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FINANCIAL REPORT AT 31 DECEMBER  
2020

*Testo del comunicato*

Vedi allegato.



## SICIT GROUP:

### BOD APPROVES THE CONSOLIDATED FINANCIAL REPORT AT 31 DECEMBER 2020

- Consolidated revenues of approx. € 63.2 million (approx. € 56.7 million in 2019, +11.5%)
- Adjusted consolidated EBITDA<sup>1</sup> of approx. € 24.1 million and equal to 38.1% of revenues (€ 21.1 million in 2019, +14%)
- Adjusted consolidated net profit<sup>2</sup> of approx. € 14.6 million (€ 12.6 million in 2019, +16.0%)
- Consolidated NFP/available funds<sup>3</sup> at 31 December 2020 of approx. € 20.5 million (€ 29.3 million at 31 December 2019)
- Dividend proposal of € 0.55 per share

Chiampo (VI), March 12<sup>th</sup>, 2021 - SICIT Group S.p.A. ("SICIT" or the "Company"), listed on the Italian Equities Market (MTA - STAR segment), announces that the Board of Directors, which met today, reviewed and approved the consolidated financial report at 31 December 2020.

**Massimo Neresini, CEO of SICIT Group**, said: "The double-digit growth in revenues, EBITDA and net profit, in a year marked by the global pandemic, makes us extremely proud. On the one hand, it confirms the Company's resilience and, on the other, the solidity of the path undertaken to accelerate the development and the international expansion. These exceptional results are the fruit of the work of all the people part of the Group, who have reacted promptly to the many challenges that have characterised twelve unique months, managing just fine the 60th year of the Company's history. SICIT is a healthy, profitable company with excellent margins that is increasingly focused on the creation of value as a whole: shareholders, stakeholders, but also and above all the territory and the community of which it is part. In 2020 we were able to achieve extraordinary results and translisting to the MTA (STAR segment), continuing our important investment plan, making progress towards setting up our first production plant in China and strengthening our commitment to sustainability. Despite the many unknowns, the long-term choices we have made allow us to look forward to 2021 with great confidence".

#### **Consolidated revenues**

In 2019, SICIT's revenues reached € 63.2 million, an increase of € 6.5 million (+11.5%) compared to 2019 (€ 56.7 million). The slightly negative exchange rate effect amounted to approx. € -0.1 million (-0.1%).

This increase was mainly due by the growth of products for agriculture (+ € 7.3 million, +23.6%), which continues to show a strong demand, and animal fat for the production of biofuels (+8.8%). Retardants for the plaster industry confirmed a slowdown (- € 1.3 million, -8.3%), mainly due to the effects of the COVID-19 emergency on the global

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<sup>1</sup> Operating income (EBIT) before amortisations and fixed assets write-downs, non-recurring costs and revenues. The figure include SICIT Chemitech's EBITDA (deriving from the financial statement prepared in accordance with International Accounting Principles 'IFRS') from January to April 2019 (consolidated from 2 May 2019).

<sup>2</sup> Net profit before non-recurring costs and revenues, warrants valuation costs and revenues, related tax effect, nonrecurring tax income and expenses; as well as before SICIT Chemitech's net profit (deriving from the financial statement prepared in accordance with International Accounting Principles 'IFRS') from January to April 2019 (consolidated from 2 May 2019).

<sup>3</sup> Liquidity net of current financial debts and non-current financial debts, excluding warrants financial debt for as it does not represent a potential cash outflow for the Company.



construction market and the temporary closure of some customers (gypsum industries) especially in APAC. Finally, revenues from the withdrawals of animal by-product and tanning waste services, compared to 2019 (+3.6%), marked an increase, due to the different mix of products processed (animal hair was substantially not processed in 2019), partially offset by the decrease in average prices charged for the treatment of other waste.

Growth concerned almost all geographical areas: from Europe (including Italy, +7.6%; of which Italy +14.4%, and other countries in Europe +3.0%), to APAC (+19.4%) and LATAM (+39.9%). North America (mainly represented by plaster retardants, -1.6%) and the Rest of the World (Middle East and Africa, -1.9%) bucked the trend slightly.

Growth in Europe and APAC was mainly driven by agricultural products, partially offset by the drop in retardants for plaster. In LATAM, results were positive both for biostimulant products and, in countertrend to other geographical areas, also for retardant products.

#### **Adjusted consolidated EBITDA<sup>4</sup>**

*Adjusted* consolidated EBITDA amounted to € 24.1 million at 31 December 2020 (38.1% of revenues), up of € 3 million (+14.0%) compared to FY 2019 (€ 21.1 million, 37.3% of revenues).

The increase in absolute terms is mainly due to the growth in revenues and the related industrial margin, partially offset by higher fixed costs related to the STAR translisting and the adjustment of the post-listing *governance* structure, as well as by higher production costs (employees and amortisations) partly incurred to ensure business continuity to customers even during the *lockdown*, as well as by a less favourable product mix, partially offset by the positive price effect in the fat business.

*Adjusted* EBITDA increased as a percentage of revenue (38.1%) compared to FY 2019 (37.3%), mainly due to higher sales volumes that allowed better absorption of fixed costs and to production efficiency activities (continued also in 2020) that allowed to offset the slight increase in some costs mentioned above.

The slight decrease in *adjusted* EBITDA as a % of revenue compared to the third quarter of 2020 (38.7%) is mainly due to

- higher maintenance, *overtime* and extra costs in the fourth quarter of 2020 to address higher volumes of materials processed; and
- the recording of higher performance bonuses for 2020 compared to the estimates made in the third quarter, following the targets exceeding set by the incentive remuneration plans.

