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UPDATE ON ECOSLOPS STRATEGY

Paris, March 11th, 2024

- **Positive structural impact in terms of financial solidity post disposal of Ecoslops Provence**
- **Strong growth prospects for the Group, refocused on its Portuguese subsidiary and Scarabox®**
- **Governance in line with the Group's challenges**

Following the effective sale of its subsidiary Ecoslops Provence to the TotalEnergies Group, Ecoslops SA would like to review the reasons for and consequences of this decision, as well as the Group's new strategy for the coming years.

Background

It is important to recall that Ecoslops was created in 2009 and designed, built and launched its first recycling unit in Portugal between 2012 and 2015. This worldwide innovation, enabling 99% of marine hydrocarbon waste to be recycled into new petroleum products, was a success after just 18 months of operations, thanks to the prompt deployment of supply and sales networks for finished products. Since then, the Sines unit has recycled and produced 180,000 tonnes, generating an annual EBITDA of around €2.2 million (excluding 2020, the COVID year).

Ecoslops Provence

It was not possible to duplicate this success on the second unit (Ecoslops Provence), inaugurated in 2021, due to unfavorable changes in local market conditions, with in particular stiffer competition for hydrocarbon waste supplies in the catchment area (higher prices, smaller quantities) and difficulties with technical adaptations made necessary by the need to extend sourcing to waste from land-based industries. Indeed, the volumes of residues collected at the Port of Marseille's oil terminal fell sharply between the date of the investment decision in 2017 and the unit's commissioning in 2021. The structural rather than cyclical nature of these difficulties (at least as far as supplies are concerned) led us to seek a solution in order to (i) preserve the Group's financial resources and (ii) give this unit a future in a different scope.

As a result, the two Ecoslops Provence partners agreed that TotalEnergies would buy Ecoslops' 75% stake in Ecoslops Provence and operate the unit on its own at 100% (with a non-competition clause).

PRESS RELEASE

Impact of the sale of Ecoslops Provence

This decision was rapidly implemented, and the transaction was closed and paid for on February 29. No vendor warranties have been granted by Ecoslops SA. The cash payment of €8 million for the shares and the shareholder loan is combined with by the take-over of Ecoslops Provence's bank debt which, at 31/12/2023, amounted to €5 million (previously consolidated in Ecoslops SA's accounts). Part of the €8 million payment gave rise to a repayment by Ecoslops SA on the same day of the sums due to the European Investment Bank («EIB») in respect of 2023, i.e. €1.9 million (€0.5 million in amortized capital and €1.4 million in interest and royalty fees).

Following this transaction, Ecoslops' net debt fell from €23.2M to €10.3M over one year.

	31/12/2022	30/06/2023	31/12/2023*
Gross Debt	(29,2)	(29,4)	(18,7)
Cash available	6,0	4,7	8,4
Net debt	(23,2)	(24,7)	(10,3)

*: Unaudited data and proforma as if the transaction had taken place on 31/12/2023

The impact of the disposal of Ecoslops Provence on the consolidated financial statements of Ecoslops SA is a limited book loss of €1.8 million. As a reminder, Ecoslops Provence's book loss amounted to 2.2M€ in 2021 and 2.7M€ in 2022. This level of loss was incompatible with Ecoslops SA's financial capacities and fully justifies the decision to sell this non-strategic asset at this price.

Perspectives for the refocused Group

Ecoslops, refocused on its historic Sines business and the development of the Scarabox®, now has financial and human resources in line with its roadmap.

Sines

The Portuguese unit's business is correlated to oil prices and supplies, and generates an average EBITDA of €2.2 million/year. The subsidiary is financially autonomous and now raises its own financing. It has a reasonable level of debt (net debt at the end of 2023 of €5.3M, i.e. 2.4 times annual EBITDA), enabling it to meet its investment needs while being able to repay the parent company's current account (down from €10M to €3.3M between 2017 and 2023).

With the concession in the Port of Sines due to expire at the end of 2027, discussions have already begun to anticipate its renewal, with a possible extension to 2037.

Productivity optimization projects are expected to improve the unit's margins in the future.

The recently obtained ISCC Plus certification is also a very positive factor, as many customers are looking for products with this sustainability label.

