first half of 2020, this review of the progress of the disposal project by the German subgroup's financial partners, initially scheduled for February 2020, was successively postponed to mid-March 2020, the end of April 2020 and the end of May 2020, and finally did not take place on the date Weser-Metall GmbH was placed in insolvency proceedings on May 14, 2020. The study of the possible sale of Weser-Metall GmbH initiated by the Group was therefore halted by the filings for insolvency proceedings at the level of the German subgroup entities. As the criteria defined by IFRS 5 were not met, the Group did not restate this entity in the first half of 2020.

At the date of deconsolidation of the German subgroup entities, the main categories of assets and liabilities by operating segment that were classified as assets and liabilities held for sale were as follows:

In thousands of euros	Zinc segment Norzinco GmbH	Special metals segment PPM Pure Metals GmbH	 Recylex Grundstücksverwaltungs GmbH	Total at date of loss of control	Total at December 31, 2019
Non-current assets	0	2,014	285	2,299	2,488
Current assets	5,322	6,520		11,842	12,605
o/w inventories	*0*	*4,759*		*4,759*	*7,623*
o/w trade receivables	*5,213*	*1,220*		*6,432*	*4,234*
Total assets or groups of assets held for sale	**5,322**	**8,534**	**285**	**14,141**	**15,094**
Non-current liabilities	223	2,066		2,289	2,085
Current liabilities	1,600	2,199		3,798	3,544
Total liabilities associated with a group of assets held for sale	**1,822**	**4,265**	**0**	**6,087**	**5,629**
Net assets held for sale	3,499	4,270	285	8,054	9,465

The Group's net income at in the years ended December 31, 2020 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	Result from discontinued operations at the date of loss of control	Result from discontinued operations as of December 31, 2020
Total sales	14,543	5,733	20,276	73,936
Operating income/(loss) before non-recurring items	-1,110	-1,123	-2,233	-6,853
Operating income	-1,110	-1,123	-2,233	-15,198
Net interest expense	-71	-5	-76	-225
Income taxes	0	0	0	0
Consolidated net income	**-1,181**	**-1,127**	**-2,308**	**-15,423**

As a reminder, at the December 31, 2019 closing, the fair value measurement net of disposal costs of assets held for sale had led the Group to recognize an additional impairment loss of €7.2 million euros for the Norzinco GmbH business. This impairment loss was presented in operating income as of December 31, 2019 in the table above.

Cash flows from operations held for sale are presented below for the years 2020 and 2019:

Cash flow from discontinued operations	**31/12/2020**	**31/12/2020**
Cash flow from operating activities	501	1,829
Cash flow from investing activities	-189	-2,208
Cash flow from financing activities	-41	-101
Change in cash	**271**	**-480**
Opening cash and cash equivalents of discontinued operations	**199**	**679**
Change in cash and cash equivalents of discontinued operations	271	-480
Change in scope of consolidation	-470	-
Closing cash and cash equivalents of discontinued operations	**-**	**199**

NOTE 41 - FEES PAID TO STATUTORY AUDITORS

(in thousands of euros)	Deloitte				KPMG			
	Amount		%		Amount		%	
	2020	2019	2020	2019	2020	2019	2020	2019
Audit								
Recylex S.A.	110	180	85%	31%	110	180	88%	94%
Subsidiaries	19	394	15%	69%	15	13	12%	6%
Sous-total	***129***	***574***	***0%***	***0%***	***125***	***193***	***0%***	***0%***
Other services								
Recylex S.A.	0	0	0%	0%	10	20	100%	100%
Subsidiaries	0	40	0%	100%	0	0	0%	0%
Sub-total	***0***	***40***	***0%***	***0%***	***10***	***20***	***0%***	***0%***
TOTAL	**129**	**614**	**0%**	**0%**	**135**	**213**	**0%**	**0%**

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

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, 2020

To the Recylex S.A. Annual General Meeting,

Disclaimer of opinion

In compliance with the engagement entrusted to us by the Annual General Meeting, it is our role to audit the accompanying consolidated financial statements of Recylex S.A. for the year ended December 31, 2020.

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, 2020 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.

The opinion expressed above 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 (including the Weser-Metall GmbH foundry), 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 the two used lead battery recycling plants operated by Recylex S.A. and 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 to its foundry by Recylex S.A. Weser-Metall GmbH is now outside the Recylex Group and is subject to insolvency proceedings,
- Recylex S.A.'s ability to find new outlets for its products in the mid-term in order to reduce its dependency on Weser Metall GmbH which is practically its only customer. No commercial agreement guarantees the purchase of volumes by this company from Recylex S.A.,
- 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 SAS, located on the Recylex SA recycling site in Villefranche sur Saône, uses the same infrastructures as Recylex SA, 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 January 31, 2022 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, or the successful continuation of Recylex S.A.'s financial and non-financial debt restructuring process,
- suspension of interest payments on the €16 million loan granted by Glencore International AG for at least the next 12 month (for an amount of €1.2 million), and changes to the amount, repayment conditions and interest in the mid-term,
- compatibility of annual rehabilitation expenditure for the former mines and the discontinued Estaque site with Recylex S.A.'s ability to generate cash, it being specified that Recylex S.A. will certainly need to find external financing for work at the Estaque site or sell the site in its current state to satisfy its current obligations. The rehabilitation schedule defined by the additional prefectural order of January 15, 2021 sets a completion date of December 31, 2024 for a total works amount of €9 million,
- 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,

- 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 cash generation capacity. To this end, a request was submitted to the European Commission in July 2020 seeking changes to the amount and payment plan in line with the Group's new economic situation in its new configuration,
- Recylex S.A.'s ability to find the new financing necessary to rehabilitate the discontinued Estaque site and the former mines, or the ability to sell this site in its current state.

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, 2019 in our report of October 23, 2020.

We also recall that our inability to attend the physical inventory counts of the German sub-group entities as of December 31, 2019 and to attest the existence of the inventories using other control procedures was disclosed in our report on the fiscal year ended December 31, 2019. Due to the deconsolidation of the German sub-group entities during the first-half of the year, this situation could impact the presentation of current net income and non-current net income in the consolidated financial statements for the year ended December 31, 2020.

Justification of Assessments - Key Audit Matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, 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.

We have the same matters to report on its fair presentation and its consistency with the consolidated financial statements, as disclosed in the section "Basis of disclaimer of opinion".

Other Legal and Regulatory Verifications or Information

Format of presentation of the consolidated financial statements intended to be included in the annual financial report

In accordance with Article 222-3, III of the AMF General Regulation, the Company's management informed us of its decision to postpone the presentation of the consolidated financial statements in compliance with the European single electronic format as defined in the European Delegated Regulation No 2019/815 of December 17, 2018 to years beginning on or after January 1, 2021. Therefore, this report does not include a conclusion on the compliance with this format of the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*code monétaire et financier*).

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, 2020, Deloitte & Associés and KPMG were in the 21st year and 27th 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

Objectives and audit approach

Our role is to conduct an audit in accordance with professional standards applicable in France and to issue a report on the consolidated financial statements.

We conducted our engagement in compliance with independence rules applicable to us, for the period from January 1, 2020 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 observation report following agreed upon procedures conducted on the statutory and consolidated financial information of Recylex S.A. for fiscal years 2015 to 2019 (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, April 27, 2021

The Statutory Auditors

KPMG Audit *Division of KPMG S.A.*	Deloitte & Associés
Alexandra Saastamoinen *Partner*	Frédéric Neige *Partner*

ANNUAL FINANCIAL STATEMENTS AT DECEMBER 31, 2020

ANNUAL FINANCIAL STATEMENTS AT DECEMBER 31, 2020

BALANCE SHEET

ASSETS - in thousands of euros			31/12/2020	31/12/2019
	Gross	Deprec., amort. charges to prov.	Net	Net
Intangible assets	3,441	(3,425)	16	26
Property, plant and equipment	29,114	(23,350)	5,764	5,897
Financial assets				
Equity investments	158,045	(151,472)	6,573	6,573
Loans and advances to investee companies	161,308	(161,308)		
Other	5,045	(684)	4,362	3,499
NON-CURRENT ASSETS	**356,952**	**(340,238)**	**16,715**	**15,995**
Inventories and work in progress	4,084	(20)	4,064	5,917
Advances and downpayments on orders	512		512	434
Trade receivables	10,314	(9,435)	879	10,367
Other receivables	5,018	(3,815)	1,203	1,311
Marketable securities	163	(119)	44	86
Cash and cash equivalents	4,841		4,841	4,473
CURRENT ASSETS	**24,933**	**(13,389)**	**11,543**	**22,588**
Prepaid expenses and deferred charges	54		54	625
Unrealized currency translation losses				
ASSETS	**381,940**	**(353,627)**	**28,313**	**39,208**
Liabilities - in thousands of euros			**31/12/2020**	**31/12/2019**
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			(56,675)	(59,120)
Special tax-allowance provisions			22	40
Net income/(loss) for the period			(12,137)	2,445
I - TOTAL EQUITY			**(45,919)**	**(33,764)**
Provisions for contingencies			5,488	6,461
Provisions for charges			13,760	9,257
II - TOTAL PROVISIONS			**19,248**	**15,718**
Bank borrowings				
Other borrowings and financial liabilities			17,202	16,109
Financial liabilities			**17,202**	**16,109**
Trade payables			3,519	4,588
Tax and employee-related liabilities			1,514	1,649
Other financial liabilities			32,749	34,910
Prepaid income				
Other financial liabilities			**37,782**	**41,146**
III - TOTAL FINANCIAL LIABILITIES			**54,984**	**57,255**
Unrealized currency translation gains				
IV - OVERALL TOTAL			**28,313**	**39,208**

INCOME STATEMENT

in thousands of euros	31/12/2020	31/12/2019
Sales	51,084	63,599
Provision reversals	1,018	4,375
Other operating revenue and change in inventories	(994)	(4,826)
Operating revenue	**51,108**	**63,148**
Purchases and change in inventories	(39,762)	(43,023)
Other purchases and external costs	(14,222)	(16,127)
Taxes other than on income	(318)	(412)
Staff costs	(4,200)	(4,681)
Depreciation, amortization and charges to/(reversals from) provisions	(11 636)	(1,934)
Operating expense	**(70,139)**	**(66,177)**
OPERATING INCOME/(LOSS)	(19,031)	(3,028)
Interest and similar income	4,199	10,031
Provision reversals and expense transfers	2 805	253
Foreign exchange gains		
Financial income	**7,005**	**10,284**
Interest and similar expenses	(1,954)	(1,963)
Charges to provisions	(42)	(55)
Foreign exchange losses		
Financial expense	**(1,996)**	**(2,018)**
NET FINANCIAL INCOME	**5,009**	**8,266**
INCOME BEFORE NON-RECURRING ITEMS	**(14,022)**	**5,238**
Net non-recurring gains/(losses) on management activities	967	(938)
Net gains/(losses) on capital transactions	(1)	(257)
Net provision reversal/(charge)	920	(1,598)
NET NON-RECURRING INCOME/(EXPENSE)	**1,886**	**(2,793)**
Income before tax	**(12,137)**	**2,445**
Income tax		
NET INCOME	**(12,137)**	**2,445**

CASH FLOW STATEMENT

In thousands of euros	31/12/2020	31/12/2019
Net income excluding dividends	(16,137)	(6,805)
Depreciation and amortization of non-current assets	1,007	975
Change in provisions	5,927	(2,016)
Gains and losses on disposals of non-current assets	1	257
CASH FLOW FROM OPERATIONS	**(9,201)**	**(7,589)**
Change in inventories	1,833	3,780
Change in trade receivables and payables	1,648	(408)
NET CASH FROM OPERATING ACTIVITIES (A)	**(5,720)**	**(4,216)**
Purchases of non-current assets and increase in related receivables		
- Property, plant and equipment	(873)	(1,414)
- Financial assets	(2,943)	(2,980)
Disposals of non-current assets and decrease in related receivables		
- Property, plant and equipment		
- Financial assets	2,010	2,667
Investment subsidies		
NET CASH FROM INVESTING ACTIVITIES (B)	**(1,806)**	**(1,727)**
NET CASH FROM OPERATING AND INVESTING ACTIVITIES (C = A + B)	**(7,526)**	**(5,943)**
Capital contributions		
Dividends paid		
Dividends received	4,000	9,250
Change in financial liabilities	1,093	(1)
Change in non-operating assets and liabilities	2,802	241
NET CASH FROM FINANCING ACTIVITIES (D)	**7,895**	**9,490**
CHANGE IN CASH AND CASH EQUIVALENTS (C + D)	**369**	**3,547**

SIGNIFICANT EVENTS

Preamble:

The activities of the Recylex Group, of which Recylex S.A. is the parent company, were deeply impacted by the events reported hereafter in paragraph "Key events". These events resulted in the complete and definitive loss of control of the entity of the German sub-group, and thus their exit from the scope of the Group's activities. This had significant impacts at Recylex S.A. level mainly in terms of payability of the existing debt and reduced cash inflows from the entities of the German sub-group.

