



**SICIT'S BOARD OF DIRECTORS APPROVES THE FY 2019 RESULTS AND PRESENTS THE
CONSOLIDATED FIGURES RESTATED IN ACCORDANCE WITH IFRS PRINCIPLES¹
APPROVED THE CONVOCAZIONE OF THE SHAREHOLDERS' MEETING ON APRIL 16TH AND 20TH,
2020, IN FIRST AND SECOND CALL
DIVIDEND PROPOSAL OF € 0.45 PER SHARE
STARTED THE ACTIVITIES FOR THE LISTING ON THE MTA, STAR SEGMENT**

- **Consolidated revenues of approx. € 56.7 million (approx. € 55.1 million in 2018)**
- **Adjusted consolidated EBITDA² of approx. € 20.3 million and equal to 35.8% of revenues (€ 19.5 million in 2018)**
- **Adjusted consolidated net profit³ of approx. € 12.1 million (€ 11.3 million in 2018)**
- **Sicit Chemitech S.p.A., acquired from May 2nd, 2019, was not included in the consolidation for the period from January 1st to April 30th, during which it generated EBITDA and net profit of approx. € 0.8 million and approx. € 0.6 million respectively (approx. € 2 million EBITDA and approx. € 1.4 million net profit in 2018)⁴.**
- **Consolidated net cash available⁵ at the end of the year of approx. € 29.3 million (€ 13.5 million as at December 31st, 2018)**
- **Dividend proposal of € 0.45 per share (€ 0.34 in FY 2019)**
- **Starting of activities for listing on "Mercato Telematico Azionario" (MTA), STAR Segment**

Arzignano (VI), March 16th, 2020 - **SICIT Group** (the "Company" or "SICIT"), listed on the AIM Italia market, announces that the Board of Directors approved today - together with the Consolidated Financial Statements and the Financial Statements as at December 31st, 2019 prepared in accordance with Italian accounting standards OIC - the "Consolidated Financial Statements as at December 31st, 2019 restated in accordance with IFRS". These financial statement has been prepared in order to be included in the Prospectus relating to the admission procedure for listing on the "Mercato Telematico Azionario" ("MTA") of Borsa Italiana.

Massimo Neresini, CEO of SICIT Group, stated: "2019 has been a year of deep transformation for SICIT, in which we created the conditions to accelerate our medium-long term growth and internationalization process. Overall, thanks to everyone's work, we were able to overcome the many challenges, closing the period with moderate growth and excellent profitability. 2020 will be equally challenging and will see the translisting to the MTA, the widening of products, the increase in production capacity in Italy and, finally, we will lay the foundations for the construction of a plant abroad. We will therefore continue to work on our strategic priorities to consolidate our leadership and confirm our position as a leading player of the circular economy".

¹ The figures shown are taken from the "Consolidated Financial Statements as at December 31st, 2019 restated in accordance with IFRS principles", approved by the Board of Directors and currently being audited.

² Operating income before amortisations and fixed assets write-downs, non-recurring costs and revenues.

³ Net profit before non-recurring costs and revenues, non-operating revenues from changes in the fair value of warrants, and the tax effect of the above points.

⁴ Figures prepared in accordance with Italian accounting principles - OIC.

⁵ 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.



Consistency of IFRS data and comparability in the historical period

Even though the Board of Directors of SICIT approved the Financial Statements and the Consolidated Financial Statements as at December 31st, 2019, as commented below, given the adoption of IFRS accounting standards from January 1st, 2020, approved by the Board of Directors today, the Company believes that the figures restated in accordance with IFRS accounting standards are more suitable for comparability with the Group's historical figures and, in view of the adoption of IFRS accounting standards from January 1st, 2020, also for future final communications.

In addition, the accounting representation of the merger between SprintItaly S.p.A. ("**SprintItaly**") and SICIT 2000 S.p.A. ("**SICIT 2000**") makes it possible to maintain greater comparability within the scope of consolidation with respect to the figures presented in accordance with Italian accounting standards OIC.

For this reason, this press release comments on the IFRS consolidated figures.

