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La vie du mobile

Press release

LARGO, an eco-responsible French player in refurbished devices, launches its Initial Public Offering on Euronext Growth® Paris

- Offer for a total of 1,488,135 new ordinary shares (corresponding, by way of indication, to 17.3 million euros, of which 14.0 million euros via a capital increase by public offering, issue premium included¹), 2.3 million euros in respect of the sale of existing shares by certain current shareholders, that could be increased, should the primary extension clause be fully exercised, to a maximum of 1,938,636 new ordinary shares (corresponding, by way of indication, to 22.5 million euros¹)
- Subscription commitments totalling €5.1 million, notably from Vatel Capital, CELY Finance, Aurore Invest and IM Hôtel
- Indicative Offering Price range: €9.87 to €13.35 per share
- End of the Open Price Offer: 19th April, 2021 (5 pm CEST, 8 pm via Internet)
- End of the Global Placement: 20th April, 2021 (12 noon CEST)
- Shares eligible for PEA-PME equity savings schemes, subject to conditions

Sainte-Luce-sur-Loire (France), 7th April, 2021 – 7:30 am CEST – LARGO (the “Company”), an eco-responsible French player in the refurbishment of mobile devices, announces the launch of its Initial Public Offering with a view to having its shares admitted to trading on the Euronext Growth® multilateral trading facility in Paris (ISIN: FR0013308582 - Ticker: ALLGO).

The *Autorité des Marchés Financiers* (“AMF”, the French stock market authority) approved, on 6th April, 2021, the Company’s Prospectus under reference number 21-096. This Prospectus comprises the Registration Document approved on 25th March, 2021 under reference number I.21-005, a *Note d’Opération* (securities note) and a 6-page summary of the Prospectus (included in the *Note d’Opération*).

¹ Based on the median of the indicative Offering Price range.

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Largo: a player at the heart of the mobile phone circular economy whose momentum is driven by:

- A **complementary management team** with **substantial expertise** in the mobile phone universe
- Already **more than 140,000 Smartphones** refurbished since its creation, including 51,000 in 2020,
- An average annual growth rate of 18% since 2017 and revenue of close to €10.3 million in 2020,
- A **refurbishment market** representing €700 million in France¹ and with **substantial growth potential**: 100 million telephones are currently lying dormant in France²
- **Deep-seated trends favouring** the refurbishment market with a **telecom operator** and **government consensus** for a **more responsible telephony offer**
- **Integrated expertise** in "Made in France" refurbishment providing a **qualitative** and **transparent offer**
- A **diversified sourcing policy** allowing **supplies to be optimised**
- A **broad client base** fed by **omnichannel distribution**: **physical distribution** with more than 2,000 points of sale via Largo's partners, **digital offer** (marketplaces and e-commerce site) and **development of additional sale channels** with telecom operators and companies
- A **CSR approach at the heart of Largo's growth** with ESG performances rated 48/100 by ratings agency Ethifinance, a higher level of maturity than that of comparable companies (32/100)

1) Source: 2020 Kantar study for Recommerce; 2) Source: <http://www.senat.fr/notice-rapport/2015/r15-850-notice.html>

Largo: a transparent model built on high-quality refurbishing entirely carried out in France

Largo, a responsible refurbishment player, stands out through its solid fundamentals:

- **an industrial process fully internalised in France and control of the entire value chain for a qualitative and transparent offer;**
- **a diversified sourcing policy guaranteeing a continuous supply;**
- **a broad client base fed by omnichannel distribution.**

Ambitious financial objectives fuelled by numerous growth drivers

LARGO is thus targeting*:

- > **in 2022, positive EBITDA;**
- > **in 2025, revenue in excess of €70 million
and an EBITDA margin of 7%.**

* Based on the implementation of the Company's development strategy described in section 2.2.1.2 of the registration document

Reasons for the Offering: consolidate its current positions in distribution and accelerate the deployment of the offer on three additional sales channels

The estimated net proceeds of the Offering are €13.6 million with respect to the portion pertaining to the new shares (based on the median of the price range) of which €963 thousand will be subscribed by offsetting receivables resulting from the early repayment of the February 2021 bond issue. The balance of these net proceeds, for the portion subscribed in cash, i.e. €12.2 million, after the financing of cash flow requirements identified for the coming 12 months (€200 thousand) and the repayment of the €250 thousand balance on the convertible bond issued in 2019 that will become due early, will be used to finance the following objectives:

