INTERIM FINANCIAL REPORT AT 30 JUNE 2020

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COMPANY BODIES

Board of Directors

Chairman	Giuseppe Valter Peretti
Chief Executive Officer	Massimo Neresini
Directors	Paolo Danda
	Matteo Carlotti
	Rino Mastrotto
	Raymond Totah
	Mario Peretti
Independent directors	Isabella Chiodi
	Marina Salamon
	Carla Trevisan
	Ada Villa

Executive committee

Chairman	Rino Mastrotto
Chief Executive Officer	Massimo Neresini
Directors	Giuseppe Valter Peretti
	Matteo Carlotti
	Raymond Totah

Control, risk and related party committee

Chairwoman	Carla Trevisan
Directors	Isabella Chiodi
	Ada Villa

Remuneration and appointment committee

Chairwoman	Carla Trevisan
Directors	Marina Salamon
	Matteo Carlotti

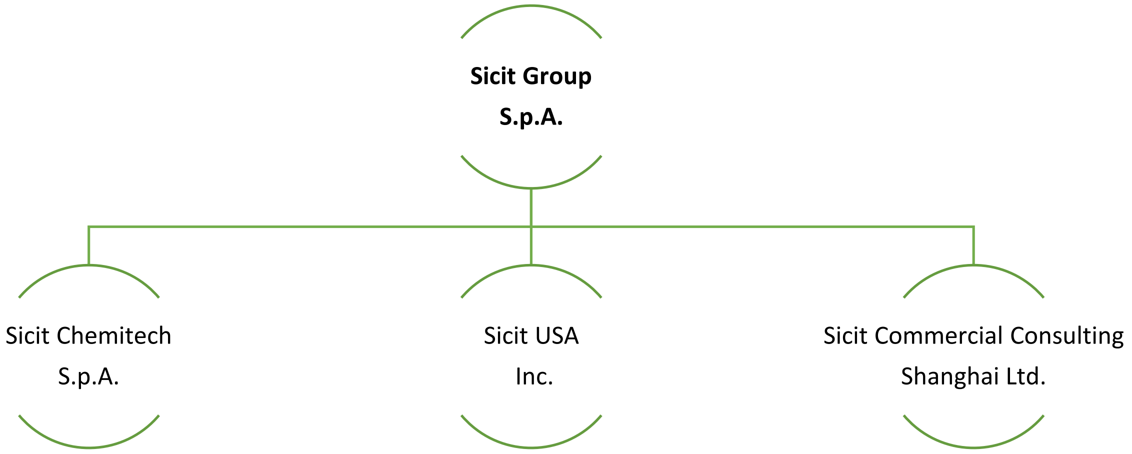
Board of statutory auditors

Chairman	Paolo Ludovici
Standing auditors	Elena Fornara
	Manfredo Turchetti
Alternate auditors	Michele Aprile
	Sergio Zamberlan

Independent auditors

KPMG S.p.A.

GROUP STRUCTURE



Directors' report

at 30 June 2020

Sicit Group S.p.A.

Registered office

Via Arzignano, 80 - Chiampo (VI)

Share Capital €2,439,679.70 fully paid up

Tax code, VAT no. and Vicenza company registration no. 09970040961

www.sicitgroup.com

https://it.linkedin.com/company/sicit-group

The Group

Sicit Group was founded in 1960 in Chiampo and was one of the first companies in the world to introduce protein hydrolysates of animal origin into the global market of biostimulants for agricultural uses and to produce retardants for the gypsum industry.

Sicit Group uses a hydrolysis process to transform the processing residues of leather tanning into a high value-added product used in agriculture (biostimulants) and in the gypsum industry (retardants). Sicit Group is a global leading operator and supplies the main operators in the agronomic, agrochemical and industrial sectors, with a business model inspired by the circular economy.

It aims to be the reference partner for its customers, top tier in the agrochemical, chemical and gypsum production industries, thanks to the excellence of its products and their total reliability through specific formulations and tests with customers carried out before and after sales.

Sicit Group operates in two highly-automated and technological production sites and has three laboratories for chemical, agronomic and quality control analysis in order to best meet its customers needs.

It offers a strategically-important service for the tanning sector, collecting tannery processing residues (input raw materials) that it uses for the production of protein hydrolysates, transforming animal by-products and other residues from leather processing that it collects into high added value products.

The resulting finished goods are used as:

- biostimulants for agriculture, which stimulate the biological activities of plants in order to combat abiotic stress, improving crop quality and performance and promote soil microflora renewal,
- retardants for the gypsum industry which delay its setting, improving processing,
- fat, sold as raw material for biofuel production.

Sicit Group is the world's leading operator in biostimulants and retardants for the gypsum industry market, thanks to its technological expertise, product quality and safety, comprehensive offer and rapid response to customers.

This report covers:

Sicit Group S.p.A.: the Parent, which operates at the Chiampo and Arzignano (VI) production sites and has laboratories at the Trissino (VI) site.

Sicit Chemitech S.p.A.: ("Sicit Chemitech") wholly owned, which joined the consolidation scope on 2 May 2019, was incorporated in 2000 and mainly carries out analysis and quality control activities for the Group. It is based in Arzignano (VI). It provides its services almost exclusively to the Parent.

Sicit USA Inc.: (“Sicit USA”) wholly owned, which was incorporated in 2018 to distribute the products in the North American market. It is based in Larchmont, New York, USA and operates in the retardants for the gypsum industry.

Sicit Commercial Consulting Shanghai Ltd.: ("Sicit Shanghai"), wholly owned, which was established in 2016 to develop business opportunities in the Chinese market. It is based in Shangai, China.

Consolidated highlights

1. Financial performance

Consolidated revenue from sales

(in thousands of Euros)	**30.6.20**	**%**	**30.6.19**	**%**	**Change**	**%**
Italy	8,118	*22.9%*	8,017	*24.7%*	101	*1.3%*
Abroad	25,770	*72.6%*	22,719	*70.0%*	3,051	*13.4%*
Total revenue from products	**33,888**	***95.4%***	**30,737**	***94.7%***	**3,152**	***10.3%***
Services (Italy)	1,627	*4.6%*	1,728	*5.3%*	(103)	*(6.0%)*
Total revenue	**35,515**	***100.0%***	**32,465**	***100.0%***	**3,049**	***9.4%***

Financial performance

(in thousands of Euros)	**30.6.20**	**%**	**30.6.19**	**%**	**Change**	**%**
Revenue	35,515	*100.0%*	32,465	*100.0%*	3,049	*9.4%*
EBITDA (1)	11,452	*32.2%*	504	*1.6%*	10,948	*> 1*
Adjusted EBITDA (2)	13,220	*37.2%*	12,075	*37.2%*	1,143	*9.5%*
Profit (loss) for the period	3,777	*10.6%*	(1,267)	*(3.9%)*	5,044	*< 1*
Profit for the period - adjusted (3)	8,205	*23.1%*	7,163	*22.1%*	1,042	*14.5%*
Earnings per share (EPS)	**0.19**		**(0.06)**		**0.26**	***> 1***
Earnings per share (adjusted EPS) (4)	**0.42**		**0.36**		**0.06**	***15.2%***

(1) Operating profit before amortisation/depreciation and impairment losses

(2) Operating profit (loss) before amortisation/depreciation and impairment losses, non-recurring costs and revenue, including Sicit Chemitech S.p.A.'s EBITDA for the period January-April (consolidated as of 2 May 2019)

(3) Before non-recurring costs and revenue, costs and revenue from warrant measurement, the related tax effect and the financial performance of Sicit Chemitech for the period January-April 2019 (consolidated as of 2 May 2019)

(4) Profit for the period adjusted by the average number of outstanding shares, net of treasury shares

2. Consolidated financial position

(in thousands of Euros)	**30.6.20**	**%**	**31.12.19**	**%**	**Change**	**%**
Net working capital (1)	18,140	*24.6%*	16,902	*22.9%*	1,238	*7.3%*
Non-current assets	58,414	*79.2%*	51,526	*69.9%*	6,888	*13.4%*
Net invested capital	73,750	*100.0%*	65,634	*89.0%*	8,116	*12.4%*
NFP/(available funds), net (2)	(19,812)	*(26.9%)*	(29,329)	*(39.8%)*	9,517	*(32.4%)*
Financial liabilities for warrants	10,195	*13.8%*	6,058	*8.2%*	4,137	*68.3%*
Equity	83,367	*113.0%*	88,905	*120.5%*	(5,538)	*(6.2%)*

(1) Inventories, trade receivables, other assets and current assets, trade payables and other current non-financial liabilities

(2) Bank loans and borrowings and medium/long-term loans less cash and cash equivalents

Performance of operations

1. Covid-19 update

The first half of 2020 saw the outbreak of the public health emergency due to the COVID-19 pandemic (Coronavirus) and the adoption of restrictive measures by Governments and Authorities to deal with it.

During such period, Sicit Group and its subsidiary Sicit Chemitech continued to operate. Indeed, the above restrictive measures did not apply to their respective activities. The companies have also implemented protocols and measures to protect workers from the risk of contagion in their production sites, in line with regulatory requirements, as well as remote working methods for non-core functions.

With respect to the supply of raw materials, between the end of March and the beginning of May, the tanning companies in the Vicenza area (the Group's main suppliers of input raw materials) initially discontinued the collection of leather processing residues. From mid-April, concurrently with the gradual resumption of leather processing, the collection of raw materials has gradually resumed, albeit with volumes below those prior to the COVID-19 emergency.

In order to meet the need of its customers' growing demand for input raw materials, during the period, the Parent implemented the following strategies: (i) recourse to new suppliers, including foreign ones, (ii) recourse to alternative types of input raw materials at the Chiampo site, even if economically less convenient, and (iii) increased production of protein hydrolysate from animal hair at the Arzignano site compared to the original plans.

With respect to production, the Group's production activities continued also by bringing the relevant procedures into line with the new safety protocols introduced from time to time by government decrees. However, the temporary interruptions in the supply of raw materials resulted in the temporary suspension of the production of basic semi-finished products (protein hydrolysates). Sicit Group continued to produce finished goods (biostimulants and retardants) using stocks of semi-finished products, thus ensuring full operativity and supply capacity to its customers.

With respect to revenue, there were no cancellations of orders by customers, requests to shift deliveries or delivery difficulties that had a negative impact on revenue in the first half of 2020. However, in the second quarter of the year, the temporary closing of some gypsum factories affected revenue from retardants for plaster, while the drop in volumes collected from tanneries had a negative effect on both revenue from raw material collection services and on fat production volumes and related revenue.

The Group did not make use of employment aids (ordinary or extraordinary lay-off schemes) and all employees remained fully operational.

