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Press release

Financial information at June 30, 2021 and update on the restructuring of Recylex S.A.'s debt

The Recylex Group (Euronext Paris: FR0000120388 - RX) publishes today its financial information at June 30, 2021.

Following the definitive loss of control¹ and the deconsolidation of the former German subgroup entities² on May 2020, the Recylex Group, in its new configuration, is now reduced to the following activities:

- Lead segment: Recylex S.A.'s used lead-acid battery recycling activities (Villefranche-sur-Saône and Escaudoeuvres plants);
- Plastic segment: C2P S.A.S.'s polypropylene waste recycling activity;
- Other activities: Recylex S.A.'s holding activities, including the equity method accounting for the 50% stake in Recytech S.A.

The consolidated sales published at June 30, 2021 are limited to the activities of the Recylex Group in its new configuration, whereas the consolidated sales published at June 30, 2020 included those of the entities of the former German subgroup until the date of their deconsolidation. In order to enable a better assessment and comparison with June 30, 2021 financial information, in the context of the Group's new scope of consolidation, the consolidated sales at June 30, 2020 are also presented on a comparable basis, i.e. excluding in full the entities of the former German subgroup from the consolidated sales.

<i>In millions of euros</i>	At June 30, 2021	At June 30, 2020	Comparable basis as at June 30, 2020	<i>Change on a reported basis (%)</i>	<i>Change on a comparable basis (%)</i>
Lead	36.8	72.1	21.8	-49%	69%
Zinc	0.0	20.6	0.0	-100%	n/a
Special metals	0.0	5.5	0.0	-100%	n/a
Plastic	5.1	3.8	3.8	36%	36%
Other activities	0.1	-	0.6	n/a	n/a
Total	42.1*	102.0	26.3*	-59%	60%

IFRS data, unaudited figures.

n/a : not applicable

*Rounding effect.

1. Trend in metal prices at June 30, 2021 (in euros)

<i>In euros per tonne</i>	First half 2021 average	First half 2020 average	<i>Change (%)</i>
Lead price	1,719	1,598	+8%
€/ \$ exchange rate	1.2052	1.1022	+10%

Source: London Metal Exchange.

The average lead price in the first half of 2021 was €1,719, up +8% compared to the average for the first half of 2020.

Expressed in dollars, the average lead price for the first half of 2021 was \$2,072, up +18% compared with the average for the first half of 2020. At the same time, the €/ \$ exchange rate also increased over the period (+10% compared with the first half of 2020), attenuating the increase in the lead price expressed in euros to +8%.

The average €/ \$ exchange rate at June 30, 2021 was \$1.20€, sharply increased compared to the average exchange rate observed in the first half of 2020 (\$1.10€).

2. Breakdown of consolidated sales at June 30, 2021 relative to June 30, 2020

Consolidated sales at June 30, 2021 amounted to €42.1 million.

2.1 Lead segment

The Lead segment accounted for 87% of consolidated sales at June 30, 2021, and includes sales from Recylex S.A.'s two used lead-acid battery recycling plants.

Consolidated sales reached €36.8 million at June 30, 2021, which sharply increased compared with the consolidated sales on a comparable basis for the same period in 2020 (+69%).

During the first half of 2021, Recylex S.A. recycled approximately 41,600 tons of used lead-acid batteries, a volume that sharply increased compared with the same period of 2020 (+55%), mainly due to:

- A first half of 2020 heavily impacted by the effects of the SARS-CoV-2 health crisis, which had led Weser-Metall GmbH and the battery recycling sites to shut down their operations³, which weighed heavily on the volumes of used lead-acid batteries recycled by Recylex S.A.;
- Sustained activity in the second quarter of 2021, with higher volumes of secondary materials sold than in the first quarter of 2021. Lead segment sales in the second quarter of 2021 amounted to €22.4 million, compared with €14.4 million in the first quarter of 2021.

In addition, the rise in lead prices in the first half of 2021 supplemented the growth in sales from volumes recycled and sold.

