ARROWHEAD
BUSINESS AND INVESTMENT DECISIONS

Due Diligence and Valuation Report

Arrowhead Code:	94-03-02
Coverage initiated:	October 16, 2020
This document:	December 09, 2020
Fair share value bracket (fully diluted):	EUR 15.10 and EUR 16.70
Share price (December 08, 2020):	EUR 12.10[i]

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Borsa Italiana

SICIT

Company:	SICIT GROUP S.p.A.
Ticker:	SICT
Headquarters:	Chiampo (VI), Italy
CEO	Massimo Neresini
CFO	Giampaolo Simionati
Website:	www.sicitgroup.com

Market Data

52-Week Range:	EUR 6.28 – EUR 12.15[ii]
Average Daily Volume (3M Avg.):	10,826.6[iii]
Market Cap (December 09, 2020):	EUR 236.1 million (mn)[iv]

Financial Forecast (in EUR) (FY Ending – Dec.)

EUR '000	'20E	'21E	'22E	'23E	'24E	'25E
High Revenue	63.4	72.0	89.7	98.7	107.3	114.5
High EPS (EUR)	0.77	0.84	1.00	1.17	1.29	1.40
Low Revenue	62.7	70.3	86.8	95.2	103.1	109.7
Low EPS (EUR)	0.73	0.77	0.90	1.06	1.16	1.26

Company Overview: Founded in 1960 and headquartered in Italy, SICIT Group S.p.A. (SICT) is an agrochemical company that manufactures amino-acid and peptide-based biostimulants for use in the agricultural sector and retardants for use in the plaster industry. It transforms the processing residues of leather tanning into hydrolyzed proteins and their derivates, which are then primarily used as biostimulants and retardants. The company sells its products to big multinationals via B2B model and has about 300 direct commercial relationships as part of its customer portfolio. It supplies the main players in the agrochemical and industrial sectors, exporting its products to more than 70 countries.

9M 2020 Results: SICIT Group reported consolidated revenue of EUR 48.2 mn in the first nine months of 2020, with a year-on-year (YoY) increase of 11.5% over the corresponding period in 2019. The increase was attributable to the biostimulants segment, which grew by 25.0% YoY to reach EUR 29.3 mn. This growth was supported by the animal fat segment, which grew by 8.4% YoY to reach EUR 5.0 mn. Growth in biostimulants and animal fat was offset by a decline of 8.8% in the retardant segments from EUR 12.3 mn in 9M 2019 to EUR 11.2 mn in 9M 2020, owing to the construction sector slowdown and temporary closure of plaster factories due to COVID-19.

Adjusted, consolidated EBITDA increased 16.2% YoY to reach EUR 18.7 mn with a margin of 38.7%. The increase was largely due to growth in revenues and the related industrial margin, higher production volumes, particularly in Q3 2020, increased absorption of fixed costs, and production efficiencies, partially offset by costs linked to the trans-listing on the Italian Equities Market (MTA–STAR segment) and adjustment of the post-listing governance structure, as well as higher production costs to ensure smooth operations during the lockdown. Adjusted consolidated net profit increased by 22.5% YoY to reach EUR 11.4 mn, with a net margin of 23.7%.

Key Highlights: **(1)** The company's biostimulant business did not suffer any significant impact from the COVID-19 pandemic in 9M 2020, other than temporary disruptions due to restrictions on mobility, and grew at a double-digit rate. However, the retardant business was impacted by the pandemic; **(2)** The company is developing two new types of product formations – granules and tabs, which are expected to allow it to enter new markets and are expected to boost growth in the mid-to-long term. SICIT could also sell these products to new consumers, while avoiding competition within its existing business and customer base; **(3)** The company has identified an opportunity to set up a new plant in China for conversion of Italy-site-produced hydrolyzed proteins into finished products. COVID-19 travel restrictions have caused delays in the planning of this plant and further delays are likely if new travel restrictions are imposed in the future.

Key Risks: **(1)** SICIT has high customer concentration, with its five largest customers representing 28% of revenues (19% represented by the first three customers). So, loss of an important customer could have a significant impact on the company's growth; **(2)** The company has no track record of expanding its capacity abroad. Therefore, execution risks, such as delays or higher-than-expected costs, could affect the company's profitability.

Valuation and Assumptions: Based on due diligence and valuation estimates, Arrowhead believes that SICIT Group's fair market value lies in the EUR 328.7 mn – EUR 363.6 mn bracket. Our valuation suggests a fair value bracket of EUR 15.10 – EUR 16.70 per share. We have valued the company using a weighted average of the Discounted Cash Flow (67%) and EV/EBITDA (33%).

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1. Key Highlights[v]

We are updating coverage on SICIT Group S.p.A. (SICT), an agrochemical company that manufactures biostimulants for use in the agricultural sector and retardants for use in the plaster industry. The company sells its products to big multinationals via B2B model and has about 300 direct commercial relationships as part of its customer portfolio.

1) In 9M 2020, the company recorded double-digit increase in revenues, EBITDA and net profit. The construction industry, and consequently the company's plaster retardant business, remained significantly impacted by coronavirus. However, the decline in the plaster retardant business was offset by the company's biostimulants business, which experienced robust growth. Further, the animal fat and tanning residue revenue streams fully recovered from the previously recorded declines in H1 2020.

2) At the onset of the COVID-19 pandemic and the lockdowns imposed, the tanning companies in the Vicenza district (the main suppliers of raw material inputs for SICIT Group, i.e., animal by-products and other tanning residues used by SICIT in its production) stopped their disposal of leather-processing residues, which are necessary for SICIT's production process. From mid-April 2020, as leather processing gradually resumed, the supply of SICIT's raw material gradually resumed, albeit at reduced volumes compared with those recorded prior to the COVID-19 emergency. At the end of Q3 2020, the collection of tanning residues had fully recovered from previously recorded declines.

3) To meet the raw material needs of the rising customer demands, the company implemented the following strategies during the period: (i) leveraging new suppliers, including foreign ones, (ii) resorting to alternative types of input raw materials at the Chiampo plant, even if economically less advantageous, and (iii) increasing the production of protein hydrolysates from animal hair at the Arzignano plant.

4) In H1, the company had experienced smaller revenues from the service of collection of residues from the tanneries in Vicenza district. This was due to the temporary closure of tanneries at the onset of COVID-19 pandemic which led the company to collect some of the raw materials from other countries. Though the import of raw material was against a service price, but the company had to bear an unusually high transportation cost instead of being paid for collecting residue from the tanning companies in the Vicenza district. To mitigate the impact of this extraordinary cost, the company has increased the sales prices in its outstanding contracts.

5) The company is making the necessary minor changes at its production sites, such as smart working, protection masks, disinfectants, social distancing and other related procedures in order to implement new laws related to COVID-19. These changes did not have a significant impact on the company's profitability in the 9M period.

6) The company is working on developing two new types of product formations – granules and tabs, which will allow it to enter new markets. These could be new sources of revenue for SICIT, as SICIT could also sell these products to new consumers, in some niche markets, though avoiding competition within its existing business and customer base. Uptil H1 2020, the company had already installed a pilot/pre-competitive plant to produce tabs and had signed an agreement with a German company (GLATT) for the construction of granules plant. Since tabs are an innovative product in the market, the company is still working with its customers to position the products and create demand. The company expects gaining traction for tabs in H2 2021 from its potential customers. The market is already mature for granules and the granule production line is expected to be fully operative by the end of 2021.

7) SICIT has identified an opportunity to set up a new plant in China, which would expand its manufacturing base close to other tanning industry districts. It aims to leverage its know-how of hydrolyzed proteins production. The new plant would be dedicated to the completion into finished products of the semi-finished hydrolyzed proteins-based products produced at the Italian production sites. The company has already secured 4-5 hectares of land for this new production plant. The construction of this plant is expected to take six to nine months to complete. However, owing to the current pandemic situation and difficulties in travel to/from China, there have been delays in the planning of this new plant and further delays can be expected if restrictive measures are imposed in the future owing to the pandemic. The China plant is expected to benefit the company in terms of the lower costs of raw materials, power, manufacturing and transportation.

8) The company has recently started the production process of animal hair hydrolyzed proteins, a residue collected from Italian tanning districts (including Tuscany), at the Arzignano plant. The innovative production process,

developed internally by the company, guarantees complete safety of the operations and the possibility to obtain different types of final hydrolyzed proteins. Since the animal hair has an extremely high production yield, in terms of protein, it is expected to improve the Arzignano plant's overall capacity by about 33%, equal to an increase in production of 4,000 tons/year of animal by-product hydrolyzed proteins, bringing the total to ~16,000 tons/year, compared with ~12,000 tons/year in 2019.

9) The company made an announcement in July 2020, during Borsa Italiana's Digital Italian Sustainability Week, that it had begun the draft, on a voluntary basis, of its first sustainability report (for 2019), which the company plans to publish by the end of 2020. The sustainability report is likely to become a tool for monitoring, reporting and communicating the responsible management processes undertaken by the organization.

10) The company was listed on the Mercato Telematico Azionario ("MTA") of Borsa Italiana, STAR segment, on June 15, 2020. It was simultaneously excluded from trading on the AIM Italia market. The trans-listing enables it to reach a wider audience of investors and thereby accelerate its growth and the process of internationalization that it has undertaken in a medium-to long-term perspective.

11) SICIT Group and Syngenta have strengthened their collaboration to promote even more sustainable agriculture. The agreement provides a 15-year exclusive supply contract for ISABION and HICURE biostimulants and enables the further development of collagen-based biostimulants. With a global presence for over 20 years, ISABION is one of the leading products in the biostimulants market and helps plants mitigate the impact of abiotic stress because of factors such as cold, heat and transplant shock. ISABION delivers consistent results as well as a high return on investment for vegetable, fruit and specialty crop growers in different geographies and growing conditions. It also helps growers to minimize the impact of climate change, meeting increased demands for high-quality yields.

12) In September 2019, SICIT Group was awarded the "Technology and Innovation" prize at the Green Carpet Fashion Awards ("GCFA") held in Milan. The award recognized the company's commitment to sustainable development, as the company collects and transforms the residues of leather processing into high-added-value products for agriculture and industry, limiting the production of waste to almost zero.

13) In March 2019, SICIT strengthened its partnership with Bayer with reference to two products for the global market: Ambition™ and Bayfolan™ Cobre. The two products, which were previously distributed in Brazil and India, respectively, are to be introduced into Asia (China) and other Latin American countries. The collaboration was further strengthened by the signing of an exclusive distribution agreement in July 2017, which guaranteed Bayer the worldwide distribution of Bayfolan™ Cobre and Bayfolan™ Activator for foliar use on various crops.

14) The company's other key partnerships for sale of its products are with big players including Adama, BASF, China Gypsum, Etex, Isagro, Knauf, Nufarm, Saint-Gobain, Sipcam, and USG.

15) In March 2019, UNIC - Italian Tanneries Association, the most important and organized association of the tanning sector worldwide, through its subsidiary Lineapelle Srl, acquired a 1.5% stake in SICIT. The acquisition of a stake in SICIT was proof of investors' confidence in the future of the Target.

Key Risks: a) SICT has high customer concentration, with its five-largest customers representing 28% of revenues (19% represented by the first three customers). Loss of an important customer could have a significant impact on the company's growth. b) The company has no track record of expanding its capacity abroad. Therefore, the execution risks, such as a delay or higher-than-expected costs, could affect the company's profitability. c) The company is highly dependent on the tanneries in the Vicenza district, which supply its raw materials. Any risk to these tanneries (such as a temporary closure due to COVID-19), could put a halt to SICIT's operations in the short run, since in a longer term this issue could definitely be solved by the supply of animal residues directly from slaughterhouses (currently serving the tanneries).

2. Business Overview[vi]

Founded in 1960 and headquartered in Italy, SICIT Group S.p.A. (SICT) is an agrochemical company that manufactures and sells amino-acid and peptide-based biostimulants for agriculture and retardants for plaster industries. It transforms the processing residues of leather tanning into hydrolyzed proteins and their derivates, which are then primarily used as biostimulants in the agricultural sector and retardants in the plaster industry. It supplies the main players in the agrochemical and industrial sectors, exporting its products to more than 90 countries. The company has three main revenue segments:

Exhibit 1: Product Portfolio

Biostimulants

(55% of FY 2019 Revenue)

Biological additives used in agriculture to improve crop quality and yield, favoring the microflora of the soils

Sub-products

Standard Products: *Contain only amino acids and peptides*

Special products: *Contain meso and micro elements along with amino acids and peptides*

Organo mineral products: *Combine different sources of nitrogen, both inorganic and organic, from amino acids and peptides*

Products for crop protection: *Based on amino acids and peptides, with fungicide and bactericide activity, attractive for insecticides and surfactants*

Key end markets

Business-to-Business (B2B) customers operating in the agronomic and agrochemical sectors

Plaster retardants

(27% of FY 2019 Revenue)

Additives used in the production of plasters to extend the setting time of gypsum and increase its workability

Sub-products

PlastRetard® L: *Used in the production of prefabricated products, such as gypsum walls and gypsum blocks (mainly in the plaster-board production)*

PlastRetard® PE: *Used to produce powder formulations to be applied on site*

Key end markets

B2B customers operating in the construction materials business

Fat

(12% of FY 2019 Revenue)

Semi-worked animal fat obtained from the processing of by-products of animal origin and used as a raw material to produce biofuels.
Selling price is currently fixed at a ~14% discount to the fat commodity price on the Milan Granaria Stock Exchange. However, once the ri-esterification plant will be in operation, such a discount will no longer be necessary

Key end markets

End users of biofuel for their direct production of energy

In addition to these three segments, the company has the following revenue segments:

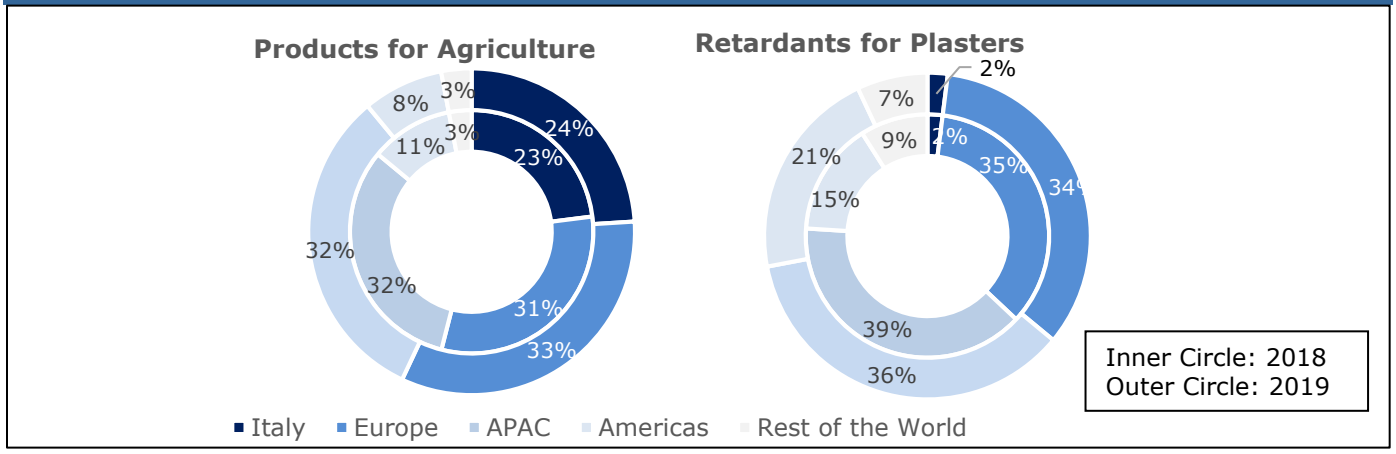
Other Products (1.3% of FY 2019 revenue): Includes residual categories of products for industrial use (such as detergent additives or the tanning industry).

Services for the collection of raw materials (5.3% of FY 2019 revenue): The company offers a paid service for the collection of its raw materials from the tanneries, in lieu of the significantly higher cost of treatment and disposal in landfills or other alternative but more expensive treatment process.

