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Press release

Financial information at September 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 September 30, 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 September 30, 2021 are limited to the activities of the Recylex Group in its new configuration, whereas the consolidated sales published at September 30, 2020 included those of the entities of the former German subgroup until the date of their deconsolidation. In order to enable a comparison with September 30, 2021 financial information, the consolidated sales at September 30, 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>	At September 30, 2021	At September 30, 2020	Comparable basis as at September 30, 2020	Change on a reported basis (%)	Change on a comparable basis (%)
Lead	59.8	85.9	35.7	-30%	68%
Zinc	-	20.6	-	-100%	n/a
Special Metals	-	5.5	-	-100%	n/a
Plastic	7.4	5.9	5.9	25%	25%
Other activities	0.2	-	0.6	n/a	n/a
Total	67.4	118.1*	42.3*	-43%	59%

IFRS data, unaudited figures.

n/a: not applicable

*Rounding effect

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

<i>In euros per ton</i>	First nine months of 2021 average	First nine months of 2020 average	Change (%)
Lead price	1,808	1,600	+13%
€/ \$ exchange rate	1.1967	1.1249	+6%

Source: London Metal Exchange.

The average lead price for the first nine months of 2021 was €1,808, up +13% compared to the average for the same period in 2020.

Expressed in dollars, the average lead price for the first nine months of 2021 was \$2,162, up +20% compared to the average for the first nine months of 2020. At the same time, the €/ \$ exchange rate has also increased over the period (+6.5% compared to 2020), attenuating the increase in the lead price expressed in euros to +13%.

The average €/ \$ exchange rate at September 30, 2021 was \$1.197€, an increase compared to the average exchange rate for the first nine months of 2020 (\$1.125/€).

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

Consolidated sales at September 30, 2021 amounted to €67.4 million.

2.1 Lead segment

The Lead segment accounted for 89% of consolidated sales at September 30, 2021, and includes sales from Recylex S.A.'s two used lead-acid battery recycling plants.

Consolidated sales for the period ended in September 30, 2021 totalled €59.8 million, a sharply increase compared with the consolidated sales on a comparable basis for the same period in 2020 (+68%).

In the first nine months of 2021, Recylex S.A. recycled approximately 68,600 tons of used lead-acid batteries, a volume that sharply increased compared with the same period of 2020 (+52%), mainly due to:

- A first half of 2020 heavily impacted by the effects of the SARS-CoV-2 health crisis, which had 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 in the second and third quarters of 2021, with higher volumes of secondary materials sold than those observed in the second and third quarters of 2020. Lead segment sales for the third quarter of 2021 amounted to €23.0 million, compared with €13.9 million for the third quarter of 2020.

In addition, the sharp rise in lead prices over the first nine months of 2021 has supplemented the growth in sales from volumes recycled and sold.

As of the end of August 2021, Glencore International AG has taken over the assets of Nordenham smelter, which were operated by the Recylex Group's former subsidiary, Weser-Metall GmbH, which is subject to insolvency proceedings. These assets are now operated by Nordenham Metall GmbH, which is wholly owned by Glencore International AG. To date, the used lead-acid battery recycling sites in Villefranche and Escaudoeuvres continue to supply this smelter and their main customer is now Glencore International AG. As of September 30, 2021, sales to the Nordenham smelter represented 93% of the Lead segment's sales, reflecting the company's strong dependence on this almost unique 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), 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 Plastics segment accounted for 11% of consolidated sales at September 30, 2021, and covers the activities of C2P S.A.S.

Consolidated sales totalled €7.4 million in the nine months ended in September 30, 2021, a sharp increase (+25%) compared to consolidated sales at September 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 virgin polypropylene prices, the recycled polypropylene business suffered, in the second and third quarters of 2021, from the slowdown observed in the automotive market, the latter being mainly impacted by the shortage of components currently affecting the sector.

As a result, the Plastics segment's sales for the third quarter of 2021 amounted to €2.3 million, a level comparable to that observed in the third quarter of 2020 amounting to €2.1 million.

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

At September 30, 2021, the Company's net financial debt amounted to €48.9 million (excluding IFRS 16 lease debt) and mainly comprises:

- The €16 million loan (€17.9 million including capitalized interest) granted by 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 related to the European Commission's fine for an amount of €25.3 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 €1.8 million at September 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 September 30, 2021, with Glencore International AG as the main creditor for an amount of €2.5 million. Recylex S.A. has obtained from Glencore International AG a conditional waiver until January 31, 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 mentioned 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 September 30, 2021, Recylex S.A.'s cash and cash equivalents amounted to €3.5 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. The amounts and maturities of these debts and liabilities are disproportionate to the current scope of the Group's activities. Despite the current favourable 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.

Several months ago, Recylex S.A. initiated a debt restructuring process with the aim of adapting the amount and timing of its debt to its cash-generating capacity.

Following discussions with the Group's main creditors, namely Glencore International AG and the European Commission, Recylex S.A. has initiated an asset disposal process, with the priority being the preservation of the jobs associated with these activities and the restructuring of debt⁸.

The progress of these various ongoing processes highlights the following aspects:

- If a sale of the 50% stake in Recytech S.A. were to take place, the proceeds of the sale would be fully absorbed by the commitments given by Recylex S.A. to Glencore International AG under the first and second-rank pledges of Recytech S.A. shares. The amount of the commitments amounts to €60.7 million at September 30, 2021⁹. Therefore, without significant debt waivers, the issue of restructuring the debt of the other creditors would remain unresolved.
- 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.
- In addition to restructuring its debt, 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 would not allow the Group to participate in the repayment of its debts in view of the amount of the remaining rehabilitation costs to be borne.

The success of the debt restructuring depends on the outcome of the planned asset disposals, as well as on the willingness of creditors to accept significant debt waivers, and therefore remains highly uncertain. As a reminder, and for this reason, the company is not in a position to close its half-year financial statements for 2021 and to publish its half-year financial report as of June 30, 2021¹⁰.

Thomas Hüser, Chairman of the Board of Directors of Recylex S.A., has declared: *"The recent progress of the asset disposal process and the potential increase in our debt by the recent ruling of the Marseille Administrative Court make the outcome of this restructuring very uncertain. If no agreement is reached with the creditors on a significant debt waiver, the consequences in terms of the payability of the debts*

would lead Recylex S.A. to have to declare its cessation of payments, given its current cash flow forecasts."

4. Forecasted financial agenda

- Financial information at December 31, 2021: Thursday, February 10, 2022 (after market 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.

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 See press release dated October 4, 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

APPENDICES

Quarterly evolution of metal prices averages

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

Source: London Metal Exchange.

Consolidated sales by quarter and segment

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

IFRS data, unaudited figures.

Recylex S.A.'s sales

In million of euros	Nine months to September 30, 2021	Nine months to September 30, 2020	Change (%)
Lead segment	61.6	36.8	+67%
Services to Group companies	0.4	0.8	-43%
Chiffre d'affaires total	62.1	37.6	+65%

IFRS data, unaudited figures.