*Adjusted* EBITDA does not include non-recurring costs of € 2.1 million at 31 December 2020, mainly due to non-recurring taxes for the translisting from the AIM Italia to the STAR (€ 1.2 million, of which € 1.0 million for advice services and € 0.2 million for non-recurring bonuses to employees and directors), sanitation and safety costs following the COVID-19-related health crisis (€ 0.1 million) and non-recurring donations to health facilities linked to COVID-19 (€ 0.6 million). In 2019, non-recurring costs amounted to € 11 million, of which € 0.8 million for non-recurring advice

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<sup>4</sup> Operating income (EBIT) before amortisations and fixed assets write-downs, non-recurring costs and revenues. The figure include SICIT Chemitech's EBITDA (deriving from the financial statement prepared in accordance with International Accounting Principles 'IFRS') from January to April 2019 (consolidated from 2 May 2019).



services for the merger of SICIT 2000 S.p.A. into SprintItaly S.p.A. and listing on AIM Italia, and € 10.2 million as listing costs from the record of the merger of SICIT 2000 S.p.A. into SprintItaly S.p.A. as a "reverse acquisition" operation, in compliance with IFRS 2 (non-monetary imputed costs and not relevant for tax purposes).

#### **Adjusted consolidated net profit<sup>5</sup>**

*Adjusted* consolidated net profit increased substantially in line with *adjusted* EBITDA (+ € 2 million, +16.0%) and amounted to € 14.6 million at 31 December 2020 (€ 12.6 million in FY 2019).

*Adjusted* net profit does not include, in addition to the tax effects related to non-recurring costs of € 2.1 million described in the previous paragraph, certain tax benefits recorded in fiscal year 2020 and related to:

- net proceeds of € 2.8 million of exemption of the merger deficit following the merger by incorporation with SprintItaly S.p.A and
- proceeds of € 3.8 million for the "Patent Box" tax benefit with reference to the fiscal years 2015-2019.

With regard to the goodwill arising from the merger deficit, in the interim financial report at 30 June 2020 and in the additional periodic information at 30 September 2020, among the three alternative ways of recording provided by the document "Accounting treatment of the substitute tax for exemption of goodwill, pursuant to Decree-Law No. 185 of 29 November 2008, Art. 15, par. 10 (converted into Law No. 2 of 28 January 2009) for entities that prepare their financial statements in accordance with IAS/IFRS", issued by the Organismo Italiano di Contabilità (February 2009), the accounting alternative was chosen, which suspended both the cost of the substitute tax paid and the overall tax benefit, postponing the net positive financial effect of € 2.8 million (approx. €0.6 million per year) to the following five years.

For the purposes of preparing the annual financial statements at 31 December 2020, further technical investigations were carried out, at the end of which it was decided to apply the interpretation most in line with IAS 12 "Income Taxes", which provides for the recognition in the income statement of the net tax benefit for the year of exemption.

In both financial statements and consolidated financial report at 31 December 2020, the substitute tax paid of € 3.7 million (among current taxes) and the expected tax benefit of € 6.5 million (among deferred tax assets) were recorded in the Income Statement, with a net positive economic effect of € 2.8 million. The deferred tax assets recorded at 31 December 2020 will be reversed in the next five years from 2021 to 2025, consistently with the tax benefit arising from the higher tax-deductible amortisations in those years.

#### **Consolidated NFP/available funds<sup>6</sup>**

Consolidated NFP/available funds amounted to € 20.5 million at 31 December 2020 (€ 29.3 million at 31 December 2019). Operating cash flows in the 2020 financial year were positive for € 22.7 million before outflows for net investments of € 13.8 million (€ 15.9 million of investments net of the change in investment payables of € 2.1 million), non-recurring costs of € 2.1 million and income tax for € 5.2 million - of which € 3.7 million for the substitute tax on the greater carrying

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<sup>5</sup> Net profit before non-recurring costs and revenues, *warrants* valuation costs and revenues, related tax effect, nonrecurring tax income and expenses; as well as before SICIT Chemitech's net profit (deriving from the financial statement prepared in accordance with International Accounting Principles 'IFRS') from January to April 2019 (consolidated from 2 May 2019).

<sup>6</sup> Liquidity net of current financial debts and non-current financial debts, excluding *warrants* financial debt for as it does not represent a potential cash outflow for the Company.



amount allocated to the Plastretard trademark and goodwill, arising from the merger deficit following the merger by incorporation of SICIT 2000 S.p.A. into SprintItaly S.p.A.. SICIT also paid dividends worth about € 8.8 million and purchased treasury shares for a total value of about € 1.6 million.

### **Investments**

Similarly to previous years, in FY 2020, the Group continued its investment activities in order to improve processes and products and expand production capacity. The main investments related to:

- Expanding the agronomic, chemical and quality control laboratories at the Arzignano site, to improve and strengthen the research and development of new products, and quality control together with its customers
- Expanding the storage tanks and the new warehouses at the Arzignano site, to ensure greater flexibility and effectiveness in responding to growing customer demand
- The construction of a new warehouse at the Arzignano site
- Completing the plant for the production of protein hydrolysate from animal hair treatment
- Completing the new animal fat refining and re-esterification plant, to obtain high-quality biofuel
- The start of construction of the new plant for the production of biostimulants in granules

### **COVID-19 update**

The first half of 2020 was characterized by the spread of the health emergency situation linked to the COVID-19 pandemic (so-called Coronavirus) and the implementation by Governments and Authorities of restrictive measures to deal with it.

During this period SICIT Group and its subsidiary SICIT Chemitech continued to operate as their respective activities were not among those covered by the restrictive measures. The companies also implemented protocols and measures to protect workers from the risk of infection at their production plants, in line with regulatory guidelines, as well as recourse to work from home for non-essential functions.

As far as the supply of raw materials is concerned, in the period between the end of March and the beginning of May 2020, the tanning companies in the Vicenza district (the main suppliers of raw input material for the Group) initially stopped the supply of leather processing residues. From mid-April 2020 onwards, at the same time as the gradual resumption of leather processing, the disposal of raw input materials has gradually resumed, albeit for reduced volumes compared to those recorded during the periods prior to the COVID-19 emergency.

In order to meet the need for input raw materials suitable to meet the growing demand of clients, the Company implemented the following strategies during the period: (i) recourse to new suppliers, including foreign ones, (ii) recourse to alternative types of input raw materials at the Chiampo plant, even if economically less advantageous, and (iii) increase in the production of protein hydrolysate from animal hair at the Arzignano plant compared to what was originally planned.