Presence across multiple geographies:

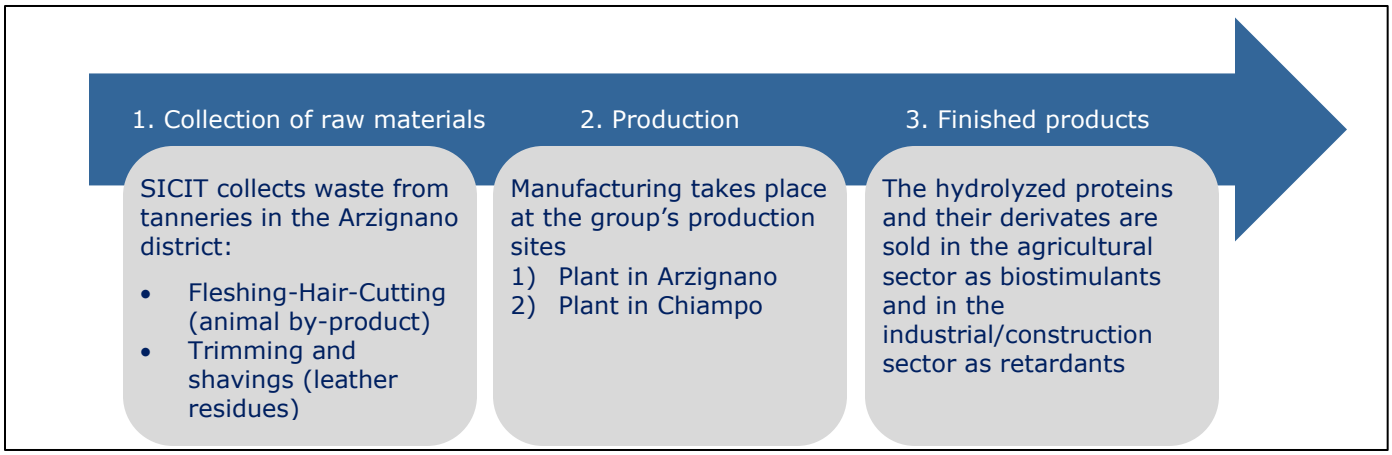
SICIT sells its products across five different geographies, including Italy, Europe (excluding Italy), Asia Pacific (APAC), Americas, and Middle East & Africa. The company is focusing on expanding its presence in the Americas and APAC and has placed a subsidiary in each of these. The company was able to increase its revenue in the Americas by more than 40% in H1 2020, compared to the same period in 2019, and is planning to start a new production plant in China.

Exhibit 2: Revenue by geographical segment (as a percentage of total revenue)



Production Process: The production process of SICIT Group is divided into three phases:

Exhibit 3: Production Process



1) Collection of raw materials

The raw materials used in SICIT's production process mainly include a) by-products of the animal origin coming from tanneries (fleshing, hair and cutting, untanned by-products) and b) post-tanning residues (trimming & shavings).

SICIT procures these raw materials from tanneries, mainly in the Vicenza district (more than 95%), but also in Tuscany and other production areas based in Italy and foreign countries (including Spain, France, Brazil, Russia, Uruguay, Far East countries). The company offers a paid service for the collection of these raw materials, in lieu of the significantly higher cost of treatment and disposal in landfills or other alternative but more expensive treatment process. This allows a significant reduction in production costs based on the derived revenues from the collection service (~5.3% of total revenues in FY 2019).

The raw materials that begin as animal by-products (ABP) not already treated with tanning compounds are putrescible and thus need to be processed within 48 hours. This limits the procurement of these materials to Italy and neighboring countries. To overcome this, SICIT is located at the center of the tannery district of Vicenza (among the main ones in the world), which provides rapid availability of the material.

The non-perishable raw materials (shavings and trimming) derived from post-tanning residues can be obtained from other Italian and foreign tanning districts in both European and non-European countries.

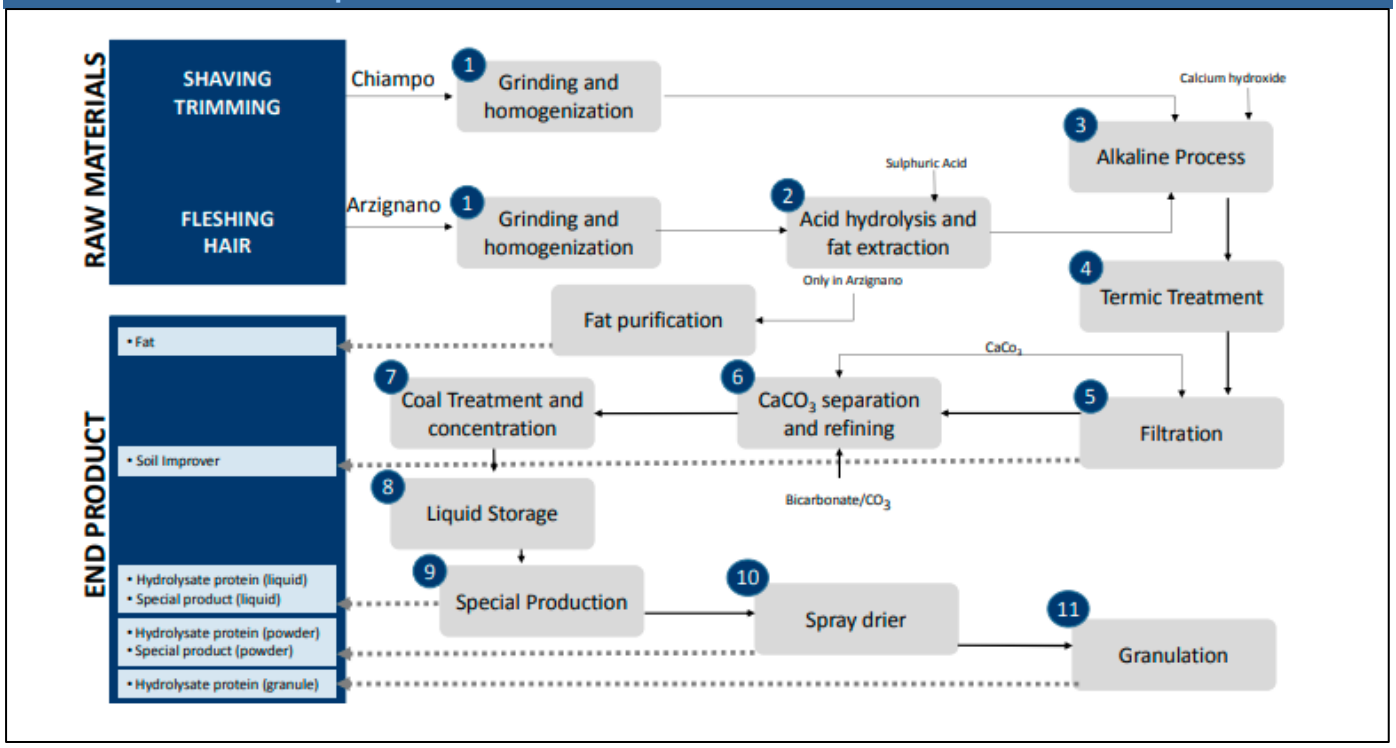
2) Production

The raw materials are then subjected to chemical treatment and hydrolysis, in which they undergo a thermal process in an acid and/or alkaline environment to extract amino acids and peptides from the native-protein (collagen) present in the raw material. The treatment and hydrolysis steps result in hydrolyzed proteins (which subsequently become the processing bases), which represent semi-finished products for the next stage of the production process.

The company processes these raw materials in its two production units, which have a cumulative global production capacity of more than 120 MT/day of liquid products and about 40 MT/day of powder products (up to 48-50 MT/day, once the plants, currently being set up, for the production of granules and tabs will be running)
a) Arzignano (128 ktpa ABP input capacity): Opened in 2004, the Arzignano plant is one of the biggest amino acid production facilities in the world with a surface area, which grew over time, up to the current of 60,000 m^2 (covered about 16,500 m^2). It is a state-of-the-art facility, with automation and advanced technologies. All stages of production are controlled by a distributed control system (DCS) consisting of more than 3,000 I/0 signals, controlled by a hazard analysis of critical control points (HACCP) system. The traceability procedure used in the plant allows the identification of each batch of final product that is specifically numbered, enabling the corresponding batch of raw material to be traced.

b) Chiampo (42 ktpa tanned residual input capacity): Opened in 1960, the Chiampo plant was the first plant dedicated to the production of amino acid and peptides from animal origin in the world and was completely renovated and automated in 2011-2019.

Exhibit 4: Production Steps



3) Formation of finished products

The hydrolyzed proteins obtained from the hydrolysis process, which occurs in liquid, dense and viscose form, are subjected to further processing, resulting in the end products – biostimulants and retardants. These final products can have different types of formulations, including liquid, powder, and granules. They are sold to distributors with or without packaging, upon their requirement.

The hydrolyzed proteins provide superior quality to the resulting biostimulants. The collagen present in the raw material is constituted of amino acids, which include glycine and proline, which results in better cultivation margins (improved quantity and quality of output).

The hydrolyzed proteins also provide superior quality to the retardants. These retardants are more expensive than other types of gypsum retardants, such as fruit acids, phosphates and pure synthetic retardants, as they are more effective. The other retardants are not effective in neutral gypsum-based formulations. Although fruit acid is highly effective in alkaline gypsum formulations, hydrolyzed proteins-based retardants can be adjusted to be effective in such conditions.

Laboratories: The company operates three laboratories, one focused on quality control and the other two focused on chemical-extractive and agronomical research & development (R&D). The quality control laboratory controls both the production processes and the final product batch, performing a complete chemical-physical and bacteriological characterization check of the amino acids and peptides and the final products looking over the required specifications before giving the commercial department the "green light". The two R&D laboratories develop new processes and tests new products in special lab equipment and pilot plants. The company is studying the possibility of deriving biostimulants from seaweed extracts and/or micro-algae, either alone or in combination with their hydrolyzed proteins**.**

2.1 Financial Overview[vii]

9M 2020

Revenue increased by 11.5%, mainly driven by the agricultural products and animal fat segment
The company's overall revenue increased from EUR 43.2 mn to EUR 48.2 mn, growing by 11.5% YoY. The increase was attributed to the biostimulants segment, which grew by 25.0% to reach EUR 29.3 mn, driven by strong market demand across all geographies, new customer acquisitions and introduction of new products with existing customers in new countries. The growth was supported by a revenue increase of 8.4% YoY in the animal fat segment from EUR 4.6 mn to EUR 5.0 mn The aforesaid increase was offset by the plaster retardant business, which declined by 8.8% YoY from EUR 12.3 mn to EUR 11.1 mn owing to the construction industry slowdown and temporary closure of plaster factories due to COVID-19.

Adjusted consolidated EBITDA and net profit increased, driven by revenue growth and production efficiencies
The company's adjusted consolidated EBITDA grew by 16.2% YoY from EUR 16.1 mn to EUR 18.7 mn. This increase in EBITDA was largely due to the growth in revenues and the related industrial margin, partially offset by the higher fixed costs associated with the transition to STAR and the adjustment of the post-listing governance structure, as well as higher production costs to ensure smooth operations during the lockdown. Additionally, EBITDA margin increased from 37.1% in 9M 2019 to 38.7% in 9M 2020 due to higher sales volumes and better absorption of fixed costs and production efficiencies. The company's adjusted, consolidated net profit increased by 22.5% YoY from EUR 9.4 mn to EUR 11.4 mn.

Inventories partially recovered from low stock levels of H1 2020
The company's inventories on Sep 30, 2020, were EUR 8.6 mn whereas on Sep 30, 2019, these were EUR 10.4 mn. While the company's stock levels had reduced to EUR 6.9 mn on June 30, 2020, due to the COVID-19 emergency, the inventory levels partially recovered in Q3 2020. The company is progressing on increasing safety stock of its semi-finished products.

Consolidated net cash and cash equivalents decreased
The operating cash flows of the company for 9M 2020 were higher by 5.8% YoY at EUR 10.1 mn. Outflows for capex nearly doubled on a YoY basis to EUR 11.0 mn. The company's net cash and cash equivalents decreased to EUR 21.2 mn at the end of Sep 2020, compared with EUR 29.3 mn at the end of Dec 2019.

H1 2020

Revenue increased by 9.4%, driven by the agricultural products segment

The company's overall revenue increased from EUR 32.4 mn in H1 2019 to EUR 35.5 mn in H1 2020, growing by 9.4%. The increase was attributed to the biostimulants segment, which increased by 19.4% to reach EUR 21.7 mn, driven by higher selling volumes in Europe, APAC and Latin America. Revenue from retardants for plaster amounted to EUR 8.5 mn in H1 2020, 2.1% lower than in H1 2019, due to lower sales volumes in Europe and APAC. This impact was partly offset by an increase in revenue due to frontloading of supplies by the company's customers to prevent a COVID-19 shortage effect. Sales of animal fat were EUR 3.4 mn in H1 2020, 1% lower than in H1 2019 due to a lower volume of sales because of the temporary closure of the main tanneries in Vicenza, and partially offset by an increase in animal fat sales prices.

Gross margin increased due to consolidation of the Chemitech subsidiary

Consolidated gross profit amounted to EUR 15.6 mn, resulting in a gross margin of 43.8% compared with 41.4% in H1 2019. This increase was entirely due to the six-month consolidation of the subsidiary company SICIT Chemitech. Including SICIT Chemitech's performance for H1 2019, the gross margin was 44.5%. The decline from 44.5% in H1 2019 to 43.8% in H1 2020 was due to a decrease in revenue from the collection of material and an increase in direct production costs, personnel expenses, amortization and depreciation, partially offset by savings on indirect costs, which the company had been striving to reduce through productivity and economic efficiency.

Adjusted EBITDA increased to EUR 13.2 mn, driven by higher revenue

The company's adjusted EBITDA was EUR 13.2 mn, up 9.5% from H1 2019, primarily driven by increased revenue. The increase in adjusted net profit was essentially in line with adjusted EBITDA. The company's sales expenditure was EUR 1.9 mn, down 7.5% YoY, as a result of the decline in the 'consultancy, travel and transfers' cost head. On the other hand, general and administrative costs were EUR 2.2 mn, up 12.2% YoY, due to a rise in recurring administrative consultancies and the strengthening of the post-listing governance structure, including the board of directors and internal committees.

FY 2019

Revenue increased by 2.7%, driven by the agricultural products segment

The company's overall revenue increased from EUR 55.1 mn in FY 2018 to EUR 56.7 mn in FY 2019, growing by 2.7% YoY. Revenue from the biostimulants segment was EUR 31 mn, up by 2.8% YoY due to higher volumes in Europe and APAC. Revenue from retardants for plaster amounted to EUR 15.3 mn in FY 2019 and was mostly stable compared with FY 2018 due to higher sale volumes recorded in Northern Europe, partially offset by a drop in sales to APAC customers. Sales of animal fat were EUR 6.5 mn in 2019, 2% lower than in FY 2018, due to a slight drop in sales volumes and a negative trend in the product price. Revenue from raw material collection services increased from EUR 1.9 mn in FY 2018 to EUR 3 mn in FY 2019 as a result of an increase in prices applied to customers for collection of certain materials.

Lower cost of sales due to consolidation of the subsidiary Chemitech

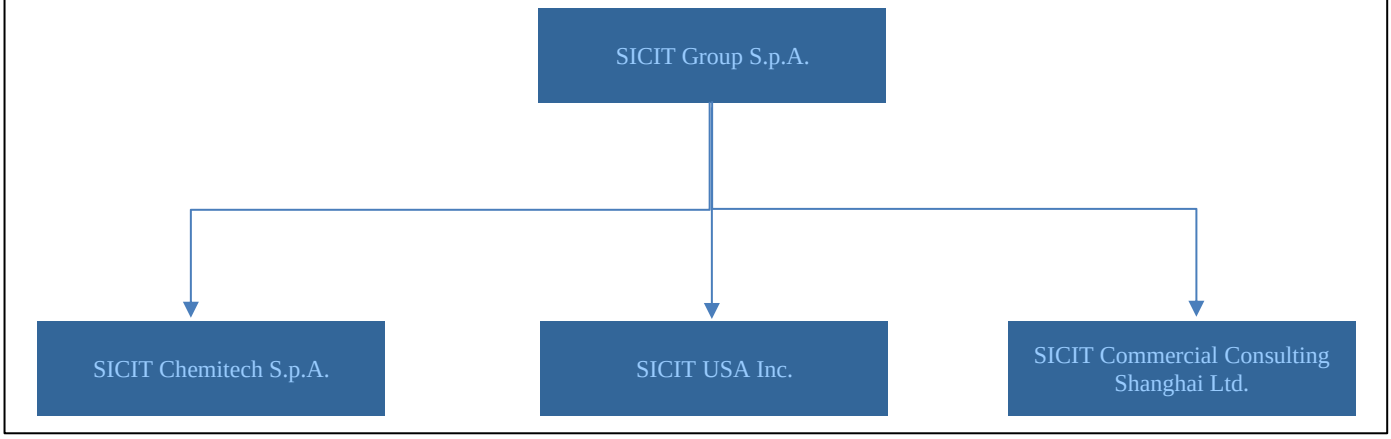
In FY 2019, the cost of sales amounted to EUR 31.8 mn, while it was EUR 32.9 mn in 2018. The decrease was primarily due to the combined effect of changes in the company's consolidation scope upon acquisition of shares in SICIT Chemitech, higher costs incurred by SICIT USA in FY 2018 and due to higher tariffs of utilities and waste disposal costs borne by the company in FY 2019.