Scarabox®

This activity, born of repeated requests from numerous prospects over the years, got off to a slower start than expected. Indeed, after the construction and delivery of the first unit for Valtech Energy

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in Cameroon, assembly and start-up work was hampered by a lack of local human and financial resources. Ecoslops, for its part, was faced at the same time with the difficulties of Ecoslops Provence, and was unable to make up for these delays. The refocusing of Ecoslops will enable to dedicate more resources to this activity, both technical and financial. The internal reorganization will enable us to increase the number of FTEs (full-time equivalents) in this strategic activity from 1 to 3.

On completion of the finalization work in Cameroon, Ecoslops will increase its stake in Valtech Energy from 17% to 49% by converting 300 k€ of current account into capital.

The partnership with PARLYM, established in 2023, is very active, and the two companies have agreed to work together on both the Cameroon and Ivory Coast projects. As a reminder, this agreement will take the form of a joint structure (Parlym 80%/Ecoslops 20%) whose purpose is to invest a majority stake in local projects co-developed and financed by the two partners, starting with Ivory Coast.

In Ivory Coast, a letter of intent was signed at the beginning of the year between Ecoslops, Parlym and SIR (Ivory Coast's national refinery with a capacity of 4 million tonnes), under which SIR is to take a 5% stake in the local company, with a board member. SIR is the dominant national and regional player in the refining and production of petroleum products. This agreement is therefore highly structuring for the future of the project, insofar as it confirms the concrete support of the Ivorian authorities, who see in the Scarabox® the appropriate solution for dealing with pollution from hydrocarbon residues and used oils.

Headquarters support

The head office comprises the following departments: General Management, Finance, Development, Projects and Operations, CSR and Office Management, i.e. 9 people (8.5 FTE).

It supports the two businesses in commercial, technical and project structuring matters.

The Projects and Operations team (4 engineers) is in charge of R&D, improvement projects at Sines and technical development of the Scarabox®.

All head office costs (staff, rent, service providers, etc.) have been thoroughly reviewed. The savings plan has resulted in a reduction in head office costs from €2.0 million to €1.5 million in two years.

Future challenges

Ecoslops, having completed its refocusing on profitable, forward-looking activities and aligned its costs accordingly, is now focused on successfully completing the next stages of its plan, namely:

- Renegotiation of the EIB bank loan (nominal €9.5 million, initial maturity 2027)
- Renewal of the concession in the Port of Sines with GALP
- Securing medium-term supplies to the Sines plant
- Development of Scarabox® (Cameroon, Ivory Coast, other prospects...)

PRESS RELEASE

Governance

The Board of Directors, which has been tightened around the current six members (Jean-Claude Company, Mark Inch, Pierre-Etienne Bindschedler, Olivier Fortesa, Xavier Ploquin, and Vincent Favier, who acts as Chairman and CEO) following the departure of two directors in 2023 (Pascal Foulon and Lionel Henry), is experienced and has in-depth knowledge of the challenges surrounding the company and its sector. They made a major contribution to the strategic decisions taken in 2023, and also supported management in implementing its decisions vis-à-vis third parties. It is important for the company to be able to count on the continuity of this Board, and consequently the next Annual General Meeting, scheduled on 11 June, will be asked to renew the mandates expiring at that time (for Messrs. Company, Inch and Bindschedler) without requesting any additional appointments, in order to give priority to the efficiency of their operation.

The Board of Directors and management are now fully focused on the challenges of 2024 and beyond, convinced that the company has all the necessary strengths to make this strategic shift.

Next appointments

18 April 2024 after close of trading: publication of 2023 annual results

19 April 2024 at 11.00 am: analysts and investors conference

11 June 2024 at 10.00 am: combined shareholder's meeting

ABOUT ECOSLOPS

Ecoslops is listed on Euronext Growth in Paris

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Ecoslops is the cleantech that brings oil into the circular economy thanks to an innovative technology allowing the company to upgrade oil residues and used lub oil into new fuels and light bitumen. The solution proposed by Ecoslops is based on a unique micro-refining industrial process that transforms these residues into commercial products that meet international standards. Ecoslops offers an economic and more ecological solution to port infrastructure, waste collectors and ship-owners through its processing plants.