As far as production is concerned, the Group's production activities continued also thanks to the adaptation of its production procedures to the new safety protocols introduced from time to time by government decrees. However, the temporary interruptions in the supply of raw materials led to the temporary interruption of production of basic semi-finished products (protein hydrolysates). Thanks to the use of semi-finished products' stocks, SICIT has continued the



production of finished products (biostimulants and retardants) thus ensuring full operation and supply capacity to its clients.

On the revenue side, there were no cancellations of orders by clients, requests to shift deliveries or delivery difficulties that negatively affected revenues from products for agriculture. However, the temporary closure of some gypsum factories in the second quarter had an impact on revenues from plaster retardants, while the drop in input raw material volumes collected from tanneries in Q2 2020 had a negative impact both on fat production volumes and related revenues.

The Group did not resort to payroll subsidies (so called “Cassa Integrazione Guadagni Ordinaria” or “Cassa Integrazione Guadagni in deroga”) and all employees remained fully operational.

With regard to the outlook for 2021, sustained demand is expected for biostimulants, due to the increasing focus on the sustainability of production systems and, similarly to 2020, COVID-19 could have localised and, overall, minor impacts, especially on the distribution chain of technical means.

In the plaster retardants sector, demand could remain volatile, especially in the first half of the year, due to the impact of COVID-19 on construction activities and production facilities; in this market context, characterised by weak demand, an increase in competitive pressure can be observed. A growth trend was seen in the renovation building sector and in particular in the bricolage/DIY sector, where the Company, however, has a marginal presence as its retardant products are used more in construction than in renovation. However, it is positive that the construction sector, and therefore the Company's customers, are benefiting from a growth trend in the DIY sector that compensates, at least in part, for the difficulties met in heavy building construction.

### **Significant events during the fourth quarter**

#### **Resignation of the Chairman of the Board of Statutory Auditors and of an Alternate Auditor**

On 24 November 2020, Mr Paolo Ludovici and Mr Michele Aprile resigned from their positions as Chairman of the Board of Statutory Auditors and Alternate Auditor, respectively, of the Parent Company, in view of the merger, effective from 1 January 2021, between Ludovici Piccone & Partners and Studio Gatti Pavesi Bianchi, the latter being legal advisor to the Company. The resignation took effect on 1 January 2021.

From that date, the chairmanship of the Company's Board of Statutory Auditors has been taken over by Mr Manfred Turchetti (formerly Auditor of the Company) and the Alternate Auditor Mr Sergio Zamberlan took over as Standing Auditor.

### **Significant events after the end of the financial year**

#### **Agreement with MiSE to support SICIT's innovative Agrifood products**

On 25 January 2021, the Italian Ministry for Economic Development (MiSE) signed an agreement to authorise and finance the Company's Agrifood project to study and develop innovative products derived from production waste for the future agriculture.



The aim of the Company's project is to study and develop new products and, consequently, new production processes, so as to introduce a new way of understanding crop support action in the professional agriculture sector.

The project will be carried out at the company's production sites in Arzignano and Chiampo. The total costs envisaged amount to approx. € 12.2 million<sup>7</sup> and will be financed by the MiSE and the Veneto Region for over € 3.6 million<sup>8</sup>.

#### Assignment of the first ESG sustainability rating

Following Group's first Sustainability Report, provided on a voluntary basis, at the end of 2020 SICIT started the activities to achieve its first ESG sustainability rating.

Sustainalytics Ltd. ("Sustainalytics"), an independent leader agency that assigns non-financial sustainability ratings, assigned in February 2021 the *ESG Risk rating* to the Company related to environmental, social and governance issues, with particular reference to the 2019 Sustainability Report.

This rating represents an independent assessment that measures the degree of adherence to the most rigorous institutional and international voluntary guidelines on sustainability (and related governance aspects).

In Sustainalytics' comparative ESG Risk Ratings<sup>9</sup>, SICIT ranked in the top 18% of the best companies within the global chemical industry and in the top 8% of peers within the agricultural chemicals segment, achieving a score of 27.8. Finally, the "manageable risk factor" is equal to 90% and therefore, in perspective, strongly reducible with suitable policies, programmes and initiatives.

Given SICIT's business, which is related to the processing of animal waste and residues, Sustainalytics rates the Company's ESG Risks Exposure potentially "high", but ESG risk management is "strong", as "follows best practices, signalling strong accountability to investors and the public".

#### Achievement of the Patent-box tax benefit

In February 2021, SICIT completed the activities and submitted the required documentation for the reverse charge of Patent Box tax benefit, introduced by Law 190/2014 (so-called "2015 Budget Law"), for the benefit of companies that generate income through the direct and indirect use of so-called "intellectual property" (e.g., trademarks, patents, designs and models, software and know-how).

The company availed itself of the option provided by Decree-Law 34/2019 (so-called 'Growth Decree') to take advantage of the reverse charge regime, as an alternative to concluding a ruling with the Italian Income Revenue Authority.

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<sup>7</sup> Expected costs include expenses for research and development activities incurred in the three-year period November 2019 - November 2022.

<sup>8</sup> Of which about € 2.4 million as a contribution to expenditure and about € 1.2 million as a subsidised loan (of which € 0.6 from the Veneto Region). The amounts granted will be disbursed subject to reporting and recognition of expenses actually incurred.

<sup>9</sup> Updated to February 2021.





The tax benefit for SICIT Group S.p.A. for the five-year period 2015-2019 has been of € 3.8 million and has been accounted in the 2020 financial statements. The tax benefit will be enjoyed, in accordance with current legislation, over a period of three years.

#### Conversion of Special Shares

On 16 February 2021, the condition provided by Article 6.4(d)(i) of the Company's Articles of Association, regarding the automatic conversion of the remaining Special Shares of SICIT Group into Ordinary Shares, has been met.

Pursuant to the provisions of the Articles of Association, 195,000 Special Shares were converted at a ratio of 6 Ordinary Shares for every 1 Special Share held and, therefore, into a total of 1,170,000 newly issued Ordinary Shares of SICIT Group, without any change in the total amount of the share capital.