Higher operating expenses due to the cost of listing on the Borsa Italiana stock exchange

The company's general and administrative (G&A) costs increased from EUR 3.0 mn in FY 2018 to EUR 14.8 mn in FY 2019 primarily due to the significant notional amount (EUR 10.2 mn) recognized by the company related to listing fees in connection with the recognition of merger of SICIT 2000 S.p.A into SprintItaly as a reverse acquisition in accordance with IFRS 2. Other reasons for cost increase include higher corporate costs to expand the board of directors and internal committees, and higher personnel expenses. On a like for like basis and excluding non-recurring items, G&A costs remain broadly stable at approx. EUR 4.6 mn in 2019 compared to EUR 3.0 mn in 2018. Wages and salaries increased from EUR 6.9 mn in FY 2018 to EUR 8.2 mn in FY 2019 due to a rise in the average number of employees from 108 in FY 2018 to 126 in FY 2019 (of which approximately 10 Full Time Employee (FTE) are from organic growth and 8 FTE are from SICIT Chemitech).

2.2 Corporate Structure

Exhibit 5: Corporate Structure



2.3 Company Milestones

Exhibit 6: SICIT Group Milestones[viii]

Year/ Period	Event
1960	• The company was incorporated by Dr. Giuliano Guardini as Societa Industrie Chimiche ITaliane SpA (SICIT Group) with the objective of extracting chromium from the tanning residues of leather to resell it to tanneries. This initial business was not too successful, so the company's objective changed to the extraction of protein from tanning residue through the process of hydrolysis.
1963	• SICIT was officially deemed the only company suitable for treating tanning residues. The SICIT protocol became a legal obligation and all tanneries supplied their residues to the company. • In this period, SICIT products were used for industrial calf breeding.
1968-1970	• The company started a pilot plant to process fleshing and extract hydrolyzed proteins for agriculture.
Mid 1970s	• The company started fat production for feed mills.
1989-1991	• The company started the separate treatment of fleshing from shavings and set up two lines to separate the sludge (destined for landfill) from the corrective calcium (for use in agriculture).
1991-1996	• The company was acquired by Intesa Holding SpA (Intesa), a company founded by a group of tanners from Arzignano to manage the disposal of residues from the tanning industry. • With acquisition of the company by Intesa, the renovation project ended along with the separation of the two lines.
1996	• The company underwent restructuring and set up a research & development division dedicated to new products for the agricultural and industrial sectors. • The company began collaborating with the University of Edinburgh to develop a more effective hydrolysis process for the processing of animal residue from the tanning industry.
2000	• The company started construction of a new plant at Arzignano. • The company underwent an internal reorganization, which resulted in two new companies: SICIT SpA 2000 and SICIT Chemitech SpA. The objectives of SICIT SpA 2000 included production and sale of amino acids and peptides for agriculture, and the objectives of SICIT Chemitech SpA included quality control, product traceability and research & development of new formulations and processes.

2004	• The construction of the Arzignano plant was completed and inaugurated.
2006-2011	• The group carried out renovation and automation of its Chiampo plant.
2016	• The group established a new subsidiary in China, named SICIT China, for the purposes of distributing, marketing and registering the company's products within the Chinese market.
2018	• The group established a new subsidiary in the US, named SICIT USA, for the purposes of distributing and marketing the company's products within the US market.
2019	• SICIT 2000 SpA acquired the sister company SICIT Chemitech SpA. • Thereafter, SICIT 2000 SpA merged with SprintItaly SpA, a special-purpose acquisition company (SPAC) promoted by Fineurop group (Italy-based financing company) and a few individual private equity and investment banking professionals. SprintItaly SpA was listed on the AIM Italia segment of Borsa Italiana SpA and was incorporated with the objective of researching, selecting and acquiring target companies with high growth potential within Italy. • Upon the merger of SICIT 2000 SpA with SprintItaly SpA, SICIT Group was born as a result of a reverse-takeover operation pursuant to article 14 of the AIM Italia Issuers' Regulations and was listed on the AIM Italia segment of Borsa Italiana.
2020	• SICIT Group completed its transition from the AIM Italia segment to the Italian Telematic Market (MTA, STAR segment) of Borsa Italiana.

2.4 Key Ongoing Programs

SICIT is running the following programs to explore opportunities for growth:

2.4.1 Animal hair treatment plant

The company has been making continual investments (in the previous years as well as in 2020) in an innovative plant to produce special hydrolyzed proteins derived from the ABP hair coming from the tanneries' operations that include tanning treatment for production of final leather. This raw material is an ABP and requires a special treatment (according the European law CE 1069/2009) in order to obtain the hydrolyzed proteins. This new plant serves as a production line that provides the additional volumes needed to support increased sales.

2.4.2 Ri-esterification plant

Over the previous years as well as in 2020, the company has carried out investments in animal fat refining and re-esterification plant in which the fat recovered from the acid treatment on fleshing is refined to strongly reduce the content of sulfur and then it is treated under high temperature with glycerin to reduce the content of free fatty acid and obtain the final product to be used as bio-fuel for the energy production, thereby increasing the selling price of the animal fat. This plant has begun operations in Q4 2020.

2.4.3 Development of New Products, Including Granules and Tabs

Currently, SICIT is focused on two types of product formations – liquid and powder. The company is developing two new types of product formations – granules and tabs, which are expected to allow it to enter new markets. Granules and tabs could be new sources of revenue for SICIT, as SICIT could also sell these directly to other new consumers, in some niche markets, though avoiding competition within its existing business and customer base.

Until H1 2020, the company had already installed a pilot/pre-competitive plant to produce tabs (aiming to produce 30-80 ton/year for final test in field and small special productions). The final plant for tabs is now fully available for production and for testing. Since tabs are an innovative product in the market, the company is working with its

customers to position the products and create demand. It expects gaining traction for tabs in H2 2021 from its potential customers.

The company has signed an agreement with a German company (GLATT) for the construction of a granules plant. In Q3 2020, it started the set-up of production lines for granules, which are expected to be fully operative by the end of 2021.

These projects are expected to boost growth for the company in the mid to long term.

2.4.4 New Hydrolyzed Proteins Plant in China

SICIT has identified an opportunity to set up a new plant in China, which would expand its manufacturing base close to other tanning industry districts. It aims to leverage its know-how of hydrolyzed proteins production.

The new plant would be dedicated to the completion of finished products using hydrolyzed proteins as semi-finished products that would be produced only at the Italian production sites. This would allow:

- Strict control of the core production activities (the production of the hydrolyzed proteins)
- The flexibility to complete the finished products based on local customers' needs
- An opportunity to sell both "made in Italy" and "made in China" products to the Chinese market (one of the largest and fastest-growing markets for biostimulants)
- Savings in terms of logistic and duty expenses since the company is expected to deliver, as a raw material, concentrated and semi-finished products with lower volumes and weight compared to the finished products currently delivered to the local customers
- This new production plant of finish and tailored hydrolyzed proteins and derivates should be used also as a hub for the whole Far-East.

The company has already secured 4-5 hectares of land in China for the planned new production plant. The construction of this plant is expected to take six to nine months to complete. However, owing to the current pandemic situation and difficulties in travel to/from China, there have been delays in the planning of this new plant and further delays can be expected if restrictive measures are imposed again in the future due to COVID-19.

The China plant is expected to bring benefits to the company in the form of lower costs for raw materials, power, manufacturing and transportation.

2.4.5 Warehouse, new mechanical workshop and lab and storage tank expansions

The company is making progress with the new warehouse for final products and for mechanical staff and new mechanical workshop. It is also progressing with the new building linked to its existing offices in Arzignano with the new agronomic laboratory, the larger chemical lab and the expansion of the quality control lab fundamental for enhanced customer service. Additionally, the company has been working on increasing its storage tank size in terms of quantity of tanks, to increase the storage of different products and natural sedimentation [ph] of its products. The construction of the tanks park has been completed.

2.4.6 Incentive Plan 2020-2022

In May 2020, the company implemented its 'Incentive Plan 2020-2022' for the group's key executive directors and employees. Under the plan, beneficiaries are entitled to variable forms of remuneration comprising both cash and shares. This right will accrue in the three-year period of 2020-2022 based on fulfillment of specific conditions, such as revenue growth, profitability and cash generation targets, shareholder value, individual performance targets and service period.

2.5 Corporate Strategy and Future Outlook

Strategy[ix]

The corporate strategy is focused on developing new products and collaborating with its long-term clients to increase the customers and countries served, along with maintaining stable partnerships with clients. The company recently

signed a 15-year exclusive contract with Syngenta for the supply of ISABION and HICURE biostimulants, along with further development of collagen-based biostimulants.

The growth strategy is focused on consolidating the market position through:

- Improvement of the production capacity, both in qualitative and quantitative terms
- Development of new, very innovative products (e.g., granules)
- International market expansion (with a focus on Asia and North America)

Outlook

SICIT's business outlook for FY 2020 looks promising as the company has achieved strong 9M 2020 financials. The company recorded a growth in revenues of 11.5% YoY, substantially in line with management expectations, though with a different mix of agricultural/industrial/fat sectors. The company expects to continue to grow and achieve high single-digit to low double-digit top-line growth in 2020. However, uncertainty over the future impact of COVID-19 in Italy and in the other countries where SICIT operates has made it difficult for the company to provide detailed forecasts for the full year. In the event of another lockdown, the company has piled enough inventory of raw materials and hydrolyzed proteins stock to avoid any disruptions in production.

The company is expected to continue with its investment plans with the progress of activities aimed at completing the industrial and technical expansion in Arzignano and in particular the new warehouse, the storage tanks, the new laboratories, the plant for fat re-esterification and the plant for granules and tablets.

The company expects to accelerate the growth process by, in the short term, strengthening the sales structure, focusing on foreign markets, and in the medium term, i) boosting production capacity, both in quantitative and qualitative terms, at the Arzignano and Chiampo sites and ii) opening a production site in China, to be closer to its international customers. However, the current pandemic situation and difficulties in travel to/from China could possibly result in delays in the planning of this new plant.

In order to pursue its development policy, the company may also turn to potential external acquisitions or partnerships with other industrial groups. The company also expects to continue its strategy of developing new products in close collaboration with its customers, in order to meet the different needs of the agricultural and industrial sectors. The commercial production of granules and tabs and the expected sales by Jun-Jul 2021 stays as planned.

2.6 Company Premiums[x]

One of the leading companies to offer hydrolyzed proteins of animal origin: SICIT was one of the first companies to use amino acids and peptides as biostimulants for agriculture. The company is now one of the market leaders in the agrochemical industry.

Offers superior quality products: SICIT's products are made of animal-based hydrolyzed proteins, which gives them a superior quality. The collagen, present in the raw materials, contains amino acids and peptides, which results in better cultivation margins (improved quantity and quality of the output) for the biostimulants and retardants.

SICIT enjoys strong demand growth driven by underlying macro-trends:

- The biostimulants (55% of FY 2019 revenues) segment is expected to grow at a low double-digit CAGR driven by i) increasing demand for food due to the rising world population; ii) rising awareness of organic and natural products; iii) declining cultivable spaces and the need to improve land yield; iv) adoption of precision farming; v) climate change and vi) an increasing focus on the circular economy.
- The plaster retardants (27% of FY 2019 revenues) segment, despite the slowdown in the short-to-near term, is expected to expand at a mid-single-digit CAGR in the long term mainly driven by i) the rising population and urbanization; ii) increasing residential and non-residential constructions boosting the gypsum market and consequently the demand for retardants for plaster; iii) higher customer purchasing power combined with growing demand for quality housing; and iv) a growing interior design industry.
- The fat (11% of FY 2019 revenues) segment has a positive growth outlook, primarily due to i) growth of the tallow/grease and lard industry segments that produce biofuels; and ii) a shift toward renewable energy sources.

Moreover, due to the newly established ri-esterification plant, the company is expecting to sell a significantly higher value of animal fat beginning from Q4 2020. Additionally, the company's new plant for production of hydrolyzed proteins from animal hair serves as a production line that provides the additional volumes needed to support increased sales.

High profitability and cashflow (CF) conversion: The company has high profit margins, driven by its state-of-the-art industrial footprint and advanced processes. It also has a high CF conversion, driven by the circular economy[xi] and the B2B distribution model. The raw materials are part of the revenue stream since the finished product is derived directly from the residuals generated by the tanning industry.

Top-tier customers: SICIT supplies to the top-tier operators of the agrochemical and chemical industry, such as BASF, Bayer, Etex, Isagro, Knauf, Nufarm, Saint-Gobain, Sipcam, Syngenta and USG. SICIT has stable and lasting commercial relationships with these customers.

Easy access to raw materials: Proximity to the leather district in Arzignano provides SICIT with privileged access to its key raw materials. SICIT has a very efficient process and receives residuals from the Arzignano district at very convenient prices for tanneries. Moreover, the company has recently started to receive residuals from the Tuscany's tanning district too and this flow is expected to grow in the next future.

Commitment to sustainable development models: SICIT offers a service of strategic importance for the Vicenza district of the Chiampo valley, as it collects and transforms the residues of leather processing into high-value products for agriculture and industry, limiting the production of waste to almost zero. SICIT is the only operator in Vicenza to have environmental authorizations for the processing of fleshing and animal hair of large size.

Experienced Management: SICIT management has extensive experience in production and product innovation.

2.7 Company Risks[xii]

High customer concentration: SICIT has high customer concentration, with the five largest customers representing 28% of revenues (19% represented by the first three customers). Loss of an important customer could have a significant impact on the company's growth.

High dependency on raw material suppliers: The company is highly dependent on the tanneries in Vicenza for its raw materials. Any risk to these tanneries (such as a temporary closure due to COVID-19) could temporarily halt SICIT's operations.

Risk of unfavorable weather: Agrochemical demand may suffer because of unfavorable weather conditions in key crop regions. The bad weather may reduce farmers' income over the season and have a negative effect on demand.

Risk of falling crop prices: Crop prices affect the growers' economics and change the demand for key inputs, such as fertilizers, crop protection chemicals and biostimulants.

Execution risk: The company has no experience in the expansion of its capacity abroad. Therefore, execution risks, such as a delay or higher-than-expected costs, could affect the company's profitability.

Impact of COVID-19 pandemic: Although the current demand for SICIT's products has not been impacted significantly by COVID-19, future demand might be impacted, thus affecting the outlook of the company.

High dependence on raw material availability: In the short term, the company faces the risk of a shortfall in the raw materials from tanneries used to process the final products, which may lead to increased expenses or delays in the fulfillment of orders. Nevertheless, in a longer term, this issue could definitely be solved since it is studying the supplying of animal residues directly from slaughterhouses (currently serving the tanneries).

Competitive risk: The company has a B2B model and is dependent on partnerships with peer companies, which resell the company's products in the consumer market. Any plans by these peers to set up their own manufacturing, although highly unlikely, could result in revenue loss and increased competition for SICIT.

Animal illnesses: These may affect operations and cause a slowdown in demand for biostimulants (although it is worth reminding that, during the BSE disease (Bovine Spongiform Encephalopathy) – the so-called "mad-cow disease", SICIT was never stopped or restricted in its production).

Volatile fat prices: Given that fat prices are linked to listed commodity prices, which are volatile in nature, any downward trend could affect the company's revenue growth.

2.8 Shareholding Pattern

At Nov 30, 2020 the subscribed and paid-in share capital amounts to EUR 2,440,699.0 and is divided into a total of 19,850,171 shares, with no indication of nominal value, of which (a) 19,655,171 are ordinary shares listed on the MTA (Italian Equities Market) organized and managed by Borsa Italiana S.p.A., STAR segment, and (b) 195,000 are unlisted special shares, without voting rights, and wholly owned by PromoSprint Holding S.r.l. In addition to these shares, there are still 6,723,969 outstanding warrants as on Nov 30, 2020.

