

ECOSLOPS - 1st SEMESTER 2023

Planned disposal of Ecoslops Provence, enabling the company to improve its financial situation and refocus on Ecoslops Portugal and the Scarabox.

Paris, 23 October 2023 - Ecoslops, the cleantech company bringing oil into the circular economy, announces its unaudited results for the first half of the current financial year, as at 30 June 2023, as approved by the Board of Directors at its meeting on 23 October 2023.

- **Planned disposal of Ecoslops SA's shares in the Ecoslops Provence joint venture to TotalEnergies Raffinage France (TERF), subject to conditions precedent.**
- **Assuming a closing before the end of 2023, a healthier financial situation with an expected reduction in net debt of €14.7m**
- **Refocusing on Ecoslops Portugal and deployment of the Scarabox**

Proposed sale of Ecoslops Provence to TotalEnergies

In view of the operational difficulties encountered by Ecoslops Provence, the two shareholders, Ecoslops SA (75%) and TotalEnergies Raffinage France (TERF) (25%) have agreed to terminate their joint venture. The difficulties encountered are both technical and linked to changing market conditions, with the unpredictable drop in a few years in the quantities of waste from the Port of Marseille's oil terminal and the rising prices of available alternative waste sources.

In this context, TERF has made an offer to Ecoslops SA to buy its shares in the Ecoslops Provence joint venture, including bank debt, in order to reposition the unit in the industrial system of the La Mède platform.

This offer includes the purchase of Ecoslops SA's shares and shareholder loan in Ecoslops Provence for €8.0m, payable in full at closing. This purchase is subject to the usual conditions precedent and to the release by the banks (notably the EIB) of their security interests. On the basis of preliminary discussions, the EIB has confirmed its support for the sale.

The impact of Ecoslops Provence's expected exit from the Group's scope of consolidation has been accrued for in the interim financial statements, representing an extraordinary expense of €1.5m.

Assuming that the transaction closes on 31 December 2023, the Group's gross debt would fall from €29.4m at 30 June 2023 to €20.5m. Free cash flow would fall from €4.7m at 30 June 2023 to €10.5m, meaning that net debt would fall from €24.7m to €10.0m at 31 December 2023.

Consolidated income statement for the six months ended 30 June 2023 (in k€) - Analytical**

presentation

(Based on unaudited financial statements)

As already communicated, Group sales in the first half of 2023 were 38% lower than in the first half

en €'000	30/06/2023	30/06/2022	Variation
Refined products - Portugal	3512	5647	-2 135
Refined products - Provence	776	1 884	-1 108
Scarabox		266	-266
Port services	1 230	1 105	+125
Total turnover	5518	8902	-3384
Gross Margin	3305	5538	-2233
Gross margin rate	60%	62%	
Gross margin rate excl. Provence	66%	64%	
Other income	176	74	102
Personnel expenses	-1 861	-1 781	-80
Other expenses	-3 470	-3 174	-296
Taxes	-122	-119	-3
EBITDA *	-1 972	538	-2 510
EBITDA* Eccl. Provence	-307	1 160	-1 467
Depreciation & Provision	-1 341	-1 377	36
Financial result	-1 070	-640	-430
Extraordinary result	-1 545		-1 545
Corporate tax	163	162	1
Net result	-5 765	-1 317	-4 448
Net result - group	-5 117	-997	-4 120
Net result - group excl. Provence	-1 895	-105	-1 790

of 2022. It is worth recalling the high base effect of the previous year, with an average Brent price of €96/bbl (start of the conflict in Ukraine) in the first half of 2022, compared with an average Brent price of €74/bbl in the first half of 2023, a fall of 23%.

For the Sines unit in Portugal, the sales volume is 7,989 tonnes (compared with 10,395 tonnes in

2022). This decline is mainly due to the fact that the maintenance schedule was shifted by half-years between 2022 and 2023.

The Marseille unit sold 2,046 tonnes (1,401 tonnes produced), compared with 3,300 tonnes in the first half of 2022.

Excluding Ecoslops Provence, the margin rate rose from 64% to 66%.

In terms of structural costs, personnel costs were stable at €1.8m, while the €0.3m increase in external costs was mainly due to the operating costs of Ecoslops Provence.

As a result of these factors, the Group's EBITDA fell by €2.5m, from €0.5m at 30 June 2022 to €2.0m at 30 June 2023:

en €'000	30/06/2023	30/06/2022	Variation
Ecoslops Portugal	967	2359	-1392
R&D and holding costs	-1274	-1199	-75
Perimeter excl. Provence	-307	1160	-1467
Ecoslops Provence	-1665	-622	-1043
Total	-1972	538	-2510

Net financial expense came to €1.1m, comprising €0.8m in interest on borrowings and a €0.3m provision for the current account of Valtech Energy (Cameroon), which has not yet completed the work required to bring the Scarabox into service and consequently has not yet repaid the current account advance due on 30 June 2023.

In view of the planned disposal of Ecoslops Provence, an exceptional provision for contingencies and charges of €1.5m has been recorded, corresponding to the expected impact on the consolidated financial statements of the removal of this subsidiary from the scope of consolidation.

