

23 September 2020 – 6 pm

Press Release

Information as of September 23, 2020

The Recylex Group (Euronext Paris: FR0000120388 - RX) publishes today an information as of September 23, 2020.

As a reminder¹, the Recylex share listing remains suspended until the company is able to reliably communicate on its going concern outlook. This depends on several structuring items² which are currently being worked on, approached or constantly monitored by the management team, and more particularly:

- The ability of Weser-Metall GmbH to continue its activities and, depending on its strategic orientations following its insolvency procedure, to continue to source secondary materials from Recylex S.A., Weser-Metall GmbH being Recylex S.A.'s main customer,
- The restructuring of Recylex S.A.'s financial and non-financial debt in order to ensure that the cost of short and medium-term debt is compatible in the future with the Group's new and smaller scope of consolidation, including:
 - The outcome of the request concerning the restructuring of the staggered payment plan for the fine imposed on the Group in 2017 by the European Commission,
 - The outcome of ongoing discussions regarding the restructuring of the loan from Glencore International AG concluded in 2014,
 - The outcome of the request formulated concerning the temporary suspension of the rehabilitation works of L'Estaque site and the postponement of the date of completion of the works.

Only when these items have been resolved can the continuation of Recylex S.A.'s activity be considered possible.

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

"Due to the insolvency of the former German subgroup, Recylex S.A. faces major new challenges and its horizon is still uncertain. In view of our existing business relationships, the insolvency procedure of Weser-Metall is of particular importance for Recylex S.A. According to our information, the insolvency proceeding is expected to continue for several more weeks. If Weser-Metall is sold by the insolvency administration, our first priority will be to negotiate a contract with the future Weser-Metall company in order to pursue the sale of our materials. However, it is crucial to continue to look for other outlets in the medium term. We are already in discussions with potential new customers, but no commitment has yet

been signed. At the same time, we are studying the technical possibilities of adapting our industrial processes to the different qualities required by several players in the market. In doing so, we must also take into account our facilities that have been in operation for many years and do not have the latest technical processes. We will therefore also have to invest in the coming years. The Group's employees are working hard to stabilize our production and improve our productivity. Another important priority to ensure our future viability is to significantly improve the purchasing conditions for used lead batteries. We are therefore continuing to develop our supplies in this direction. Finally, we have entered into decisive negotiations to restructure our liabilities. However, this will take several months and will depend on our ability to generate sustainable profits from our activities. Only without the burden of our existing debt and with a regained competitiveness, that we will be able to create a new solid base for the future of the Recylex Group. »

1. Development of the insolvency procedure of Weser-Metall GmbH

The German company Weser-Metall GmbH, which operates the Nordenham lead smelter and is Recylex S.A.'s main customer, has just completed the preliminary phase of its insolvency procedure under German law which was started on May 14, 2020. At the end of this phase, Recylex was informed that only one potential buyer of the assets of Weser-Metall GmbH remained in the running, namely Glencore International AG.

Consequently, Recylex is closely monitoring developments in this procedure, which is being conducted independently by the insolvency administration who currently manages Weser-Metall GmbH. According to the information available to Recylex, no date has been set for the finalization of the discussions in this procedure.

In this context, Recylex S.A. is continuing to deliver recycled materials to Weser-Metall GmbH with prepayments. However, Recylex S.A.'s going concern requires it to secure a long-term horizon in terms of outlets for its materials.

Recylex S.A. is therefore continuing to look for other customers in Europe and is awaiting the outcome of the insolvency proceedings of Weser-Metall GmbH, and in the event of a positive outcome, to be able to enter into longer-term commercial negotiations with the new shareholder of Weser-Metall GmbH.

