HALF-YEAR FINANCIAL REPORT

2020

SOMMAIRE

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ACTIVITY REPORT FOR THE FIRST HALF OF 2020

At its meeting of December 16, 2020, the Board of Directors of Recylex S.A. reviewed and approved the condensed consolidated financial statements of the Recylex Group (hereinafter the "Group") for the period from January 1 to June 30, 2020.

The continuation until May 2020 of discussions with financial partners with a view to restructuring the debt of the former German subgroup and the requests for the opening of insolvency proceedings at the level of the entities of the German subgroup on May 14, 2020 created special conditions for the closing of the half-year financial statements as of June 30, 2020.

The going concern principle adopted for the preparation of the condensed consolidated financial statements for the six months ended in June 30, 2020 is closely linked to the Group's economic and financial outlook with the new scope of consolidation in place as of May 14, 2020, and in particular to Recylex S.A.'s capacity. to continue its business over the long term, which is itself dependent, among other things, on the ability of Weser-Metall GmbH, a company now outside the Recylex Group perimeter and subject to an insolvency proceeding, to also continue its business while continuing to obtain secondary materials from Recylex S.A.

In this context, Recylex S.A. has prepared new financial forecasts, the main assumptions of which are described below (see paragraph 6. "Going concern and outlook for the Group") and in Note 1-B ("Major events in the first half of 2020 - Financial position of Recylex S.A. and assessment of going concern status") of the notes to the condensed consolidated financial statements for the six months ended in June 30, 2020, conditioning the going concern of Recylex S.A. and, by extension, the Group as a whole. The cash flow forecasts thus prepared may also be impacted by the factors described in note 1-E " Description and management of the main risks and uncertainties" to the condensed consolidated financial statements for the half-year ended in June 30, 2020.

In this context and under the assumptions and risks described in Notes 1-B and 1-E to the condensed consolidated financial statements, the condensed consolidated financial statements for the half-year ended in June 30, 2020 have been prepared on a going concern basis.

1. Major events in the first half of 2020

Restructuring of the German subgroup's debt

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

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

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

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

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

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

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

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

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

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

In addition, the review by the financial partners of the conditions under which their financing could be continued beyond May 31, 2020 was postponed from the end of April 2020 to mid-May 2020.

The asset disposal and debt restructuring processes being pursued by the German subgroup as outlined above were then brought to a halt by the start of insolvency proceedings at each entity in the German subgroup on May 14, 2020, as explained below.

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

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

Weser-Metall GmbH halted its production on March 26, 2020 in response to the steep decline in demand, especially from the automotive sector, as metals prices collapsed. The business switched to servicing and maintenance mode. Weser-Metall GmbH resumed production on 18 May 2020.

The Group's scrap lead batteries recycling activities in France (Recylex S.A.) and in Germany (Harz-Metall GmbH) shut down almost completely. The three plants introduced short-time working measures for their employees.

Recylex S.A. and C2P S.A.S. both requested a loan from their respective main bank under the PGE state-guaranteed loan program. Their requests were turned down by their banking partners.

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

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

The managers of all the other German entities (Weser-Metall GmbH, Norzinco GmbH and PPM Pure Metals GmbH, Recylex GmbH, C2P Germany GmbH and Recylex Grundstücksverwaltungsgesellschaft mbH) were also obliged to file 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 requests for the commencement of insolvency proceedings were confirmed by decisions of the German Insolvency Court of Göttingen received on May 15, 2020. It is important to point out that the Recylex Group's French companies are not covered by these proceedings under German law.
The "protective shield" procedure (laid down in article 270 b (1) of the German Insolvency Code - first sentence) was chosen for the German operating entities (Weser-Metall GmbH, Harz-Metall GmbH, Norzinco GmbH and PPM Pure Metals GmbH) and the "direct management" procedure for the other German entities (Recylex GmbH, C2P Germany GmbH and Recylex Grundstücksverwaltungsgesellschaft mbH (property management company)). The purpose of the request to commence

"protective shield" procedures is to keep the business operating and to implement a restructuring process tailored to each of the entities, thereby enabling them to survive once the SARS-CoV-2 pandemic has been brought under control.

The filing for insolvency proceedings by the German subgroup's legal entities will have the following major implications for parent company Recylex S.A.:

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

Trends in metal prices expressed in euros and in the €/$ exchange rate

Below are the average lead and zinc prices for the first six months of the year:

In euros per tonne	**First half of 2020**	**First half of 2019**	**Change(%)**
Lead price	**1,598**	1,736	*-8%*
Zinc price	**1,857**	2,419	*-23%*

Source : London Metal Exchange (LME), 2020.

The average lead price in the first half of 2020 was 1,598 euros, down 8% compared to the average for the first half of 2019. Between January 2, 2020 and June 30, 2020, lead prices fell by 6%.
The average zinc price in the first half of 2020 was 1,857 euros, down 23% compared to the average for the first half of 2019. Between January 2, 2020 and June 30, 2020, the zinc price fell by 11%, with a very sharp drop from January to March 2020.

The €/$ exchange rate declined slightly by 2% compared to the first half of 2019 to reach 1.1022. Between January 2, 2020 and June 30, 2020, the €/$ parity remained stable.

2. Consolidated results as of June 30, 2020

	Consolidated financial statements		**New scope of consolidation**	
In millions of euros	**30-June-20**	**30-June-19**	**30-June-20**	**30-June-19**
Sales and revenues	82.0	153.6	26.3	37.0
EBITDA	-14.1	-12.9	-3.7	-1.2
Current Operating Result	-23.8	-18.4	-10.2	-2.0
Operating Result	136.2	-14.8	148.4	-2.1
Share of income from equity affiliates	0.7	3.7	0.7	3.7
Result from discontinued operations	-2.3	0.0	0.0	0.0
Net income	129.4	-21.4	148.3	0.5

Changes in the scope of consolidation

The loss of control is a direct consequence of the decisions by the German Insolvency Court to commence insolvency proceedings. With the court's decisions, all powers have been transferred entirely to the CEOs of the German entities and the insolvency administrator it appointed. Since the criteria for consolidation laid down in IFRS 10 are no longer met, Recylex S.A. will have to deconsolidate all the German entities subject to insolvency proceedings effective May 14, 2020, i.e.:

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

As a result, the Recylex Group is, as of that date, solely constituted of:

- Lead segment: Recylex S.A.'s used lead-acid battery recycling activities (Villefranche and Escaudoeuvres plants);
- Plastics segment: C2P S.A.S.'s polypropylene recycling activity;
- Other activities: Recylex S.A.'s holding company activity, including the 50% interest in Recytech S.A. under the equity method.

Income statement items

Given the aforementioned, the consolidated income statement for the period ended in June 30, 2020 includes only four months of activity for the entities of the German subgroup, compared to six months of activity for the period ended in June 30, 2019, making it difficult to make comparisons from one period to the next.

In order to improve the clarity of the consolidated results as of June 30, 2020, the Group presents certain consolidated income statement aggregates as of June 30, 2020 on the basis of the new scope of consolidation (i.e. without the entities of the German subgroup, deconsolidated in the first half of 2020 - see above).

The term "**New scope of consolidation**" thus represents the consolidated entity comprising the scope of consolidation in force as of June 30, 2020. This new scope of consolidation comprises the following entities:

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

Comments on the changes in results between the first half of 2019 and the first half of 2020 therefore refer to this "New scope of consolidation".

Sales for the first six months of 2020 amounted to €82.0 million, including €70.4 million for the entities of the German subgroup for the first 4 months of the semester.

Consolidated sales for the new scope of consolidation amounted to €26.3 million for the first half of 2020 compared to €37.0 million for the first half of 2019. This decrease is explained by the lower performance of the lead segment, impacted by the slowdown in volumes processed by the two recycling centers in France and lower lead prices, but also by a sharp reduction in sales in the plastics segment.

Consolidated EBITDA for the first half of the year reached -€14.1 million, including -€10.4 million for the German subgroup entities for the first 4 months of the period.

EBITDA for the new scope of consolidation was -€3.7 million for the first half of 2020 compared to -€1.2 million for the first half of 2019.

This sharp erosion in the Group's operating performance at a comparable scope is mainly explained by the greater weight of the holding company's structural costs, which are no longer shared with the German entities, and by the lower financial performance of the lead and plastic activities (-€0.8 million).

As a result, the Group's new scope of consolidation reported a current operating loss of €10.2 million in the first half of 2020 compared to a current operating loss of €2.0 million in the first half of 2019. This sharp deterioration in the recurring operating result is mainly due to the impairment of trade receivables from entities of the German subgroup for an amount of €5.7 million.

Income from equity affiliates (50% stake in Recytech S.A.) is down sharply by -€3.0 million compared to the first half of 2019 due to the sharp fall in Zinc prices during the first half of 2020.

The Group's net income was strongly impacted by the technical effect of the deconsolidation of the German entities (Note 1-B and Note 3 to the Condensed Consolidated Financial Statements for the half-year ended June 30, 2020) which resulted in a deconsolidation income of €159.4 million recognized in "Operating result". This deconsolidation gain, which does not result in cash inflow, reflects the negative consolidated contribution of the German subgroup to the Group's net equity in connection with accumulated losses and previously recognized asset impairment losses.
Note 3 "Scope of consolidation" to the condensed consolidated financial statements for the half-year ended June 30, 2020 presents the impacts of the deconsolidation of the entities of the former German subgroup over the period.

3. Consolidated results by segment as of June 30, 2020 (excluding the holding company and environment)

To provide a better understanding of the performance by business segment, results by segment have been presented on the basis of the "New scope of consolidation, as defined above and in Note 4 to the condensed consolidated financial statements for the half-year ended in June 30, 2020.

- ***Lead segment (83% of consolidated sales – New scope of consolidation)***

in millions of euros	As of 30/06/2020	As of 30/06/2019	As of 30/06/2020 New scope of consolidation	As of 30/06/2019 New scope of consolidation	*Change New scope of consolidation*
Sales	72.1	94.1	21.8	29.9	*-8.1*
Current operating result	(9.8)	(13.6)	(2.1)	0.1	*-2.2*

In the first half of 2020, sales for the Lead segment amounted to €21.8 million, a decrease of 27% compared to the first half of 2019.

Due to health measures and the economic slowdown related to the SARS-CoV-2 pandemic, the activities of the Group's two used lead-acid battery recycling plants in France (Recylex S.A.) were almost entirely shut down between April and May 2020, with "short-time working" measures for their employees. In this context, Recylex S.A. recycled 26,800 tonnes of used lead-acid batteries in the first half of 2020 (-16% compared to the first half of 2019).

Over the period, the fall in lead prices coupled with the deterioration in commercial conditions for sales and the rise in the price of used lead-acid batteries at the point of purchase weighed heavily on this segment's margin. As a result, the Lead segment recorded a current operating loss of €2.1 million for the six months ended in June 30, 2020, compared to a breakeven result in the first half of 2019.
It should be noted that following the deconsolidation of Weser-Metall GmbH and Harz-Metall GmbH, the Lead segment now comprises only Recylex S.A.'s activities in France.

- ***Plastic segment (14%* of consolidated sales *– New scope of consolidation)***

in millions of euros	As of 30/06/2020	As of 30/06/2019	As of 30/06/2020 New scope of consolidation	As of 30/06/2019 New scope of consolidation	*Change New scope of consolidation*
Sales	**3.8**	6.9	3.8	6.0	*-2.2*
Current operating result	**(0.5)**	(0.7)	(0.5)	(0.2)	*-0.3*

Sales reached €3.8 million at June 30, 2020, down 37% compared to June 30, 2019 (new scope of consolidation). Given the very sharp slowdown in global demand for recycled polypropylene, particularly in the automotive sector weakened by the effects of the SARS-CoV-2 pandemic, C2P S.A.S.'s activity in France was drastically reduced in April 2020 and gradually resumed from May 2020.

In this context, the segment's operating income/loss before non-recurring items showed a loss of €0.5 million for the six months ended in June 30, 2020, compared to a loss of €0.2 million for the same period in 2019.

It should be noted that following the deconsolidation of C2P GmbH in the context of the insolvency proceedings under German law opened in May 2020, the Plastics segment now comprises only the activities of C2P S.A.S. in France.

- ***Zinc segment***

in millions of euros	As of 30/06/2020	As of 30/06/2019	As of 30/06/2020 New scope of consolidation	As of 30/06/2019 New scope of consolidation	*Change New scope of consolidation*
Sales	20.6	43.4	-	-	-
Current operating result	(4.5)	0.7	-	-	-

Following the deconsolidation of the German entities Norzinco-GmbH and Harz-Metall GmbH, the Zinc segment now only consists of the 50% stake in Recytech S.A. in France, which is now reported under the equity method in the consolidated financial statements in accordance with IFRS. For this reason, sales and results of this joint venture are no longer included in the segment reporting. In this context, the Zinc segment no longer exists in the new scope of the Recylex Group's activities.

The first-half 2020 consolidated sales for this segment represent the sales of the former German scope until May 2020, the date of deconsolidation of these entities. It reached €20.6 million in the first half of 2020. The segment reported an operating loss of €4.5 million as of June 30, 2020.

- ***Special metals segment***

in millions of euros	As of 30/06/2020	As of 30/06/2019	As of 30/06/2020 New scope of consolidation	As of 30/06/2019 New scope of consolidation	*Change New scope of consolidation*
Sales	5.7	9.1	-	-	-
Current operating result	(1.5)	(0.8)	-	-	-

Sales of the Special Metals segment represent the sales of PPM Pure Metals GmbH until May 2020, the date of deconsolidation of this entity. It generated sales on the amount of €5.7 million as of June 30, 2020, and reported a current operating loss of €1.5 million as of June 30, 2020.

It should be noted that following the deconsolidation of PPM Pure Metals GmbH, the Special Metals segment no longer exists within the scope of the Recylex Group's activities.

4. Consolidated balance sheet as of June 30, 2020

Group cash position and financial debt

The Group's gross cash position was €13.1 million as of June 30, 2020, up €4.0 million compared to €9.1 million at December 31, 2019. As of June 30, 2020, the Group did not have any credit lines, unlike as of December 31, 2019 when the Group had available and used credit lines at the level of the German subgroup amounting to €15.0 million.
Therefore, the Group's net cash position was positive, reaching €13.1 million euros as of June 30, 2020, compared to a negative amount of €5.9 million at December 31, 2019.