The figures relating to the Financial Statements and the Consolidated Financial Statements prepared in accordance with OIC accounting principles (and having legal value in the year ended December 31st, 2019) are reported separately in this press release.

Accounting effects of the merger of SICIT 2000 S.p.A. into SprintItaly S.p.A., according to IFRS accounting principles

In compliance with IFRS, it should be noted that, with regard to the merger by incorporation of SICIT 2000 into SprintItaly which took effect for third parties on May 20th, 2019, following which SprintItaly changed its name to "SICIT Group S.p.A.", although from a legal point of view it was SprintItaly that acquired SICIT 2000 through the merger by incorporation, from an accounting point of view the transaction can be classified, according to IFRS, as a *reverse acquisition*, where the accounting acquirer is SICIT 2000 and the accounting acquiree is SprintItaly (unlike the accounting representation given by Italian accounting principles where the legal acquirer, SprintItaly, corresponds to the accounting acquirer).

In addition, because the accounting acquiree (SprintItaly) does not meet the definition of a *business* under IFRS, the transaction was not accounted in compliance with IFRS 3 because there is no business combination, but was accounted in compliance with IFRS 2, i.e. as if the accounting acquirer (SICIT 2000) had acquired the *net asset* of the accounting acquiree (SprintItaly), through the issue of equity representative instruments.

The merger was accounted by valuing the issues of equity instruments (ordinary shares and special shares) at their relative *fair values* as determined at the effective date of the merger. The difference between the *fair value* of the equity instruments issued and the *fair value* of the net assets acquired by SprintItaly was ascertained under "general and administrative costs" as a listing cost for an amount of € 10.2 million; this is an imputed cost, to which no cash outflow is paid, as specifically provided by IFRS.

Consolidated revenues

The Group's consolidated revenues in 2019 amounted to € 56.7 million, an increase of € 1.6 million compared to 2018 (€ 55.1 million, +2.7%).



This increase was generated both (i) by the growth in revenues from products for € 0.3 million (+0.6% compared to 2018), thanks to the increase in revenues from agricultural products (+0.9 million, +2.8% compared to 2018) and partially offset by a slight decrease in products dedicated to the industrial world (retardants, fat and other products for a total of - € 0.6 million, -2.4% compared to 2018), and (ii) an increase in revenues from services of € 1.2 million (+61% compared to 2018) due to the increase of price services for collecting tanning by-products, applied in 2019.

These results are extremely significant if contextualised in a fiscal year characterised by (i) *management's* commitment to the *business combination* transaction between SprintItaly and SICIT 2000, completed on May 20th, 2019, and (ii) an unfavourable macroeconomic scenario, characterised by a slowdown of the European economy and trade tensions between the United States and China, which favoured a less brilliant market context in Asia and the Americas, for agricultural products, and in Asia, for retardants.

Adjusted consolidated EBITDA⁶

Adjusted consolidated EBITDA as at December 31st, 2019 was approximately € 20.3 million, excluding the EBITDA generated by the subsidiary Sicit Chemitech S.p.A. in the period January-April 2019 (period excluded from the scope of consolidation), equal to approx. € 0.8 million⁷. Adjusted consolidated EBITDA for 2018 was approx. € 19.5 million (excluding the EBITDA of Sicit Chemitech for the full year 2018, equal to approx. € 2 million)⁸.

The slight decrease in the period (considering, in addition to the adjusted consolidated EBITDA, also the EBITDA generated by Sicit Chemitech S.p.A., was slightly lower for the non-consolidated period January-April 2019 and for the 12 months of 2018) is mainly attributable to (i) higher selling expenses (due to a slightly different clients *mix*); (ii) the inclusion of new professional figures to strengthen the structure and (iii) the strengthening of the Board of Directors and the internal control committees, required in view of the status of company listed on AIM Italia (with the objective of listing on the MTA, STAR segment) aimed at accelerating future growth, (iv) the increase in some *utilities* costs not fully reflected in the sale price of products to end clients.