2. Update on the financial situation

As of August 30, 2020, the Group's net debt (new scope of consolidation¹) amounted to €42.6 million

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(€53.2 million gross debt) and consisted mainly of:

- The €16.0 million loan (fully drawn down) concluded in 2014 by Recylex S.A. with Glencore International AG and accrued interest of €0.8 million over the period,
- The remaining balance of the fine imposed on the Group in 2017 by the European Commission in the amount of €24.4 million,
- Rescheduled liabilities from the continuation plan (finalized in 2015) and the amount of the claw back clause, for a total of €12.0 million.

To these debts should be added⁴ provisions for the rehabilitation of L'Estaque site and former mines in the amount of €9.0 million and a provision for contingencies of €4.0 million for litigation relating to claims for damages by 546 former employees of Metaleurop Nord S.A.S³.

In this context, Recylex S.A.'s ability to continue as a going concern depends on the fulfilment of several structuring assumptions², relating not only to the continuation of business with Weser-Metall GmbH, but also to the restructuring of Recylex S.A.'s financial and non-financial debt. Due to the developments caused by the SARS-CoV-2 pandemic on its financial situation and to all these uncertainties, Recylex S.A. has in particular¹:

- Initiated discussions with Glencore International AG in order to obtain an extension beyond October 31, 2020 of the waiver of its right to terminate immediately the €16.0 million loan granted in 2014 and an adjustment of the interest charge,
- Initiated discussions with the European Commission regarding the staggered payment plan for the fine imposed on the Group in 2017,
- Solicited from the relevant authorities the temporary suspension of the rehabilitation works at L'Estaque site until December 31, 2021 and the postponement of the date of completion of the rehabilitation works until December 31, 2024.

3. Update on current legal proceedings concerning Recylex S.A.

The document summarizing the proceedings concerning Metaleurop Nord S.A.S. and Recylex S.A., updated on September 15, 2020, is available on the [Finance section](#) of the Recylex Group website.

Concerning the claims of 187 former employees of Metaleurop Nord S.A.S. for compensation for dismissal without fair cause and/or prejudice of anxiety as a reminder, on May 24, 2018 the French Supreme Court (*Cour de cassation*) on the one hand upheld the rulings of the Douai Court of Appeal in so far as they ruled that Recylex S. A. was not co-employer of the former employees of Metaleurop Nord S.A.S. and, secondly, reversed and cancelled these rulings in so far as they had ordered Recylex S.A. to pay damages to these 187 former employees (for a total amount of €7.8 million in 2017).

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Following this decision, Recylex proposed an amicable settlement in favor of all former employees, involving the reimbursement of 50% of the sums paid by the company in 2017. To date, 86 of them have accepted this solution (in the amount of approximately €1.9 million), 84 have refused and seized the Amiens Court of Appeal on referral after Cassation and 17 have not taken action nor appealed. The company has given a complementary deadline in this respect after which it will use the means at its disposal to obtain reimbursement of these amounts.

4. Appointment of a new director of Recylex S.A.

On September 3, 2020, the Board of Directors decided to appoint Nick Popovic as Director, in replacement of Christopher Eskdale, who resigned due to personal projects. The appointment of Nick Popovic will be subject to ratification by the company's next Shareholders' Annual General Meeting. Nick Popovic has nearly 30 years of experience in the metals business within the Glencore Group. He is a specialist in the lead and zinc industries.

The Board of Directors would like to warmly thank Christopher Eskdale for his active participation and investment in the work of the Board throughout his term of office beginning in 2014.

5. Forecasted financial agenda

- Financial information as of September 30, 2020: Thursday November 5, 2020 (after market close).

1 See Note 39 "Subsequent events" - section "Changes in the scope of consolidation" and the press releases of May 14, 2020, May 20, 2020, June 18, 2020 and July 30, 2020.

2 See Note 39 "Subsequent events" - section "Financial position of Recylex S.A. and assessment of the going concern assumption" to the 2018 consolidated financial statements and the note "Subsequent events" to the 2018 parent company financial statements.

3 See Note 14 "Provisions" to the 2018 consolidated financial statements.

4 Amounts as of August 30, 2020.

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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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.*

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