Based on the new scope of consolidation, cash and cash equivalents amounted to €13.1 million compared to €5.2 million at December 31, 2019, up €7.9 million.

This increase in cash and cash equivalents is due to:

- A positive cash flow from operating activities of €6.4 million following a strong decrease in working capital requirements of €10.1 million on both Lead and Plastics which more than compensated the loss generated by both activities;
- Dividends from Recytech SA (equity method company) of €4.0 million;

- A positive cash flow of €0.7 million following the repayment of part of the compensation paid by Recylex S.A. in connection with claims by former employees of Metaleurop Nord following the decision of the Cour de Cassation of May 24, 2018 - see Notes 5.3 and 1-E to the condensed consolidated financial statements at June 30, 2020.

These positive cash flows enabled the financing of investments (€0.5 million), the repayment of the European Commission fine (€0.8 million including interest) under the European Commission's fine payment plan, and expenses related to the rehabilitation of former sites (€2.1 million).

Net financial debt breaks down as follows:

Net debt ***in thousands of euros***	***June 30, 2020***	***June 30, 2019***	***Change***
Cash	13,117	9,092	4,025
Total assets	**13,117**	**9,092**	**4,025**
Non-current financial liabilities	797	17,300	(16,503)
Of which lease debt IFRS 16	*797*	*1,300*	
Current financial liabilities	17,344	134,714	(117,370)
Of which lease debt IFRS 16	*702*	*1,092*	
Other non-current liabilities (1)	31,153	31,585	(432)
Other current liabilities (1)	5,289	2,418	2,871
Total liabilities	**54,584**	**186,017**	**(131,432)**
Net debt	**41,467**	**176,925**	**(135,458)**

(1) Relates to the debt in respect of the European Commission fine, the clawback clause and the rescheduled liabilities resulting from the continuation plan.

The Group's net financial debt amounted to €41.5 million, a decrease of €135.6 million compared to December 31, 2019, as a result of the deconsolidation of the German subgroup, whose share of net financial debt at December 31, 2019 amounted to €130.5 million euros.

The Group' net financial debt as of June 30, 2020 breaks down as follows:

- The €16 million loan granted in 2014 by Glencore International AG. The opening of insolvency proceedings at the level of the German subgroup entities rendered this loan payable at any time by Glencore International AG. The Group has obtained a waiver from Glencore International AG on May 18, 2020, waiving its right to declare this loan immediately due and payable until October 31, 2020. This deferral was conditionally extended to February 19, 2021. Its conditions include the fact that Recylex S.A. will continue to deliver secondary materials to Weser-Metall GmbH
- The debt relating to the European Commission fine for an amount of €24.5 million. This debt is the subject of a payment plan that provides for Recylex S.A. to assume the payment of the fine (the Group's parent company) and the deferral over the medium and long term of the payment of a significant portion of the fine (see note 18.2 to the consolidated financial statements for the year ended December 31, 2019).
- In September 2020, the Company temporarily suspended the payment to the European Commission under the debt settlement plan agreed in 2017 and requested an update of the "Inability to Pay" procedure requested by the Company in 2017. The unsettled maturities amount to €0.5 million (maturities from September to December 2020).
- The clawback clause for an amount of €4.1 million euros (see note 18.1 of the notes to the consolidated financial statements at December 31, 2019). The amounts payable under the financial clawback clause totaled €1.7 million. The main creditor with €1.6 million is Glencore international AG.
- The rescheduled debt resulting from Recylex S.A.'s continuation plan for an amount of €7.9 million, including €5.1 million due to Glencore International AG (maturing in 2026) and €2.8 million due to the former subsidiary Recylex GmbH (now outside the Group following the deconsolidation of the German subgroup), a debt that the company intends to offset against the receivables held against Recylex GmbH.

Cash position of the parent company Recylex S.A.

At June 30, 2020, the Recylex S.A. parent company had €11.6 million in cash available, compared to with €4.5 million at December 31, 2019.
This temporary increase in cash was due to a sharp reduction in working capital requirements, in particular a sharp decline in trade receivables and inventories following the reduction in business in April 2020 and the prepayment system at Weser Metall GmbH for Recylex S.A. deliveries since May 15, 2020. The Company estimates that its cash level should decrease significantly by the end of fiscal year 2020 as a result of an increase in working capital requirements in the second half of 2020 and accumulated operating

losses following the reduction in volumes in the context of containment measures related to the second wave of the SARS-CoV-2 pandemic.

The Company has prepared cash forecasts based on the information currently available, including forecast expenditures relating to its commitments for the remediation of former mining sites and its L'Estaque site, and repayments linked to the payment of the fine handed down to Recylex S.A. and its subsidiaries by the European Commission in 2017.

To recap, Recylex S.A. concluded:

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

Recylex S.A. also continued works to rehabilitate the Estaque site during the first half of 2020 for an amount of €1.5 million, it being specified that Recylex S.A. has applied to the competent authorities for a temporary suspension of the rehabilitation works at the Estaque site until December 31, 2021 and for a postponement of the completion date of works to December 31, 2024.
The total cost of the work yet to be performed was fully covered by €4.5 million in provisions at June 30, 2020, and Recylex S.A. will use its own capital for this purpose.

The impact of the Group's German operations on Recylex S.A.'s financial position and the risks facing parent company Recylex S.A. are described in paragraph B - "Major events in the first half of 2020" above.

The impact of the operations of the Group's German scope of consolidation on the financial position of Recylex S.A., as well as the risks faced by the parent company Recylex S.A., the head of the Group, are described in paragraph B - "Major events during the first half of 2020" of the notes to the condensed consolidated financial statements at June 30, 2020.

Assets in the consolidated balance sheet as of June 30, 2020 to the former entities of the German subgroup

The deconsolidation of the entities of the German subgroup during the first half of the year resulted in the recognition of the following items on the assets side of the consolidated balance sheet:

In millions of euros	Gross value	Impairment	Net value
Equity investments	56.0	(56.0)	0
Loan to Weser-Metall GmbH	10.7	(10.7)	0
Loan to Recylex GmbH	5.0	(5.0)	0
Trade receivables	5.	(5.7)	0

These assets were fully depreciated in the first half of 2020, impacting income for the period by €5.4 million on Current Operating Result and by € 72.1 million on Other operating income and charges (amount included in the net deconsolidation result of €159.4 million).

Consolidated shareholders' equity as of June 30, 2020

Group shareholders' equity increased as a result of the positive net income of €129.4 million. However, it remained negative at -€37.5 million as of June 30, 2020.

5. Evolution of legal proceedings

The document summarizing the legal proceedings concerning 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 the first half of 2020 are presented hereinafter.

- **Former employees of e Metaleurop Nord S.A.S.**

2013-2017: claims for damages in respect of the prejudice of anxiety and/or breach of a safety obligation and/or disputing dismissal (437claims)

On January 29, 2020, the Court of Cassation has rejected the appeals lodged by 88 former employees, thus making the June 29, 2018 Douai Appeal Court's decisions definitive, which had overturned the decisions handed down on October 14 and 18, 2016 by the Lens

Labor Court (Conseil de Prud'hommes de Lens) on the grounds that a compensation 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 allowance for asbestos workers ("ACAATA") and that Recylex S.A. was never included on such list..

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

(i) (1) The deliberations of the Lens Labor Court (Management section) concerning the claims made by 37 former managerial employees for an initial total amount claimed of approximately €2.5 million are expected on March 23, 2021. In the latest state of this procedure, the claims amounted to a total of approximately €1.2 million.

(ii) (2) The decision of the Lens Labor Court (Industry section) concerning the claims made by 294 former non-management employees for an initial total amount claimed of approximately 18.5 million, will be rendered on January 29, 2021. In the latest state of this procedure, the claims amounted to a total of approximately €9.2 million

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

Concerning claims for damages for the prejudice of anxiety brought by 13 former employees of Metaleurop Nord SAS represented by the CGT union, on March 30, 2018, the Lens Labor Court decided to order Recylex S.A. to pay each of them an amount between €4,000 and €20,000 as damages, along with €500 under article 700 of the Civil Procedure Code, totaling €186,500.
On November 27, 2020, the Douai Appeal Court overturned the 13 judgments of the Lens Labor Court in so far as they had condemned Recylex S.A. and dismissed the former employees' claims for compensation.

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

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

On May 24, 2018, the Cour de Cassation:

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

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

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

In addition, 91 of the aforementioned 187 claimants had filed additional claims with the Douai Appeal Court for damages for anxiety and breach of a safety obligation, in a total amount of €5.6 million. The decisions of the Douai Court of Appeal concerning these claims is expected on 19 February 2021. In the latest state of this procedure, the plaintiffs requested to held harmless Recylex S.A.

A provision of €4.0 million is included in the financial statements of Recylex S.A. in respect of these proceedings.

- **Liquidators of Metaleurop Nord S.A.S.**

Concerning the claim for damages initiated by Recylex S.A. against the liquidators of Metaleurop Nord S.A.S, the Béthune Regional Court ruling of September 18, 2018, dismissed Recylex S.A.'s claim for damages for a global amount of around €22 million damages corresponding mainly to the prejudice suffered by Recylex S.A. as a result of damages it had to pay to more than 550 former employees of Metaleurop Nord S.A.S.
On 10 December 2020, the Douai Court of Appeal upheld the first instance judgment in that it considered that the liquidators of Metaleurop Nord S.A.S. had committed a personal fault by having failed to fulfil their legal obligation to seek reclassification during the economic redundancy procedure for former employees of Metaleurop Nord S.A.S. in 2003. Holding that Recylex S.A. was itself under an obligation to seek other suitable employment and had thus contributed to the materialisation of the loss it was claiming,

the Court accordingly ordered the liquidators of Metaleurop Nord S.A.S., jointly and severally with their insurers, to compensate Recylex for 5% of the loss it had suffered, i.e. the sum of €809.396,75.

Concerning the claim for damages against Recylex S.A. initiated by the liquidators of Metaleurop Nord S.A.S., the Douai Court of Appeals has set January 28, 2021 as the date for its deliberations. As a reminder, the liquidators of Metaleurop Nord S.A.S. have appealed against the decision of the Arras Commercial Court of April 11, 2018, which ruled in favor of Recylex S.A. and dismissed the liquidators of Metaleurop Nord S.A.S. of their claim for damages considered inadmissible on the one hand, as it has been time-barred since March 21, 2013, and on the other hand, as their alleged claim arose prior to the opening of Recylex S.A.'s receivership proceedings but has not been declared as a liability.

- **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 S.A.S.A.U 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 S.A.S.A.U.

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

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

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

No provision for risks in this respect was reported as of June 30, 2020 (see Note 8).

6. Going concern and outlook for the Group

Recylex S.A. has prepared a cash flow forecast for 2020 and 2021. These forecasts were established in the fourth quarter of 2020. The effects of the second confinement measure related to the second wave of the SARS-CoV-2 pandemic makes the forecasting exercise extremely difficult. It is inevitable that certain assumptions will not materialize and it is possible that unforeseen events or circumstances may occur after the establishment of these forecasts.

The assumptions underlying Recylex S.A.'s cash flow forecast are listed in Note 1 B "Major events in the first half of 2020", paragraph "Recylex S.A.'s financial position and going concern status” of the notes to the condensed consolidated financial statements for the half-year ended June 30, 2020.

The Company's projected cash position is highly dependent on the following parameters:

- The forecast requirements for primary and secondary raw materials of the subsidiary Weser-Metall GmbH, as well as the projected cash position of this company;
- Changes in the volumes and prices of used lead batteries, the sales margin and cash flow generated by Recylex S.A.'s business are highly dependent on these parameters;
- Changes in commercial conditions for secondary materials (treatment charges) and changes in lead and zinc prices, as well as changes in the €/$ exchange rate, as Recylex S.A.'s sales margin is highly sensitive to changes in these parameters;

- Financial income, in particular dividends received from the company accounted for by the equity method (Recytech S.A.), whose results are particularly sensitive to the level of zinc prices and volumes processed;
- Expenditures related to the rehabilitation works on the Estaque site and the former mining sites;
- The effects of restructuring Recylex S.A.'s financial and non-financial debt, in particular the adaptation of the payment plan and the level of the European Commission fine and the adaptation of the Glencore loan to the company's cash generation capacities;
- The proceeds from the disposal of non-operating assets;
- Developments in the ongoing litigation involving Recylex S.A. and contingent liabilities (see Notes 1, 30 and 38 to the consolidated financial statements for the year ended December 31, 2019);
- Developments in the recycled polypropylene market and their impact on the business of the C2P S.A.S. subsidiary, Recylex S.A.'s sole outlet for the sale of polypropylene residues from battery recycling. The C2P S.A.S. subsidiary located at Recylex S.A.'s Villefranche-sur-Saône site uses the same infrastructure as Recylex S.A. and therefore offers economies of scale in terms of costs. The interdependence of these companies is a factor that needs to be taken into account when assessing both companies' financial risks

A negative change in one or more of these parameters would, depending on its extent, give rise to a short-term financing requirement that would no longer be compatible with Recylex S.A.'s cash flow forecast mentioned above and would require it to seek and obtain new financing in order to maintain a balanced cash position, to meet the company's liabilities and enable it to continue as a going concern.

The continuation of Recylex S.A.'s operations, and by extension of the Group as a whole, thus depends on the fulfilment of several structuring assumptions concerning the continuation of business activity with Weser-Metall GmbH, the restructuring of Recylex S.A.'s financial and non-financial debt and the disposal of non-operating assets.

