

Press release

Saint-Mars-du-Désert, 22 March 2023



FLORENTAISE, the pioneer in low-carbon potting soils, launches its IPO on Euronext Growth® Paris

- Capital increase of approximately €28 million, which may be increased to approximately €32.2 million if the Extension Clause is fully exercised and to €37 million if the Over-Allotment Option is fully exercised
- €12 million subscribed via debt compensation by the family holding company Floreasy
- Subscription period: from 22 March 2023 until 4 April 2023 for the Public Offering (at 5:00pm OTC and 8:00pm online) and until 5 April 2023 at 12pm for the Global Placement
- Indicative price range of the Offering: between €9.44 and €12.76 per share
- Eligible for PEA and PME-ETI (ex PEA-PME) equity savings plans¹

Florentaise, a pioneer in low-carbon potting soils, announces the launch of its initial public offering for the admission of its shares to trading on the Euronext Growth Paris® market (ISIN: FR001400GO75 - Ticker Code: ALFLO).

The *Autorité des Marchés Financiers* (AMF) has approved the Prospectus under the number 23-078 on March 21st 2023, composed of the Registration Document approved on March 3rd, 2023 under the number I.23-006, a Securities Note, and a summary of the Prospectus (included in the Securities Note and copied in the appendix of this press release)

For more information on the planned IPO on Euronext Growth®, see:

<https://investir.florentaise.fr/en>

¹ Reduction in income tax subject to conditions and up to the limits available. Interested parties should contact their financial advisor

FLORENTAISE potting soils promote the preservation of peatlands, A major ecological urgency to fight global warming

Peatlands are wetlands that account for only 3% of the world's surface area but capture 33% of the Earth's CO₂, and host 50% of extremely rich biodiversity. Nearly half of the peatlands are now severely damaged due to their overexploitation².

"Working to cease the exploitation and drainage of peatlands is one of the most effective ways to eliminate carbon from the atmosphere and thus curb global warming" (IPCC - Intergovernmental Panel on Climate Change, July 2022).

Today, the vast majority of potting soils sold to individuals and professionals (horticulturalists, nursery gardeners) still include peat, while the potting soils market is set to expand massively under the impetus of urban greening and the development of off-ground crops. In 2017, this market represented 112 million m³ worldwide for an estimated market volume of €6.7 billion and is expected to multiply by more than 4 to reach €28.3 billion by 2050³. **To support this rapid development while preserving peatlands, ecological alternatives to peat-based compost are required urgently.**

Florentaise has developed proprietary solutions to reduce the intensive exploitation of peatlands and the resulting enormous greenhouse gas emissions. Hortifibre® and Turbofibre®, Florentaise's patented wood fibres developed using wood chips and tree bark, are tried-and-tested alternatives to the peat used in potting soils. **These two eco-responsible products have a carbon footprint 20 to 50 times less than that of the peat used in potting soils⁴.** The ramp-up of these two products will enable Florentaise to shut down the last authorised national peatland, operated by Florentaise, in France in 2026 (Baupte, Channel).

The Group points out that peat already represents a minor proportion of its supplies with only 23% of the intrants used to produce potting soils. Thus, as of 30 June 2022, 77% of the raw materials used in the production of potting soils did not contain peat. The Group's objective is to continue to reduce, progressively over this decade, the proportion of peat in the raw materials used in the production of its potting soils in order to be eventually peatless. ⁵.

² https://www.lemonde.fr/planete/article/2013/01/04/les-tourbieres-se-transforment-en-emetteurs-de-co2_1812895_3244.html

³ Data calculated on the basis of data relating to the professional sector as set out in Wageningen University & Research / Business Unit Greenhouse Horticulture (2017). Company assumptions:

i) professional segment volumes represent 60% of total volumes

ii) price per m³ of compost: €60 today (according to AFAIA, the price per m³ averaged €67.50 in 2021)/average for professional and consumer markets)

⁴ The calculations were carried out by the Company according to the "Base Carbone®" database administered by ADEME.

