

Groupe Berkem announces its planned IPO on Euronext Growth® in Paris

- **Groupe Berkem is a leading player in bio-based chemicals at the heart of the ecological transition**
- **An integrated business model and expertise in bio-based solutions providing highly effective solutions to address increasing demand for natural chemicals in everyday products**
- **Ambitious financial targets for 2024:**
 - **Expecting a revenue of €65 million, which could be raised to at least €85 million in the case of M&A**
 - **An EBITDA margin of 25%**
- **Subscription commitments for a total amount of €12.8 million, from institutional investors**

Blanquefort (France), November 10, 2021 – Groupe Berkem (hereinafter “the Group”), a leading player in bio-based chemicals, announces the approval of its registration document by the Autorité des marchés financiers (AMF) under no. I.21-064 dated November 9, 2021.

This registration document represents the first step in plans for the planned IPO of Groupe Berkem on Euronext Growth®’s multilateral trading system in Paris, subject to market conditions and the AMF’s approval of the IPO prospectus consisting of the registration document, securities note and summary prospectus (included in the securities note).

Olivier Fahy, Chairman and Chief Executive Officer of Groupe Berkem, stated: *“At a time of tremendous environmental challenges in a world that requires ever growing volumes of chemicals, Groupe Berkem supports the transformation of conventional chemicals into bio-based solutions. Positioned as an expert in green chemicals for over 25 years, Groupe Berkem contributes to the ecological transition with bio-based products, with the sole aim of integrating bio-based chemicals into everyday lives. Our expertise enables us to identify, extract and formulate natural active ingredients from plant raw materials to serve manufacturers in the healthcare and public hygiene, cosmetics, food and beverages and construction industries. We are developing new technologies which are disrupting the Chemicals industry, consisting of creating so-called “boosters” from plant-based extracts that can make synthetic products more effective, while reducing the quantities required, as well as the risks for humans and the environment. This IPO will enable us to accelerate our international expansion, bolster*

our product portfolio, continue to make selective M&A, serve new high-potential markets and optimise the Group's financial structure."

One ambition: integrate bio-based chemicals into everyday lives thanks to three synergistic areas of expertise

As an expert in green chemistry for over 25 years, Groupe Berkem, is actively advancing the ecological transition through its mission of integrating bio-based chemicals into the heart of the conventional chemicals used in our everyday lives.

Groupe Berkem applies its industrial know-how and its ability to innovate in its two longstanding areas of expertise:

1. **Plant extraction** consists in promoting the use of high-quality plant extracts in consumer goods, such as cosmetics and food supplements;
2. **Formulation** involves creating chemical solutions intended to enhance the performance of construction materials (including wood) and resin synthesis for the paint & coatings and printing ink industries.

These two areas of expertise are now converging to develop a new technology, unique in the world of chemicals:

3. **"Bio-based boosters"**, plant-based extracts capable of making synthetic products more effective, while reducing the risks for humans and the environment.

Providing a solution to the growing needs of the industry for bio-based chemicals thanks to a positioning on high-value-added niche markets with low competitive intensity

In response to the growing demand for natural ingredients by consumers, the penetration rate of the use of bio-based chemicals is expected to reach 12% in 2022¹ worldwide. At the same time, the regulatory public health requirements are increasing stringent, especially due to urbanization and the higher living standards in many countries.

As a result, the global market for bio-based chemicals is expected to benefit from strong structural trends. The market was worth an estimated \$9 billion in 2019 and is estimated to grow to \$32 billion by 2028, representing a CAGR of around 15% over the period².

Groupe Berkem provides its bio-based solutions to large industries, all of which have to satisfy both consumer and legislative requirements in their efforts to embrace the environmental challenges. Groupe Berkem's positioning strategy is to address these industries through high-value-added niche markets with low competitive intensity.

Groupe Berkem's bio-based solutions, and in particular its bio-based boosters, will be marketed to some extent in markets already addressed by the Group and in which it already benefits from a large number of loyal customers.