2. Consolidated revenue

Sicit Group's revenue for the first half of 2020 amounts to Euro 35.5 million, up by Euro 3 million or 9.4% on the same period of the previous year (Euro 32.5 million). The exchange effect is slightly positive (approximately Euro 0.1 million or 0.2%).

Revenue by geographical segment

(in thousands of Euros)	**30.6.20**	**%**	**30.6.19**	**%**	**Change**	**%**
Products for agriculture	21,744	*61.2%*	18,211	*56.1%*	3,534	*19.4%*
Retardants for plaster	8,508	*24.0%*	8,688	*26.8%*	(180)	*(2.1%)*
Fat	3,376	*9.5%*	3,409	*10.5%*	(33)	*(1.0%)*
Other products	259	*0.7%*	430	*1.3%*	(171)	*(39.7%)*
Total revenue from products	**33,888**	***95.4%***	**30,737**	***94.7%***	**3,150**	***10.2%***
Collections	1,602	*4.5%*	1,718	*5.3%*	(116)	*(6.8%)*
Analyses	25	*0.1%*	10	*0.0%*	15	*150.0%*
Total revenue	**35,515**	***100.0%***	**32,465**	***100.0%***	**3,049**	***9.4%***

In the first half of 2020, revenue from products from agriculture amounted to Euro 21.7 million, accounting for 61.2% of revenue. The significant increase on the same period of the previous year (Euro +3.5 million or +19.4%) is due to the higher volumes sold to European, APAC and Latam customers which continue to record sustained demand also thanks to the strong focus of key accounts in the commercial development of the Group's products.

Revenue from retardants for plaster amounted to Euro 8.5 million in the first half of 2020 (24% of the total), slightly down (Euro -0.2 million or -2.1%) on the same period of the previous year due to lower volumes recorded in Europe and APAC. After a very sustained first quarter, during which revenue increased in part as a consequence of the frontloading of supplies by some customers to prevent a possible shortage effect due to COVID-19, the second half of 2020 slowed down also as a result of the temporary closing of some production facilities, especially in APAC.

Sales of fat, amounting to Euro 3.4 million in the first half of 2020, are slightly down by 1% due to (i) lower volumes produced as a result of the temporary closing of the main tanneries in the Vicenza area between March and April, and the consequent slowdown in the collection of animal by-products, partially offset by (ii) the increase in sales prices compared to the first half of 2019 due to the strengthening of the product price (fat prices are based on the product listing on the Milan Stock Exchange).

Revenue from other products, for the industrial sector, can be considered residual.

Revenue from collection services decreased slightly from Euro 1.7 million in the first half of 2019 to Euro 1.6 million in the first half of 2020 (Euro -0.1 million or -6.8%) due to the above-mentioned slowdown in collection caused by the worsening of the COVID-19 emergency.

Sicit collects by-products of animal origin and other residues from leather processing from its customers (raw materials input). These disposal activities are charged to customers at rates that vary according to the quantity and type of material collected.

Revenue from analysis services and studies carried out by Sicit Chemitech for third parties are residual.

Revenue by geographical segment

The trend by geographical segment is as follows:

(in thousands of Euros)	**30.6.20**	**%**	**30.6.19**	**%**	**Change**	**%**
Italy	8,118	*24.0%*	8,017	*26.1%*	101	*1.3%*
Europe	11,415	*33.7%*	10,912	*35.5%*	503	*4.6%*
APAC	9,167	*27.1%*	7,877	*25.6%*	1,290	*16.4%*
North America	1,931	*5.7%*	1,449	*4.7%*	482	*33.3%*
Latam	2,383	*7.0%*	1,582	*5.1%*	801	*50.6%*
MEA	874	*2.6%*	900	*2.9%*	(25)	*(2.8%)*
Total revenue from products	**33,888**	***100.0%***	**30,737**	***100.0%***	**3,152**	***10.3%***

Growth related to almost all geographical segments: from Europe (including Italy, +3.2%; of which Italy +1.3% and other countries in Europe +4.6%), to APAC (+16.4%) and the Americas (+42.3%). The Rest of the World is the only area which decreased (Middle East and Africa, -2.8%).

Growth in Europe, APAC and Latam was mainly driven by agricultural products, partially offset by the decline in retardants for the gypsum industry.

The growth in North America is entirely attributable to retardants.

Revenue from services relate to activities performed entirely in Italy.

3. Financial performance

The reclassified consolidated income statement of the Sicit Group for the first half of 2020 and the related impact on revenue is as follows:

(in thousands of Euros)	**30.6.20**	**%**	**30.6.19**	**%**	**Change**	**%**
Revenue	**35,515**	***100.0%***	**32,465**	***100.0%***	**3,049**	***9.4%***
Cost of sales	(19,950)	*(56.2%)*	(19,041)	*(58.6%)*	(909)	*4.8%*
Gross operating profit	**15,565**	***43.8%***	**13,424**	***41.4%***	**2,243**	***16.7%***
Sales costs	(1,917)	*(5.4%)*	(2,073)	*(6.4%)*	156	*(7.5%)*
Research and development expenditure	(694)	*(2.0%)*	(733)	*(2.3%)*	38	*(5.2%)*
General and administrative costs	(2,193)	*(6.2%)*	(1,954)	*(6.0%)*	(239)	*12.2%*
Net financial income	74	*0.2%*	286	*0.9%*	(212)	*(74.1%)*
Profit from ordinary operations	**10,835**	***30.5%***	**8,950**	***27.6%***	**1,987**	***22.2%***
Other non-recurring costs and revenue	(1,768)	*(5.0%)*	(10,755)	*(33.1%)*	8,987	*(83.6%)*
Operating profit (loss)	**9,067**	***25.5%***	**(1,805)**	***(5.6%)***	**10,973**	***(608.6%)***
Net financial income/(expense) [1]	(20)	*(0.1%)*	5	*0.0%*	(24)	*(524.3%)*
(Costs) and revenue from warrant measurement	(4,150)	*(11.7%)*	3,598	*11.1%*	(7,748)	*(215.3%)*
Profit before tax	**4,898**	***13.8%***	**1,798**	***5.5%***	**3,201**	***178.0%***
Income taxes	(1,121)	*(3.2%)*	(3,065)	*(9.4%)*	1,944	*(63.4%)*
Profit (loss) for the period	**3,777**	***10.6%***	**(1,267)**	***(3.9%)***	**5,146**	***(406.2%)***
Adjusted profit [2]	**8,205**	***23.1%***	**7,163**	***22.1%***	**1,042**	***14.5%***
Adjusted EBITDA [3]	**13,220**	***37.2%***	**12,075**	***37.2%***	**1,143**	***9.5%***

(1) Excluding costs and revenue from warrant measurement.

(2) Before non-recurring costs and revenue, costs and revenue from warrant measurement, the related tax effect and the financial performance of Sicit Chemitech for the period January-April 2019 (consolidated as of 2 May 2019).

(3) Operating profit (loss) before amortisation/depreciation and impairment losses, non-recurring costs and revenue, including Sicit Chemitech S.p.A.'s EBITDA for the period January-April (consolidated as of 2 May 2019).

Revenue for the first half of 2020 amounted to Euro 35.5 million, up by Euro 3 million on the same period of the previous year. For additional information, reference should be made to the paragraph ("Revenue").

Gross operating profit amounted to Euro 15.6 million, accounting for a significant portion of profitability

(43.8% of revenue). The increase in profit margins compared to the first half of 2019 (41.4%, +2.4 p.p.) is entirely due to the six-month consolidation of the subsidiary Sicit Chemitech in 2020, which joined the consolidation scope on 2 May 2019 (therefore, it was consolidated for one month only in the first half of 2019).

On a like-for-like basis[1], in 2019, the gross operating margin accounted for 44.5% of revenue, slightly down in the first half of 2020 (-0,8 p.p) as a result of (i) the decrease in revenue from the collection of material, (ii) the increase in direct production cost (including personnel expense and amortisation/depreciation), which was partly incurred to ensure customers' operations also during the lockdown, partially offset by (iii) savings on indirect production cost on which Sicit Group focused considerably during the lockdown in order to ensure both full productivity and economic efficiency.

Sales costs amounted to Euro 1.9 million, down by Euro 0.2 million (-7,5%) as a result of the decline in consultancy costs, travel and transfers.

Research and development expenditure decreased by approximately Euro 0.1 million from Euro 0.8 million in the first half of 2019 to Euro 0.7 million in the first half of 2020. The decrease is due to the reduction in amortisation/depreciation, which was partly offset by the rise in personnel expense.

General and administrative costs increased by approximately Euro 0.4 million from Euro 1.9 million in the first half of 2019 to Euro 2.2 million in the first half of 2020. The increase is due to the rise in recurring administrative consultancies and the strengthening of the post-listing governance structure. The impact of these costs on revenue is essentially unchanged (6.2% in the first half of 2020, 6.0% in the first half of 2019, 6.3% on a like-for-like basis).

Sicit Group incurred non-recurring costs worth approximately Euro 1.8 million in the first half of 2020. These costs relate to the translisting from the AIM Italia to the MTA, STAR segment (Euro 1.1 million, of which Euro 0.9 million and Euro 0.2 million related to consultancies and non-recurring personnel's and directors' bonuses, respectively), sanitation and safety costs related to the COVID-19 public health crisis (Euro 0.1 million) and non-recurring donations to health care structures, again in connection with the COVID-19 emergency (Euro 0.6 million). In the first half of 2019, non-recurring costs amounted to Euro 10.8 million, of which Euro 0.6 million related to consultancies for SICIT 2000 S.p.A.'s merger into SprintItaly S.p.A. and the listing on the AIM Italia, and listing costs of Euro 10.2 million generated by the recognition of SICIT 2000 S.p.A.'s merger into SprintItaly S.p.A. as a reverse acquisition in accordance with IFRS 2 (non-monetary costs not relevant for tax purposes).

Income taxes for the first half of 2020 and 2019 reflect the effect of financial income/expense from warrant measurement and non-recurring costs of Euro 10.2 million related to the reverse acquisition recognised in the first half of 2019. Reference should be made to the notes to the condensed interim consolidated financial statements for a reconciliation between effective/theoretical tax rate.

Adjusted EBITDA amounted to Euro 13.2 million in the first half of 2020, up by Euro 1.1 million on the same period of the previous year mainly as a result of the rise in revenue of the period.

The increase in adjusted profit is essentially in line with adjusted EBITDA (up by Euro 1 million) and amounted to Euro 8.2 million in the first half of the year.

