PRESS RELEASE

ECOSLOPS 2020 ANNUAL RESULTS

SIGNIFICANT STRENGTHENING OF THE BUSINESS MODEL FOLLOWING THE LAUNCH OF THE SCARABOX®;
FISCAL YEAR 2020 MARKED BY THE COVID-19 HEALTH CRISIS.

Paris, 8 April 2021, 7.35 pm - Ecoslops, the cleantech company that brings oil into the circular economy, announces its results for the year ended 31 December 2020, as approved by the Board of Directors at its meeting on 8 April 2021.

- **Significant commercial acceleration on the Scarabox® project (formerly Mini P2R): Signature of 3 letters of intent in 2020, including one converted into a sales contract in 2021;**
- **Solid balance sheet allowing the continuation of investments and development projects;**
- **Revenues of € 5.75M and EBITDA of € (3.0) M, mainly impacted by the effects of the health crisis and its repercussions on activities in Portugal.**

Key highlights of the 2020 fiscal year

The group as a whole was strongly impacted by the Covid-19 health crisis and its repercussions on the price of oil products.

After the first two months of very good activity at the beginning of 2020, following on from 2019, the health crisis quickly had the following consequences for the rest of the year:

- In addition to the usual planned maintenance shutdowns, the Sines unit in Portugal was forced to stop for 37 days due to the shutdown and subsequent sharp slowdown in customer activity in a country that was very badly hit, particularly in the second half of the year. As a result, the P2R unit produced 21,639 tonnes and sold 18,737 tonnes in 2020 (compared to 25,796 and 23,048 tonnes in 2019), i.e. decreases of 16% and 19% respectively. Apart from these impacts, the yields and quality of the products were in line with expectations and confirm the technical excellence of the facility, which has processed nearly 120,000T of residues since its launch;

- As regards the Marseille unit, in addition to the total closure of the site from 17 March to 11 May 2020, the health crisis had the effect of disrupting many suppliers and subcontractors and limiting the number of people working on the site. Commissioning is scheduled for the 2nd quarter of 2021.

Another effect of the health crisis was the sharp drop in the price of petroleum products from the beginning of March 2020 until the end of 2020. The average Brent price for 2020 was €37.9/bbl, 34% lower than the 2019 average price of €57.3/bbl.

For these reasons, the group recorded a significant drop in turnover of -35% in 2020, from €8.83m in 2019 to €5.75m in 2020. This decrease is broken down into a -44% decrease in Refined Products (-20% volume effect and -24% price effect) and -7% in Port Services.

At the same time, the group has decided to maintain or even increase its resources on current projects (Marseille, Scarabox®, design studies) in order not to jeopardise the future. The decrease in turnover, and the corresponding gross margin, therefore results in an equivalent loss in EBITDA.

The group's EBITDA thus changed from +€0.4M in 2019 to (€3M) in 2020. This decrease breaks down as follows:

	M€
EBITDA 2019	**0,4**
Non-recurring items 2019 *	(1,3)
Savings at the head office	0,2
Impact of the drop in activity in Portugal	(2,3)
EBITDA 2020	**(3,0)**

*: Non-recurring items in 2019 consisted of €0.6m of capitalised production related to the Marseille unit (project management assistance contract), €0.6m of investment subsidy on previous years (IAPMEI subsidy) and €0.1m of FASEP subsidy (Egypt Project).

The group managed to limit the impact of this drop in activity on its cash flow. Despite an EBITDA of €(3) million, it was able to contain its operating cash flow to €(1.4) million.

On the other hand, and in preparation for the future, the year 2020 was also marked by major advances in the development of the group's strategy and its growth levers:

- The renewal of the operating permit for the Sines unit (obtained on 25 February 2021). This renewal was accompanied by the granting of a «Seveso Haut» storage permit allowing Ecoslops Portugal to increase its capacity from 5,000 m³ to 20,000 m³. This will enable the company to take a much more opportunistic and flexible approach to procurement in the future;

- Significant acceleration of the technical and commercial development of the Scarabox® (new commercial name of the Mini-P2R) in its final version. The group signed 3 letters of intent in 2020 (plus one in February 2021), one of which has already been converted into a sales contract in March 2021 for a customer in Cameroon. With many other prospects, the Scarabox® is a new strategic growth area that is likely to rapidly achieve as much turnover as our own factories in Portugal and France;

- Continued investment in Marseille with €9M disbursed over the period and financed by bank drawdowns in 2020: €5M from the European Investment Bank and €6.5M from the BNP Paribas/ HSBC/Banque Populaire Méditerranée banking pool;

- The continuation of studies on the three P2R projects in progress: Antwerp, Egypt and Singapore.