¹ Xerfi - La chimie du végétal à l'horizon 2022 [Plant-based chemicals out to 2022]

² Global bio-based chemicals market (Inkwood Research)

Integrated business model and expertise in bio-based solutions to effectively meet the growing demand for bio-based chemicals in everyday products

Groupe Berkem has modernised and optimised the ancestral practice of plant extraction by using the new extraction and purification technologies in order to improve the performance of plant extracts, while increasing the purity of its products to over 95%. Thus, thanks to its integrated Research & Development (“R&D”) laboratories, Groupe Berkem designs its own range of products from plants selected for their active molecules, which are then marketed to stakeholders in the nutraceuticals, cosmetics and food and beverages markets for the formulation of their own products.

Through a second area of expertise, formulation, the Group addresses the industrial, wood preservation, construction and pest control markets via two subsidiaries:

- Adkalis designs, develops and produces formulations which, through its curative and preventive solutions, confer greater durability on materials, especially wood. Adkalis sets the standards in the French market, and is one of the top five European formulation companies in the wood transformation industry markets.
- Lixol produces and markets alkyd resins for the paints & coatings, wood preservation and formulated ink industries, based on bio-based oils and raw materials from organic chemistry.

Lastly, the completely bio-based boosters prepared by Groupe Berkem are original and reliable active ingredients that can be combined with synthetic products to significantly reduce the quantity used, increase performance and thus limit the harmful effects on humans and the environment without any drop-off in effectiveness. Groupe Berkem has applied these bio-based boosters to most of its product ranges, and its aim is to cover its entire portfolio by the end of 2021.

Fully funded platform integrating the entire value chain and providing tight control over the production process

Over the years, Groupe Berkem has built its own platform enabling it to control the entire production processes from the raw materials supply chain to development of the finished product. With almost 165 employees working at its 3 production facilities (Gardonne, La Teste-de-Buch, Chartres), its head office (Blanquefort) and its 4 laboratories dedicated to R&D, Groupe Berkem’s industrial equipment is a fundamental asset in the competitive landscape.

Innovation is at the heart of the Group’s DNA, which has invested between 7 and 10% of its revenue in R&D over the last three years and in the first half of 2021, and has carried out an average of nearly 100 projects per year since 2018. The diversity and tight fit between the Group’s areas of expertise and its perfect grasp of the regulatory processes are both elements of recognition of the quality of its products by customers and also represent substantial barriers to entry. To date, 112 MAs³ have been secured in the European market, and around 28.5% of 2020 revenue are generated internationally.

Groupe Berkem has more than 1,600 diverse and loyal customers, and the top 100 have been customers for an average of over 8 years⁴. The revenue generated by the Group reflect its business model, which does not depend on the success of a limited number of its customers or a specific market.

³ Marketing Approval

⁴ Source - Company at December 31, 2020

Track record of revenue growth and profitability that justifies ambitious financial targets

This operational success is reflected in solid financial performances, with nearly €41 million in revenue and EBITDA margin of 19% in 2020, and an average annual revenue growth of 11.9% since 2013⁵. In the first half of 2021, the Group achieved €25.2 million in revenue, representing growth of more than 26% compared to the first half of 2020, and an EBITDA margin of 22%. Lastly, as at September 30, 2021, the Group's revenue amounted to €36.2 million, compared to €30.3 million as at September 30, 2020.

In 2020, the plant extraction division generated 35% of the combined revenue in 2020, and 30% of the combined revenue as at June 30, 2021. The formulation division accounted for nearly 65% of the Group's combined revenue in 2020 and 70% of combined revenue in the first half of 2021.

Driven by this track record of growth and its solid profitability, the Group aims to achieve revenue of €65 million by 2024, which could be increased to at least €85 million through M&A. Within the same timeframe, the Group's objective is to achieve an EBITDA margin of around 25%.

Clear strategy market bio-based products to support the conventional chemicals industry's ecological transition

Support growth through the development of existing business relationships and the acquisition of new customers

Groupe Berkem intends to capitalize on its relationships with its customers and its knowledge of its target markets to launch innovative products tailored to the specific needs of chemicals companies. The Group plans to rapidly strengthen its sales teams to accelerate its international expansion and roll out its bio-based solutions on a large scale.

Continue raising profitability and optimise the Group's financial structure

Leveraging its recent investments in promoting bio-based solutions and in optimizing its production capabilities, the Group considers that it can benefit from a significant increase in its operating profitability. In addition, the Group has a longstanding culture of integrating the value chain of its areas of expertise, which should underpin future profitability. The Group also intends to reduce its net debt, which stood at €39.3million at June 30, 2021.

