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Press release

Filing for the opening of Court-ordered reorganization proceedings ("redressement judiciaire") and the implementation of a disposal plan for the Group's industrial assets ("prépack cession"), following the failure of the debt restructuring

Recylex S.A. (Euronext Paris: FR0000120388 - RX) (the "Company") notes, in light of the offers received in the context of the asset disposal process that the Company had initiated in May 2021, that (i) it will not have sufficient financial resources to allow a debt restructuring in an amicable framework, and (ii) it will be impossible to implement the envisaged asset disposal program in an *in bonis*¹ framework.

The offers received by the Company to date are as follows:

- An offer for the Escaudoeuvres and Villefranche-sur-Saône industrial sites and the shares of the subsidiary C2P S.A.S. for less than €2.5 million, allowing the preservation of the business and jobs (60 jobs in total);
- Two offers for the 50% stake in Recytech S.A. for a total of €40 million, this stake being subject to a first and second ranking pledge in favour of Glencore International AG;
- Offers valuing the discontinued Estaque site for an amount of less than €0.5 million (on the assumption of environmental rehabilitation obligations taken over by the potential buyer).

This compares with total net debt of €52.2 million, plus provisions for environmental risks and liabilities of €16.2 million², for a total of €68.4 million. The Company does not expect to receive any further offers in view of the extensive due diligence undertaken to find potential buyers.

This asset disposal process was part of an amicable prevention procedure (conciliation), which has been underway for several months, at the initiative of the Company, and which will end on April 15, 2022, without a debt-restructuring plan having been approved.

Press & Investor contact : **T** +33 (0)1 58 47 29 91 | **E** info@recylex.eu

Recylex S.A. | Registered office: 6 place de la Madeleine | 75 008 Paris | France
Administrative office: 79 rue Jean-Jacques Rousseau | 92 158 Suresnes Cedex | France



In addition, a significant portion of the Group's debt will also become due after April 15, 2022.

As a result, the Company will be in a state of cessation of payments and is preparing to file for reorganization proceedings ("*redressement judiciaire*") before the Paris Commercial Court, under the conditions provided for by law³.

The Company notes that the conditional offer received from Campine NV for the two industrial sites (including its subsidiary C2P S.A.S., located at the Villefranche-sur-Saône site) is likely to maintain the activities of the Group's industrial sites and the associated jobs. However, it is still uncertain whether these conditions will be met.

This offer remains subject to an agreement between Campine NV and the French government on the amounts of the financial guarantees that the buyer would have to put in place in the event of the takeover of the operation of these two sites, which are classified as "Seveso".

If the Court grants the request for the opening of reorganization proceedings ("*redressement judiciaire*"), this procedure will allow the examination by the Court of the offer received from Campine NV and the study of a judicial solution for the restructuring of the Company's debt.

As this is the only offer for the industrial sites, the Company will request that Campine NV's offer be examined by the Paris Commercial Court according to the "*prépack cession*" procedure - which implies, in particular, an accelerated timetable - in order to limit the consequences on the activity and employment at the industrial sites.

The asset disposal process carried out by the Company since May 2021, in parallel with the process of restructuring its debt, is thus in the hands of the Paris Commercial Court.

In the event of the opening of reorganization proceedings ("*redressement judiciaire*") it should be noted, however, that, given the importance of the debts and other liabilities, and the low value of the assets resulting from the offers received, the prospects of the adoption of a reorganization plan ("*plan de redressement*"), in parallel with the envisaged "*prépack cession*", remain uncertain.

The Company reiterates below in more detail the announcements made today:

1. Offers received for the Company's assets;
2. Inability to present a debt restructuring plan in an amicable framework;
3. Examination by the Paris Commercial Court of the offer received for the industrial sites in the context of the asset disposal process ("*prépack cession*").

1. Offers received for the Company's assets

The Company's only assets to date are the following⁴:

- The Villefranche-sur-Saône and Escaudœuvres sites for the recycling of used lead-acid batteries, as well as the polypropylene waste recycling business of the subsidiary C2P S.A.S. located at the Villefranche-sur-Saône site;
- the 50% stake in Recytech S.A.;
- Discontinued mining and industrial sites, including the Estaque site in Marseille.

Offer for the Villefranche-sur-Saône and Escaudœuvres sites

The structured and competitive sales process conducted by the Company since May 2021 has enabled to identify and approach, through the intermediary of the investment bank ODDO BHF Corporate Finance, nearly 80 potential investors, to finally obtain a single offer for the Group's "lead" and "plastics" operations.