- **approximately 20% of the proceeds will be devoted to retaining and expanding the current client portfolio in order to increase the Company's market share in retail sales and to address a first international expansion phase, with Spain being the primary focus; and**
- **approximately 80% of the proceeds will be devoted to deploying the offer across three additional sales channels:**
 - Telecom operators (approximately 50% of the funds raised), which represent both the main driver for collecting used smartphones with an uptake of almost 90%² and access to substantial sales volumes;
 - The B-to-C offer (approximately 15% of the funds raised) through the development of the Company's "rilax-mobile.fr" e-commerce site launched in November 2020. An aggressive marketing strategy will be implemented in order to increase traffic, and an enhanced version aimed at improving the client experience and a German version should be launched by early 2022;
 - The B-to-B offer (approximately 15% of the funds raised) to establish reliance on refurbished devices in businesses' CSR policies. The Company is putting the emphasis on the development of an offer, called "Blue Pearl", aimed at the B-to-B segment, an offer developed with its subsidiary (HAVETECH).

The additional funds raised should the primary extension clause be fully exercised will also be devoted to pursuing these objectives.

Achieving these targets requires the implementation of resources that will be allocated to financing an expected increase in working capital requirements (around €6 million), investments in technical equipment dedicated to the refurbishment process and the enhancement of the Internet site (around €2 million), a recruitment programme notably to establish the Company as a key player for telecom operators (around €1.5 million) and, lastly, marketing spending in order to promote the Company and its Keep Calm and Just Relax brand (around €2 million).

Should the Offering be limited to 75%, the Company will seek additional non-dilutive bank financing of around €4 million based on the restoration of its shareholders' equity following the capital increase that is the subject of the Offering. The strategy and the speed of its deployment, as well as the revenue (€70 million) and EBITDA (7%) targets for 2025 would not be challenged.

² https://www.recommerce-group.com/wp-content/uploads/RSE-Recommerce_2019.pdf (page 35)

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Structure of the Offering

The shares offered are intended to be distributed as part of a global offering (the "Offering") comprising:

- a public offering in France in the form of an Open Price Offer, primarily intended for physical persons (the "Open Price Offer" or "OPO"), it being specified that:
 - orders will be divided up depending on the number of shares requested: A1 orders (from 1 to 200 shares inclusive) and A2 orders (more than 200 shares);
 - A1 orders will be given preferential treatment compared with A2 orders should it not be possible to fully satisfy all orders;
- a global placement primarily aimed at institutional investors (the "Global Placement") comprising:
 - a placement in France; and
 - an international private placement in selected countries (notably excluding the USA, Japan, Canada and Australia).

If the demand expressed within the framework of the OPO so allows, the number of shares allocated in response to orders issued within the framework of the OPO will equal at least 10% of the number of shares offered under the Offering (before any exercise of the Extension Clause).

Extension Clause

Depending on the volume of demand, the Company may, in agreement with the Lead Manager and Bookrunner, decide to increase the number of new shares in the Initial Offering, i.e. 1,488,135 actions, by up to 15%, or a maximum of 223,220 new shares (the "Extension Clause"), taking the total number of new shares to 1,711,355 at the Offering Price (as defined in paragraph 5.4.2.1 of the securities note).

The decision to exercise the Extension Clause will be made at the time the Offer Price is set by the Board meeting scheduled for 20th April, 2021, and will be indicated in the Company's press release and Euronext notice announcing the result of the Offering.

Over-Allotment Option

In order to cover any surplus allotments, the Company will grant Portzamparc (the "**stabilising agent**"), in the name of and on behalf of the Lead Manager and Bookrunner, an option for a maximum of 15% of the number of New Shares in the Initial Offering plus the new complementary shares liable to result from the possible exercise of the Extension Clause, i.e. a maximum of 227,281 Additional New Shares at the Offering Price (the "**Over-Allotment Option**"), bringing the maximum number of new shares to 1,742,491.