#### SICIT Group Warrant acceleration clause

On 1 March 2021, the Acceleration Clause provided by the "*Regulation of SICIT Group S.p.A. Warrants*" occurred. Pursuant to Article 3.3 of the Regulation, warrant holders must request to subscribe the Conversion Shares no later than 60 (sixty) days after the Acceleration Notice, without prejudice to the provisions of Article 3.7 of the Regulation concerning the suspension of the exercise during Restricted Periods, as further specified below.

#### Foreseeable evolution of the management

The seriousness of the current scenario linked to the economic and social effects of COVID-19 and the uncertainty about future developments in Italy and in the countries where the Group operates, make it once again difficult to forecast the possible impact of the pandemic on the 2021 financial year.

As described above, despite the overall growth in the Group's revenues, the retardants segment's revenues were negatively impacted by the temporary suspension of the activities of its customers (gypsum producers), while the fat segment was negatively impacted by the temporary suspension of the activities of its raw material suppliers (companies in the Vicenza tanning district).

World economies are likely to be negatively affected by the effects of COVID-19 in 2021. Although the agricultural sector appears to be more resilient to the problems generated by the pandemic, the construction sector will still be marked by greater instability.

On the supply side, the Group, thanks also to the recent diversification of the raw materials processed and of the suppliers used, which have made it possible to increase flexibility, continues to carefully manage its *procurement* in order to reduce the negative impact of a possible interruption of supplies from the Vicenza tanning district.

Despite these significant uncertainties, in this complex scenario the Group will maintain a strong focus on organic growth, based on constant attention to current customers, expansion of the markets served and the introduction of innovative products with higher added value.

The Group confirms its intention to accelerate the growth process by also investing in the opening of a production plant in China, to be even closer to its international customers. However, due to the slowdown in the planning of this new





production plant as a result of the health crisis, the implementation of this project could be further delayed if further restrictive measures are adopted in the future and/or there is a further worsening of the health emergency situation. In order to pursue this development policy, the Group does not exclude the possibility of potential external acquisitions or partnerships with other industrial groups with a significant strategic and industrial similarity in the *green* and *circular* economy.

The Group will also continue its strategy of developing new products in close collaboration with its customers, in order to be able to respond adequately to the different needs of the agricultural and industrial companies to which they are dedicated.

### **Dividend proposal**

While approving the Consolidated Financial Report at 31 December 2020, the Board of Directors also approved to propose to the Shareholders' Meeting a gross dividend of a total of € 0.55 per share, through a full distribution of the profit for the year, within the limits of the law, and for the exceeding part using the Company's available reserves.

It should be noted that, compatibly with the timing of the Company's Shareholders' Meeting (as described below), this dividend is expected to have 10 May 2021 as Detachment Date of the third coupon, 11 May 2021 as Record Date and 12 May 2021 as Payment Date.

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## **OTHER RESOLUTIONS OF THE BOARD OF DIRECTORS**

### **Free share plan**

Following the Press Release of 26 February 2021, regarding the proposal to pay an extraordinary bonus to all employees, with a free assignment of 100 ordinary shares of the Company for each employee, the Board of Directors today approved the Plan and the related Information Document drafted in compliance with the provisions of Article 84 bis and Annex 3A, Scheme 7, of the Issuers' Regulations, to be submitted to the upcoming Shareholders' Meeting of SICIT (as described below).

The Plan is addressed to all employees of the Company and of its subsidiary SICIT Chemitech S.p.A. and is aimed at giving a concrete sign of support and closeness of the Company to its employees, as well as its Subsidiary's employees, to further highlight the constant attention to the enhancement of its human resources, strengthening the bond between the Group and its employees in the long term.

To date, it is estimated that 13,800 Ordinary Shares of the Company will be needed to implement the Plan and, for this purpose, treasury shares already held in portfolio will be used.

### **Purchase of treasury shares**

With regard to the proposed authorisation to purchase and disposal of treasury shares, it should be noted that the Company has completed the treasury share purchase programme authorised by the Shareholders' Meeting on 20 April 2020 as, also in view of the value of the stock, treasury shares have already been purchased for a countervalue of € 2,000,000. The Board of Directors approved to propose to the Ordinary Shareholders' Meeting (as described below) a



further authorisation, subject to revocation of the authorisation granted by the Shareholders' Meeting of 20 April 2020 for the non-executed part, i.e. for the dispositive part - for the purchase, also in several tranches, of a number of Ordinary Shares of the Company, with no indication of nominal value, up to a maximum - taking into account the Ordinary Shares of the Company from time to time held in the portfolio by the same and by its subsidiaries - which is not higher than the maximum limit provided for pursuant to the legislation in force at the time and, in any case, for a maximum countervalue of a further € 2,000,000; for all purposes permitted by law, including allocation to the Company's incentive remuneration plans.

Purchases may be made at a price that does not exceed the higher of the price of the last independent transaction and the price of the highest current independent offer on the trading venues where the purchase is made, it being understood that the unit price may not, in any event, be lower by a minimum of 20% (twenty per cent) and higher by a maximum of 10% (ten per cent) than the arithmetic mean of the official prices recorded for the Company's shares on the Mercato Telematico Azionario, organised and managed by Borsa Italiana S. p. A., during the 10 (ten) Stock Exchange trading days period prior to each purchase transaction.

As of today, the Company owns 304,209 Ordinary Shares, equal to 1.45% of the share capital.

#### **Suspension of the exercise of SICIT Group S.p.A. Warrants**

Notice is hereby given that, pursuant to the "*Regulation of SICIT Group S.p.A. Warrants*" (the "Regulation") (ISIN code T0005275034), the exercise of the warrants is automatically suspended (Restricted Period) from today's date (included) on which the Board of Directors of the Company approve to convene the Shareholders' Meeting to approve the financial statements and the proposal for the distribution of dividends until the day (included) on which the Shareholders' Meeting itself took place and, in any case, until the day (included) of the payment of dividends approved by the Shareholders' Meeting, if any.

