

## Company Note

# SICIT Group

## FY19A Results

We believe that the recent developments linked to the spread of the Covid-19 virus would generate repercussions for the entire economic system and we would therefore expect an impact also on SICIT Group's financials. However, our understanding is that, as of today, the impact on the group's sales, orders and operations has been limited, also favored by its significant exposure to the agricultural sector. Given the uncertainty on the temporal extension and the geographic spread of the health emergency, we highlight that the scenario is still not fully predictable.

### FY19A results

SICIT recently reported FY19 results slightly below our forecasts. Our understanding is that 2019 was a transitional year for SICIT with management mainly focused on implementing a profound transformation for the group, to create the conditions to accelerate its growth path and internationalization, in the next few years. In this context, the group closed the period with a moderate growth YoY and registered an improvement in profitability.

### Outlook and estimates

As regards the recent developments linked to the spread of the Covid-19 virus, we underline that the group's activities are included in the list of those businesses considered essential and are continuing as usual. For now, we decided to only fine-tune our estimates, solely to project a more prudent stance on the sales from Plaster Retardant. We did not take into account as yet any significant delay in the group's capex plan, which we recall aims to introduce new products and production technologies, such as the production of hydrolysed protein from hair and a quality improvement of fat. We underline that any unpredictable further developments related to the Covid-19 health emergency could undermine the feasibility of these estimates.

### Valuation

Following our estimates fine-tuning and the periodical update of our WACC parameters, we derived **a new target price of EUR 10.5/share** (from EUR 11.8/share). Given the current upside vs. market price of about 15%, **we move our rating on the stock to ADD** (from Buy).

## Equity

### MID CORPORATE

6 April 2020: 12:43 CET  
Date and time of production

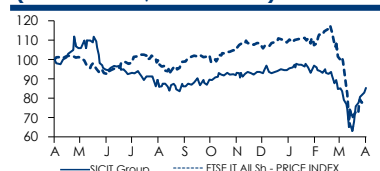
**ADD**  
(from BUY)

**Target Price: EUR 10.5**  
(from EUR 11.8)

Italy/Agrochemicals  
Update

### AIM

**Price Performance**  
(RIC: SICT.MI, BB: SICT IM)



### SICIT Group - Key Data

Price date (market close)	01/04/2020
Target price (EUR)	10.5
Target upside (%)	14.63
Market price (EUR)	9.16
Market cap (EUR M)	179.95
52Wk range (EUR)	12.0/6.8

Price performance %	1M	3M	12M
Absolute	0.7	-9.8	-14.7
Rel. to FTSE IT All Sh	33.2	28.0	11.2

Y/E Dec (EUR M)	FY19A	FY20E	FY21E
Revenues	56.7	61.8	72.2
Adj. EBITDA	20.3	25.1	30.1
Adj. EBIT	15.8	19.6	22.8
Adj. Net income	12.1	14.4	16.8
Adj. EPS (EUR)	0.61	0.73	0.85
Net debt/-cash	-29.3	-28.7	-32.5
Adj P/E (x)	16.6	12.5	10.7
EV/EBITDA (x)	8.4	6.0	4.9
EV/EBIT (x)	10.8	7.7	6.5
Div ord yield (%)	8.9	3.8	4.7

Source: Company data, FactSet and Intesa Sanpaolo Research estimates

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## Recent Events

### Business continuity ensured following measures to contain Covid-19 pandemic

As regards the recent developments linked to the spread of the Covid-19 virus, we underline that the group's activities are included in the list of those businesses considered essential and are therefore proceeding as normal.

Management also pointed out that the group's business, besides serving, in large part, the agri-food chain and energy production (activities that the Italian government's latest decree classified as essential) is core for the first stage of the tanning industry processing, treating waste and by-product to obtain stable (and recyclable) materials. In this sense, SICIT Group believes it is obliged to process the tanning waste, also from a health point of view.