Reconciliation of adjusted EBITDA

The reconciliation between operating profit (loss), EBITDA and adjusted EBITDA is as follows:

(in thousands of Euros)	**30.6.20**	**%**	**30.6.19**	**%**	**Change**	**%**
Operating profit (loss) (EBIT)	**9,067**	***25.5%***	**(1,805)**	***(5.6%)***	**10,872**	***(602.9%)***
Amortisation and depreciation	2,385	*6.7%*	2,307	*7.1%*	78	*3.4%*
EBITDA	**11,452**	***32.2%***	**502**	***1.6%***	**10,950**	***2171.9%***
Non-recurring costs and revenue	1,768	*5.0%*	10,755	*33.1%*	(8,987)	*(83.6%)*
Sicit Chemitech's EBITDA January-April 2019	-		818		(818)	*(100.0%)*
Adjusted EBITDA	**13,220**	***37.2%***	**12,075**	***37.2%***	**1,145**	***9.5%***

[1]Including Sicit Chemitech's financial performance for the period January-April in the first half of 2019

Reconciliation of the profit (loss) for the period - adjusted

The reconciliation between profit (loss) for the period and the adjusted profit for the period is as follows:

(in thousands of Euros)	**30.6.20**	**%**	**30.6.19**	**%**	**Change**	**%**
Profit (loss) for the period	**3,777**	***10.6%***	**(1,267)**	***(3.9%)***	**5,044**	***(398.2%)***
Non-recurring costs and revenue	1,768	*5.0%*	10,755	*33.1%*	(8,987)	*(83.6%)*
(Costs) and revenue from warrant measurement	4,150	*11.7%*	(3,598)	*(11.1%)*	7,748	*215.3%*
Tax effect	(1,489)	*(4.2%)*	709	*2.2%*	(2,199)	*309.9%*
Sicit Chemitech's profit January-April 2019	-	*0.0%*	564	*1.7%*	(564)	*(100.0%)*
Adjusted profit for the period	**8,205**	***23.1%***	**7,163**	***22.1%***	**1,042**	***14.5%***

4. Financial position

The Group's reclassified statement of financial position as at 30 June 2020, 31 December 2019 and 30 June 2019 is as follows:

(in thousands of Euros)	**30.6.20**	**%**	**31.12.19**	**%**	**30.6.19**	**%**
Inventories	6,958	*9.4%*	10,421	*15.9%*	9,231	*15.7%*
Trade receivables	17,309	*23.5%*	10,895	*16.6%*	15,283	*26.0%*
Trade payables	(7,942)	*(10.8%)*	(7,949)	*(12.1%)*	(9,907)	*(16.8%)*
Operating working capital (OWC)	**16,325**	***22.1%***	**13,367**	***20.4%***	**14,607**	***24.8%***
Sundry assets	5,237	*7.1%*	6,144	*9.4%*	4,544	*7.7%*
Non-financial current liabilities	(3,422)	*(4.6%)*	(2,609)	*(4.0%)*	(5,644)	*(9.6%)*
Net working capital (NWC)	**18,140**	***24.6%***	**16,902**	***25.8%***	**13,508**	***23.0%***
Intangible assets	439	*0.6%*	485	*0.7%*	302	*0.5%*
Property, plant and equipment	51,521	*69.9%*	48,845	*74.4%*	44,544	*75.7%*
Other non-current assets [1]	6,454	*8.8%*	2,196	*3.3%*	3,326	*5.7%*
Non-current assets	**58,414**	***79.2%***	**51,526**	***78.5%***	**48,172**	***81.9%***
Deferred tax liabilities	(2,339)	*(3.2%)*	(2,339)	*(3.6%)*	(2,306)	*(3.9%)*
Non-financial non-current liabilities	(465)	*(0.6%)*	(455)	*(0.7%)*	(546)	*(0.9%)*
Net invested capital	**73,750**	***100.0%***	**65,634**	***100.0%***	**58,828**	***100.0%***
NFP/(available funds), net [2]	(19,812)	*(26.9%)*	(29,329)	*(44.7%)*	(31,995)	*(54.4%)*
Financial liabilities for warrants [3]	10,195	*13.8%*	6,058	*9.2%*	6,591	*11.2%*
Equity	83,367	*113.0%*	88,905	*135.5%*	84,232	*143.2%*
Net financial position and equity	**73,750**	***100.0%***	**65,634**	***100.0%***	**58,828**	***100.0%***
OWC % of revenue for the past 12 months	*27.3%*		*23.6%*		*26.5%*	
NWC % of revenue for the past 12 months	*30.4%*		*29.8%*		*24.5%*	

(1) Non-current financial assets, deferred tax assets and other non-current assets.
(2) Cash and cash equivalents, net of current and non-current financial liabilities, excluding financial liabilities for warrants.
(3) Non-monetary liability.

At 30 June 2020, the Group's net invested capital amounted to Euro 73.8 million, approximately 25% of which relates to net working capital and the residual percentage to non-current assets mainly in connection with the Parent's production sites and plants.

The Group's net working capital is relatively small (Euro 18.1 million at 30 June 2020, or approximately 30.4% of revenue for the past 12 months), essentially stable compared to 2019 revenue (29.8%). This is due to the combined effect of the increase in operating working capital (seasonality of revenue) which was partially offset by the decrease in tax assets.

The increase in net working capital on 30 June 2019 (Euro 13.5 million or 24.5% of revenue) is mainly due to the rise in sales volumes and income tax assets.

Consolidated NFP/(available funds)

Net available funds may be analysed as follows:

(in thousands of Euros)	**30.6.20**	**%**	**31.12.19**	**%**	**30.6.19**	**%**
Bank accounts	19,725	*99.6%*	29,422	*100.3%*	32,850	*102.7%*
Bank accounts (USD)	130	*0.7%*	168	*0.6%*	110	*0.3%*
Cash	10	*0.0%*	14	*0.0%*	9	*0.0%*
Total cash and cash equivalents	**19,864**	***26.9%***	**29,604**	***45.1%***	**32,969**	***56.0%***
Bank loans and borrowings	-	*0.0%*	(222)	*(0.8%)*	(889)	*(2.8%)*
Lease liabilities [1]	(52)	*(0.3%)*	(52)	*(0.2%)*	(85)	*(0.3%)*
Total NFP/available funds, net	**19,812**	***100.0%***	**29,329**	***100.0%***	**31,995**	***100.0%***
Financial liabilities for warrants [2]	(10,195)	*(13.8%)*	(6,058)	*(9.2%)*	(6,591)	*(11.2%)*
ESMA net financial position	**9,617**	***48.5%***	**23,271**	***79.3%***	**25,404**	***79.4%***

(1) Resulting from the adoption of IFRS 16.
(2) Non-monetary liability.

The Group's definition of NFP/available funds, net does not include the financial liabilities for outstanding warrants (resulting from the adoption of IFRS 9) since they will not generate any cash outflows for the Group.

Statement of cash flows

The reclassified statement of cash flows for the first half of 2020 and the first half of 2019 is as follows:

(in thousands of Euros)	**30.6.20**	**30.6.19**
Operating profit (loss) (EBIT)	**9,067**	**(1,803)**
Amortisation and depreciation	2,385	2,307
Other non-monetary changes	135	10,205
Change in operating working capital	(2,977)	(3,096)
Change in other non-current assets/liabilities	109	326
Cash flows from operating activities	**8,720**	**7,939**
Net investments	(5,151)	(3,397)
Income taxes paid	(3,758)	(307)
Net financial expense	-	(1)
Free cash flow	**(190)**	**4,234**
Acquisition of subsidiaries	-	625
Merger contribution	-	30,522
Dividends paid	(8,800)	(17,722)
Purchase of treasury shares	(528)	-
Capital increase against consideration	-	819
Net cash flow	**(9,517)**	**18,478**
Opening balance	29,329	13,517
Closing balance	19,812	31,995
Change in net cash flows	**(9,517)**	**18,478**

Cash flows from operating activities amounted to Euro 8.7 million in the first half of 2020 (Euro 7.9 million in 2019), before outflows for net investments of Euro 5.1 million (Euro 3.4 million in the first half of 2019) and income tax of Euro 3.8 million – of which Euro 3.7 million from the substitute tax on the greater carrying amounts allocated to the Plastretard trademark and goodwill arising from merger – (Euro 0.3 million in the first half 2019).

In the first half of 2020, the Group also paid dividends worth Euro 8.8 million and purchased treasury shares for Euro 0.5 million. In the first half of 2019, dividends paid amounted to Euro 17.7 million, of which Euro 11 million is non-recurring and forms part of the business combination agreed by Sicit 2000 S.p.A. and SprintItaly S.p.A.. Following the resulting merger, the Group also collected cash and cash equivalents amounting to Euro 30,5 million.

Investments

Similarly to previous years, in the first half of 2020, Sicit Group continued its investing activities in order to improve processes and products and expand production capacity. The main investments related to:

- expanding the agronomic, chemical and quality control laboratories at the Arzignano site, to improve and strengthen the research and development of new products, and quality control together with its customers,
- expanding the storage tanks and the new warehouses at the Arzignano site, to ensure greater flexibility and effectiveness in responding to growing customer demand,
- completing the plant for the production of protein hydrolysate from animal hair treatment,
- launching the investment in the new animal fat refining and re-esterification plant, to obtain high-quality biofuel.

Other information

1. Significant events of the period

In addition to the above-mentioned impact of the public health crisis due to COVID-19 on operations, the significant events of the first half of 2020 include the successful completion of the translisting from the AIM Italia to the MTA (STAR segment) market organised and managed by Borsa Italiana.

The other significant events of the period are described below.

Translisting to the MTA (STAR segment) market

In June 2020, the procedure for the admission to trading of the Parent's ordinary shares and warrants on the STAR segment of the MTA market organised and managed by Borsa Italiana was successfully completed.

Consequently, as of 15 June, the Parent's ordinary shares and warrants have been traded on the STAR segment of the MTA market, concurrently excluding them from trading on the AIM Italia market (as authorised by Borsa Italiana).

The translisting to the STAR segment of the MTA market marks the completion a process in which the Parent was first admitted to trading on the AIM Italia market, following the merger of Sicit 2000 S.p.A. into SprintItaly S.p.A..

The new articles of association also came into force on 15 June 2020, as approved by the Parent's shareholders in their extraordinary meeting on 20 April 2020.

As part of the preliminary activities for the translisting to the MTA market, the Parent's shareholders, in their ordinary meeting on 20 April 2020, renewed the board of directors and the board of statutory auditors for the three-year period 2020-2022. Furthermore, the activities to bring the governance structure into line with the regulations applicable to listed companies were completed, specifically, the updating and integration of the board committees on "Control risk and related parties" and "Remuneration and appointment", also considering the provisions of the new Code of Conduct for Listed Companies of Borsa Italiana which will come into force next year.

