PRESS RELEASE

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Results for fiscal year 2023/2024

Very good second-half results confirm the relevance of the group's strategy

The Board meeting of December 5, 2024, chaired by Mr. Daniel Derichebourg, approved the parent company and consolidated financial statements for the year ended September 30, 2024. During the meeting, the Chairman of the Board of Directors highlighted the resilience of the Derichebourg Group's results in the face of a difficult economic environment, thanks to a very good second half year. The Group has succeeded in diversifying into highly technical, specialized lines that differentiate it from its competitors.

Consolidated revenue

Revenue for the fiscal year was €3.6 billion, virtually unchanged from the previous year (-0.4%). Revenue decreased by (0.7)% in the Recycling division but increased by 5.1% in the Public Sector Services division.

(in thousands of metric tons)	**2024**	2023 restated(1)	Change
Ferrous metals	4,418.6	4,686.6	(5.7%)
Non-ferrous metals	695.1	695.7	(0.1%)
Total volumes	**5,113.7**	**5,382.3**	**(5.0%)**

(1) Non-ferrous metal volumes for fiscal 2023 have been restated by (74.7) thousand metric tons to reflect the growing importance of post-shredding sorting activities and to cease including poor quality products leaving these facilities priced at zero.

(in millions of euros)	**2024**	2023 restated[1]	Change
Ferrous metals	1,543.9	1,646.2	(6.2%)
Non-ferrous metals	1,699.9	1,605.1	5.9%
Services	169.2	185.7	(8.9%)
Recycling revenue	**3,412.9**	**3,437.0**	**(0.7%)**
Public Sector Services revenue	**192.4**	**183.0**	**5.1%**
Holding company revenue	**1.1**	**1.3**	**(17.1%)**
Total Group	**3,606.4**	**3,621.3**	**(0.4%)**

(1) Restated following the reclassification of Derichebourg Environnement from the Holding segment to the Recycling segment as a result of the acquisition of the Coframétal sales hub in December 2023.

Recycling

The situation in the steel sector, which has a direct impact on scrap metal sales, deteriorated throughout the fiscal year. In Europe, the sector has been suffering from high energy prices since Russia's attack on Ukraine, which has had a knock-on effect on inflation and led to higher interest rates. Against this backdrop, the downstream construction sectors, important outlets for long steels, already weakened by punitive regulatory changes, are experiencing low levels of activity. In addition, cheap Chinese exports of semi-finished steel products are running at high levels as China exports its surplus production to Europe, but also to Turkey, competing with the Group's steelmaker customers.

Production is muted in the European automotive industry, with consumers questioning which type of engine to choose and vehicle prices on the rise, resulting in lower volumes of offcuts in the sector and fewer end-of-life vehicles coming in.

Finally, the steel sector is facing the challenge of decarbonization, in particular blast furnaces, whose production process is a major emitter of greenhouse gases. Technical solutions often include direct reduction of iron ore using hydrogen, coupled with an electric furnace consuming a variable proportion of scrap. However, no industrial-scale investments have been made yet due to the deterioration of the economic climate since these projects were first envisaged, as well as certain technical obstacles that have not yet been overcome (availability of sufficient quantities of green hydrogen) and the fear of a shortage of available scrap metal. In this context, the conventional electric furnace, a low greenhouse gas emitter in countries with low-carbon electricity, remains an advantageous alternative.

In this sluggish environment, the Group was able to maintain its volumes, thanks to its proximity to its customers and its responsiveness to changes in market conditions.

In non-ferrous metals, markets generally held up well, allowing the Group to operate in fairly satisfactory conditions. In the second half, the Group also reaped the benefits of its investments in new specialized sorting and processing lines:

- The new 6,000 HP shredder in St-Pierre-de-Chandieu (69) and its post-shredding processing line
- The processing unit for fine fractions (a few millimeters in diameter) in Bruyères-sur-Oise (95)
- The copper/aluminum cable shredding line in Escautpont (59)
- The aluminum fractions preparation line at Coulombiers (86), which can be fed into extruders
- The new processing line for refrigerators (and soon hot water tanks) in Bonneuil-sur-Marne (94)

- Sorting tables for heavy metal fractions in Spain

The contribution of these new lines to recurring EBITDA was €5 million higher in the second half than the first. This improvement reflects both their ramp-up and changing market conditions.

Ferrous metals

The volume of ferrous scrap metal sold by the Group decreased by (5.7)%.

As the supply of scrap was also tight (sluggish consumption), scrap prices held up well over the fiscal year, with the average price (€349/t) only €2 below the previous year's average. However, prices tended to fall towards the end of the fiscal year.

Overall, revenue from ferrous scrap metal was €1,543.9 million, down (6.2)%.

Non-ferrous metals

The volume of non-ferrous metals sold was virtually stable (-0.1%).