### Business continuation amid pandemic

### FY19A results

SICIT recently reported FY19 results below our forecasts. Our understanding is that 2019 was a transitional year for SICIT with management mainly focused on implementing a profound transformation for the group, to create the conditions to accelerate the growth path and internationalization, in the next few years. In this context, the group closed the period with moderate growth yoy and registered an improvement in profitability.

### FY19: a transitional period

**Total revenues came in at EUR 56.7M**, up by 2.7% yoy. Revenues from products slightly increased by 0.6% yoy mainly due to the positive contribution of Biostimulants. The group also registered a positive increase in revenues from services (up by 64% yoy), mainly determined by the redefinition of the tariffs applied for the collection of by-products of animal origin and other leather processing residues from its customers. We recall that these disposal activities are charged to customers with variable rates based on the quantity and type of material delivered.

**Adjusted EBITDA was EUR 20.3M**, up by 4.1% yoy, with a margin on revenues of 35.8% (35.4% in FY18A). However, on a like-for-like basis (thus including the full contribution of the subsidiary Sicit Chemitech for both 2018 and 2019) adj. EBITDA would have been about EUR 21.1M vs. around EUR 21.5M in FY18PF. The slight decrease is attributable to: i) higher selling costs (due to a slightly different mix of customers); ii) an increase in personnel to strengthen the group's structure; iii) structural higher costs linked to its status as a listed company; and iv) the increase in some costs of utilities not completely reflected in the sale price of the products to final customers.

**Adjusted net profit was EUR 12.1M** vs. EUR 11.3M in FY18.

**Net cash position of EUR 29.3M** vs. EUR 13.5M at FY18, mainly due to an operating cash flow of EUR 12.6M and a capital increase from the merger with SprintItaly for EUR 30.5M, partially offset by investments for EUR 9.4M, dividends for EUR 17.7M and share buy-back for EUR 1M.

**A EUR 0.35/ordinary share dividend** is to be proposed to the General Assembly (EUR 0.34/share relative to FY18).

Lastly, management confirmed that all the activities to move its listing from the AIM to the MTA-STAR is proceeding regularly.

## SICIT - 1H19A results

EUR M	FY18A	FY19A	YoY %	FY19E	A/E %
<b>Revenues</b>	<b>53.3</b>	<b>53.6</b>	<b>0.6</b>	<b>56.0</b>	<b>-4.3</b>
o/w Biostimulant	30.2	31.0	2.8	30.8	0.6
o/w Plaster retardant	15.4	15.3	-0.6	15.6	-2.0
o/w Animal fat	6.7	6.5	-2.0	6.7	-2.0
o/w Others	1.0	0.7	-30.1	2.9	-74.9
Other revenues (services)	1.9	3.1	64.0	2.9	5.9
<b>Total Revenues</b>	<b>55.1</b>	<b>56.7</b>	<b>2.7</b>	<b>58.9</b>	<b>-3.8</b>
<b>Adj. EBITDA</b>	<b>19.5</b>	<b>20.3</b>	<b>4.1</b>	<b>23.0</b>	<b>-11.8</b>
Margin on total revenues (%)	35.4	35.8		39.1	
Reported Net income	12.1	4.2	-65.2	10.4	-59.7
<b>Adj. Net income</b>	<b>11.3</b>	<b>12.1</b>	<b>7.1</b>	<b>14.5</b>	<b>-16.7</b>
Net debt (-cash)	-13.5	-29.3		-33.2	

Note that 2018 figures have been restated according to IFRS accounting principle; A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

## New agreement with Syngenta

On 11 March, SICIT announced a new agreement with Syngenta. In particular, the agreement envisages a 15-year exclusive supply contract for ISABION and HICURE biostimulants and for the further development of collagen-based biostimulants.

We underline that the new deal further strengthens the company's long-term collaboration with a market leader, such as Syngenta, confirming the effectiveness of SICIT's offering, in our view.

## Earnings Outlook

We believe that the Covid-19 epidemic will generate repercussions on the entire economic system and we therefore also expect an impact on the group's financials.

