

The truly eco-responsible Smartphone  
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La vie du mobile

Press release

## **LARGO**, an eco-responsible French player in refurbished devices, announces that its registration document has been approved by the AMF French stock market authority within the framework of its planned **Initial Public Offering** on the Euronext Growth® market in Paris

Sainte-Luce-sur-Loire (France), 26<sup>th</sup> March, 2021 – 08:30 am CET - LARGO (the “Company”), an eco-responsible French player in the refurbishment of mobile devices, announces that the AMF French stock market authority has approved its registration document under number I. 21 – 005 dated 25<sup>th</sup> March, 2021.

This registration document represents the first step in Largo’s planned IPO on the Euronext Growth® Multilateral Trading Facility in Paris, subject to market conditions and to the AMF’s granting of a visa for the prospectus relating to the operation comprising the registration document, the operation note pertaining to the securities offered and a summary of the prospectus (included in the operation note).

**Christophe BRUNOT and Frédéric GANDON, Largo’s co-founders, stated:** “Since its creation in 2016, Largo has refurbished more than 140,000 Smartphones via a fully-integrated and 100% Made in France industrial process. A pioneering player in terms of transparency, Largo stands out thanks to its diversified sourcing policy, its control of the entire value chain and its omnichannel distribution. This IPO project will allow the Company to consolidate its positions with distributors and to deploy growth levers enabling it to establish itself as a key French player for telecom operators, to develop the e-commerce sales channel launched in November 2020 and to deploy a B2B offer to support companies’ CSR policies”.

**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 France<sup>1</sup> and with **substantial growth potential**: 100 million telephones are currently lying dormant in France<sup>2</sup>
- **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>

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## **Refurbished Smartphones: a market at the centre of the circular economy establishing itself as a clear alternative to new phones**

The refurbishment market applied to mobile telephony lies at the heart of the circular economy and helps, by reusing old devices, extend a mobile phone's lifespan. By limiting reliance on the production of new equipment, the environmental impact is thus reduced because 75% of a Smartphone's total carbon footprint is attributable to the manufacturing phase<sup>1</sup>.

With almost 2.6 million refurbished Smartphones sold in 2020<sup>2</sup>, the French market is estimated at €700 million<sup>3</sup>. In just a few years, the latter has become a credible alternative to the new Smartphone market. Since 2016, the share of refurbished devices within the global Smartphone sales market has continually increased and reached 11.3% in 2019. This share should continue to increase thanks to a considerable supply source, with 100 million mobile phones currently lying dormant in French homes and offices<sup>4</sup>, at least 2/3 of which are in working order and able to be refurbished.

### **Growth prospects driven by deep-seated trends...**

The refurbished Smartphone market's momentum is due to a number of factors, with savings continuing to be the number one reason. Refurbished Smartphones sell for between 30 and 50%<sup>5</sup> less than new ones. At the same time, in recent years the new phone market has seen a lack of technological disruptions. The combination of these two effects is increasing consumer enthusiasm for refurbished products.

As well as savings, the purchase of a refurbished product is also being driven by an eco-responsible approach. According to an ADEME report, manufacturing a new Smartphone requires close to 70 materials, including 50 different metals mined around the world; all in all, a new Smartphone requires the equivalent of almost four trips around the world to be manufactured. This desire to reuse devices is being supported by the government through the adoption of measures aimed at tackling planned obsolescence, for example the setting up, in 2021, of a "repairability index" for certain electronic devices such as Smartphones, tablets and laptops.

### **... supported by growing consumer confidence in such devices...**

Beyond this eco-responsible aspect, the improvement in product quality and after-sales services – two of Largo's major strengths – has also helped the refurbishment market become more credible among consumers. The latter now have more confidence since professionals within this sector have begun systematically providing a warranty with their products.

### **... and accelerated by telecom operators' commitments**

The democratisation of low-cost packages that are commitment-free and include no device has also benefited the refurbished market. Forced to finance their Smartphone without any subsidy from the telecom operator, some consumers have thus opted for models that are more accessible from a price perspective, and notably refurbished phones.

More recently, telecom operators have begun promoting the refurbished market, a priority for them in order to limit their environmental impact and become as carbon neutral as possible. Present at both ends of the value chain, upstream with 90% of the refurbished Smartphone market<sup>6</sup> and downstream with their refurbished product offers, these key players could make a major contribution to the market's short-term development. As well as telecom operators, private sector players could also drive the market's future growth by including refurbished products in their in-house fleets of devices.

