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Press release

Recylex S.A. Financial information at December 31, 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 December 31, 2021.

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

- Lead segment: Recylex S.A.'s used lead-acid battery recycling business (Villefranche-sur-Saône and Escaudoeuvres plants),
- Plastics segment: C2P S.A.S.'s polypropylene waste recycling business,
- 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 December 31, 2021 are limited to the activities of the Recylex Group in its new configuration, whereas the consolidated sales published at December 31, 2020 included those of the entities of the former German subgroup until the date of their deconsolidation. In order to enable a comparison with December 31, 2021 financial information, the consolidated sales at December 31, 2020 are also presented on a comparable basis, i.e. excluding in full the activity of the entities of the former German subgroup from the consolidated sales.

<i>In millions of euros</i>	Au 31 décembre 2021	Au 31 décembre 2020	Périmètre comparable au 31 décembre 2020	Variation à données publiées (%)	Variation à données comparables (%)
Lead	78.1	98.9	48.7	-21%	60%
Zinc	0.0	20.6	0.0	-100%	n/a
Special Metals	0.0	5.5	0.0	-100%	n/a
Plastic	9.6	8.8	8.7	9%	11%
Other activities	0.2	0.1	0.7	n/a	n/a
Total	87.9	133.9	58.1	-34%	51%

IFRS data, unaudited figures.

n/a : non applicable

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*Rounding effect.

1. Trend in metal prices at December 31, 2021 (in euros)

In euros per ton	Average at December 31, 2021	Average at December 31, 2020	Change (%)
Lead price	1,863	1,598	+17%
€/ \$ exchange rate	1.1836	1.1412	+4%

Source: London Metal Exchange.

The average lead price for 2021 was €1,863, up +17% compared to the average for the same period in 2020.

Expressed in dollars, the average lead price in 2021 was \$2,202, up +21% compared with the average for 2020. At the same time, the €/ \$ exchange rate also increased over the period (+4% compared to 2020), mitigating the increase in the lead price expressed in euros to around +17%.

2. Breakdown of consolidated sales at December 31, 2021 relative to December 31, 2020

Consolidated sales at December 31, 2021 amounted to €87.9 million.

2.1 Lead segment

The Lead segment accounted for 89% of consolidated sales at December 31, 2021, and includes sales from Recylex S.A.'s two used lead-acid battery recycling plants.

Sales reached €78,1 million at December 31, 2021, up sharply compared with the consolidated sales on a comparable basis for the same period in 2020 (+60%).

During 2021, Recylex S.A. recycled approximately 86,500 tons of used lead-acid batteries, a volume that sharply increased compared with the same period of 2020 (+42%), mainly due to:

- A first half of 2020 heavily impacted by the effects of the SARS-CoV-2 health crisis, which led the Nordenham smelter (then operated by the former Group subsidiary - 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 over the last three quarters of 2021, with higher volumes of secondary materials sold than those observed over the last three quarters of 2020. In particular, lead

segment sales for the fourth quarter of 2021 amounted to €18.2 million, compared with €13.0 million for the fourth quarter of 2020.

In addition, the sharp rise in the price of lead over the year 2021 has reinforced the growth in sales linked to the volumes recycled and sold.

The Villefranche and Escaudoeuvres used lead-acid battery recycling plants continue to supply the Nordenham Metall GmbH smelter (a former Recylex Group subsidiary whose assets were taken over by Glencore International AG in August 2021). This smelter is now Recylex S.A.'s main customer. At December 31, 2021, sales to the Nordenham smelter accounted for 90% of the lead segment's sales, reflecting the company's very high dependence on this customer.

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 in order to reduce this customer dependence. In fact, as the recycling process for used lead-acid batteries in the two sites in France 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 would have to be made in order to be able to target other potential customers and market segments. In this context, maintaining the commercial relationship with the Nordenham smelter, currently operated by Nordenham Metall GmbH (Glencore International AG Group), remains essential in order to ensure short- and medium-term activity⁴ and thus enable the business to continue, whether by Recylex S.A. or by a third party purchaser (see paragraph 3 below). It should be noted that Recylex S.A. does not currently have any contracts guaranteeing the volumes of materials to be purchased by Nordenham Metall GmbH. Recylex S.A.'s business and cash-generating capacity are therefore highly exposed to fluctuations in Nordenham Metall GmbH's business.