According to management, the translisting from the AIM to the MTA market might guarantee the Group greater stock liquidity and, consequently, greater interest from the market and Italian and international institutional investors, as well as greater visibility on its reference markets with future benefits in terms of competitive positioning.

Taxing goodwill arising from merger

On 30 June 2020, the Parent taxed the carrying amounts allocated to the Plastretard trademark and goodwill arising from the merger of SICIT 2000 S.p.A. into SprintItaly S.p.A. pursuant to article 15.10 bis of Legislative decree no. 185/2008 and recognised in the separate and consolidated financial statements of Sicit Group S.p.A. at 31 December 2019 prepared in accordance with OIC (Italian reporting standards) and before the transition to IFRS. The related substitute tax amounted to approximately Euro 3.7 million, or 16% of the carrying amount at 31 December 2019 of the Plastretard trademark and goodwill. As a result, starting from 2021, the Parent will deduct the amortisation of the above assets in its tax return at the rate of 27.9%. The expected gross tax benefit over the five-year amortisation is approximately Euro 6.5 million.

The amount paid will be released to profit or loss proportionally to the tax deductions of the amortisation of the trademark and goodwill, and has been recognised under Other non-current assets, to the extent that will be paid after one year, and under Other current assets, to the extent of the current portion (under tax assets).

Dividends paid

In May 2020, the Parent paid dividends worth Euro 8.8 million as resolved by the shareholders in their meeting on 20 April 2020.

Transition to IFRS

During the period, the Parent prepared for the first time its separate financial statements in accordance with the IFRS. The effects of the transition from OIC to IFRS are described in the notes to the condensed interim consolidated financial statements.

Incentive plan

On 20 May 2020, the Parent's board of directors implemented the “Incentive plan 2020-2022” approved by the Shareholders in their meeting on 20 April 2020, that is a medium-long-term plan (LTI) for the parent's and subsidiaries key executive directors and employees.

Under the plan, the beneficiaries are entitled to variable incentive remuneration comprised of both cash and shares.

This right will accrue in the three-year period 2020 - 2022 on the basis of specific conditions such as:

- achieving revenue growth, profitability (adjusted EBITDA and adjusted profit (loss)) and cash generation (operating cash flows) targets,
- increasing the value of the Parent's shares,
- achieving the performance targets of the individual beneficiaries,
- remaining in service for a predefined period at the grant date.

This plan also aligns shareholders' interests with those of top or key managers in the medium to long term.

2. Related party transactions

All related party transactions take place on an arm's length basis, are part of the Group's ordinary business and are carried out solely in the Group's interest.

The Group adopted a code of conduct for related party transactions in order to monitor and trace the necessary information about transactions in which directors and managers have an interest, as well as transactions with related parties for the purpose of control and possible authorisation. The related procedure identifies the parties required to report this information, defines the transactions to be reported, establishes the terms within which the information must be sent, specifies the content and regulates the procedures applicable to related party transactions.

No atypical or unusual related party transactions were recognised or carried out, nor were contracts entered into with a significant impact on the financial statements or the Related party procedure adopted by the Group.

Reference should be made to the notes to the condensed interim consolidated financial statements for additional information about related party transactions.

3. Sicit Group S.p.A.'s stock performance

Sicit Group ordinary shares were admitted to trading on the AIM Italia market on 19 July 2017 (on 20 May 2019, with the coming into force of the merger of Sicit 2000 S.p.A. into SprintItaly S.p.A., the name of the financial instruments changed from SprintItaly to Sicit Group). From 15 June 2020, Sicit Group ordinary shares and warrants have been admitted to trading on the STAR segment of the MTA market.

ISIN	IT0005372344
Alphanumeric code	SICT
Bloomberg code	SICT.IM
Specialist	Banca IMI
Ordinary shares at 30 June 2020	19,645,595
No. of special shares [(1)]	195,000
Price at 31 December 2019 (Euro)	10.150
Price at 30 June 2020 (Euro)	10.300
Capitalisation at 31 December 2019 [(2)]	199,357,723
Capitalisation at 30 June 2020 [(3)]	199,402,789

(1) Not admitted to trading

(2) No. of ordinary shares at 31 December 2019 (19,641,155) multiplied by the share price at 31 December 2019

(3) No. of ordinary shares at 30 June 2020 (19,645,595) multiplied by the share price at 30 June 2020

Based on the information available to the Company, the majority shareholders at 30 June 2020 were as follows (the effects of 195,000 special shares, entirely held by Promosprint Holding S.r.l., are not included):

% of ordinary capital	**30.6.20**
Intesa Holding S.p.A.	46.40%
Promosprint Holding S.r.l.	3.73%
Treasury shares	0.79%
Market	49.08%
Total	**100.00%**

Sicit Group price and volume trends from 31 December 2019 to 30 June 2020

Analyst coverage

	Equita SIM	Banca IMI
Initiation of coverage	**26 July 2019**	**31 July 2019**
Update	**26 June 2020**	**23 June 2020**
Target price	**€ 12.2**	**€ 12.0**

4. Human resources

At 30 June 2020, the Group had 143 employees worldwide.

	30.6.20	31.12.19
Managers	3	4
White collars	68	62
Blue collars	72	71
Total	**143**	**137**

Reference should be made to the notes to the condensed interim consolidated financial statements for a breakdown of employees and their characteristics.

The relations with employees, trade unions and workers' representatives remained good.

The rate of accidents at work is extremely low and not significant in relation to both the number of events and the days lost. Employees periodically participate in safety training programmes and training courses to support professional development.

5. Events after the reporting date

The main events that took place after the reporting date include the increase, in July and August, in the volumes of input raw material collected (by-products of animal origin and leather tanning residues) compared to the same period of the previous year. This trend reversal compared to the period April-June 2020, despite the uncertainty due to the continuing difficulties linked to the COVID-19 pandemic, is a positive sign for the Group's growth targets. The outlook is described below.

6. Outlook

The seriousness of the current scenario linked to the economic and social effects of the COVID-19 and the uncertainty about future developments in Italy and in the countries where the Group operates make it difficult to forecast the impact of the pandemic on 2020.

As described earlier, despite the overall growth in Group revenue, revenue in the Retardants sector was negatively affected by the temporary suspension of customers' activities (gypsum producing companies), while the Fat sector was negatively impacted by the temporary suspension of the operations of its raw material suppliers (companies operating in the Vicenza leather tanning area).

Based on an expected gradual return to ordinary operations of both customers and suppliers, the feedback from customers supports SICIT on the possibility of substantially achieving the 2020 financial targets. Indeed, management believes that the level of interest in SICIT products has shown a positive trend during the period, especially in relation to biostimulants for agriculture.

However, management is well aware that the uncertainty about the end of the pandemic emergency and the seriousness of the related consequences on the main world economies remains high. The possible renewal or extension of the restrictive measures applicable to Italian tanneries could trigger negative effects on the supply of input raw materials and, consequently, on the Group's production capacity and commercial activity. Similarly, any action to renew or extend the lockdown in the countries in which the Group sells its products could weaken demand, particularly in the construction sector, in which retardants are used (agriculture, on the other hand, is much less affected by this emergency).

Sicit Group remains however confident that it will continue to grow and that it will be able to substantially achieve its budget targets for 2020, minimising deviations.

The Group confirms it intends to accelerate the growth process by strengthening, in the short term, the sales structure focusing on foreign markets, and in the medium term, i) 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, given the slowdowns in the planning of the new production plant due to the public health crisis, the planning and/or construction of said plant could be further delayed should additional restrictive measures be adopted in the future and/or should this emergency situation further worsen.

In order to pursue this development policy, the Group may turn to potential external acquisitions or partnerships with other industrial groups.

The Group will also continue its strategy of developing new products in close collaboration with its customers, in order to respond adequately to the different needs of the agricultural and industrial sectors.

Chiampo, 11 September 2020

The Chairman of the Board of Directors
Giuseppe Valter Peretti

Condensed interim consolidated financial statements and notes thereto

www.sicitgroup.com
https://it.linkedin.com/company/sicit-group

Statement of profit or loss and other comprehensive income

(in thousands of Euros)	Note	**30.6.20**	**30.6.19**
Revenue	5	**35,515**	**32,465**
Cost of sales	6	(19,950)	(19,041)
Gross operating profit		**15,565**	**13,424**
Sales costs	6	(1,917)	(2,073)
Research and development expenditure	6	(694)	(733)
General and administrative costs	6	(3,961)	(12,709)
Other income	7	74	286
Operating profit (loss)		**9,067**	**(1,805)**
Net financial income (expense)	8	(4,169)	3,603
Profit before tax		**4,898**	**1,798**
Income taxes	9	(1,121)	(3,065)
Profit (loss) for the period		**3,777**	**(1,267)**
Attributable to			
Owners of the parent		3,777	(1,267)
Non-controlling interests		-	-
Earnings per share (Euro) [1]			
Basic		0.19	(0.06)
Fully diluted		0.17	(0.06)

Profit (loss) for the period		**3,777**	**(1,267)**
Other items of comprehensive income that will not be reclassified to profit or loss			
Remeasurements of defined benefit liability/(asset)		-	-
Related tax		-	-
Other items of comprehensive income that are or may be reclassified subsequently to profit or loss			
Foreign operations - Foreign currency translation differences		-	-
Related tax		-	-
Profit (loss) for the period		**3,777**	**(1,267)**

(1) Basic earnings per share are calculated on the average number of shares outstanding in the respective periods, equal to 19,524,005 and 19,630,000 in the first half of 2020 and 2019, respectively. These amounts are calculated by deducting own shares, whose average number is 121,456 in the first half of 2020 and zero in the first half of 2019. Diluted earnings per share are calculated by including the maximum number of ordinary shares deriving from the conversion of special shares (1,170,000 in the first half of 2020 and 2019) and the maximum number of shares deriving from the exercise of the warrants outstanding (1,845,492 in the first half of 2020 and 1,933,136 in the first half of 2019)

