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Press release

Claim for damages brought by SNCF Réseau concerning the Estaque site: decision of the Marseille Administrative Court. Recylex intends to contest this enforceable decision, while continuing the debt restructuring process

Recylex S.A. (Euronext Paris: FR0000120388 - RX) announced today that it has been condemned to pay SNCF Réseau the sum of €5.7 million for the “global refurbishment” of the railways public domain near the Estaque sector, *in solidum* with S.A.S.U. Retia, a subsidiary of Total Energies. The two companies will have to pay the surplus, up to €63.3 million, as and when SNCF Réseau calls for funds.

Recylex S.A. has decided to appeal this decision, it being specified that the appeal does not automatically suspend its execution: “This ruling of the Administrative Court of Marseille further jeopardizes the debt restructuring process of Recylex S.A., which has managed to successfully stabilize its operational activities in recent months and to keep its position in the market despite the adverse circumstances arising from the pandemic. The SNCF Réseau's lawsuit places the Company in an even more difficult position, threatening employment and the company's future”, underlines the Chairman of the Board of Directors, Thomas Hüser.

The ruling comes at a critical time for the financial health of the Recylex Group, a major French player in the circular economy employing 70 people at three sites in France and responsible for heavy environmental liabilities inherited from the Group's industrial history.

Depending on the Company's cash flow and the fact that it has no credit lines, the immediate payment to the SNCF Réseau of the initial sum of €5.7 million could result in a cessation of payments. In this context, the Company intends to challenge this decision by any legal means deemed useful, both on its substance and on its payability, as it has always done against SNCF Réseau's demands since the beginning of these proceedings^{1 2}, so as to continue the restructuring process undertaken.

¹ See press release of May 7, 2018 and notes 1 and 30 to the consolidated financial statements at December 31, 2020.

² As a reminder, as stated in note 30 to the consolidated financial statements at December 31, 2020: “Concerning the motion filed by SNCF Réseau to have Recylex S.A. and RETIA SASAU jointly ordered to pay the entire amount necessary

At May 31, 2021, the Company's net financial debt stood at €41.9 million³. At the same date, cash and cash equivalents amounted to €8.4 million.

As a reminder, as the maturities of the financial debt were not compatible with the Group's cash generation, Recylex S.A. had already entered into 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 generation capacities.

Within this framework, and in order to preserve employment associated with its activities, the Group is continuing to explore the various options for restructuring its debt.

Thus, at the end of April 2021, the Group mandated the investment bank Oddo-BHF to be assisted in the process of selling certain activities and/or assets. At the same time, the Company has also initiated a process to sell the discontinued Estaque site, which ceased to operate several years ago.

Recylex S.A. will continue to keep its shareholders informed of the progress of the restructuring process.

for the “complete refurbishment” of the publicly owned rail assets in the L’Estaque rail section in Marseille, Recylex S.A. did not set aside any provisions in its financial statements at December 31, 2020 to cover these risks. 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: i) 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, et ii) There is no detailed documentation concerning this application enabling it to assess the probability of an outflow of financial resources.”

³ Net financial debt as of May 31, 2021, excluding IFRS 16 rental debt.

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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