

FLORENTAISE, the pioneer in low-carbon potting soils, announces the approval of its Registration Document by the French Financial Market Authority (Autorité des Marchés Financiers) in its project of IPO on Euronext Growth® in Paris

- **A family-owned mid-sized company, leader in France in potting soils and cultivation solutions**
- **An innovative offering of patented solutions which can replace peat in potting soils and thus contribute to preserving threatened ecosystems playing a key role in the fight against global warming**
- **Patented low-carbon products with agronomic performance equivalent to peat**
- **Critical industrial capacity with several potting soils production sites in France and China for international commercial reach**
- **Proforma revenue of €57.5m¹ for the financial year ended 30 June 2022, average annual growth of around 20% per year over the past three years², Operating Income margin of around 5%**
- **Several catalysts that should accelerate growth and improve profitability:**
 - > Acquisition of new market share in France in the general public and professional segments
 - > Continued acceleration in China in the professional segment (+85.3% of CAGR³)
 - > International deployment of substrate production units (BIVIS machines) in Europe and the United States with other potting soils manufacturers, based on a rental model
- **Ambition 2027: bring revenue above the €120m mark⁴ with an Operating Income margin multiplied by 4, to 20% of revenue.**

Florentaise, a pioneer in low-carbon potting soils, has had its registration document approved by the Autorité des Marchés Financiers (AMF) under number I.23-006 dated 3 March 2023. The approval of the registration document marks the first step in Florentaise's proposed Initial Public Offering on Euronext Growth® Paris. The IPO remains subject to the AMF approval of the prospectus relating to the offering of Florentaise's shares on Euronext Growth® in Paris, as well as favourable market conditions.

¹After reorganisation of the company in December 2022

²Average annual growth rate calculated on the combined turnover for the years ended 30 June 2022, 30 June 2021 and 30 June 2020

³Average annual growth rate calculated on the turnover for the years ended 30 June 2022, 30 June 2021 and 30 June 2020

⁴Consolidated revenue

FLORENTAISE potting soils promotes the preservation of peatlands, A major ecological priority to fight global warming

Peatlands are wetlands that account for 3% of the world's surface area but only 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 overexploitation⁵.

"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 business volume of €6.7 billion and is expected to multiply by more than 4 to reach €28.3 billion by 2050⁶. **To support this rapid development while preserving peatlands, ecological alternatives to peat-based compost are needed quickly.**

Florentaise has proprietary solutions to reduce the intensive exploitation of peatlands and the resulting massive greenhouse gas emissions. Hortifibre® and Turbofibre®, patented Florentaise 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 smaller than that of the peat used in potting soils⁷.** The ramp-up of these two products will make it possible to implement the planned end of Florentaise's exploitation of the last authorised peatland in France in 2026 (Baupte, Channel).

The Group notes that peat already represents a minor proportion in its supplies, i.e. only 23% of the materials used to produce potting soil. As of 30 June 2022, 77% of the raw materials used for the production of potting soil did not contain peat.

⁵ https://www.lemonde.fr/planete/article/2013/01/04/les-tourbieres-se-transforment-en-emetteurs-de-co2_1812895_3244.html

⁶ *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)

⁷ The calculations were carried out by the Company according to the "Base Carbone®" database administered by ADEME.

Jean-Pascal Chupin, Chairman and Chief Executive Officer of Florentaise, said:

"Our low-carbon offering limits the use of peat in professional and mass consumer potting soils, thereby reducing the exploitation of peatlands involving considerable greenhouse gas (GHG) emissions into the atmosphere.

Our solutions are available from nursery gardeners and horticulturalists as well as in consumer networks such as Truffaut, M. Bricolage and large supermarkets such as Super U, Casino and Intermarché. They are also part of greening projects in large urban areas such as the Louis Vuitton Foundation, the new Halles Forum in Paris and the upcoming 2024 Olympic Games in Paris. These many achievements testify to the agronomic qualities of our products in terms of drainage/retention of water, rooting and porosity throughout the crop cycle, at a more advantageous price than soil with a traditional peat mix. In France, we are a major horticultural player with a market share of around 22% in the Consumer segment. Internationally, we are present in six countries, including China, where we already have two production units.