This offer from Campine NV, a Belgian company listed on Euronext Brussels, would ensure the takeover of all the industrial activities and almost all employees of the Villefranche-sur-Saône and Escaudœuvres sites, including C2P S.A.S. (via a takeover of the corresponding stake), while providing a new overall industrial vision for the years to come.

This offer is likely to promote the sustainability of activities and jobs at sites that are fully committed to the lead and plastic waste recycling economy.

The proceeds from the sale of all the industrial activities being less than €2.5 million, notably because of the significant investments to be made at these two sites, it would not contribute significantly to the restructuring of the Group's debt

At the date of publication of this press release, the offer received remains subject to certain conditions related to the level of the overall amount of the environmental financial guarantees to be provided by the buyer, in accordance with the provisions of articles L.516-1 and L.516-2 of the French Environmental Code. Discussions are currently underway between the Government departments concerned and the potential buyer. Given the nature of these conditions, the Company is not currently in a position to comment on the fulfilment and lifting of these conditions, which are beyond the Company's control.

Offers concerning the discontinued Estaque site

The discontinued Estaque site has been the subject of an environmental remediation program for several years. The Company has received proposals to acquire this site with a *tiers demandeur* mechanism⁵ that would allow a significant portion of the remaining remediation costs to be transferred to the buyer. The expected proceeds from the sale would be less than €0.5 million and would not contribute significantly to the restructuring of the Group's debt.

Offers for the stake in Recytech S.A.

The Company has received indicative offers of up to €40 million for its 50% stake in Recytech S.A. The proceeds from the sale of this stake are expected, based on the offers received, to be fully received by Glencore International AG, as the Company's main creditor and beneficiary of a first and second ranking pledge on the Company's stake in Recytech S.A. (it being specified that the amounts guaranteed by these pledges amount to €47.1 million as of March 31, 2022⁶). These offers are not likely to enable the Company's debts to be restructured and, by extension, its activities and jobs to be maintained.

2. Inability to present a debt restructuring plan in an amicable framework

Gross financial debt and other liabilities amount to 82.3 million euro to date, as summarized below:

Summary of known debts and liabilities	
<i>In millions of euros</i>	
Glencore International AG	27.5
European Commission	25.7
SNCF Réseau / Retia	2.9
Others	0.3
Financial debts	56.4
Rehabilitation of former mining sites and Estaque	13.4
Litigation Metaleurop Nord	4.0
Litigation SNCF Réseau	8.5
Provisions for other liabilities	25.9
Total provisioned debts and other liabilities	82.3
Cash and cash equivalents	4.2

As consequence, the offers received do not provide the Company with sufficient financial resources to consider restructuring its debt.

The imminent expiration and the failure of the current conciliation procedure, as well as the payability of a large part of the debt after April 15, 2022, will lead the Company to declare a situation of cessation of payments under the conditions provided for by law and to request the opening of a Court-ordered reorganization proceedings ("redressement judiciaire") in which the sale of the "lead" and "plastic" operations could be ordered by the Court.

2.1. Significant debt and liabilities inherited from the past

Net financial debt

As of March 31, 2022, the Company's net financial debt amounted to €52.2 million (excluding IFRS 16 rental debt).

Debt	Creditors	million euros
€16 million loan (a)	Glencore International AG	18.6
Debt related to the European Commission fine (b)	European Commission	25.7
Clawback clause (c)	Glencore International AG & Others	4.1

Rescheduled debt from the 2005-2015 continuation plan (d)	Glencore International AG	5.1
SNCF Réseau/ Retia SASU (e)		2.9
Total debt		56.4
Total available cash		4.2
Net debt as of March 31, 2022		52.2

Financial debt breaks down as follows:

- a. Loan of €16 million (€18.6 million including capitalized interest) taken out in 2014 with Glencore International AG. At the end of December 2021, the Company obtained from Glencore International AG 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). Given the absence of an amicable debt-restructuring plan and the end of the conciliation procedure on April 15, 2022, the liabilities corresponding to the accrued interest (€2.5 million) will become due and payable after that date. As regards the principal, the corresponding liability will now be considered as an unmatured demand liability due to Glencore International AG's right to declare the loan due at any time;
- b. Debt relating to the European Commission fine of €25.7 million, including interest on suspended maturities. In September 2020, the Company temporarily suspended payment of the fine in the context of discussions with the European Commission. The outstanding maturities amount to €2.7 million as of March 31, 2021. The full amount of the fine will become due after April 15, 2022;
- c. Clawback clause under the 2005-2015 continuation plan for an amount of €4.1 million⁷. The amounts due under this debt amount to €3.8 million at December 31, 2021, with Glencore International AG as the main creditor for €3.5 million. The total amount will become due after April 15, 2022, as the suspension of the due date granted by Glencore International AG will end on that date;
- d. The rescheduled debt, due in 2026, resulting from the Company's continuation plan, for an amount of €5.1 million towards Glencore International AG;
- e. An estimated debt of €2.9 million⁸ in connection with the order by the Marseille Administrative Court ruling to pay €5.7 million to SNCF Réseau *in solidum* with Retia SASU.