As of May 2020, Recylex S.A. has taken actions in order to ensure the going on of its activities on the short term, and has started discussions with the main creditors that are Glencore International AG and the European Commission. The purpose of these discussions is to restructure the debt which reimbursement is today no more compatible with the cash generation capacity of the Recylex Group in its new configuration.

The outcome of these discussions, that are still in progress at the date of the approval of the financial statements, being uncertain, this situation rises a significant uncertainty on the going concern.

In this context, the following notes to the Annual Financial Statements as of December 31, 2020 should be read with a specific attention to:

- Paragraph "Cash position and external financing" in the Note "Key events" which sets out the cash position and the financial debt of Recylex S.A. as at 31 December 2020;
- Paragraph "Going concern" in Note "Key events" which clarifies the conditions under which the going concern principle has been applied in the preparation of annual financial statements as at 31 December 2020;
- Note 2.7 "Debt maturities" and the Note "Key events" which describe the waiver granted by Glencore International AG of its right to declare the loan immediately due and the conditions precedent which could lead Glencore International AG to shorten this waiver before its term and the situation of cessation of payments which would result from it;
- Paragraph "Assessment of liquidity risk" in Note "Key events" which details, on one hand, the assumptions underlying the short- and medium-term financial outlook as well as the risks associated with not achieving these assumptions and, on the other hand, the exigibility of existing debts and their potential consequence on the going concern of Recylex S.A.
- Paragraph "Post balance sheet events" which reminds that discussions with creditors are continuing over 2021 and that in this context the Group is studying the feasibility of selling certain assets and/or activities.

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

Impacts of the SARS-CoV-2 virus on the activities and filing for 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.

In order to adapt to the steep decline in demand, particularly in the automotive industry, and against the background of sharply falling metal prices, Weser-Metall GmbH halted its production on 26 March 2020. 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 and the recourse to credit mediation for C2P S.A.S. was not successful.

The sharp decline in zinc prices and the deterioration of business conditions continued in the first quarter of 2020, with a further downward impact on the business of the Zinc segment activity operated by Recylex S.A. subsidiaries. As of April 30, 2020, Harz-Metall GmbH's electric arc furnace dust recycling sales did not increase despite a favorable base of comparison in the first four months of 2019 when a maintenance shutdown had taken place.

Although production volumes were up sharply (9,000 tonnes for the period compared with 5,000 tonnes for the previous period), sales f €5.5 million only slightly exceeded the sales for the first four months of 2019 due to the significantly deteriorated business conditions and a sharply falling zinc price.

Combined with the sharp rise in energy and production costs, this activity recorded a current operating loss of €1.8 million for the first four months of 2020.

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.

Given the inability to cover this new additional financing requirement, the prospect of Harz-Metall GmbH continuing as a going concern had become compromised and, due to German law, the management of Harz-Metall GmbH was forced to file for insolvency 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 for insolvency proceedings on May 14, 2020 because of the joint liabilities of all the German sub-group's entities towards the financial partners. These requests for insolvency proceedings were confirmed by decisions of the German Insolvency Court of Göttingen on May 15, 2020. It should be noted that the Recylex Group's French companies are not included in these proceedings under German law.

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 initiate "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 overcome.

The fillings for insolvency proceedings at the level of the German sub-group's legal entities has had the following major implications for the 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. On May 18, 2020, the Group obtained from Glencore International AG an initial conditional suspension until October 31, 2020 of its right to declare the loan immediately due. This suspension of rights was subsequently extended to February 19, 2021. At the date of approval of the accounts, Recylex S.A. has been granted a waiver by Glencore International AG of its right to declare the loan immediately due and payable until January 31, 2022 at the latest.

  The maturity date of this waiver may, however, be extended by Glencore International AG if Recylex S.A. does not meet the conditions precedent to the waiver being granted, namely the continued supply of Weser-Metall GmbH with secondary materials or the successful completion of the restructuring process for Recylex S.A.'s financial and non-financial debt.
- On the other hand, as of the decisions of the German Insolvency Court confirming the opening of insolvency proceedings, Recylex S.A. has definitively lost control of the German entities, which has resulted in the deconsolidation of the entire German scope in its consolidated financial statements.

Recylex S.A.'s receivables from German subsidiaries at the date of the opening of insolvency proceedings are as follows:

- €10.7 million in respect of a loan to Weser-Metall GmbH in 2016. This loan has been fully written down in Recylex S.A.'s accounts;
- €5.0 million in respect of a loan to Recylex GmbH. Recylex S.A. also has a debt of €2.8 million to Recylex GmbH. In the context of Recylex GmbH's insolvency proceedings, the €2.8 million debt was set off against the €5.0 million receivable held by Recylex S.A. The resulting net amount of the receivable (€2.2 million) is fully impaired in Recylex S.A.'s accounts;
- €5.2 million in respect of trade receivables from Weser-Metall GmbH for the 2020 business.

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.

The average lead price for 2020 was €1,598, down 11% from the 2019 average. Between January 2, 2020 and December 31, 2020, the price of lead declined by 6%. Over the course of 2020, the lead price remained below the price observed in 2019 with, however, a catch-up in the last quarter of 2020.
In 2020, the average €/$ exchange rate was up 2% on the previous year, reaching 1.1412.

Due to health measures and the economic downturn in connection with the SARS-CoV-2 pandemic, the operations of Recylex S.A.'s two used lead battery recycling plants were almost entirely shut down between April and May 2020, with "short-time" measures for their employees.

The battery recycling activity was gradually resumed in the second half of 2020. During 2020, Recylex S.A. recycled approximately 61,000 tons of used lead acid batteries, a volume that was almost stable compared to the same period in 2019. Recylex S.A. continues to deliver materials to Weser-Metall GmbH, with prepayments in view of the still ongoing insolvency proceedings for the latter. The outlook for the used lead-acid battery processing business - which has now become the Group's core business - will be heavily dependent on the continued operation of Weser-Metall GmbH and the continued supply of secondary materials to Weser-Metall GmbH's smelter by Recylex S.A. Weser-Metall GmbH - which represents the Company's principal and quasi-unique client to date - is now a company outside the Recylex Group and under an insolvency proceeding.

Over the period, the fall in the price of lead, coupled with the deterioration in commercial conditions for sales and the increase in the purchase price of used lead-acid batteries, weighed heavily on the margin of the used lead-acid battery processing business.

Ongoing litigations

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 2020 are presented hereinafter.

I) Former employees of Metaleurop Nord S.A.S.

a) Claims for dismissal without fair cause (2010)

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.

However, 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 S.A.S.. 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 S.A.S. 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), 89 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 €2 million) and 14 have neither appealed nor followed up on the proposed settlement.

b) Claims for damages in respect of the prejudice of anxiety and/or breach of a safety obligation

The total amount of the claims, most of which were received between 2013 and 2017, amounts to €14.4 million, provisioned for €4.0 million in the financial statements or the year ended December 31, 2020.

These claims are detailed as follows:

- Claims for compensation made by 97 former employees of Metaleurop Nord S.A.S. represented by the CGT

  On October 14, 2016 and October 18, 2016, without waiting for the final outcome of the administrative procedure for classifying the Noyelles-Godault site on the list of establishments entitled to ACAATA and despite having been informed of the reversal by the Conseil d'Etat of the classification ruling of July 21, 2015 (see section 1.2.1. 3), the Lens Labour Court decided to order Recylex S.A. to compensate 97 former employees, represented by the CGT, in an amount ranging from €3,000 to € 24,000 in damages, along with €500 under Article 700 of the French Code of Civil Procedure, i.e. a total amount of €1,213,500 Recylex S.A. appealed against these decisions, thereby suspending their enforcement. On the other hand, the claims of 7 unprotected former employees were dismissed, but 2 of them appealed.

  On June 29, 2018, the Douai Court of Appeal overturned the decisions handed down on October 14 and 18, 2016 by the Lens Labour Court, ruling that compensation for anxiety-related losses is only available to employees who worked in an establishment included on the list of establishments entitled to ACAATA, and that Recylex S.A. was never on such a list. A total of 88 former employees have appealed against these decisions of the Douai Court of Appeal.

  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

- Claims for compensation filed by 333 protected and unprotected former employees of Metaleurop Nord S.A.S.

  In the context of these claims:
  - The decision of the Lens Labor Court (Management section) concerning the claims of 37 former managerial employees is expected on March 23, 2021. As things currently stand, the claims amount to a total of approximately €1.1 million euros;
  - The decision of the Lens Labor Court (Industry section) concerning the claims of 290 former non-managerial employees is expected on April 23, 2021.

As things currently stand, the claims amount to a total of approximately €9.2 million euros.

However, in all of these cases, the 327 former employees of Metaleurop Nord S.A.S. sought an exclusive order against Metaleurop Nord S.A.S. and, as a result, held harmless Recylex S.A.

- Claims for compensation made by 13 other former employees of Metaleurop Nord S.A.S. represented by the CGT

  In connection with these claims, on March 30, 2018, the Lens Labor Relations Court ordered Recylex S.A. to pay each of these former employees between €4,000 and EUR 20,000 in damages and €500 under Article 700 of the French Code of Civil Procedure, i.e. a total of €186,500. Recylex S.A. has appealed against these decisions, thereby suspending their enforcement.

  On November 27, 2020, the Douai Appeal Court overturned the lower court's judgment against Recylex S.A. and dismissed the former employees' claims.

- Claims for compensation filed by 91 former employees of Metaleurop Nord S.A.S. who were among the 187 former employees who filed claims for compensation for dismissal without fair cause in 2010 (see paragraph a/ above).

  Among the 187 claimants, 91 former employees of Metaleurop Nord S.A.S. had filed additional claims for compensation for anxiety and breach of a safety obligation before the Douai Court of Appeal for a total amount of €2.7 million.

  On January 31, 2017, the Douai Court of Appeal decided to stay the proceedings on these claims pending the outcome of the administrative procedure underway concerning the inclusion of the Metaleurop Nord site in Noyelles-Godault on the list of establishments entitled to the early retirement benefit for asbestos workers ("ACAATA").

  In the context of this procedure, the Douai Administrative Court of Appeal decided, in a ruling dated March 2, 2017, which has become final, that the listing order should be repealed, and a ministerial order to this effect was issued on December 19, 2017 (see paragraph II) below).

  On February 19, 2021, the Douai Court of Appeal noted that 12 former employees had withdrawn their claims, and declared the 79 claims for compensation for anxiety-related losses submitted during the appeal process to be time-barred and therefore inadmissible.

c) Claims by 15 former protected employees of Metaleurop Nord S.A.S. for compensation for damages resulting from the cancellation of the authorization for dismissal, and Recylex S.A.'s action for voluntary intervention against the cancellation of the authorization for dismissal of former protected employees of Metaleurop Nord S.A.S.

The claims for compensation for damages related to the cancellation of the authorization for dismissal are linked to the administrative procedure initiated by former protected employees to cancel the authorization for their dismissal granted by the Labor Authority in the context of the judicial liquidation of Metaleurop Nord S.A.S. The Company, having never been called upon or represented in this administrative procedure, filed a petition for voluntary intervention before the Administrative Court of Appeal in Douai in January 2015, seeking to set aside the authorization for their dismissal. The Company, having never been called upon or represented in this administrative proceeding, filed a petition for voluntary intervention before the Douai Administrative Court of Appeal in January 2015, seeking to challenge the cancellation of the authorization granted by the Lille Administrative Court on October 2, 2013.