2.2 Plastic segment

The Plastics segment accounted for 11% of consolidated sales at December 31, 2021, and covers the activities of C2P S.A.S.

Consolidated sales totaled €9.6 million at December 31, 2021, a sharp increase (+11%) compared to consolidated sales at December 31, 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 favorable context for the recycled raw materials industry due to the increase in virgin polypropylene prices, the recycled polypropylene activity suffered in 2021. Indeed, most of 2021 was impacted by the slowdown in the automotive market, which was disrupted by the shortage of components affecting this sector.

Sales in the Plastics segment in the fourth quarter of 2021 amounted to €2.2 million, down 22% compared to the fourth quarter of 2020.

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

At December 31, 2021, the Company's net financial debt amounted to €47.6 million (excluding IFRS 16 lease debt) and breaks down as follows:

- The €16 million loan (€18.2 million including capitalized interest) granted by Glencore International AG to Recylex S.A. in 2014. Recylex S.A. obtained an extension of the conditional waiver of its right to declare the loan immediately due and payable until **April 15, 2022** at the latest (previously January 31, 2022)⁵;
- The debt related to the European Commission's fine for an amount of €25.6 million, including interest on suspended maturities. In September 2020, the Company temporarily suspended payment of the fine and entered into discussions with the European Commission. Outstanding maturities amount to €2.2 million at December 31, 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 €3.7 million at December 31, 2021, with Glencore International AG as the main creditor for an amount of €3.5 million. Recylex S.A. has obtained from Glencore International AG a conditional waiver until April 15, 2022 of its right to declare this debt immediately due and payable on the same terms as the temporary waiver of its right to declare the €16 million loan due and payable, as described above;
- The rescheduled debt to Glencore International AG due in 2026, arising from the Recylex S.A. continuation plan for an amount of €5.1 million.

In addition, the Company's net financial debt will be potentially impacted and aggravated by the decision of the Marseille Administrative Court of May 26, 2021. At first instance, the Marseille Administrative Court ordered Recylex S.A., jointly and 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 also 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 appropriate, both on substance and on its payability, and has accordingly lodged an appeal

against this decision on July 22, 2021. In addition to this appeal, Recylex S.A. filed a request for a temporary suspension of execution on October 29, 2021.

At December 31, 2021, Recylex S.A.'s cash and cash equivalents amounted to €5.4 million.

As a reminder, Recylex S.A. is facing a number of debts and liabilities inherited from its industrial past, some of which are described above. Environmental provisions relating to the rehabilitation of the Estaque site and former mining sites amount to €13.4 million at December 31, 2021.

The amounts and maturities of these debts and liabilities are disproportionate to the current scope of the Group's activities. Despite the current favorable context of lead prices and the sustained demand for secondary materials from the Nordenham smelter for the treatment of used lead-acid batteries, the Group's capacity to generate cash remains incompatible with the repayment of these debts and liabilities.

Following discussions with the Group's main creditors, namely Glencore International AG and the European Commission, Recylex S.A. has initiated in 2021 an asset disposal process. As a reminder, the Group has mandated the investment bank ODDO-BHF to assist it in its process of selling its used lead-acid battery and/or polypropylene recycling activities, the priority being to preserve the jobs associated with these activities and to restructure the debt⁸.