Retia SASU, which indicates having paid the full amount called in by SNCF Réseau, i.e. €5.7 million, in December 2021, would therefore have a recourse claim against the Company.

These debts are largely attributable to the past of the former Metaleurop Group.

It should be noted in this respect that since 2005 the Company has disbursed nearly €108 million euros for liabilities related to the past, including:

- €42 million under its continuation plan;
- €24 million in compensations paid to former employees of Metaleurop Nord S.A.S. following legal proceedings initiated by them; and
- €42 million for the remediation of former mining sites and the discontinued Estaque site.

Other liabilities

The Company also has a number of environmental liabilities inherited from its industrial and mining past, including:

Provisions	Nature	million euros
Liabilities for the rehabilitation of former mines (€3.7 million) and the discontinued Estaque site (€9.7 million)	Costs provisioned in the amount of	13.4
Judgment by the Marseille Administrative Court in respect of damage allegedly caused by SNCF Réseau to railway infrastructure (joint and several with Retia SASU) (e)	Amount provisioned <i>[Initial judgment of up to €63.3 million euros on call for funds]</i>	8.5
Litigation Metaleurop Nord S.A.S.		4.0
Total Provisions		25.9

In view of the offers received to date for the discontinued Estaque site, a possible sale of the site with a *tiers demandeur* mechanism⁵ would make it possible, in the event of a sale, to transfer the remediation costs and obligations (€9.7 million) to the buyer. The remaining provisions to be cleared

in this case would amount to €16.2 million.

Liabilities resulting from the decision of the Marseille Administrative Court

On May 26, 2021, the Marseille Administrative Court ordered the Company, jointly and severally with Retia SASU, to pay the SNCF Réseau a provisional amount of €5.7 million for the “global refurbishment” of the railways public domain near the Estaque sector. The Company and Retia SASU must also pay the remainder, up to a maximum of €63.3 million, as and when SNCF Réseau calls for funds⁹. The Company filed an appeal of this decision on July 22, 2021. The Company also filed a request for a temporary suspension of execution on October 29, 2021.

Retia SASU indicates having paid €5.7 million to SNCF Réseau in December 2021, and would therefore have a recourse claim against the Company – estimated at 50% of this amount (approximately €2.9 million) for accounting purposes subject to the determination of the exact contribution of each party.

A provision of €8.5 million euros has been made in the Company's accounts for this litigation with SNCF Réseau.

2.2. A weakened business model and an activity that does not allow the repayment of existing debts

Since May 2022, the Group's main activity is the recycling of used lead-acid batteries at the Villefranche-sur-Saône and Escaudœuvres sites, for which the quasi-unique outlet is Nordenham smelter (in Germany), the industrial site of the former German subgroup (then called Weser-Metall GmbH). The assets of this smelter were taken over by Glencore International AG in August 2021 through its subsidiary Nordenham Metall GmbH. Material purchases from this smelter accounted for 90% of the Recylex Group's sales in 2021. The Company's business and cash generation capacity are thus highly exposed to fluctuations in demand from Nordenham Metall GmbH, which makes Recylex business model even more fragile.

The Group has sought to reduce its heavy dependence on this quasi-unique customer. However, as the recycling process for used batteries at the two French sites was originally designed as an integral part of the Nordenham smelter's secondary materials recovery chain, it became clear that significant industrial changes in the used battery recycling process would be required before other potential customers and market segments could be targeted.

Despite the efforts undertaken over the past two years, the Company has not yet succeeded in finding significant new outlets for its products from the recycling of used lead-acid batteries, nor in making the industrial changes necessary to address new outlets.

The sustainability of the activity is thus considerably weakened, requiring the takeover by an industrial operator such as Campine NV.