In this context too, the Group recorded positive *performances* and continued to implement its long-term plans, which in 2019 resulted in the completion of the production plants started in 2018, including the energy cogeneration and trim treatment plant in Chiampo and, in Arzignano, the progressive start-up of the new animal hair treatment plant, the design of the new plant for special products and the start of the first tests, as well as of the expansion and automation of the current warehouses.

In addition to the above, among the most strategic investments for future growth, the Group has begun work on the expansion and modernisation of its research and development, chemical and agronomic laboratories. 2019 also saw the change of the commercial management (as planned and provided in the *business combination* agreements) and the full operation of the subsidiary Sicit USA, founded during 2018.

⁶ Operating income before amortisations and fixed assets write-downs, non-recurring costs and revenues.

⁷ Figures prepared in accordance with Italian accounting principles - OIC.

⁸ Figures prepared in accordance with Italian accounting principles - OIC.



Adjusted consolidated net profit⁹

Adjusted consolidated net profit amounted to € 12.1 million in FY 2019 (21.3% of revenues), excluding the net profit generated by the subsidiary Sicit Chemitech S.p.A. in the period January-April 2019 (period excluded from the scope of consolidation), amounting to approx. € 0.6 million¹⁰. Adjusted net profit 2018 was approx. € 11.3 million (again excluding the net profit of Sicit Chemitech S.p.A. for FY 2018, equal to approx. € 1.4 million)¹¹.

The change during the period (considering, in addition to the adjusted consolidated net profit, also the net profit generated by Sicit Chemitech S.p.A. for the non-consolidated period January-April 2019 and for the 12 months of 2018) is mainly related to the changes in *adjusted* EBITDA, partially offset by lower taxes on business income in 2019 compared to 2018, as a result of higher benefits from "hyper/super-amortisation" for investments in plants and machineries that can benefit from the application of the so-called "Industry 4.0" tax regulations.

Consolidated net cash available¹²

Consolidated net cash available as at December 31st, 2019 amounted to € 29.3 million (€ 13.5 million as at December 31st, 2018). The increase in the year of € 15.8 million is the net effect of: (i) an operating free cash flow of € 12.6 million, (ii) a contribution from the merger with SprintItaly of € 30.5 million, and (iii) a paying share capital increase of € 0.8 million; partially offset by: (iv) investments for 9.4 million Euro, (v) a dividend distribution for € 17.7 million, and (vi) a purchase of treasury shares for € 1 million.

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Significant events occurring after the end of the financial year

The main events occurring after December 31st, 2019 include the following:

- on January 11th, 2020, in accordance with the agreements relating to the *business combination*, director Oreste Odelli, 72 years old, ceased to hold the position of Director (with proxies for commercial management) and of the subsidiaries SICIT Commercial Consulting Shanghai Ltd and SICIT USA Inc. The role of new Commercial Director of the group headed by SICIT (the "**Group**") was taken over by Alessandro Paterniani, 52 years old, previously Commercial Director of Bayer CropScience Italia, with the task of reviewing and strengthening the commercial organization of SICIT so as to implement the multi-year growth plan;
- the start of the *translisting* process with the aim of obtaining the listing of its securities (ordinary shares and warrants) on the MTA, STAR segment, in the coming months.

In addition, the serious threat to public health due to the spread of the Coronavirus, which began at the end of 2019 in China, has now reached an international dimension, and in recent weeks is affecting Italy in particular. Among the severe measures adopted by the Italian Government, the most important for the Group have certainly been those relating to the restriction on the free movement of persons; however, these measures have not led to any restrictions on production activities to date.

⁹ Net profit before non-recurring costs and revenues, non-operating revenues from changes in the fair value of warrants, and the tax effect of the above points.

¹⁰ Figures prepared in accordance with Italian accounting principles – OIC.

¹¹ Figures prepared in accordance with Italian accounting principles – OIC.

¹² Liquidity net of current financial debts and non-current financial debts, excluding *warrants* financial debt as it do not represent a potential cash outflow for the Company.



Business outlook

The Group will continue its strategy of developing new products in close collaboration with its clients, investing, in the short term, (i) in strengthening the commercial structure dedicated to foreign markets; and, in the medium term, (ii) in strengthening, both quantitatively and qualitatively, the production capacity at the Arzignano and Chiampo plants; and (iii) in opening a foreign plant to be even closer to its international clients.