This Over-Allotment Option may be exercised by the Stabilising Agent, acting in the name of and on behalf of the Lead Manager and Bookrunner, at any time, in part or in whole, only once, at the Offering Price, during 30 calendar days from the date the Offering Price is set, i.e., in accordance with the indicative schedule, from 23rd April to 22nd May, 2021 inclusive, solely in order cover any over-allotments and to facilitate stabilising operations.

If the Over-Allotment Option is exercised, this information will be brought to the public's attention via a press release published by the Company.

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Indicative Offering Price range

The price of the shares offered within the framework of the OPO will be the same as that of the shares offered within the framework of the Global Placement (the "Offering Price").

The Offering Price could range from 9.87 euros to 13.35 euros per share, a range set by the Company's Board at its meeting of 1st April, 2021 (the "indicative Offering Price range").

This information is provided purely for indicative purposes, and does not preclude the Offering Price being set outside this indicative range.

Proceeds of the Issue

The gross proceeds of the issuance of new shares will be approximately €15.0 million (based on the median of the indicative Offering Price range), which could be increased to approximately €17.6 million should the Primary Extension Clause be fully exercised.

If 75% of the capital increase were carried out, the gross proceeds of the issuance of new shares would be approximately €9.6 million (based on a price equal to the lower limit of the indicative Offering Price range).

The net proceeds of the issuance of new shares are expected to total approximately €13.6 million (based on the median of the indicative Offering Price range), which could be increased to approximately €16.0 million should the Primary Extension Clause be fully exercised.

If 75% of the capital increase were carried out, the net proceeds of the issuance of new shares would be approximately €8.4 million (based on a price equal to the lower limit of the indicative Offering Price range).

Subscription commitments received

With the exception of Olivier Blanchard (Board member), who has committed to subscribe by offsetting his receivables resulting from the early repayment of the 2021 convertible bonds for €62.5 thousand (see section 4.2 of the summary of the securities note on price disparity), neither the other Board members nor the members of the Company's senior management will subscribe to the Offering.

The Company has received subscription commitments totalling €5.1 million (or 29.3% of the Initial Offering) that are summarised in the following table:

| Subscription commitments (€ thousands) | Offsetting of receivables | Cash | Total |
|---|------------------------------|-----------------|-----------------|
| Pays de Loire Participations | €270 thousand | | €270 thousand |
| Olivier Blanchard | €63 thousand | | €63 thousand |
| Aurore Invest | | €300 thousand | €300 thousand |
| IM Hôtel | | €300 thousand | €300 thousand |
| CELY Finance | | €1,000 thousand | €1,000 thousand |
| Funds managed by Vatel Capital | €630 thousand | €2,500 thousand | €3,130 thousand |
| Total | €963 thousand | €4,100 thousand | €5,063 thousand |

None of these subscription commitments constitute a hard underwriting ("*garantie de bonne fin*") within the meaning of Article L. 225-145 of the French Commercial Code.

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Abstention commitment by the Company

The Company has pledged, for a period of 180 calendar days from the date of settlement-delivery of the new shares that are the subject of this Offering, not – except with the prior written agreement of Portzamparc – to issue, offer, lend, lease or divest, directly or indirectly (notably in the form of derivative transactions comprising underlying shares), Company shares, equity securities or other securities giving right – through conversion, exchange, reimbursement, presentation of a warrant or any other manner – to the allocation of shares issued or to be issued representing a portion of the Company's capital or the allocation of other of the Company's equity securities, or financial instruments tied to the Company's shares, nor to carry out any operation with a similar economic impact, nor to publicly announce its intention to carry out such operations.

Lock-up commitments

A group of shareholders together representing 64% of the Company's capital (including Largo Group to the tune of 56.4%) prior to the Offering have subscribed to a lock-up commitment for a period of 365 calendar days from the date of settlement-delivery of the Offering regarding 100% of what they held on the date they signed their commitments (the "Shares Held") (with the exception of the shares liable to be divested within the framework of this Offering).

Another group of shareholders together representing 36% of the Company's capital prior to the Offering have also subscribed to a lock-up commitment for a period of 365 calendar days from the date of settlement-delivery of the Offering regarding 100% of what they held on the date they signed their commitments (the "Shares Held") (with the exception of the shares liable to be divested within the framework of this Offering).

