



## INITIAL MEASURES WITH A VIEW TO IMPLEMENTING A CONTINUATION PLAN

- **Industrial plan: investment with a view to launching Inertam and CHO Morcenx production facilities and industrial partnerships**
- **Changes in governance**
- **Acquisition of a stake by Zigi Capital through subscription of an issue of convertible bonds with share purchase warrants attached, for a total nominal amount of €2 million with a maturity of 2 months and a 1-year lock-up period, and consolidation of the balance sheet through a capital increase of around €4.6 million subscribed by offsetting receivables**
- **Reactivation of the existing funding programme with the European High Growth Opportunities Securitization Fund by exercising the 4<sup>th</sup> convertible bond warrant for a total nominal amount of €2 million with a maturity of 12 months**
- **Contract with the European High Growth Opportunities Securitization Fund to be signed for the issue of convertible bonds with share purchase warrants attached for a maximum total of €30 million over a 36-month period, subject to the approval of a judicial settlement plan through continuation and approval by Europlasma's Shareholders' Meeting,**
- **Resulting dilution of new ordinary shares by virtue of the financial securities described above**
- **Ordinary and Extraordinary Shareholders' Meeting convened for 20 August 2019**
- **Resumption of trading on 25 June 2019**

As stated in the press release published by Europlasma SA (**Europlasma**) on 4 June 2019, following the hearing on 28 May 2019, the Commercial Court of Mont-de-Marsan upheld the observation period so as to enable Zigi Capital SA (**Zigi Capital**) to present its draft judicial settlement plan through continuation. This will be reviewed by the Commercial Court of Mont-de-Marsan at a hearing scheduled for 16 July 2019, following the expiry of the statutory creditor consultation period.

Aside from exiting the observation period, the aim of Zigi Capital's plan is to turn Europlasma into a global leader in the decontamination sector, with the capability to eliminate asbestos, recover complex waste, limit industrial CO<sub>2</sub> emissions and other toxic gases, treat hazardous waste such as incinerator ash and reduce storage volumes of unconventional waste.

Pending the ruling of the Commercial Court of Mont-de-Marsan, Europlasma intends to lay the groundwork for this industrial plan by enabling Zigi Capital to acquire a stake in its share capital by subscribing to an issue of convertible bonds with share purchase warrants attached. As such, Europlasma's Board of Directors met on 18 June 2019 and agreed the following:

- the Board of Directors approved the contract to issue convertible bonds with share purchase warrants attached to Zigi Capital to enable the company to become a reference shareholder in Europlasma. Zigi Capital is then to increase its stake as part of a capital increase to the tune of around €4.6 million by offsetting receivables from some of Europlasma's bondholders, once the judicial settlement plan through continuation has been approved by the Commercial Court of Mont-de-Marsan;

- the Board of Directors also agreed to reactivate the existing funding programme with Luxembourg's European High Growth Opportunities Securitization Fund (**EHGOSF**), managed exclusively by Alpha Blue Ocean, and to exercise the fourth warrant of 200 convertible bonds for a total nominal amount of €2 million with a maturity of 12 months;
- the Board appointed a new Chairman and CEO and two new directors to replace members having resigned from office; and
- the Board of Directors approved a new funding contract with EHGOSF, in the form of a contract to issue convertible bonds with share purchase warrants attached, the implementation of which is subject to the approval by the Commercial Court of Mont-de-Marsan of the judicial settlement plan through continuation and approval from the Shareholders' Meeting scheduled for 20 August 2019 to issue these financial securities.

The purpose of these transactions is (i) to cover Europlasma's immediate cash requirements pending the ruling of the Commercial Court of Mont-de-Marsan on the draft judicial settlement plan through continuation submitted by Zigi Capital and (ii) to have the necessary funds to provide working capital and launch the investment programme.

This funding, which will cover operational and capital expenditure, is intended to support the gradual relaunch of operations, subject to the operational and regulatory constraints specific to each entity, with a view to balancing the budget within 3 years.