On February 7, 2018 and April 13, 2018, the Conseil d'Etat decided to overturn the judgment of the Administrative Court of Appeal of Douai of December 31, 2015 and the judgment of the Administrative Court of Lille of October 2, 2013, confirming the validity of the authorizations for their dismissal, decided in 2003.

Following these decisions by the Conseil d'Etat, 15 former protected employees of Metaleurop Nord S.A.S. withdrew their action challenging their dismissal brought against Recylex S.A. before the Lens Labor Court.

II) Action by Recylex S.A. for third-party review and annulment of the interministerial orders of November 5, 2013 and March 2, 2016 including the Metaleurop Nord S.A.S. establishment in Noyelles-Godault on the list of asbestos manufacturing, flocking and lagging establishments likely to give rise to entitlement to the early retirement allowance for asbestos workers (ACAATA)

The aforementioned claims for compensation for anxiety and/or disruption of living conditions and/or breach of a safety obligation are part of the administrative procedure initiated in 2003 by the *Chœurs de Fondeurs* association (bringing together former employees of Metaleurop Nord S.A.S.) aimed at classifying the Metaleurop Nord S.A.S. establishment in Noyelles-Godault on the list of asbestos manufacturing, flocking and lagging establishments likely to give rise to entitlement to the ACAATA.

On May 13, 2013, the Douai Administrative Court of Appeal had in fact (i) overturned the decision of the Lille Administrative Court of July 4, 2012, which had upheld the decision of December 23, 2009 of the Minister of Labor refusing to classify Metaleurop Nord S.A.S. on the list of asbestos manufacturing, flocking and lagging establishments and (ii) had enjoined the Minister of Labor, Employment, Vocational Training and Social Dialogue to proceed with the registration of the abovementioned establishment on the list of establishments entitling to the ACAATA for the period from January 1, 1962 to December 31, 1996. An interministerial order dated November 5, 2013 was therefore issued to this effect.

Recylex S.A., having never been called upon or represented in this administrative procedure, has lodged a third-party appeal with the Douai Administrative Court of Appeal to challenge its decision of May 13, 2013, as well as an action for the reversal of the aforementioned interministerial classification order with the Lille Administrative Court.

On July 21, 2015, the Douai Administrative Court of Appeal upheld the inclusion of the Metaleurop Nord S.A.S. site in Noyelles-

Godault on the list of establishments entitled to ACAATA, but reduced the period of inclusion from January 1, 1962 to December 31, 1989, as opposed to December 31, 1996 previously. On March 2, 2016, an interministerial order amending the order of November 5, 2013 was issued to this effect and Recylex S.A. filed an action for the reversal of this new interministerial classification order with the Lille Administrative Court.

On June 27, 2016, following Recylex S.A.'s appeal, the Conseil d'Etat overturned the Douai Administrative Court of Appeal's decision of July 21, 2015 insofar as it ruled on the inclusion of the Metaleurop Nord S.A.S. site in Noyelles-Godault on the list of establishments entitling to ACAATA for the period from January 1, 1962 to December 31, 1989. The case was referred back to the Douai Administrative Court of Appeal, otherwise composed, in order to re-examine and rule on both the admissibility and the merits of the classification request.

On March 2, 2017, the Douai Administrative Court of Appeal ruled in favor of Recylex S.A., deciding to:

- Declare its judgment of May 13, 2013 to be unenforceable;
- Reject the application filed by the Association Chœurs de Fondeurs;
- Enjoin the Minister of Labor, Employment, Vocational Training and Social Dialogue to repeal, within two months following notification of the judgment, the order of November 5, 2013 registering the Metaleurop Nord S.A.S. establishment, located in Noyelles-Godault, on the list of establishments eligible for ACAATA.

As this ruling became final, and the appeal by the *Chœurs de Fondeurs* association was not accepted 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, two former employees of Metaleurop Nord S.A.S. filed an action for reversal of this ministerial order of December 19, 2017 and filed a new application for classification of the Noyelles-Godault site. On June 26, 2019, the Administrative Court of Lille rejected the appeal for annulment of the interministerial order of December 19, 2017.

III) Liquidators of Metaleurop Nord S.A.S.

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 S.A.S. 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 S.A.S. employees, which led to damages being paid by Recylex S.A. to over 550 former employees of Metaleurop Nord S.A.S. 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 S.A.S.' 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 S.A.S. 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. Recylex S.A. has appealed this decision.

On December 10, 2020, the Douai Court of Appeal found that the liquidators of Metaleurop Nord S.A.S. were personally at fault and ordered the liquidators of Metaleurop Nord S.A.S. to pay Recylex S.A. €809,396.75 in respect of the causal part of their fault in the judgments against Recylex S.A. in the context of the dismissals of the former employees of Metaleurop Nord S.A.S., which led to the granting of compensation to the latter. The liquidators and their insurers have appealed this decision to the French Supreme Court.

b) Claim for damages against Recylex S.A.

On October 17, 2014, the liquidators of Metaleurop Nord S.A.S. 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 provisioned 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 S.A.S. 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 S.A.S. was inadmissible because the claim was time-barred from March 21, 2013 and also because their alleged claim arose prior to the start of Recylex S.A.'s judicial recovery procedure but was not declared on the list of liabilities.

On January 28, 2021, the Douai Court of Appeal rejected the appeal lodged by the liquidators, confirming the judgment of the court of first instance insofar as it had considered the liability action brought by the liquidators of Metaleurop Nord S.A.S. to be inadmissible as time-barred.

No provision has been set aside in the Company's financial statements in relation to these proceedings.

IV) 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.

Recylex and its subsidiaries have decided to appeal this decision.

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.

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.

In July 2020, Recylex S.A. made a request to the European Commission to adjust the amount and payment plan to the Group's new economic situation following the loss of control of the German subgroup in May 2020, so that the payment plan would be compatible with Recylex S.A.'s cash generation capacity. In conjunction with this request, the fine payment plan has been temporarily suspended.

V) Claim for damages brought by SNCF Réseau concerning the 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 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-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 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 Estaque site pay for the cost of refurbishing a dilapidated rail line.

Cash position and external financing

At December 31, 2020, the parent company Recylex S.A.'s available cash amounted to €4.8 million compared with €4.5 million at December 31, 2019.

The Company's cash position was marked by the following developments in fiscal year 2020:

- A loss-making activity, as the volumes of batteries treated were not sufficient to cover the Company's fixed costs, in an economic context marked by a reduction in activity in the first half of 2020 in connection with the SARS-CoV-2 health crisis;
- Capital expenditures on industrial sites of approximately €0.9 million;
- A favorable change in working capital requirements (+€3.5 million) resulting mainly from a decrease in inventories and a reduction in outstanding receivables following the implementation of a prepayment system for deliveries to the Weser-Metall GmbH foundry since May 15, 2020. It should be noted that the Company held outstanding receivables of €5.2 million from its German subsidiaries (mainly Weser-Metall GmbH) at the time of the filings for insolvency proceedings. These receivables are fully written down in the accounts of Recylex S.A. ;
- Dividends of around € 4 million received from the subsidiary Recytech S.A. (50% owned);
- A net payment of €0.9 million in respect of financial guarantees for notifications of cross-border shipments of waste;
- Rehabilitation expenses for former mines and industrial sites for approximately €2.5 million.

In addition, following the filings for insolvency proceedings at the level of the German sub-group and the subsequent loss of control, Recylex S.A. was no longer in a position to re-invoice these entities for their share of costs incurred in respect of central functions, generating a cash shortfall for Recylex S.A. of around €2 million in an already tight cash position

Recylex S.A.'s financial liabilities and the projected repayment schedule are as follows:

(in thousands of euros)	*Notes*	*Liabilities 31/12/2019*	*Change 2020*	*Liabilities 31/12/2020*	*Maturity*
Original contin plan (1)		2.8	(2.8)	-	*(1)*
Glencore Interr AG		5.1	-	5.1	**2026**
Clawback claus		4.1	-	4.1	
Total rescheduled liabilities	***2.7***	**12.0**	**(2.8)**	**9.2**	
Borrowing contracted	***2.7***	**16.0**	**1.2**	**17.2**	**2022 (2)**
Subtotal financial liabilities		**28.0**	**(1.6)**	**26.4**	
European Commission fi	***2.7***	**24.9**	**(0.2)**	**24.7**	
Total financial liabilities Recylex S.A.		**52.9**	**(1.8)**	**51.1**	

(1) In the context of Recylex GmbH's insolvency proceedings, the debt of €2.8 million owed to Recylex GmbH was offset against the €5.0 million receivable held by Recylex S.A. in respect of a loan to Recylex GmbH.
(2) The resulting net amount of the receivable has been fully written down in Recylex S.A.'s accounts.
(3) As part of the plan to spread the European Commission's fine, the repayment date for this loan has been extended to 2024. The interest due and not paid amounts to €1.2 million at December 31, 2020. Recylex S.A. has requested and obtained from Glencore International AG of their right to demand that this loan be paid off by January 31, 2022 if Recylex S.A. complies with the conditions precedent included in this waiver (see Key events below). The interest due and unpaid amounted to EUR 1.2 million at December 31, 2020.

At December 31, 2020, Recylex S.A.'s total financial debt amounted to €51.1 million. The future maturities of the financial debt are as follows:

(in thousands of euros)	Balance sheet value	Contractual cash flows	2021	2022	2023	2024	2025	> 5 ans
Bank borrowings	17.2	17.2	-	17.2	-	-	-	-
Rescheduled liabilities	5.1	5.1	-	-	-	-	-	5.1
Financial recovery clause	4.1	19.2	0.2	2.5	-	-	-	16.5
Other liabilities	24.7	27.9	2.2	1.7	1.7	8.2	14.1	-
Total	**51.1**	**69.4**	**2.4**	**21.4**	**1.7**	**8.2**	**14.1**	**21.6**

As the future maturities of financial debt are no longer compatible with the Group's future cash flow generation in its new configuration, Recylex S.A. has entered into discussions with its creditors, namely Glencore International AG and the European Commission, with a view to adapting the amount and maturity of its debts to its cash flow generation capacity, as set out in the "Liquidity risk assessment" paragraph below.

In addition to financial liabilities, Recylex S.A. has environmental liabilities relating to the remediation of the former mines and the Estaque site, for which provisions have been set aside amounting to €13.4 million at December 31, 2020 (see note 2.6 and note 6), with works on the Estaque site accounting for €9.1 million.

The competent authorities have granted Recylex S.A. permission to temporary stop the rehabilitation works at the Estaque site until December 31, 2021, and to postpone the completion date to December 31, 2024.

The projected schedule of rehabilitation costs of the former mines and the Estaque site, based on current obligations and the best estimates available at the balance sheet date, is as follows:

Provisioned costs	
In thousands of euros	
2021	**628**
2022	**2,944**
2023	**3,644**
2024	**4,556**
2025	**137**
> 5 ans	**1,466**

As the projected cost of rehabilitating the Estaque site is difficult to reconcile with the Group's future cash flow generation in its new configuration, Recylex S.A. will almost certainly have to find external financing to fund these works or sell the site in its current state.

The impact of the loss of control of the German sub-group on the financial position of Recylex S.A., as well as the risks facing the parent company, Recylex S.A., the head of the Group, are described in the paragraphs below:

Assessment of liquidity risk

Recylex S.A. has drawn up a new short- and medium-term financial outlook to take into account the known impacts of the insolvency proceedings at the level of the German entities and the new scope of its activities.