Our understanding is that, as of today, the impact on the group's sales, orders and operations has been limited, and that in the current situation, the group should benefit from its significant exposure to the agricultural sector which should be only moderately impacted by the various lockdown measures adopted in several countries globally. However, given the uncertainty on the temporal extension and the geographic spread of the health emergency, we believe that the scenario is not fully predictable.

For now, we decided to only fine-tune our estimates to project a more prudent stance on the sales from Plaster Retardant. We did not take into account as yet any significant delay to the group's capex plan, which we recall aims to introduce new products and production technologies, such as the production of hydrolysed protein from hair and a quality improvement of fat.

We highlight that any unpredictable further developments related to the Covid-19 health emergency could undermine the feasibility of these estimates.

### SICIT – Estimates revision (FY20E-22E)

EUR M	FY20E old	FY20E new	Chg. (%)	FY21E old	FY21E new	Chg. (%)	FY22E old	FY22E new	Chg. (%)
Revenues from products	62.0	58.8	-5.2	71.6	69.2	-3.4	83.1	80.6	-3.0
Other revenues (services)	3.0	3.0	0.0	3.2	3.0	-6.3	3.5	3.0	NM
Total revenues	65.1	61.8	-5.1	74.8	72.2	-3.5	86.6	83.6	-3.5
Adj. EBITDA	26.4	25.1	-4.8	30.6	30.1	-1.7	35.9	35.0	-2.6
Adj. EBITDA margin (%)	40.6	40.6		40.9	41.7		41.5	41.8	
Adj. net income	16.2	14.4	-11.2	18.1	16.8	-7.2	20.8	19.2	-7.7
Net debt (-cash)	-33.5	-28.7		-38.0	-32.5		-48.0	-41.1	

NM: not meaningful; E: estimates; Source: Intesa Sanpaolo Research estimates

## Valuation

We believe that the most appropriate methodology to value SICIT is a DCF valuation, due to the absence of listed companies with a similar size, background and/or geographical presence in the group's reference industry. We derived **a new target price of EUR 10.5/share** (from EUR 11.8/share). Given the current upside vs. market price of about 15%, we moved **our recommendation on the stock to ADD** (from Buy).

**ADD rating; TP at EUR 10.5/sh**

### DCF model

The main assumptions in our DCF model are as follows:

- Explicit estimates until 2022E;
- Terminal value growth is set at 1%, while to calculate the LT, we applied the revenues and EBIT margin we forecast for FY22E. As usual, LT depreciation equals capex.

For the WACC calculation, we used a risk-free rate at 1.5% (1.75% previously), a risk premium at 7.5% (7.0% previously), and a Beta of 0.8x (Source: Intesa Sanpaolo Research elaboration on Factset data). In line with the current debt structure, we used a 0% 'target' gearing ratio. As a result, we derived a WACC of 7.5%.

### SICIT - WACC calculation

%	
Gross debt rate	2.6
Tax rate	26.5
Net debt rate	1.9
Beta* levered (x)	0.8
Gearing	0.0
Beta* relevered (x)	0.8
Risk-free rate	1.5
Equity risk premium	7.5
<b>WACC</b>	<b>7.5</b>

Source: FactSet and Intesa Sanpaolo Research estimates

### SICIT - DCF calculation (2020-22E)

EUR M	2020E	2021E	2022E	LT
Adj. EBIT	19.6	22.8	26.1	26.1
Tax	-5.2	-6.1	-6.9	-6.9
NOPAT	14.4	16.8	19.2	19.2
No-cash items	5.6	7.2	8.8	
WC	-1.7	-1.9	-2.7	
Capex	-12.0	-10.0	-7.0	
FCF	6.2	12.1	18.3	19.2
Discounted FCF	5.8	10.5	14.7	14.4
WACC (%)	7.5			
TV growth (%)	1.0			
Sum	38.2			
TV	165.6			
EV	196.6			
Cash @ 2019A	-29.3			
Equity	225.9			
Fully diluted shares	21.6			
<b>TP/share (EUR)</b>	<b>10.5</b>			