Given this outlook, Europlasma is set to request the resumption of trading in its shares on the Euronext Growth stock exchange from 25 June 2019.

*Jérôme Garnache-Creuillot said "I believe in the potential of the Europlasma group, due to its advanced technology compared to that of its competitors and the quality of the expertise and experience of the men and women who run this company. Once the Commercial Court has approved the continuation plan, we will be keen to meet the challenge of turning this company around both in industrial and commercial terms. This project would not be possible without the support of the Alpha Blue Ocean investment fund which has always had faith in Europlasma and continues to demonstrate its confidence by making a sizeable contribution to funding its recovery."*

*Pierre Vannineuse, Founder and CEO of Alpha Blue Ocean and sole Director of EHGOSF said "Alpha Blue Ocean is thrilled to have been able to contribute to the salvaging of one of the most promising French technological solutions for the growing problem of managing the planet's hazardous waste. Moreover, we are very impressed and excited by the quality of the new Board of Directors and by the industrial plans of the new Chief Executive Officer. As a long-standing Europlasma shareholder/funder, we would like to thank Zigi Capital for undertaking the Herculean task of keeping this company afloat over the last two years for the benefit of its employees and shareholders."*

## 1 INDUSTRIAL PLAN

In order to turn Europlasma into a global decontamination champion, Zigi Capital's primary objective is to invest in (i) streamlining and modernising the Inertam asbestos vitrification plant through planned investment of around €5.3 million with a view to relaunching operations by the end of the year and (ii) recommissioning the CHO Morcenx gasification facility to showcase the Group's expertise and thus restore its reputation and demonstrate the benefits of its technology. Operations at Inertam and CHO Morcenx remain on standby pending the necessary audits in advance of the investment which will enable the relaunch of the production facilities.

In parallel, new industrial and financial partnerships will be established with major players in renewable energies and waste treatment, positioning Europlasma in its markets alongside groups that have the potential to rival the world leaders. In filing its draft judicial settlement plan through continuation, Zigi Capital has received expressions of support from a number of Europlasma's industrial partners.

As part of the judicial settlement plan through continuation, Europlasma will also benefit from the support of the Nouvelle Aquitaine region, in the form of a €2-million loan with a 7-year term and 2-year moratorium, to develop an industrial demonstrator for the gasification of waste from CHO Tiper, subject to the approval of the judicial settlement plan through continuation by the Commercial Court of Mont-de-Marsan, and provided that Europlasma protects jobs, does not relocate its operations and that approval is granted by the Permanent Commission of the Regional Council.

The continuation plan provides for a refund of the creditors of Europlasma and its subsidiaries in two alternative options. Either an immediate cash payment of 15% of the amount of their receivable with abandonment of the balance or a repayment in full in nine annuities, the first one on the anniversary date of the adoption of the plan. This plan will be examined by the Commercial Court of Mont-de-Marsan on July 16, 2019.

either a cash payment of 15% of the amount of their claim with abandonment of the balance, or a repayment in full in nine annual installments, the first contributor on the anniversary date of the adoption of the plan.

## 2 CHANGES IN GOVERNANCE

The Board of Directors has accepted the resignation of Mr Pierre Catlin from his position as director and Chairman of the Europlasma Board of Directors with effect from 7 June 2019, as well as the resignation of Mr Jean-Eric Petit, Mr Yann Le Doré and Mr Kim Ying Lee from their Europlasma directorships with effect from 18 June 2019.

Moreover, Mr Jean-Eric Petit has been dismissed from his position as CEO by the Board of Directors.

These resignations and this dismissal follow the submission of the judicial settlement plan through continuation proposed by Zigi Capital.

Consequently, the Board of Directors has decided to co-opt Messrs Jérôme Garnache-Creuillot, Pascal Gilbert and Laurent Collet Billon as directors of Europlasma. Moreover, Mr Jérôme Garnache-Creuillot has been appointed Chairman of the Board of Directors and CEO.