The Group is actively working on the implementation of the structuring assumptions described above in order to stabilize its financial plan and to be able to reliably communicate its going concern outlook.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT JUNE 30, 2020

Statement of financial position

As of June 30, 2020

	Notes	June 30, 2020	December 31, 2019
Assets			
Non-current assets			
Property, plant and equipment	**6.1/6.2**	5,881	29,832
Intangible fixed assets	**6.1**	21	177
Rights of use	**6.1**	1,295	2,352
Financial Assets		217	218
Derivative financial instruments		-	-
Other long-term assets	**6.3**	-	2,205
Investments in associates		7,495	10,835
Deferred tax assets		-	-
		14,909	**45,619**
Current assets			
Stocks	**6.4**	5,209	22,497
Trade receivables and related accounts	**6.5**	1,040	14,653
Current income tax assets		-	-
Other current assets	**6.6**	5,332	9,711
Derivative financial instruments		**-**	**-**
Cash and cash equivalents	**6.7**	13,117	9,093
		24,698	**55,954**
Non-current assets held for sale		-	15,094
		24,698	**71,048**
TOTAL ASSETS		**39,607**	**116,667**
Equity and liabilities			
Issued capital		9,578	9,578
Share premiums		10,233	10,233
Consolidated reserves - Group share		(188,067)	(105,614)
Net income for the year - Group share		129,366	(84,340)
Foreign currency exchange reserves		1,427	1,427
Issued capital and reserves attributable to equity holders of the parent company		**(37,463)**	**(168,716)**
Minority interests		-	-
Total equity	**6.8**	**(37,463)**	**(168,716)**
Non-current liabilities			
Interest-bearing loans	**6.9**	-	16,000
Non-current lease liabilities		797	1,300
Provisions	**6.10**	10,598	17,288
Provisions for employee benefits	**6.10**	461	33,259
Other non-current liabilities	**6.11**	31,153	31,585
Deferred tax liabilities		-	-
		43,009	**99,432**
Current liabilities			
Interest-bearing loans	**6.9**	16,642	133,263
Current lease liabilities		702	1,091
Provisions	**6.10**	1,539	5,102
Provisions for employee benefits	**6.10**	24	1,940
Trade payables and related accounts		6,007	24,509
Current income tax liabilities		-	126
Derivative financial instruments		-	541
Other current liabilities	**6.11**	9,147	13,748
		34,061	**180,320**
Liabilities directly associated with non-current assets held for sale		-	5,630
Total liabilities		**77,070**	**285,382**
TOTAL EQUITY AND LIABILITIES		**39,607**	**116,667**

Half-year consolidated income statement
As of June 30, 2020

(in thousands of euros)	*Notes*	June 30, 2020	June 30, 2019 Restated (1)	June 30, 2019
Sales of goods and services		82,045	112,403	153,563
Other income from operations				
Revenue from ordinary activities		**82,045**	**112,403**	**153,563**
Consumed goods		(58,012)	(80,872)	(112,934)
Staff costs		(13,998)	(19,624)	(26,389)
External loads	**5.1**	(19,739)	(23,342)	(25,866)
Taxes and duties		(477)	(647)	(670)
Depreciation, amortization, provisions and impairment losses	**5.2**	(9,657)	(5,169)	(5,453)
Impairment of goodwill				
Changes in inventories of work in progress and finished goods		(3,830)	(1,878)	(536)
Other operating income and expenses		(83)	(90)	(140)
Income from recurring operations		**(23,751)**	**(19,220)**	**(18,425)**
Other operating income and expenses	**5.3**	159,284	(104)	(104)
Share of income from equity affiliates		662	3,737	3,737
Operating income including the share of equity affiliates		**136,194**	**(15,587)**	**(14,792)**
Income from cash and cash equivalents		85	25	25
Gross cost of financial debt		(4,491)	(5,419)	(5,490)
Net cost of financial debt	**5.4**	**(4,406)**	**(5,394)**	**(5,465)**
Other financial income and expenses	**5.5**	**(272)**	**(987)**	**(1,121)**
Income tax expense	**5.6**	158	5	5
Result from discontinued operations	**5.7**	(2,308)	589	
Consolidated net income		**129,366**	**(21,373)**	**(21,373)**
Minority interests		**-**	-	-
Group net income		129,366	(21,373)	(21,373)
Results per share :		*In euros*	*In euros*	*In euros*
- basic	**5.8**	5.00	(0.83)	(0.83)
- diluted	**5.8**	5.03	(0.83)	(0.83)

(1) The statement of comprehensive income as of June 30, 2019 has been restated in accordance with IFRS 5 – see Note 5.7.

Statement of consolidated income
As of June 30, 2020

(in thousands of euros)	**June 30, 2020**	**June 30, 2019** Restated (1)	**June 30, 2019**
Net income	**129,366**	**(21,373)**	**(21,373)**
Foreign currency exchange gains and losses on companies accounted for by the equity method	8	-	-
Cash flow hedges	-	-	-
Deferred tax on cash flow hedges	-	-	-
Income and expenses recognized directly in equity	-	-	-
Total other comprehensive income that will be reclassified to net income at a later date	**129,374**	**(21,373)**	**(21,373)**
Actuarial gains and losses on pension obligations	1,880	(4,623)	(4,623)
Deferred tax on actuarial gains and losses on pension obligations			
Share of associates in items not subsequently reclassified to net income, net of tax			
Total other comprehensive income that will not be reclassified to net income in the future, before discontinued operations	**1,880**	**(4,623)**	**(4,623)**
Actuarial gains and losses on pensions obligations related to discontinued operations	148	(347)	
Total other comprehensive income that will not be reclassified to net income in the future, after discontinued operations	**1,732**	**(4,276)**	**(4,623)**
Comprehensive income	**131,254**	**(25,996)**	**(25,996)**
Comprehensive income of discontinued operations	148	(347)	
Comprehensive income of continuing operations	**131,106**	**(25,649)**	**(25,996)**
Including :			
Group share	131,254	(25,649)	(25,996)
Minority interests	-	-	-

(1) The statement of comprehensive income as of June 30, 2019 has been restated in accordance with IFRS 5 – see Note 5.7.

Statement of changes in consolidated equity as of June 30, 2020

(in thousands of euros, except per share data)	***Number of shares***	***Capital***	**Premiums**	**Non-recyclable reserves**	**Consolidated reserves**	**Total Group equity attributable to equity holders of the parent**	**Total equity**
Balance at January 1, 2019	**25,886,482**	**9,578**	**10,233**	**(11,078)**	**(88,406)**	**(79,673)**	**(79,673)**
Consolidated result for the year	-	-	-	-	(21,373)	(21,373)	(21,373)
Other comprehensive income (loss)							
Change in hedging reserve, net of tax	-	-	-	-	-	-	-
Change in foreign currency exchange differences	-	-	-	-	-	-	-
Others	-	-	-	-		-	-
Actuarial gains and losses on pensions, net of tax	-	-	-	(4,623)	-	(4,623)	(4,623)
Total other comprehensive income	-	-	-	(4,623)	-	(4,623)	(4,623)
Comprehensive income for the period	-	-	-	**(4,623)**	**(21,373)**	**(25,996)**	**(25,996)**
Payment in shares	-	-	-	-	-	-	-
	-	-	-	-	-		
Capital increase/decrease	-	-	-	-	-	-	-
Balance as of June 30, 2019	**25,886,482**	**9,578**	**10,233**	**(15,701)**	**(109,779)**	**(105,669)**	**(105,669)**
Balance at January 1, 2020	**25,886,482**	**9,578**	**10,233**	**(15,830)**	**(172,698)**	**(168,716)**	**(168,716)**
Consolidated result for the year	-	-	-	-	129,366	129,366	129,366
Other comprehensive income (loss)							
Change in hedging reserve, net of tax	-	-	-	-	-	-	-
Change in foreign currency exchange differences	-	-	-	-	8	8	8
Actuarial gains and losses on pensions, net of tax	-	-	-	1,880	-	1,880	1,880
Total other comprehensive income	-	-	-	1,880	8	1,888	1,888
Comprehensive income for the period	**-**	**-**	**-**	**1,880**	**129,374**	**131,254**	**131,254**
Payment in shares	-	-	-	-	-	-	-
Capital increase/decrease				-			
Balance as of June 30, 2020	**25,886,482**	**9,578**	**10,233**	**(13,950)**	**(43,324)**	**(37,463)**	**(37,463)**

Consolidated cash flows statement
As of June 30, 2020

(In thousands of euros)	***30/06/2020***	***31/12/2019***
Income from current operations	**-25,984**	**-45,314**
Depreciation, amortization, provisions and impairment losses	10,330	12,825
EBITDA	**-15,654**	**-32,488**
Change in current working capital requirements	12,287	1,758
-Inventories	*7,965*	*3,754*
-Trade receivables and related accounts	*-4,762*	*2,299*
-Trade payables and related accounts	*4,269*	*-6,560*
- Other current assets and liabilities	*5,712*	*4,159*
- Provision for employee benefits	*-896*	*-1,895*
Non-cash current operating expenses	284	1,084
- Elimination of the impact of stock-options	*0*	*0*
- Capital gains or losses on disposals of fixed assets	*0*	*135*
- Social Commitment	*284*	*949*
Cash flows from current operations before tax	**-3,083**	**-29,646**
Tax paid	140	143
Cash flows from current operations after tax	**-2,944**	**-29,503**
Other non-current operating income and expenses	674	-268
Other income and expenses related to site remediation	-2,071	-5,029
Change in non-current working capital requirements	185	-762
Other financial income and expenses	-331	-1,575
- Foreign currency exchange gains and losses	*-58*	*-252*
- Factoring	*-265*	*-1,107*
- Other financial income and expenses	*-9*	*-216*
Dividends received	4,000	9,250
Cash flows from operating activities	**-487**	**-27,887**
Change in consolidation scope (2)	10,692	0
Acquisitions of property, plant and equipment and intangible assets	-2,041	-15,663
Change in financial assets	187	-464
Disposals of property, plant and equipment and intangible assets	0	215
Cash flows from investing activities	**8,838**	**-15,913**
Issuance of loans	0	0
Repayment of lease debts	-679	-1,166
Other cash flows from financing activities	12,000	57,500
Interests paid	-648	-10,796
Other changes in capital	0	0
Cash flows from financing activities	**10,674**	**45,538**
Impact of changes in accounting principles	0	0

Change in cash and cash equivalent	**19,025**	**1,739**

Opening cash and cash equivalents	**-5,908**	**-7,448**
Change in cash and cash equivalents	19,025	1,739
Cash and cash equivalents from discontinued operations (1)		-199
Closing cash and cash equivalents	**13,117**	**-5,908**

(1) The cash flows in the cash flow statement above are presented without taking into account the impact of the application of IFRS 5 as of December 31, 2019. Cash flows from discontinued operations for the period ended in June 30, 2020 are presented in Note 5.7.
(2) The cash flow relating to changes in the scope of consolidation for the period ended in June 30, 2020 corresponds to the cash and cash equivalents of the entities of the German subgroup at the deconsolidation date (negative net cash position of 10.7) – see Note 3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the six-month period ended in June 30, 2020

Note 1: Information on the company and significant events of the half-year period

A. Company information

The Recylex Group is a specialist in lead recycling (from used automotive and industrial batteries), zinc recycling (from electric arc furnace's dust) and polypropylene recycling.

The scope of the Group's activities was deeply impacted during the first half of the year by the events described below at the level of the German entities, making it difficult to compare the scope of the Group's activities as of June 30, 2020 with that of December 31, 2019.

As of June 30, 2020, the Group employed 70 workers (excluding Recytech S.A.) and had 3 production sites in France.

Recylex S.A., the Group's parent company, is a public limited company listed on Euronext Paris (RX - ISIN FR0000120388) and registered in France.

On December 16, 2020, the Board of Directors approved and authorized the publication of Recylex S.A.'s condensed half-year consolidated financial statements for the six-month period ended in June 30, 2020.

In the particular context the Group has experienced since December 2018, as recalled in the consolidated financial statements at December 31, 2018 (published in June 2020) and at December 31, 2019 (published in October 2020), it is specified that the Group has not prepared a half-year financial information for the six months ended in June 30, 2019.

B. Major events in the first half of 2020

Restructuring of the German subgroup's debt

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

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

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

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

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

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

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

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

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

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

In addition, the review by the financial partners of the conditions under which their financing could be continued beyond May 31, 2020 was postponed from the end of April 2020 to mid-May 2020.

The asset disposal and debt restructuring processes being pursued by the former German subgroup as outlined above were then brought to a halt by the filing for insolvency proceedings by each entity of the German subgroup on May 14, 2020, as explained below.

Impacts of the SARS-CoV-2 virus on the Group's 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.

Weser-Metall GmbH halted its production on March 26, 2020 in response to the steep decline in demand, especially from the automotive sector, as metals prices collapsed. The business switched to servicing and maintenance mode. Weser-Metall GmbH resumed production on 18 May 2020.

The Group’s scrap lead batteries recycling activities in France (Recylex S.A.) and in Germany (Harz-Metall GmbH) shut down almost completely. The three plants introduced short-time working measures for their employees.

Recylex S.A. and C2P S.A.S. both requested a loan from their respective main bank under the PGE state-guaranteed loan program. Their requests were turned down by their banking partners.

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

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

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

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

The filing for insolvency proceedings by the German subgroup's legal entities will have the following major implications for parent company Recylex S.A.:

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

Changes in the scope of consolidation

The loss of control is a direct consequence of the decisions by the German Insolvency Court confirming the filing for insolvency proceedings by the companies of the former German subgroup. With the court's decisions, all powers have been transferred entirely to the CEOs of the German entities and the insolvency administrator it appointed. Since the criteria for consolidation laid down in IFRS 10 are no longer met, Recylex S.A. will have to deconsolidate all the German entities subject to insolvency proceedings effective May 14, 2020, i.e.:

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

As a result, the Recylex Group is, as of that date, solely constituted of:

- Lead segment: Recylex S.A.'s used lead-acid battery recycling activities (Villefranche and Escaudoeuvres plants);
- Plastics segment: C2P S.A.S.'s polypropylene recycling activity;
- Other activities: Recylex S.A.'s holding company activity, including the 50% interest in Recytech S.A., consolidated by the equity method.

Note 3 "Scope of consolidation" to the consolidated financial statements presents the impacts of the deconsolidation of the German subgroup entities on the condensed consolidated financial statements at June 30, 2020.

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

Recylex S.A.'s receivables against the German subgroup as of the date of the filing for insolvency proceedings are as follows:

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

These receivables will most likely not be recovered due to the filing for insolvency of the German entities and are fully written down in the consolidated financial statements of Recylex S.A.'s new scope of consolidation.
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.