Source: Intesa Sanpaolo Research estimates

## SICIT Group – Key Data

Rating ADD	Target price (EUR/sh) Ord 10.5		Mkt price (EUR/sh) Ord 9.16		Sector Agrochemicals
<b>Values per share (EUR)</b>	<b>2018A</b>	<b>2019A</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>
No. ordinary shares (M)	19.65	19.65	19.65	19.65	19.65
Total no. of shares (M)	19.65	19.65	19.65	19.65	19.65
Market cap (EUR M)	201.16	199.56	179.95	179.95	179.95
Adj. EPS	0.68	0.61	0.73	0.85	0.98
CFPS	0.92	0.44	0.91	1.2	1.4
BVPS	3.6	4.5	4.9	5.3	5.8
Dividend ord	0.34	0.45	0.37	0.43	0.49
<b>Income statement (EUR M)</b>	<b>2018A</b>	<b>2019A</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>
Revenues	58.1	56.7	61.8	72.2	83.6
Adj. EBITDA	22.7	20.3	25.1	30.1	35.0
Adj. EBIT	18.0	15.8	19.6	22.8	26.1
Adj. Pre-tax income	18.2	15.8	19.6	22.8	26.1
Net income	13.4	4.2	12.4	16.8	19.2
Adj. net income	13.4	12.1	14.4	16.8	19.2
<b>Cash flow (EUR M)</b>	<b>2018A</b>	<b>2019A</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>
Net income before minorities	13.4	4.2	12.4	16.8	19.2
Depreciation and provisions	4.7	4.5	5.6	7.2	8.8
Others/Uses of funds	0	0	0	0	0
Change in working capital	-0.5	-1.8	-1.7	-1.9	-2.7
Operating cash flow	17.5	14.7	18.2	22.1	25.3
Capital expenditure	11.7	9.4	12.0	10.0	7.0
Financial investments	0	0	0	0	0
Acquisitions and disposals	0	0	0	0	0
Free cash flow	5.9	5.3	6.2	12.1	18.3
Dividends	-6.7	-17.7	-6.8	-8.4	-9.6
Equity changes & Other non-operating items	-0.1	27.1	0	0	0
Net cash flow	-0.9	14.7	-0.6	3.8	8.7
<b>Balance sheet (EUR M)</b>	<b>2018A</b>	<b>2019A</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>
Net capital employed	55.4	59.6	67.8	72.4	73.3
of which associates	0	0	0	0	0
Net debt/-cash	-14.5	-29.3	-28.7	-32.5	-41.1
Minorities	0	0	0	0	0
Net equity	69.9	88.9	96.5	104.9	114.5
Minorities value	0	0	0	0	0
Enterprise value	186.6	170.3	151.2	147.5	138.8
<b>Stock market ratios (x)</b>	<b>2018A</b>	<b>2019A</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>
Adj. P/E	15.1	16.6	12.5	10.7	9.4
P/CFPS	11.2	22.9	10.0	7.5	6.4
P/BVPS	2.9	2.2	1.9	1.7	1.6
Payout (%)	50	147	47	50	50
Dividend yield (% ord)	3.6	4.8	3.9	4.6	5.2
FCF yield (%)	2.9	2.7	3.5	6.8	10.2
EV/sales	3.4	3.2	2.6	2.1	1.7
EV/EBITDA	8.2	8.4	6.0	4.9	4.0
EV/EBIT	10.4	10.8	7.7	6.5	5.3
EV/CE	3.4	2.9	2.2	2.0	1.9
D/EBITDA	Neg.	Neg.	Neg.	Neg.	Neg.
D/EBIT	Neg.	Neg.	Neg.	Neg.	Neg.
<b>Profitability &amp; financial ratios (%)</b>	<b>2018A</b>	<b>2019A</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>
EBITDA margin	39.0	35.8	40.7	41.7	41.8
EBIT margin	31.0	27.9	31.7	31.7	31.3
Tax rate	26.7	23.7	26.5	26.5	26.5
Net income margin	23.0	7.4	20.0	23.3	23.0
ROCE	32.5	26.5	28.9	31.5	35.6
ROE	20.4	5.3	13.4	16.7	17.5
Interest cover	-75.6	471.7	NM	NM	NM
Debt/equity ratio	Neg.	Neg.	Neg.	Neg.	Neg.
<b>Growth (%)</b>		<b>2019A</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>
Revenues		-2.8	9.7	17.7	16.5
Adj. EBITDA		-10.4	23.7	19.7	16.2
Adj. EBIT		-12.2	23.8	16.8	14.3
Adj. Pre-tax income		-13.5	24.1	16.8	14.3
Net income		-68.5	NM	35.7	14.4
Adj. net income		-9.8	19.3	16.8	14.4