Strengthening of the Ecoslops business model

With the launch of the Scarabox®, the group's development is now based on 2 activities instead of one. The P2R and the Scarabox® have in common that they offer technical and economical solutions to the problems posed by the pollution of air, water or land by various hydrocarbon residues. They are the result of the group's unique know-how in vacuum distillation and regeneration of residues into genuine petroleum products, substitutes for the import or manufacture of such products from crude oil. Because of their 100% circular nature, these solutions are both synonymous with C02 savings when compared to what exists.

◊ The P2R business (for which Ecoslops designs, builds, finances and operates the industrial facility) is aimed at mature markets, typically in developed countries with high regulatory barriers, benefiting from large residue sources (30,000 T/year or more).

◊ - The Scarabox® activity (for which Ecoslops manufactures and sells equipment to the final customer as well as a 5 to 10 year operating and technical assistance license) is particularly adapted for developing countries or countries far away from industrial treatment centres (e.g. islands), with smaller quantities of waste (around 7,000 T/year or scattered waste deposits, including waste oils.

These two activities are complementary (know-how, teams, references, etc.) but largely independent in terms of development. P2R revenues are linked to oil prices, while Scarabox® revenues are based on the number of units sold and in service (largely or totally independent of oil prices).

PRESS RELEASE

Consolidated income statement 2020 (in k€)

(Audited accounts and reports being issued)

In €'000	31/12/2020	31/12/2019	Var. €k	Var. %
Turnover - Refined products	3 768	6 689	(2 921)	(44)%
Turnover - Port services & other	1 985	2 142	(157)	(7)%
Total Turnover	**5 753**	**8 831**	**(3 078)**	**(35)%**
Other income	1 335	1 665	(330)	(20)%
Operating Income	**7 088**	**10 496**	**(3 408)**	**(32)%**
Cost of good sold	(3 046)	(3 331)	285	(9)%
General	(3 206)	(3 313)	107	(3%)
Taxes	(69)	(88)	19	(22)%
Staff costs	(3 492)	(3 249)	(243)	7%
Other expenses	(247)	(69)	(178)	258%
EBITDA	**(2 972)**	**446**	**(3 418)**	**(766)%**
Depreciation and provision	(1 578)	(1 357)	(221)	16%
Financial income (loss)	**(657)**	**(546)**	**(111)**	**20%**
Extraordinary income (loss)	**0**	**0**	**0**	
Corporate tax	66	(234)	300	(128)%
Net result	**(5 141)**	**(1 691)**	**(3 450)**	**204%**
Net result - Part for the Group	**(5 067)**	**(1 650)**	**(3 417)**	**207%**

The decrease in operating income of €(3.4)M is broken down into €(3.1)M of lower turnover, €(1.3)M related to non-recurring items 2019 (see above) and +€0.9M of inventoried production (construction of the Scarabox®).

Purchases of goods and raw materials consist of slops for €2.3m and supplies for the manufacture of the Scarabox® for €0.7m.

The 7% increase in personnel costs is mainly due to the full-year impact of the recruitments made in 2019.

Financial expenses increased by €0.1 million, directly related to the bank loans drawn down during the year.

Corporate income tax represents an income of €0.1m and breaks down into a tax income of €0.5m relating to the research tax credit and tax credit for business development expenses, a current tax charge of €(0.1)m for Ecoslops Portugal and finally an impairment charge on the deferred tax assets of Ecoslops Portugal of €(0.3)m in order to take into account the impact of the health crisis on the future use of tax loss carryforwards.