By way of exception, this group of shareholders may, from the Completion Date, divest or transfer all of part of their Shares Held to the benefit of any acquirer subject to the divestment or transfer transaction in question being undertaken at a price strictly greater than 125% of the Largo share price set within the framework of the Initial Public Offering (the "Offering Price").

As well as this exception, which only concerns the second group of shareholders, all of the commitments are subject to certain standard exceptions such as:

- tendering Shares Held within the framework of a public offer on the Company's shares;
- divesting or transferring any of the Company's shares other than the Shares Held that the undersigned could subscribe to within the framework of the IPO or acquire on the market after the IPO;
- divesting or transferring any Share Held to a shareholder subject to the same lock-up commitment on the date of that divestment or transfer;
- divesting or transferring any Share Held to any acquirer during an off-market transaction, on the condition that the acquirer commits to Portzamparc, prior to the transfer, not to undertake any of the transactions listed above for the remaining duration of this Commitment;

Divestments and price disparities

Existing shares will be divested by 37 current shareholders (notably excluding LARGO Group) within the framework of the Initial Offering. The largest such divestment represents 33,350 shares. The 196,145 shares to be divested will be divided up as follows: 105,195 shares for the ABAB network, 60,250 shares for Other business angels and 30,700 shares for Financial investors.

In July 2020, the issuance of 172,300 shares was carried out at a price of €2.32 per share, a discount of 80% compared with the median of the price range. Furthermore, in February 2021, the Company issued convertible bonds for a nominal total of €766 thousand whose issuance contract foresees – should there be an IPO – the early repayment combined with a subscription commitment from the bondholders at the Offering Price within the framework of the IPO through the offsetting of their receivables resulting from this early repayment.

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Indicative schedule of the operation:

| | |
|------------------------------|--|
| 6 th April, 2021 | Approval of the Prospectus by the AMF. |
| 7 th April, 2021 | Press release announcing the Offering; Euronext notice announcing the opening of the OPO and Global Placement; Opening of the OPO and Global Placement. |
| 19 th April, 2021 | Closing of the OPO at 5 pm (Paris time) for physical subscriptions and at 8 pm (Paris time) for online subscriptions. |
| 20 th April, 2021 | Closing of the Global Placement at 12 noon (Paris time); Setting of the Offering Price and possible exercise of the Extension Clause; Euronext notice announcing the result of the OPO and Global Placement; Press release indicating the Offering Price and the result of the OPO and Global Placement; Signing of the Placement Agreement; First listing of the Company's shares on the Euronext Growth market in Paris |
| 22 nd April, 2021 | Settlement-delivery of shares within the framework of the OPO and Global Placement; Start of the stabilisation period (if applicable). |
| 23 rd April, 2021 | Start of trading in the Company's shares on the Euronext Growth market in Paris. |
| 22 nd May, 2021 | Deadline for exercise of the Over-Allotment Option; End of the stabilisation period (if implemented). |

Eligibility of the Offering for PEA-PME equity savings plans:

The Company announces that it complies with the eligibility criteria for French PEA-PME equity savings schemes specified by the implementing decree of 4th March, 2014 (Decree n°2014-283). As a result, the Company's shares can be fully incorporated within PEA-PME accounts, which enjoy the same tax benefits as the traditional PEA plan*.

* These advantages are conditional and limited to available ceilings. Interested individuals are invited to contact their financial advisor.

Financial intermediaries

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F i n a n c e

Listing Sponsor

 **PORTZAMPARC**
BNP PARIBAS GROUP

Lead Manager and
Bookrunner

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Availability of the Prospectus

Copies of Largo's prospectus comprising a securities note, a 6-page summary and a registration document approved by the AMF on 25th March, 2021 under reference number I. 21-005 (the "Prospectus") are available free of charge from the Company's head offices (4 rue Jean Mermoz, 44980 Sainte-Luce-Sur-Loire, France), its website (www.largo-france.fr) and the AMF website (www.amf-france.org). Largo draws the public's attention to Chapter 3, "Risk Factors", of the registration document approved by the AMF on 25th March, 2021 under reference number I. 21-005, and notably the liquidity risk (raising funds at the time of a future IPO is the preferred way to cover the cash flow needs identified over the next 12 months) and to Chapter 3, "Risk Factors", of the securities note, and notably the risk of capital loss. The approval of the Prospectus should not be construed to be an endorsement of the securities being offered.