Exhibit 7: Shareholding breakdown (as on Nov 30, 2020)[xiii]

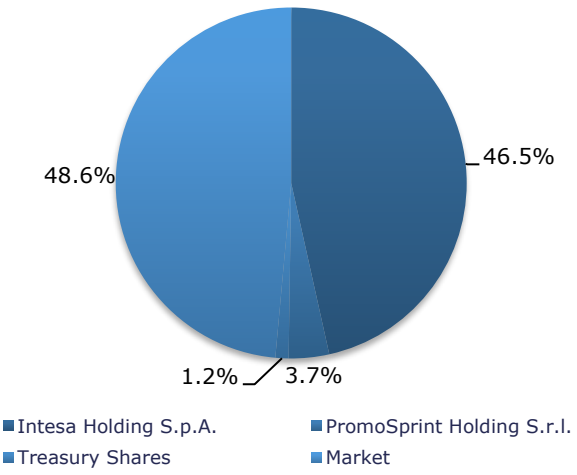


Exhibit 8: Shareholding breakdown (as on Nov 30, 2020)[xiv]

Shareholders	No. of Shares	% of total
Intesa Holding S.p.A.	9,142,100	46.51%
PromoSprint Holding S.r.l.	732,000	3.72%
Treasury Shares	237,620	1.21%
Market	9,543,451	48.55%
Total of Ordinary Shares	**19,655,171**	**100.00%**

2.9 Listing and Contact Details[xv]

SICIT Group is listed on the Borsa Italiana Stock Exchange (BIT-SICT)

Company Contacts

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Website: www.sicitgroup.com

3. News[xvi]

- **SICIT's board of directors approved 9M 2020 results 2020:** On Nov 13, 2020, the company's CEO declared that in the first nine months of the year the company had recorded double-digit increase in revenues (+11.5%), EBITDA (+16.2%) and net profit (+22.5%) on a YoY basis. The construction industry, and consequently the company's plaster retardant business, was significantly impacted by the coronavirus. However, this decline has been offset by the company's main business area, linked to biostimulants for agriculture, which continues to experience robust (current and expected) growth trends. Further, the other two areas, linked to animal fat for biofuels and the collection services of tanning residues, have fully recovered from the previously recorded declines in H1 2020.

- **SICIT Group partnered with Enel X to promote energy sustainability**: On Nov 10, 2020, the company entered into partnership with Enel X to install a 192 peak kilowatt (kWp) photovoltaic system capable of producing approximately 226,000 kWh of electricity each year which will be entirely used to power the Arzignano (VI) plant , guaranteeing a savings of over 83 tons of CO_2 every year.

- **Announced 9M 2020 segmental revenue**: On Oct 27, 2020, SICIT Group issued a press release stating that the group's consolidated revenues for 9M 2020 were EUR 48.2 mn (+11.5% from 9M 2019) primarily due to the company's biostimulants business, where revenue increased by 25% YoY to EUR 29.3 mn and the animal fat business which grew by 8.4% YoY to EUR 5.0 mn. This increase was somewhat offset by the company's retardant business, which reduced by 8.8% YoY to EUR 11.1 mn due to the COVID emergency.

- **SICIT Group's CEO and CFO participated in Virtual STAR Conference Fall Edition 2020**: On Oct 14, 2020, SICIT Group CEO and CFO were interviewed by Italia Informa during the Virtual STAR Conference Fall Edition 2020.

- **SICIT's board of directors approved consolidated interim financial report (H1 2020)**: On Sep 11, 2020, the company's CEO noted that the two major challenges for the company in 2020 were successful completion of the trans-listing to the MTA STAR segment of Borsa Italiana and the onset of COVID-19 from Q2. The CEO stated that despite the pandemic, the company had maintained its production and business activities, which were considered essential activities by the Italian authorities. Adjusted consolidated EBITDA was EUR 13.2 mn, adjusted consolidated net profit was EUR 8.2 mn and consolidated available funds on Jun 30, 2020 were EUR 19.8 mn.

- **Announced H1 2020 segmental revenue**: On Jul 16, 2020, SICIT Group issued a press release stating that the group's consolidated revenues for H1 2020 were EUR 35.5 mn (+9.4% from H1 2019) primarily thanks to the company's biostimulants business, where revenue increased by 19.4% YoY to EUR 21.7 mn and did not witness much disruption due to COVID-19 because of the strategic nature of the application industry. A slight contraction was witnessed in the retardant segment, which generated revenue of EUR 8.5 mn in H1 2020, a decline of 2.1% YoY, and the animal fat business, which recorded EUR 8.5 mn in H1 2020, down 2.1% YoY due to the general slowdown in the construction industry, as well as lockdowns and closures due to the COVID-19 outbreak.

- **SICIT Group was recognized among 'Italian Corporates for Sustainability'**: On Jul 14, 2020, SICIT Group was included in the portfolio of 'Italian Corporates for Sustainability' (mid/small selection) in the report dedicated to corporate social responsibility published by Equita SIM. The portfolio included companies combining appealing fundamentals with the highest contribution to the achievement of the United Nations' Sustainable Development Goals.

- **Completed production of animal hair hydrolyzed proteins at Arzignano plant**: On Jun 22, 2020, SICIT Group announced that its process for producing animal hair hydrolyzed proteins, a residue collected from the tanning business, at its Arzignano plant, is running at full power. This new production process was expected to improve the plant's overall capacity by 33%, equal to an increase in production of 4,000 tons/year of animal by-product hydrolyzed proteins, bringing the total to approx. 16,000 tons/year, compared to approx. 12,000 tons/year in 2019. This new process was expected to increase the characteristic value of the biostimulant organic nitrogen and contribute to the evolution of the company's plaster retardants, further expanding the markets covered by the company.

- **Trading of SICIT Group's stock began on MTA STAR segment of Borsa Italiana**: On Jun 15, 2020, the company's ordinary shares and warrants began trading on the MTA STAR segment of Borsa Italiana and were at the same time excluded from the AIM Italia segment of the stock exchange. The new articles of association of SICIT Group, in accordance with the regulations and code of conduct applicable to listed companies, became effective on June 15, 2020.

- **CEO of SICIT Group addressed 2020 VIRTUAL AIM Italia Conference**: On May 25, 2020, the company's CEO and CCO addressed the 2020 Virtual AIM Italia Conference, at which they discussed the company's strategic priorities and the impact of COVID-19 on the business.

- **SICIT's board of directors approved consolidated financial results for Q1 2020**: On May 21, 2020, the company's board of directors approved the consolidated operating data of the company for Q1 2020. The company's consolidated revenue for Q1 2020 was EUR 19.7 mn, adjusted consolidated EBITDA was EUR 8 mn, and consolidated net cash available on March 31, 2019 was EUR 29.6 mn.

- **Announced Q1 2020 segmental revenue**: On Apr 14, 2020, the company announced that it had recorded an overall increase in revenue of over EUR 4 mn (+25.6%). Growth was generated by all the main areas of business, from biostimulants for agriculture (+29.9%) to retardants for the plaster industry (+19.6%) and animal fat for the production of biofuels (+27.3%). It was also generated in almost all geographical areas, from Europe (including Italy, +25.1%, of which Italy recorded +3.5% and other European countries +41%) to Asia Pacific (APAC) (40.2%) and Americas (+13.9%). The only area to see a decline was Rest of the World (i.e., Middle East and Africa, -8.1%).

- **Supported Vicenza and Milan hospitals to cope with Coronavirus emergency**: On Mar 27, 2020, the company announced that it had made donations of approx. EUR 700,000 to a hospital in Vicenza and the new Fiera Milano Hospital.

- **Announced that it was operating at full capacity**: On Mar 23, 2020, the company announced that its business activities were included in the essential services list contained in the Decree of the Presidency of the Council of Ministers for containing the COVID-19 epidemic through the closure of all non-essential businesses and other measures. The company's activity fell under the ATECO – code 20 (i.e., manufacture of chemical products), which had been included by the Decree in the list of businesses considered essential. That also applied to the activity of the subsidiary SICIT Chemitech (ATECO – code 72: scientific research and development).

- **SICIT Group approves FY 2019 results**: On Mar 17, 2020, the board of directors approved the FY 2019 financial statements, prepared for the purposes of inclusion in the Information Prospectus relating to admission to listing on the Mercato Telematico Azionario (MTA) of the Italian Stock Exchange.

- **SICIT Group and Syngenta strengthened their collaboration on biostimulants**: On Mar 11, 2020, the company announced that it had entered into a collaboration agreement with Syngenta for a 15-year exclusive supply of ISABION and HICURE biostimulants and for the further development of collagen-based biostimulants.

- **Appointed new chief commercial officer**: On November 5, 2019, SICIT Group announced the appointment of its new chief commercial officer, Alessandro Paterniani, formerly in Bayer Crop Protection Italy, who has more than 25 years of experience in managing increasingly complex projects and achieved important strategic-financial goals in the agricultural and agrochemical sectors, as well as for crop protection products

- **SICIT Group given 'supplier of the year' award**: On Oct 25, 2019, the company announced that it had been given the Supplier of the Year award at the Global Gypsum Awards 2019 due to its PlastRetard product, which was a multifunctional additive used in the production of plaster and plasterboard, produced for over 25 years by SICIT, both in liquid (PlastRetard L) and powder (PlastRetard PE) form.

- **Announced H1 2019 results**: On Sep 26, 2019, management stated that despite the ongoing merger of SPAC SprintItaly and SICIT 2000 (completed on May 20) and a less brilliant market context for agricultural products in Asia and the Americas – and in Asia for retardants – the company's performance remained positive. Consolidated revenues from products and services amounted to EUR 32.5 mn, a slight increase (0.1%) compared with the first half of 2018 pro-forma (EUR 32.4 mn).

- **Anticipated start of production of animal hair hydrolyzed proteins**: On Jul 17, 2019, the company announced that it expected the production of animal hair hydrolyzed proteins to begin in line with its strategic development plan. The innovative production process developed by the company should increase production efficiency, improving both the performance (equal to 40% in the case of animal hair, compared to 12% for the other animal by-products currently used) and the operating cost.

- **Launched a program to purchase its own shares**: On Jun 19, 2019, SICIT Group launched a program to purchase its own shares. This was meant to provide the company with a stock of its own shares for use in possible future incentive plans for employees and/or directors of the company and/or as payment, as well as for the exchange of shareholdings with other parties, as part of transactions in the interest of the company.

- **SICIT Group was listed on AIM Italia segment of Borsa Italiana**: On May 20, 2019, SICIT Group announced that the merger of SICIT 2000 SpA with SprintItaly had become effective. It also announced that the ordinary shares and warrants of the merged entity, named SICIT Group SpA, were being traded on the AIM Italia segment of Borsa Italiana.

- **Appointed new chief financial officer**: On May 13, 2019, SICIT Group announced the appointment of its new chief financial officer, Giampaolo Simionati, who has more than 15 years of experience in finance and accounting, as well as in consulting and auditing.

- **Board of directors approved FY 2018 financial statements and distribution of post-merger dividend**: On Apr 08, 2019, the board of directors of SICIT Group approved the draft of the 2018 financial statements prepared in accordance with Italian accounting principles. The board also approved a proposal for the shareholders' meeting to distribute a dividend resulting from the merger amounting to 50% of the consolidated net profit of 2018.

- **UNIC – Concerie Italiane (Italian Tanneries Association) invested in circular economy of SICIT**: On Mar 27, 2019, the company announced that UNIC – Concerie Italiane, the Italian Tanneries Association, had acquired a stake in SprintItaly through its subsidiary Lineapelle S.r.l. The acquisition of this stake gives it around 2% of the voting share capital of the post-merger company, SICIT Group SpA.

- **Strengthened its partnership with Bayer on biostimulants**: On Mar 14, 2019, the company announced that it had strengthened its partnership with Bayer with reference to two products for the global market: AmbitionTM and BayfolanTM Cobre. The two products were to be introduced upon registration in Asia (China) and Latin America.

- **Announced that SprintItaly shareholders' meeting had unanimously approved merger with SICIT**: On Mar 01, 2019, the company announced that SprintItaly's shareholder meeting had unanimously approved the merger with SICIT in the presence of shareholders holding 62.38% of the ordinary share capital. Earlier on Jan 11, 2019, SprintItaly's board of directors had approved the merger.

- **Strengthened its plants and confirmed its excellence in green economy**: On Feb 27, 2019, the company announced that it had completed the installation and launch of its cogeneration plant, which allowed significant energy savings in the Arzignano (Vicenza) plant. The project was part of the investment plan that the company had approved for 2019-2022 to offer a product with increasing added value, in line with market demands.

4. Management and Governance[xvii]

The management and governance teams have significant experience in the fields of tannery operations, chemicals, plant design and hydrolyzed proteins production, as well as in sales, business development and the management of operations and finance for multiple businesses.

Exhibit 9: Management and Governance

Name	Position	Experience
Valter Peretti	President	• Valter Peretti completed high school at Pigaffetta in Vincenza and graduated in Economics and Commerce from the University of Verona in 1977 • He also heads the Peretti Group family business comprising Conceria Cristina SpA, an Italy-based tannery company, and Euroventilatori SpA, an Italy-based engineering company • He is a director of various companies operating in the chemical, financial and real estate sectors • He is also vice-president of the National Union of the Tanning Industry (UNIC) and president of the Graziano Peretti Onlus Foundation • He is a board member of the tanning section of the Industrial Association of Vicenza. Previously, he was the president (from 1992-1997 and subsequently from 2010-2014) and vice-president (1997-2001) of this association
Massimo Neresini	Chief Executive Officer	• Massimo Neresini completed his chemical engineering degree in 1981 from the University of Padua with a grade of 110/110. He is registered as a professional engineer at n. 1148 in the register of engineers and architects of Vicenza • He joined SICIT Group in 1988 as technical director and was responsible for construction of the Arzignano plant and expansion and restructuring of the company's Chiampo plant. He stepped up to the role of chief executive officer in 2003. He was also appointed general manager in 2010. He has been responsible for defining industrial and production strategies, and organizing the activities of the company, such as the production of hydrolyzed proteins, research & development, quality control and engineering activities • He also collaborates with several universities and research institutions over various research & development activities • He had previously been appointed as general manager at Mantis Agropy SpA, a company owned by the majority shareholder of SICIT (Intesa Holding) which is cooperating with SICIT for the development of hydrolyzed proteins of vegetable origin • In his previous roles, he worked as a chemical process engineer at Snia Viscosa SpA. He also held the positions of process engineer at Snamprogetti SpA and project engineer at Rimar Engineering SpA, where he was responsible for the design of plants for the distillation of well gas and in the field of chlorination, fluorination, perfluorination, hydrogenation and nitration of organic compounds. He also worked as process engineer and head of plant design at Fabbrica Italiana Sintetici SpA and as head of the design office at Ciba Geigy SpA • He has previously worked on several freelance assignments
Alessandro Paterniani	Chief Commercial Officer	• Alessandro Paterniani graduated in Agricultural Sciences and Economics at the University of Bologna • In November 2019 he joined SICIT Group to take over the role of Chief Commercial Officer

		• He spent most of his professional career with Bayer CropScience where he gained an extensive expertise holding several marketing and sales positions in the Italian organization and in the Headquarter • He held leading positions in the Mediterranean organization as Head of Customer Marketing and Head of Sales • He strengthened his international experience serving as a member of the global marketing team in the Headquarter as Global Sales Excellence Manager • He refined his operational and commercial skills assuming increasing responsibilities in the Italian sales and marketing organization, from technical support to product management, from key account management to regional sales team leadership • His deep understanding of the Ag industry value chain is reinforced by a relevant experience in the international fruit trade industry at the beginning of his professional career
Giampaolo Simionati	Chief Financial Officer	• Giampaolo Simionati graduated in Economics and Business Management from the University of Padua • He was appointed as chief financial officer of SICIT Group in May 2019 • He worked in KPMG's audit division in 2006-2009, where he worked on national and international companies in the industrial, retail and fashion sectors. In 2009-2019, he was part of the deal advisory team where he worked on buy-side and sell-side financial due diligence for numerous private equity firms and corporate clients and was involved in various restructuring and financing projects • In his previous roles, he was in staff at management control and reporting departments at branches of a few multinational groups. He also worked as junior analyst with a boutique Italian consulting firm (2003-2005)
Fabio Agnolon	Product & Sales Manager Agriculture sector	• Fabio Agnolon graduated in Agricultural Sciences at the University of Padua • He joined SICIT in 2003 at the role of Technical support to sales & marketing, and in 2019 he was appointed as Key Account Manager for Agro-products • He has been instrumental in promoting SICIT business with multinational and national agro companies worldwide, developing a good knowledge of the market and of the technical aspects of biostimulants • He has also worked in Udine University in researches on plant nutrition, with 6 papers published in scientific magazines • He has spent all his professional life in the agricultural sector, both working in farms and in the plant nutrition industry
Hafedh Dayem	Product & Sales Manager Industrial sector	• Hafedh Dayem graduated in engineering "Electro-mechanics" at the university "ENIT" Ecole Nationale d'Ingenieurs de Tunis" in Tunisia • In 1997 he joined SICIT as staff in the customer service and logistic department, reporting to Sales Director • Since 2005 he is the Product and Sales Manager for the industrial sector/building industry • During the 23 years spent in SICIT, he developed a full understanding and contacts of all players in the gypsum global market. Moreover, thanks to his engineering background he can offer to SICIT customers all the technical support for their industrial best practice