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

- The continued activity of Weser-Metall GmbH and the continued supply of secondary materials to the Weser-Metall GmbH smelter. Weser-Metall GmbH – - which represents the Company's almost sole customer to date - is now a company outside the Recylex Group and in insolvency proceedings.
- The deferral beyond February 19, 2021 of the repayment date for the €16 million loan granted in 2014 by Glencore International AG, which is currently contingent on Recylex S.A.'s continued supply of secondary materials to Weser-Metall GmbH
- The suspension of interest payments on the €16 million loan granted by Glencore International AG for at least the next 12 months, as well as the adjustment of the repayment and interest terms over the medium term
- The temporary suspension of the plan for the payment of the fine to the European Commission as well as a favorable outcome of the discussions initiated with the European Commission regarding the payment of the fine imposed in 2017";
- The acceptance by the competent authorities of the temporary suspension of the rehabilitation work at the L'Estaque site until December 31, 2021 and postponement of the completion date of the work until December 31, 2024. To this end, a request was sent in late May 2020 to the PACA region's environmental agency (DREAL) seeking a temporary suspension of the rehabilitation work until December 31, 2021 and a delay to the completion date until December 31, 2024
- The successful completion of the sale of non-operating assets in the next 12 months.

Failure to meet one or more of the assumptions would, depending on its magnitude, create a short-term financing requirement that would no longer be compatible with Recylex S.A.'s cash flow forecast and would require the Company to seek and obtain new financing in order to maintain its cash balance and meet its current liabilities.

In addition to the risk that the assumptions described above may not materialize, Recylex S.A.'s cash flow forecasts may be impacted in this new environment by other factors. These parameters are listed in Section "G Description of the main risks and uncertainties" of this Note[1].

Please refer to Note 2 "Accounting policies and principles - Going concern" for the application of the going concern principle adopted for the preparation of the condensed consolidated financial statements for the half-year ended June 30, 2020.

[1] The risks affecting Recylex S.A.'s cash flow forecasts and ability to continue as a going concern are also described in Notes 32.5 "Liquidity risk" and 39 "Subsequent events" to the consolidated financial statements for the year ended December 31, 2019.

C. Legal Proceedings

The document summarizing the legal proceedings concerning 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 the first half of 2020 are presented hereinafter.

- **Former employees of Metaleurop Nord SAS**

2013-2017: claims for damages in respect of the prejudice of anxiety and/or breach of a safety obligation and/or disputing dismissal (437claims)

On January 29, 2020, the Court of Cassation has rejected the appeals lodged by 88 former employees, thus making the June 29, 2018 Douai Appeal Court's decisions definitive, which had overturned the decisions handed down on October 14 and 18, 2016 by the Lens Labor Court (Conseil de Prud'hommes de Lens) on the grounds that a compensation 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 allowance for asbestos workers ("ACAATA") and that Recylex S.A. was never included on such list..

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

- The decisions of the Lens Labour Court (Management section) concerning the claims made by 37 former managerial employees for an initial total amount claimed of approximately €2.5 million is expected on 23 March 2021. In the latest state of this procedure, the claims amounted to a total of approximately €1.2 million;
- The decisions of the Lens Labour Court (Industry section) concerning the claims of 294 former non-managerial employees for an initial total amount claimed of approximately €18.5 million is expected on 29 January 2021. In the latest state of this procedure, the claims amounted to a total of approximately €9.2 million

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

Concerning claims for damages for the prejudice of anxiety brought by 13 former employees of Metaleurop Nord SAS represented by the CGT union, on March 30, 2018, the Lens Labor Court decided to order Recylex S.A. to pay each of them an amount between €4,000 and €20,000 as damages, along with €500 under article 700 of the Civil Procedure Code, totaling €186,500.
On November 27, 2020, the Douai Court of Appeal overturned the 13 judgments of the Lens Labour Court in so far as they had condemned Recylex S.A. and dismissed the former employees' claims for compensation.

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

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

On May 24, 2018, the Cour de Cassation:

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

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

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

In addition, 91 of the aforementioned 187 claimants had filed additional claims with the Douai Appeal Court for damages for anxiety and breach of a safety obligation, in a total amount of €5.6 million. The decisions of the Douai Court of Appeal concerning these claims is expected on 19 February 2021. In the latest state of this procedure, the plaintiffs requested to held harmless Recylex S.A.

A provision of€ 4.0 million is included in the financial statements of Recylex S.A. in respect of these proceedings.

- **Liquidators of Metaleurop Nord SAS**

Concerning the claim for damages initiated by Recylex S.A. against the liquidators of Metaleurop Nord S.A.S, the Béthune Regional Court ruling of September 18, 2018, dismissed Recylex S.A.'s claim for damages for a global amount of around €22 million damages corresponding mainly to the prejudice suffered by Recylex S.A. as a result of damages it had to pay to more than 550 former employees of Metaleurop Nord S.A.S.
On 10 December 2020, the Douai Court of Appeal upheld the first instance judgment in that it considered that the liquidators of Metaleurop Nord S.A.S. had committed a personal fault by having failed to fulfil their legal obligation to seek reclassification during the economic redundancy procedure for former employees of Metaleurop Nord S.A.S. in 2003. Holding that Recylex S.A. was itself under an obligation to seek other suitable employment and had thus contributed to the materialisation of the loss it was claiming, the Court accordingly ordered the liquidators of Metaleurop Nord S.A.S., jointly and severally with their insurers, to compensate Recylex for 5% of the loss it had suffered, i.e. the sum of €809.396,75.

Concerning the claim for damages against Recylex S.A. initiated by the liquidators of Metaleurop Nord S.A.S., the decision of the Douai Court of Appeals has been set for January 28, 2021. As a reminder, the liquidators of Metaleurop Nord S.A.S. have appealed against the decision of the Arras Commercial Court of April 11, 2018, which ruled in favor of Recylex S.A. and dismissed the liquidators of Metaleurop Nord S.A.S. of their claim for damages considered inadmissible on the one hand, as it has been time-barred since March 21, 2013, and on the other hand, as their alleged claim arose prior to the opening of Recylex S.A.'s receivership proceedings but has not been declared as a liability.

- **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 S.A.S.A.U 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 S.A.S.A.U.

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

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

Recylex S.A. is surprised by this legal proceeding, launched before the same court more than ten years after the expert’s report was prepared. Recylex S.A. 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.

No provision for risks in this respect has been accounted as of June 30, 2020 (see Note 8).

D. Cash position

Group cash position and financial debt

The Group's gross cash position was €13.1 million as of June 30, 2020, up €4.0 million compared to €9.1 million at December 31, 2019. As of June 30, 2020, the Group did not have any credit lines, unlike as of December 31, 2019 when the Group had available and used credit lines at the level of the German subgroup amounting to €15.0 million.
Therefore, the Group's net cash position was positive, reaching €13.1 million euros as of June 30, 2020, compared to a negative amount of €5.9 million at December 31, 2019.

Based on the new scope of consolidation, cash and cash equivalents amounted to €13.1 million compared to €5.2 million at December 31, 2019, up €7.9 million. This increase in cash and cash equivalents is due to:

- A positive cash flow from operating activities of €6.4 million following a strong decrease in working capital requirements of €10.1 million on both activities (Lead and Plastic) which allowed to overcompensate the loss generated by both activities;
- Dividends from Recytech SA (equity method company) of €4.0 million;
- A positive cash flow of €0.7 million following the repayment of part of the compensation paid by Recylex S.A. in connection with claims by former employees of Metaleurop Nord following the decision of the Cour de Cassation of May 24, 2018 - see Notes 5.3 and 1-E.

These positive cash flows enabled the financing of investments (€0.5 million), the repayment of the European Commission fine (€0.8 million including interest) under the European Commission's fine payment plan, and expenses related to the rehabilitation of former sites (€2.1 million).

Net financial debt breaks down as follows:

Net debt ***in thousands of euros***	***June 30, 2020***	***December 31, 2019***	***Change***
Cash	13,117	9,092	4,025
Total assets	**13,117**	**9,092**	**4,025**
Non-current financial liabilities	797	17,300	(16,503)
Of which lease debt IFRS 16	*797*	*1,300*	
Current financial liabilities	17,344	134,714	(117,370)
Of which lease debt IFRS 16	*702*	*1,092*	
Other non-current liabilities (1)	31,153	31,585	(432)
Other current liabilities (1)	5,289	2,418	2,871
Total liabilities	**54,584**	**186,017**	**(131,432)**
Net debt	**41,467**	**176,925**	**(135,458)**

(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 €41.5 million, a decrease of €135.5 million compared to December 31, 2019, as a result of the deconsolidation of the German subgroup, whose share of net financial debt at December 31, 2019 amounted to €130.5 million euros.

The Group' net financial debt as of June 30, 2020 breaks down as follows:

- The €16 million loan granted in 2014 by Glencore International AG. The filing for insolvency proceedings at the level of the German subgroup entities rendered this loan payable at any time by Glencore International AG. The Group has obtained a waiver from Glencore International AG on May 18, 2020, waiving its right to declare this loan immediately due and payable until October 31, 2020. This deferral was conditionally extended to February 19, 2021. Its conditions include the fact that Recylex S.A. will continue to deliver secondary materials to Weser-Metall GmbH, which explains the classification of this debt as "current" as of June 30, 2020, whereas it was presented as "non-current" as of December 31, 2019;
- The debt relating to the European Commission fine for an amount of €24.5 million. This debt is the subject of a payment plan that provides for Recylex S.A. (the Group's parent company) to assume the payment

of the fine and the deferral over the medium and long term of the payment of a significant portion of the fine (see note 18.2 to the consolidated financial statements for the year ended December 31, 2019);

- 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 initiated discussions with the European Commission regarding the payment of this fine. The unpaid maturities amount to €0.5 million (due from September to December 2020);
- The clawback clause for an amount of €4.1 million euros (see note 18.1 of the notes to the consolidated financial statements at December 31, 2019). The amounts payable under the financial clawback clause totaled €1.7 million. The main creditor with €1.6 million is Glencore international AG;
- The rescheduled debt resulting from Recylex S.A.'s continuation plan for an amount of €7.9 million, including €5.1 million due to Glencore International AG (maturing in 2026) and €2.8 million due to the former subsidiary Recylex GmbH (now outside the Group following the deconsolidation of the German subgroup), a debt that the company intends to offset against the receivables held against Recylex GmbH.

Cash position of the parent company Recylex S.A.

At June 30, 2020, the Recylex S.A. parent company had €11.6 million in cash available, compared to with €4.5 million at December 31, 2019.
This temporary increase in cash was due to a sharp reduction in working capital requirements caused in particular by a sharp decline in trade receivables and inventories following the reduction in business in April 2020 and the prepayment system at Weser Metall GmbH for Recylex S.A. deliveries since May 15, 2020. The Company estimates that its cash level should decrease significantly by the end of fiscal year 2020 as a result of an increase in working capital requirements in the second half of 2020 and accumulated operating losses following the reduction in volumes in the context of containment measures related to the second wave of the SARS-CoV-2 pandemic.

The Company has prepared cash forecasts based on the information currently available, including forecast expenditures relating to its commitments for the remediation of former mining sites and its L'Estaque site, and repayments linked to the payment of the fine handed down to Recylex S.A. and its subsidiaries by the European Commission in 2017.
To recap, Recylex S.A. concluded:

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

Recylex S.A. also continued works to rehabilitate the Estaque site during the first half of 2020 for an amount of €1.5 million, it being specified that Recylex S.A. has applied to the competent authorities for a temporary suspension of the rehabilitation works at the Estaque site until December 31, 2021 and for a postponement of the completion date of works to December 31, 2024.
The total cost of the work yet to be performed was fully covered by €4.5 million in provisions at June 30, 2020, and Recylex S.A. will use its own capital for this purpose.

The impact of the operations of the Group's German scope of consolidation on the financial position of Recylex S.A., as well as the risks faced by the parent company Recylex S.A., the head of the Group, are described in paragraph B - "Major events during the first half of 2020" of the notes to the condensed consolidated financial statements at June 30, 2020.

E. Description and management of the main risks and uncertainties

The main risks and uncertainties that could have an impact on the Group's financial position are as follows:

Risks to the cash flow forecasts of the parent company Recylex S.A.

Recylex S.A. has prepared a cash flow forecast for 2020 and 2021. These forecasts were established in the fourth quarter of 2020. The effects of the second confinement measure related to the second wave of the SARS-CoV-2 pandemic makes the forecasting exercise extremely difficult. It is inevitable that certain assumptions will not materialize and it is possible that unforeseen events or circumstances may occur after the establishment of these forecasts.

The assumptions underlying Recylex S.A.'s cash flow forecast are listed in Note 1 B "Major events in the first half of 2020", paragraph "Recylex S.A.'s financial position and going concern status"[2].

The Company's projected cash position is highly dependent on the following parameters:

- The forecast requirements for primary and secondary raw materials of the subsidiary Weser-Metall GmbH, as well as the projected cash position of this company;
- Changes in the volumes and prices of used lead batteries, the sales margin and cash flow generated by Recylex S.A.'s business are highly dependent on these parameters;
- Changes in commercial conditions for secondary materials (treatment charges) and changes in lead and zinc prices, as well as changes in the €/$ exchange rate, as Recylex S.A.'s sales margin is highly sensitive to changes in these parameters;
- Financial income, in particular dividends received from the company accounted for by the equity method (Recytech S.A.), whose results are particularly sensitive to the level of zinc prices and volumes processed;
- Expenditures related to the rehabilitation works on the Estaque site and the former mining sites;
- The effects of restructuring Recylex S.A.'s financial and non-financial debt, in particular the outcome of the discussions with the European Commission concerning the payment of the fine imposed in 2017 and the adaptation of the Glencore loan to the company's cash generation capacities;
- The proceeds from the disposal of non-operating assets;
- Developments in the ongoing litigation involving Recylex S.A. and contingent liabilities (see Notes 1, 30 and 38 to the consolidated financial statements for the year ended December 31, 2019);
- Developments in the recycled polypropylene market and their impact on the business of the C2P S.A.S. subsidiary, Recylex S.A.’s sole outlet for the sale of polypropylene residues from battery recycling. The C2P S.A.S. subsidiary located at Recylex S.A.’s Villefranche-sur-Saône site uses the same infrastructure as Recylex S.A. and therefore offers economies of scale in terms of costs. The interdependence of these companies is a factor that needs to be taken into account when assessing both companies’ financial risks.

A negative change in one or more of these parameters would, depending on its extent, give rise to a short-term financing requirement that would no longer be compatible with Recylex S.A.’s cash flow forecast mentioned above and would require it to seek and obtain new financing in order to maintain a balanced cash position, to meet the company’s liabilities and enable it to continue as a going concern.