⁵ Depending on market conditions, including the willingness of customers to use peat-free potting soil, and the applicable regulations

Florentaise, a French leader in potting soils and eco-innovative growing media

Founded in 1973, Florentaise is 100% owned by the Chupin family. **The Group employs 245 FTEs and had generated revenue of €57.5 million⁶ at 30 June 2022.** Today, more than 600 own brands and retail brand references are available from the major retailers such as Truffaut, Botanic, Aldi, LIDL and Intermarché, allowing Florentaise to sell nearly one in five bags of substrates in France to the general public and to cover 12% of the professional market. Its successful development in France has enabled the Group to extend its reach beyond its borders through a presence in six other countries (England, the Netherlands, India, China, Estonia and soon in the United States).

Since the Group's inception, innovations and R&D investments have been guided by a strong commitment to ecology with the early implementation of concrete measures to reduce its carbon footprint. This eco-awareness resulted in the implementation of a carbon footprint in 2009. **Since that date, the Group has reduced the average carbon footprint of the potting soil delivered (per cubic meter) by more than 30%.** It has notably reduced the impact of transport for each cubic meter delivered by around 47% thanks to the deployment of a multi-site strategy (9 sites currently), limiting the number of kilometres travelled by raw materials and finished products. Today, 65% of the raw materials used by the Group are sourced in France within a radius of less than 200 km from the production sites. 10% of raw materials are sourced within an average radius of more than 200 km in France and the balance (i.e. 25%) of raw materials mainly represents peat imported from the Baltic countries.

Hortifibre® and Turbofibre®, innovative peat alternatives for new low-carbon potting soils:

With 13 international patents from a R&D centre drawing on the support of more than a dozen experts, Florentaise is now an innovative player in the horticultural sector with more than 250 formulas tested each year and a pioneering position in low-carbon potting soil. Its lead in innovation and the environmental transition enabled the Group to market its patented Hortifibre® (from the 2000s) and Turbofibre® (from 2015) wood fibres, which are effective substitutes for peat. Porosity, drainage, aeration and water retention capacity, and agronomic performance are all on track, making it possible to forego the use of peat.

It is in terms of the environmental transition that the Hortifibre® and Turbofibre® raw materials stand apart, enabling a reduction in greenhouse gas emissions of around 20 to 50 times over the entire product life cycle, compared to peat.

This innovative eco-offering is now competitive: with equal agronomic performance, a balanced mix of Florentaise solutions is 17% cheaper than a peat-based mix.

The "Bivis" production line, a tried and tested industrial tool used to produce Florentian wood fibres.

The manufacturing process for Hortifibre® and Turbofibre® wood fibres, which enables these products to achieve the performance necessary to replace peat, is unique and protected by Florentaise patents. These fibres are produced according to a specific process with a "Bivis" production line based on the extrusion and thermomechanical fibre refining of tree bark or wood chips of high-quality ingredients from the circular

⁶ Proforma revenue (after reorganisation of the company in December 2022)

economy, with the sawmill waste (wood chips, bark) used being collected from local sawmills, some of which source mainly from PEFC-certified forests⁷. The key advantages of this process are the complete sanitisation of output materials while controlling granulometry. These wood fibres can then be either incorporated into the finished potting soil sold to end consumers in France or to other potting soils manufacturers for distribution outside France.

In this context, Florentaise has acquired, from a partner manufacturer, several proprietary Bivis machines that it uses on its sites in France to manufacture potting soil while renting other Bivis machines to other land manufacturers based on an economic model that has recently transitioned to hourly rental and a maintenance contract (rental contract over a renewable 5-year period).

Since 2006, Florentaise has renewed its agreement with the manufacturing partner for the right to exclusive use and distribution of the Bivis for horticultural purposes; this agreement expanded to the international level in 2021. Under this renewable exclusivity agreement, no actor can develop and sell the same machines anywhere in the world without risking an intellectual property violation; this applies to both the industrial machine itself and to the outbound wood fibres. The products obtained, Hortifibre® and Turbofibre®, are protected by Florentaise patents.

Sale of potting soil in France: strengthening its positions

In France, the Group already has a leading position among end consumers, representing 1 out of 5 bags sold in France (61% of the Group's revenue) and among professionals such as horticulturalists, landscapers and nursery gardeners (39% of sales).