Statement of financial position

(in thousands of Euros)	Note	**30.6.20**	**31.12.19**
Intangible assets	10	439	485
Property, plant and equipment	11	51,521	48,845
Non-current financial assets	12	44	44
Other non-current assets	13	3,364	-
Deferred tax assets	14	3,046	2,152
Total non-current assets		**58,414**	**51,526**
Inventories	15	6,958	10,421
Trade receivables	16	17,309	10,895
Other assets	17	5,237	6,147
Cash and cash equivalents	18	19,864	29,603
Total current assets		**49,368**	**57,066**
Total assets		**107,782**	**108,592**
Share capital		2,440	2,439
Reserves and undistributed earnings		77,150	82,263
Profit for the period		3,777	4,203
Total equity attributable to the owners of the parent		**83,367**	**88,905**
Equity attributable to non-controlling interests		-	-
Total equity	19	**83,367**	**88,905**
Non-current financial liabilities	20	29	29
Employee benefits	21	465	455
Provisions for risks and charges	22	-	-
Deferred tax liabilities	14	2,339	2,339
Total non-current liabilities		**2,833**	**2,823**
Current financial liabilities	20	10,218	6,303
Trade payables	23	7,942	7,949
Other non-financial liabilities	24	3,422	2,612
Employee benefits	21	-	-
Total current liabilities		**21,582**	**16,864**
Total liabilities		**24,415**	**19,687**
Total equity and liabilities		**107,782**	**108,592**

Statement of cash flows

(in thousands of Euros)	Note	**30.6.20**	**30.6.19**
Profit (loss) for the period		**3,777**	**(1,267)**
Adjustments for			
Amortisation	6	81	38
Depreciation	6	2,304	2,269
Accruals to provisions	15	-	-
Net financial income (expense)	8	4,169	(3,603)
IFRS 2 listing cost	6	-	10,202
Other non-monetary charges		136	3
Income taxes	9	1,121	3,065
Cash flows from operating activities before changes in net working capital		**11,588**	**10,707**
Decrease in inventories	15	3,463	788
Increase in trade receivables	16	(6,433)	(3,406)
Decrease in trade payables	23	(7)	(478)
Decrease in other assets/liabilities		99	165
Increase in employee benefits	21	10	161
Interest received/(paid)		-	(1)
Income taxes paid		(3,758)	(307)
Cash flows from operating activities (a)		**4,962**	**7,629**
Acquisition of property, plant and equipment	11	(5,116)	(3,332)
Acquisition of intangible and financial assets	10	(35)	(65)
Proceeds from the sale of property, plant and equipment and intangible assets		-	-
Acquisition of subsidiaries net of cash and cash equivalents		-	625
Cash flows used in investing activities (b)		**(5,151)**	**(2,772)**
Repayments of borrowings	20	(223)	(648)
Merger contribution	19	-	30,522
Dividends paid	19	(8,800)	(17,722)
Purchase of treasury shares	19	(528)	-
Capital increase against consideration	19	-	819
Cash flows from (used in) financing activities (c)		**(9,551)**	**12,973**
Total cash flows (a+b+c)		**(9,739)**	**17,831**
Opening cash and cash equivalents		**29,603**	**15,138**
Closing cash and cash equivalents		**19,864**	**32,969**

Statement of changes in equity

(in thousands of Euros)	Share capital	Legal reserve	Share premium reserve	Fair value reserve	Realignment reserve	Consolidation reserve	Reserve for treasury shares	Reserve for warrants	FTA reserve	OCI reserve	Extraordinary reserve	Other reserves	Retained earnings	Profit (loss)for the year/period	**Equity attributable to the owners of the parent**	Equity attributable to non-controlling interests	**Total equity**
Balances at 31.12.18	**8,367**	**1,673**	**5,161**	**7,146**	**1,508**	**-**	**-**	**-**	**(25)**	**11**	**30,753**	**(10)**	**-**	**12,077**	**66,661**	**-**	**66,661**
Dividends	-	-	-	-	-	-	-	-	-	-	(11,048)	-	-	(6,674)	(17,722)	-	(17,722)
Profit allocation	-	-	-	-	-	-	-	-	-	-	5,570	-	(168)	(5,402)	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	(1,004)	-	-	-	-	-	-	-	(1,004)	-	(1,004)
Issue of warrants	-	-	-	-	-	-	-	(4,483)	-	-	-	-	-	-	(4,483)	-	(4,483)
Conversion of warrants	1	-	-	-	-	-	-	209	-	-	-	-	-	-	210	-	210
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	4,203	4,203	-	4,203
Capital increase	818	-	-	-	-	-	-	-	-	-	-	-	-	-	818	-	818
Sprint-Italy merger	(6,746)	(1,367)	74,976	-	-	-	-	(3,260)	-	-	(25,275)	-	-	-	38,328	-	38,328
Other changes	-	-	-	-	-	1,892	-	-	-	-	-	17	-	-	1,907	-	1,907
Other comprehensive income	-	-	-	-	-	-	-		-	(14)	-	-		-	(14)	-	(14)
Balances at 31.12.19	**2,440**	**306**	**80,138**	**7,146**	**1,508**	**1,892**	**(1,004)**	**(7,534)**	**(25)**	**(4)**	**-**	**7**	**(168)**	**4,203**	**88,905**	**-**	**88,905**
Dividends	-	-	(5,859)	-	-	-	-	-	-	-	-	-	-	(2,941)	(8,800)	-	(8,800)
Profit allocation	-	182	-	-	-	-	-	-	-	-	-	11	1,069	(1,262)	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	(528)	-	-	-	-	-	-	-	(528)	-	(528)
Conversion of warrants	-	-	-	-	-	-	-	9	-	-	-	-	-	-	9	-	9
Employee LTI plans	-	-	-	-	-	-	-	-	-	-	-	5	-	-	5	-	5
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	-	3,777	3,777	-	3,777
Other changes	-	-	-	-	-	-	-	-	-	-	-	6	(8)	-	(2)		-
Balances at 30.6.20	**2,440**	**488**	**74,279**	**7,146**	**1,508**	**1,892**	**(1,532)**	**(7,525)**	**(25)**	**(4)**	**-**	**29**	**893**	**3,777**	**83,367**	**-**	**83,367**

Notes to the condensed interim consolidated financial statements

1. General information

The Sicit Group (the "Group" or "Sicit Group") manufactures and sells products for the agricultural and industrial sectors, in Italy and abroad, in addition to disposing of the by-products of leather tanning companies.

The parent, Sicit Group S.p.A., (formerly Sicit 2000 S.p.A., the "Parent") operates from the Chiampo (VI) headquarters and the Arzignano (VI) branch.

Sicit Group S.p.A. uses a hydrolysis process to transform the processing residues and waste of leather tanning into protein hydrolysates used as biostimulants for agriculture, retardants for the gypsum industry and animal fat for biofuel production.

2. Format and content of the condensed interim consolidated financial statements

The IFRS condensed interim consolidated financial statements at 30 June 2020 have been prepared in accordance with article 154-ter of Legislative decree no. 58 of 24 February 1998 and subsequent amendments and additions (Consolidated Finance Act - "TUF") and cover the period from 1 January 2020 to 30 June 2020.

During the period, the Parent completed the transition process for the preparation of its first IFRS separate financial statements. However, 2020 is not the first year in which the Group has prepared its financial statements in accordance with IFRS as required by IFRS 1. Indeed, the Group has prepared the "consolidated financial statements at 31 December 2017 and 31 December 2018 restated in accordance with IFRS and prepared for specific purposes" and the "consolidated financial statements at 31 December 2019 restated in accordance with IFRS and prepared for specific purposes" with a declaration of full compliance with IFRS for the purpose of their inclusion in the Prospectus as part of the process for the admission to trading of its ordinary shares and warrants on the MTA.

Sicit Group S.p.A.'s Board of Directors approved these condensed interim consolidated financial statements at 30 June 2020 on 11 September 2020.

These condensed interim consolidated financial statements comprise the figures of the Parent and its subsidiaries. They have been prepared based on updated accounting figures.

All amounts are in thousands of Euros, unless otherwise indicated.

3. Basis of preparation

Accounting polices

The condensed interim consolidated financial statements of Sicit Group at 30 June 2020 have been prepared in accordance with the IFRS issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, including all interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

They have been prepared in a condensed format in accordance with "IAS 34 Interim Financial Reporting". They do not include all the information required for a complete set of financial statements prepared in accordance with IFRS. Therefore, they must be read in conjunction with the "consolidated financial statements at 31 December 2019 restated in accordance with IFRS and prepared for specific purposes" issued by the IASB and endorsed by the European Union, published on the Parent's website and included in the Prospectus as part of the process for the admission to trading of its ordinary shares on the Italian electronic stock exchange (“MTA”) organised and managed by Borsa Italiana S.p.A..

The statement of profit or loss and other comprehensive income, the statement of financial position, the statement of cash flows and the statement of changes in equity have been prepared using the same format adopted in the "consolidated financial statements at 31 December 2019 restated in accordance with IFRS and prepared for specific purposes" ("Consolidated financial statements at 31 December 2019"). Conversely, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance.

Basis of measurement

The accounting policies applied in the preparation of the condensed interim consolidated financial statements at 30 June 2020 are consistent with those adopted for the consolidated financial statements at 31 December 2019, except for the new standards and amendments which came into force on 1 January 2020. The Group did not opt for the early adoption of any new standard, interpretation or amendment not yet into force.

The following amendments and interpretations apply for the first time from 1 January 2020, but have had no impact on the Group's condensed interim consolidated financial statements:

- Amendments to IFRS 3: definition of a business;
- Amendments to IAS 1 and IAS 8: definition of material.

4. Use of judgements and estimates

In preparing the condensed interim consolidated financial statements, management had made judgements and estimates that affect the reported amounts of assets, liabilities, contingent liabilities, income and expense. These estimates are based on evidence considered relevant and on management experience. The judgements and estimates are periodically reviewed and the effects of any changes to them are reflected in profit or loss in the period in which the estimate is revised if the revision affects only that period, or in subsequent periods if the revision affects both the current and future periods.

Management has also taken into account the potential future impacts of COVID-19 in its judgements and estimates. Actual results may differ from estimates.

Some valuation processes, such as the more complex ones, including the determination of any impairment losses on intangible assets, are carried out in a complete manner only during the preparation of the annual consolidated financial statements, unless there are impairment indicators that require immediate impairment testing.

For information about the net financial position, reference should be made to the "Performance of operations" section of the Directors' report.

