



## **Update on the Group's Financial Situation Change in Board composition**

### **Preparation of a capital increase with preferential subscription rights (DPS) and free allocation of redeemable warrants (BSAR) to all shareholders**

In order to ensure the Group's financial visibility over the next 18 months, Europlasma plans to launch a capital increase with preferential subscription rights of a significant amount.

This fundraising will serve several purposes i) to clear the current debt structure of the Group by repaying and/or converting the bridge loans granted by its main financial partners since the end of 2012; ii) to cover the needs of reinvestment into CHO Morcenx power plant to improve its performance and to meet the working capital needs during its ramp-up period; iii) to complete the Group financial recovery and to give it the means to capture growth opportunities in each one of its business activity, and iv) to finance its share capital in the next CHO Power plant by end 2015, in accordance with to the provisional business plan.

The planned operation will require a visa from the « Autorité des Marchés Financiers » (AMF) and 75% of its amount must be guaranteed before the launch.

Following the capital increase, the Group is considering proceeding to the free allocation of Redeemable Warrants (Bons de Souscription d'Actions Remboursables - BSAR) for all existing and new Shareholders.

### **Intermediary cash needs**

As indicated in the press releases of 04/08/2014 and 06/24/2014, due to the delay of the Preliminary Take Over of the CHO Morcenx power plant, the Group has had related cash flow challenges. In this context, the support from the French Authorities, from the major industrial partners and from the main financial partners was a key factor in ensuring the Group's cash balance since last February.

The Board of Directors of 16 April, 2014 approved the terms of a new loan granted, on pari passu basis (50/50), by the reference Shareholder Crédit Suisse Europlasma SPV LLC (CSE) and the company CHO Morcenx, owner of the CHO Morcenx power plant which was subject to a preliminary Take Over on June 13, 2014. This loan amounting EUR 2.8 million covers the cash needs until July. It is remunerated at an initial interest rate of 10% per year and is refundable not later than April 2015 in cash or by conversion into Europlasma common shares. Terms and guarantees will be fully detailed in the 2013 Financial Statements in the paragraph "Events after the closing date".

This new cash inflow reaffirms the confidence of the financial partner and the reference shareholder in the Group's ability to operate the CHO Morcenx power plant at full capacity.

However, the delay of the Preliminary Take Over of the CHO Morcenx power plant has postponed the publication of the 2013 accounts and has caused a full update of the financial agenda. The capital increase, initially planned in July, will be launched in September because of the time required to issue the Auditors report on the FY2013 consolidated accounts, to obtain the AMF visa and to convene the Annual General Meeting of Shareholders.

The delay in the fundraising operation, combined with the additional investment required to execute the technical improvements of the CHO Morcenx power plant and with the extended duration of the ramp-up period generate an immediate cash need of approximately EUR 3 million before the September fundraise. The Company, its main financial partners and its advisor Arkéon Finance have joined forces to meet this short-term need This EUR 3 million cash inflow is essential to approve the FY2013 Annual and Consolidated Accounts and to issue the related Auditors reports. Several opportunities are currently being discussed, the Group will communicate on this by the end of July.

In this context, and in the Shareholders interest, stock trading remains suspended until the Group's short-term financial visibility is ascertained.

## Notice of threshold crossing of Crédit Suisse Europlasma SPV LLC

As a result of the sale by Crédit Suisse of its « Customized Fund Investment Group » (CFIG) activity to Grosvenor Capital Management LP (GCM), the Europlasma stake held by the vehicle Crédit Suisse Europlasma SPV, LLC (CSE) has been reorganized on 12 April 2014.

Assets transferred to GCM represent 3.2% of the share capital of Europlasma S.A. and are now held by a new investment vehicle named GCM Grosvenor EP Holdings SPV, LLC. These assets virtually represent all the interests held since 2007 by clients other than the Masdar Cleantech Fund, the majority shareholder and active investor in CSE.

This transfer led CSE to cross the 30% voting rights threshold in downward (from 32.36% to 29.96%) which had resulted in a notification to Europlasma S.A. dated 14 May 2014.

The Masdar Cleantech Fund has decided to keep all its interests owned in Europlasma S.A. (20.36%) within the same investment vehicle CSE.

## Change in the Board of Directors composition

As a result of the sale of CFIG activities to Grosvenor Capital, the company DLJ MB Advisors, represented by Mister Roger Ammoun, resigned from his Europlasma Director's position with effect from 31<sup>st</sup> March 2014. The Board of Directors thanks Mr. Roger Ammoun for his time and contribution along all these years.

The Board of Directors of 1<sup>st</sup> April 2014 decided to appoint Crédit Suisse Asset Management (Masdar Cleantech Fund Manager as investor through an affiliate), represented by Mister Henri Arif, in place of DLJ MB Advisors for the remaining term which ends at the Annual General Meeting of Shareholders called to approve the financial statements for the year ended 31<sup>st</sup> December 2018. This cooption will be proposed at the next General Meeting for ratification by Shareholders.

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## About Europlasma

Europlasma is a French Group operating in the clean technologies and renewable energy production industries. Founded in 1992 to apply its proprietary plasma torch technology to hazardous waste destruction, it is now built on the following three business units:

- **Europlasma** is a world-wide supplier of plasma heating systems and related applications
- **CHO Power** is a producer of electricity from waste and biomass gasification.
- **Inertam** is the global specialist in the destruction and recycling of asbestos and hazardous waste

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