The Board of Directors is now made up of the following members:

- Mr Jérôme Garnache-Creuillot, Chairman and Chief Executive Officer;
- Mr Pascal Gilbert, Director;
- Mr Laurent Collet Billon, Director, and;
- Mr Eric Martel, Director.

Furthermore, the private limited liability company Catlin Management group, represented by Mr Pierre Catlin, has resigned its office as Chair of CHO Power SAS effective from 7 June 2019 and Mr Jean-Eric Petit has resigned from his other offices held in Europlasma group companies, namely:

- Chief Executive Officer of CHO Power SAS;
- Chairman of CHOPEX SAS;
- Chairman of Inertam SAS;
- Manager of SC Immobilière de Gazéification;
- Member of the Executive Committee of Financière GEE.

All of these positions have been taken up by Mr Jérôme Garnache-Creuillot.

Mr Stéphan Krymer, Chief Financial Officer, has also resigned from his position. Europlasma is taking the necessary steps to appoint a new Chief Financial Officer as quickly as possible.

### **3 IMMEDIATE SHARE CAPITAL TRANSACTIONS**

#### **3.1 Issue to Zigi Capita of convertible bonds with share purchase warrants attached for a total nominal value of €2 million and capital increase by offsetting receivables**

In presenting its draft judicial settlement plan through continuation, Zigi Capital acquires a stake in Europlasma, on the following basis as authorised by the bankruptcy judge.

On 24 June 2019, Europlasma and Zigi Capital signed an agreement to issue convertible bonds (**OCA**) with share purchase warrants attached (**BSA** and, together, **OCABSA**).

Under the terms of the agreement to issue convertible bonds with share purchase warrants attached, Zigi Capital is to subscribe 200 convertible bonds with a nominal value of €10,000 each, i.e. a total nominal value of €2,000,000, to which are attached 40,000,000 share purchase warrants.

Moreover, under this agreement, Zigi Capital will receive a commitment fee of 5% of the nominal value of the convertible bonds, i.e. €100,000, and the Company will pay the legal costs incurred by Zigi Capital up to a maximum of €40,000. This commitment fee and these legal costs will be paid by Europlasma by way of deduction from the price received for the subscription of the convertible bonds with share purchase warrants attached.

The settlement and delivery of the convertible bonds with share purchase warrants attached is scheduled for 25 June 2019.

Zigi Capital's shareholding will increase following the adoption of the continuation plan by the Commercial Court of Mont-de-Marsan, in particular to reassure the Group's future industrial partners of the stability of its future governance. Zigi Capital is then to subscribe to a capital increase to the tune of around €4.6 million by way of offsetting a receivable acquired from Europlasma's convertible bondholders at a discount on its

nominal value, once the judicial settlement plan through continuation has been approved by the Commercial Court of Mont-de-Marsan.

A table for tracking the conversion of the convertible bonds and the exercise of share purchase warrants will be available on Europlasma's website under the section "Investors and Shareholders".

### **Lock-up period**

The shares issued upon conversion of the convertible bonds and the exercise of share purchase warrants by Zigi Capital will be subject to a 12-month lock-up period.

### **3.2 Reactivation of the existing funding programme with the European High Growth Opportunities Securitization Fund by exercising the 4<sup>th</sup> convertible bond warrant for a total nominal amount of €2 million**

On 9 February 2018, Europlasma signed an agreement with EHGOSF to issue convertible bonds (**OCA**), for a total nominal amount of €8 million. This was renewed on 17 July 2018.

The Board of Directors agreed to reactivate the funding programme which came into force on 17 July 2018 with EHGOSF and to exercise the fourth and final warrant covered by the agreement.

In accordance with the terms of the agreement, Europlasma has today submitted a request to the EHGOSF to reactivate the funding programme, which will result in Europlasma receiving €2 million in exchange for the issue of 200 convertible bonds with a nominal value of €10,000 each, at an interest rate of 0%.

Funds are to be paid and convertible bonds issued on 25 June 2019, with the EHGOSF having waived the seven trading days' notice period stipulated in the agreement signed on 17 July 2018.