Corporate income tax amounted to €0.2m, consisting mainly of tax income of €0.2m relating to the research tax credit.

Consolidated balance sheet at 30 June 2023 (in k€)

(Based on unaudited financial statements)

En €'000	30/06/2023	31/12/2022	Var. k€
Intangible assets	994	1 117	(123)
Tangible assets	32 473	33 182	(709)
Financial assets	784	783	1
Fixed assets	34 251	35 082	(831)
Inventories	1 493	1 314	179
Trade receivables	2 961	4 049	(1 088)
Other receivables	1 370	1 713	(343)
Deferred tax asset	1 527	1 527	0
Cash and equivalent	5 525	6 870	(1 345)
Prepaid expenses	911	869	43
Current assets	13 787	16 341	(2 554)
Total Assets	48 038	51 423	(3 385)

	30/06/2023	31/12/2022	Var. k€
Capital Reserves	14 227	16 014	(1 787)
Investment subsidy	1 397	1 460	(63)
Minority interests	(730)	(77)	(653)
Net result - group	(5 117)	(1 793)	(3 324)
Equity	9 777	15 604	(5 827)
Conditional advance	838	838	0
Prov. for risks and charges	1 641	96	1 545
Financial debt	29 385	29 211	174
Trade payables	5 030	3 995	1 035
Social and tax payables	939	1 029	(90)
Other payables	428	650	(222)
Current liabilities	6 397	5 674	723
Total Liabilities & Equity	48 038	51 423	(3 385)

The main items on the balance sheet at 30 June 2023 are:

- Reduction in fixed assets: €1.1m in depreciation and €0.3m in investments
- Ecoslops Provence accounted for €0.8m of the fall in trade receivables, due to its low level of activity in the first half of 2023.
- Other receivables, which include a €0.3m write-down on the Valtech Energy current account, due to non-repayment at its maturity date of 30 June 2023.
- The recognition of a provision of €1.5m, corresponding to the estimated impact of the expected exit of Ecoslops Provence from the Group.
- An increase of €1m in trade payables, mainly from Ecoslops Provence (suspension by TotalEnergies of certain invoices).

Lastly, the main changes in the balance sheet when Ecoslops Provence is removed from the scope of consolidation are expected as follows:

Fixed assets: - €20m
 Cash position: +€8.0m
 Financial debt: -€9.2m
 Consolidated shareholders' equity: -1,5 M€
 Working capital items: €1.3m

Financial position and cash flows

At 30 June 2023, the Group had almost €5.5m in cash, including €4.7m in available cash (taking into account a €0.8m conditional advance on investment grants) and net debt of €24.7m (compared with €23.2m at 31 December 2022). The change in cash and cash equivalents can be analysed as follows:

en €'000	30/06/2023
EBITDA	(1972)
Investment subsidy recognition	(63)
Operating working capital variance	1 516
Operating cashflow	(519)
Capital expenditure	(312)
Investing cashflow	(312)
Ecoslops Provence SHL (TotalEnergies)	250
Capital increase	-
Loans variance	(568)
Interests	(196)
Financing cashflow	(514)
Cash variance	(1 345)
Opening cash balance	6 870
Closing cash balance	5 525
Variance	(1 345)

Operating cash flow was €0.5m. Ecoslops Provence's negative EBITDA (€1.7m) was financed by a change in working capital of the same amount (€0.8m in trade receivables and €0.9m in trade payables).

Cash flow from investment amounted to €0.3m, and comprised maintenance capex customary in the Group's business.

Lastly, financing-related transactions resulted in a net cash outflow of €0.5m, including a €0.3m contribution of a TotalEnergies shareholder loan to Ecoslops Provence, and €0.6m of net loan repayments (€0.5m of repayments on Ecoslops Provence and Ecoslops Portugal, which refinanced

its debt to the tune of €1m). Interest paid mainly concerns Ecoslops Portugal. In view of ongoing discussions with the EIB, the company's ad hoc trustee obtained a suspension of payment of the 30 June 2023 instalment, which comprised €0.5m in principal repayments and €1.4m in interest.

Outlook and developments

With a restructured balance sheet in line with its financial capabilities, the Group will be able to concentrate on its two strategic assets, Ecoslops Portugal and Scarabox.

The Group will therefore continue its efforts to develop and optimise its Sines unit. In particular, it will be working with local stakeholders (port authorities, oil terminal and GALP) to renew the sub-concession in the port of Sines, which expires in mid-2027 (end of the 15-year period). The Group is maintaining its full-year production target at 20,000/22,000 tons.

The Scarabox business remains an essential pillar of the Group's development, as it requires little capital and generates good margins. This market is growing, especially in emerging countries where environmental issues are becoming a priority. The Group is actively working on a contract in Côte d'Ivoire, as part of its partnership with the Parlym Group.

An analyst and investor web conference will be held on Tuesday 24 October 2023 at 11am. Connection details are available on request from: info.esa@ecoslops.com

* EBITDA = Earning Before Interest, Tax, Depreciation and Amortization

** : *The half-yearly report on the consolidated financial statements will be published online on 30 October 2023 and will be available on the company's website under the heading <https://www.ecoslops.com/category/finance/centre-de-documentation-rapports-financiers/>*

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.