		• His expertise is the result of over 30 years in import/export and sales
Paolo Dal Medico	Chief Accountant and Head of HR	• Paolo Dal Medico graduated in Economics and Commerce from the University of Verona • He obtained the qualification of Chartered Accountant in 1992 and is currently registered with the Order of Chartered Acccountants of Vicenza. In 1995 he obtained the qualification of Statutory Auditor • He joined SICIT in 2011 and he has been the administrative director and HR manager of SICIT since then • From 2008 to 2010 he held the role of administrative manager of BDF Industries S.p.A. dealing with the administrative and financial management of the group • In 2008 he held the role of administrative manager of Calgaro S.r.l. • From 2003 to 2007 he held the position of administrative-financial manager of the 3F Group, dealing with the administrative and financial management of the group • From 1996 to 2003 he worked as a Chartered Accountant, mainly dealing with tax and administrative-accounting consultancy, the preparation of financial statements of joint-stock companies and tax returns • From 1993 to 1996 he held the role of director at Sedac S.r.l., dealing with the management, training and coordination of human resources • From 1990 to 1993 he worked as an auditor at RPV-KPMG
Matteo Carlotti	Director and Investor Relations Manager	• Matteo Carlotti graduated in Business Administration from the Ca' Foscari University of Venice • During 2009-2017, he worked as an independent private equity professional, assuming the position of non-operating chairman in industrial companies such as Bracchi Srl, Zetagi Srl, Primat SpA and Isem Srl • He has co-founded and held leadership roles in a few SPAC companies admitted for trading on AIM Italia and on the STAR segment of Borsa Italiana • He worked with Argos Soditic Italia SpA (AS) from 1997-2009 in multiple roles, including as partner, as member of the PAN-European Investment Committee, and as chairman and non-executive director of AS owned funds, where he was responsible for fund raising and investments in Italy • He previously worked with Mediocredito delle Venezie, and with Chase Capital Partners Italy as investment manager where he was involved in various private equity investments. He was also responsible for the involvement of Chase Gemina Italia in its privatization program in Poland • He taught private equity at the Business School of the Politecnico di Milano, the General Council of Private Equity of the Italian Private Equity Venture Capital and Private Debt Association (AIFI), the Advisory Board of the Italian Society of Financial Analysts (AIAF) and the European Private Equity and Venture Capital Association – now Invest Europe (EVCA). He has also published several papers on private equity

5. Industry Overview

5.1 Industry Definition[xviii]

Biostimulants: These are substances derived from natural or biological sources. They are used in the agricultural sector to stimulate crop production and help improve harvest quality and the absorption of nutrients in crops. Biostimulants help reduce reliance on agro-pharmaceuticals and fertilizers (that degrade soil fertility and have other environmental impacts) and enable crops to withstand abiotic stress caused by, for example, heavy rains, frost and drought.

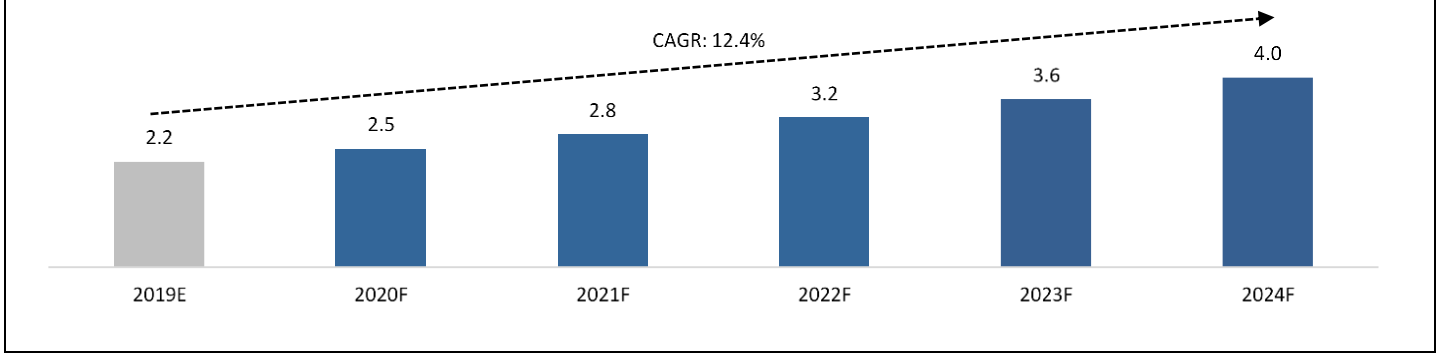
Plasterboard: Also known as drywall, wallboard, sheet rock and gypsum, this is a panel made of sulfate dehydrate that is used in the making of walls and ceilings in various residential and commercial buildings. Retardants are additives that are used in gypsum, plasterboard and the construction industry. They slow down the chemical crystal formation that sets and hardens the gypsum/plaster, elongate the workable time of gypsum and plaster, and give construction workers more time to complete their job.

Animal Fat: This comprises semi-worked animal fat and by-products arising from the treatment of animal fleshing that have the ability to be regenerated into processed meat. The animal fat by-products are sold for various applications such as feed for pets and raw material for detergents, fertilizers, biodiesel, biofuels and bioliquids for energy generation, such as electricity, heating and cooling produced by biomass.

5.2 Global Industry Size

5.2.1 Global Biostimulants Industry Size[xix]

Exhibit 10: Global Biostimulants Industry – Size (EUR bn)

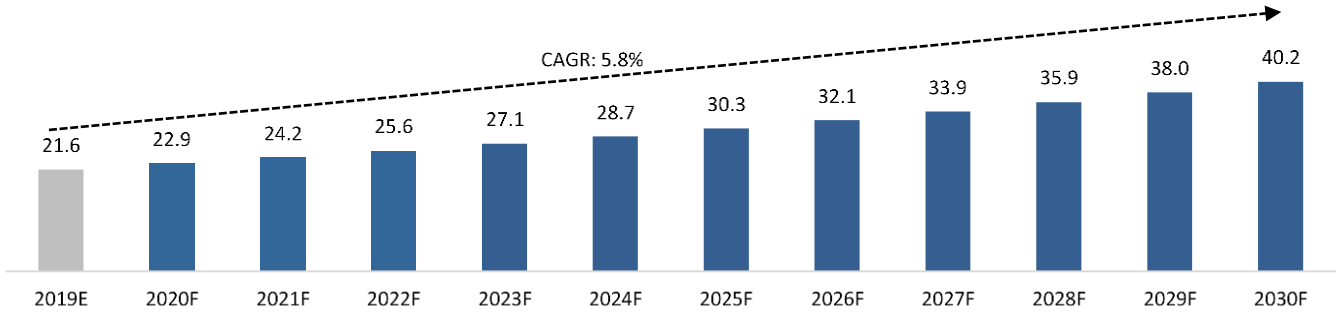


According to the SICIT Information Prospectus 2020 and Global Biostimulants Market Report by Technavio, the global biostimulants market had an estimated value of EUR 2.2 bn (USD 2.5 bn) in 2019. The industry is expected to grow at a CAGR of 12.4% to reach approx. EUR 4.0 bn (USD 4.5 bn) in 2024. The market grew at a similar CAGR of 12.8% in 2014–2018.

Growth in this market can be attributed to i) increasing demand for food due to a rising world population; ii) rising awareness of organic and natural products; iii) declining cultivable spaces and a need to improve land yield; iv) adoption of precision farming; v) climate change and vi) an increasing focus on the circular economy.

5.2.2 Global Plasterboard Industry Size[xx]

Exhibit 11: Global Plasterboard Industry – Size (EUR bn)



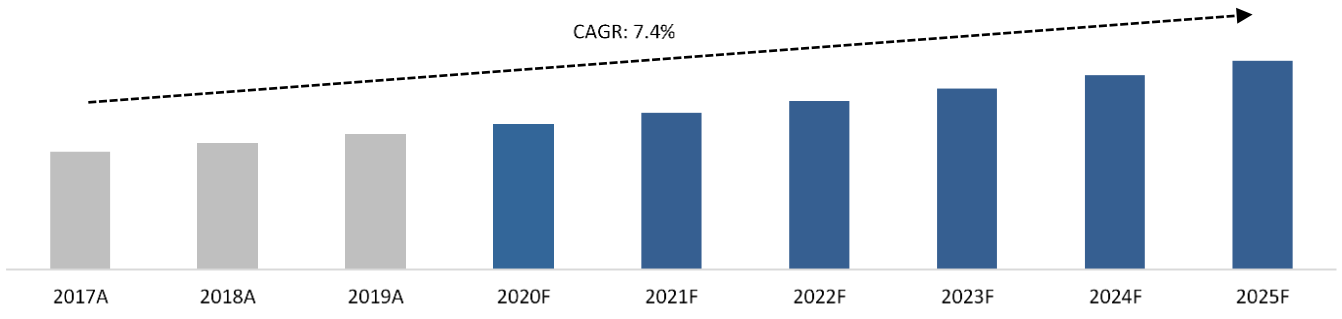
According to the SICIT Information Prospectus 2020, the global market for plasterboard walls had an estimated value of EUR 21.6 bn (USD 24.2 bn) in 2019 and is expected to grow at a CAGR of 5.8% to reach approximately EUR 40.2 bn (USD 45.0 bn) in 2030. These estimates are in line with various market studies. The market grew at a higher CAGR of 9.3% in 2015–2018.

Growth in this market can be attributed to i) a rising population and urbanization; ii) increasing residential and non-residential constructions boosting the gypsum market and consequently the demand for retardants for plaster; iii) higher customer purchasing power combined with growing demand for quality housing; iv) a growing interior design industry; v) a shift in demand toward light, flexible and environmentally sustainable construction and panelization; vi) the economic efficiency, ease of installation and fire insulation properties of gypsum and vii) stringent local and international regulations and sustainable housing standards.

5.2.3 Global Animal Fat Industry Size[xxi]

The global biodiesel market size was estimated at EUR 25 mn (USD 28 mn) in 2016 and is expected to have an upward growth trajectory driven by growing demand to replace traditional fossil fuels with biodiesel. The global biodiesel market comprises of biodiesel extracted from vegetable oil and animal fat segments. The animal fat-based biodiesel market is expected to grow at a CAGR of 7.4% from 2017 to 2025. The growth of the animal slaughtering across various parts of the world coupled with the low cost over vegetable oils is expected to have a positive impact on this feedstock segment growth. However, the low raw material availability as compared to its counterparts is expected to hamper the growth over the projected period.

Exhibit 12: Animal Fat-based Biodiesel Market Growth



As per an Apr 2020 MDPI Report on 'trends in biodiesel production from animal fat waste,' animal fat by-products production as part of the meat and poultry processing chain amounts to approx. 17 mn tons per year in the EU region.

Out of these, approx. 12 mn tons are processed in food- and feed-related sectors. The remaining inedible by-products are used as biofuels (including biodiesel) for energy generation.

The market prices of animal fat by-products as commodities within Italy are determined through national and local stock markets and the prices are linked to the acid content of the different types of animal fat. Growth can be attributed primarily to i) growth of the tallow/grease and lard industry segments that produce biofuels and ii) a shift toward renewable energy sources.

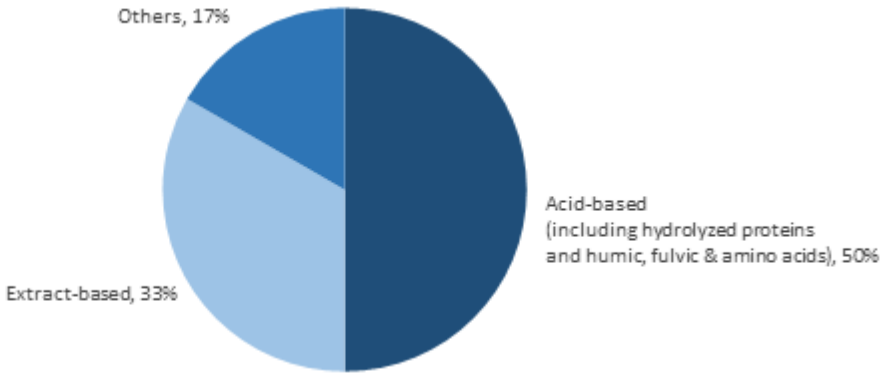
5.3 Industry Segmentation

5.3.1 Global Biostimulants Industry Segmentation

5.3.1.1 Segmentation by active ingredient composition[xxii]

Based on the active ingredient composition, biostimulants are classified into acid-based (including hydrolyzed proteins), extract-based, and other types.

Exhibit 13: Segmentation of Global Biostimulants Market – by active ingredient composition, 2020 (100% = EUR 2.5 bn)



Acid-based biostimulants include hydrolyzed proteins and amino acids of plant and animal origin, as well as humic- and fulvic-acid-based constituents of soil organic matter that result from the decomposition of plant, animal and microbial residues and from the metabolic activity of soil microbes. According to various studies, a mixture of biostimulants comprising humic acids, amino acids and other biostimulants provides protection against excessively high temperatures in the summer and stimulates root growth and development. As per SICIT management estimates, this market segment constitutes approx. 50% of the total biostimulants market.

Biostimulants based on hydrolyzed proteins are complex mixtures of peptides and amino acids produced by partial or extensive hydrolysis. This category of biostimulants is further subdivided into: i) animal-based hydrolyzed proteins – these are derived from animal residue and have rich nitrogen levels, amino acids and salinity that enhance the absorption of nutrients and nitrogen and facilitate the stress response by crops; and ii) plant-based hydrolyzed proteins – these are derived from the enzymatic and chemical hydrolysis of plant residues and have low levels of organic nitrogen. As per SICIT management analysis, animal-based hydrolyzed proteins are estimated to have twice the market share of plant-based hydrolyzed proteins.

SICIT Group operates in this segment of the market. With hydrolyzed proteins-based biostimulants, SICIT Group is focused on collagenous hydrolyzed proteins derived from bovine hides. Collagen is a key element for mitigating plant abiotic stress and helps improve cultivation margins, crop quality and yield. Additionally, the company's biostimulants are rich in amino acids and peptide active molecules, which makes its animal hydrolyzed proteins-based biostimulants stand out in comparison to the other categories of biostimulants. Furthermore, animal-based hydrolyzed proteins are

considered superior due to their high-quality and stable content of bioactive molecules throughout the shelf life of the biostimulant. Plant-based hydrolyzed proteins contain other molecules, such as phytohormones and vitamins. However, as per various scientists' claims, there is no method for standardizing the quantity of molecules and ensuring stability over shelf life. Also, there is no clear evidence of a significant contribution of plant-based hydrolyzed proteins to the enhancement of plant growth.

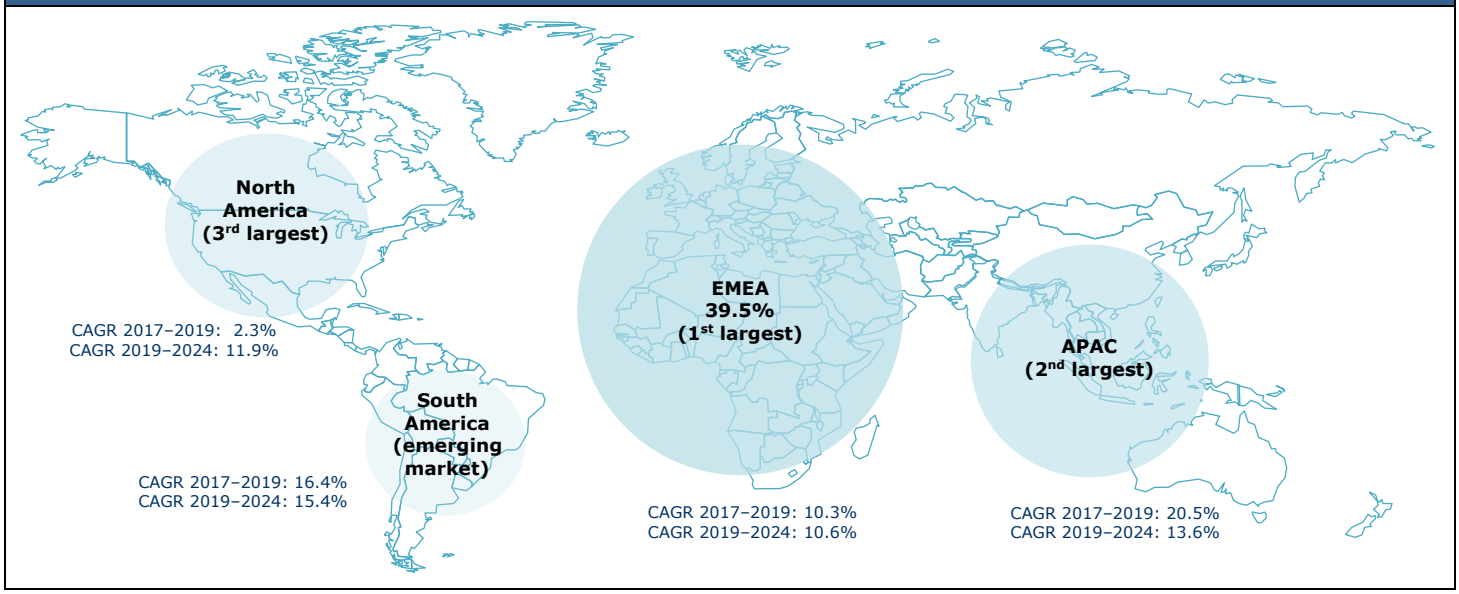
Extract-based biostimulants constitute approx. 33% of the total biostimulant market and include extracts derived from seaweed and botanicals. These are extracted from macroalgae species and are transformed into complex mixtures of biologically active compounds. This category of biostimulants helps mitigate abiotic stress and enhance plant productivity by stimulating plant roots and increasing chlorophyll content. Seaweeds constitute around 10,000 species, which are further segmented into three broad categories based on their pigmentation: Phaeophyta (Brown), Rhodophyta (Red) and Chlorophyta (Green).