This new outlook, which serves as the basis for discussions in connection with the restructuring of Recylex S.A.'s financial and non-financial debt, is based on the following assumptions:

- The continuation of Weser-Metall GmbH operations and the continued supply of secondary materials to the Weser Metall GmbH smelter by Recylex S.A. Weser-Metall GmbH is now a company outside the Recylex Group and subject to insolvency proceedings;
- Recylex S.A.'s ability to find new outlets for its products in the medium term in order to reduce its dependence on Weser-Metall GmbH, which is currently its quasi unique client;
- The extension beyond January 31, 2022 of the maturity date of the €16 million loan granted in 2014 by Glencore International AG, a deferral conditional on the continued supply of secondary materials to Weser Metall GmbH by Recylex S.A;

- The suspension of the payment of financial interest on the €16 million loan granted by Glencore International AG for at least the next 12 months, as well as the adjustment of the amount, the terms of repayment and the medium-term interest;
- Temporary suspension of the payment plan for the fine to the European Commission and adjustment of the payment schedule to ensure that it is compatible with Recylex S.A.'s capacity to generate cash. In this respect, a request was made to the European Commission in July 2020 to adjust the amount and payment plan to the Group's new economic situation;
- The adequacy of annual expenditure on the rehabilitation of the former mines and the discontinued Estaque site, so that expenditure is compatible with Recylex S.A.'s cash-generating capacity, it being specified that Recylex S.A. will almost certainly have to find external financing for the work on the Estaque site or sell the site in its current state in order to meet its current obligations. The rehabilitation schedule defined by the supplementary prefectoral order of January 15, 2021 is set at December 31, 2024, for a total cost of approximately €9 million.

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

- The forecast volumes of secondary raw materials from Weser-Metall GmbH (now a third-party customer), which is Recylex S.A.'s almost sole 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 equity associate (Recytech S.A.), whose results are highly sensitive to the level of zinc prices and to the volumes treated;
- costs linked to the rehabilitation obligations for the Estaque site and former mining sites;
- 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;
- 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.

In addition to the debt restructuring, Recylex S.A.'s ability to continue as a going concern in the medium term will also depend on its ability to find new outlets for its products in the event that Weser Metall GmbH reduces its demand for secondary materials.

It should be noted that Weser-Metall GmbH is itself subject to insolvency proceedings. The assets of Weser Metall GmbH are being sold by the German insolvency administration. According to press reports in Germany, Glencore International AG is a potential buyer and has entered into discussions with the German insolvency administration. Having lost all control over the German subsidiaries as a result of the insolvency of the German subgroup entities, Recylex S.A. is following these developments as a third party. At the balance sheet date, Recylex S.A. had no commercial contracts guaranteeing the volumes of secondary materials to be purchased by Weser-Metall GmbH.

As the future maturities of the financial debt (see above) are no longer consistent with the Group's future cash generation in its new configuration, Recylex S.A. has entered into discussions with its creditors, namely Glencore International AG and the European Commission, in order to adapt the amount and maturity of the debt to the Group's cash generation capacity. In this context, the Group is also studying the feasibility of selling certain operating and/or non-operating assets in order to restructure the debt so as to allow the residual business to continue operating.

Recylex S.A.'s financial equilibrium is based on these assumptions, and an unfavorable change in one or more of the assumptions described above, or the failure of one or more of them to materialize, could result in a short-term financing requirement. The Company would then have to find new financing in order to maintain its cash balance and meet its liabilities. Otherwise, Recylex S.A. could find itself in a situation where it has to declare its suspension of payments.

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 filings for insolvency proceedings at the level of the entities of the German sub-group on May 14, 2020, confirmed by the Insolvency Court of Göttingen/Germany on May 15, 2020, created special conditions for the closing of the financial statements for the year ended December 31, 2019.

The going concern assumption used in the preparation of Recylex S.A.'s financial statements at December 31, 2020 is closely related to:

- Weser-Metall GmbH, which is no longer part of the Recylex Group, is now Recylex S.A.'s principal and quasi-unique client and is subject to insolvency proceedings. Recylex S.A.'s ability to continue as a going concern in the medium term depends very heavily on its ability to find new outlets for its products in the event that Weser-Metall GmbH reduces its demand for secondary materials;
- The outcome of discussions with the Company's creditors, Glencore International AG and the European Commission, regarding the adaptation of both the amount and the maturity of the debts to the Company's repayment capacity, as part of the Company's financial and non-financial debt restructuring process;
- Recylex S.A.'s ability to find financing for the rehabilitation of the Estaque site or to realize an opportunity to sell the site in its current state.

Recylex S.A. has prepared financial forecasts, the main assumptions of which are described in the "Liquidity risk assessment" section above, and which condition Recylex S.A.'s ability to continue as a going concern.

In this context and subject to these assumptions and risks, the financial statements of Recylex S.A. for the year ended in December 31, 2020 have been prepared on a going concern basis.

Failure to achieve one or more of the assumptions and/or a negative change in one or more of the parameters described would, depending on its magnitude, give rise to a short-term financing requirement that would necessitate seeking and obtaining new financing in order to maintain cash flow and meet the company's liabilities due in the normal course of business.

As of the date of the financial statements, Recylex S.A. is actively working with its advisors to restructure the Company's financial and non-financial debt and is studying the feasibility of disposing of certain assets and/or activities in order to restructure the debt and ensure the continuity of the residual business.

The financial outlook is based on a favorable outcome to the discussions initiated with Recylex S.A.'s creditors regarding the adaptation of the amount and maturity of existing debt to its future cash-generating capacity. These discussions, the outcome of which is uncertain, are currently underway at the date of closing of the annual financial statements. The outcome of these discussions is uncertain, and if no agreement is reached with the creditors, the consequences in terms of the payment of debts would lead Recylex S.A. to declare that it is insolvent at the current state of its cash flow forecasts.

As a result, there is significant uncertainty about the company's ability to continue as a going concern.

Post-balance sheet events

Recylex S.A. main activity- battery recycling

The average lead price at the end of March 2021 was €1,676/t, up from €1,595/t in the last quarter of 2020

The demand for secondary materials from Weser Metall GmbH (now Recylex S.A.'s principal and quasi-unique client) remains strong in the first quarter of 2021. Recylex S.A. thus recycled around 22,300 tons of used batteries, in increase compared to the same period in 2020.

EBITDA for the business at the end of March 2021 was a profit of €0.8 million.

Cash position

As the income from the battery recycling business is insufficient to absorb fixed and environmental costs, the Company has financed itself mainly in the first three months of 2021 by reducing its working capital requirement and by the interim dividend paid by its 50%-owned subsidiary Recytech S.A.

Cash and cash equivalents amounted to €8.3 million at March 31, 2021.

The Company's forecasts show that the cash position will decline sharply by the end of the first half of 2021 due to the insufficient cash generated by the battery recycling business. The mechanism of prepayments by Weser-Metall GmbH for deliveries is still in place, limiting the Company's working capital requirements.

In addition, given current trading conditions, zinc price levels and the availability of zinc dust for recycling, Recylex S.A. anticipates, in its cash forecasts, a significant reduction in the dividend to be received from Recytech S.A. in 2021 in respect of the 2020 financial year.

Environment

The request to postpone the completion date of the remediation works at the Estaque site to December 31, 2024 was accepted by the competent authorities and resulted in the issuance of an additional prefectoral order dated January 15, 2021 (see Note 6). Rehabilitation works at the Estaque site remain suspended, with only environmental monitoring and site security operations continuing. The Company has also initiated a process to find a buyer for the site “as is”, given the impossibility of financing the work with its own funds in the context described in the "Key events" note above.

Other

In April 2021, Recylex S.A. received a claim from a supplier of its former subsidiary Harz-Metall GmbH before the Land Court of Nuremberg. The claim is for alleged damages - due to anti-competitive practices - in the amount of €7.3 million. Recylex S.A. is currently analyzing the reasons and grounds for this claim, which it intends to contest fully. No provision has been recorded in the accounts in this respect.

Outlook

At the date of closing of the annual financial statements, Recylex S.A. is actively working with its advisors on restructuring the Company's financial and non-financial debt and is studying the feasibility of the disposal of certain assets and/or activities in order to allow a debt restructuring and the remaining operations to continue.

The financial outlook (which structural assumptions and associated risks are detailed in the above paragraph “Assessment of liquidity risk”) is based on a favorable outcome to the discussions initiated with Recylex S.A.'s creditors regarding the adjustment of the amount and maturity of existing debts to its future cash generation capacity. These discussions are currently in progress at the date of approbation of Recylex S.A.'s annual financial statements by the Board of Directors. As the outcome of these discussions is uncertain, this situation gives rise to significant uncertainty as to the company's ability to continue as a going concern.

Notes to the annual financial statements

The 2020 annual 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.

Assumptions and risk factors affecting the going concern assumption are described in the section "Assessment of Liquidity risk".

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 note "Key events" above), the accounting estimates used in the preparation of the financial statements for the year ended December 31, 2020 are based on the best current estimates of the Company's management.

1. Accounting principles and methods

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 are valued at cost, including acquisition costs, except for assets acquired before December 31, 1976, which have been legally revalued.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset. The 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

<u>Impairment of industrial property, plant and equipment:</u>

Property, plant and equipment are tested for impairment whenever there is an indication that they may be impaired.

An impairment loss is recognized if, and only if, the value in use is lower than the net book value.

The impairment test consists of comparing the net book value of the asset with its value in use, which is obtained by the sum of the discounted future net cash flows.

1.3. Financial assets

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 ANC 2014-03 regulation relating to the General Accounting Plan (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	01/01/2020	Acquisitions/ Increases	Disposals/ Reversals	Other movements	31/12/2020
Patents, licenses and concessions	227				227
Software	3,214				3,214
Gross	**3,441**				**3,441**
Patents, licenses and concessions	209	7			216
Software	3,206	3			3,209
Amortization	**3,415**	**10**			**3,425**
Net	**26**	**(10)**			**16**

2.1.2. Property, plant and equipment

in thousands of euros	01/01/2020	Acquisitions/ Increases	Disposals/ Reversals	Other movements	31/12/2020	*o/w: revaluation of 1976*
Land	3,362	15			3,377	*1,479*
Buildings	10,584	223	(67)	120	10,860	*376*
Plant, equipment and tools	10,112	403	(254)	183	10,444	*27*
Other	4,315	28	(11)	(104)	4,230	*2*
Property, plant and equipment in progress	199	203		(199)	203	
Advances and down payments						
Gross	**28,572**	**873**	**(332)**		**29,114**	***1,884***
Land	869	34	1		904	*24*
Buildings	8,017	372	(68)		8,322	*376*
Plant, equipment and tools	7,377	451	(245)		7,583	*27*
Other	3,968	140	(11)		4,098	*2*
Depreciation	**20,232**	**997**	**(323)**		**20,907**	***429***
Land						
Buildings						
Plant, equipment and tools(1)	2,443				2,443	
Other						
Impairment losses	**2,443**				**2,443**	***0***
Net	**5,987**	**(124)**	**(9)**		**5,764**	***1,455***

<u>Provision for impairment of assets:</u>

Recylex S.A.'s used lead-acid battery recycling activity posted a negative current operating income in 2020, down sharply from 2019. While the volumes processed remained close to those processed in 2019, the business faced more unfavorable market conditions in 2020, in particular a lead price that remained well below the level observed in 2019 (-10% on average for the price in euros) as well as tighter availability of used batteries, impacting their purchase price. The economic outlook established at the end of the year incorporates these market trends.

In accordance with ANC regulation 2014-03, the Company has carried out an impairment test on industrial assets (used lead-acid battery processing business). To perform this test, the Company compared the carrying amount of the industrial assets with its value in use.

To determine the value in use, the Company uses the discounted cash flow method based on a five-year forecast 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 the value in use is the weighted average cost of capital net of tax. This rate was 10.9% at December 31, 2020.

The result of the impairment test performed at December 31, 2020 did not lead to the recognition of any additional impairment beyond the impairment previously recognized in the amount of €2,443,000.