Risks concerning the repayment of the parent company Recylex S.A.'s financial debts

As of June 30, 2020, Recylex S.A.'s total financial debt (excluding lease debt IFRS 16) amounted to €53.1 million. There is a risk that available assets may no longer be able to cover current liabilities:

- As of June 30, 2020, Recylex S.A. had drawn down the entire €16 million loan contracted in 2014 with Glencore International AG. As part of the European Commission's plan to defer the repayment of the fine, the maturity of this loan has been extended to 2024.

  According to the loan agreement concluded between Glencore and the Company, an adverse event (such as non-compliance with the European Commission's plan to defer the payment of the fine, the negative outcome of a pending litigation against the Company or the filing for insolvency proceedings by the German entities of the former subgroup) could significantly deteriorate the Company's financial situation. Indeed, in such a case, Glencore would be entitled to request early termination of the loan agreement and demand the immediate repayment of the amounts loaned.

  However, the filing for insolvency at the level of the entities of the German subgroup rendered this loan payable at any time by Glencore international AG.

  On May 18, 2020, the Group obtained a waiver from Glencore International AG to waive its right to declare this loan immediately due and payable until October 31, 2020. This postponement was extended to February 19, 2021 on condition, in particular that Recylex S.A. would continue to deliver secondary materials to Weser Metall GmbH. Recylex S.A. also obtained a suspension of interest payments due until the end of the deferral.

[2] *These assumptions are also described in Note 39 to the consolidated financial statements at December 31, 2019.*

If Glencore International AG does not extend this waiver beyond February 2021, it would, in the absence of a restructuring of this debt, result in the loan becoming due and payable. This would result in a situation in which available assets would be insufficient to meet current liabilities. Recylex S.A. would then have to declare its cessation of payments.

- The accumulation of debts resulting from the clawback clause and debts resulting from the non-payment of the debt due to the European Commission may - if their due date is not deferred by creditors - and depending on the level of cash available at that time, also lead to a shortfall in available assets.

- Recylex S.A. has no current bank credit line.

Ongoing litigation concerning Recylex S.A.

Recylex S.A.'s short-term cash position and its medium- and long-term financial situation are highly dependent on the outcome of current legal proceedings, the timing of which is beyond its control. These proceedings are detailed in Note 1 to the consolidated financial statements for the year ended December 31, 2019 and the main developments in the first half of 2020 are described in paragraph C - "Legal Proceedings" above.

The main proceedings in progress are as follows

- the claim by the liquidators of Metaleurop Nord S.A.S. for €22 million, which has not been provisioned in Recylex S.A.'s financial statements;
- the claims for compensation made against Recylex S.A. before the Lens Labor Court and the Douai Court of Appeals by former employees of Metaleurop Nord S.A.S. for anxiety and/or breach of a safety obligation and/or disputing dismissal. The total amount claimed in these proceedings to date is approximately €16 million, of which €4 million euros have been provisioned in Recylex S.A.'s accounts;
- the application by the public industrial and commercial establishment SNCF Réseau to the Marseille Administrative Court seeking a joint order that Recylex S.A. and RETIA S.A.S.A.U. pay all sums necessary for the "overall restoration" of the public railroad property in the Estaque sector in Marseille. This request is estimated by SNCF Réseau to date at a total amount of €70 million euros. No provision for contingencies has been reported as of June 30, 2020 in this respect (see Note 8 - Litigation and contingent liabilities).

Other elements concerning Recylex S.A.

In addition, the following items should also be taken into account in assessing the liquidity risk of Recylex S.A., the Group's parent company:

- The Group's cash is not centralized at Recylex S.A. level;
- As Recylex S.A.'s almost single customer is Weser-Metall GmbH (now outside the Group and currently subject to insolvency proceedings under German law), Recylex S.A.'s cash position is highly dependent on that of Weser-Metall GmbH, its ability to continue its business and the level of its supplies of secondary raw materials.

Note 2: Accounting policies and principles

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.

The half-year consolidated financial statements as of June 30, 2020 have been prepared in accordance with IAS 34 - Interim Financial Reporting. As they are condensed financial statements, they do not include all the information and notes required for the preparation of the annual financial statements, and as such should be read in conjunction with the consolidated financial statements of the Recylex Group as of December 31, 2019.

In accordance with the provisions of IAS 34, costs incurred by the Group in the half-year consolidated financial statements are deferred or recognized in advance only to the extent that they would be deferred or recognized if the financial statements were prepared on an annual basis. Consequently, the level of costs and income relating to the period of the year in which they are incurred may differ from one half-year to the next. Seasonality is particularly noticeable during the summer months, due to maintenance interruptions of several weeks at the plants.

In the absence of significant changes in the plans and in the number of employees benefiting from them, post-employment benefit obligations to employees are not recalculated for the half-year period but are recognized on a pro rata basis in accordance with the projections made at the beginning of the period. Only the revaluation of the actuarial liability has been performed to take into account the increase in discount rates as of June 30, 2019.

With the exception of the points described below, the accounting methods applied by the Group in the condensed half-year financial statements are identical to those used in the consolidated financial statements for the year ended December 31, 2018.

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.

2.1. New standards

No new standards were applicable for the Group as of June 30, 2020.

2.2. Judgments, estimates and assumptions

The preparation of the half-year consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting methods and the reported amounts of assets and liabilities, income and expenses. Actual values may differ from the estimated values.

The SARS-CoV-2 pandemic, the high volatility of lead and zinc prices and of the €/$ exchange rate, as well as the economic events that have impacted the scope of the Group's activities, as described in Note 1-B "Major events in the first half of 2020", create specific conditions for the preparation of the condensed consolidated financial statements for the first half of the year, particularly with regard to the accounting estimates that are required in accordance with accounting principles.

While the significant judgments made by management in applying the Group's accounting methods and the main sources of uncertainty relating to estimates are identical to those that affected the consolidated financial statements for the year ended in December 31, 2019, the Group has nevertheless reviewed certain assets and liabilities in light of the crisis and the particular economic and financial context in which the Group is currently operating:

- Impairment of industrial assets: in July 2020, the Group reviewed the recoverable amount of CGUs for which at the balance sheet date indications of impairment had been identified and whose recoverable amount is significantly influenced by events subsequent to the December 31, 2019 balance sheet date until the date on which the consolidated financial statements for 2019 are approved by the Board of Directors on October 22, 2020. As of June 30, 2020, in the absence of any indication of additional impairment compared to December 31, 2019, the Group did not consider it necessary to perform impairment tests.
- Trade receivables on entities of the German subgroup that arose prior to the filings for insolvency were fully impaired in the first half of 2020 for an amount of €5.2 million. Since May 15, 2020, deliveries to Weser-Metal GmbH have been subject to prepayments by the latter.
- Employee benefits have not been revalued, as the impact of the change in discount rate on commitments is not material.
- 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 at December 31, 2019.

2.3. Going concern

The continuation until May 2020 of discussions with financial partners with a view to restructuring the German subgroup's debt and the filings for insolvency at the level of the German subgroup's entities on May 14, 2020 (see Note 1-B "Major events in the first half of 2020") created special conditions for the closing of the half-year financial statements as of June 30, 2020.

The going concern principle adopted for the preparation of the condensed consolidated financial statements for the half-year ended in June 30, 2020 is closely linked to the Group's economic and financial outlook in the context of the new scope of consolidation in place as of May 14, 2020 (see Note 3 "Scope of consolidation"), and in particular the capacity 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 now outside the Recylex Group and subject to insolvency proceedings, to also continue its business while continuing to source secondary materials from Recylex S.A.

In this context, Recylex S.A. has drawn up new financial forecasts, the main assumptions of which are described in Note 1-B ("Major events in the first half of 2020 - Recylex S.A.'s financial position and going concern status") and which condition the going concern of Recylex S.A. and, by extension, the Group as a whole. The cash flow forecasts thus established may also be impacted by the factors described in Note 1-E "Description and management of the main risks and uncertainties".

In this context and under the assumptions and risks described in Notes 1-B and 1-E to the financial statements, the condensed consolidated financial statements for the six months ended in June 30, 2020 have been prepared on a going concern basis.

Failure to meet one or more of the assumptions and/or a negative change in one or more of the parameters described in Notes 1-B and 1-E would give rise, depending on its magnitude, to a short-term financing requirement that would no longer be compatible with Recylex S.A.'s cash flow forecast and would require the Company to seek and obtain new financing in order to maintain cash balance and meet its liabilities in the normal course of business.

Thus, in this event, the Company may not be able to realize its assets and liabilities and settle its debts in the normal course of its business. As a result, this situation creates significant uncertainty as to the Company's ability to continue as a going concern.

Note 3: Scope of consolidation

The scope of consolidation was strongly impacted by the loss of control and the deconsolidation of the entities of the German subgroup in the first half of 2020 (see note 1-B - Major events in the first half of 2020).

The scope of consolidation as of June 30, 2020 is presented in the following table:

	Registered office	Consolidation method	% interest 30/06/2020	% control	% interest 31/12/2019
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
Algeria					
Eco-Recyclage SpA	Algiers	EQ	33.33	33.33	33.33

FC = Full consolidation EQ = Equity method NC = Not consolidated

Changes in the scope of consolidation in the first half of 2020:

Deconsolidation of the entities of the German subgroup:

As of May 14, 2020, the following entities were deconsolidated following the filings for insolvency under German law:

	Registered office	% interest at 15/05/2020	% interest at 31/12/2019	Change in the scope of consolidation
Germany				
Recylex GmbH	Hanover	100.00	100.00	Loss of control
Weser-Metall GmbH	Nordenham	100.00	100.00	Loss of control
Harz-Metall GmbH	Goslar	100.00	100.00	Loss of control
C2P GmbH	Goslar	100.00	100.00	Loss of control
PPM Pure Metals GmbH	Langelsheim	100.00	100.00	Loss of control
Recylex Grundstücksverwaltungs GmbH	Langelsheim	100.00	100.00	Loss of control
Norzinco GmbH	Goslar	100.00	100.00	Loss of control

In accordance with IFRS 10, the Group performed a control assessment taking into account these new facts and circumstances and concluded that the criteria laid down in IFRS 10 are no longer met, resulting in the deconsolidation within its consolidated financial statements of all German entities subject to insolvency proceedings.

The loss of control is, in fact, a direct consequence of the decisions of the German Insolvency Court confirming the filing for insolvency 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 this insolvency proceeding under the German law is the management of the German entities in the best interests of the creditors and no longer in the best interests of the shareholders. In particular, the shareholder's right to give instructions to the management or to dismiss and/or appoint managing directors is very limited in accordance with Section 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 definitively removed from the Group's scope of consolidation.

Other changes in the scope of consolidation:

As part of the deconsolidation of the German subgroup entities mentioned above, the Group has also decided to no longer consolidate the following two structures:

	Registered office	% interest at 15/05/2020	% interest at 31/12/2019	Change in the scope of consolidation
Germany				
Recylex Beteiligungsgesellschaft Eins mbH	Hanover	100.00	100.00	Deconsolidation
Recylex Beteiligungsgesellschaft Zwei mbH	Hanover	100.00	100.00	Deconsolidation

It should be recalled that these two companies were created in 2016 as part of the German security trustee agreement in order to hold the Recylex GmbH shares held by Recylex S.A. for the duration of the trustee agreement. These companies have no operating activities, liabilities or assets other than the shares of Recylex GmbH, a company over which the Group has lost control.

Effect of the deconsolidation of the German subgroup entities:

As the Group did not close its accounts at the date of this unexpected event, it was therefore decided, for the purposes of deconsolidating the German operations, to adopt the nearest monthly closing date[3] in the applicable accounting standards, i.e. April 30, 2020. Transactions between April 30, 2020 and May 15, 2020 were considered not significant in a context where the SARS-Cov-2 pandemic situation existing at the time of the filing for insolvency proceedings had led the Group to implement measures to adapt its activities to cope with the general slowdown in demand, including a shutdown of activities at industrial sites in the Lead segment.

The change in the scope of consolidation resulting from the deconsolidation led to the recognition of gains and losses on disposals within the parent company's income (IFRS 10.25).
Thus, the deconsolidation of the entities of the German subgroup resulted in a deconsolidation gain of €159.4 million. This gain includes the consolidated contribution of the German subgroup, which was largely negative at the end of the previous year (December 31, 2019) due to accumulated operating losses, the burden of financial debt and impairment losses recognized at the level of each CGU, particularly in the Lead segment and the Weser-Metal GmbH CGU.

The deconsolidation gain of €159.4 million includes the accounting for a nil fair-value of the equity investments in Recylex GmbH held by Recylex S.A., of the loans to Weser-Metal GmbH and to Recylex GmbH held by Recylex S.A. and of the trade receivables held by Recylex S.A. against entities in the German subgroup.

This deconsolidation result was recognized in "**Other operating income / losses**" in the consolidated financial statement for the six months ended in June 30, 2020.

Note 4: 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 industrial and financial performance.

As explained in Note 3 "Scope of consolidation", the loss of control led Recylex S.A. to deconsolidate, as of May 14, 2020, all the German entities subject to insolvency proceedings, i.e.:

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

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

- **Lead segment:** Recylex S.A.'s ULAB recycling activities (Villefranche and Escaudoeuvres plants),
- **Plastics segment:** C2P S.A.S.'s polypropylene waste recycling activities.
- **Other businesses:** Recylex S.A.'s holding company activities and rehabilitation of former sites.

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.

[3] *Section 2.9.10 of the 2019 Annual Financial Report on internal control and risk management procedures presents the procedures relating to the preparation and processing of accounting and financial information.*

As a 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 the half-year and (ii) the French subgroup corresponds to the remaining activities of the Group after the loss of control of the German subgroup.

Segment	Entities of the German subgroup	Entities of the French subgroup
Lead segment	• 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)	
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 June 30, 2020.

- **Performance Indicators**

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 Current Operating Income and EBITDA (Current Operating Income 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.