Our ambition is to assert ourselves as a global reference for low-carbon potting soils and responsible cultivation materials while supporting the horticultural sector's transition to sustainable alternatives. This ambition is driven on the one hand by a traditional and historical model of direct sales of potting soils in France, as well as in China, and on the other by a leasing model of our production facilities to other land manufacturers in Europe and soon in North America. The latest model combining long-term contracts, royalties and maintenance, has already allowed seven machines to be marketed to leading potting soils manufacturers in England and the Netherlands".

Florentaise, a French leader in potting soils and eco-innovative cultivation materials

Founded in 1973, Florentaise is wholly owned by a family shareholder base. The Group employs 245 employees and had generated revenue of €57.5 million at 30 June 2022. Today, more than 600 own brands and retail brand references are available from the major brands such as Truffaut, Botanic, Aldi, LIDL and Intermarché, allowing Florentaise to sell nearly one in five bags of compost 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, Netherlands, India, China, Estonia and soon in the United States).

Since the Group's creation, innovations and investments in R&D 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, 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 peat⁸.

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 Florentian 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 economy, with the sawmill waste (wood chips, bark) used being collected from local sawmills, some of which source mainly from PEFC-certified forests⁹. 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.

⁸ The calculations were carried out by the Company according to the "Base Carbone®" database administered by ADEME.

⁹ 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.

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. On these markets, the Company aims to increase the volume of low-carbon products sold to its professional customers to 75% by 2027.

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 by the World Bank.

In this market, Florentaise's development strategy is to duplicate the French model by drawing on local partnerships. 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 2022¹⁰, 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 compost 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.

¹⁰ Revenue at 30 June 2022

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 2022¹¹. 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 2050¹².

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 2050¹³.

Thanks to 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.

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 new machines are 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 Compost 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.

¹¹ Montreal from 7 December 19 December 2022

¹² European Commission, European Green Pact "Priorities 2019-2024"

¹³ Wageningen University & Research / Business Unit Greenhouse Horticulture (2017)

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:

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Availability of registration document

Copies of the Florentaise Registration Document, approved by the AMF on 3 March 2023 under number I.23-006, are available free of charge and upon request from the Company's registered office (Le Grand Pâtis, 44850 Saint-Mars-du-Désert) and on the websites of the AMF (<https://www.amf-france.org>) and Florentaise (<https://investir.florentaise.fr/en/>). The Registration Document contains a detailed description of Florentaise, including its business activity, strategy and financial position, as well as the corresponding risk factors.

Risk factors

Investors are encouraged to carefully read Chapter 3 "Risk Factors" of the Registration Document before making any investment decisions. The occurrence of some or all of these risks may have an adverse impact on the company's business, results, financial position, development and outlook. Furthermore, other risks not yet identified or considered as immaterial by the company at the date of approval of the Registration Document may also have an adverse impact.

Forward-Looking Statements

This press release contains indications on Florentaise's objectives as well as forward-looking statements. This information is not historic data and may not be interpreted as a guarantee that the events and data referred to will occur. This information is based on data, assumptions and estimates that Florentaise believes are reasonable. The latter operates in a constantly changing and competitive environment. Accordingly, it cannot anticipate all the risks, uncertainties and other factors liable to affect its business, their potential impact on its business, or to what extent the occurrence of a risk or combination of risks may have materially different results than those referred to in any forward-looking information.

Florentaise draws the public's attention to the fact that forward-looking statements do not under any circumstances constitute a guarantee of its future performance and that its financial position, results and actual cash flow, as well as the evolution of the sector in which the Florentaise operates, may differ significantly from those proposed or suggested by the forward-looking statements contained in this document. In addition, even if Florentaise 's financial position, results and cash flows and the evolution of the sector in which it operates were in line with the forward-looking information contained in this document, these results or developments may not be a reliable indication of Florentaise 's future results or developments. This information is valid only as of the date of this press release. Florentaise is under no obligation to publish updates to this information, nor the assumptions on which it is based, unless required to do so by legal and regulatory obligations.

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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.

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