In the second half, the Group reaped the benefits of its substantial investments in the development of new technologies:

- Aluminum, the leading family in terms of volumes sold: volumes down 4%. Sales of aluminum ingots were down 7% due to the situation in the automotive market. Sales of non-ingot aluminum held up better, declining by only 2%. Volumes held up well thanks to lower electricity prices, although demand from underlying markets was not as strong as expected in the context of the greening of aluminum production. The products sold by the Group to extruders directly contribute to the "greening" of their aluminum production.
- Stainless steel: stainless steel scrap volumes were 7% lower than in the previous fiscal year. Weak production from specialized European steel mills, which are suffering from competition from Indonesian nickel, explains this decline.
- Copper: volumes held up well (+2%). The Group is reaping the benefits of its investment in a second copper cable shot-blasting line, a metal in demand as part of the energy transition. Copper is the largest contributor in terms of revenue (35% of the total).
- The volume of lead sold was up 3%.
- Brass sales increased by 14%, while zinc sales decreased by 5%.
- Other metals (zorba, low-value metals) were stable.

Prices for all metals rose sharply between April and June 2024, before falling. However, these higher prices, together with a change in the mix of metals sold to include more copper granulate (the most expensive product sold by the Group), increased the average price of non-ferrous metals sold by the Group by 6%, from €2,307/t to €2,445/t.

In total, non-ferrous metal revenue amounted to €1,699.9 million, an increase of 5.9% on the previous fiscal year. This is the first time in the Group's history that non-ferrous metal revenue has exceeded scrap metal revenue.

Services

Revenue from Recycling services decreased by (8.9)%. This item includes WEEE processing services, ordinary industrial waste collection services and some steelmaking and mill services.

One railcar dismantling business has been reclassified as scrap metal revenue. Adjusted for this reclassification, the decrease was only 5%. Third-party transportation services and IT services rebilled to the Elior Group were down. WEEE processing services increased by 1.2% and non-hazardous industrial waste collection and processing services increased by 2.8%.

Public Sector Services

Public Sector Services enjoyed another year of growth (+5.1% to €192,4 million). In terms of revenue, the expiration of the Marseille collection contract on March 31, 2024 was more than offset by the gain of the CIVIS (Reunion Island) and Quebec contracts.

Thanks to its selective bidding policy, the quality of its services and its local management, the Public Sector Services division recorded another year of growth in profitability, with recurring EBIT reaching 12.7% of revenue.

Recurring EBITDA

Recurring EBITDA for the fiscal year amounted to €330.0 million (€ 142 million in the first half of the year, € 188 million in the second half), down (1.4%) on the previous year. The financial impact of the cyberattack of November 10, 2023, estimated by the Group at approximately €15 million, and a scrap market with lower volumes due to the poor state of the steel market explain this decrease, which was partially offset by an improved performance in Public Sector Services and the result related to the start-up of new sorting lines, mainly in non-ferrous metals. Lower electricity, gas and other fuel costs partially offset the lower sales margin.

Recurring EBITDA amounted to €288.6 million for the Recycling division (8.5% of revenue) and €39.7 million for the Public Sector Services division (20.6% of revenue).

Recurring operating profit (loss)

After taking into account €156.5 million in depreciation and amortization net of reversals over the year (vs. €149.9 million in the previous fiscal year), recurring operating profit amounted to €173.5 million, a limited decrease of (6.1) % compared to the previous fiscal year.

Operating profit (loss)

Non-recurring items for the fiscal year include:

- a €3.8 million gain from a favorable ruling by the Paris Court of Appeal;
- a €2.5 million provision for the estimated cost of dismantling and decontaminating a site in the port of Strasbourg that ceased operations during the year.

Last year, the main non-recurring items were:

- a €50.7 million non-cash gain on the sale of the Multiservices business to the Elior Group, paid for in shares;
- a net €12.6 million capital gain on the sale of 8 recycling centers to Italian group Riva in connection with the implementation of the disposal commitments made to the European Commission;
- a €3.7 million expense related to an unfavorable decision by the French Court of Cassation, which overturned the appeal decision in a dispute between the Veolia Group and various Poly-Environnement subsidiaries regarding the reliability of payroll information provided in 2013 and 2014 for contracts up for renewal (decision overturned on appeal in 2024).

Operating profit amounted to €176.0 million, down 28.1% on the same period of the previous fiscal year, which included many positive non-recurring items.

Profit (loss) before tax

After €40.4 million in financial expense (up €10.8 million due to high interest rates throughout the year) and other net financial expense of €3.1 million, the Group's pre-tax profit was €132.5 million, down €81 million or (37.9)% year on year.

Income from associates

Income from associates was a net expense of €(19.0) million. It mainly comprises Elior Group's share of net income for the year of €(19.8) million (vs. €(39.4) million last year). Despite the very significant improvement in earnings (€98 million improvement in operating profit), Elior Group's non-recurring expenses resulted in a net loss. Elior Group's share of the result is 48.17%.

Consolidated net profit (loss)

After taking into account a corporate income tax charge of €36.8 million, resulting in an effective tax rate of 27.8% on pre-tax income, the consolidated net profit was €76.7 million, including €74.8 million attributable to the shareholders of the consolidating entity.

Free cash flow is close to € 100 million.

The Board of Directors will propose to the General Meeting of January 29, 2025 the payment of a dividend payment of €0.13 per share, i.e a yield close to 3% based on December 4th, 2024 shareprice.