Period ended in June 30, 2020:

In thousands of euros		30 June 2019 Total Consolidated	including German subgroup	including French subgroup	Inter-subgroups sales
Lead	Sales	73,881	64,983	22,949	(14,051)
	EBITDA	(4,718)	(5,156)	438	
	Operating income/(loss) before non-recurring items	(9,753)	(7,631)	(2,122)	
Zinc	Sales	20,914	20,914	0	0
	EBITDA	(4,626)	(4,626)	0	
	Operating income/(loss) before non-recurring items	(4,463)	(4,463)	0	
Special Metals	Sales	5,742	5,742	0	0
	EBITDA	(1,275)	(1,275)	0	
	Operating income/(loss) before non-recurring items	(1,462)	(1,462)	0	
Plastic	Sales	4,052	255	3,797	0
	EBITDA	(328)	(34)	(294)	
	Operating income/(loss) before non-recurring items	(487)	28	(515)	
Other businesses	Sales	358	344	614	(600)
	EBITDA	(6,007)	(2,189)	(3,818)	
	Operating income/(loss) before non-recurring items	(9,818)	(2,225)	(7,593)	

Inter-segment sales	(2,625)	(1,518)	(1,107)	,
Sales by segment	**102,322**	**90,720**	**26,253**	**(14,652)**
Sales from discontinued operations	(20,276)	(20,276)	0	0
Consolidated sales	**82,045**	**70,444**	**26,253**	**(14,652)**

Total Operating income/(loss) before non-recurring items by business segment	**(25,983)**	**(15,753)**	**(10,230)**
Operating income/(loss) before non-recurring items from discontinued operations	(2,232)	(2,232)	0
Operating income/(loss) before non-recurring items	**(23,751)**	**(13,521)**	**(10,230)**
Other operating income/(losses)	159,283	625	158,658
Financial income (loss)	(4,678)	(3,866)	(812)
Tax expense (income)	158	158	0
Share of income from equity affiliates	662	0	662
Result from discontinued operations	(2,308)	(2,308)	0
Consolidated net income	**129,366**	**(18,913)**	**148,278**

(1) Inter-company sales correspond to sales and rebillings made by Recylex S.A. to entities in the German subgroup, which are eliminated on consolidation.

Reconciliation of Sales to the consolidated income statement:

As of June 30, 2020 *In thousands of euros*	Sector Information As of June 30, 2020	Inter-segment sales	Abandoned Activities (1)	Consolidated income statement
Lead	73,881	-1,745		72,136
Zinc	20,914	-276	-14,543	6,095
Special metals	5,742	-5	-5,733	4
Plastic	4,052	-255		3,797
Other activities	358	-344		14
Eliminations	-2,625	2,625		0
Total Sales	**102,322**	**0**	**-20,276**	**82,045**

(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 5.7). These entities are part of the German entities over which the Group lost control in the first half of 2020 (see Note 3).

Sales structure:

With the loss of control of the German subgroup entities, sales structure changes at Group level, and relates to sales of the Lead and Plastics segments:

- Lead segment - French subgroup: are concentrated on the lead-acid used battery recycling business. In the first half of 2020, 90% of sales in the Lead segment based on the New scope of consolidation were generated with a single customer, Weser-Metall GmbH, i.e. with the smelter which is now outside the Group following the loss of control of the German entities during the half year.
- Plastics Segment - French subgroup: sales in this segment are concentrated on sales generated by C2P S.A.S. and carried out with a large number of customers.
- Sales in the Lead and Plastics segments of the French subgroup are mainly generated with customers located in Western Europe.

Reconciliation of Operating income/(loss) before non-recurring items to the consolidated income statement:

As of June 30, 2020 *In thousands of euros*	Sector Information As of June 30, 2020	Abandoned Activities (1)	Consolidated income statement
Lead	-9,753	,	-9,753
Zinc	-4,463	1,109	-3,354
Special metals	-1,462	1,123	-339
Plastic	-487	,	-487
Other activities	-9,818	,	-9,818
Operating income/(loss) before non-recurring items	**-25,983**	**2,232**	**-23,751**

(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 "Income from discontinued operations" in the consolidated income statement (see Note 5.7). These entities are part of the German entities over which the Group lost control in the first half of 2020 (see Note 3).

Balance sheet aggregates by business segment as of June 30, 2020

As of June 30,2020 ***In thousands of euros***	**Lead**	**Plastic**	**Other businesses**	**Total**
Intangible fixed assets	18	0	3	21
Property, plant and equipment	4,121	128	1,632	5,881
Right of use	813	71	411	1,295
Stocks	4,242	967	0	5,209
Clients	152	827	61	1,040
Total segment assets	**9,347**	**1,992**	**2,107**	**13,447**
Provisions and pensions	137	287	12,197	12,622
Trade payables and related accounts	3,603	270	2,134	6,007
Other current liabilities	2,238	408	6,501	9,147
Total Segment liabilities	**5,978**	**964**	**20,832**	**27,775**
Property, plant and equipment investments	339	104	0	443
Investments in intangible assets	0	0	0	0
Right of use	354	7	0	361
Investments	**692**	**111**	**0**	**804**
Property, plant and equipment	-480	-114	-11	-605
Intangible fixed assets	-4	0	-1	-5
Right of use	-122	-108	-343	-573
Other non-cash income and expenses	-1,944	0	-3,366	-5,310
Depreciation, amortization and provisions	**-2,551**	**-221**	**-3,721**	**-6,493**

Period ended in June 30, 2019:

In thousands of euros		30 June 2019 Total Consolidated	including German subgroup	including French subgroup	Inter-subgroups sales
Lead	Sales	96,936	95,455	31,514	(30,033)
	EBITDA	(9,439)	(10,292)	853	
	Operating income/(loss) before non-recurring items	(13,558)	(13,640)	83	
Zinc	Sales	43,888	44,203	0	(315)
	EBITDA	1,759	1,759	0	
	Operating income/(loss) before non-recurring items	651	651	0	
Special Metals	Sales	9,161	9,325	0	(164)
	EBITDA	(753)	(753)	0	
	Operating income/(loss) before non-recurring items	(803)	(803)	0	
Plastic	Sales	7,013	881	6,150	(18)
	EBITDA	(321)	(400)	78	
	Operating income/(loss) before non-recurring items	(665)	(473)	(193)	
Other businesses	Sales	550	(453)	1,079	(75)
	EBITDA	(4,217)	(2,051)	(2,166)	
	Operating income/(loss) before non-recurring items	(4,051)	(2,131)	(1,921)	

Inter-segment sales	(3,984)	(2,238)	(1,746)	,
Sales by segment	**153,562**	**147,172**	**36,996**	**(30,606)**
Sales from discontinued operations	(41,160)	(41,160)	0	0
Consolidated sales	**112,403**	**106,012**	**36,996**	**(30,606)**

Total Operating income/(loss) before non-recurring items by business segment	**(18,425)**	**(16,394)**	**(2,031)**
Operating income/(loss) before non-recurring items from discontinued operations	795	795	0
Operating income/(loss) before non-recurring items	**(19,220)**	**(17,189)**	**(2,031)**
Other operating income/(losses)	(104)	0	(104)
Financial income (loss)	(6,381)	(5,297)	(1,084)
Tax expense (income)	5	5	0
Share of income from equity affiliates	3,737	0	3,737
Result from discontinued operations	589	589	0
Consolidated net income	**(21,373)**	**(21,892)**	**519**

Balance sheet aggregates by business segment as of December 31, 2019

Main balance sheet items (in thousands of euros)	Lead	Zinc	Special Metals	Plastic	Other activities	IFRS 5	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**
Investments in property, plant and equipment	9,233	4,184	1,510	647	13		15,587
Intangible investments	49	4	22	-	-		76
Sector 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)**

Note 5: Information on the consolidated income statement

Notes 5.1 to 5.6 present in the column "June 30, 2019 restated" the financial information pursuant to IFRS 5 (see Note 5.7).

Note 5.1. External costs

External costs break down as follows:

In thousands of euros	***June 30, 2020***	***June 30, 2019 restated***	***June 30, 2019***
General sub-contracting	(8,415)	(8,914)	(9,454)
Maintenance and repairs	(4,220)	(5,324)	(5,687)
Insurance premiums	(675)	(745)	(943)
Goods transport, public transportation	(3,266)	(4,354)	(4,985)
Leasing, rental and service charges	(202)	(488)	(624)
Fees and external labor costs	(2,263)	(2,200)	(2,579)
Travel and entertainment expenses	(125)	(381)	(427)
Other external costs	(573)	(936)	(1,167)
Total external costs	**(19,739)**	**(23,342)**	**(25,866)**

Note 5.2. Depreciation, amortization and impairment losses

Depreciation, amortization and impairment losses for the periods ended in June 30, 2020 and 2019 break down as follows:

In thousands of euros	***June 30, 2020***	***June 30, 2019 restated***	***June 30, 2019***
Depreciation of property, plant and equipment	(3,408)	(4,798)	(4,798)
Amortization of intangible assets	(46)	(57)	(84)
Amortization of Right of Use (IFRS 16)	(722)	(564)	(585)
Provisions and impairment losses [(1)]	(5,481)	250	14
Total depreciation, amortization and impairment losses	**(9,657)**	**(5,169)**	**(5,453)**

[(1)] The increase in Provisions and Impairment Losses during the first half of 2020 is mainly related to the impairment of trade receivables against the entities of the German subgroup that had not been settled at the date of the filings for insolvency for €5.2 million.

Note 5.3. Other operating income and expense

It includes income and expenses that are unusual in frequency, nature or amount.

In thousands of euros	***June 30 2020***	***June 30 2019 restated***	***June 30 2019***
Allocation to rehabilitation provisions[(1)]	(750)		-
Provisions for impairment of Recylex S.A. financial guarantees	(71)	(78)	(78)
Result of deconsolidation[(2)]	159,431		
Other income and expenses[(3)]	674	(26)	(26)
Total other non-recurring operating income and expenses	**(159,284)**	**(104)**	**(104)**

(1) Additional provisions of €0.75 million for the rehabilitation of the L'Estaque site (see Note 6.10 below).

(2) See Note 3 "Scope of consolidation", paragraph " Effect of the deconsolidation of the German subgroup entities ".

(3) Other income and expenses relate to the reimbursement of indemnities paid by Recylex S.A. following the May 24, 2018 ruling of the French Supreme Court (Cour de Cassation) on the compensation claims of former employees of Metaleurop Nord - see Note 1-C.

Note 5.4. Net interest expense

Net interest expense breaks down as follows:

In thousands of euros	***June 30, 2020***	***June 30, 2019 restated***	***June 30, 2019***
Interest income from cash and cash equivalents	85	85	25
Interest expense on bank and non-bank borrowings and bank overdrafts	(4,491)	(5,419)	(5,490)
Net interest expense	**(4,406)**	**(5,394)**	**(5,465)**

Interest expense for the first half of 2020 breaks down as follows:

- Interest on loans from the German subgroup: €3.5 million
- Interest on Glencore debt and European Commission debt at Recylex S.A.: €0.9 million
- Interest on lease debt IFRS 16: €0.1 million

Note 5.5. Other financial income and expenses

In thousands of euros	*June 30, 2020*	*June 30, 2019 restated*	*June 30, 2019*
Net foreign exchange gains and losses	(74)	(122)	(100)
Impact of discounting provisions and financial liabilities	-	(398)	(397)
Factoring costs	(199)	(453)	(588)
Total other financial income and expense	1	(14)	(36)
Other financial income and expense	**(272)**	**(987)**	**(1,121)**

Note 5.6. Income taxes

Income tax expense for the periods ended in June 30, 2020 and 2019 principally comprises the following items

In thousands of euros	*June 30, 2020*	*June 30, 2019 restated*	*June 30, 2019*
Current income tax benefit/(expense)	158	5	5
Current income tax benefit/(expense)	**158**	**5**	**5**
Arising from the creation and reversal of temporary differences	-	-	-
Related to tax loss carryforwards	-	-	-
Deferred income tax benefit/(expense)	**-**	**-**	**-**
Consolidated tax income / (loss)	**158**	**5**	**5**

Reconciliation between actual tax and theoretical tax expense

In thousands of euros	*June 30, 2020*	*June 30, 2019*
Net income before tax and share in income of associates	128,546	(25,115)
Group tax rate	28%	28%
Theoretical tax charge	**(35,993)**	**7,032**
Increase or decrease in income tax expense resulting from:		
- use of unrecognized previous tax losses and non-recognition of tax loss carryforwards as assets		(7,813)
- creation of deficits	(8,965)	-
- rate difference	488	653
- limitation of deferred taxes	(96)	549
- tax refunds following tax audits	-	-
- deconsolidation capital gain related to the change in consolidation scope	44,466	-
- other differences	258	(416)
Actual tax income / (loss)	**158**	**5**

Deferred tax assets and liabilities

The net deferred tax position is zero as of June 30, 2020.

Note 5.7. Result from discontinued operations

Norzinco GmbH and PPM Pure-Metals GmbH

During the 2019 financial year, the Group has begun a process of disposing of non-strategic assets relating to Norzinco GmbH and PPM Pure-Metals GmbH. The disposal processes initiated by the Group continued during the first half of 2020 and were stopped with the filings for insolvency proceedings at the level of these two entities on May 14, 2020 without the disposals being finalized. Until the date of loss of control leading to their deconsolidation, the Group applied the provisions of IFRS 5 for entities classified as discontinued operations at December 31, 2019, namely Norzinco GmbH and PPM Pure-Metals.

Weser-Metall GmbH

At December 31, 2019, the Group had initiated the study of a possible disposal of Weser-Metall GmbH, without any decision having been taken in the context of discussions with the financial partners of the German subgroup. Indeed, the continued financing of the German subgroup was based on 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 for a lasting restructuring of the German subgroup's debt. In this context, the Group concluded that the criteria determined by IFRS 5 had not been met at December 31, 2019 balance sheet date.

During the first half of 2020, this review of the progress of the disposal project by the financial partners of the German subgroup, 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 at the date of the filing of Weser-Metall GmbH in insolvency proceeding on May 14, 2020. The study of the possible sale of Weser-Metall GmbH initiated by the Group was therefore stopped by the filing of the subsidiary for insolvency proceedings. As the criteria defined by IFRS 5 were not met, the Group did not restate this entity in the first half of 2020.