The characteristics of the convertible bonds are detailed in the press release published by Europlasma on 17 July 2018 ([http://www.europlasma.com/wp-content/uploads/2017/08/FINANCEMENT\\_EMISSION\\_OCA\\_17\\_07\\_2018-VDEF.pdf](http://www.europlasma.com/wp-content/uploads/2017/08/FINANCEMENT_EMISSION_OCA_17_07_2018-VDEF.pdf)).

### **POTENTIAL FUTURE FUNDING: AGREEMENT TO ISSUE CONVERTIBLE BONDS WITH SHARE PURCHASE WARRANTS ATTACHED FOR A TOTAL NOMINAL VALUE OF €30 MILLION TO BE SIGNED WITH EHGOSF**

In addition to the funding provided by Zigi Capital and the exercise of the fourth convertible bond warrant, Europlasma intends to implement the next stage of funding.

As such, on 24 June 2019, Europlasma and EHGOSF signed an agreement to issue convertible bonds (**OCA**) with share purchase warrants attached (**BSA** and, together, **OCABSA**).

Under the terms of this agreement, EHGOSF undertakes to provide Europlasma with funding of a total nominal amount of €30,000,000 over a 36-month period from the date on which the convertible bonds with share purchase warrants attached are issued.

The agreement also provides that EHGOSF will be paid a commitment fee of 5% of the total commitment, i.e. €1,500,000. This commitment fee is to be paid by Europlasma on the date on which the agreement is signed, through the delivery of 15,000,000 ordinary shares (the number of shares issued has been calculated on the basis of the share's nominal value).

Under the agreement, the legal costs incurred by EHGOSF are to be paid up to the maximum amount of €40,000 by the Company by way of deduction from the price received for the subscription of the first tranche of convertible bonds with share purchase warrants attached.

The issue of convertible bonds with share purchase warrants attached is subject to approval by the Commercial Court of Mont-de-Marsan of the draft judicial settlement plan through continuation presented by Zigi Capital. Moreover, an Extraordinary Shareholders' Meeting will decide whether Europlasma is to give the Board of Directors the authorisation to approve this funding.

A table for tracking the conversion of the convertible bonds and the exercise of share purchase warrants will be available on Europlasma's website under the section "Investors and Shareholders".

#### **4 ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING**

The Board of Directors has convened an Ordinary and Extraordinary Shareholders' Meeting for 20 August 2019.

Agenda items will include:

- ratifying the co-optation of Messrs Jérôme Garnache-Creuillot, Pascal Gilbert and Laurent Collet Billon as Europlasma directors;
- delegation of authority to be given to the Board of Directors to reduce the share capital by reducing the nominal value of ordinary shares;
- delegation of authority to be given to the Board of Directors to authorise the free allocation of convertible bonds with share purchase warrants attached to the European High Growth Opportunities Securitization Fund, under the terms described above; and
- delegation of authority to be given to the Board of Directors to carry out a capital increase for employees.

The Ordinary and Extraordinary Shareholders' Meeting will vote on the draft resolutions provided that the Commercial Court of Mont-de-Marsan has approved the judicial settlement plan through continuation submitted by Zigi Capital.

#### **5 RESUMPTION OF TRADING**

Given the above announcements and planned transactions, Europlasma will request that trading resumes on the Euronext Growth market on 25 June 2019 at 9.00 am.

#### Risks associated with the planned transactions and management of liquidity and funding risk

The main risks associated with the planned transactions are as follows:

- as at the date of this press release, the Europlasma share price remains suspended. Europlasma cannot foresee the conditions under which the shares are to be traded on Euronext Growth when trading resumes, and in particular the impact of the transactions described in this press release;
- the planned transactions involve the issue of complex financial securities comprising a bond component and an option component relating to the Company's shares;