In addition, as already mentioned and provided for in the *business combination* agreements, SICIT has started activities for the listing on the MTA, STAR segment.

The Group's exposure to the APAC markets and the health crisis linked to the Coronavirus could influence the evolution of the *business* in the coming months.

Given the relatively recent outbreak of the crisis and its progressive evolution, both in APAC and in Italy and Europe, it is not possible to make a reliable assessment of the impact.

Nevertheless, the Company, considering the information received in recent weeks from internal and external sources, assesses possible negative effects on the retardants market, should industrial activities in the Far East be even temporarily interrupted following the prolonged health crisis. In light of the recent news of a recovery of activity in China and the decline in the growth of contagions, such an eventuality is currently considered possible but not likely for the coming months.

Less significant effects on the market for bio-stimulants are assessed, as these products are used in the agricultural sector, which does not foresee interruptions in production such as the industrial one. Moreover, biostimulants, unlike other products such as chemical fertilizers, are not produced, or are produced only to a limited extent, in the areas of the Far East most affected by the crisis, with the consequent possibility of continuing exports to those countries.

On the basis of the indications provided by the World Health Organization and, in the first weeks of March, by the Italian Government, the Group has implemented specific policies to protect the health of its employees, clients and *partners* and at the same time ensure, as mentioned above, business continuity. In particular, as the situation has evolved, the Group has asked employees involved in non-essential functions for the production to work from home, organizing dedicated smart working procedures. At the same time, solutions are being implemented at the Italian production plants to ensure business continuity for our clients and suppliers. SICIT also has highly automated production facilities that allow a limited use of personnel directly involved in the production process.

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OIC ACCOUNTING FIGURES - OTHER RESOLUTIONS OF THE BOARD OF DIRECTORS

Approval of the accounting figures for the period prepared in accordance with Italian accounting principles "OIC"

The Board of Directors today approved the draft of the Financial Statements and the draft of the Consolidated Financial Statements, together with the Management Report, prepared in accordance with OIC accounting principles.



Accounting effects of the merger of SICIT 2000 into SprintItaly, according to OIC Italian accounting principles

In accordance with Italian accounting principles "OIC", and unlike IFRS, the accounting consolidating company corresponds to the legal consolidating company (SprintItaly). In compliance with the provisions of OIC 17, since 2019 is the first consolidated financial statements prepared by the Group, there are no comparisons with the previous year.

Since this is a non-totalitarian merger, as provided in OIC 4, it emerged:

- (i) a positive cancellation difference of € 41.3 million, deriving from the difference between the value of the investment held by SprintItaly in Sicit 2000 and the share of the net book equity of Sicit 2000 pertaining to SprintItaly, and
- (ii) a merger surplus of € 37.6 million.

The merger surplus has been allocated to restore SICIT 2000's tax-suspension reserves for € 8.7 million and the remainder, € 28.9 million, has been allocated to the "Reserve for merger surplus".

The positive difference from cancellation was subject by the Directors, supported by special appraisals prepared by external consultants, to a specific process known as *Purchase Price Allocation*, which involved allocations for (gross pre-amortisation values for the year) (a) approx. € 0.3 million to Land, (b) approx. € 8.6 million to Buildings, (c) approx. € 13 million to Plant and machinery, (d) approx. € 1.5 million to Trademarks, (e) approx. - € 6.5 million to deferred tax liabilities, and (f) for the remaining part approx. € 24.5 million to goodwill.

Revenues, net result and availability

The consolidated revenues from sales and services of the Group amounted to approx. € 56.7 million, the operating result¹³ was approx. € 10.1 million and the net profit was approx. € 8.3 million. Net cash availability as at December 31st, 2019 amounted to approx. € 29.3 million.

Given (a) the absence of comparable figures for 2018, (b) the transition to IFRS approved today, effective from January 1st, 2020, and (c) the availability of the consolidated financial statements restated in accordance with IFRS, please refer for a more detailed commentary on the performance in 2019 and the comparison with 2018 with the IFRS figures presented at the beginning of this press release.