The main impacts over the period are shown in the following tables:

Income statement aggregates:

In thousands of euros	Norzinco GmbH	PPM Pure Metals GmbH	Income from discontinued operations at the date of loss of control	Income from discontinued operations as of 30 June 2019
Income from ordinary activities	14,543	5,733	20,276	41,160
Profit from recurring operations	(1,110)	(1,123)	(2,233)	795
Operating income	(1,110)	(1,123)	(2,233)	795
Net cost of financial debt	(71)	(5)	(76)	(206)
Income tax expense	0	0	0	0
Consolidated net income	**(1,181)**	**(1,127)**	**(2,308)**	**589**

Balance sheet aggregates:

	Zinc segment	**Special metals segment**			
In thousands of euros	Norzinco GmbH	PPM Pure Metals GmbH	Recylex Grundstücksverwaltungs GmbH	Total at the date of loss of control	Total December 31, 2019
Non-current assets	0	2,014	285	2,299	2,488
Current assets	5,322	6,520		11,842	12,605
of which stocks	*0*	*4,759*		*4,759*	*7,623*
of which trade receivables	*5,213*	*1,220*		*6,432*	*4,234*
Total Non-current assets or group 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 related to 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

Cash flows from discontinued operations:

Cash flows from discontinued operations	**30/06/2020**	**31/12/2019**
Cash flow from operating activities	501	1,829
Cash flow from investing activities	-189	-2,208
Cash flows from financing activities	-41	-101
Change in cash and cash equivalents	**271**	**-480**

Opening cash and cash equivalents from discontinued operations	**199**	**679**
Change in cash and cash equivalents from discontinued operations	271	-480
Change in scope of consolidation	-470	-
Closing cash and cash equivalents from discontinued operations	**-**	**199**

Note 5.8. Earnings per share

Information on the results and shares used to calculate basic and diluted earnings per share for all activities is presented below.

- **Earnings per share for all activities**

In thousands of euros	***June 30, 2020***	***June 30, 2019***
Net income attributable to ordinary equity holders of the parent entity	129,366	(21,373)
Weighted average number of ordinary shares for basic earnings per share	25,862,543	25,862,543
Earnings per share in euros	**5.03**	**(0.83)**

In thousands of euros	***June 30, 2020***	***June 30, 2019***
Net income attributable to ordinary equity holders of the parent entity	129,366	(21,373)
Weighted average number of ordinary shares for basic earnings per share	25,862,543	25,862,543
Effect of dilution :		
Stock options (dilutive effect)	-	-
Weighted average number of ordinary shares adjusted for diluted earnings per share	25,862,543	25,862,543
Diluted earnings per share in euros	**5.03**	**(0.83)**

Note 6: Information on the financial situation

Note 6.1. Intangible assets, property, plant and equipment and goodwill and right of use

- **Intangible assets, property, plant and equipment and goodwill at June 30, 2020 and December 31, 2019**

(en milliers d'euros)	*Valeurs brutes*	*Amortissements cumulés et pertes de valeur (2)*	*Valeurs nettes* 30 Juin 2020	*Valeurs nettes* 31 décembre 2019
Immobilisations incorporelles				
Goodwill	-		-	-
Concessions, brevets, licences, etc	3 490	(3 469)	21	177
Total immobilisations incorporelles	**3 490**	**(3 469)**	**21**	**177**
Immobilisations corporelles				
Terrains	2 183	(2 183)		3 412
Constructions	11 711	(8 937)	2 774	4 463
Installations matériel & outillage	16 035	(13 690)	2 345	14 195
Immobilisations en cours	1 084	(859)	225	4 396
Autres	5 719	(5 182)	537	3 366
Total immobilisations corporelles	**36 732**	**(30 851)**	**5 881**	**29 832**

- **Change in intangible assets, property, plant and equipment and goodwill between December 31, 2019 and June 30, 2020**

At December 31, 2019, net carrying amount after amortization and impairment losses	**30,009**
Investments	1,852
Amortization for the year	(3,453)
Effect of changes in the scope of consolidation	(22,621)
Disposals	(1)
Reclassification	116
As of June 30, 2020, net carrying amount after amortization and impairment losses	**5,902**

- **Right of use as of June 30, 2020 and December 31, 2019**

31/12/2019 *(en milliers d'euros)*	***Valeurs brutes***	***Amortissements cumulés et pertes de valeur (1)***	***Valeurs nettes***
Constructions	549	(110)	439
Installations matériel & outillage	3 117	(2 419)	699
Autres	1 888	(674)	1 214
Total	**5 554**	**(3 203)**	**2 352**

30/06/2020 *(en millions d'euros)*	***Valeurs brutes***	***Reclass***	***Amortissements cumulés et pertes de valeur (2)***	***Valeurs nettes***
Constructions	549		(165)	384
Installations matériel & outillage	3 078		(2 589)	489
Autres	894		(472)	422
Total	**4 521**		**(3 226)**	**1 295**

Note 6.2. Impairment tests

In July 2020, the Group reviewed the recoverable amount of the recoverable amount of the CGUs for which, at the balance sheet date, indications of impairment had been identified and the recoverable amount of which is significantly influenced by events subsequent to the balance sheet date at December 31, 2019 up to the date on which the consolidated financial statements are approved by the Board of Directors on October 22, 2020.

As of June 30, 2020, in the absence of any indication of additional impairment compared to December 31, 2019, the Group did not consider it necessary to perform impairment tests. Impairment tests are performed on an annual basis as of December 31 of each fiscal year.

As of December 31, 2019, the amount of impairment losses relating to the Group's property, plant and equipment amounted to €71.1 million, including €66.4 million for the German subgroup's CGUs.

Following the loss of control and the deconsolidation of the entities of the German subgroup, the Group's remaining activities are organized around the following two CGUs:

CGU	**Business/ operating segment**
Recylex S.A.	Lead
C2P S.A.S.	Plastic

The scope of these CGUs is identical to that as of December 31, 2019. Similarly, the assets of these CGUs consist exclusively of tangible and intangible assets with finite lives: The Group does not carry any goodwill or other intangible assets with indefinite lives.
The Recylex S.A. CGU relates to the Recylex S.A. used lead-acid battery recycling business.
The C2P S.A.S CGU relates to the recycling of polypropylene from multiple waste streams (battery cases, bumpers, production scrap, packaging, construction waste, bottle caps collected from associations, etc.).

As of December 31, 2019				
CGU *in millions of euros*	**Non-current assets, gross**	**Accumulate depreciation and amortization**	**Impairment losses**	**Net**
Recylex SA - Lead C2P SAS - Plastic	32.0 9.8	(23.6) (7.5)	(2.4) (2.3)	5.9 0
Total	**41.8**	**(31.1)**	**(4.7)**	**5.9**

As of June, 30 2020				
CGU *in millions of euros*	**Non-current assets, gross**	**Accumulate depreciation and amortization**	**Impairment losses**	**Net**
Recylex SA - Lead C2P SAS - Plastic	32.4 9.9	(24.1) (7.6)	(2.4) (2.3)	5.9 0
Total	**42.3**	**(31.7)**	**(4.7)**	**5.9**

Note 6.3. Other non-current assets

Other non-current financial assets (€2,205,000) mainly comprise the outstanding balance of the €5 million in funds initially received by Harz-Metall GmbH following the settlement agreement reached with TUI AG in 2009. Following the deconsolidation of the German subgroup entities, there are no longer any long-term financial assets.

Note 6.4. Stocks

Stocks held by the Group break down as follows:

In thousands of euros	***June 30, 2020***	***December 31, 2019***
Raw materials	1,798	13,353
Work in progress	3,166	7,199
Finished and semi-finished goods	554	2,487
Sub-total	5,518	23,039
Less: Impairment losses	(309)	(542)
Stocks and work in progress, net	**5,209**	**22,497**

The decrease in stocks is mainly due to the deconsolidation of the entities of the German subgroup.

Note 6.5. Trade receivables

Trade receivables break down as follows:

In thousands of euros	***June 30, 2020***	***December 31, 2019***
Trade receivables	10,055	17,964
Impairment	(9,015)	(3,311)
Trade receivables, net	**1,040**	**14,653**

Trade receivables do not bear interest and are generally payable in 0 to 60 days. With the deconsolidation of the German subgroup entities, there are no longer any factoring contracts outstanding.

On a comparable basis, trade receivables decreased by €11.1 million due to the decrease in trade receivables following the introduction of a prepayment system for Weser Metall GmbH, Recylex SA's main customer (see Note 1-D “Cash position” and the slowdown in demand in the Plastics business as a result of the effects of the SARS-CoV-2 epidemic.

The increase in provisions for impairment is due to the impairment of trade receivables existing on the entities of the German subgroup at the date of the filings for insolvency proceedings for €5.7 million.

The Group believes that the balance sheet value of trade receivables corresponds to a reasonable approximation of their fair value as of June 30, 2020.

Note 6.6. Other current assets

Other current assets break down as follows:

In thousands of euros	***June 30, 2020***	***December 31, 2019***
Advances and downpayments on orders in progress	434	622
Social security receivables	23	4
Tax receivables	1,412	2,661
Other receivables	3,186	5,140
Prepaid expenses	277	1,284
Total other current assets	**5,332**	**9,711**

Other receivables mainly relate to financial guarantees paid on cross-border shipment.

Note 6.7. Cash and cash equivalents

The Group’s cash and cash equivalents comprise:

In thousands of euros	***June 30, 2020***	***December 31, 2019***
Cash at bank and in hand	13,097	8,957
Other marketable securities	20	136
Cash held on the balance sheet, gross	**13,117**	**9,093**
Bank overdraft facilities	-	15,000
Total cash on cash flow statement, net	**13,117**	**(5,907)**

Short-term bank borrowings relating to Recylex GmbH no longer exist due to the deconsolidation of the German subgroup entities.

Changes in net cash and cash equivalents are described in Note 1.D.

Note 6.8. Share capital

- **Share capital and premiums**

As of June 30, 2020, the share capital amounted to 25,886,482 fully paid-up shares with a par value of €0.37 each at December 31, 2019.

As of June 30, 2020, the Company held 23,939 treasury shares, as at December 31, 2019. Their average cost price was €6.81. Treasury shares are deducted from equity.

Ordinary shares in issue and fully paid-up	***Number of shares outstanding***	***Share Capital*** *In thousands of euros*	***Share premiums*** *In thousands of euros*
At January 1, 2019	**25,886,482**	**9,578**	**10,233**
As of June 30, 2020	**25,886,482**	**9,578**	**10,233**

As of June 30, 2020, there were no stock option plans or bonus share plans in force.

Note 6.9. Interest-bearing borrowings

- **Details of borrowings**

Current borrowings and financial debts

In thousands of euros	***June 30, 2020***	***December 31, 2019***
Portion due in less than one year	16,642	133,263
Lease liabilities – less than one year	702	1,091
Total	**17,344**	**134,354**

At December 31, 2019, the portion of borrowings due in less than one year related exclusively to the Group's German scope of consolidation. With the deconsolidation of the German subgroup entities in the first half of 2020, the bank and financial debt presented as liabilities as of December 31, 2019 was derecognized from the consolidated balance sheet in the amount of €133.4 million.

The Group's borrowings in its new scope of consolidation as of June 30, 2020 relate to the loan granted by Glencore International AG in 2014 in the amount of €16.0 million loan granted by Glencore International AG in 2014. The initial maturity of this loan was set at 2024. However, the filings for insolvency proceedings at the level of the entities of the German subgroup rendered this loan payable at any time by Glencore International AG. On May 18, 2020, the Group obtained a waiver from Glencore International AG to waive its right to declare this loan immediately due and payable until October 31, 2020. This postponement was extended to February 19, 2021 on condition, inter alia, that Recylex S.A. would continue to deliver secondary materials to Weser Metall GmbH.
As the Group did not have an unconditional right to defer repayments beyond 12 months as of June 30, 2020, this loan has been reclassified as current borrowings, in accordance with the provisions of IAS 1.

In addition, interest on the €16.0 million loan from Glencore International AG has been capitalized since the first half of 2020, amounting to a total of €642,000 as of June 30, 2020.

Non-current financial liabilities

In thousands of euros	***June 30, 2020***	***December 31, 2019***
Portion due in more than one year	-	16,000
Lease liabilities – more than one year	797	1,300
Total	**797**	**17,300**

- **Repayment schedules of loans**

In thousands of euros			*June 30, 2020*		*December 31, 2019*
	Less than one year	**One to five years**	**Over five years**	**Total**	
Bank borrowings	-	-	-	-	58,635
Glencore borrowings	16,000	-	-	16,000	89,500
Accrued interest	642	-	-	642	1,487
Interest-bearing borrowings	**16,642**	**-**	**-**	**16,642**	**149,622**
IFRS 5	**-**	**-**	**-**	**-**	**(359)**
Interest-bearing loans after IFRS 5	**16,642**	**-**	**-**	**16,642**	**149,263**

Note 6.10. Provisions

Current and non-current provisions can be analyzed as follows:

In thousands of euros	*Environmental provisions*	*Litigation*	*Other risks and charges*	*Total*
Balance at 12/31/2019	**18,155**	**4,041**	**194**	**22,390**
Charges for the period	757	30	-	**787**
Discounting				
Reversal of provision used	(1,776)	-	-	**(1,776)**
Reversal of provisions non-used	-	-	-	
Reclassification	-	-	(8)	**(8)**
Change in scope of consolidation	(9,252)	-	(6)	**(9,258)**
Balance as at 30/06/2020	**7,884**	**4,071**	**181**	**12,136**
Of which current	1,450		89	1,539
Of which non-current	6,434	4,071	92	10,597

In accordance with IAS 37, these provisions have been discounted. However, the impact on the amount of provisions recognized is not material.

The use of environmental provisions mainly concerns the rehabilitation of the Estaque site.
The deconsolidation of the entities of the German subgroup during the first half of 2020 led to the deconsolidation of the environmental liabilities attached to these entities. The impact of the deconsolidation on environmental provisions amounted to a negative impact of €9.3 million.

As of June 30, 2020, the environmental provisions recorded in the balance sheet refer to the rehabilitation of the Estaque site and the former mining concessions for which Recylex S.A. is liable. An additional provision of €750,000 was recorded to cover the additional costs arising from the postponement of the work schedule at the Estaque site (see Note 1-D "Cash position").