In addition to the press release of 1 March 2021, it should also be noted that, since the Acceleration Clause has occurred and a Restricted Period has started and, pursuant to the Regulation, the Expiry Date initially indicated in 30 April 2021 has been postponed until 17 June 2021 if the SICIT Shareholders' Meeting to be called (as described below) does not approve the distribution of dividends, or until 28 June 2021 if the Shareholders' Meeting approved the distribution of dividends. As also stated in the press release of 5 March 2021, the Conversion Shares servicing the warrants for which conversion has been requested by the day before today's date will be made available in time to receive any dividend approved by the Shareholders' Meeting (as described below).

The Regulation is available on the Company's website [www.sicitgroup.com/en](http://www.sicitgroup.com/en), "*Investor Relations*" section.

#### **Allocation of shares under the "2020 - 2022 Incentive Remuneration Plan" (the "Incentive Plan") approved by the Shareholders' Meeting of 20 April 2020**

The Board of Directors held today reviewed and approved, on the proposal of the Remuneration and Appointments Committee, the achievement of the 2020 Performance Targets under the Incentive Plan, based on the data in the consolidated financial statements that will be submitted to the Shareholders' Meeting.



Following the Shareholders' Meeting that will approve the financial statements at 31 December 2020, the Board of Directors will approve the subsequent resolutions aimed at definitively confirming the actual achievement of the Performance Targets and the payment of the accrued Incentive, in accordance with the terms and conditions of the Plan.

Pursuant to Article 84-bis, paragraph 5 of the Issuers' Regulations, please refer to the information contained in the Report on remuneration policy and compensation paid, which will be made available to the public within the terms and according to the procedures set forth by law.

### **Convocation of the Shareholders' Meeting**

Today's Board of Directors therefore approved the single calling of the SICIT Shareholders' Meeting for 29 April 2021, *inter alia*, to approve the 2020 Financial Statements as well as to approve the resolutions necessary to integrate the Board of Statutory Auditors, giving a mandate to proceed with the calling of the Meeting itself, and providing that - also taking into account the current health emergency and the measures and restrictions issued by the Italian Government - participation at the Meeting may take place exclusively through the representative, pursuant to art. 135-undecies of the TUF, identified in the Società per Amministrazioni Fiduciarie "SPAFID" S.p.A..

The notice of the Shareholders' Meeting will be published in accordance with the times and procedures provided for by law and the Articles of Association, as well as made available on the Company's website [www.sicitgroup.com/en](http://www.sicitgroup.com/en), in the "*Corporate Governance / Shareholders' Meetings*" section, and the public will be informed of the call.

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### **Conference call**

The results at 31 December 2020 will be presented on Monday 15 March 2021 at 4.30 p.m. CEST during a conference call.

The numbers to dial-in are as follows:

- Italy: +39 02 805 88 11
- United Kingdom: + 44 121 281 8003
- USA: +1 718 7058794
- Switzerland: +41 225954727
- Germany: +49 69255114451

*Please dial-in 10 minutes before the start of the call.*

The presentation to which reference will be made during the *conference call* will be available, by the beginning of call, on the website [www.sicitgroup.com/en](http://www.sicitgroup.com/en) "*Investor Relations / Presentations*" section, and on the authorized storage mechanism "eMarket STORAGE" at [www.emarketstorage.com](http://www.emarketstorage.com), within the terms provided by the applicable regulations.



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This press release is available on the Company's website [www.sicitgroup.com/en](http://www.sicitgroup.com/en), in the "Investor Relations / Price-Sensitive Press Releases" section.

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*The manager responsible for preparing the company's financial reports, Giampaolo Simionati, declares, pursuant to paragraph 2 of Article 154 bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the documented results, books and accounting records.*

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### **SICIT Group**

Founded in 1960 in Chiampo (VI), **SICIT** was one of the first companies in the world to introduce protein hydrolysates of animal origin into the world market of biostimulants. The company, one of the pioneers of the circular economy, through a process of hydrolysis of residues from the tanning industry, creates high-added-value products for agriculture (biostimulants) and plaster industry (retardants). Thanks to a qualified team, highly automated and technological production plants, state-of-the-art laboratories and constant investments in R&D, SICIT has become a reference operator at international level, supplying the main players in the agrochemical and industrial sectors.

Since June 2020, the company has been listed on the MTA (Italian Equities Market), Star Segment, of Borsa Italiana.

**Web:** [www.sicitgroup.com](http://www.sicitgroup.com)

**LinkedIn:** <http://bit.ly/32Q1nrc>

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### Consolidated financial statements at 31 December 2020 and notes thereto

Below the Group's reclassified statements as per Directors' Report, which are not subject to audit.