The Financial Statements prepared in accordance with Italian accounting principles OIC show a profit for the year in excess of € 7 million to be allocated to the exchange rate gains reserve and legal reserve in accordance with the law and to dividends as described below.

Dividend proposal

At the same time as approving the Financial Statements and the Consolidated Financial Statements prepared in accordance with OIC accounting principles, the Board of Directors approved to propose to the Shareholders' Meeting a gross dividend of € 0.45 per share, of which € 0.35 per ordinary share (by distributing a corresponding amount of the profit for the year, estimated at today's date at around € 6.8 million) and € 0.10 per ordinary and special share (by distributing the Company's available reserves).

¹³ Production value minus production costs.



It should be noted that, compatibly with the timing of the Shareholders' Meeting of the Company (see *below*), this dividend is expected to have as coupon detachment date April 27th, 2020 (no. 2 for ordinary shares and no. 1 for special shares), April 28th (*record date*), 2020 and April 29th, 2020 (payment date).

For further information on the financial statements and the distribution proposal indicated above, please refer to the Separate Financial Statements and the Consolidated Financial Statements of the Company as at December 31st, 2019, which will be available in the manner and by the deadlines required by the law, in particular through publication on the Company's website www.sicitgroup.com, section "*Investor Relations - Financial Statements and Reports*".

Activities relating to the listing on the MTA - projects for the listing and adoption of IAS-IFRS accounting standards

For the purpose of the above-mentioned admission to listing on the MTA, STAR segment, today's Board of Directors approved, among other things, the project for admission to listing on the MTA, to be submitted to the Shareholders' Meeting for approval, as well as the transition to IFRS accounting standards from January 1st, 2020.

Convening of the Shareholders' Meeting

Today's Board of Directors therefore approved the call of the Shareholders' Meeting, scheduled for April 16th and 20th (first and second call respectively), which will be called, *inter alia*, to approve the 2019 Financial Statements and to adopt the necessary and/or appropriate resolutions for the purposes of listing, giving a mandate to proceed with the call of the Shareholders' Meeting itself, also taking into account the current health emergency and the measures and restrictions being issued by the Italian Government.

The notice of call of the Shareholders' Meeting will be published within the time limits and in the manner required by the law and the Articles of Association, as well as made available on the Company's website www.sicitgroup.com, "Investor relations" section, and the notice of call will be given to the public.

Co-optation of a Director

The Board of Directors has approved the co-optation of Mr. Mario Peretti to complete the administrative body. As far as the Company is aware, Mr. Mario Peretti does not hold any shareholdings in the Company; for further information on the co-opted Director, please refer to the relevant documentation which will be made available to the public on the Company's website www.sicitgroup.com, section "*Corporate Governance - Board of Directors*".

Suspension of the exercise of SICIT Group S.p.A. warrants

It should be noted that, pursuant to the Regulation of the "WARRANT SICIT GROUP S.P.A.". (ISIN code T0005275034), the exercise of the *warrants* is automatically suspended (Restricted Period) from today's date (included) when the Board of Directors of the Company has approved to convene the Shareholders' Meeting to approve the financial statements for the year and the proposal for the distribution of dividends until the day (excluded) on which any dividend approved by the Shareholders' Meeting is paid.

The Regulations are available on the Company's website www.sicitgroup.com, "*Investor Relations*" Section.



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, produces a product with high added value for agriculture (biostimulants) and the 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 May 2019 the company has been listed on the AIM Italia of Borsa Italiana

Web: www.sicitgroup.com

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

For further information:

SICIT Group S.p.A.

Via Arzignano n. 80

36072 – Chiampo (VI)

tel. +39 0444450946

e-mail: info@sicitgroup.com

NOMAD and Specialist

Banca IMI S.p.A.

e-mail: sicitgroup-nomad@bancaimi.com

Investor Relations

Matteo Carlotti

e-mail: investor.relations@sicitgroup.com

Media Relations:

Twister communications group

Federico Nascimben

mob.: +39 347 5536979

e-mail: fnascimben@twistergroup.it