Among the general public, the recent and persistent growth of the gardening industry should enable the Group to consolidate its position with existing customers looking for responsible products and also to conquer new brands seeking added value for consumers. As a reminder, the Group already has leading brands such as Truffaut, Botanic and Mr. Bricolage, Super U, Casino, Intermarché, Lidl and Aldi among its clients.

In the professional market, sales will be driven by the development of off-ground crops and the greening of cities.

Sale of potting soil in China: continued acceleration

Present in China since 2016, the Group recognised the potential of this market very early on, favouring the development of off-ground crops rather than the exploitation of peatlands. The protection of wetlands is indeed a priority objective of China's ambitious green plan to reach peak emissions in 2030 and "net zero" in 2060. These commitments require global investments valued at between \$14,000 and \$17,000 billion according to the World Bank. In this market, Florentaise's development strategy is to duplicate the French model by drawing on local partnerships.

⁷ PEFC is the Programme for the Endorsement of Forest Certification, a global alliance of over 80 stakeholders in the management and preservation of national forests.

Florentaise already has two plants, one established in 2016 in Jiangsu and the second in Guangdong in 2021. These units generated more than €11 million in revenue in 2022⁸, 50% of which was included in Florentaise's pro forma financial statements as at 30 June 2022. With growth of more than 85% per year since 2020, the Group intends to strengthen its footprint in China with the installation of three new production units planned for 2023, 2024 and 2025 in regions where it is not yet present.

Bivis: roll-out of the rental model to international potting soils producers

In addition to the sale of substrates for professionals and consumers in France and China, Florentaise has developed a Bivis production line rental model for potting soils manufacturers in Europe and, potentially, in the United States.

This offer consists of providing a turnkey solution based on a model of hourly rental combined with a maintenance package. There is no initial CAPEX to install the production line; the pre-assembly and on-site assembly of the Bivis as well as the maintenance provided by Florentaise form a range of services that meet the needs of manufacturers. For example, a leading potting soil manufacturer in the UK is already leasing six Bivis and has ordered seven others that are being installed. This model, which is complementary to that of the potting soil sales business, should enable the Group to accelerate its growth.

Revenue from this activity is expected to amount to €3.4 million at the end of June 2024 and to account for 20% of estimated consolidated revenue by 2027.

Inevitable end to the economic exploitation of peatlands: a regulatory framework already in place in certain countries

The signature of an historic global agreement for the preservation of biodiversity and wetlands (including peatlands) was ratified by 117 countries at COP15 Biodiversity held in December 2022⁹. In Ireland, where peat is an historic resource, its industrial and commercial use has already been banned since 2019. This first at the European level is expected to lead to its total continent-wide ban by 2050¹⁰.

These developments should guide the potting soil market in a gradual shift towards the use of raw materials other than peat. Thus, while in 2017 the share of peat represented nearly 60% of professional potting soil, it is expected to account for less than 30%, or half the current amount, by 2050¹¹.

With the funds raised as part of the IPO and the establishment of three new Bivis lines in France by the end of 2024, Florentaise is likely to be able to replace all the peat in its potting soil by 2030, subject to market conditions, the pace of adoption of peatless potting soils by customers and applicable regulations.

⁸ Combined Revenue at 30 June 2022

⁹ Montreal from 7 December 19 December 2022

¹⁰ European Commission, European Green Pact "Priorities 2019-2024"

¹¹ Wageningen University & Research / Business Unit Greenhouse Horticulture (2017)

Consolidated revenue of €120 million in 2027, with an operating margin of around 20%

This ambition requires the Group to conquer and establish its presence on new markets in its historic potting soil sales activity in France and China. In France, with a full range of eco-innovative substrates, the Group aims to strengthen its position via the acquisition of new customers and the strengthening of commercial relations with existing customers. The Group also anticipates a promising market development for low-carbon potting soil and Florentaise solutions. In China, the launch of three new sites will enable the Group to accelerate its growth in a region that contributes significantly to the acceleration of sales and the improvement of its profitability.