#### Consolidated statement of profit or loss

<i>(in thousands of Euros)</i>	<b>31.12.20</b>	<b>%</b>	<b>31.12.19</b>	<b>%</b>	<b>Change</b>	<b>%</b>
<b>Revenue</b>	<b>63,164</b>	<b>100.0%</b>	<b>56,656</b>	<b>100.0%</b>	<b>6,508</b>	<b>11.5%</b>
Cost of goods sold	(34,371)	(54.4%)	(31,836)	(56.2%)	(2,535)	8.0%
<b>Gross operating profit/margin</b>	<b>28,793</b>	<b>45.6%</b>	<b>24,820</b>	<b>43.8%</b>	<b>3,973</b>	<b>16.0%</b>
Sales costs	(3,938)	(6.2%)	(4,011)	(7.1%)	73	(1.8%)
Research and development expenditure	(1,527)	(2.4%)	(1,663)	(2.9%)	136	(8.2%)
General and administrative costs	(4,431)	(7.0%)	(3,890)	(6.9%)	(541)	13.9%
Other income, net	350	0.6%	546	1.0%	(196)	(35.9%)
<b>Profit from ordinary operations</b>	<b>19,247</b>	<b>30.5%</b>	<b>15,802</b>	<b>27.9%</b>	<b>3,445</b>	<b>21.8%</b>
Other non-recurring costs, net	(2,103)	(3.3%)	(11,007)	(19.4%)	8,904	(80.9%)
<b>Operating profit/margin (EBIT)</b>	<b>17,144</b>	<b>27.1%</b>	<b>4,795</b>	<b>8.5%</b>	<b>12,349</b>	<b>&gt;1</b>
Net financial expense <sup>1</sup>	(169)	(0.3%)	(3)	(0.0%)	(166)	>1
(Costs) and revenue from warrant measurement	(13,723)	(21.7%)	3,855	6.8%	(17,578)	>1
<b>Profit before taxes</b>	<b>3,252</b>	<b>5.1%</b>	<b>8,647</b>	<b>15.3%</b>	<b>(5,394)</b>	<b>(62.4%)</b>
Income taxes	6,052	9.6%	(4,444)	(7.8%)	10,496	>1
<b>Profit for the year</b>	<b>9,304</b>	<b>14.7%</b>	<b>4,203</b>	<b>7.4%</b>	<b>5,102</b>	<b>&gt;1</b>
<b>Adjusted profit<sup>2</sup></b>	<b>14,626</b>	<b>23.2%</b>	<b>12,611</b>	<b>22.3%</b>	<b>2,015</b>	<b>16.0%</b>
<b>Adjusted EBITDA<sup>3</sup></b>	<b>24,073</b>	<b>38.1%</b>	<b>21,117</b>	<b>37.3%</b>	<b>2,956</b>	<b>14.0%</b>

<sup>(1)</sup> Excluding costs and revenue from warrant measurement.

<sup>(2)</sup> Before non-recurring costs and revenue, costs and revenue from warrant measurement, the related tax effect and the financial performance of SICIT Chemitech for the period January-April 2019 (consolidated as of 2 May 2019) as per the IFRS-compliant reporting package.

<sup>(3)</sup> Operating profit (loss) before amortisation/depreciation and impairment losses on non-current assets, non-recurring costs and revenue, including SICIT Chemitech S.p.A.'s EBITDA for the period January-April (consolidated as of 2 May 2019) as per the IFRS-compliant reporting package.



## Consolidated balance sheet

<i>(in thousands of Euros)</i>	31.12.20	%	31.12.19	%	Change	%
Inventories	10,230	11.8%	10,421	15.9%	(191)	(1.8%)
Trade receivables	13,247	15.2%	10,895	16.6%	2,352	21.6%
Trade payables	(11,266)	(12.9%)	(7,949)	(12.1%)	(3,317)	41.7%
<b>Operating working capital (OWC)</b>	<b>12,211</b>	<b>14.0%</b>	<b>13,367</b>	<b>20.4%</b>	<b>(1,156)</b>	<b>(8.6%)</b>
Sundry assets	7,335	8.4%	6,147	9.4%	1,188	19.3%
Non-financial current liabilities	(2,871)	(3.3%)	(2,612)	(4.0%)	(259)	9.9%
<b>Net working capital (NWC)</b>	<b>16,675</b>	<b>19.2%</b>	<b>16,902</b>	<b>25.8%</b>	<b>(227)</b>	<b>(1.3%)</b>
Intangible assets	391	0.4%	485	0.7%	(94)	(19.4%)
Property, plant and equipment	59,729	68.6%	48,845	74.4%	10,884	22.3%
Other non-current assets <sup>1</sup>	13,042	15.0%	2,196	3.3%	10,846	493.9%
<b>Non-current assets</b>	<b>73,162</b>	<b>84.0%</b>	<b>51,526</b>	<b>78.5%</b>	<b>21,636</b>	<b>42.0%</b>
Deferred tax liabilities	(2,331)	(2.7%)	(2,339)	(3.6%)	8	(0.3%)
Non-financial non-current liabilities	(448)	(0.5%)	(455)	(0.7%)	7	(1.5%)
<b>Net invested capital</b>	<b>87,058</b>	<b>100.0%</b>	<b>65,634</b>	<b>100.0%</b>	<b>21,424</b>	<b>32.6%</b>
NFP/(available funds), net <sup>2</sup>	(20,458)	(23.5%)	(29,329)	(44.7%)	8,871	(30.2%)
Financial liabilities for warrants <sup>3</sup>	19,634	22.6%	6,058	9.2%	13,576	224.1%
Equity	87,882	100.9%	88,905	135.5%	(1,023)	(1.2%)
<b>Net financial position and equity</b>	<b>87,058</b>	<b>100.0%</b>	<b>65,634</b>	<b>100.0%</b>	<b>21,424</b>	<b>32.6%</b>
OWC % of revenue for the past 12 months	19.3%		23.6%			
NWC % of revenue for the past 12 months	26.4%		29.8%			

<sup>(1)</sup> Non-current financial assets, deferred tax assets and other non-current assets.

<sup>(2)</sup> Cash and cash equivalents, net of current and non-current financial liabilities, excluding financial liabilities for warrants.

<sup>(3)</sup> Non-monetary liability.



### Consolidated statement of cash flow

<i>(in thousands of Euros)</i>	31.12.20	31.12.19
<b>Profit from ordinary operations</b>	<b>19,247</b>	<b>15,802</b>
Amortisation and depreciation	4,826	4,506
Other non-monetary changes	399	107
Change in operating working capital	(1,212)	(2,381)
Change in other non-current assets/liabilities	(557)	(556)
<b>Cash flows from operating activities</b>	<b>22,703</b>	<b>17,479</b>
Net investments	(15,868)	(10,074)
Change in liabilities for investments	2,076	414
Income taxes paid	(5,236)	(4,442)
Non-recurring costs and revenue	(2,103)	(805)
Net revenues	1	1
<b>Free cash flow</b>	<b>1,573</b>	<b>2,572</b>
Acquisition of subsidiaries	-	625
Merger contribution	-	30,523
Dividends paid	(8,800)	(17,722)
Purchase of treasury shares	(1,646)	(1,004)
Capital increase against consideration	1	819
<b>Net cash flow</b>	<b>(8,871)</b>	<b>15,813</b>
Opening balance	29,329	13,517
Closing balance	20,458	29,329
<b>Change in net cash flows</b>	<b>(8,871)</b>	<b>15,812</b>