Other biostimulants comprise the remaining 17% of the total biostimulants market and include micro-organism-based bacteria and fungi present in the rhizosphere, and various inorganic compounds, chitin, chitosan and other biopolymers.

5.3.1.2 Segmentation by Geography[xxiii]

In terms of the company's geographic distribution, Europe, the Middle East and Africa (EMEA) has the largest share of the global biostimulants market, followed by Asia Pacific (APAC) and North America. South America is an emerging market and has high growth prospects.

Exhibit 14: Segmentation of Global Biostimulants Market – by geography (100% = EUR 2.5 bn)



EMEA had the largest market share of approx. 39.5% in 2019. This segment grew at a CAGR of 10.3% during 2017–2019 and is expected to grow at a CAGR of 10.6% during 2019–2024. Growth in this segment is attributable to increasing contribution of agriculture to the GDP of economies within the region, particularly in central and southern Europe. Furthermore, the need to increase the yield of pastures due to rising demand for meat is increasing the usage of biostimulants, particularly in Belgium, France, Greece, Sweden, UK, Germany and Russia. Rising demand for fruits and vegetables, with the increase in the population at the European level, is also expected to increase the use of biostimulants. The Middle East region has a marginal market share and is characterized by biostimulant usage for growing greenhouse plants and in agrarian parts of UAE and Saudi Arabia to improve the quality of soil and crops. Africa has a high quantity of arable land and high employment in the agriculture sector, which has a positive impact on agriculture-based investments and use of biostimulants.

APAC has the second-largest market share in the global biostimulants market. This segment grew at a CAGR of 20.5% during 2017–2019 and is expected to grow at a CAGR of 13.6% in 2019–2024. Growth in this market has been attributable to the constantly rising population and increasing demand for food products, which leads to increasing use of biostimulants, particularly in India and China due to their leading global positions in the production of wheat, rice, soy and other similar crops, and the presence of several mid- and small-sized operators in these countries. As per SICIT management analysis, China is one of the largest and fastest growing markets for both "made in Italy" and "made in China" biostimulants. SICIT Group also has a China-based subsidiary that is currently primarily engaged in the marketing of products manufactured by SICIT Italy. The company is planning to expand the salesforce at its China operations and set up a new production site dedicated to the completion of finished goods using hydrolyzed proteins.

North America has the third-largest share in the global biostimulants market. This segment grew at a CAGR of 2.3% during 2017–2019 and is expected to grow at a CAGR of 11.9% in 2019–2024. The steep increase in CAGR over the two reference periods (from 2.3% to 11.9%) is due to growing opposition within North America towards the traditional chemistry of crop protection and nutrition and a growing preference for sustainable solutions. Growth in this market is attributable to growth in agriculture and horticulture, rising meat consumption, and demand for higher-quality pasture, which supports the consumption of biostimulants. As per SICIT management analysis, the US is currently a weak market; however, it has the potential for large trading opportunities.

South America is an emerging market segment and is characterized by high growth opportunities. This segment grew at a CAGR of 16.4% during 2017–2019 and is expected to grow at a CAGR of 15.4% in 2019–2024. The South American farming industry is developing rapidly and is seeing a rise in demand for new technologies. In respect of biostimulants, it is less developed than the farming industry in Europe or North America; however, the market dynamics pose high growth potential. Growth in this market is mainly driven by Brazil's agrarian sector, which contributed approx. 4% of the country's national GDP in 2018, and other factors, such as the continuously rising population in Brazil, Argentina, Chile and Peru, which is leading to increased demand for food, increased agricultural activities and higher usage of biostimulants.

5.3.2 Plasterboard Industry Segmentation

5.3.2.1 Segmentation by Product Category[xxiv]

In terms of product category, the three different types of plaster/gypsum retardants are hydrolyzed proteins, fruit acids and phosphates, and pure synthetic retardants.

Hydrolyzed proteins are natural high-quality additives that provide a high performance and good retard time at low dosage. However, this segment has a mid-low market penetration due to its higher cost vs other categories of retardants. SICIT group operates in this segment of the market.

Hydrolyzed proteins-based retardants are more effective in neutral gypsum-based formulations than other categories of retardants. While in alkaline gypsum formulations, fruit acid-based retardants are highly active, hydrolyzed proteins-based retardants are used to adjust the setting behavior as per requirements.

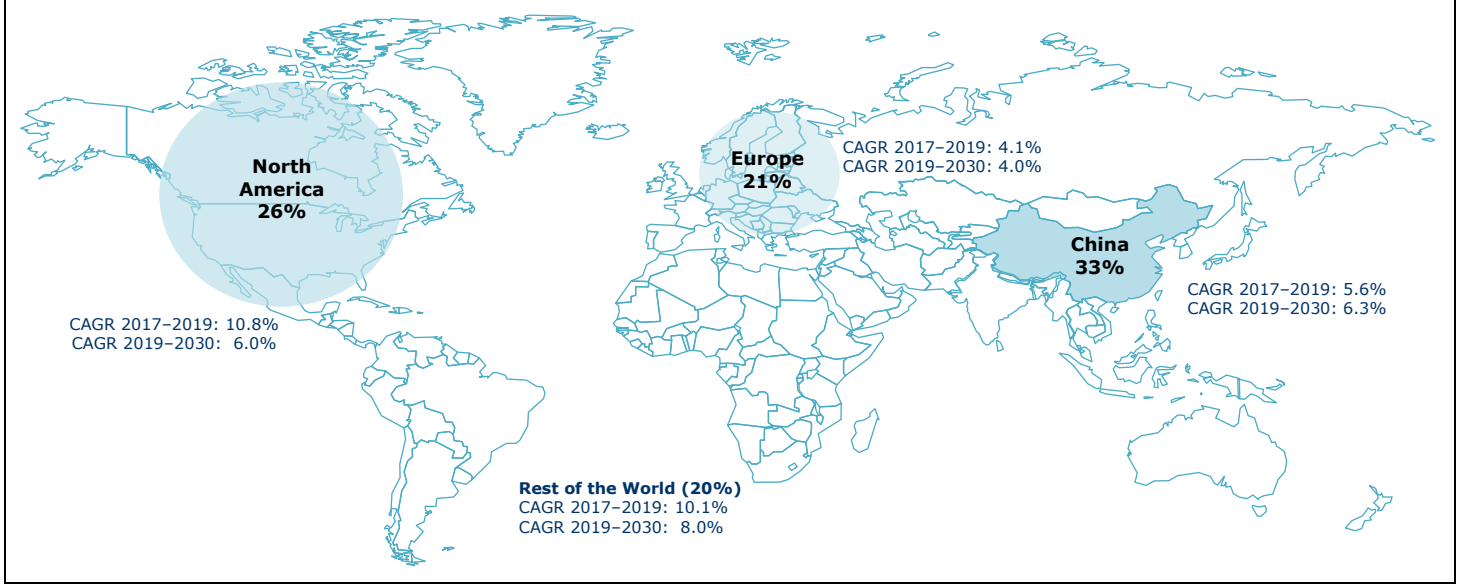
Fruit acids and phosphates are additives derived from biomass and renewable biomolecules that provide a high retard time. This segment has good market penetration.

Pure synthetic retardants are derived from polycondensation of amino acids and have a medium retard time performance. This segment has good market penetration.

5.3.2.2 Segmentation by Geography[xxv]

In terms of the company's geographic distribution, China has the highest share of the global plasterboard market, followed by North America, Europe and select countries in the rest of the world.

Exhibit 15: Segmentation of Global Plasterboard Market – by geography



China has the highest market share at approx. 33%, mostly due to the high usage of plasterboard and plaster retardants in urban residential areas, as well as commercial and industrial sectors. This segment grew at a CAGR of 5.6% during 2017–2019 and is expected to grow at a CAGR of 6.3% during 2019–2030.

North America has the second largest share at approx. 26%, particularly in the US, due to expanding building construction and the presence of important gypsum deposits and various synthetic gypsum suppliers. This segment grew at a CAGR of 10.8% during 2017–2019 and is expected to grow at a CAGR of 6.0% during 2019–2030.

Europe has the third largest market share of approx. 21% due to high demand for plasterboard walls, particularly in the UK, Italy and Spain. This segment grew at a CAGR of 4.1% during 2017–2019 and is expected to grow at a CAGR of 4.0% during 2019–2030.

Rest of the World's share of the market for plasterboard grew at a CAGR of 10.1% during 2017–2019 and is expected to grow at a CAGR of 8.0% during 2019–2030. Growth within this segment is mainly driven by increasing investments in infrastructure in the MEA region, particularly in Oman, Qatar and Jordan.

5.3.3 Animal Fat Industry Segmentation

5.3.3.1 Segmentation by animal fat by-product category as per European Regulation (EC) n. 1069/2009[xxvi]

As per the European Regulations, the three different categories of animal fat by-products are the following:

Category 1 by-products include residue of animals considered susceptible to communicable diseases or animals contaminated with illegal/dangerous substances. These are transformed into flour and fat and are mandatorily used as fuel or in incineration plants.

Category 2 by-products include residue of animals that died outside an authorized slaughterhouse or animals that contain drug contents. These are used as fuels, compost, fertilizers and in oleochemistry, the study of vegetable and animal oils.

Category 3 by-products include residue obtained from healthy animals slaughtered in a slaughterhouse under the veterinary supervision that may be considered fit for human consumption (or not fit for human consumption when defined as Animal By Product – ABP, as the majority of hides processed in tanneries) by the competent veterinarian. These are used as raw material only in the production of biofuels and bioliquids for energy purposes. SICIT Group operates in this latter segment of the animal fat market.

5.4 Industry Trends and Drivers

5.4.1 Biostimulants Industry

The various trends, drivers and challenges influencing the global biostimulants market include the following:

Rising population and food demand[xxvii]

The world population is expected to grow from 7.5 bn people in 2018 to approx. 9.7 bn people in 2050, requiring global agricultural production to increase by 50% until 2050. Furthermore, with the general increase in per capita income, eating habits are shifting towards resource-intensive foods and demand for high-quality food is on the rise, leading to a growing need for agricultural production and consequently biostimulants.

Organic product awareness[xxviii]

The global organic products and beverages market was valued at approx. EUR 140 bn (USD 165 bn) in 2018 and is expected to grow at a CAGR of 17.1% during 2020–2027 to reach an approx. value of EUR 610 bn (USD 683 bn). With growing awareness and demand for organic and natural products, producers are increasingly resorting to sustainable farming methods, limiting usage of pesticides, antibiotics and other agents of chemical origin. This trend is resulting in growing demand for products of natural origin, such as biostimulants.

Declining cultivable spaces and need to improve land yield[xxix]

According to a report by the Food and Agriculture Organization of the United Nations (FAO) on world agriculture, during 2015–2030, about 11% (1.5 bn hectares) of the globe's land surface (13.4 bn hectares) is used in crop production (arable land and land under permanent crops). Due to progressive urbanization, the arable land is reducing worldwide. Nowadays, the arable lands on our planet are increasingly becoming a scarce resource (from 0.367 hectares per capita in 1961 down to 0.192 hectares per capita in 2016). As per an estimate by the FAO, in order to counter these trends, countries will have to increase agricultural production by increasing land yield. Biostimulants are natural substances that restore soil fertility, improve crop yield, reduce costs and improve product margins for crop protection companies. These attributes make them more suited to the challenge of declining cultivable land, thereby boosting demand. As per various European Biostimulants Industry Council (EBIC) reports, in general, biostimulants result in a yield increase in the range of 5%-10%

Adoption of precision farming[xxx]

Precision agriculture deploys information technology to execute agronomic interventions, takes into consideration real cultivation needs and the biochemical and physical characteristics of soil, maximizes returns, minimizes environmental damage, and in general, raises the standards of products. The rising trend for precision agriculture is expected to lead to growing demand for biostimulants in order to increase overall land productivity in line with the objective of contributing to the circular economy.

Climate change[xxxi]

Global warming is resulting in extreme weather conditions, which are leading, among other things, to a reduction in soil yield, due to which plants and crops are subjected to abiotic stress. Biostimulants are natural products that help plants mitigate abiotic stress and increase their resistance to climatic changes. This attribute of biostimulants is expected to continue to drive growth in the market.

Focus on circular economy[xxxii]

Due to climate change concerns, there is an increasing emphasis on contributing to the circular economy. Biostimulants are a typical example of a circular economy as raw materials are derived from animal and plant residues, and through use of various technologies, are transformed into hydrolyzed proteins that are used in fertilizers and biostimulants. These ecological advantages continue to drive the market upwards.

5.4.2 Plasterboard Industry

The various trends, drivers and challenges influencing the global plasterboard and retardants market include the following:

Rising population and urbanization[xxxiii]

With a rising world population and urbanization, and with the emergence of "mega cities" and "smart cities", there is a constant need for cost-efficient, scalable construction solutions that provide high performance and rapid implementation. According to a United Nations estimate, the number of cities with a population of over 10 mn will increase from 10 in 1990 to 43 by 2030. Due to the several benefits of gypsum, it is a key building material used in urban constructions, resulting in corresponding demand for retardants.

Growing construction sector[xxxiv]

According to a Deloitte report on the Global Powers of Construction, the global construction industry is estimated to grow by 3.6% in 2020 and is expected to reach a value of EUR 13.4 trillion (USD 15 trn) by 2024, driven by the high construction growth regions of APAC and MEA. Driven by growth in the construction sector, the gypsum, and, correspondingly, the retardant industries are expected to witness growing demand in the long term.

High purchasing power and demand for quality housing[xxxv]

With the increase in individual disposable incomes worldwide, demand for residential and commercial spaces is on the rise. With rising income levels, people tend to demand high-quality housing with customized features. This, in turn, drives the construction and interior design industries.

Growing interior design industry[xxxvi]

With the growing demand for residential and commercial spaces, usage of plasterboard walls and plaster ceilings is increasing, particularly in interior designed homes and buildings, resulting in corresponding demand for retardants.

Shifting demand toward light and flexible construction and panelization[xxxvii]

Globally, there is a rising trend for light and flexible construction, particularly for the internal structures of buildings. The inherent benefits of gypsum and plasterboard make them suitable for the construction and renovation of such internal structures. Also, driven by the need to reduce construction duration, panelization is being increasingly relied upon, wherein walls, floors and roof sections are assembled off-site in a controlled environment with the help of cold-formed steel framing. In the panelization process, more emphasis is placed on plasterboard walls to simplify constructions and reduce construction time and costs. These trends are furthering the demand for plasterboard, and consequently, retardants.

Benefits of Gypsum and Plasterboard[xxxviii]

Gypsum and plasterboard walls offer various advantages vs bricks, such as fire resistance, sound insulation, versatility, ease of installation and cost efficiency. These advantages make use of plasterboard more attractive and hence drive the demand for retardants.

Regulatory Requirements[xxxix]

Globally, regulations related to the construction sector are increasingly focusing on sustainability, optimization of construction waste disposal, enhancement of construction efficiencies and environmental impact reduction. As per various studies, Gypsum is considered recyclable, and when combined with natural and biodegradable retardants, it becomes a key solution to address the regulatory frameworks focused on environmental impacts, climate change and contribution to the circular economy.

5.4.3 Animal Fat Industry[xl]

The various trends, drivers and challenges influencing the animal fat market include the following:

Growth of Grease/Tallow and Lard Segments

Growth in the global grease/tallow industry is driving the usage of animal fat as food and as raw material in the production of biofuels. It accounts for approx. 9% of the biodiesel feedstock globally. Lard is also increasingly being used as raw material for biodiesel production, particularly in Germany.