Recylex S.A. continues to deliver materials to Weser-Metall GmbH, which is still in insolvency proceedings. The prepayment system in place since May 2020 was modified in June 2021 by Weser-Metall GmbH, with payments now being made by Weser-Metall GmbH when materials are loaded at the Villefranche and Escaudoeuvres production sites.

At June 30, 2021, sales to Weser-Metall GmbH represented 94% of the Lead segment's total sales. Despite the efforts made over the past two years, Recylex S.A. has not yet succeeded in finding significant new outlets for its products from the recycling of used lead-acid batteries so as to reduce its customer dependence on Weser-Metall GmbH, which is now not part of the Recylex Group.

As the recycling process for used batteries at the two French sites was originally designed as an integral part of the secondary materials recovery chain by the former subsidiary Weser-Metall GmbH

in Germany, it appears that major industrial changes in the used battery recycling process will have to be made in order to be able to target other prospective customers and market segments. In this context, maintaining the commercial relationship with Weser-Metall GmbH remains essential for the maintenance of the business in the short and medium term⁴ and thus for the transformation of the business, whether by Recylex S.A. or by a third party acquirer as part of the asset disposal process (see paragraph 3 below).

2.2 Plastic segment

The Plastic segment accounted for 12% of consolidated sales at June 30, 2021, and covers the activities of C2P S.A.S.

Consolidated sales reached €5.1 million at June 30, 2021, a sharp increase (+36%) compared to consolidated sales at June 30, 2020 on a comparable basis. This increase was mainly due to the effects of the SARS-CoV-2 health crisis, which led C2P S.A.S. to temporarily stop its operations during the second quarter of 2020³.

While the beginning of 2021 was marked by a favourable context for the recycled raw materials industry due to the increase in the price of virgin polypropylene, activity showed some signs of slowing down in the second quarter of 2021 due to the shortage of components, which led many manufacturers to make trade-offs, with a downward impact on the volumes requested from the entire plastics industry.

As a result, the Plastic segment's sales for the second quarter of 2021 amounted to €2.3 million, compared to the first quarter of 2021 with sales amounting to €2.9 million.

3. Update on the restructuring of Recylex S.A.'s debt

At June 30, 2021, the Company's net financial debt amounted to €45.1 million (without IFRS 16 lease debt) and mainly comprises:

- The €16 million loan (€17.7 million including capitalized interest) from Glencore International AG to Recylex S.A. in 2014. Recylex S.A. benefits from a temporary and conditional waiver of Glencore International AG's right to declare the loan immediately due and payable until January 31, 2022 at the latest⁵;
- The debt relating to the European Commission fine of €25.1 million, including interest on suspended maturities. In September 2020, the Company temporarily suspended the payment

of the fine and entered into discussions with the European Commission. Outstanding maturities amount to €1.4 million as of June 30, 2021;

- The claw back clause under the 2005-2015 continuation plan for an amount of €4.1 million⁶. The amounts due under this debt amount to €2.6 million at June 30, 2021, with Glencore International AG as main creditor for an amount of €2.5 million. Recylex S.A. has obtained a conditional waiver from Glencore International AG until January 31, 2022 of its right to declare this debt immediately payable on the same terms as the temporary waiver of its right to declare the €16 million loan due and payable, as mentioned above;
- The rescheduled debt due in 2026 under the Recylex S.A. continuation plan for an amount of €5.1 million towards Glencore International AG.

The Company's net financial debt will be potentially impacted and aggravated by the decision of the Marseille Administrative Court of May 26, 2021. In first instance, the Marseille Administrative Court ordered Recylex S.A (severally with Retia) to pay SNCF Réseau a provisional amount of €5.7 million for the "global refurbishment" of the railways public domain near the Estaque sector. The two companies will have to pay the surplus, up to €63.3 million, as and when SNCF Réseau calls for funds⁷. Recylex S.A. intends to challenge this decision by any legal means deemed useful, both on its substance and on its payability, and has accordingly lodged an appeal against this decision on July 22, 2021.

At June 30, 2021, Recylex S.A.'s cash and cash equivalents amounted to €6.9 million.