Florentaise will continue to promote its rental model with the aim of significantly expanding the Bivis fleet in service by 30 June 2027. At that date, the Group will target a fleet of 38 Bivis machines in operation. As a reminder, 7 machines had already been installed as of 30 June 2022 and 7 additional machines are being installed and expected to be in service by 30 June 2023. The commercial pipeline of identified projects includes 15 machines, corresponding to €16.5 million in annual revenue. Three of these projects are at an advanced stage of discussion in Europe and the United States with installations planned between 1 July 2023 and 30 June 2024.

Thus, by 2027, Florentaise plans to generate consolidated revenue of €120 million (with a breakdown of sales of 80% for potting soil and 20% from Bivis rentals). The execution of this roadmap should be accompanied by an improvement in profitability, driven by the rollout of the Bivis model offering higher margins and the development of the Potting soils business in China, which has a lighter cost structure. As such, the Company plans to increase its operating income to more than 20% of revenue in 2027.

An IPO on Euronext Growth® Paris to support the development strategy and finance growth

The purpose of the Offer and the listing of the Company's shares on Euronext Growth® Paris is to enable the Group to finance the development of its current projects, to finance its working capital requirements and to support its growth strategy.

The estimated net proceeds of the Offer amount to approximately 26.2 million euros based on a median price of the Indicative Range of which:

- 12 million euros will be subscribed by Floreasy by way of compensation for by set-off with unquestionable, liquid and due claims held by Floreasy with regard to the Company resulting from vendor loans granted by Floreasy International Ltd to Florentaise in the context of the reorganisation of potting soil activity carried out on 31 December 2022 (and in particular the acquisition by the Company of 50% of Fulan 2 from Floreasy International Ltd) for a total amount of €31,302 thousand. It should be noted that the said vendor loans bear interest at the maximum tax-deductible rate in France and were transferred from Floreasy International Ltd to Floreasy by way of assignment of receivables prior to the date of approval of the Prospectus;
- 14.2 million euros to be subscribed for in cash based on a mid-point of the Indicative Range which will be allocated as follows:
 - Approximately 32% will be dedicated to the financing of the deployment of new Bivis machines, of which 20% will be financed from equity and the remainder by leasing

- Approximately 25% will be dedicated to capital expenditure in the potting soil business, mainly in France to increase production capacity to supply the European and Chinese markets, and to a lesser extent in China to help set up the new sites to be deployed;
- Approximately 23% will be dedicated to the repayment of a shareholder current account debt to Floreasy S.A.S;
- Approximately 20% will be dedicated to the financing of the current working capital requirement (in addition to the renewal of its short-term credit lines) and to its increase linked to the expected growth of the activity;

In the event that the Offer is only 75% subscribed, on the basis of a price equal to the lower limit of the Indicative Range, the funds raised (excluding debt compensation) would be allocated up to 70% to the repayment of a shareholder's current account debt to Floreasy S.A.S. and 30% will be dedicated to the financing of the current working capital requirement (in addition to the renewal of its short-term credit lines) and its increase linked to the expected growth of the activity. The other strategic axes related to investments would be financed by a recourse to debt and a new fund raising to complete its financing needs and reach its objectives, after having demonstrated the relevance of its business model.

Subscription commitments

It is recalled that the family holding company (Floreasy) has undertaken to subscribe, without any price limit in relation to the indicative price range of the Offer, an amount of €12 million by way of debt compensation.

Offering eligible for PEA and PME-ETI (ex PEA-PME) equity savings plans

Florentaise meets the eligibility criteria for PME-ETI equity savings plans specified by the provisions of Articles L. 221-32-2 and D. 221-113-5 et seq. of the French Monetary and Financial Code. As a result, Florentaise shares can be fully integrated into personal equity plans (PEAs) and PME-ETI accounts, which enjoy the same tax benefits as a traditional PEA.

A summary of the tax regime that may apply is described in the Securities Note (see section 4.1.9). The persons concerned are invited to consult their usual tax advisor about the taxation applicable to their particular case, in particular with regard to the subscription, acquisition or holding.