- the issue of convertible bonds with share purchase warrants attached is subject to the approval by the Commercial Court of Mont-de-Marsan of the draft judicial settlement plan through continuation presented by Zigi Capital and the approval of the relevant resolutions by the Shareholders' Meeting;
- the terms and conditions of the financial securities may be changed with the approval of the majority of holders and, where relevant, of Europlasma's Shareholders' Meeting;
- prior to the conversion of the debt into shares, Europlasma's debt is to increase due to (i) the issue of convertible bonds subscribed by Zigi Capital, (ii) the issue of convertible bonds subscribed by EHGOSF as a result of the exercise of the fourth convertible bond warrant, and (iii) the future issue of convertible bonds to be subscribed by EHGOSF under the agreement to issue convertible bonds with share purchase warrants attached;
- Europlasma's shareholders will see their shareholding significantly diluted due to (i) the issue of new shares as a result of the conversion of convertible bonds subscribed by Zigi Capital and the exercise of share purchase warrants detached from the convertible bonds subscribed by Zigi Capital, (ii) the issue of new shares as part of the capital increase through the offsetting of receivables to the benefit of Zigi Capital, (iii) the issue of new shares resulting from the conversion of convertible bonds subscribed by EHGOSF as a result of the exercise of the fourth convertible bond warrant, and (iv) the issue of new shares resulting from the conversion of the convertible bonds to be subscribed by EHGOSF as part of the agreement to issue convertible bonds with share purchase warrants attached and the exercise of the detached share warrants thereof;
- warrant holders benefit from protection should certain events arise or the share price fall;
- the volatility and liquidity of Europlasma shares may fluctuate significantly;
- the disposal of Europlasma shares by Zigi Capital (following the expiry of the lock-up period) or by EHGOSF may have a negative impact on the Europlasma share price and liquidity;
- the continuation of Europlasma's operations and those of its subsidiaries will depend on the approval, by the Commercial Court of Mont-de-Marsan, of the judicial settlement plan through continuation presented by Zigi Capital as well as, once this is obtained, the success of the new strategy implemented.

Europlasma and its subsidiaries are the subject of bankruptcy proceedings started on 25 January 2019 at the Commercial Court of Mont-de-Marsan. As stated in the press release published by Europlasma on 4 June 2019, following the hearing on 28 May 2019, the Commercial Court of Mont-de-Marsan upheld the observation period so as to enable Zigi Capital to present its draft judicial settlement plan through continuation. This will be reviewed by the Commercial Court of Mont-de-Marsan at a hearing scheduled for 16 July 2019, following the expiry of the statutory creditor consultation period. The funding to be put in place as part of the transactions described in this press release has the following objectives: (i) to cover Europlasma's immediate cash requirements and (ii) to provide the necessary funds for working capital and the launch of the investment programme. In the event that the judicial settlement plan through continuation is rejected by the Commercial Court of Mont-de-Marsan and in the absence of an alternative proposal that would enable Europlasma and its subsidiaries to continue to operate, Europlasma and its subsidiaries may be placed in compulsory liquidation.

## Main risks associated with Europlasma

The risk factors specific to Europlasma and its group, as well as its activities, are described in Chapter 2 of the Registration Document for the financial year ending 31 December 2017, filed with the French financial markets authority (*Autorité des marchés financiers*) on 27 April 2018.

### **Important notice**

The information or statements contained in this press release have to be considered as management's estimates made on the date of their publication. Such information is submitted to risks and uncertainties hardly predictable and generally outside of the Group's scope of action. These risks enclose the risks listed in the Reference Book available on the company's website [www.europlasma.com](http://www.europlasma.com). The group's future performance may therefore slightly vary from the forward-looking information revealed. The Group takes no responsibility for the achievement of these forward looking statements.

### **About EUROPLASMA**

At the heart of environmental issues, Europlasma designs and develops innovative plasma solutions for renewable energy production and hazardous waste recovery, as well as tailored-made applications for companies wishing to reduce their environmental footprint. Europlasma is listed on Euronext Growth Paris (FR0000044810-ALEUP / LEI 969500WYVNHBV1ABQ250). For more information: [www.europlasma.com](http://www.europlasma.com)

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