The progress of the ongoing processes highlights the following aspects:

- Recylex S.A. has received expressions of interest from several players operating in businesses related to the recycling of used lead-acid batteries and polypropylene. The Company is pursuing discussions with these interested parties as part of a competitive and structured disposal process, with a view to a partial or total takeover of the recycling business. Nevertheless, in view of the level of indicative offers already received to date, it is clear that most of the existing debt will have to be waived by the creditors in very significant amounts.
- Recylex S.A. has also received expressions of interest from investors regarding its 50% stake in Recytech S.A. As the level of offers received at this stage is well below the value of the commitments given by Recylex S.A. to Glencore International AG under the first and second-ranking pledges of Recytech S.A.⁹ shares, it is clear that any proceeds from the sale of the shares will be fully absorbed by these commitments, which amount to €61 million at December 31, 2021. Thus, without significant debt waivers by Glencore International AG, the question of restructuring the debt of the other creditors would remain unresolved.
- Recylex S.A. has also initiated a process to sell the Estaque site, which has been the subject of an environmental rehabilitation program for several years. In view of the indicative offers

received to date, a possible sale of the site with a third-party claimant mechanism (“mécanisme de *tiers demandeur*”)¹⁰ would enable a significant portion of the remaining remediation costs to be transferred to the buyer, but would not enable the company to participate in the repayment of the debt.

Recylex S.A.'s ability to continue as a going concern remains uncertain, given the highly uncertain outcome of the debt restructuring, which depends on the outcome of the planned asset disposals and the willingness of creditors to accept significant debt waivers. In the current state of cash flow forecasts, if no agreement is reached with creditors on a significant debt waiver, the consequences in terms of the payability of debts would mean that Recylex S.A. would have to declare its suspension of payments.

It should also be noted that the Company's heavy dependence on its almost sole customer, Nordenham Metall GmbH, makes Recylex S.A.'s business model very fragile.

For these reasons, the Company will not be in a position, in the short term, to close its annual and consolidated accounts as at December 31, 2021 and to publish its annual financial report as at December 31, 2021.

4. Changes in the composition of the Board of Directors of Recylex S.A.

The Board of Directors of Recylex S.A. acknowledges the resignation of Mrs. Karin Lattwein from her position as Director.

5. Forecasted financial agenda

- The Company will keep its shareholders informed of the dates of upcoming publications.

1 See press releases dated 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 of 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 EUR 19.2 million, of which EUR 17.8 million is owed to Glencore International AG.

7 See press release of June 2, 2021.

8 See press release of July 29, 2021.

9 See Note 30 of the notes to the consolidated financial statements at December 31, 2020. The amount of €60.7 million includes the loan of €17.9 million, the debt under the better fortunes clause of €17.8 million and Glencore's financial contribution of €25 million under the 2016 financing agreement.

10 Article L. 512-21 du code de l'environnement.

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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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APPENDIX

Quarterly evolution of metal prices averages

In euros per ton	First quarter 2021	Second quarter 2021	Third quarter 2021	Fourth quarter 2021	First quarter 2020	Second quarter 2020	Third quarter 2020	Fourth quarter 2020
Lead	1,674	1,765	1,985	2,027	1,675	1,518	1,603	1,594

Source : London Metal Exchange.

Consolidated sales by quarter and segment

In million of euros	First quarter 2021	Second quarter 2021	Third quarter 2021	Fourth quarter 2021	First quarter 2020	Second quarter 2020	Third quarter 2020	Fourth quarter 2020
Lead	14.4	22.4	23.0	18.2	54.0	18.1	13.9	13.0
Zinc	0.0	0.0	0.0	0.0	16.7	4.0	0.0	0.0
Special Metals	0.0	0.0	0.0	0.0	4.3	1.2	0.0	0.0
Plastic	2.9	2.3	2.3	2.2	2.9	0.8	2.2	2.8
Other activities	0.1	0.0	0.0	0.0	-	-	-	-
Total	17.4	24.7	25.4	20.4	77.9	24.1	16.1	15.8

IFRS data, unaudited figures.

Recylex S.A.'s sales

In million of euros	At 31/12/2021	At 31/12/2020	Change (%)
Lead segment	79.5	50.2	+58%
Services to Group companies	1.5	0.9	+71%
Total sales	81.0	51.1	+59%

IFRS data, unaudited figures.