Outlook for fiscal 2024/2025

The economic environment is gloomy in Europe as the new fiscal year gets underway. But the Group is entering this period with confidence. In the Recycling division, the Group can rely on the long-term relationships it has forged with its various customers and partners to see it through. In addition, Derichebourg should benefit from several positive factors:

- the uncertainties surrounding the timing of industrial projects to produce steel by direct reduction of iron ore using hydrogen make the electricity sector more than ever an excellent compromise between production costs and environmental impact
- the various specialized lines that we have invested in over the past 24 months (particularly in non-ferrous sorting) and those due to come on stream during the year should boost our business and profitability
- a further reduction in electricity prices in France, which will have an impact of approximately €5 million over the full year
- the expected absence of any business disruption caused by the November 2023 cyberattack
- a robust financial structure

In Public Sector Services, revenue and recurring EBITDA are expected to deliver further modest growth

Despite the challenging economic environment, the Group aims to increase recurring EBITDA to at least €350 million in 2024/2025 under similar economic conditions, while limiting capital expenditure to a maximum of €175 million. Free cash flow should be significant, especially as interest rates begin to fall.

Annex 1: INCOME STATEMENT

(in millions of euros)	**2023/2024**	FY 2022/2023 [1]	Change
Revenue	**3,606.4**	**3,621.3**	**(0.4%)**
Recurring EBITDA	**330.0**	**334.8**	**(1.4%)**
◻ *of which Recycling [1]*	*288.6*	*306.6*	*(5.9%)*
◻ *Public Sector Services*	*39.7*	*30.5*	*30.4%*
Recurring operating profit (loss)	**173.5**	**184.9**	**(6.1%)**
◻ *of which Recycling [1]*	*148.6*	*174.2*	*(14.7%)*
◻ *Public Sector Services*	*24.5*	*13.9*	*76.7%*
Net non-recurring items	2.5	59.8	
Operating profit (loss)	**176.0**	**244.7**	**(28.1%)**
Net financial expenses	(40.4)	(29.6)	
Other financial items	(3.1)	(1.6)	
Profit (loss) before tax	**132.5**	**213.5**	**(37.9%)**
Income tax	(36.8)	(44.0)	
Income from associates	(19.0)	(37.7)	
Income from discontinued or held-for-sale activities	-	5.6	
Net profit (loss) attributable to non-controlling interests	(1.9)	(0.5)	
Net profit attributable to shareholders	**74.8**	**136.9**	**(45.3%)**

(1) Restated following the reclassification of Derichebourg Environnement from the Holding segment to the Recycling segment as a result of the acquisition of the Coframétal sales hub in December 2023.

Annex 2: BALANCE SHEET

Assets *(in millions of euros)*	9/30/2024	9/30/2023	Change
Goodwill	275.9	276.1	
Intangible assets	2.3	2.0	
Property, plant and equipment	822.2	838.5	
Right-of-use assets	310.0	274.5	
Financial assets	6.9	5.0	
Interests in associates and joint ventures	389.4	414.8	
Deferred taxes	19.1	23.2	
Other assets	-	-	
Total non-current assets	**1,825.7**	**1,834.2**	**(0.5%)**
Inventories	175.3	158.3	
Trade receivables	274.6	305.8	
Tax receivables	9.9	7.4	
Other assets	69.2	105.7	
Financial assets	16.1	11.4	
Cash and cash equivalents	192.2	161.1	
Financial instruments	0.6	1.5	
Total current assets	**737.9**	**751.1**	**(1.8%)**
Total non-current assets and asset groups held for sale	**-**	**-**	
Total assets	**2,563.6**	**2,585.3**	**(0.8%)**

Liabilities *(in millions of euros)*	9/30/2024	9/30/2023	Change
Group shareholders' equity	**1,030.9**	**990.4**	
Non-controlling interests	3.3	2.4	
Total shareholders' equity	**1,034.2**	**992.8**	**4.0%**
Loans and financial debts	748.1	773.6	
Provision for pensions and similar benefits	29.3	28.2	
Other provisions	30.4	31.8	
Deferred taxes	37.7	33.4	
Other liabilities	3.4	4.2	
Total non-current liabilities	**848.9**	**871.2**	**(2.6%)**
Loans and financial debts	157.8	160.2	
Provisions	5.4	14.3	
Trade payables	376.5	390.0	
Tax payables	11.7	9.7	
Other liabilities	128.0	144.9	
Financial instruments	1.1	2.2	
Total current liabilities	**680.5**	**721.3**	**(6.0%)**
Total liabilities related to a group of assets held for sale	**-**	**-**	
Total equity & liabilities	**2,563.6**	**2,585.3**	**(0.8%)**

Annex 3: Passage of net financial debt from September 30, 2023, to September 30, 2024

Net financial debt at September 30, 2023	**772.7**
Recurring EBITDA	(330.0)
Change in working capital requirements	(29.9)
Net financial expenses	40.4
Corporate income taxes	27.7
Capital expenditure	189.5
New rights of use from operating leases	7.6
Dividends	25.5
Other	10.2
Net financial debt at September 30, 2024	**713.7**