Consolidated balance sheet as at 31 December 2020

(Audited accounts and reports being issued)

In €'000	**31/12/2020**	**31/12/2019**	**Var. €k**	**Var. %**
Intangible fixed assets	1 209	534	675	126%
Tangible fixed assets	32 811	26 024	6 787	26%
Financial assets	175	175	0	0%
Deferred tax asset	1 023	1 353	(330)	(24)%
Fixed assets	**35 218**	**28 086**	**7 132**	**25%**
Inventory	1 391	1172	219	19%
Trade receivables	486	1 490	(1 004)	(67)%
Other receivables	1 785	1 826	(41)	(2)%
Cash or cash equivalent	7 955	5 979	1 976	33%
Prepaid expenses	1 071	1 234	(163)	(13)%
Current assets	**12 688**	**11 701**	**987**	**8%**
Total Assets	**47 906**	**39 787**	**8 119**	**20%**

In €'000	**31/12/2020**	**31/12/2019**	**Var. €k**	**Var. %**
Capital & Reserves	18 676	20 327	(1 651)	(8%)
Subsidies	1 654	1 751	(97)	(6)%
Minority shareholders	1 134	1 208	(74)	-
Net result - part for the Group	(5 067)	(1 650)	(3 417)	207%
Equity	**16 397**	**21 636**	**(5 239)**	**(24)%**
Prov. for Risks and Charges	**250**	**129**	**121**	**94%**
Financial debt	**26 552**	**13 186**	**13 366**	**101%**
Trade payables	3 071	3 252	(181)	(6)%
Social and tax payables	1 155	879	276	31%
Other payables	481	705	(224)	(32)%
Current liabilities	**4 707**	**4 836**	**(129)**	**(3)%**
Total Liability & Equity	**47 906**	**39 787**	**8 119**	**20%**

Financial position and cash flows

As at 31 December 2020, the Group had almost €7.9m of cash (+€2m compared to 31 December 2019) and net debt of €18.6m (vs €7.2m as at 31 December 2019). The change in cash flow can be broken down as follows:

	FY 2020	FY 2019
EBITDA	**(2 972)**	**446**
Investment subsidy recognition	(126)	(735)
Inventory production variance	(127)	(258)
Corporate tax	342	335
Operating working capital variance	1 513	207
Operating Cashflow	**(1 371)**	**(5)**
Capital expenditure	(8 756)	(8 626)
Investing working capital variance	(608)	1 645
Investing Cashflow	**(9 364)**	**(6 981)**
Ecoslops Provence SHL	550	975
Ecoslops Provence paid-in capital		1 249
BSPCE subscription		230
Debt issuance costs		(1 175)
Loans	12 610	4 240
Interests	(449)	(463)
Financing Cashflow	**12 711**	**5 056**
Cash variance	**1 976**	**(1 930)**

	FY 2020	FY 2019
Opening cash balance	5 979	7 909
Closing cash balance	7 955	5 979
Variance	**1 976**	**(1 930)**

The increase in net debt should be seen in the context of the €9.4m of capital expenditure incurred during the year (including €9m for the construction of the Marseille unit). In addition, despite an EBITDA of €(3) million, the company was able to contain its operating cash flow at €(1.4) million.

Outlook and subsequent events

Regarding P2R, Ecoslops is engaged in discussions on possible locations in the ports of Antwerp, Singapore and the Suez Canal (for the latter, the prerequisite is the installation of a collection station for maritime residues). These design studies were impacted by the health crisis and the travel ban. Ecoslops will select the most profitable and robust project(s) and will favour the association with well-established local partners in order to reduce the need for equity financing and to secure the aspects related to construction and operation (access to the source of residues, qualified personnel, operating licenses, etc.).

Concerning the Scarabox®, Ecoslops aims this year to commission the first unit in Cameroon on behalf of its customer SCIN and to convert a second letter of intent into a sales contract (for delivery in 2022). The opportunity pipeline is growing strongly and the visibility given by Cameroon will be an additional accelerating factor. The company plans to reinforce its human and material resources to support this development, both in terms of ongoing R&D efforts and in the manufacture and sale of units (with associated technical support). The financial resources for these reinforcements are currently being studied.

For the Sines unit in Portugal, the company expects to produce around 21,000 tonnes in 2021 and is targeting a turnover of between €7 and €8 million, based on current Brent prices. It should be noted that the beginning of 2021 was used for the inspection and repair of storage tanks (regulatory ten-year inspection), which resulted in a two-month shutdown of the unit.

For the Marseille unit, the effective start-up is planned before the end of the second quarter. The aim is to produce around 10,000T over the rest of 2021. The half-year activity will not be able to contribute positively to profitability given the start-up and fixed costs.

Financial Agenda
General Assembly : June 10th, 2021
Publication of semestrial results: September 23rd, 2021