Exchange rates

The exchange rates applied during the period to translate the reporting packages prepared in a functional currency other than the Euro are those published by the Bank of Italy and shown below:

	Average exchange rate		**Closing rate at**	
	30.6.20	**30.6.19**	**30.6.20**	**31.12.19**
USD	1.102	1.164	1.120	1.138
CNY	7.751	7.667	7.922	7.819

Notes to the statement of profit or loss and other comprehensive income

5. Revenue

The Group's revenue for the first half of 2020 amounted to Euro 35.5 million, up by Euro 3.1 million on the same period of the previous year (Euro 32.5 million or +9.4%). It may be broken down as follows:

			Change	
(in thousands of Euros)	**30.6.20**	**30.6.19**	**2020-2019**	**%**
Products for agriculture	21,744	18,211	3,534	*19.4%*
Retardants for plasters	8,508	8,688	(180)	*(2.1%)*
Fat	3,376	3,409	(33)	*(1.0%)*
Other products	258	429	(170)	*(39.5%)*
Total revenue from sales	**33,888**	**30,737**	**3,151**	***10.3%***
Services for the collection of raw materials	1,602	1,718	(116)	*(6.8%)*
Other analysis services	25	10	15	*150.0%*
Total revenue from services	**1,627**	**1,728**	**(101)**	*(5.8%)*
Total revenue	**35,515**	**32,465**	**3,050**	***9.4%***

In the first half of 2020, revenue from products from the agriculture amounted to Euro 21.7 million, accounting for 61.2% of revenue. The significant increase on the same period of the previous year (Euro +3.5 million or +19.4%) is due to the higher volumes sold to European, APAC and Latam customers which continued to record sustained demand also thanks to the strong focus of key accounts in the commercial development of the Group's products.

Revenue from retardants for plaster amounted to Euro 8.5 million in the first half of 2020 (24% of the total), slightly down (Euro -0.2 million or -2.1%) on the same period of the previous year due to lower volumes recorded in Europe and APAC.

Sales of fat, amounting to Euro 3.4 million in the first half of 2020, are slightly down by 1% due to (i) lower volumes produced as a result of the temporary closing of the main tanneries in the Vicenza area between March and April, and the consequent slowdown in the collection of animal by-products, partially offset by (ii) the increase in sales prices compared to the first half of 2019 due to the strengthening of the product price (fat prices are based on the product listing on the Milan Stock Exchange).

Revenue from other products, for the industrial sector, can be considered residual.

Revenue from collection services decreased from Euro 1.7 million in the first half of 2019 to Euro 1.6 million in the first half of 2020 (Euro -0.1 million or -6.8%) due to the above-mentioned slowdown in collection caused by the worsening of the COVID-19 emergency (see the Directors' report for additional information).

Revenue from analysis services and studies carried out by Sicit Chemitech for third parties are residual.

Revenue by geographical segment

Revenue from the sale of products by geographical segment may be analysed as follows:

			Change	
(in thousands of Euros)	**30.6.20**	**30.6.19**	**2020-2019**	**%**
Italy	8,118	8,017	101	*1.3%*
Europe (excluding Italy)	11,415	10,912	503	*4.6%*
APAC	9,167	7,877	1,290	*16.4%*
Americas	4,314	3,031	1,283	*42.3%*
Middle East & Africa	874	900	(26)	*(2.9%)*
Total	**33,888**	**30,737**	**3,151**	***10.3%***

Revenue from services relate to activities performed entirely in Italy.

6. Operating costs

In the first half of 2020, operating costs totalled Euro 26.5 million, down by Euro 8.1 million on the same period of the previous year (Euro 34.6 million or -23.3%). Operating costs, classified by function, are as follows:

			Change	
(in thousands of Euros)	**30.6.20**	**30.6.19**	**2020-2019**	**%**
Cost of sales	19,950	19,041	909	*4.8%*
Sales costs	1,917	2,073	(156)	*(7.5%)*
Research and development expenditure	694	733	(39)	*(5.3%)*
General and administrative costs	3,961	12,709	(8,748)	*(68.8%)*
of which: IFRS 2 listing cost	-	*10,202*	(10,202)	*> 1*
of which: general and administrative costs	*3,961*	*2,507*	1,454	*58.0%*
Total	**26,522**	**34,556**	**(8,034)**	***(23.2%)***

Cost of sales includes production-related costs. In the first half of 2020, costs amounted to Euro 20 million, up by Euro 1 million on the same period of the previous year (Euro 19 million or +4.8%) mainly due to:

- higher sales volumes of the period, offset by
- the change in the Group's consolidation scope and the consolidation of the operating performance figures of Sicit Chemitech (as of 2 May 2019), with the consequent elimination of costs for services recognised as costs to the Parent’s related companies until the acquisition date of the subsidiary and eliminated from the date control was acquired.

Consequently, cost of sales as a percentage of revenue decreased from 58.6% in the first half of 2019 to 56.2% in the first half of 2020.

Net of the effects of the changes in the consolidation scope, the cost of sales would have increased slightly from 55.5% in the first half of 2019 to 56.2% in the first half of 2020 due to the decrease in revenue from collection services and higher direct production costs (including personnel and depreciation and amortisation), partly incurred to ensure continuity of operations for customers even during the months of lockdown.

Sales costs include variable and fixed sales and marketing expenses. In the first half of 2020, sales costs totalled Euro 1.9 million, down by Euro 0.2 million on the same period of the previous year (Euro 2.1 million or -7.5%). The decrease is mainly due to the reduction in consultancy and travel and transfer costs.

Research and development expenditure refers to product and process development costs. Research and development expenditure was essentially stable compared to the first half of 2019 (Euro 0.8 million) as a result of the reduction in amortisation/depreciation, offset by the rise in personnel expense.

General and administrative costs of the period include Euro 10.2 million related to the listing in connection with the recognition of the merger of Sicit 2000 into SprintItaly as a reverse acquisition in accordance with IFRS 2.

General and administrative costs amounted to Euro 4 million in the first half of 2020, up by Euro 1.5 million on the first half of 2019 (Euro 2.5 million, excluding the cost of listing). The main changes are as follows:

- higher non-recurring costs for consultancies related to the translisting to the MTA market in 2020 (approximately Euro 1.1 million) compared to non-recurring costs incurred in the first half of 2019 in connection with the merger of Sicit 2000 S.p.A. into Sprint-Italy S.p.A. and the concurrent listing on the AIM market (Euro 0.5 million);
- higher costs for non-recurring donations to hospitals and health services following the COVID-19 public health emergency of Euro 0.6 million, and
- higher corporate costs to strengthen the board of directors and the internal committees and

recurring services related to the listing on the AIM market.

The table below shows operating costs broken down by nature:

			Change	
(in thousands of Euros)	**30.6.20**	**30.6.19**	**2020-2019**	**%**
Material consumption	9,392	6,161	3,231	*52.4%*
External services	9,131	11,530	(2,399)	*(20.8%)*
IFRS 2 listing costs	-	10,202	(10,202)	*> 1*
Wages and salaries	4,809	4,190	619	*14.8%*
Other operating costs	805	166	639	*384.9%*
Amortisation and depreciation	2,385	2,307	78	*3.4%*
Total	**26,522**	**34,556**	**(8,034)**	***(23.2%)***

Material consumption increased from Euro 6.2 million in the first half of 2019 to Euro 9.4 million in the first half of 2020 (+Euro 3.2 million) due to higher volumes sold and the different sales mix.

Costs for external services (Euro 9.1 million in the first half of 2020, Euro 11.5 million in the first half of 2019) decreased due to lower costs for analysis and quality control services deriving from the consolidation of the subsidiary Sicit Chemitech on 2 May 2019.

Wages and salaries increased mainly due to the effect of the rise in the average number of employees in the first half of 2020 (137) compared to 2019 (118)[2].

Amortisation and depreciation amounted to Euro 2.4 million in the first half of 2020, up by Euro 0.1 million compared to the same period of the previous year due to the investments of the period.

7. Other income

Other income, net amounted to Euro 0.1 million in the first half of 2020 (Euro 0.3 million in the first half of 2019). It breaks down as follows:

			Change	
(in thousands of Euros)	**30.6.20**	**30.6.19**	**2020-2019**	**%**
Grants related to income (R&D)	23	157	(134)	*(85.4%)*
Revenue from energy efficiency certificates (TEE)	36	-	36	*>1*
Losses on the sale of assets	(131)	(4)	(127)	*3175.0%*
Other revenue	141	80	61	*76.3%*
Services to group companies	5	53	(48)	*(90.6%)*
Total	**74**	**286**	**(212)**	***(74.1%)***

8. Financial income and charges

Net financial charges amounted to Euro 4.2 million in the first half of 2020 compared to net financial income of Euro 3.6 million in the first half of 2019. They can be broken down as follows:

			Change	
(in thousands of Euros)	**30.6.20**	**30.6.19**	**2020-2019**	**%**
Bank interest income	-	4	(4)	*(100.0%)*
Bank interest expense	-	(5)	5	*(100.0%)*
Net exchange gains (losses)	(19)	6	(25)	*> 1*

[2]Part of the increase from an average of 118 employees in the first half of 2019 to an average of 137 employees in the first half of 2020 (+20 average units) is due to the change in the consolidation scope following the consolidation of Sicit Chemitech on 2 May 2019 (+10 average units).

Total interest and exchange gains (losses)	**(19)**	**5**	**(24)**	***> 1***
Change in the fair value of warrants	(4,150)	3,598	(7,748)	*> 1*
Total	**(4,169)**	**3,603**	**(7,772)**	***> 1***

The fair value change of warrants reflects the differential recognised in the period.

Exchange gains and losses originate mainly from exchange differences on receivables in US dollars.

9. Income taxes

Income taxes, divided between current and deferred, are made up as follows:

			Change	
(in thousands of Euros)	**30.6.20**	**30.6.19**	**2020-2019**	**%**
Current taxes	2,018	2,198	(180)	*(8.2%)*
Deferred taxes	(897)	867	(1,763)	*> 1*
Total	**1,121**	**3,065**	**(1,943)**	***(63.4%)***

The Group's effective tax rate in the first half of 2020 was 22.8%, down on 170.4% in the first half of 2019, mainly due to the non-taxable IFRS 2 listing costs, partially offset by the financial charges related to the fair value measurement of warrants.

Notes to the statement of financial position

10. Intangible assets

At 30 June 2020, they amounted to Euro 0.4 million (Euro 0.5 million at 31 December 2019). The following table summarises the changes of the period:

(in thousands of Euros)	Patents and software	Trademarks	Assets under development and payments on account	Other	Total
Balance at 31.12.19	**125**	**50**	**145**	**165**	**485**
Increases	138	1	-	-	139
Amortisation	(60)	(5)	-	(13)	(78)
Disinvestments	-	-	-	-	-
Other changes	-	-	(107)	-	(107)
Reclassifications	36	-	(36)	-	-
Balance at 30.06.20	**238**	**46**	**2**	**152**	**439**

In the first half of 2020, Patents and software increased following the purchase of software licenses for industrial plant and equipment.

The decrease in assets under development is mainly due to the recognition of certain organisational consultancies in profit or loss.