2.3. The offers received do not allow for the repayment or restructuring of debts

The various offers received highlighted the following:

- a. It is clear that the proceeds from a potential sale of the Group's assets will not be sufficient to effectively support a restructuring of the debt, or even a sufficiently significant portion thereof;
- b. Without significant debt write-offs, which are unlikely due to the security interests in the Company's assets⁶, the sale of all the assets would not be sufficient to reduce the Company's debt;
- c. The valuation process for the discontinued Estaque site has shown that the offers received would only cover the remaining rehabilitation costs and would clearly not contribute to the repayment of the existing debt.

2.4. Failure and expiration of the conciliation procedure and cessation of payments

In order to deal with the difficulties encountered and the level of indebtedness of the Group, the Company had requested the opening of conciliation proceedings, in order to benefit from a confidential and protective framework, conducive to discussions relating to the restructuring of the debt and the assessment of the feasibility of a sale of all or part of the Company's assets and/or activities, with the assistance of a conciliator.

This conciliation procedure was opened by the President of the Paris Commercial Court on June 15, 2021.

The purpose of this conciliation procedure was to reach an agreement with the financial partners and with any creditors (in particular Glencore International AG, the European Commission and SNCF

Réseau) to restructure the debt in order to ensure the sustainability of its operations.

By a new order dated November 18, 2021, the President of the Paris Commercial Court therefore extended the conciliator's mission to the organization of a partial or total sale of the company, which could be implemented, if necessary, in the context of subsequent reorganization proceedings (namely the French *Sauvegarde, Redressement Judiciaire* or *Liquidation Judiciaire*) ("prépack cession" mission).

In the absence of an agreement with the creditors, the conciliation procedure, which will end on April 15, 2022, will fail.

The Company will not have sufficient cash flow to meet its liabilities, which will become due as a result of the expiration and failure of the conciliation procedure.

The Company will therefore be obliged to declare its situation of cessation of payments to the Paris Commercial Court and to request the opening of reorganization proceedings ("*redressement judiciaire*").

3. Examination by the Paris Commercial Court of the offer received for the industrial sites in the context of the asset disposal process ("*prépack cession*")

The declaration of cessation of payments will be filed by the Company under the conditions provided for by law.

The Company will keep investors informed of the Court's decision.

If the application to open Court-ordered reorganization proceedings ("*redressement judiciaire*") is granted, the Paris Commercial Court will be asked to examine the offer received from Campine NV in accordance with the terms of the "*prépack cession*" (implying, in particular, an accelerated examination schedule in order **to limit the consequences on the activity and employment of the industrial sites**) and to order, as a result, the sale of the Company's "lead" and "plastics" operations in accordance with article L. 631-22 of the French Commercial Code. This assumes, however, that the remaining conditions attached to this offer can be lifted in the near future.

At the same time, the Company may study the feasibility of a legal solution for restructuring its debt and the continuation (or sale) of its holding company activity or the sale of the related stake in

Recytech S.A.

In the event of the opening of reorganization proceedings ("*redressement judiciaire*") it should be noted, however, that, given the importance of the debts and other liabilities, and the low value of the assets resulting from the offers received, the prospects of the adoption of a reorganization plan ("*plan de redressement*"), in parallel with the envisaged "*prépack cession*", remain uncertain.

In view of the above, there are no plans at this stage to resume the listing of Recylex S.A. shares.

- 1 The Latin expression *in bonis* refers to the situation in which a natural person or legal entity normally has all the rights to its assets.
- 2 Recylex S.A. has made provisions for only €8.5 million in respect of the litigation with SNCF Réseau, in which the Company was ordered in the first instance to pay €63 million jointly and severally with Retia SASU, and the costs of rehabilitation (€9.7 million) would be transferred to the purchaser of the Estaque site in the event of sale, with a *tiers demandeur* mechanism (Article L. 512-21 of the French Environmental Code).
- 3 Article L631-4 of the Commercial Code.
- 4 See press releases of May 14, 2020 and May 20, 2020.
5. Article L. 512-21 of the Environmental Code.
6. As a reminder, the first and second ranking pledges cover certain financial commitments of the Company or its former German subsidiaries to Glencore International AG, which are detailed in Note 30 of the notes to the consolidated financial statements for the year ended December 31, 2020.
7. The nominal amount of the better fortunes clause amounts to €19.2 million, of which €17.8 million is owed to Glencore International AG.
8. Corresponding to 50% of the amount of €5.7 million for accounting purposes, subject to the determination of the exact contribution of each party.
- 9 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

Press & Investor contact : T +33 (0)1 58 47 29 91 | E info@recylex.eu

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Administrative office: 79 rue Jean-Jacques Rousseau | 92 158 Suresnes Cedex | France