Availability of the Prospectus

Copies of the prospectus, approved by the AMF on March 21, 2023 under number 23-078, are available free of charge and upon request from the Company at the registered office of Florentaise (Le Grand Pâtis, 44850 Saint-Mars-du-Désert) and on the websites of the AMF (<https://www.amf-france.org>) et de Florentaise (<https://investir.florentaise.fr>). Approval of the Prospectus should not be considered a favourable opinion on the securities offered or admitted for trading on Euronext Growth®.

Risk factors

Investors are encouraged to carefully consider Chapter 3, “Risk factors”, of this Transaction Memorandum and Chapter 3 of the Registration Document before making any investment decisions. The occurrence of all or part of these risks is likely to have a negative impact on the Company's activities, situation, financial results or the achievement of its objectives, as well as on the market price of the Company's shares once they are admitted to trading on Euronext Growth®.

Financial intermediaries and advisers



*Joint Global Coordinators
Associate Lead Arranger, Bookrunner
and Listing sponsor*



GROUPE SOCIETE GENERALE

*Joint Global Coordinators
Associate Lead Arranger and
Bookrunner*



Legal advice

In Extenso

Statutory Auditor



Statutory Auditor

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Further information about Florentaise's planned IPO at:

<https://investir.florentaise.fr/en/>

For more information about the Florentaise IPO project, we are available by phone:

+33 (0) 7 57 81 50 60

MAIN TERMS OF THE TRANSACTION

INDICATIVE TIMETABLE FOR THE OPERATION

21 March 2023	Approval of the Prospectus by the AMF
22 March 2023	Start of the open-price offering and global placement
4 April 2023	Closing of the open-price offering at 5.00pm Paris time for OTC subscriptions and 8.00pm Paris time for online subscriptions
5 April 2023	Closing of the global placement at 12pm Paris time. Distribution of the press release indicating the result of the Offering
11 April 2023	Settlement-delivery of the open-price offering and the global placement
12 April 2023	Start of trading on Euronext Growth Start of possible stabilisation period

SHARE CAPITAL BEFORE THE ISSUE

Share capital of 635 680 euros, divided into 6,356,800 shares with a par value of €0.10 each.

CHARACTERISTICS OF THE SHARES

- Name: Florentaise
- Ticker: ALFLO
- ISIN: FR001400GO75
- Listing market: Euronext Growth® Paris
- ICB classification: 55201015 - Fertilizers

Eligible for PEA and PME-ETI equity savings plans

INDICATIVE PRICE RANGE

Between €9.44 and €12.76 per share offered.

This information is provided for information purposes only and is in no way indicative of the price of the Offering, which may be set outside this indicative range.

NUMBER OF SHARES OFFERED

2,522,523 new shares to be issued in connection with a share capital increase by way of a public offering.

- A maximum of 378,378 new additional shares in the event of full exercise of the extension clause ;
- A maximum of 435,135 new additional shares in the event of full exercise of the overallotment option).

STRUCTURE OF THE OFFERING

An offering to the public in France in the form of an open-price offering, mainly intended for private individuals, where:

- The orders will be broken down according to the number of shares requested: order fraction A1 (from 10 shares up to 200 shares) and order fraction A2 (over 200 shares);
- The A1 order fractions will receive preferential treatment relative to the A2 order fractions in the event that all orders cannot be fully satisfied;

A global placement mainly intended for institutional investors comprising:

- Placement in France; and
- International private placement in certain countries, excluding in particular the United States of America, Japan, Canada and Australia.

If permitted by the request expressed under the OPO, the number of shares allocated in response to orders issued under the OPO will be at least equal to 10% of the number of shares offered under the Offering (before any exercise of the Extension Clause).

GROSS AMOUNT OF THE TRANSACTION

- Approximately €28.0 million for 100% subscription of the capital increase (calculated on the basis of a price equal to the midpoint of the indicative range of the offering price, i.e. €11.10),
- Around €32.2 million if there is full exercise of the extension clause (based on the midpoint of the offering's indicative price range, i.e. €11.10).
- Around €37.0 million if there is full exercise of the extension clause and the overallotment option (based on the midpoint of the offering's indicative price range, i.e. €11.10).