As a reminder, as the maturities of the financial debt are not compatible with the Group's future cash flow generation, Recylex S.A. had already initiated discussions with its main creditors, namely Glencore International AG and the European Commission, in order to adapt the amount and maturity of the debt to its cash flow generation capacity.

In this context, at the end of April 2021, the Group mandated the investment bank ODDO-BHF to assist it in its process of selling the used lead-acid battery and/or polypropylene recycling activities and to explore alternative options to sell other Recylex S.A. assets. The priority remains to preserve the jobs associated with these activities and to restructure the debt.

Recylex S.A. has received expressions of interest from several players operating in fields related to the recycling of used batteries and polypropylene. The Company is continuing discussions with these interested parties as part of a structured disposal process, with a view to taking over some or all of its recycling activities. However, at this stage, maintaining and stabilizing commercial relations with Weser-Metall GmbH in the medium term will clearly be a key factor in the success of these

discussions.

At the same time, the Company has also initiated a process to sell the discontinued Estaque site, which has been the subject of an environmental rehabilitation program for several years.

Beyond the result of the asset sales process, the outcome of the debt restructuring process will depend on the willingness of the creditors to grant significant waivers for the remaining debts.

Thomas Hüser, Chairman of the Board of Directors of Recylex S.A., declared: *“The outcome of these discussions is uncertain, and if no agreement is reached with the creditors, the consequences in terms of the payability of the debts would lead Recylex S.A. to be obliged to declare cessation of payments, given its current cash flow forecasts. We have to confront this reality and we must also take such a development into account in our considerations”.*

4. Forecasted financial agenda

- Financial information as of September 30, 2021: Thursday, October 28, 2021 (aftermarket closing).

1 See press releases from May 14, 2020 and May 20, 2020.

2 Namely: Weser-Metall GmbH, Harz-Metall GmbH, Norzinco GmbH and PPM Pure Metals GmbH as well as Recylex GmbH, C2P Germany GmbH and Recylex Grundstücksverwaltungsgesellschaft mbH.

3 See press release of April 30, 2020.

4 See press releases of April 28, 2021 and April 29, 2021 and Note 32.5.1.4 to the consolidated financial statements at December 31, 2020.

5 The maturity of this waiver may, however, be shortened by Glencore International AG if Recylex S.A. fails to satisfy the conditions of the waiver granted, namely the continued supply of Weser-Metall GmbH with secondary materials by Recylex S.A. and the successful completion of the restructuring process for Recylex S.A.'s financial and non-financial debt - see press release of April 28, 2021.

6 The nominal amount of the financial recovery clause is €19.2 million, of which €17.8 million is due to Glencore International AG.

7 See press release of June 2, 2021.

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Raw materials from urban mines

The Recylex Group is a European specialist in the recycling of lead, zinc and polypropylene.
For more information about the Recylex Group: www.recylex.eu

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APPENDICES

Quarterly evolution of metal prices averages

<i>In euros per tonne</i>	First quarter 2021	Second quarter 2021	First quarter 2020	Second quarter 2020
Lead	1,674	1,765	1,675	1,518

Source: London Metal Exchange.

Consolidated sales by quarter and segment

<i>In millions of euros</i>	First quarter 2021	Second quarter 2021	First quarter 2020 <i>Published data</i>	First quarter 2020 <i>Comparable data</i>	Second quarter 2020 <i>Published data</i>	Second quarter 2020 <i>Comparable data</i>
Lead	14.4	22.4	54.0	14.7	18.1	7.2
Zinc	0.0	0.0	16.7	0.0	4.0	0.0
Special Metals	0.0	0.0	4.3	0.0	1.2	0.0
Plastics	2.9	2.3	2.9	2.9	0.8	0.8
Other activities	0.1	0.0		0.4		0.2
Total	17.4	24.7	77.9	18.0	24.1	8.2

IFRS data, unaudited figures.

Recylex S.A.'s sales

<i>In millions of euros</i>	Six months to June 30, 2021	Six months to June 30, 2020	<i>Change (%)</i>
Lead segment	37.9	22.5	+68%
Services to Group companies	0.36	0.74	-51%
Total sales	38.3	23.2	+65%

IFRS data, unaudited figures.