Shift toward renewable energy sources

Due to climate change concerns, there is a global shift from conventional to renewable energy sources. In Italy, the government is aiming for 30% of final energy consumption to be from renewable sources by 2030 in sectors such as electricity, heating & cooling, and transportation.

5.5 Industry Challenges[xli]

Need for continual product innovation

Increased competitiveness in the biostimulant and retardant markets means market participants need to differentiate their product offerings from those of competitors through continual product innovation and research & development, and by strengthening production capacities to provide greater and high-quality output.

Import restrictions

Potential foreign trade restrictions, particularly relating to animal by-products and the waste export/import and protectionist policies of various countries, such as China, could expose the market participants to trade uncertainties.

Dependence on exchange prices for animal fat by-products

The prices of different categories of animal fat by-products are based on the prevailing prices in the commodity exchanges. This exposes the market participants to revenue fluctuations.

5.6 Competitive Landscape

5.6.1 Biostimulants Industry[xlii]

The players in the biostimulants industry operate in a fragmented marketplace and face considerable competition from within the market as well as from various other sectors of agro-chemistry, such as fertilizer manufacturers, horticulture sector players, and other agricultural specialists. The market is highly fragmented and there are many operators including globally diversified operators, a few medium-sized specialized players and a few small-sized operators. New players frequently enter the market.

Global Operators	Medium-Sized Operators	Small Specialized Operators
This category of competitors includes large global and diversified companies operating in the pharmaceutical, cosmetic, food and supplements industry. Such companies utilize biostimulants as part of their main products and formulations. Many of these large companies purchase biostimulants from smaller players such as SICT Group and resell them under their own brand names.	These include a wide range of crop product companies that specialize in biostimulants as well as fertilizers. Such companies also purchase biostimulants from smaller players to either use as part of own products/formulations or resell under their own brand names.	This category includes small operators specializing in the production of biostimulants and fertilizers. Such companies are engaged in the production of all categories of biostimulants, including animal-based, plant-based, extract-based, acid-based and microorganism-based.

The market participants operate in all categories of biostimulants, including extract-based, acid-based, and microorganism based. Within the acid-based market segment, the animal based hydrolyzed proteins market segment is populated by only a few specialized players. SICIT Group is regarded as a leader of this segment, followed by Bioibercia and other small producers.

In addition to the abovementioned industry players, the global biostimulants market comprises various private small and medium sized biostimulant and fertilizer manufacturers, such as Artal Agronutrients (Spain), Lallemand (Canada), AG concepts (US), Mahafeed Specialty Fertilizers (India), Micromix Plant Health (UK), BioAg Alliance (Denmark), Kelpgrow (Canada), Agriculture Solutions (Canada), Premier Tech (Canada), and Adama Agricultural Solutions (China).

The large companies operating in the biostimulants market do not directly produce biostimulants but commercialize them in the B2C market. SICIT Group distributes its products through the B2B channel. As per SICIT management analysis, no reliable information is available on the market share with reference to sales volume. In order to determine the competitive position of SICIT Group, management analyzes the size based on revenues of comparable companies, the type of activity and position in the supply chain.

The below-mentioned companies are a few of the direct competitors of SICIT Group as identified by SICIT management:

Bioiberica Sau is a Spain-based company that is engaged in recycling animal waste and by-products for the production of various final products. This company specializes in the extraction and development of biomolecules of animal origin for the production of pharmaceuticals, nutraceuticals, zootechnics, biostimulants and nutritional-phytosanitary products for crops.

Italpollina SpA is an Italy-based company that is engaged in the production of vegetable- and amino-acid extract-based biostimulants and organic fertilizers.

Atlantica Agricola SA is a Spain-based company that is engaged in the production of humic-substance-based and amino-acid-based biostimulants.

ILSA SpA is an Italy-based company that is engaged in the production of organic fertilizers and biostimulants. This company is now a part of the Biolchim group.

Consorzio SGS SpA is an Italy-based company that is engaged in the production of hydrolyzed animal-protein-based biostimulants for agricultural use. This company collects by-products of animal origin derived from the processing of hides and extracts.

AgriTecno SL is a Spain-based company that is engaged in the production of amino-acid- and vegetable-based biostimulants.

The table below provides details of some of the direct competitors (private players) of SICIT Group:

Company Name	HQ	Revenue 2018 (EUR mn)	Revenue CAGR 2016–2018	EBITDA 2018 %	Hydrolyzed Proteins	Humic, Fulvic, Algae	Micro-organism	Geographic focus
Bioiberica	Spain	269.6	+13.7%	17.9%			-	Global
SICIT	Italy	55.1	+9.8%	37.2%		-	-	Global
ITALPOLLINA HELLO NATURE!	Italy	29.9	-2.0%	5.3%				Europe
Atlántica	Italy	25.5	+4.5%	29.5%			-	Europe
ILSA Biolchim Concimi speciali	Italy	23.1	+3.5%	13.6%			-	Europe
Consorzio SGS	Italy	14.8	+20.5%	3.4%		-	-	Europe
AgriTecno	Spain	16.2	+22.2%	9.8%			-	Europe

Nil
%

A few other relevant competitors in the biostimulants market are as follows:

Biostadt is an India-based company that is engaged in the manufacturing of insecticides, herbicides, fungicides, hybrid seeds, aqua products and biostimulants.

Agrinos is a US-based company that is engaged in the production of crop input solutions, such as microbial solutions, biostimulants and other nutrients.

Valagro is an Italy-based company that is engaged in the production of biostimulants and specialty nutrients for agricultural and industrial use.

Aphea Bio is a Belgium-based company that is engaged in the production of biopesticides and biostimulants from natural microorganisms for agricultural purposes.

Bio Works is a US-based company that is engaged in the production of biologically derived crop protection and plant nutrition products.

Bonumose Biochem is a US-based company that is engaged in the development of a range of enzyme-based products, such as biological feed additives and crop nutrition products for consumer food and agriculture industries.

Arzeda is a US-based company that is engaged in the development of various types of protein designs for plant health and crop protection.

5.6.2 Plasterboard Industry[xliii]

The plasterboard and retardant industries are oligopolistic markets characterized by the presence of a small number of large operators. The market participants include large chemical multinational companies that operate in the plasterboard, retardant and construction sectors, and in addition to retardants, provide a wide range of gypsum and other construction materials.

Major Market Participants*

The major market participants operating in the plasterboard retardant market are:

Sika BUILDING TRUST | SICIT | DOW | DUPONT | AkzoNobel

* *BASF is a Germany-headquartered multinational group that operates in multiple sectors including chemicals, materials, industrial solutions, surface technologies, health and personal care and agricultural solutions. The construction segment of this company was regarded as a close competitor of SICIT Group. However, effective from Feb 2020, BASF group has discontinued its construction chemicals business*[xliv]

As per SICIT management analysis, SICIT Group is the only company that manufactures retardants from hydrolyzed proteins of animal origin; the other competitors manufacture synthetic retardants. The competitors of SICIT Group in the plasterboard and retardant markets are diversified and have a limited focus on retardants.

The below-mentioned companies are the main competitors of SICIT group:

Sika is a Switzerland-based company that provides retardants and various other chemical products for the construction and industrial sectors. It offers solutions for waterproofing, sealing, bonding, insulating, reinforcing and protecting structures and systems.

Dow is a US-headquartered global company that operates in multiple sectors, including agriculture and animal care, automotive, construction, chemical and industrial production, home and personal care and packaging. The company provides flame retardant compounds among the wide range of products it offers.

Du Pont is a US-headquartered global company that operates in the chemical sector and offers specialty products such as probiotics, flame retardant polymers and personal protection devices.

Akzo Nobel is a Netherlands-headquartered multinational company that specializes in the production of paints, flame retardant coatings and other chemicals.

The table below provides the revenue, EBITDA and product details of some of the direct competitors of SICIT Group:

Company Name	HQ	Total Revenue 2019 (EUR)	Revenue CAGR 2017-2019	EBITDA 2019 %	Construction/ Retardant Segment Revenue 2019 (EUR)	Sectors
Sika BUILDING TRUST	Switzerland	7.5 bn	+18.2%	16.4%	5.9 bn	Construction, Automotive
SICIT	Italy	56.7 mn	+2.6%	17.6%	15.3 mn	Agriculture, Construction, Energy/Zootechnic (through animal fat business)
DOW	US	38.3 bn	+2.5%	15.5%	19.8 bn**	Construction, Automotive, Energy, Safety & Security
DUPONT	US	19.2 bn	40.4%	24.1%	4.6 bn	Construction, Automotive, Agriculture, Health and Wellness
AkzoNobel	Holland	9.3 bn	-1.8%	12.0%	5.6 bn***	Construction, Automotive, Aerospace

*** Segment revenue relates to revenue from the sale of intermediate chemicals that are used in appliances, coatings, infrastructure and oil & gas industries and revenue from the sale of paint and coatings used in architectural, protective industries. Specific information related to the construction/retardant sector was not available.*
**** Segment revenue relates to revenue from the sale of performance coatings that are used for the protection of ships, cars, aircrafts, architectural components, consumer goods and oil & gas. Specific information related to construction/retardant sector was not available.*

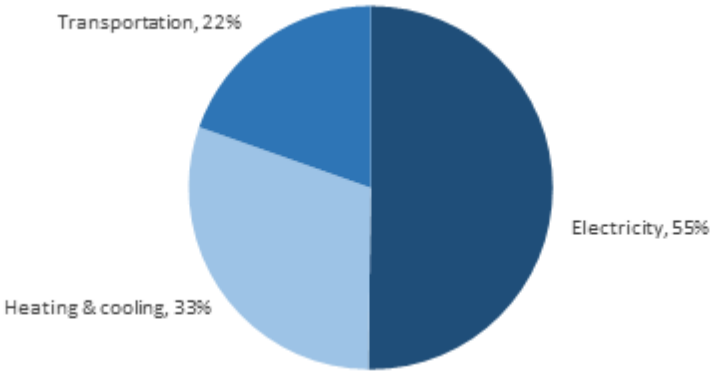
5.6.3 Animal Fat Industry[xlv]

As per SICIT Management analysis, since animal fat products are listed commodities, the participants in this industry have limited competitive capacity through price leverage. Additionally, due to the different applications that animal fats have, homogeneous data is not available on the competitive situation of the market in which SICIT Group operates.

SICIT Group operates only in the category 3 animal fat by-product segment, wherein fats are obtained from healthy animals slaughtered in a slaughterhouse and could be suitable for human nutrition or, when defined as Animal By Product by the vet authority, the fat recovered from flashing is not suitable for human consumption. This category of animal fat is used as raw material in the production of biofuels and bioliquids, which are used as sources of energy for electricity generation, heating, and cooling. As per SICIT management analysis, the company is a small bio-fuel producer and it does not influence the global energy market. The company sells its final bio-fuel products in the Italian and European markets. The company's target is to start producing high quality biofuel (low content of undesired metals, low content of sulfur and very low content of free fatty acid) beginning from Q4 2020 and distribute at full market price.

Development of the grease industry, which is primarily intended for use as a raw material in the production of biofuels, is linked to the growing use of renewable energy sources. Italy is pursuing a target of 30% gross final consumption of energy from renewable sources. As per estimates, this target is divided between the three sectors – electricity, heating & cooling and transportation – as follows.

Exhibit 16: Contribution to renewable energy use by various sectors



5.7 Industry Outlook[xlvi]

5.7.1 Biostimulants Industry

As biostimulants find their application in the agriculture sector, which is an essential sector and of strategic importance, an overall upward trajectory is foreseen for this market. At the onset of COVID-19, the temporary shut-down of some of the end-users and raw material suppliers in the biostimulants industry affected biostimulant demand and the supply chain. However, due to the industry being classified as an essential service sector, the market has remained buoyant and resilient. With growing demand for agricultural produce and a focus on combatting climate change, the outlook for the global biostimulants market remains positive.

5.7.2 Plasterboard Industry

The plasterboard, gypsum and retardant markets are driven by growth in the construction sector. There has been a general slowdown in the construction sector, particularly due to the COVID-19 induced lockdowns and restrictions, thereby affecting the demand for gypsum, plasterboard and retardants. Additionally, the plasterboard market grew at a CAGR of 9.3% during 2015–2018 and the growth expectation has reduced to a CAGR of 5.8% for 2019–2030. The global plasterboard and retardant markets are expected to bounce back once the impact of COVID-19 starts receding and hence the long-term outlook for this sector remains moderately positive characterized by a single-digit forecast growth rate. However, in the short term, uncertainty exists due to the possibility of renewed or extended lockdowns in the company's export destinations.

5.7.3 Animal Fat Industry

Globally, the animal fat industry has not been extremely affected by the COVID-19 induced lockdown and restrictions due to its categorization as a strategic and essential activity. The industry faced temporary turbulence due to the supply chain disruption and closure of various customers and raw material suppliers. However, the impact of COVID-19 is not expected to persist in this sector, and with the restart of economic activities, the animal fat market is progressing upward, driven by growth in tallow and lard consumption as food and as biofuels.

6. Valuation

The fair market value for all the company shares stands between EUR 328.7 mn and EUR 363.6 mn as of December 09, 2020. The fair market value for one publicly traded share of the company stands between EUR 15.10 and EUR 16.70 as of December 09, 2020. The valuation approach followed is a weighted average of DCF (67%) and Relative Valuation – EV/EBITDA (33%).

6.1 Discounted Cash Flow Method

Valuation	
WACC	
Risk-free Rate	0.6%
Beta	0.7[xlvii]
Equity Market Return	8.5%
Cost of Equity	7.7%
Cost of Debt (After Tax)	0.9%
Terminal Growth Rate	2.0%
WACC (Discount Rate)	7.7%

Year Ending- Dec	2020E	2021E	2022E	2023E	2024E	2025E	2026E
FCFF (Low)							
Net Cash from Operating Activities	**14,812**	**20,513**	**21,157**	**27,077**	**27,218**	**32,955**	**35,704**
Capital Expenditure	(12,879)	(17,260)	(17,845)	(16,706)	(16,028)	(17,054)	(18,151)
Free Cash Flow to Firm	**1,933**	**3,253**	**3,311**	**10,371**	**11,190**	**15,901**	**17,553**
Discount Factor	1.00	0.92	0.86	0.80	0.74	0.69	0.64
Present Value of FCF	1,925	3,007	2,842	8,266	8,281	10,927	11,200
FCFF (High)							
Net Cash from Operating Activities	**15,286**	**21,650**	**22,789**	**29,180**	**29,591**	**35,751**	**38,847**
Capital Expenditure	(13,039)	(17,690)	(18,440)	(17,331)	(16,685)	(17,801)	(18,999)
Free Cash Flow to Firm	**2,247**	**3,960**	**4,349**	**11,849**	**12,906**	**17,950**	**19,848**
Discount Factor	1.00	0.92	0.86	0.80	0.74	0.69	0.64
Present Value of FCF	2,237	3,660	3,733	9,444	9,552	12,335	12,665

Note: In the model, projections are taken till 2028.

Arrowhead Fair Value Bracket	High	Low
Terminal Value (TV)	430,530	379,146
Present Value of TV	274,723	241,934
Present Value of FCF	79,779	69,504
Present Value of FCF + TV	354,502	311,438
Net Debt	(29,603)	(29,603)
Equity Value Bracket	384,105	341,041
Shares O/s (mn)	21,765	21,765
Fair Share Value Bracket (EUR)	**17.6**	**15.7**
Current Market Price[xlviii]	12.1	12.1
Upside/(Downside)	46%	29%
Current Market Cap. (EUR '000) based on Diluted	263,359	263,359
Target Market Cap. Bracket (EUR '000)	384,105	341,041

Sensitivity Analysis

Sensitivity Table - High		WACC (%)				
		6.7%	7.2%	7.7%	8.2%	8.7%
GROWTH RATE (%)	0.0%	16.3	15.2	14.2	13.3	12.5
	1.5%	19.8	18.0	16.6	15.3	14.3
	2.0%	21.4	19.3	17.6	16.2	15.0
	2.5%	23.4	20.9	18.9	17.3	15.9
	3.0%	26.0	22.9	20.5	18.5	16.9

Sensitivity Table - Low		WACC (%)				
		6.7%	7.2%	7.7%	8.2%	8.7%
GROWTH RATE (%)	0.0%	14.5	13.5	12.6	11.8	11.2
	1.5%	17.5	16.0	14.7	13.6	12.7
	2.0%	19.0	17.2	15.7	14.4	13.3
	2.5%	20.8	18.6	16.8	15.3	14.1
	3.0%	23.0	20.3	18.2	16.4	15.0

6.2 Relative Valuation

The Fair Market Value of SICIT Group's total publicly traded shares stood between EUR 304.1 mn and EUR 322.5 mn on December 09, 2020, according to the relative valuation method.