Stimulate constant innovation through R&D

Over the past three years, R&D expenditures have represented up to 10% of the Group's revenue. Groupe Berkem will continue to invest in the development of new solutions across all its areas of expertise:

- in **plant extraction**, the Group will focus on looking for new bio-based active ingredients to continue to meet its customers' growing needs;
- in **formulation**, the Group will invest in developing its portfolio, with the aim of finalising the transformation of its existing products towards bio-based solutions and focusing all development of future products on more environmentally-friendly solutions;

⁵ Figures for the period from 2013 and 2016 are taken from audited company financial data.

- lastly, Groupe Berkem will continue to market its **bio-based boosters** directly to its customers.

Expand the range of products to new markets and new geographical territories

Groupe Berkem will expand its sales and marketing activities in geographical territories it considers as high-potential and where it has little or no presence to date. In the short and medium term, the Group plans to open offices in new strategic regions, such as Eastern Europe and South-East Asia.

Groupe Berkem will also address new target markets, such as post-harvest, textile and public hygiene solutions. Lastly, the Group plans to expand its range of bio-based extracts into the functional food segments.

Accelerate growth through selective M&A

The Group's growth strategy will also be underpinned by selective M&A, which will enable it to expand its international presence, broaden its customer portfolio and strengthen its existing expertise. Historically, the Group has grown through M&A, which have now given it very fine-grained knowledge of its ecosystem and commanding market positions. Groupe Berkem now wishes to accelerate this strategy through the acquisition of larger targets, the internationalisation of targets and the targeting of market segments in resin synthesis and the formulation of biocides.

ESG rating highlighting a sustainable global strategy

In the context of its planned IPO, the Group has decided to secure an extra-financial rating to raise awareness of its strong ESG approach. Accordingly, Groupe Berkem obtained an extra-financial rating of 73 (out of 100) awarded by Ethifinance in 2020, while the average for comparable companies was 37. The most noteworthy conclusion of the evaluation was the score of 82/100 in the Environment sub-category, which was close to four times higher than the benchmark level of 22/100.

Commitments to subscribe for a total of €12.8 million

As of the date of the registration document and in the context of its planned IPO on Euronext Growth Paris, the Company has received subscription commitments from institutional investors for a total amount of €12.8 million, including €12 million from Danske Bank A/S and €0.8 million from DNCA.

The subscription commitments are valid at any price below a maximum limit of €10.03 per share, representing a valuation, prior to the completion of the capital increase in the context of the IPO, of €130 million. It is not expected that the top of the price range of the offer (as described in the securities note (including the summary prospectus) which, along with the registration document, will constitute the prospectus submitted to the AMF for approval) will be set at a price higher than this price limit targeted in the subscription commitments received.

Information about Groupe Berkem's IPO on the Euronext Growth® market in Paris: availability of the registration document

Groupe Berkem's registration document, approved by the AMF on November 9, 2021 under no. I.21-064 is available from Groupe Berkem (www.groupeberkem.com) and AMF (www.amf-france.org) websites. Copies may also be obtained free of charge upon request from the headquarters of Groupe Berkem at 20 rue Jean Duvert 33290 Blanquefort, France.

The registration document contains a detailed presentation of Groupe Berkem, including its operations, its strategy, its financial position and its results, as well as related risk factors. Groupe Berkem wishes to draw investors' attention to the "Risk factors" section 3 of the registration document approved by the AMF.

ABOUT GROUPE BERKEM

Founded in 1993 by Olivier Fahy, Chairman and Chief Executive Officer, Groupe Berkem is a leading force in the bio-based chemicals market. Its mission is to advance the environmental transition of companies producing the chemicals used in everyday lives (cosmetics, food and beverages, construction, public hygiene, etc.). By harnessing its expertise in both plant extraction and innovative formulations, Groupe Berkem has developed bio-based boosters—unique high-quality bio-based solutions augmenting the performance of synthetic molecules. Groupe Berkem achieved a revenue of €41 million and an EBITDA margin close to 19% in 2020. The Group has almost 165 employees working at its head office (Blanquefort, Gironde) and three production facilities in Gardonne (Dordogne), La Teste-de-Buch (Gironde), and Chartres (Eure-et-Loir). www.groupeberkem.com

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