NM: not meaningful; NA: not available; Neg.: negative; A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

## Company Snapshot

### Company Description

Founded in Chiampo (Vicenza, Italy), the group, through a hydrolysis process of waste from the tanning industry, manufactures and sells value-added products for agriculture (biostimulants) and the industrial market (plaster retardants). The group was the first company to introduce special fertilisers based on amino acids & peptides in the global market in the 1960s and nowadays is a leader in the segment, operating in more than 90 countries. In the collection of raw materials, we highlight that SICIT carries out a paid service for the collection of waste from the tanneries of the Vicenza district.

### Key Risks

#### Company specific risks:

- Customer concentration;
- Increasing competition from companies which produce biostimulants from other sources, which could jeopardise the company's market share;
- Potential dilution and overhang risk due to the conversion of special shares and warrants.

#### Sector generic risks:

- Unfavourable weather conditions;
- Fluctuation of the fat prices;
- Animal illnesses may affect operations and cause a slowdown in demand of biostimulants from animals.
- We underline that any unpredictable further developments related to the Covid-19 health emergency could undermine the feasibility of our estimates.

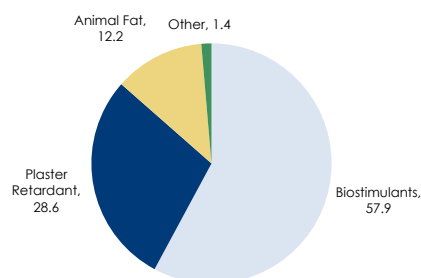
### Key data

Mkt price (EUR)	9.16	Free float (%)	44.2
No. of shares	19.65	Major shr	Intesa Holding SpA
52Wk range (EUR)	12.0/6.8	(%)	45.8
Reuters	SICT.MI	Bloomberg	SICT IM
<b>Performance (%)</b>	<b>Absolute</b>	<b>Rel. FTSE IT All Sh</b>	
-1M	0.7	-1M	33.2
-3M	-9.8	-3M	28.0
-12M	-14.7	-12M	11.2

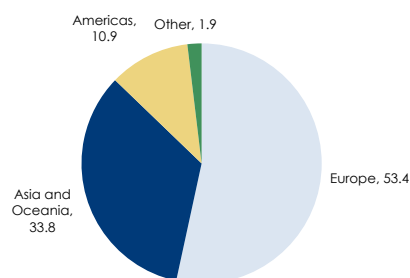
### Estimates vs. consensus

EUR M (Y/E Dec)	2019A	2020E	2020C	2021E	2021C	2022E	2022C
Sales	53.59	58.79	62.06	69.17	NA	80.59	NA
EBITDA	20.31	25.12	23.25	30.09	NA	34.96	NA
EBIT	15.80	19.56	NA	22.85	NA	26.12	NA
Pre-tax income	15.77	19.56	NA	22.85	NA	26.12	NA
Net income	4.20	12.38	9.36	16.79	NA	19.20	NA
EPS	0.61	0.73	0.68	0.85	NA	0.98	NA

### FY19A Sales breakdown by product (%)



### Biostimulants sales breakdown by geography (last available) (%)



Source: Company data, Intesa Sanpaolo Research estimates and FactSet consensus data (priced at market close of 01/04/2020)

## Our Mid Corporate Definition

Italy is characterised by a large number of non-listed and listed micro, small and medium-sized companies. Looking at the revenues of these Italian companies, around 5,000 companies have revenues ranging from EUR 50M-EUR 1,500M based on Intesa Sanpaolo elaborations. We define these companies as 'Mid Corporate'. Looking more specifically at Italian listed companies, we include in our Mid Corporate segment all STAR companies and those with a market capitalisation below EUR 1Bn.