Company Name	Market Cap (in EUR mn)	Current Enterprise Value (in EUR mn)	EBITDA (2021E) (in EUR mn)	EV/EBITDA (2021E)
Bayer AG	46,773	74,833	11,019	6.8x
FMC Corp	12,837	15,506	1,173	13.2x
Chr Hansen Holding A/S	10,863	12,189	435	28.0x
Yara International ASA	9,125	11,121	1,889	5.9x
UPL Ltd	4,221	7,775	1,020	7.6x
Coromandel International Ltd	2,597	2,620	245	10.7x
Nufarm Ltd/Australia	1,017	1,434	224	6.4x
Isagro SpA	41	77	10	8.1x
Average				**10.8x**

Relative Valuation based on:	Weights	Multiple	EBITDA (2021E) (in EUR mn)	Implied Enterprise Value (EUR `000)	Implied Equity Value (EUR `000)
EV/EBITDA (2021E) – High	100.0%	10.8x	27,019	292,939	322,542
EV/EBITDA (2021E) – Low	100.0%	10.8x	25,316	274,472	304,075

Estimation of Final Equity Value

The fair value of SICIT Group's equity has been calculated using a weighted average of DCF Analysis and Relative Valuation. The results are summarized in the tables below:

Equity Value: HIGH Scenario (EUR '000)		
Valuation Approach	**Weight**	**Value**
Risk Adjusted NPV:		
Value from DCF Analysis	66.6%	384,105
Value from Relative Valuation Analysis	33.3%	322,542
Weighted Average Target Market Cap		**363,584**
Shares o/s ('000)		21,765
Intrinsic Value per share (EUR)		**16.70**
Current Market Price *December 08, 2020*		12.10
Upside/Downside		38%

Equity Value: LOW Scenario (EUR '000)		
Valuation Approach	**Weight**	**Value**
Risk Adjusted NPV:		
Value from DCF Analysis	66.6%	341,041
Value from Relative Valuation Analysis	33.3%	304,075
Weighted Average Target Market Cap		**328,719**
Shares o/s ('000)		21,765
Intrinsic Value per share (EUR)		**15.10**
Current Market Price *December 08, 2020*		12.10
Upside/Downside		25%

Below is the detailed methodology for our two valuation approaches:

1. DCF Analysis (67% weightage)

- **Approach for DCF Valuation**
- **Time Horizon:** The Arrowhead fair valuation for SICIT Group is based on the DCF method. The time period chosen for the valuation is 97 months (2020E-2028E).
- **Terminal Value**: The terminal value is estimated using a terminal growth rate of 2.0%.
- **Prudential nature of valuation:** It should be noted that the Arrowhead fair value bracket estimate is a relatively prudential estimate, as it discounts the eventuality of any new products being launched in the market or any significant change in the strategy.
- **Dilution Effect:** The fair value of SICIT Group common stock has been estimated by Arrowhead on a fully diluted basis. This has been done by estimating the fully diluted outstanding no. of shares, which include the outstanding number of common stock as on Nov 30, 2020, and common stock equivalent of the outstanding special shares and warrants of the company, as on Nov 30, 2020, determined based on their dilution effect.

2. Relative Valuation Analysis (33% weightage)

The Relative Valuation Analysis method operates under the assumption that similar companies will have similar valuation multiples, such as EV/EBITDA. We have shortlisted companies that are comparable to SICIT Group, based on parameters such as industry, business model, etc.

A list of available statistics for the companies was compiled, and the EV/EBITDA multiple was calculated for each of the comparable companies. Since most of the data was not normalized, we have left outliers in our calculations.

Important information on Arrowhead methodology

The principles of the valuation methodology employed by Arrowhead BID are variable to a certain extent depending on the subsectors in which the research is conducted, but all Arrowhead valuation research possesses an underlying set of common principles and a generally common quantitative process.

With Arrowhead Commercial and Technical Due Diligence, Arrowhead extensively researches the fundamentals, assets and liabilities of a company, and builds solid estimates for revenue and expenditure over a coherently determined forecast period.

Elements of past performance, such as price/earnings ratios, indicated as applicable, are present mainly for reference purposes. Still, elements of real-world past performance enter the valuation through their impact on the commercial and technical due diligence.

Elements of comparison, such as multiple analyses may be to some limited extent integrated in the valuation on a project-by-project or asset-by-asset basis. In the case of this SICIT GROUP report, there are no multiple analyses integrated in the valuation.

Arrowhead BID Fair Market Value Bracket

The Arrowhead Fair Market Value is given as a bracket. This is based on quantitative key variable analysis, such as key price analysis for revenue and cost drivers or analysis and discounts on revenue estimates for projects, especially relevant to those projects estimated to provide revenue near the end of the chosen forecast period. Low and high estimates for key variables are produced as a tool for valuation. The high-bracket DCF valuation is derived from the high-bracket key variables, while the low-bracket DCF valuation is based on the low-bracket key variables.

In principle, an investor who is comfortable with the high-brackets of our key variable analysis will align with the high-bracket in the Arrowhead Fair Value Bracket, and likewise in terms of low estimates. The investor will also take into account the company intangibles – as presented in the first few pages of this document in the analysis on strengths and weaknesses and other essential Company information. These intangibles serve as supplementary decision factors for adding or subtracting a premium in the investor's own analysis.

The bracket should be understood as a tool provided by Arrowhead BID for the reader of this report and the reader should not solely rely on this information to make his decision on any particular security. The reader must also understand that on one hand, global capital markets contain inefficiencies, especially in terms of information, and that on the other hand, corporations and their commercial and technical positions evolve rapidly: this present edition of the Arrowhead valuation is for a short to medium-term alignment analysis (one to twelve months). The reader should refer to important disclosures on page 45 of this report.

7. Appendix

7.1 SICIT Group's Financial Summary

Exhibit 18: Financial Summary

Low Bracket Estimates

Year Ending Dec	2020E	2021E	2022E	2023E	2024E	2025E	2026E
Revenue (EUR '000)	62,663	70,299	86,829	95,178	103,060	109,655	116,708
Operating Profit (EUR '000)	16,447	19,320	22,689	26,584	29,286	31,698	34,310
Net Income (EUR'000)	14,390	15,172	17,775	20,786	22,888	24,765	26,813
EBITDA (EUR '000)	21,612	25,316	29,871	34,903	38,502	41,468	45,017
EPS (EUR)	0.66	0.70	0.82	0.96	1.05	1.14	1.23
Growth rates (%)							
Revenue	10.6%	12.2%	23.5%	9.6%	8.3%	6.4%	6.4%
Operating Profit	9.7%	17.5%	17.4%	17.2%	10.2%	8.2%	8.2%
Net Income	242.4%	5.4%	17.2%	16.9%	10.1%	8.2%	8.3%
EBITDA	10.8%	17.1%	18.0%	16.8%	10.3%	8.2%	8.1%
EPS	256.5%	5.4%	17.2%	16.9%	10.1%	8.2%	8.3%
Margins (%)							
Operating Profit	26.2%	27.5%	26.1%	27.9%	28.4%	28.9%	29.4%
Net Profit Margin	23.0%	21.6%	20.5%	21.8%	22.2%	22.6%	23.0%
EBITDA Margins	34.5%	36.0%	34.4%	36.7%	37.4%	38.0%	38.6%
Ratios							
ROA	12.5%	12.0%	13.1%	14.2%	14.7%	14.8%	14.8%
ROE	15.7%	15.6%	17.2%	18.6%	18.8%	18.7%	18.5%

Exhibit 19: Financial Summary

High Bracket Estimates

Year Ending Dec	2020E	2021E	2022E	2023E	2024E	2025E	2026E
Revenue (EUR '000)	63,443	72,050	89,724	98,737	107,282	114,460	122,160
Operating Profit (EUR '000)	17,320	21,006	25,050	29,325	32,427	35,193	38,196
Net Income (EUR'000)	15,071	16,488	19,621	22,932	25,352	27,511	29,872
EBITDA (EUR '000)	22,485	27,019	32,294	37,763	41,818	45,369	49,186
EPS (EUR)	0.69	0.76	0.90	1.05	1.16	1.26	1.37
Growth rates (%)							
Revenue	12.0%	13.6%	24.5%	10.0%	8.7%	6.7%	6.7%
Operating Profit	15.5%	21.3%	19.3%	17.1%	10.6%	8.5%	8.5%
Net Income	258.6%	9.4%	19.0%	16.9%	10.6%	8.5%	8.6%
EBITDA	15.3%	20.2%	19.5%	16.9%	10.7%	8.5%	8.4%
EPS	273.3%	9.4%	19.0%	16.9%	10.6%	8.5%	8.6%
Margins (%)							
Operating Profit Margin	27.3%	29.2%	27.9%	29.7%	30.2%	30.7%	31.3%
Net Profit Margin	23.8%	22.9%	21.9%	23.2%	23.6%	24.0%	24.5%
EBITDA Margins	35.4%	37.5%	36.0%	38.2%	39.0%	39.6%	40.3%
Ratios							
ROA	13.0%	12.9%	14.2%	15.1%	15.5%	15.5%	15.4%
ROE	16.4%	16.7%	18.4%	19.7%	19.7%	19.3%	18.9%

7.2 SICIT Group's Balance Sheet Forecast

Exhibit 20: Consolidated Balance Sheet All figures in EUR '000, unless stated differently *Low Bracket estimates*

Year Ending Dec	2020E	2021E	2022E	2023E	2024E	2025E	2026E
Total Current assets	58,605	54,319	54,795	57,094	59,282	65,177	72,167
Total Non-Current Assets	63,952	75,267	85,998	94,434	101,282	108,420	115,898
TOTAL ASSETS	**122,557**	**129,586**	**140,793**	**151,527**	**160,564**	**173,597**	**188,065**
Total Current Liabilities	25,035	26,547	30,496	32,173	30,547	31,668	32,816
Total Non-Current Liabilities	3,027	3,052	3,183	3,166	3,239	3,301	3,366
TOTAL LIABILITIES	**28,063**	**29,599**	**33,679**	**35,340**	**33,786**	**34,968**	**36,182**
Total Shareholder's Equity	94,495	99,987	107,114	116,188	126,777	138,629	151,883
TOTAL LIABILITIES & EQUITY	**122,557**	**129,586**	**140,793**	**151,527**	**160,564**	**173,597**	**188,065**

Exhibit 21: Consolidated Balance Sheet All figures in EUR '000, unless stated differently *High Bracket estimates*

Year-Ending Dec	2020E	2021E	2022E	2023E	2024E	2025E	2026E
Total Current assets	59,186	55,996	58,002	62,063	66,255	74,464	84,044
Total Non-Current Assets	64,115	75,845	87,112	96,056	1,03,389	1,11,051	1,19,098
TOTAL ASSETS	**123,301**	**131,841**	**145,114**	**158,119**	**169,644**	**185,515**	**203,142**
Total Current Liabilities	25,099	26,815	30,992	32,796	31,199	32,415	33,668
Total Non-Current Liabilities	3,026	3,043	3,165	3,147	3,215	3,273	3,334
TOTAL LIABILITIES	**28,125**	**29,857**	**34,157**	**35,943**	**34,414**	**35,688**	**37,002**
Total Shareholder's Equity	95,176	101,984	110,957	122,176	135,230	149,827	166,140
TOTAL LIABILITIES & EQUITY	**123,301**	**131,841**	**145,114**	**158,119**	**169,644**	**185,515**	**203,142**

8. Analyst Certifications

I, Natasha Agarwal, certify that all the views expressed in this research report accurately reflect my personal views about the subject security and the subject Company, based on the collection and analysis of public information and public company disclosures.

I, Sumit Wadhwa, certify that all the views expressed in this research report accurately reflect my personal views about the subject security and the subject Company, based on the collection and analysis of public information and public company disclosures

Important disclosures

Arrowhead Business and Investment Decisions, LLC has received fees in 2020 and will receive further fees in 2020 and 2021 from SICIT Group for researching and drafting this report and for a series of other services to SICIT Group including distribution of this report and networking services. Neither Arrowhead BID nor any of its principals or employees own any long or short positions in SICIT Group. Arrowhead BID's principals intend to seek a mandate for investment banking services from SICIT Group and intend to receive compensation for investment banking activities from SICIT Group in or 2021 or beyond.

Aside from certain reports published on a periodic basis, the large majority of reports are published by Arrowhead BID at irregular intervals as appropriate in the analyst's judgment.

Any opinions expressed in this report are statements of Arrowhead BID's judgment to this date and are subject to change without notice.

This report was prepared for general circulation and does not provide investment recommendations specific to individual investors. As such, any of the financial or other money-management instruments linked to the company and company valuation described in this report hereafter referred to as "the securities", may not be suitable for all investors.

Investors must make their own investment decisions based upon their specific investment objectives and financial situation utilizing their own financial advisors as they deem necessary.

Investors are advised to gather and consult multiple sources of information while preparing their investment decisions. Recipients of this report are strongly advised to read the Information on Arrowhead Methodology section of this report to understand if and how the Arrowhead Due Diligence and Arrowhead Fair Value Bracket integrate alongside the rest of their stream of information and within their decision-making process.

Past performance of securities described directly or indirectly in this report should not be taken as an indication or guarantee of future results. The price, value of, and income from any of the financial securities described in this report may rise as well as fall and may be affected by simple and complex changes in economic, financial and political factors.

Should the security described in this report be denominated in a currency other than the investor's home currency, a change in exchange rates may adversely affect the price of, the value of, or income derived from the security.

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9. Notes and References

[i] Source: Bloomberg, last close price as on December 08, 2020
[ii] Source: Bloomberg: 52 weeks to December 09, 2020
[iii] Source: Bloomberg: 3 months to December 09, 2020
[iv] Source: Bloomberg: December 09, 2020
[v] Source: Company Fillings, Company Website and Press Releases
[vi] Source: Company Website
[vii] Source: Company Fillings and Press Releases
[viii] Source: Company Website
[ix] Source: Company Filings
[x] Source: Company Filings
[xi] Circular Economy: A circular economy is a sustainable economic system aimed at ensuring continual use of resources and eliminating wastage.
[xii] Source: Company Fillings
[xiii] Source: Company Website
[xiv] Source: Company Website
[xv] Source: Company Website
[xvi] Source: Company Website
[xvii] Source: Company Website
[xviii] Source: Company Website; Company Presentation; SICIT Information Prospectus 2020
[xix] Source: Company Presentation; Technavio Biostimulants Market Report 2020–2024; SICIT Information Prospectus 2020
[xx] Source: SICIT Information Prospectus 2020
[xxi] Source: SICIT Information Prospectus 2020; MDPI Report on Trends in Biodiesel Production from Animal Waste May 2020; https://www.expertmarketresearch.com/reports/animal-fat-market#:~:text=The%20global%20animal%20fat%20market,USD%20361.65%20billion%20by%202025; https://www.grandviewresearch.com/industry-analysis/biodiesel-market
[xxii] Source: https://thedailychronicle.in/news/471475/covid-19-impact-on-global-biostimulant-market-2020-2026-potential-growth-attractive-valuation-make-it-is-a-long-term-investment-top-players-basf-se-biolchim-isagro-koppert-biostadt-india-l/; https://www.mdpi.com/2223-7747/9/3/359/htm; SICIT Management analysis; https://www.prnewswire.com/news-releases/biostimulants-market-by-active-ingredients-humic-acid-fulvic-acid-amino-acid-seaweed-extracts-applications-foliar-soil--seed-crop-types-row-crops-fruit--vegetable-turf--ornamental--geography---global-trends--fo-211247251.html; https://www.noordzeeboerderij.nl/public/documents/Bio4safe_WP1_D112_Seaweed-biostimulant-market_North-Sea-Farm-Foundation_December-2018.pdf
[xxiii] Source: SICIT Information Prospectus 2020
[xxiv] Source: Company Website and SICIT Information Prospectus 2020
[xxv] Source: SICIT Information Prospectus 2020
[xxvi] Source: SICIT Information Prospectus 2020
[xxvii] Source: http://www.fao.org/3/I8429EN/i8429en.pdf
[xxviii] Source: https://www.absolutemarketsinsights.com/reports/Organic-Food-and-Beverages-Market-2019-2027-268
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[xxx] Source: SICIT Information Prospectus 2020
[xxxi] Source: SICIT Information Prospectus 2020
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[xxxiii] Source: SICIT Information Prospectus 2020
[xxxiv] Source: https://www2.deloitte.com/global/en/pages/energy-and-resources/articles/deloitte-global-powers-of-construction.html
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[xliii] Source: SICIT Information Prospectus 2020
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[xlvi] Source: SICIT Information Prospectus 2020, Company Filings and Analyst Call 2020
[xlvii] Source: Bloomberg
[xlviii] Source: Bloomberg