2.2. Financial assets

in thousands of euros	01/01/2020	Acquisitions/ Increases	Disposals/ Reversals	Other movements	31/12/2020	*o/w: revaluation of 1976*
Equity investments (1)	158,045				158,045	*9,940*
Amounts due from equity investments	161,308				161,308	
Other long-term investments	123				123	
Loans						
Other (2)	3,989	2,943	(2,010)		4,922	
Gross	**323,464**	**2,943**	**(2,010)**		**324,398**	***9,940***
Equity investments (1)	151,472				151,472	*9,940*
Amounts due from equity investments	161,308				161,308	
Other long-term investments	114				114	
Loans						
Other	498	71			570	
Impairment	**313,392**	**71**			**313,464**	***9,940***
Net	**10,072**	**2,872**	**(2,010)**		**10,934**	

(1) Since December 31, 2019 year-end, the shares held in the German sub-group have been fully written off. Following the filing for insolvency of all the companies in the German consolidation scope in 2020, Recylex S.A. has definitively lost control of its German subsidiaries. At December 31, 2020, the net value of the equity interests in the German subsidiaries 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	31/12/2020	31/12/2019
Raw materials and other supplies	1,281	2,146
Finished and semi-finished goods	2,803	3,852
Gross	**4,084**	**5,998**
Impairment losses	20	81
Net	**4,064**	**5,917**

2.4. Statement of deferred receivables and prepaid expenses at the end of the year

In thousands of euros	Gross	Maturities of less than one year	Maturities of more than one year
Receivables from fixed assets			
Receivables from investments(5)	161,308		161,308
Loans			
Other long-term investment (1)	4,922	4,296	626
Receivables from current assets			
Trade receivables (2)	10,314	7,003	3,311
Other receivables (3)(4)	5,530	1,715	3,815
Prepaid expenses	54	54	
Total	**182,129**	**13,068**	**169,061**

(1) Including guarantees for notifications of cross-border waste shipments:€ 4,296 thousands.
(2) Of which doubtful debts provisioned: €9,435 thousands in total among which 6,124 thousands within one year.
(3) Including advances paid on orders: €512 thousands.
(4) Amounts due in more than one year correspond to fully impaired Group current accounts.
(5) Receivables from subsidiaries and affiliates are fully impaired on the asset side of the balance sheet.

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, 2020.

	Number of shares	Par value (in euros)	Share capital *(in euros)*
As of January 1, 2020	25,886,482	0.37	9,577,998
New ordinary shares issued	-	-	-
AS OF DECEMBER 31, 2020	**25,886,482**	**0.37**	**9,577,998**

2.5.2 Changes in equity

The following table shows the changes in the Company's equity:

(in thousands of euros)	31/12/2019	Capital increase/ Appropriation of 2019 income	Other movements in the period	31/12/2020
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	(59,120)	2,445		(56,675)
Special tax-allowance provisions	40,		(18)	22,
Net income for the period	2,445	(2,445)	(12,137)	(12,137)
Total	**(33,764)**	**0**	**(12,155)**	**(45,919)**

(1) See note on capital.

2.5.3 Shareholding structure

At December 31, 2020, 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	32.80%
Free float	18,158,666	70.15%	18,304,334	67.11%
Treasury shares	23,939	0.09%	23,939	0.09%
Total	**25,886,482**	**100%**	**27,273,150**	**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, based on the last stock market price of Recylex shares before the suspension of trading on May 13, 2020, i.e. €1.85.

2.6. Provisions (excluding fixed assets)

in thousands of euros	31/12/2019	Charges for the period	Provision reversals used	Provision reversals not used	Other movements	31/12/2020
Environmental costs[(1)]	8,902	5,325	(852)			13,376
Restructuring production plants	3	47	(3)			47
Pension liabilities	259	57	(89)			227
Other [(2)]	6,553	19	(973)			5,599
Provisions for contingencies and charges	**15,718**	**5,448**	(1,917)			**19,248**
Trade receivables [(3)]	4,270	5,165				9,435
Inventories	81	12		(74)		20
Other [(3)]	6,617	4		(2,805)		3,816
Marketable securities	77	42				119
Impairments	**11,045**	**5,223**		**(2,879)**		**13,389**
TOTAL	**26,763**	**10,671**	(1,917)	(2,879)		**32,638**
-operating		10,629	(945)	(74)		
-financial		42		(2,805)		
-non-recurring			(973)			
TOTAL		**10,671**	(1,917)	(2,879)		

(1) Provisions for environmental costs relate to the remediation of the former mines and the discontinued site at Estaque. The charges for the year relate mainly to rehabilitation work on the Estaque site (see note 6).
(2) Reversal of provisions in the amount of €973,000 relating to the financial recovery clause.
(3) Provisions for impairment of other receivables include the full impairment of the current account with FMM S.A. for €1.3 million and the full impairment of the current account receivable of €2.2 million from Recylex GmbH. In the context of Recylex GmbH's insolvency proceedings, Recylex S.A.'s debt of €2.8 million to Recylex GmbH was set off against the €5.0 million receivable held by Recylex S.A. in respect of a loan to Recylex GmbH.

2.7. Debt maturities

in thousands of euros	31/12/2019 Amount	31/12/2020 Amount	Less than one year	One to five years	Over five years
Bank borrowings					
Other borrowings and financial liabilities[(1)]	16,109	17,202	17,202	-	
Financial liabilities	**16,109**	**17,202**	**17,202**	**-**	
Trade payables	4,588	3,519	3,519		
Tax and employee-related liabilities	1,649	1,514	1,514		
Other financial liabilities[(2)]	34,910	32,749	4,420	23,279	5,050
Trade payables	**41,146**	**37,782**	**9,453**	**23,279**	**5,050**
Total financial liabilities	**57,255**	**54,984**	**26,655**	**23,279**	**5,050**

(1) Total borrowings correspond to drawings by Recylex S.A. on the loan facility granted by Glencore International AG to enable payment of the last two instalments under the continuation plan and payment of the second wave of Metaleurop Nord S.A.S.'s industrial tribunal proceedings for a total of Interest due and unpaid amounts to €1.2 million. As of the balance sheet date, the Company has received a conditional waiver from Glencore International AG of its right to demand immediate repayment of this loan (see note "Key events" above). In this context, the debt has been presented as maturing in 2022 in the table above.
(2) Other liabilities include €24.7 million for the fine due to the European Commission, €5.1 million related to the continuation plan and €2.7 million euros related to the financial recovery clause.

Items concerning related companies

in thousands of euros	Au 31/12/2020 Net amount	Of which related companies [(1)]
Equity investments	6,573	1,708
Receivables related to investments	-	-
Advances and downpayments on orders	512	-
Trade receivables	879	336
Other receivables	1,203	-
Bank borrowings and financial liabilities	-	-
Other borrowings and financial liabilities	17,202	-
Trade payables	3,519	-
Other financial liabilities	32,749	-
Operating income	51,108	16,392
Operating expenses	70,139	20
Financial income	7,005	173
Financial expense	1,996	-

(1) Related companies are companies that are more than 50% owned (see note 5).

2.8. Accrued income and expenses

	Exercice 2020	Exercice 2019
Accrued income included in the following balance sheet items :		
- Trade receivables [(1)]	6	
- Other operating receivables	158	160
- Cash and cash equivalents	21	15
Accrued income	**184**	**174**
Accrued expenses included in the following balance sheet items :		
- Other loans and debts	1,202	109
- Trade payables	3,158	3,653
- Tax and social security liabilities	1,111	1,414
- Other liabilities [(1)]	404	25
- Cash and cash equivalents	4	
Accrued expense	**5,879**	**5,200**

3. Notes to the income statement

3.1 Sales

in thousands of euros	2020	2019
By business segment		
Production plants	50,205	60,932
Other	879	2,667
TOTAL	**51,084**	**63,599**

in thousands of euros	2020	2019
By geographical market		
France	1,949	2,261
Outside France	49,135	61,338
TOTAL	**51,084**	**63,599**

Financial income and expense

In thousands of euros	Exercice 2020	Exercice 2019
- Equity investments[(1)]	4,000	9,250
- Other marketable securities and amounts due from non-current assets	173	747
- Other interest and similar income	26	34
- Reversals of provisions	2,805	253
- Income from disposals		
Financial income	**7,005**	**10,284**
- Interest and similar expenses		
- Charges to provisions	(42)	(55)
- Other interest and similar expenses[(2)]	(1,954)	(1,963)
- Net expenses on disposals		
Financial expense	**(1,996)**	**(2,018)**
NET FINANCIAL INCOME	**5,009**	**8,266**

(1) Dividends received from Recytech S.A.
(2) Interest on the Glencore International AG loans and European Commission fine.

3.2 Non-recurring income and expense

In thousands of euros	Exercice 2020	Exercice 2019
Other income and expense[(1)]	967	(938)
Net income/(expense) on management activities	**967**	**(938)**
- Disposals of property, plant and equipment and intangible assets	(1)	(5)
- Disposals of financial assets		(253)
Net income/(expense) on capital transactions	**(1)**	**(257)**
- Accelerated tax depreciation	18	12
- Asset impairment [(3)]		(2,443)
- Provision relating to the clawback clause	973	912
- Provision for the European Commission fine		
- Provision for the Metaleurop Nord S.A.S. labor court litigation		
- Provision for the prejudice of anxiety related to asbestos at Metaleurop Nord S.A.S.		
- Provisions for various risks	(71)	(78)
Net (charges to)/reversals from provisions	**920**	**(1,598)**
NET NON-RECURRING INCOME/(EXPENSE)	**1,886**	**(2,793)**

(1) Including €1,950,000 of exceptional income related to the reimbursement received from former Metaleurop Nord S.A.S employees of the compensation paid in 2017 by the Company (see § " Ongoing litigation " in the note "Key events") and the recognition of an expense of €973,000 related to the recognition in debt of the clawback clause for the year 2020
(2) Impairment of assets see Note 2.1.2.

4. Other disclosures

4.1 Compensation of Executives and Directors

The amount of compensation granted by the Company to Executives and Directors amounted to €628,000 in FY 2020.

4.2 Average headcount

At December 31	2020	2019
Workers	9	9
Clerical, technical and supervisory	17	17
Managers	13	16
TOTAL	**39**	**42**

4.3 Pension liabilities and actuarial assumptions

Pension liabilities and actuarial assumptions	2020	2019
Discount rate	0.23%	0.80%
Pension liabilities provisioned in the balance sheet (in thousands of euros)	168	226

4.4 Off-balance sheet commitments given and undertakings received

in thousands of euros	31/12/2020	31/12/2019
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	**-**	**-**

At December 31, 2020, commitments given and received by Recylex S.A. were as follows:

<u>Commitments given:</u>

Pledge of Recytech S.A. shares

- Recylex S.A. has pledged its shares in Recytech S.A. to Glencore International AG as collateral for the repayment of the loan granted on October 1, 2014 in an amount of €16 million.
- Recylex S.A. has pledged its shares in Recytech S.A. to Glencore International AG as a second-ranking pledge, in particular to guarantee Recylex S.A.'s obligations under the clawback clause.

As a reminder, the pledge of the Recylex GmbH shares in favour of the former Recylex S.A. banks was transferred to Glencore International AG following the latter's purchase of the bank claims on August 4, 2005, with a view to guaranteeing the repayment of the claims admitted in the Recylex S.A. continuation plan due under the clawback clause provided for therein. However, in connection with the setting up of the security trust aimed at guaranteeing compliance with the obligations of the bank loan granted by the German banks to the Group's German entities, this pledge was suspended for the entire duration of the said loan and Recylex S.A. then pledged its shares in Recytech S.A. as a secondary security. The second rank pledge covers also the financing contribution of Glencore international AG in the framework of the Financing agreement of December 2016. This financial contribution amounts to €25 million.

Concerning Recytech S.A.

- As part of Recytech S.A.'s obligation to provide a financial guarantee to cover the safety of its facilities and the treatment of waste on its site in the event of discontinuation of its activities, Recylex S.A. has undertaken to take back all the steel mill dust on the Recytech S.A. site in the event of discontinuation of its activities and to bear the costs of transporting and treating this dust

<u>Commitments received :</u>
None

4.5 Income tax

On October 1, 1994, the Company elected to adopt the tax consolidation group tax regime. At December 31, 2020, the scope of consolidation includes the subsidiary C2P SAS. The tax charge for each subsidiary is calculated by applying the rules of ordinary law in order to ensure the neutrality of this regime for the subsidiary.

In 2020, the net tax consolidation benefit for Recylex S.A. was zero.

