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Press release

The German subgroup applies for protective shield procedures

The Recylex Group (Euronext Paris: FR0000120388 - RX) indicates that today Weser-Metall GmbH, Harz-Metall GmbH, Norzinco GmbH and PPM Pure Metals GmbH have each applied for protective shield procedures ¹ in accordance with Section 270 b (1) sentence 1 of German Insolvency law. Self-administration procedures ² were applied for Recylex GmbH, C2P Germany GmbH and Recylex Grundstücksverwaltungsgesellschaft mbH. The objective which was to turnaround the Group as a whole, initiated during 2018, is now stopped due to the SARS-CoV-2 pandemic's effects. The French companies of the Recylex Group are not in the scope of these German procedures. Recylex S.A. is assessing the consequences of this development on its activities.

Sebastian Rudow, Chairman and Chief Executive Officer of Recylex S.A., commented:

"The rapid developments caused by the SARS-CoV-2 pandemic have effects we can no longer influence. The slump of the zinc price and the deteriorating economic outlook are now taking away the going concern perspective of Harz-Metall GmbH. As a result, the entire German management has been forced by German law to file for insolvency for all German companies of the Group. This abruptly ends the restructuring path that has been initiated after the technical difficulties due to the conversion of Nordenham's Bath Smelting Furnace for the combined operation with the new reduction furnace in 2018. With the protective shield procedures, the operationally active entities of the German subgroup will be entering a new path to face the challenges of the SARS-CoV-2 pandemic. I am expecting that the special restructuring benefits provided by German law in these procedures will enable the entities to continue their business operations and to pursue their restructuring according to a path individually chosen by them. Weser-Metall GmbH' smelter needs to be supplied continuously and the used lead-acid batteries recycling plants of Recylex S.A. are currently resuming their operations. Our polypropylene production in France stands with great know-how and high industrial standards. Without the challenges of the German subgroup, we can and must focus on our core in France. The improvement of our processes, the establishment of new customers and above all sustainable profitability are the primary targets in order to secure the foundation of the Group (within its reduced perimeter) and to be empowered to build on it with future investments. In the short term, however, Recylex S.A. has to find solutions to be able to pay off its debts in the future and, at first, to subsist the SARS-CoV-2 pandemic."

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1. Protective procedures for the German subgroup

Against the backdrop of the lockdown measures to face the SARS-CoV-2 pandemic worldwide, metal prices fell dramatically. Given the macroeconomic outlook and after examining all the possible future scenarios, it appears that a sufficient short and medium-term recovery cannot be expected. In particular, the prospects for the zinc price started to jeopardize the Zinc activities of the German subgroup's Harz-Metall GmbH and causes a complementary cash demand to be covered during the next two years of up to €8.6 million for Harz-Metall GmbH only. This new complementary financing need could not be added to the existing financing volume by the financing parties in the light of the given restructuring³. As this new complementary financing need cannot be covered, the going concern perspective of Harz-Metall GmbH became compromised and due to German law the Managing Director of Harz-Metall GmbH was obliged to file for insolvency.

The Managing Directors of all other German entities were also obliged to file due to the joint liabilities of the whole German subgroup companies against the financing parties.

The protective shield procedures were chosen for the operationally active German entities (Weser-Metall GmbH, Harz-Metall GmbH, Norzinco GmbH and PPM Pure Metals GmbH) and the self-administration procedures for the remaining German legal entities (Recylex GmbH, C2P Germany GmbH and Recylex Grundstücksverwaltungsgesellschaft mbH (Real Estate Property)). The objective of the filing for protective shield procedures is to continue each business operation and to implement individual restructuring processes and, therefore, to enable the companies to survive once the SARS-CoV-2 pandemic has been overcome.

2. Update on Recylex S.A.

The filing of German subgroup's legal entities results in following major consequences:

At first, the €16.0 million loan of 2014 from Glencore International AG to Recylex S.A. may become due at any time after being linked since 2016 with the financing of the German subgroup⁴. Recylex S.A. requests from Glencore International AG to waive its claim on this loan due to the events that have occurred and to agree to maintain the loan.