### Consolidated revenue

<i>(in thousands of Euros)</i>	31.12.20	%	31.12.19	%	Change	%
Products for agriculture	38,340	60.7%	31,009	54.7%	7,331	23.6%
Retardants for plasters	14,057	22.3%	15,334	27.1%	(1,277)	(8.3%)
Other products	504	0.8%	726	1.3%	(222)	(30.6%)
Fat	7,096	11.2%	6,520	11.5%	576	8.8%
<b>Total revenue from products</b>	<b>59,997</b>	<b>95.0%</b>	<b>53,589</b>	<b>94.6%</b>	<b>6,408</b>	<b>12.0%</b>
Collection services	3,122	4.9%	3,014	5.3%	108	3.6%
Analysis services	45	0.1%	53	0.1%	(8)	(15.1%)
<b>Total revenue from products and services</b>	<b>63,164</b>	<b>100.0%</b>	<b>56,656</b>	<b>100.0%</b>	<b>6,508</b>	<b>11.5%</b>

<i>(in thousands of Euros)</i>	31.12.20	%	31.12.19	%	Change	%
Italy	14,095	23.5%	12,325	23.0%	1,770	14.4%
Europe	18,479	30.8%	17,943	33.5%	536	3.0%
APAC (Asia Pacific)	18,659	31.1%	15,629	29.2%	3,030	19.4%
MEA (Middle East and Africa)	1,815	3.0%	1,850	3.5%	(35)	(1.9%)
North America	2,912	4.9%	2,958	5.5%	(46)	(1.6%)
LATAM (Latin America)	4,036	6.7%	2,884	5.4%	1,152	39.9%
<b>Total revenue from products</b>	<b>59,997</b>	<b>100.0%</b>	<b>53,589</b>	<b>100.0%</b>	<b>6,408</b>	<b>12.0%</b>





## Alternative Performance Indicators (API)

### Adjusted EBITDA

<i>(in thousands of Euros)</i>	<b>31.12.20</b>	<b>%</b>	<b>31.12.19</b>	<b>%</b>	<b>Change</b>	<b>%</b>
<b>Operating profit/margin (EBIT)</b>	<b>17,144</b>	<b>27.1%</b>	<b>4,795</b>	<b>8.5%</b>	<b>12,349</b>	<b>257.5%</b>
Amortisation and depreciation	4,826	7.6%	4,506	8.0%	320	7.1%
<b>EBITDA</b>	<b>21,970</b>	<b>34.8%</b>	<b>9,301</b>	<b>16.4%</b>	<b>12,669</b>	<b>136.2%</b>
Non-recurring costs and revenue	2,103	3.3%	11,007	19.4%	(8,904)	(80.9%)
SICIT Chemitech's EBITDA January-April 2019	-		808		(808)	(100.0%)
<b>Adjusted EBITDA</b>	<b>24,073</b>	<b>38.1%</b>	<b>21,117</b>	<b>37.3%</b>	<b>2,957</b>	<b>14.0%</b>

### Adjusted profit

<i>(in thousands of Euros)</i>	<b>31.12.20</b>	<b>%</b>	<b>31.12.19</b>	<b>%</b>	<b>Change</b>	<b>%</b>
<b>Profit for the year</b>	<b>9,304</b>	<b>14.7%</b>	<b>4,203</b>	<b>7.4%</b>	<b>5,101</b>	<b>121.4%</b>
Non-recurring costs and revenue	2,103	3.3%	11,007	19.4%	(8,904)	(80.9%)
(Costs) and revenue from warrant measurement	13,723	21.7%	(3,855)	(6.8%)	17,578	(456.0%)
Tax effect	(3,880)	(6.1%)	701	1.2%	(4,581)	(653.8%)
Other non-recurring tax benefits	(6,624)	(10.5%)	-		(6,624)	n.a.
Sicit Chemitech's profit January-April 2019	-	0.0%	555	1.0%	(555)	(100.0%)
<b>Adjusted profit for the year</b>	<b>14,626</b>	<b>23.2%</b>	<b>12,611</b>	<b>22.3%</b>	<b>2,015</b>	<b>16.0%</b>

### Net financial position

<i>(in thousands of Euros)</i>	<b>31.12.20</b>	<b>%</b>	<b>31.12.19</b>	<b>%</b>	<b>Change</b>	<b>%</b>
Bank accounts	20,145	98.5%	29,421	100.3%	(9,276)	104.6%
Bank accounts (USD)	419	2.0%	168	0.6%	251	(2.8%)
Cash on hand	6	0.0%	14	0.0%	(8)	0.1%
<b>Total cash and cash equivalents</b>	<b>20,570</b>	<b>23.6%</b>	<b>29,603</b>	<b>45.1%</b>	<b>(9,033)</b>	<b>(30.5%)</b>
Bank loans and borrowings	-	0.0%	(222)	(0.8%)	222	(2.5%)
Lease liabilities <sup>1</sup>	(112)	(0.5%)	(52)	(0.2%)	(60)	0.7%
<b>Total NFP/available funds, net</b>	<b>20,458</b>	<b>100.0%</b>	<b>29,329</b>	<b>100.0%</b>	<b>(8,871)</b>	<b>100.0%</b>
Financial liabilities for warrants <sup>2</sup>	(19,634)	(22.6%)	(6,058)	(9.2%)	(13,576)	224.1%
<b>ESMA net financial position</b>	<b>824</b>	<b>4.0%</b>	<b>23,271</b>	<b>79.3%</b>	<b>(22,447)</b>	<b>253.0%</b>

<sup>(1)</sup> Resulting from the adoption of IFRS 16.

<sup>(2)</sup> Non-monetary liability.



### SICIT Group S.p.A. – Financial statements at 31 December 2020

Below are the SICIT Group S.p.A.'s reclassified statement as per Directors' Report, which are not subject to audit.