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### Equity Research Publications in Last 12M

The list of all recommendations on any financial instrument or issuer produced by Intesa Sanpaolo Research Department and distributed during the preceding 12-month period is available on the Intesa Sanpaolo website at the following address:

<https://group.intesasnpaolo.com/en/research/RegulatoryDisclosures/archive-of-intesa-sanpaolo-group-s-conflicts-of-interest0>

### Valuation methodology (long-term horizon: 12M)

The Intesa Sanpaolo SpA Equity Research Department values the companies for which it assigns recommendations as follows:

We obtain a fair value using a number of valuation methodologies including: discounted cash flow method (DCF), dividend discount model (DDM), embedded value methodology, return on allocated capital, break-up value, asset-based valuation method, sum-of-the-parts, and multiples-based models (for example PE, P/BV, PCF, EV/Sales, EV/EBITDA, EV/EBIT, etc.). The financial analysts use the above valuation methods alternatively and/or jointly at their discretion. The assigned target price may differ from the fair value, as it also takes into account overall market/sector conditions, corporate/market events, and corporate specifics (ie, holding discounts) reasonably considered to be possible drivers of the company's share price performance. These factors may also be assessed using the methodologies indicated above.

### Equity rating key: (long-term horizon: 12M)

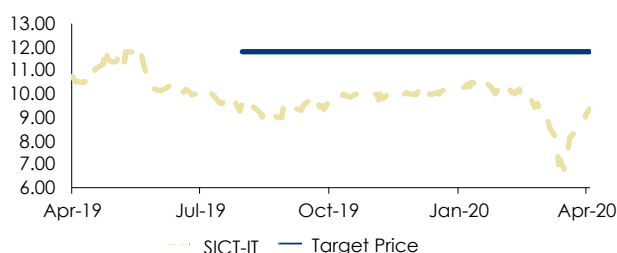
In its recommendations, Intesa Sanpaolo SpA uses an "absolute" rating system, which is not related to market performance and whose key is reported below:

**Equity Rating Key (long-term horizon: 12M)**

Long-term rating	Definition
BUY	If the target price is 20% higher than the market price
ADD	If the target price is 10%-20% higher than the market price
HOLD	If the target price is 10% below or 10% above the market price
REDUCE	If the target price is 10%-20% lower than the market price
SELL	If the target price is 20% lower than the market price
RATING SUSPENDED	The investment rating and target price for this stock have been suspended as there is not a sufficient fundamental basis for determining an investment rating or target. The previous investment rating and target price, if any, are no longer in effect for this stock.
NO RATING	The company is or may be covered by the Research Department but no rating or target price is assigned either voluntarily or to comply with applicable regulations and/or firm policies in certain circumstances.
TARGET PRICE	The market price that the analyst believes the share may reach within a one-year time horizon
MARKET PRICE	Closing price on the day before the issue date of the report, as indicated on the first page, except where otherwise indicated

**Historical recommendations and target price trends (long-term horizon: 12M)**

The 12M rating and target price history chart(s) for the companies currently under our coverage can also be found at Intesa Sanpaolo's website/Research/Regulatory disclosures: <https://group.intesasnpaolo.com/en/research/RegulatoryDisclosures/tp-and-rating-history-12-months->

**Target price and market price trend (-1Y)****Historical recommendations and target price trend (-1Y)**

Date	Rating	TP (EUR)	Mkt Price (EUR)
31-Jul-19	BUY	11.8	9.6

**Equity rating allocations (long-term horizon: 12M)****Intesa Sanpaolo Research Rating Distribution (at February 2020)**