4.6 Increases and decreases in future tax liabilities

4.6.1 Nature of the temporary differences between tax treatment and accounting treatment

in thousands of euros	At beginning of period		Changes		At end of period	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Changes in deferred or unrealized taxes						
1. Regulated provisions						
- Accelerated depreciation on property, plant and equipment and intangible assets		40	18			22
2. Temporarily non-deductible expenses						
- Social security provisions	322		84	81	325	
- Provisions for depreciation of tangible assets	2,443				2,443	
- Provisions for impairment of financial assets	313,392		71		313,464	
- Provisions for impairment of trade receivables	526		173	339	361	
- Provisions for risks and charges	15,164		5,325	1,625	18,864	
- Other provisions	6,317		56	2,805	3,567	
TOTAL	338,164	40	5,727	4,849	339,023	22

4.6.2 Tax losses held by the entire tax consolidation group

in thousands of euros	At beginning of period	Losses arising during the year	At end of period
Deficits carried forward indefinitely - 28% rate	**(165,445)**	**(8,803)**	**(174,248)**

4.7 Liabilities rescheduled under the continuation plan

The Company's continuation plan approved by the Paris Commercial Court on November 24, 2005 stipulates that creditors who have chosen option 1 of the continuation plan, involving a waiver of 50% of their claims, will benefit from a clawback clause, provided that they (i) have informed the Company by registered letter within six months of the judgment adopting the plan and (ii) the continuation plan is not called into question before its maturity date (November 24, 2015). This clawback clause provides, subject to the above-mentioned conditions, that as from December 31, 2015 inclusive, Recylex S.A. will allocate 20% of its existing cash position at December 31 of each year to the repayment of the balance of the waived receivables, on a *pari passu* basis between the creditors, without any time limit.

As three creditors have expressed their wish to benefit from the clawback clause within the deadline, the total amount of receivables concerned by this clause amounts to €19,210,000. On December 15, 2015, the Paris Commercial Court confirmed the successful execution of the continuation plan of Recylex S.A. Since December 31, 2010, the Group has recognized the debt related to the clawback clause.

The fair value of the debt related to the clawback clause corresponds to the discounted sum of the probable repayment flows 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 of assessing their evolution, as well as the evolution of the economic outlook, make any medium and long-term forecast extremely difficult. Therefore, a multi-scenario lead price model was used to determine the value of the debt, based on the assumption that lead price fluctuations follow a normal distribution.

The Company's practice is to perform a full valuation of the fair value of the debt related to the clawback clause using a multi-scenario model on a regular basis or when facts and circumstances lead to significant variations in the business plans. In the interim periods, the fair value of the financial debt related to the clawback clause is adjusted only for the time effect due to the reconciliation of maturities.

The repayment flows under the clawback clause are based on the business plan prepared by the Company and on the subsequent normative flows in the configuration of the Group before the loss of control of the German sub-group entities.

For the year ending in December 31, 2020, given the restructuring of Recylex S.A.'s financial and non-financial debt on which the Group is currently working and the outcome of which is currently uncertain, the valuation of the clawback clause has not been updated. At December 31, 2020, the amount provisioned for the clawback clause was €1.4 million.

5. List of subisidiaries and equity investments at December 31, 2020

(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 S.A.S. (in liquidation)	16,769	N/A	100%	59,511	-	130,254	-	-	-	N/A	
C2P S.A.S.	900	2,655	100%	1,708	1,708	-	-	-	8,680	168	
Outside France											
Recylex Beteiligungsgsellschaft 1 mbH, Germany (2)	25	53,164	100%	53,194	-	-	-	-	-	-2	
Recylex Beteiligungsgsellschaft 2 mbH, Germany (2)	25	2,793	100%	2,823	-	-	-	-	-	-1	
Fonderie et manufacture de métaux S.A. (FMM S.A.), Belgium (in liquidation)	475	-2,238	100%	1,867	-	-	-	-	-	-12	
2. Equity investments (50% equity interest or less)											
France											
Recytech S.A., France	6,240	13,032	50%	4,865	4,865	-	-	-	29,141	5,796	4,000
Outside France											
Eco Recyclage SPA, Algeria (1)	370	(313)	33%	205	-	-	-	-	-	42	
3. Other investments											
Peñarroya España (in liquidation)				33,872		20,354					
Total equity investments, loans and advances				**158,045**	**6,573**	**150,608**	**-**				

(1) Latest available data converted into euros at the closing rate for balance sheet information and at the average rate for the year 2020 for income statement information.
(2) Dissolution of these two companies as of March 1, 2021.

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 (69400) and one in Escaudœuvres (59161) - and the Estaque site in Marseille (13016), which has been shut-down 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 (62740).

Created in 1988 from the merger between Société Minière et Métallurgique de Peñarroya (SMMP) with the non-ferrous metals division of Germany-based Preussag, Recylex S.A. 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 enforce safety in its mining concessions, which is validated and updated with the French Industry ministry and local authorities. Since December 31, 2018, Recylex S.A. is no longer a mining concession holder but remains liable for rehabilitation works.

6.2. Environment-related provisions and contingent liabilities

Recylex S.A.'s activities are subject to constantly evolving local, national and international regulations relating to the environment and industrial safety, which impose numerous obligations. As a result, these activities may entail a risk of Recylex S.A. being held liable, particularly in terms of site depollution and industrial safety.

For sites in operation, provisions to cover identified risks are recognized when a legal or regulatory obligation is declared. For abandoned sites, provisions for site rehabilitation are recognized in accordance with legal requirements. Provisions recorded to cover these risks are assessed on the basis of the Company's experience in the mining and metallurgical field and external estimates, when available. At the end of the 2020 financial year, the total environmental provisions recorded by Recylex S.A. amounted to €13.4 million, covering the value of all estimated costs over the period required by the regulation, which may extend to 2029.

The amounts recorded correspond to the best possible estimates based on reports and technical studies by independent experts. Costs recognized for the year 2020 amount to €2.5 million, covering the costs of studies and rehabilitation, as well as the costs of operating the mine water treatment facilities prior to 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 regulations, interpretation or application of the regulations by the relevant authorities, with regard to environmental rehabilitation issues, technical, hydrological and geological constraints or 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 the end of 2018, Recylex S.A. is no longer a mining concession holder as a result of a provision of the Mining Code, Art. L. 144-4 stipulating that non-operated mining concessions established for an unlimited period expire on December 31, 2018. The end of the validity of the mining title does not mean the end of the mining policy concerning the conditions for carrying out rehabilitation work. The rehabilitation of these former mining sites and their safety has been the subject of a multi-year work plan validated and revised in consultation with the local authorities and the relevant government agencies, in accordance with the specific conditions and rules applying to each site. The total amount of provisions covering the entire rehabilitation program for former mining sites amounts to €3.5 million at December 31, 2020.

In thousands of euros	2020	2019
Total provisions	3,494	2,963

Costs incurred in 2020 for the rehabilitation of former mines amounted to €0.7 million.

During the 2020 financial year, in addition to the recurring costs of technical monitoring and site management, the workload concerned the monitoring of waste deposits, water monitoring, land stability monitoring, site maintenance, as well as any rehabilitation measures required and/or prescribed by a prefectural order and/or the law.

At the end of fiscal year 2020, the Group added €0.9 million to the existing rehabilitation provision to cover higher than initially estimated costs for the rehabilitation of the tailings dam of a mine in the Tarn region of France, as well as additional work arising from its legal and regulatory obligations.

6.3.2 Monitoring of contingent liabilities relating to former mining sites

At December 31, 2020, the Company was not aware of any actual or potential obligation that could constitute a contingent liability.

6.4. Discontinued Estaque site

6.4.1 Provisions recognized under the site rehabilitation program

Following the shutdown of operations at the 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. The request to postpone the completion date to December 31, 2024 was accepted by the competent authorities and resulted in the issuance of an additional prefectoral order dated January 15, 2021.

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 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 implementation of rehabilitation works starting in 2019 has revealed larger polluted areas than initially estimated, which have concentrated the majority of the work before the temporary suspension of the main rehabilitation operations. In addition, the Company has also been faced with exceptional maintenance and repair work in certain areas of the site.

It should be noted that works on environmental monitoring and site safety have nevertheless continued throughout 2020, despite the temporary suspension of operations. In this context, costs in 2020 on the rehabilitation of the Estaque site amounts to €1.8 million, including €1.4 million expenditure on works not initially planned as described above.

Provisions covering the entire rehabilitation program at the Estaque site amounted to €9.1 million at December 31, 2020.

Taking advantage of the temporary suspension of the rehabilitation works, Recylex S.A. has reviewed the status of the rehabilitation program in relation to its obligations, to the observations made on the site in recent years, and to the planned schedule.

A re-estimation of the main estimates was made at the end of 2020. On this basis, at the end of the fiscal year 2020, Recylex S.A. added €3.5 million to the existing provision to cover the additional costs generated by the extension of the duration of the remediation program, the costs inherent in any stoppage and restarting of work sites, and the discovery of polluted materials that need to be treated and that require more storage than initially expected, leading the Company to have to extend the storage capacity of the landfill. The amount of the provision at December 31, 2020 corresponds to the best estimates available at that date, based on the technical reports of independent experts.

It should be noted that Recylex S.A. will have to find new external financing to fund the rehabilitation works at the Estaque site or to sell the site in its current state, as the costs to be incurred from 2022 onwards are incompatible with the company's cash flow generation (see «Cash position and external financing» of the note «Key events).

6.4.2 Contingent liabilities related to the site

With regard to SNCF Réseau's request that Recylex S.A. and RETIA S.A.S.A.U. be jointly ordered to pay all the sums required for the "global restoration" of the public railway property in the Estaque sector in Marseille (see the section entitled "Ongoing litigations" in the "Key events" note), Recylex S.A. has not recognized a provision for risks in its financial statements for the year ended in December 31, 2020.
Recylex considers this procedure to be a potential obligation that does not meet the criteria for recognition of a provision because:

- Recylex S.A.'s contestation of the legal basis for this claim and therefore the existence of a constructive or legal obligation arising from this claim;
- The absence of any detailed documentation concerning this claim enabling it to assess the likelihood of an outflow of financial resources.

6.5. Active sites

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 subject to this financial guarantee requirement. The total amount of the financial guarantee to be provided by Recylex S.A. is €700,000 and must be paid over nine years.

At December 31, 2020, Recylex S.A. recognized a long-term financial asset corresponding to the first seven tranches in a total amount of €570,000. 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 2020.

7. Other disclosures

7.1. Inventory of securities at December 31, 2020

(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 S.A.S.	0
Recytech S.A.	4,865
C2P S.A.S.	1,708
Other securities	
Sub-total	6,573
Total subsidiaries and equity investments	**6,573**
II - Long-term investments and investment securities	
Long-term investments	9
Treasury shares	44
Other marketable securities	
Total long-term investments and investment securities	**53**
Total securities held	**6,626**

7.2. Appropriation of income

(In thousands of euros)	**Net carrying amount**
Appropriation of income (in thousands of euros)	31/12/2020
1. Net income for the year	(12,137)
of which current result after tax	(14,022)
2. Appropriation to retained income (deficit)	(12,137)
3. Appropriation to legal reserves	

STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

This is a translation into English of the statutory auditors' report on the 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 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, 2020

To the Recylex SA Annual General Meeting

Disclaimer of opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, it is our role to audit the accompanying financial statements of Recylex S.A. for the year ended December 31, 2020.

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, 2020 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.

The observation expressed above is consistent with our report to the Audit Committee.