#### Statement of profit or loss

<i>(in thousands of Euros)</i>	<b>31.12.20</b>	<b>%</b>	<b>31.12.19</b>	<b>%</b>	<b>Change</b>	<b>%</b>
<b>Revenue</b>	<b>62,515</b>	<b>100.0%</b>	<b>55,914</b>	<b>100.0%</b>	<b>6,601</b>	<b>11.8%</b>
Cost of goods sold	(37,575)	(60.1%)	(33,652)	(60.2%)	(3,923)	11.7%
<b>Gross operating profit/margin</b>	<b>24,940</b>	<b>39.9%</b>	<b>22,262</b>	<b>39.8%</b>	<b>2,678</b>	<b>12.0%</b>
Sales costs	(3,224)	(5.2%)	(3,177)	(5.7%)	(47)	1.5%
Research and development expenditure	(1,463)	(2.3%)	(1,560)	(2.8%)	97	(6.2%)
General and administrative costs	(3,918)	(6.3%)	(3,653)	(6.5%)	(265)	7.3%
Other income, net	342	0.5%	483	0.9%	(141)	(29.2%)
<b>Profit from ordinary operations</b>	<b>16,677</b>	<b>26.7%</b>	<b>14,355</b>	<b>25.7%</b>	<b>2,322</b>	<b>16.2%</b>
Other non-recurring costs, net	(2,103)	(3.4%)	(11,007)	(19.7%)	8,904	(80.9%)
<b>Operating profit/margin (EBIT)</b>	<b>14,574</b>	<b>23.3%</b>	<b>3,348</b>	<b>6.0%</b>	<b>11,226</b>	<b>&gt;1</b>
Net financial expense <sup>1</sup>	(169)	(0.3%)	(1)	(0.0%)	(168)	>1
(Costs) and revenue from warrant measurement	(13,723)	(22.0%)	3,855	6.9%	(17,578)	>1
<b>Profit before taxes</b>	<b>681</b>	<b>1.1%</b>	<b>7,201</b>	<b>12.9%</b>	<b>(6,520)</b>	<b>(90.5%)</b>
Income taxes	6,713	10.7%	(4,069)	(7.3%)	10,782	>1
<b>Profit for the year</b>	<b>7,394</b>	<b>11.8%</b>	<b>3,132</b>	<b>5.6%</b>	<b>4,262</b>	<b>136.1%</b>
<b>Adjusted profit for the year<sup>2</sup></b>	<b>19,340</b>	<b>30.9%</b>	<b>10,985</b>	<b>19.6%</b>	<b>8,355</b>	<b>76.1%</b>
<b>Adjusted EBITDA<sup>3</sup></b>	<b>21,417</b>	<b>34.3%</b>	<b>18,792</b>	<b>33.6%</b>	<b>2,625</b>	<b>14.0%</b>

<sup>(1)</sup> Excluding costs and revenue from warrant measurement.

<sup>(2)</sup> Before non-recurring costs and revenue, costs and revenue from warrant measurement, the related tax effect and the financial performance of SICIT Chemitech for the period January-April 2019 (consolidated as of 2 May 2019) as per the IFRS-compliant reporting package.

<sup>(3)</sup> Operating profit (loss) before amortisation/depreciation and impairment losses on non-current assets, non-recurring costs and revenue, including SICIT Chemitech S.p.A.'s EBITDA for the period January-April (consolidated as of 2 May 2019) as per the IFRS-compliant reporting package.



## Balance Sheet

<i>(in thousands of Euro)</i>	<b>31.12.20</b>	<b>%</b>	<b>31.12.19</b>	<b>%</b>	<b>Change</b>	<b>%</b>
Inventories	9,810	11.1%	10,027	15.1%	(217)	(2.2%)
Trade receivables	13,793	15.6%	11,028	16.6%	2,765	25.1%
Trade payables	(12,301)	(13.9%)	(9,174)	(13.8%)	(3,127)	34.1%
<b>Operating working capital (OWC)</b>	<b>11,302</b>	<b>12.8%</b>	<b>11,881</b>	<b>17.8%</b>	<b>(579)</b>	<b>(4.9%)</b>
Sundry assets	7,140	8.1%	5,927	8.9%	1,213	20.5%
Non-financial current liabilities	(2,553)	(2.9%)	(2,076)	(3.1%)	(477)	23.0%
<b>Net working capital (NWC)</b>	<b>15,889</b>	<b>18.0%</b>	<b>15,732</b>	<b>23.6%</b>	<b>157</b>	<b>1.0%</b>
Intangible assets	375	0.4%	459	0.7%	(84)	(18.3%)
Property, plant and equipment	59,594	67.3%	48,623	73.0%	10,971	22.6%
Other non-current assets <sup>1</sup>	15,379	17.4%	4,526	6.8%	10,853	>1
<b>Non-current assets</b>	<b>75,348</b>	<b>85.2%</b>	<b>53,608</b>	<b>80.5%</b>	<b>21,740</b>	<b>40.6%</b>
Deferred tax liabilities	(2,331)	(2.6%)	(2,339)	(3.5%)	8	(0.3%)
Non-financial non-current liabilities	(419)	(0.5%)	(431)	(0.6%)	12	(2.8%)
<b>Net invested capital</b>	<b>88,487</b>	<b>100.0%</b>	<b>66,570</b>	<b>100.0%</b>	<b>21,917</b>	<b>32.9%</b>
NFP/(available funds), net <sup>2</sup>	(14,369)	(16.2%)	(25,583)	(38.4%)	11,214	(43.8%)
Financial liabilities for warrants <sup>3</sup>	19,634	22.2%	6,058	9.1%	13,576	>1
Equity	83,222	94.0%	86,095	129.3%	(2,873)	(3.3%)
<b>Net financial position and equity</b>	<b>88,487</b>	<b>100.0%</b>	<b>66,570</b>	<b>100.0%</b>	<b>21,917</b>	<b>32.9%</b>

<sup>(1)</sup> Non-current financial assets, deferred tax assets and other non-current assets.

<sup>(2)</sup> Cash and cash equivalents, net of current and non-current financial liabilities, excluding financial liabilities for warrants.

<sup>(3)</sup> Non-monetary liability.

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