For all information pertaining to Largo's IPO project, please go to <https://www.largo-finance.com/>

About Largo

Created in 2016, Largo is a group fundamentally involved in the circular economy. With close to 40 staff based in Nantes, Western France, Largo refurbishes Smartphones, tablets and laptops. Positioned along the entire value chain, from sourcing to refurbishment and distribution, Largo wants to become a benchmark player in the field of responsible refurbishment. A pioneer in terms of transparency, in 2018 Largo invested in a sophisticated production tool enabling it to optimise its processes and the quality of its products. Entirely internalised in France, the refurbishment site offers full control of each key stage: reception, testing, reparation, quality control and after-sales service. Since the Company's creation, Largo has already refurbished more than 140,000 Smartphones, and generated revenue of almost €10.3 million in 2020.

For further information, please go to www.largo-france.fr

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DISCLAIMER

The documents and information related to the public offering of LARGO'S shares in connection with its proposed admission to trading on the Euronext Growth Paris market (the "**Offer**") are disclosed to you solely for information purposes on a confidential basis and are intended to be consulted, disseminated or distributed only in France, to the exclusion of any other country. This information is intended exclusively for French residents who are physically present in France. It does not constitute an offer to buy or sell, or the solicitation of an offer to sell or buy LARGO shares in any other country.

In general, the consultation, dissemination or distribution of any document and/or information relating to the Offer as well as participation in the Offer may be subject to legal restrictions outside France. Furthermore, persons who take notice of and/or receive such documents and/or information are required to inform themselves of and comply with such legal restrictions. You must therefore not publish, transmit or show the documents and/or information contained on this page to any person whatsoever. Failure to comply with the legal restrictions in this respect may constitute a violation of the applicable laws and regulations on stock exchange matters in other countries.

In particular, with respect to Member States of the European Economic Area other than France that have transposed Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"), the information contained in the Offer is intended solely for legal entities that are "*qualified investors*" within the meaning of the Prospectus Regulation. No action has been or will be taken to allow an offer to the public of the securities that are the subject of this press release that would require the publication of a prospectus in a relevant Member State (other than France). These restrictions with respect to the relevant Member State are in addition to any other restrictions applicable in the relevant Member State that have transposed the Prospectus Regulation.

In addition, the information contained in the Offer is being distributed to, and is intended only for persons in the United Kingdom who are:

- investment professionals (person with professional experience in investments) within the meaning of the Financial Services and Markets Act 2000 - Order 2005 (the "**Order**"),
- persons falling within the scope ("*high net worth companies, unincorporated associations, etc.*") of the Order, or
- persons to whom an invitation or inducement to carry out an investment activity (within the meaning of the Financial Services and Markets Act 2000) in connection with the issue or sale of financial securities could validly be communicated or have the effect of being communicated.

The shares of LARGO may not be offered or sold in the United States absent registration of the Offer with the Securities and Exchange Commission under the U.S. Securities Act of 1933, as amended, or an exemption from such registration.

Finally, the information contained in the Offer is not intended for persons located in Australia, Canada or Japan.

LARGO disclaims any liability for any violation by any person of any applicable laws and regulations.

The documents and information relating to the Offer have been prepared to provide general information about LARGO.

Although every precaution has been taken to ensure that the facts contained in the documents and information are accurate and that the opinions, forecasts and projections contained therein are fair and reasonable, neither LARGO nor any other person assumes any liability whatsoever in respect of the contents thereof. No declaration or warranty, express or implied, is made as to the accuracy, truthfulness or completeness of the information contained herein. Any liability whatsoever for any loss of any kind resulting from the use of these documents and information or their contents, or in any way from the documents and information presented won't be accepted.

There can be no assurance that LARGO's future results or events will be consistent with these opinions, forecasts or projections. The information contained in these documents and disclosures is subject to change without notice and its accuracy is not guaranteed. The information contained in this document may be incomplete, summarized and may not contain all important information about LARGO.