<sup>1</sup> Ademe Report "Impacts of Smartphone" (December 2019)

<sup>2</sup> GFK REC – Consume Better study (Q2 2020)

<sup>3</sup> 2020 Kantar study for Recommerce

<sup>4</sup> <http://www.senat.fr/notice-rapport/2015/r15-850-notice.html>

<sup>5</sup> Que Choisir study: "Refurbished Smartphones – Our tips to make the right choices" (March 2019)

<sup>6</sup> [https://www.recommerce-group.com/wp-content/uploads/RSE-Recommerce\\_2019.pdf](https://www.recommerce-group.com/wp-content/uploads/RSE-Recommerce_2019.pdf) (page 35)

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## **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.**

### **An industrial process fully internalised in France and control of the entire value chain for a qualitative and transparent offer**

From the reception of products through to their distribution, Largo is positioned along the entire product refurbishment value chain. Its 700 m<sup>2</sup> site near Nantes, in Western France, can handle up to 20,000 products a month via a particularly rigorous industrial process: 123 control tests are carried out on each product.

Since its creation, Largo has always opted for high-quality and transparent refurbishment in order to gain and retain its clients' trust. An ERP ensures the traceability of operations from the purchase through to the delivery of the renovated product and an innovative web platform that oversees after-sales operations. The Company is thus able to commit to a maximum downtime of 72 hours, with 60% of after-sales operations completed the same day.

### **A diversified sourcing policy guaranteeing a continuous supply**

Securing supplies is the cornerstone of this activity, insofar as sales depend directly on the ability to collect devices to refurbish. The Company is one of the few players to have two complementary supply sources, on the one hand American and European brokers that represent the bulk of purchases since the Company was created, for 80% of the volumes purchased in 2020, and on the other hand the buy-back activity initiated in France in 2019, which represents 20% of these supplies. This complementarity is expressed in terms of both volumes and the diversity of the offer. Only using brokers, through Sofidys and Symbiose who have access to these sales, gives access to sufficient volumes to meet the growing demand from distributors for recent and high cosmetic grade (A/A+) equipment, while buy-back has the twofold advantage of not only providing access to an extensive range of models in terms of cosmetic grade (A+, A, B or C) to meet the diverse range of requirements of direct online sales, but also of limiting the carbon footprint by collecting products locally, primarily from France and Western Europe.

### **A broad client base fed by omnichannel distribution**

Indirect sales through a physical network is currently the Company's main sales channel. This is done via a portfolio of top-tier clients in the mass retail (Cora, Leclerc, Super U, etc.) and specialised distribution (Bureau Vallée, Coriolis stores, etc.) sectors through which the products are marketed. This channel generated over 77% of sales in 2020. At the same time, Largo distributes its products online via marketplaces like Back Market, Fnac.com, Cdiscount, Amazon etc. via white label and directly on his online store "rilax-mobile.fr" launched in November 2020. Since the end of 2020, distribution has been expanded via two new outlets: the telecom operator market and the B-to-B market with the goal of becoming a key long-term partner supporting their CSR policies. On the B-to-B side, Largo began marketing its offer in October 2020 through its subsidiary "Havetech", a structure in which the Company holds 20% of the capital at this stage. These additional channels are of particular importance for the Company, as these new clients also represent additional potential supply sources through the recovery of used devices.

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### **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

### **A Corporate Social Responsibility (CSR) approach at the heart of Largo's DNA**

By giving mobile phones a new lease of life, Largo is positioned at the heart of the circular economy and is helping reduce the depletion of natural resources, waste and greenhouse gas emissions. Since its creation, Largo has refurbished more than 140,000 Smartphones and has thus helped avoid the production of 5,600 tonnes of raw materials<sup>7</sup> and the emission of 4,200 tonnes of CO<sub>2</sub><sup>8</sup>.

Beyond that, the Company has made CSR a primary focus of its commercial strategy in order to be ideally positioned to respond to tenders (notably from telecom operators as well as B2B).

This is illustrated by:

- an ESG maturity level of 48/100 attributed by ratings agency Ethifinance, well above that of comparable companies whose average is 32/100;
- the "Lucie 26000" CSR certification process initiated with the aim of obtaining this label by summer 2021.

### **Availability of the registration document**

Largo's registration document, approved by the AMF on 25<sup>th</sup> March 2021 under reference number I. 21 – 005, is available on the Largo website ([www.largo-france.fr](http://www.largo-france.fr)), the AMF website ([www.amf-france.org](http://www.amf-france.org)) and free of charge upon request from Largo's head offices, 4, rue Jean Mermoz, 44980 Sainte-Luce-sur-Loire, France. The registration document contains a detailed description of Largo, and in particular its activity, strategy, financial situation and results, as well as the corresponding risk factors.

Largo would like to draw your attention to Chapter 3, "Risk Factors", of the registration document approved by the AMF. 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.

<sup>7</sup> 40 kg saved per refurbished product - Recommerce Sustainability Report, 2017-2018

<sup>8</sup> 30 kg CO<sub>2</sub> equivalent saved per refurbished product - Ademe report, December 2019

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### 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](http://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.

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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.

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