11. Property, plant and equipment

At 30 June 2020, they amounted to Euro 51.5 million (Euro 48.8 million at 31 December 2019). The following table summarises the changes of the period:

(in thousands of Euros)	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Right-of-use assets IFRS 16	Total
Balance at 31.12.19	**22,412**	**21,387**	**95**	**492**	**4,406**	**53**	**48,845**
of which: acquisition cost	*29,791*	*64,068*	*2,457*	*4,343*	*4,406*	*125*	*105,190*
of which: revaluations	*8,196*	*-*	*-*	*-*	*-*	*-*	*8,196*
of which: accumulated depreciation	*(15,574)*	*(42,681)*	*(2,363)*	*(3,851)*	*-*	*(72)*	*(64,541)*
Increases for purchases	500	1,477	4	264	2,931	-	5,176
Depreciation	(516)	(1,632)	(33)	(127)	-	-	(2,308)
Disinvestments	-	(339)	(5)	(101)	-	-	(445)
Other changes	-	172	5	75	-	-	253
Reclassifications	-	650	-	-	(650)	-	-
Balance at 30.06.20	**22,396**	**21,716**	**66**	**603**	**6,687**	**53**	**51,521**
of which: acquisition cost	*30,290*	*66,029*	*2,461*	*4,582*	*6,687*	*125*	*110,174*
of which: revaluations	*8,196*	*-*	*-*	*-*	*-*	*-*	*8,196*
of which: accumulated depreciation	*(16,090)*	*(44,313)*	*(2,395)*	*(3,979)*	*-*	*(72)*	*(66,849)*

The main changes of the period mainly refer to the investments made by the Parent in the Chiampo (VI) and Arzignano (VI) sites. In particular:

- expanding the agronomic, chemical and quality control laboratories at the Arzignano site, to improve and strengthen the research and development of new products, and quality control together with its customers,
- expanding the storage tanks and the new warehouses at the Arzignano site, to ensure greater flexibility and effectiveness in responding to growing customer demand,
- completing the plant for the production of protein hydrolysate from animal hair treatment,
- launching the investment in the new animal fat refining and re-esterification plant, to obtain top-quality biofuel.

12. Non-current financial assets

This caption comprises investments in other companies, including:

- UTIAC for Euro 42 thousand (equal to 3.35% of the share capital) and
- other companies for Euro 2 thousand (% of share capital not significant).

Equity investments are measured at fair value through profit or loss (FVTPL), as required by IFRS 9.

13. Other non-current assets

At 30 June 2020, they amounted to Euro 3.4 million and comprised the non-current portion of the substitute tax paid on 30 June 2020 by the Parent on the taxed carrying amounts allocated to the Plastretard trademark and goodwill arising from the merger of Sicit 2000 S.p.A. into SprintItaly S.p.A. pursuant to article 15.10 bis of Legislative decree no. 185/2008 and recognised in the separate and consolidated financial statements of Sicit Group S.p.A. at 31 December 2019 prepared in accordance with OIC (Italian reporting standards) and before the transition to IFRS.

The current portion is recognised under Other current assets (income tax assets).

14. Deferred taxes assets and liabilities

Deferred tax assets amounted to Euro 3 million at 30 June 2020, up by €2.2 million on 31 December 2019. The increase is mainly due to the recognition of deferred tax liabilities on financial changes from changes in the fair value measurement of warrants.

At 30 June 2020, deferred tax liabilities amounted to Euro 2.3 million (unchanged from 31 December 2019).

The Group recognised deferred tax assets and liabilities on the temporary differences between carrying and tax amounts.

15. Inventories

At 30 June 2020, inventories amounted to Euro 7 million and are made up as follows:

(in thousands of Euros)	**30.6.20**	**Change**	**31.12.19**
Raw materials and spare parts	1,856	629	1,227
Semi-finished products and work in progress	912	(2,192)	3,104
Finished goods	4,190	(1,900)	6,090
Total inventories	**6,958**	**(3,463)**	**10,421**

The inventories of the subsidiary Sicit USA Inc. are held by third party companies, which are US leaders in logistics operations.

The decreases recorded in the first half of 2020 (Euro -3.5 million) are mostly related to the seasonality of sales and higher sales volumes. Furthermore, due to the temporary suspension of tanneries' activities caused by the COVID-19 public health emergency, collections of material for the production of protein

hydrolysate (classified under semi-finished products) decreased significantly between the end of March and the beginning of May 2020. The Parent continued to produce and distribute finished goods using the stock of semi-finished products (protein hydrolysate bases) which, therefore, decreased more significantly than is usually the case in the first half of the year.
The Parent is strongly committed to restoring normal stock levels of semi-finished products in order to ensure the continuity of supply, with the usual efficiency, to group customers.
The changes reflect the seasonality of revenue and the fluctuation in the input of raw materials (by-products of animal origin and tanning residues), which may impact the volumes of internally-produced semi-finished products (volumes of protein hydrolysate) available. Inventory management benefits from the following:

- high turnover of finished goods, both agricultural products and retardants for plaster;
- high turnover of raw materials that are not subject to significant technical obsolescence;
- possibility to use semi-finished products (protein hydrolysate) for both businesses;
- shelf life of finished goods of at least three years;
- possibility of reworking "unsuitable" finished goods.

Consequently, no provision for inventory write-down was accrued.

16. Trade receivables

At 30 June 2020, this caption totalled Euro 17.3 million, including a loss allowance of Euro 0.4 million. There are no amounts due after 5 years. Trade receivables at 30 June 2020 are broken down as follows:

(in thousands of Euros)	**30.6.20**	**Change**	**31.12.19**
Italy	6,220	2,832	3,388
Abroad	11,321	3,175	8,146
Related companies	30	(38)	68
Invoices to be issued	90	53	37
Credit notes to be issued	-	392	(392)
Gross trade receivables	**17,661**	**6,414**	**11,247**
Loss allowance	(352)	-	(352)
% of gross trade receivables	*(2.0%)*		*(3.1%)*
Total trade receivables	**17,309**	**6,414**	**10,895**

The loss allowance was calculated on the basis of the estimated recoverability through an analysis of the individual items, the information available on the potential losses expected at the reporting date and also considering the insurance policy against the risk of insolvency of customers, taken out with a leading company operating in the credit insurance sector. The balance is unchanged from 31 December 2019.

The increase in gross receivables in the first half of 2020 (Euro 6.4 million) is mainly due to the different seasonality of sales in the second quarter of the year compared to the last quarter of 2019 and the different customer mix.

Gross trade receivables by past due brackets are as follows:

		Past due days				
(in thousands of Euros)	Not yet due	1-60	61-180	181-360	Over 360	**Total**
At 31 December 2019	9,422	1,515	2	20	288	11,247
At 30 June 2020	15,741	1,264	236	353	67	17,661

17. Other current assets

Other current assets amounted to Euro 5.2 million at 30 June 2020 (Euro 6.1 million at 31 December

2019). The nature of and changes in the period are as follows:

(in thousands of Euros)	**30.6.20**	**Change**	**31.12.19**
Tax benefits	1,195	(1,259)	2,454
Other tax assets	3,103	82	3,021
Advances to suppliers	406	85	321
Prepayments and accrued income	284	177	107
Other assets	249	5	244
Total other current assets	**5,237**	**(910)**	**6,147**

The decrease of the period was mainly due to the reduction in income taxes paid in advance by the Parent in the first half of 2020 (calculated on a historical basis) compared to the first half of 2019.

At 30 June 2020, tax benefits included Euro 0.4 million related to the current portion of the substitute tax paid by the Parent on 30 June 2020 on the carrying amount allocated to the Plastretard trademark and goodwill. The non-current portion is recognised under Other non-current assets.

Other tax assets (Euro 3.1 million at 30 June 2020) mainly include the VAT asset. They are up on the previous year balance, mainly as a result of higher investments in non-current assets in 2020 which offset the rise in VAT assets.

Advances to suppliers mostly include the advances to service providers pending completion of the service due.

18. Cash and cash equivalents

Cash and cash equivalents amount to Euro 19.9 million at 30 June 2020 (Euro 29.6 million at 31 December 2019) and mainly relate to bank current accounts. Cash on hand and at bank accounts are not subject to currency restrictions.

(in thousands of Euros)	**30.6.20**	**Change**	**31.12.19**
Bank current accounts	19,857	(9,734)	29,591
Cash on hand	7	(5)	12
Total cash and cash equivalents	**19,864**	**(9,739)**	**29,603**

For an analysis of the generation and use of cash flows during the period, reference should be made to the statement of cash flows.

19. Equity

Equity attributable to the owners of the parent at 30 June 2020 amounted to Euro 83.4 million (Euro 88.9 million at 31 December 2019). The main changes in the first half of 2020, shown in detail in the statement of changes in equity, relate to:

- the distribution of dividends (Euro 8.8 million);
- the purchase of treasury shares (Euro 0.5 million);
- the profit for the period (Euro 3.8 million).

All consolidated companies are wholly owned and there are no non-controlling investors who have rights to the equity attributable to the owners of the parent.

Share capital

At 30 June 2020, the fully subscribed and paid in share capital of the Sicit Group amounted to Euro 2,440 thousand, divided into 19,645,595 ordinary shares and 195,000 special shares (the latter not admitted to trading on the AIM Italia market), both with no nominal amount.

Changes in ordinary shares, special shares and warrants during the period are shown in the table below.

No.	Ordinary shares	Special shares	Warrants
At 31 December 2019	**19,644,978**	**195,000**	**6,807,171**
Exercise of warrants	617	-	(10,610)
At 31 December 2019	**19,645,595**	**195,000**	**6,796,561**

In accordance with the Sicit Group’s Articles of Association, the special shares do not entitle holders to dividends for 60 months from the effective date of the business combination (which took place on 20 May 2019), are subordinate to the ordinary shares in the event of liquidation of the Sicit Group and are automatically converted into ordinary shares at a ratio of 6 ordinary shares every special share if, within 60 months from the effective date of the business combination, the official price of ordinary Sicit Group shares is greater than or equal to Euro 13.5 for 15 days out of 30 consecutive trading days. After 60 months without any automatic conversion, the special shares are converted at the ratio of 1 ordinary share every special share.

SprintItaly (now Sicit Group) ordinary shares and warrants were admitted to trading on the AIM Italia multilateral trading system of Borsa Italiana S.p.A. as per Borsa Italiana S.p.A.’s notice dated 19 July 2017. Trading began on 21 July 2017. On 20 May 2019, when the Merger of Sicit 2000 into SprintItaly became effective, the name of the financial instruments changed from SprintItaly to Sicit Group. Sicit Group ordinary shares and warrants were admitted to trading on the MTA market of Borsa Italiana on 15 June 2020. As of the same date, these instruments are no longer traded on the AIM Italia market.