As a second effect, as from the decision of the German court (which should be issued very soon), Recylex S.A. will lose immediately control of the German entities, resulting in the deconsolidation of the entire German perimeter. The loss of control will appear as a direct consequence of the orders of

the German insolvency court which will occur after the applications. With the court orders, all power of attorney will be completely transferred to the Managing Directors of the German entities and the Insolvency Administrator that will be appointed. As a consequence the Recylex Group will as from that time consist solely of the French operations which are the two used lead-acid batteries recycling plan of Recylex S.A., C2P S.A.S. and the 50% participation in Recytech S.A.

The indicative impacts of the deconsolidation of the German subgroup on the consolidated accounts of the Group can be describe non-exhaustively as follows (unaudited IFRS figures as of December 31st, 2019 *):

<i>In million euros</i>	Group before deconsolidation	Indicative impacts of the deconsolidation of the German entities	Remaining entities of the Group
Turnover	306	-231	75
Number of employees	746	-674	72
Current Operating Result (ROC)	-46	44	-2
Net financial debt	184	-136	48
Total assets before adjustments of impairment	183	-130	53

* Non audited figures in IFRS. The 2019 consolidated accounts and the statutory accounts of Recylex S.A. are not approved by the Board of directors of Recylex S.A. due to the uncertainty of the going concern.

Recylex S.A. is gradually resuming its used lead-acid batteries recycling operations and restarted to deliver materials to Weser-Metall GmbH with prepayments. Recylex S.A.'s objective is to remain a key supplier of Weser-Metall GmbH in the future and to continue developing other outlets.

Recylex S.A. is reviewing its financial planning taking into account the new situation. The capacity of Recylex S.A. to pursue its activities is dependent upon the capacity of Weser-Metall GmbH to continue its activity as well as continuously sourcing secondary raw material from Recylex S.A.

Claims of Recylex S.A. to the German subgroup are: €10.7 million under a loan to Weser-Metall GmbH (2016), €5.0 million under a loan to Recylex GmbH (2017/2018) and open receivables to Weser-Metall

GmbH (€5.4 million). These claims will most likely not be reimbursed due to the filings of the German entities.

3. Update on the financial situation of Recylex S.A.

As of May 13, 2020:

- Recylex S.A.'s debt amounted to €52.8 million. This amount includes the €16 million loan from Glencore International AG, the EU commission cartel fine with €24.6 million and other financial debts of €12.2 million (including a debt of €2.8 million to Recylex GmbH) resulting from the Continuation Plan procedure which ended in 2015.
- Recylex S.A.'s net cash position amounted to €8.5 million.

As a result, Recylex S.A.'s net debt amounted to €44.3 million.

4. Other

Recylex S.A. has obtained an extension from the President of the Paris Commercial Court until July 31, 2020 for the delay to hold the general meeting convened to approve the 2018 annual and consolidated financial statements.

5. Suspension of the trading of the Recylex S.A. ordinary shares is maintained

Taking into account the uncertainties with respect to the capacity of Recylex S.A. to continue its activities after the filing of the German subgroup's legal entities and accordingly the difficulty to get reliable information on the short, medium and long term financial perspectives of Recylex S.A., the trading of the Recylex S.A. ordinary shares will remain suspended until Recylex S.A. is in a position to communicate on its situation and its capacity to pursue its activities.

1 « Schutzschirmverfahren ».

2 « Eigenverwaltungsverfahren ».

3 See in particular the press releases of December 5, 2018, March 26, 2019, June 17, 2019, July 15, 2019, July 31, 2019, October 28, 2019, November 7, 2019, November 27, 2019, December 20, 2019, February 21, 2020, March, 19, 2020, April 30, 2020 and May 7, 2020.

4 See Press Release of April 30, 2020

Disclaimer: This press release is a non-official translation into English of the press release of the same date issued in French language and is provided solely for the convenience of English-speaking users. This press release should be read in conjunction with and construed in accordance with French law.

Raw materials from urban mines

The Recylex Group, based in France and Germany, is a European specialist in the recycling of lead, zinc, polypropylene and in the production of high-purity special metals. As a key player in the circular economy and thanks to its long-standing know-how, Recylex achieved consolidated sales of €306 million in 2019 and employs more than 730 employees.

For more information about the Recylex Group: www.recylex.eu

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