Number of companies considered: 106	BUY	ADD	HOLD	REDUCE	SELL
Total Equity Research Coverage relating to last rating (%)	50	20	29	1	0
of which Intesa Sanpaolo's Clients (%) (*)	79	57	58	0	0

(\*) Companies on behalf of whom Intesa Sanpaolo and the other companies of the Intesa Sanpaolo Group have provided corporate and investment banking services in the last 12 months; percentage of clients in each rating category

**Valuation methodology (short-term horizon: 3M)**

Our short-term investment ideas are based on ongoing special market situations, including among others: spreads between share categories; holding companies vs. subsidiaries; stub; control chain reshuffling; stressed capital situations; potential extraordinary deals (including capital increase/delisting/extraordinary dividends); and preys and predators. Investment ideas are presented either in relative terms (e.g. spread ordinary vs. savings; holding vs. subsidiaries) or in absolute terms (e.g. preys).

The companies to which we assign short-term ratings are under regular coverage by our research analysts and, as such, are subject to fundamental analysis and long-term recommendations. The main differences attain to the time horizon considered (monthly vs. yearly) and definitions (short-term 'long/short' vs. long-term 'buy/sell'). Note that the short-term relative recommendations of these investment ideas may differ from our long-term recommendations. We monitor the monthly performance of our short-term investment ideas and follow them until their closure.

**Equity rating key (short-term horizon: 3M)**

Short-term rating	Definition
LONG	Stock price expected to rise or outperform within three months from the time the rating was assigned due to a specific catalyst or event
SHORT	Stock price expected to fall or underperform within three months from the time the rating was assigned due to a specific catalyst or event

### Company-specific disclosures

Intesa Sanpaolo S.p.A. and the other companies belonging to the Intesa Sanpaolo Banking Group (jointly also the "Intesa Sanpaolo Banking Group") have adopted written guidelines "Modello di Organizzazione, Gestione e Controllo" pursuant to Legislative Decree 8 June, 2001 no. 231 (available at the Intesa Sanpaolo website, webpage [http://www.group.intesasnpaolo.com/scripts/sir0/si09/governance/eng\\_wp\\_governance.jsp](http://www.group.intesasnpaolo.com/scripts/sir0/si09/governance/eng_wp_governance.jsp), along with a summary sheet, webpage <https://www.bancaimi.com/en/bancaimi/chiamo/documentazione/normative>) setting forth practices and procedures, in accordance with applicable regulations by the competent Italian authorities and best international practice, including those known as Information Barriers, to restrict the flow of information, namely inside and/or confidential information, to prevent the misuse of such information and to prevent any conflicts of interest arising from the many activities of the Intesa Sanpaolo Banking Group which may adversely affect the interests of the customer in accordance with current regulations.

In particular, the description of the measures taken to manage interest and conflicts of interest – related to Articles 5 and 6 of the Commission Delegated Regulation (EU) 2016/958 of 9 March 2016 supplementing Regulation (EU) No. 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest as subsequently amended and supplemented, the FINRA Rule 2241, as well as the Financial Conduct Authority Conduct of Business Sourcebook rules COBS 12.4 - between the Intesa Sanpaolo Banking Group and issuers of financial instruments, and their group companies, and referred to in research products produced by analysts at Intesa Sanpaolo S.p.A. is available in the "Rules for Research" and in the extract of the "Corporate model on the management of inside information and conflicts of interest" published on the website of Intesa Sanpaolo S.p.A.

At the Intesa Sanpaolo website, webpage <https://group.intesasnpaolo.com/en/research/RegulatoryDisclosures/archive-of-intesa-sanpaolo-group-s-conflicts-of-interest> you can find the archive of disclosure of interests or conflicts of interest of the Intesa Sanpaolo Banking Group in compliance with the applicable laws and regulations.

Furthermore, we disclose the following information on the Intesa Sanpaolo Banking Group's conflicts of interest.

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- One or more of the companies of the Intesa Sanpaolo Banking Group are one of the main financial lenders to SICIT Group and its parent and group companies
- Banca IMI acts as Specialist, Nominated Advisor relative to securities issued by SICIT Group

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