Basis for disclaimer of opinion

As disclosed in the "Assessment of liquidity risk / Business continuity" section of the "Main events" note to the financial statements for the year ended December 31, 2020, 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 to its foundry by Recylex S.A. Weser-Metall GmbH is now outside the Recylex Group and is subject to insolvency proceedings,
- Recylex S.A.'s ability to find new outlets for its products in the mid-term in order to reduce its dependency on Weser Metall GmbH which is practically its only customer. No commercial agreement guarantees the purchase of volumes by this company from Recylex S.A.,
- 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 parameters,
- changes in used lead battery purchase volumes and 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 SAS, located on the Recylex SA recycling site in Villefranche sur Saône, uses the same infrastructures as Recylex SA 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 January 31, 2022 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, or the successful continuation of Recylex S.A.'s financial and non-financial debt restructuring process,
- suspension of interest payments on the €16 million loan granted by Glencore International AG for at least the next 12 month (for an amount of €1.2 million), and changes to the amount, repayment conditions and interest in the mid-term,
- compatibility of annual rehabilitation expenditure for the former mines and the discontinued Estaque site with Recylex S.A.'s ability to generate cash, it being specified that Recylex S.A. will certainly need to find external financing for work at the Estaque site or sell the site in its current state to satisfy its current obligations. The rehabilitation schedule defined by the additional prefectural order of January 15, 2021 sets a completion date of December 31, 2024 for a total works amount of €9 million,
- 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,
- 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 cash generation capacity. To this end, a request was submitted to the European Commission in July 2020 seeking changes to the amount and payment plan in line with the Group's new economic situation in its new configuration,
- Recylex S.A.'s ability to find the new financing necessary to rehabilitate the discontinued Estaque site and the former mines, or the ability to sell this site in its current state.

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, 2019 in our report of October 23, 2020.

Justification of Assessments – Key Audit Matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, 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 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".

We attest the fair presentation and the consistency with the financial statements of the information relating to payment terms, required under Article D.441-6 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.225-37-4, L.22-10-10 and L.22-10-9 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L. 22-10-9 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.

With respect to the information relating to items that your company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L. 22-10-11 of the French Commercial Code (*code de commerce*), we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Other Legal and Regulatory Verifications or Information

Format of presentation of the financial statements intended to be included in the annual financial report

In accordance with Article 222-3, III of the AMF General Regulation, the Company’s management informed us of its decision to postpone the presentation of the financial statements in compliance with the European single Electronic format as defined in the European Delegated Regulation No 2019/815 of December 17, 2018 to years beginning on or after January 1, 2021.

Therefore, this report does not include a conclusion on the compliance with this format of the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*code monétaire et financier*).

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 Audit.

As of December 31, 2020, Deloitte & Associés and KPMG Audit were in the 21st year and 27th 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

Objectives and audit approach

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, 2020 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 financial statements were as follows:

- Issue of an observation report following agreed upon procedures conducted on the statutory and consolidated financial information of Recylex S.A. for fiscal years 2015 to 2019 (services rendered by KPMG).

Report to the Audit Committee

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, April 27, 2021
The Statutory Auditors

KPMG Audit
Division of KPMG S.A.

/DSS2/

Alexandra Saastamoinen
Partner

Deloitte & Associés

/DSS1/

Frédéric Neige
Partner

DRAFT RESOLUTIONS SUBMITTED TO THE ORDINARY GENERAL MEETING OF JUNE 16, 2021

This "Draft resolutions" is a non-official translation into English of the "Projets de résolutions" issued in French language and is provided solely for the convenience of English-speaking users. This document should be read in conjunction with and construed in accordance with French law.

DRAFT RESOLUTIONS SUBMITTED TO THE ORDINARY GENERAL MEETING OF JUNE 16, 2021

RESOLUTIONS TO BE CONSIDERED BY THE ORDINARY GENERAL MEETING

FIRST RESOLUTION
(Approval of the annual financial statements for the year ended December 31, 2020)

The General Meeting, voting under the quorum and majority conditions required for ordinary general meetings, having reviewed the reports of the Board of Directors and the Statutory Auditors' report on the annual financial statements 2020, and having examined the financial statements of Recylex S.A. for the financial year ended December 31, 2020, including the balance sheet, the income statement and the notes to the financial statements for that year, hereby approves the said financial statements as presented, as well as all operations represented therein and mentioned in the said reports.

The General Meeting acknowledges a net loss of €12,136,766.68.

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, 2020)

The General Meeting, voting under the quorum and majority conditions required for ordinary general meetings, having reviewed the reports of the Board of Directors and the Statutory Auditors' report on the 2020 consolidated financial statements, and having examined the consolidated financial statements of the Group for the financial year ended December 31, 2020, including the balance sheet, the income statement and the notes to the financial statements for that year, 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 loss for the year ended December 31, 2020, as reflected in the annual financial statements)

The General Meeting, voting under the quorum and majority conditions required for ordinary general meetings, having reviewed the reports of the Board of Directors and the Statutory Auditors' report on the annual financial statements for the financial year ended December 31, 2020, hereby:

- acknowledges that the annual financial statements for the year ended December 31, 2020 approved by the General Meeting, reflects a net loss amounting to €12,136,766.68,
- resolves to appropriate the net loss of €12,136,766.68 to the "retained earnings" account, which consequently shows a debit balance after appropriation of €68,811,523.19.

The General Meeting approves the amount of the non-deductible costs and expenses referred to in Article 39-4 of the French General Taxation Code, amounting to €23,059.

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 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 and seq. of the Commercial Code, hereby acknowledges, approves and, as the case may be, ratifies the said report and the agreements mentioned therein and entered into during the financial year ended December 31, 2020 or after this date and up until the meeting of the Board of Directors during which the financial statements for the year ended December 31, 2020 have been approved.

FIFTH RESOLUTION
(Ratification of the cooptation of Mr. Thomas HÛSER as director)

The General Meeting, voting under the quorum and majority conditions required for ordinary general meetings, ratifies the cooptation of Mr. Thomas HÛSER as Director by the Board of Director at its meeting of February 25, 2021, in replacement of Mr. Sebastian RUDOW for the remainder of the latter's term of office, i.e., until the General Meeting called to approve the financial statements for the financial year ending on December 31, 2022.

SIXTH RESOLUTION
(Renewal of Mr. Jean-Pierre THOMAS' term of office as director)

The General Meeting, acting under the required quorum and majority conditions, formally acknowledges that the term in office as director of Mr. Jean-Pierre THOMAS comes to an end at the date of this general meeting and resolves to reappoint Mr. Jean-Pierre THOMAS as director for a term in office of three years until the close of the General Meeting called to approve the financial statements for the financial year ending on December 31, 2023.

SEVENTH RESOLUTION
(Approval of the information relating to the compensation of corporate officers mentioned in Article L.22-10-9, I of the French Commercial Code, in accordance with Article L. 22-10-34, I of the French Commercial Code)

The General Meeting, voting under the quorum and majority conditions required for ordinary general meetings, having reviewed the report of the Board of Directors on corporate governance referred to in Article L. 225-37 of the French Commercial Code, approves, pursuant to Article L. 22-10-34, I of the French Commercial Code, the information referred to in Article L. 22-10-9 I of the French Commercial Code, as set out in section 2.9 of the Company's management report entitled "Corporate Governance Report".

EIGHTH RESOLUTION
(Approval of the fixed, variable and exceptional components of the global compensation and benefits of any kind paid during the financial year ending on December 31, 2020 or granted for the same financial year to Mr. Sebastian RUDOW, in his capacity as Chairman and Chief Executive Officer, in accordance with Article L. 22-10-34, II of the French Commercial Code)

The General Meeting, voting under the quorum and majority conditions required for ordinary general meetings, having reviewed the report of the Board of Directors on corporate governance referred to in Article L. 225-37 of the French Commercial Code, approves, in accordance with the provisions of Article L. 22-10-34, II of the French Commercial Code, the fixed, variable and exceptional components of the total compensation and benefits of any kind paid during the financial year ended December 31, 2020 or granted in respect of the same financial year to Mr. Sebastian RUDOW in his capacity as Chairman and Chief Executive Officer, as set out in section 2.9 of the Company's management report entitled "Corporate Governance Report".

NINTH RESOLUTION
(Approval of the compensation policy for the Chairman of the Board of Directors for the financial year 2021, in accordance with Article L. 22-10-8 of the French Commercial Code)

The General Meeting, voting under the quorum and majority conditions required for ordinary general meetings, having reviewed the report of the Board of Directors on corporate governance referred to in Article L. 225-37 of the French Commercial Code, approves, pursuant to Article L. 22-10-8 of the French Commercial Code, the remuneration policy for the Chairman of the Board of Directors, as set out in section 2.9 of the Company's management report entitled "Corporate Governance Report".

TENTH RESOLUTION
(Approval of the compensation policy for the Chief Executive Officer for the financial year 2021, in accordance with Article L. 22-10-8 of the French Commercial Code)

The General Meeting, voting under the quorum and majority conditions required for ordinary general meetings, having reviewed the report of the Board of Directors on corporate governance referred to in Article L. 225-37 of the French Commercial Code, approves, pursuant to Article L. 22-10-8 of the French Commercial Code, the remuneration policy for the Chief Executive Officer, as set out in section 2.9 of the Company's management report entitled "Corporate Governance Report".

ELEVENTH RESOLUTION
(Approval of the compensation policy for Directors for the financial year 2021, in accordance with Article L. 22-10-8 of the French Commercial Code)

The General Meeting, voting under the quorum and majority conditions required for ordinary general meetings, having reviewed the report of the Board of Directors on corporate governance referred to in Article L. 225-37 of the French Commercial Code, approves, pursuant to Article L. 22-10-8 of the French Commercial Code, the remuneration policy for Directors, as set out in section 2.9 of the Company's management report entitled "Corporate Governance Report".

TWELFTH 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 and regulations in force.

The Board of Directors

REPORT OF THE BOARD OF DIRECTORS TO THE ORDINARY GENERAL MEETING OF JUNE 16, 2021 ON DRAFT RESOLUTIONS

This "Report of the Board of Directors on draft resolutions" is a non-official translation into English of the "Rapport du Conseil d'administration sur les projets de résolutions" 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.

REPORT OF THE BOARD OF DIRECTORS TO THE ORDINARY GENERAL MEETING OF JUNE 16, 2021 ON DRAFT RESOLUTIONS

Ladies and Gentlemen Shareholders,

We have called this General Meeting to report to you on the activities of Recylex S.A. (hereinafter the "*Company*") and its subsidiaries during the financial year beginning January 1, 2020 and ending December 31, 2020, and to submit for your approval the Company's annual and consolidated financial statements for this financial 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 renewal of the term of office of a director,
- the approval of the information relating to the compensation of corporate officers referred to in article L. 22-10-9 I of the French Commercial Code,
- the approval of the fixed, variable and exceptional components of the global compensation and benefits of any kind paid during the financial year ending December 31, 2020 or granted for the same financial year to Mr. Sebastian RUDOW in his capacity as Chairman and Chief Executive Officer,
- the approval of the compensation policy for the Chairman of the Board of Directors for the financial year 2021,
- the approval of the compensation policy for the Chief Executive Officer for the financial year 2021, and
- the approval of the compensation policy for the Directors for the financial year 2021.

The activity of the Company and its subsidiaries during the financial year ended December 31, 2019, as well as the progress of corporate affairs since the beginning of the current financial 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.

I. APPROVAL OF THE ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS - APPROPRIATION OF LOSS (FIRST, SECOND AND THIRD RESOLUTIONS)

The Board of Directors proposes to the General Meeting to approve the annual and consolidated financial statements for the financial year ended December 31, 2020 as approved by the Board of Directors, and, in view of the loss for the financial year ending December 31, 2020, which amounts to 12,136,766.68 euros, to allocate the entire loss of 12,136,766.68 euros to the "retained earnings" account, the balance of which, after allocation, would show a debit amount of 68,811,523.19 euros.

In accordance with legal provisions, the Board of Directors proposes to the General Meeting of Shareholders to 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 23,059 euros for the year ended December 31, 2020.

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 to the General Meeting to acknowledge, to approve and, as the case may be, to ratify the conclusions of the special report of the statutory auditors on the agreements referred to in Articles L.225-38 et seq. of the French Commercial Code and the agreements mentioned in this report. These agreements were entered into during the financial year ended December 31, 2020 or after this date and up until the meeting of the Board of Directors during which the financial statements for the year ended December 31, 2020 have been approved.