NET PROCEEDS FROM THE OFFERING

A net amount of approximately €26.2 million that could be increased to approximately €30.2 million in the event of full exercise of the Extension Clause and €34.7 million in the event the overallotment option (based on the midpoint of the offering's indicative price range, i.e. €11.10)

LOCK-UP AND HOLDING COMMITMENTS

- Company's lock-up agreement: 180 days
- Lock-up agreement: 360 calendar days for Floreasy (holding company of the Company controlled by Jean-Pascal Chupin)

FORWARD-LOOKING INFORMATION

The Prospectus contains indications on the Company's outlook and development strategy. These indications are sometimes identified by the use of the future or conditional tense, or terms of a forward-looking nature such as “consider”, “plan”, “think”, “aim”, “expect”, “intend”, “must”, “target”, “find”, “believe”, “wish” or “may”, or, where applicable, the negative form of these terms, or any other variant or similar expression. The reader's attention is drawn to the fact that these objectives and areas of development depend on circumstances or events whose occurrence or achievement is uncertain. This information is not historic data and may not be interpreted as guarantees that the events and data referred to herein will occur, that the assumptions herein have been verified or that the targets herein will be achieved. This information is based on data, assumptions and estimates that the Company feels are reasonable. It is subject to change or modification due to uncertainties associated in particular with the economic and competitive environment. This information is referred to in various sections of the Prospectus and contains data pertaining to the Company's intentions, estimates and targets concerning in particular the markets, products, strategy, sales deployment, growth, results, financial position and cash position of the Company. The forward-looking information contained in the Prospectus consists of data only at the date of approval of the Prospectus. Unless required by an applicable law or regulation (in particular Regulation (EU) 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse), the Company makes no commitment to publish updates to the forward-looking information contained in the Prospectus in order to reflect any change in its objectives or the events, conditions or circumstances on which the forward-looking information contained in the Prospectus is based. The Company operates in an environment characterised by strong competition.

MARKET AND COMPETITION INFORMATION

The Prospectus contains information relating to the Company's activity and its competitive position, in particular in section 2.2 “Overview of Activities” of the Registration Document. Certain information contained in the Prospectus is publicly available information that the Company considers reliable but which has not been audited by an independent expert. The Company cannot guarantee that a third party using different methods to collect, analyse or calculate the data on business segments would obtain the same results. Given a particularly active technological and competitive environment, it is possible that this information may prove to be incorrect or no longer up-to-date. The Company's business may therefore evolve differently from how it is described in the Prospectus. The Company makes no commitment to publish updates to this information, except in the context of any applicable legislative or regulatory obligation and in particular Regulation (EU) 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse.

DISCLAIMER

This press release and the information it contains in no way constitute an offer to sell or subscribe for, or a solicitation to purchase or subscribe for, shares in FLORENTAISE in any country whatsoever.

No share offer is made, nor will be made, in France prior to obtaining approval from the Autorité des Marchés Financiers (AMF - French securities regulator) of a prospectus consisting of the Registration

Document referred to in this press release and an offering memorandum (including the prospectus summary) which will subsequently be filed with the AMF.

This press release is promotional in nature and is not a prospectus within the meaning of EU Directive 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the "Prospectus Directive"). This press release does not constitute and may not be considered a public offer, purchase offer or subscription offer or as intended to solicit public interest for the purposes of a public offering.

This press release constitutes neither an offer to sell securities nor a solicitation of an offer to purchase or subscribe for securities in the United States. Shares and any other securities of Florentaise may only be offered or sold in the United States following registration under the terms of the U.S. Securities Act of 1933, as amended, or within the framework of an exemption from such registration. Florentaise has no intention of registering the offering in part or in whole in the United States, or of carrying out a public offering in the United States. Regarding the United Kingdom, this press release is intended solely for persons who (i) are investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as currently in effect, hereinafter the "Financial Promotion Order"), (ii) are referred to in Article 49(2) (a)-(d) ("high net worth companies, unincorporated associations, etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activities (within the meaning of Section 21 of the Financial Services and Markets Act 2000) related to the issue and sale of securities may be legally disclosed, directly or indirectly (all these persons being jointly referred to as "Authorised Persons"). This press release is intended solely for Authorised Persons and may not be used by unauthorised persons.

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