Changes in provisions for pension obligations during the period were as follows:

In thousands of euros	**Total Commitment**	**IFRS 5 Impact**	**Total after IFRS 5**
Actuarial liability at December 31, 2019	41,744	(3,175)	38,569
Plan assets at December 31, 2019	(4,465)	1,096	(3,369)
Net actuarial debt as of December 31, 2019	**37,279**	**(2,079)**	**35,200**
Current service cost for the period	22	-	22
Interest cost	2	-	2
Benefits paid	(33)	-	(33)
Change in hedging assets	-	-	-
Change in scope of consolidation	(36,785)	2,079	(34,706)
Actuarial liability as of June 30, 2020	485	-	485
Plan assets as of June 30, 2020	-	-	-
Net actuarial debt as of June 30, 2020	**485**	**-**	**485**

The deconsolidation of the German subgroup entities had an impact of €36.8 million on the provisioned pension obligations over the period.

As of June 30, 2020, the pension commitments reported as liabilities in the balance sheet concern retirement indemnities in France (defined benefit plan).

Provisions for employee benefits are not recalculated for the half-year period but are recognized for the period based on actuarial projections at December 31, 2019. The impact of the change in the discount rate over the period is not material and has not been adjusted as of June 30, 2020.

Note 6.11. Other current and non-current liabilities

- **Other current liabilities**

Other current liabilities break down as follows:

In thousands of euros	***June 30, 2020***	***December 31, 2019***
Tax and employee-related liabilities	2,288	5,741
Liabilities related to non-current assets	-	-
Other liabilities	5,311	8,007
Prepaid income	1,547	-
Total	**9,147**	**13,748**

Other liabilities include the €0.8 million portion of the European Commission fine, liabilities arising from the financial clawback clause in the amount of €1.7 million and the rescheduled debt arising from the continuation plan for Recylex GmbH (now outside the Recylex Group) in the amount of €2.8 million.

- **Other non-current liabilities**

Other non-current liabilities break down as follows:

In thousands of euros	***June 30, 2020***	***December 31, 2019***
Non-current rescheduled liabilities after discounting (1)	5,017	5,017
Clawback clause (2)	2,420	2,420
European Commission fine (3)	23,716	24,148
Total	**31,153**	**31,585**

(1) Amount owed to Glencore International AG (undiscounted amount of €5,050 thousand) the repayment date for which has been postponed until 2026.

(2) The debt waivers granted to Recylex S.A. under the continuation plan of November 24, 2005, in the amount of €19.2 million, are subject to a clawback clause. The fair value of the debt recognized in other current liabilities has not been updated as of June 30, 2020.

(3) Fine imposed by the European Commission on Recylex S.A. and its subsidiaries operating in the used automotive battery purchasing sector in the amount of €26.7 million. This fine is subject to a staggered payment plan, under which Recylex S.A. will assume responsibility for the payment of the fine. (the Group's parent company) and defer the payment of a significant portion of the fine over the medium to long term.

Note 6.12. Other financial instruments

Raw materials

The Group is exposed to a transactional risk relating to the change in metal prices, mainly lead, between the time the price of the raw material purchased is determined (input quotation period) and the time 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) whose price is not indexed to the price and on surplus metals recovered from the materials to be processed.

As of June 30, 2020, the Group did not have any financial instruments available to hedge its exposure to the risk of fluctuations in metal prices.

Interest rates

In order to hedge against the rise in interest rates associated with the interest charges to be paid on floating-rate debt, the entities of the German subgroup had entered into several pay-fixed/receive-floating-rate swaps. These derivatives, which do not qualify as hedging instruments, were recognized in the balance sheet as of December 31, 2019 at fair value with changes in fair value recognized in the income statement.

As of June 30, 2020, following the deconsolidation of all German entities, the Group no longer had any financial instruments available to hedge against changes in interest rates.

Foreign exchange

The Group is exposed to limited foreign exchange risk, as its transactions are almost exclusively denominated in euros.

Note 7: Contractual obligations and off-balance sheet commitments

- **Commitments given and received**

The commitments existing as of December 31, 2019 and concerning the entities of the German subgroup (see Note 30 of the consolidated financial statements as of December 31, 2019) ended in the first half of 2020 with the filing for insolvency proceedings of the entities of the German subgroup.

Au 30 juin 2020, les engagements donnés et reçus par les sociétés du Groupe sont les suivants :

a) Commitments given:

Pledge of Recytech S.A. shares

- Recylex S.A. has pledged its shares in Recytech S.A. to Glencore International AG as a first-ranking pledge to guarantee the repayment of the loan facility granted on October 1, 2014 in the amount of €16 million.

- Recylex S.A. has pledged its shares in Recytech S.A. to Glencore International AG as a secondary pledge in order to guarantee Recylex S.A.'s obligations under the financial clawback clause. As a reminder, the pledge of Recylex GmbH shares in favor of Recylex S.A.'s former banks was transferred to Glencore International AG following the latter's repurchase of bank receivables on August 4, 2005, in order to guarantee the repayment of the receivables included in Recylex S.A.'s continuation plan due under the financial clawback clause provided for by the plan. However, in connection with the establishment of the security trust intended to guarantee compliance with the Loan's obligations, this pledge was suspended for the entire duration of the said Loan and Recylex S.A. had then pledged its securities held in Recytech S.A. as a secondary pledge.

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

Note 8: Litigation and contingent liabilities

With respect to the main litigation and disputes in progress, see Note 1 section E.

Concerning SNCF Réseau's request that Recylex S.A. and RETIA S.A.S.A.U. be jointly ordered to pay the entire amount necessary for the "complete refurbishment" of the publicly owned rail assets in the Estaque rail section in Marseille, Recylex S.A. has not recorded a provision for contingencies in its financial statements for the six months ended June 30, 2020.

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 to the consolidated financial statements at December 31, 2019.

Note 9: Transactions with related parties

In thousands of euros	*Expenses 1st half year*		*Income 1st half year*		*Assets*		*Liabilities*	
	2020	*2019*	*2020*	*2019*	*2020*	*2019*	*2020*	*2019*
Glencore International AG	534	47,790	-	11,972	-	91	22,608	107,462
Recytech S.A		-	-	-		-	-	-
Due dates								
Less than 1 year	-	-	-	-	-	91	17,557	84,168
1 to 5 years	-	-	-	-	-	-	-	-
More than 5 years	-	-	-	-	-	-	5,050	37,050

Note 10: Subsequent events

Battery recycling activity

A second confinement is implemented throughout the national territory as of October 29, 2020. Intended to fight against the new wave of the Covid-19 epidemic, this reconfinement, which initially lasted 4 weeks, has been extended until January

20, 2021. In this context, the company has set up a system of home office and team rotation on all sites in order to protect its employees and cope with the pandemic.

After an encouraging third quarter in 2020, business stagnated in October and slowed sharply in November. The volumes of used batteries available on the market slowed sharply by around 30%. Indeed, the volumes of used batteries available on the market fell sharply by around 30%, leading to the activation of "short-time working" measures for the employees of the two used lead battery recycling plants during the month of November.

Demand for secondary materials from Weser Metall GmbH (now Recylex S.A.'s virtually single customer - see Notes 1-B and 1-E) increased in Q3 and early Q4 2020 compared with the first two quarters of 2020, rising from 8,700 tonnes in Q2 2020 (which was heavily impacted by the first containment) to 18,300 tonnes in Q3 2020. During the first nine months of 2020, Recylex S.A. recycled approximately 45,000 tonnes of used batteries, a stable volume compared to the same period in 2019. Q4 2020 will most likely be impacted by the slowdown in the recycling industry following the second confinement period.

The average lead price at the end of October 2020 was €1,590/t and increased during the first half of November to reach US$1,900/t, but the dollar continued to depreciate. Lead prices in euros are therefore at 1,596 €/t, close to the average for the first 10 months of 2020.

The declining volume of battery recycling observed at the beginning of November will have a negative impact on the operating results for the second half of 2020, which will remain strongly negative in the second half of 2020.
Recylex S.A.'s EBITDA of €3.4 million at the end of June 2020 will most likely deteriorate in the second half of 2020 in the above-mentioned context. In addition, the losses generated by the business in 2020 and an increase in working capital requirements in the last quarter of 2020 should consume a significant portion of existing cash. Activity will therefore remain cash consuming in 2020.

Polypropylene recycling activity operated by C2P SAS.

C2P S.A.S.'s business in France continues to be penalized by a very sharp slowdown in global demand for recycled polypropylene in the first nine months of 2020, particularly in the automotive sector weakened by the effects of the SARS-CoV-2 pandemic.
In the third quarter of 2020, sales totaled €2.1 million, down 10%.
This activity resulted in an EBITDA loss of €0.3 million as of June 30, 2020, following a contraction in sales volumes in the second quarter of 2020.

Other activities

Recylex S.A. has temporarily halted the rehabilitation works at the Estaque site and requested from the competent authorities a suspension of the rehabilitation works until December 31, 2021 and to postpone the date of completion of the works to December 31, 2024.

Recylex S.A. has also temporarily suspended payments under the payment plan for the fine to the European Commission and in July 2020 submitted a request to the European Commission requesting an adaptation of the amount and payment plan to the company's new economic situation.

Finally, in view of current trading conditions, zinc price levels and the availability of zinc dust for recycling, the Group expects a significant reduction in dividends receivable from Recytech S.A. in 2021 for the 2020 financial year.

Outlook

Recylex S.A. has established new short-, medium- and long-term financial forecasts to take into account the known impacts to date of the implementation of the insolvency proceedings at the level of the German entities and the new scope of its activities. The assumptions on which these forecasts are based are detailed in Note 1-B "Major events in the first half of 2020" in the " Recylex S.A.’s financial position and going concern status" section of this report. The risks weighing on these forecasts are detailed in Note 1-E of this report.

As of the date of closing of the half-year financial statements, the Company is actively working with its advisors on the restructuring of the Company's financial and non-financial debt (Notes 1-D and 1-E) and on the plans to sell non-operating assets, in order to avoid a current liability that would no longer be compatible with the Company's available assets.

As indicated in Note 2.3 "Going concern" of this report, the outcome of these discussions on the restructuring of the debt is uncertain and given the difficulties in predicting the effect of the second period of confinement on the business, there is significant uncertainty as to the going concern at the date of the financial statements.

RAPPORT DES COMMISSAIRES AUX COMPTES SUR L'INFORMATION FINANCIERE SEMESTRIELLE 2020

Period from January 1, 2020 to June 30, 2020

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-year management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your shareholders' meeting and in accordance with the requirements of Article L. 451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed consolidated financial statements of Recylex S.A., for the half-year ended June 30, 2020;
- the verification of the information contained in the half-year management report.

These half-year condensed consolidated financial statements were prepared under the responsibility of the Board of Directors on December 16, 2020, on the basis of the information available at that date in the evolving context of the crisis related to Covid-19 and of difficulties in assessing its impact and future prospects. Our role is to express a conclusion on these financial statements based on our review.

We note that given the specific context faced by the Group since December 2018, as disclosed in Note 1 A to the financial statements, the Group did not prepare half-yearly financial information in 2019 or file a half-year financial report as required by Article L. 451-1-2 III of the French Monetary and Financial Code. The comparative information presented for the period January 1, 2019 to June 30, 2019 has not therefore been audited or reviewed by us.

I – Disclaimer of conclusion

Our role is to express a conclusion on the half-year condensed consolidated financial statements.

As disclosed in Notes 1 and 3 to the half-year condensed consolidated financial statements, the placing of the Germany scope companies in insolvency proceedings on May 15, 2020, created specific conditions for the preparation of the financial statements for the half-year ended June 30, 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 mainly Recylex S.A.'s two used lead battery recycling plants, C2P S.A.S. and the 50% stake in Recytech.

In this context, the Group reviewed its outlook, which is based on a certain number of assumptions, items and ongoing actions, including:

- continuation of Weser-Metall GmbH's activity and of the supply of secondary materials by Recylex S.A to the Weser-Metall GmbH foundry. Weser Metall GmbH is virtually Recylex S.A.'s sole customer at the moment. It is now outside the Recylex Group and in insolvency proceedings,

- extension beyond February 19, 2021 of the deferral of the maturity date of the €16 million loan granted in 2014 by Glencore International AG, conditional on the continued supply by Recylex S.A.of secondary materials to Weser-Metall GmbH,

- suspension of interest on the €16 million loan granted by Glencore International AG for at least the next 12 months, and adaptation of repayment and interest conditions in the mid-term,

- temporary suspension of the payment plan for the €26.7 million fine imposed in 2017 by the European Commission and the favorable outcome of discussions with the Commission on the fine payment schedule,

- acceptance by DREAL PACA of the request submitted at the end of May 2020 concerning the temporary stoppage of clean-up work at the Estaque site until December 31, 2021 and the deferral of the work completion date to December 31, 2024,

- 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,

- the successful completion of the sale of non-operational assets in the next 12 months.

No definitive items of assessments allow the attainment of the assumptions and items adopted or the outcome of ongoing actions to be foreseen. A material uncertainty therefore exists, casting doubt on the Company's ability to continue as a going concern. Should the assumptions and items adopted not be confirmed or the outcome of ongoing actions be unfavorable, the application of IFRS accounting standards as adopted in the European Union in a normal context of business continuity, notably for the valuations 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 22, 2020.

We also recall that the 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 financial statements for the year then ended. Due to the deconsolidation during the half-year of the German sub-group entities, this situation could impact the presentation of the income statement between income from ordinary activities and non-recurring income in the condensed consolidated financial statements for the half-year ended June 30, 2020.

Given the above, we are unable to express a conclusion on the half-year condensed consolidated financial statements.

II - Specific verification

We have also verified the information presented in the half-year management report on the half-year condensed consolidated financial statements subject to our review prepared on December 16, 2020.

Our observations on its fair presentation and consistency with the half-year condensed consolidated financial statements are the same as those stated in the section "Disclaimer of conclusion".

Paris La Défense, December 17, 2020

KPMG Audit
Division of KPMG S.A.

Deloitte & Associés

Alexandra Saastamoinen
Partner

Laurent Odobez
Partner

RESPONSIBILITY STATEMENT FOR THE ANNUAL FINANCIAL REPORT FOR THE 2020 HALF-YEAR FINANCIAL REPORT

I hereby certify that to the best of my knowledge the condensed financial statements for the six months ended in June 30, 2020 have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of operation of Recylex S.A. and the companies included in the consolidation, and that the accompanying half-year management report includes a fair review of the development and performance of the business, the impact in the financial statements, the main related party transactions and a description of the main risks and uncertainties for the remaining six months of the fiscal year.

December 16, 2020

Sebastian RUDOW
Président - Directeur Général