It is reminded that, 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. THOMAS HÜSER AS DIRECTOR (FIFTH RESOLUTION)

The Board of Directors proposes to the General Meeting to ratify the cooptation by the Board of Directors at its meeting on February 25, 2021 of Mr. Thomas HÜSER as Director, as a replacement of Mr. Sebastian RUDOW.

Born in 1971 in Gladbeck, Germany, Mr. Thomas HÜSER studied History, Political science and Philosophy at the University of Essen and University of Berlin. After a period teaching as a university professor, he held positions with various associations in Germany, including the VDV (professional footballers' association) and Initiativkreis Ruhr, an influential industrial association. In 2004, he founded his own public relations agency and advised well-known companies in the industry, materials, energy and logistics sectors.

Mr. Thomas HÜSER is an expert in Economics and Public affairs, with extensive experience in the industry and energy sectors.

IV. RENEWAL OF MR. JEAN-PIERRE THOMAS' TERM OF OFFICE AS DIRECTOR (SIXTH RESOLUTION)

The Board of Directors proposes to the General Meeting to renew the term of office of Mr. Jean-Pierre THOMAS as Director, which will expire during the financial year 2021, for a period of three (3) years expiring at the end of the General Meeting called to approve the financial statements for the financial year ending December 31, 2023.

Mr. Jean-Pierre THOMAS is a Director of the Company since May 12, 2009.

More information on Mr. Jean-Pierre THOMAS can be found in Section 2.9 of the Management Report of the Board of Directors.

V. APPROVAL OF THE INFORMATION RELATING TO THE COMPENSATION OF CORPORATE OFFICERS MENTIONED IN ARTICLE L.22-10-9 I OF THE FRENCH COMMERCIAL CODE (SEVENTH RESOLUTION)

The seventh resolution pertains to the information referred to in I of Article L. 22-10-9 of the French Commercial Code, pursuant to Article L. 22-10-34, I of the French Commercial Code, i.e., the information relating to the compensation paid during the financial year ended December 31, 2020 or granted for the same financial year to corporate officers, as mentioned in Section 2.9 of the Company's management report entitled "Corporate Governance Report", including corporate officers whose term of office has expired and those newly appointed.

VI. APPROVAL OF THE FIXED, VARIABLE AND EXCEPTIONAL COMPONENTS OF THE GLOBAL COMPENSATION AND BENEFITS OF ANY KIND PAID DURING THE FINANCIAL YEAR ENDING ON DECEMBER 31, 2020 OR GRANTED FOR THE SAME FINANCIAL YEAR TO MR. SEBASTIAN RUDOW, IN HIS CAPACITY AS CHAIRMAN AND CHIEF EXECUTIVE OFFICER (EIGHTH RESOLUTION)

The Board of Directors proposes that the General Meeting approve the fixed, variable and exceptional components of the total compensation and benefits of any kind paid during financial year 2020 or granted for the same financial year to Mr. Sebastian RUDOW in his capacity as Chairman and Chief Executive Officer, pursuant to Article L.22-10-34, II of the French Commercial Code.

Mr. Sebastian RUDOW's compensation for financial year 2020 complies with the compensation policy for the Chairman and Chief Executive Officer approved by the General Meeting on July 29, 2020 (13th resolution).

a) The fixed portion of Mr. Sebastian RUDOW's gross annual remuneration in his role as Recylex S.A.'s Chief Executive Officer in respect of FY 2020 was set at a gross amount of €230,000.
b) At its meeting of February 25, 2021, the Company's Board of Directors decided, on the recommendation of the Remuneration and Nomination Committee and, in accordance with the remuneration policy approved at the General Meeting of July 29, 2020 (resolution no. 12) to set Mr. Sebastian RUDOW's variable remuneration in his role as Chief Executive Officer of Recylex S.A. in respect of FY 2020 at €250,000 (i.e., 108% of his fixed remuneration) linked to achievement of the following criteria: (i) management of the SARS-CoV-2 pandemic effects, and (ii) progress back towards profitability for the Company and the Group, by continuing its restructuring.
c) Ancillary benefits in kind: Sebastian RUDOW in his capacity as Recylex S.A.'s Chief Executive Officer benefits from the personal protection and health insurance plan covering Recylex S.A.'s employees.
d) Post-employment benefit obligations:
   - Mr. Sebastian RUDOW in his capacity as Chief Executive Officer of Recylex S.A. benefits, like all employees, from compulsory pensions and is not covered by Recylex S.A.'s supplementary pension plan in the form of a group retirement savings plan or of a compulsory defined-contribution group pension plan under the regime set out in Article 83 of the General Taxation Code.
   - Mr. Sebastian RUDOW does not qualify in his capacity as Chief Executive Officer for payments under termination of duties or no-compete clauses.
e) During FY 2020, Mr. Sebastian RUDOW received €20,000 in respect of his duties as a director and €20,000 in respect of his duties as Chairman of the Board of Directors.

Details of the compensation paid to Mr. Sebastian RUDOW in financial year 2020 or awarded in respect of the same financial year are set out in section 2.9 of the Company's management report, presented together with this report to the General Meeting, entitled "Corporate Governance Report" and referred to in the last paragraph of Article L. 225-37 of the French Commercial Code.

VII. APPROVAL OF THE COMPENSATION POLICY FOR THE CHAIRMAN OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR 2021 (NINTH RESOLUTION)

The Board of Directors proposes that the General Meeting approve the compensation policy for the Chairman of the Board of Directors for the 2021 financial year, in accordance with Article L. 22-10-8 of the French Commercial Code.

The principles underlying the determination of the compensation package for the Chairman of the Board of Directors for financial year 2021 are set out in section 2.9 of the Company's management report, presented together with this report to the General Meeting, entitled "Corporate Governance Report" and referred to in the last paragraph of Article L. 225-37 of the Commercial Code.

VIII. APPROVAL OF THE COMPENSATION POLICY FOR THE CHIEF EXECUTIVE OFFICER FOR THE FINANCIAL YEAR 2021 (TENTH RESOLUTION)

The Board of Directors proposes that the General Meeting approve the compensation policy for the Chief Executive Officer for the 2021 financial year, in accordance with Article L. 22-10-8 of the French Commercial Code.

The principles underlying the determination of the compensation package for the Chief Executive Officer for financial year 2021 are set out in section 2.9 of the Company's management report, presented together with this report to the General Meeting, entitled "Corporate Governance Report" and referred to in the last paragraph of Article L. 225-37 of the Commercial Code.

IX. APPROVAL OF THE COMPENSATION POLICY FOR DIRECTORS FOR THE FINANCIAL YEAR 2021 (ELEVENTH RESOLUTION)

The Board of Directors proposes that the General Meeting approve the compensation policy for the Directors for the 2021 financial year, in accordance with Article L. 22-10-8 of the French Commercial Code.

The principles underlying the determination of the compensation package for the Directors for financial year 2021 are set out in section 2.9 of the Company's management report, presented together with this report to the General Meeting, entitled "Corporate Governance Report" and referred to in the last paragraph of Article L. 225-37 of the Commercial Code.

X. POWERS TO COMPLETE THE FORMALITIES (TWELFTH RESOLUTION)

Finally, it is proposed 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 and regulations 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

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)

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 confirm that no stock option 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, 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

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)

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, 2020

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

STATUTORY AUDITOR'S SPECIAL REPORT ON REGULATED AGREEMENTS

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 AUDITOR'S SPECIAL REPORT ON REGULATED AGREEMENTS

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

We hereby inform you that we have not been advised of any agreement authorized and entered into during the year to be submitted to the approval of the Shareholders' Meeting pursuant to Article L. 225-38 of the French Commercial Code.

Agreements not previously authorized

Pursuant to Articles L. 225-42 and L. 823-12 of the French Commercial Code, we bring to your attention the following agreements which were not previously authorized by your Board of Directors.

Our role is to communicate to you the circumstances which explain why the authorization procedure was not followed.

- **Agreements waiving the immediate repayment of the 2014 Loan granted to your Company by Glencore International AG**

Directors concerned: Mrs. Laetitia Seta, Mr. Christopher Eskdale (until September 3, 2020) and Mr. Nick Popovic (from September 3, 2020), also employees of Glencore International AG.
On October 1, 2014, your Company signed a loan agreement with Glencore International AG for an amount of €16 million (hereinafter the "2014 Loan"), the main terms and conditions of which are detailed in the second part of this report.

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 the 2014 Loan to June 30, 2024.

During the past fiscal year and in early 2021, an agreement waiving the immediate repayment of the 2014 Loan was entered into by your Company and Glencore International AG, with two successive extensions:

- On May 18, 2020, following the placing of the entities of the German sub-group of the Recylex Group in insolvency proceedings, your Company entered into an agreement with Glencore International AG temporarily waiving, subject to conditions, the right to claim immediate repayment of the 2014 Loan, as amended in 2017.

  Your Company therefore obtained the suspension of payment of accrued interest under the 2014 Loan and the temporary waiver, subject to conditions, of Glencore International AG's right to claim immediate repayment until October 31, 2020.

  Due (i) to the need to enter into this agreement without delay, under financial conditions favorable to your Company, in order, according to your Board of Directors, to immediately maintain the Company's ability to continue in business, and (ii) the complexity of convening, within the time available, a Board of Directors' meeting prior to the signature of the agreement due to the urgency of the situation, your Board of Directors, which was fully informed prior to the conclusion of this agreement, was only able to authorize this agreement subsequently during its meeting of June 12, 2020.

- On October 16, 2020, an initial extension up to February 28, 2021, subject to the conditions of the temporary waiver agreement, was entered into by your Company and Glencore International AG, integrating the suspension of interest due on December 5, 2020.

  During its meeting of October 16, 2020, under the same conditions as in May 2020, your Board of Directors subsequently authorized the conclusion of this agreement enabling, according to your Board of Directors, the Company's ability to continue in business to be maintained, under favorable financial conditions.

- On February 10, 2021, a second extension until January 31, 2022 at the latest, subject to the conditions of the temporary waiver agreement, was entered into between your Company and Glencore International AG. The expiry date of this waiver could nonetheless be shortened if your Company does not satisfy the conditions precedent of the waiver granted, that is the continued supply by your Company of secondary raw materials to Weser Metall GmbH or the successful continuation of your Company's financial and non-financial debt restructuring.

  This second extension also includes the suspension of interest due on May 5, 2021 and December 5, 2021, as well as the temporary waiver by Glencore International AG of the right to claim payment of amounts due under the financial recovery clause on debts waived in 2005 as part of the Company's continuation plan, as detailed in the second part of this report, for an amount of €2.5 million.

  During its meeting of February 25, 2021, under the same conditions as in May 2020, your Board of Directors subsequently authorized the conclusion of this agreement enabling, according to your Board of Directors, the Company's ability to continue in business to be maintained, under favorable financial conditions.

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 (until September 3, 2020) and Mr. Nick Popovic (from September 3, 2020), also 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 (until September 3, 2020) and Mr. Nick Popovic (from September 3, 2020), also 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 (until September 3, 2020) and Mr. Nick Popovic (from September 3, 2020), also 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
- 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 €149,575, was €5,050,079 as of December 31, 2020.

- ***Debt waiver with a financial recovery clause in favor of Glencore International AG***

Directors concerned: Mrs. Laetitia Seta, Mr. Christopher Eskdale (until September 3, 2020) and Mr. Nick Popovic (from September 3, 2020), also 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, 2020.

As detailed in the first part of this report, on February 10, 2021, Glencore International AG temporary waived the right to claim payment of amounts due under the financial recovery clause on debts waived in 2005 as part of the Company's continuation plan, for an amount of €2.5 million.

- ***Loan agreement between your Company and Glencore International AG***

Directors concerned: Mrs. Laetitia Seta, Mr. Christopher Eskdale (until September 3, 2020) and Mr. Nick Popovic (from September 3, 2020), also 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 Group 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 €1,093 thousand in fiscal year 2020.
As detailed in the first part of this report, agreements waiving the immediate repayment of this loan were entered into in 2020 and early 2021.

- ***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 (until September 3, 2020) and Mr. Nick Popovic (from September 3, 2020), also employees of Glencore International.

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.

b) <u>without effect during the year</u>

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 (until March 1, 2021), 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, April 27, 2021

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