At 30 June 2020, 6,796,561 warrants were outstanding, listed on the MTA as ordinary shares, with a unit value of Euro 1.5, determined by the market prices at 30 June 2020 (the last market trading date of the year) for a total of Euro 10,195 thousand. In accordance with the "Regulation of SICIT Group S.p.A. Warrants", the warrants are bearer and freely-transferable and instruments which can be exercised for a fee at the terms and conditions provided for therein. Below are the main aspects of the Regulation, available for further details on the company's website at https://www.sicitgroup.com/warrant

The warrant holders may request subscription of the "Conversion Shares" (i.e., newly issued ordinary shares of the Company to service the exercise of the warrants) at the "Share Subscription Price" (i.e., Euro 0.10 corresponding to the accounting par value of the issue of the Conversion Shares on the date of the relevant Shareholders' Meeting that resolved to issue them) at any time on the basis of the "Exercise Ratio" below, provided that the "Average Monthly Price" (i.e., the arithmetic average of the average prices weighted by the quantities of a trading day, the so-called Average Daily Prices, of the calendar month prior to the exercise date) is higher than the Strike Price (equal to Euro 9.5).

The Exercise Ratio will be calculated from time to time as follows:

$$\frac{\text{Average Monthly Price} - \text{Strike Price}}{\text{Average monthly price} - \text{Share Subscription Price}}$$

Should the so-called "Acceleration Condition" occur (i.e., should the average monthly Price be equal to or higher than the Threshold Price, equal to Euro 13), the warrant holders shall request subscription of the Conversion Shares at the Share Subscription Price within and no later than 60 days from the notice of acceleration due to the Exercise Ratio determined as follows:

$$\frac{\text{Threshold Price} - \text{Strike Price}}{\text{Threshold Price} - \text{Share Subscription Price}}$$

Reserves

At 30 June 2020, the legal reserve amounted to Euro 0.5 million, up by Euro 0.2 million as resolved by the shareholders in their decision about profit allocation in their meeting of 20 April 2020.

The share premium reserve totalled Euro 74.3 million, down by Euro 5.9 million on 31 December 2019 following the dividends distributed in the first half of 2020.

The revaluation reserve was recognised by Sicit 2000 and reinstated by the Sicit Group as follows:

- Euro 1,517 thousand pursuant to Law no. 488/2001 for the merger of Sala Giuseppe e C. S.r.l in 2007;
- Euro 5,629 thousand pursuant to Law decree no. 185/2008 for the revaluation of land in 2008.

The consolidation reserve was set up following the acquisition of 100% of Sicit Chemitech for a consideration of Euro 1,892 thousand, compared to the company's equity of Euro 3,815 thousand. This differential, which is attributable to a business combination under common control with no significant economic substance, was recognised in a special equity reserve in accordance with OPI 1.

The realignment reserve amounts to Euro 1,508 thousand and was reinstated to include Sicit 2000's previous reserve under Law no. 266/2005 which was set up following the realignment of the tax and carrying amounts of some assets on which accelerated depreciation had been charged.

The OCI reserve includes the effects deriving from actuarial gains/losses related to post-employment benefits in accordance with IAS 19 (-Euro 4 thousand).

The FTA reserve includes the effects of the first-time adoption of IFRS at 1 January 2017 (-Euro 25 thousand).

The reserve for treasury shares was recognised at 30 June 2020 (-Euro 1.532 thousand) following the launch of two different plans for the purchase of treasury shares on 1 July 2019 and 20 April 2020, respectively.

At 30 June 2020, the Parent held 155,917 treasury shares (ordinary), with no nominal value, equal to 0.79% of the ordinary share capital, of which 53,917 purchased during the first half of 2020.

At 30 June 2020, the reserve for warrants amounted to Euro 7.5 million. It was set up following the initial recognition of the fair value of the warrants at the date of the merger of Sicit 2000 S.p.A. into Sprintitaly S.p.A. and subsequently changed as a result of conversions of the period.

Other reserves include a Euro 5 thousand reserve related to the incentive plan, partly based on shares (LTI - Long Term Incentive), as approved by the shareholders in their meeting on 20 April 2020. For further information on the plan, reference should be made to Note 26.

20. Financial liabilities

At 30 June 2020, current and non-current financial liabilities consisted of lease liabilities recognised in accordance with IFRS 16 and the fair value of outstanding warrants.

(in thousands of Euros)	**30.6.20**	**Change**	**31.12.19**
Non-current financial liabilities			
Unsecured loan	-	-	-
Leases (IFRS 16)	29	-	29
Total non-current financial liabilities	**29**	**-**	**29**
Current financial liabilities			
Unsecured loan	-	(222)	222
Leases (IFRS 16)	23	-	23
Financial liabilities for warrants	10,195	4,137	6,058
Total current financial liabilities	**10,218**	**3,915**	**6,303**

The unsecured loan (Euro 0.2 million at 31 December 2019) was repaid in early 2020.

The financial liabilities for warrants reflect the fair value of the Sicit Group's warrants at 30 June 2020, recognised in accordance with IFRS 9. This financial liability amounts to Euro 10.2 million. It reflects the initial recognition of the fair value of warrants at the date of initial recognition and subsequently changed as a result of conversions and fair value changes during the period.

Fair value changes are recognised in profit or loss as financial income or expense. This financial liability is reclassified to equity under the "Reserve for warrants" when the warrants are converted into ordinary shares.

Therefore, it does not represent a future cash outflow for the Group.

Net financial position in accordance with ESMA Recommendation of 20 March 2013

The table below shows the net financial position, as required by Consob Communication DEM/6064293 of 28 July 2006, which refers to the Recommendation of the European Securities and Markets Authority - ESMA of 20 March 2013, which does not provide for the deduction of non-current financial assets from financial debt.

(in thousands of Euros)	**30.6.20**	**Change**	**31.12.19**
A Cash and cash equivalents	(19,864)	9,739	(29,603)
B Other cash items	-	-	-
C Securities held for trading	-	-	-
D Liquidity	**(19,864)**	**9,739**	**(29,603)**
E Current loans	**-**	-	**-**
F Current bank loans and borrowings	-	-	-
G Current portion of debt	-	(222)	222
H Other current loans and borrowings	10,218	4,137	6,081
I Current financial debt (F+G+H)	**10,218**	**3,915**	**6,303**
J Net current financial debt (I+E+D)	**(9,646)**	**13,654**	**(23,300)**
K Non-current bank loans and borrowings	-	-	-
L Bonds issued	-	-	-
M Other non-current liabilities	29	-	29
N Non-current financial indebtedness (K+L+M)	**29**	**-**	**29**
O Net financial indebtedness (J+N) with ESMA Recommendation	**(9,617)**	**13,654**	**(23,271)**

21. Employee benefits

The liability relates exclusively to the post-employment benefits (TFR) of the Parent and the subsidiary Sicit Chemitech. Under national legislation, it accrues based on the service provided and is paid when the employee leaves the company.

22. Provisions for risks and charges

At 30 June 2020, the Group did not accrue any provisions for risks and charges as management assessed that there were no liabilities with a probable risk of losing at the reporting date.

23. Trade payables

At 30 June 2020, trade payables amounted to Euro 7.9 million (essentially stable compared to 31 December 2019) and were made up as follows:

(in thousands of Euros)	**30.6.20**	**Change**	**31.12.19**
Italy	6,716	493	6,223
Abroad	456	(36)	492
Invoices to be received	770	(582)	1,352
Credit notes to be received	-	118	(118)
Total trade payables	**7,942**	**(7)**	**7,949**

Trade payables by past due brackets are as follows:

		Past due days				
(in thousands of Euros)	Not yet due	1-60	61-180	181-360	Over 360	**Total**
At 31 December 2019	7,591	169	24	6	159	7,949
At 30 June 2020	6,841	503	433	3	162	7,942

24. Other current non-financial liabilities

(in thousands of Euros)	**30.6.20**	**Change**	**31.12.19**
Income tax liabilities	497	365	132
Other tax liabilities	445	42	403
Liabilities to personnel	2,440	547	1,893
Other liabilities	15	(24)	44
Accrued expenses and deferred income	25	(115)	140
Total current non-financial liabilities	**3,422**	**810**	**2,612**

Other current non-financial liabilities amounted to Euro 3.4 million at 30 June 2020, up by Euro 0.8 million on 31 December 2019 (Euro 2.6 million).

This caption mostly includes income tax liabilities, other tax liabilities (VAT and withholding taxes, mainly IRPEF (personal income tax)), liabilities to personnel (wages and salaries, bonuses and accrued holidays), accrued expenses and deferred income.

The overall increase reflects the change in bonuses and accrued holidays.

25. Financial instruments

The carrying amount of financial assets and liabilities at 30 June 2020 and 31 December 2019 compared with their fair value, including the related fair value hierarchy level, is shown below:

(in thousands of Euros)	**Note**	**Carrying amount**	**Level 1**	**Level 2**	**Level 3**
At 30 June 2020					
Financial assets measured at fair value					
Non-current financial assets	12	44	-	-	44
Other non-current assets	13	3,364	-	-	3,364
Financial assets not measured at fair value					
Trade receivables	16	17,309	-	-	17,309
Other current assets	17	5,237	-	-	5,237
Financial liabilities not measured at fair value					
Non-current financial liabilities	20	(29)	-	-	(29)
Current financial liabilities	20	(10,218)	(10,195)	-	(23)
Trade payables	23	(7,942)	-	-	(7,942)
Other current non-financial liabilities	24	(3,422)	-	-	(3,422)
At 31 December 2019					
Financial assets measured at fair value					
Non-current financial assets	12	44	-	-	44
Other non-current assets	13	-	-	-	-
Financial assets not measured at fair value					
Trade receivables	16	10,895	-	-	10,895
Other current assets	17	6,147	-	-	6,147
Financial liabilities not measured at fair value					
Non-current financial liabilities	20	(29)	-	-	(29)
Current financial liabilities	20	(6,303)	-	-	(6,303)
Trade payables	23	(7,949)	-	-	(7,949)

(in thousands of Euros)	Note	Carrying amount	Level 1	Level 2	Level 3
Other current non-financial liabilities	24	(2,612)	-	-	(2,612)

Other information

26. Share-based long-term incentive (LTI) plan

The "2020-2022 Incentive Plan" approved by the shareholders of the Parent in their meeting on 20 April 2020 is a long term incentive plan for directors and employees of the company entitled to receive incentive remuneration partly in cash and partly through the free allocation of shares.

The plan is divided into three vesting periods, each lasting four years (2020-2023, 2021-2024, and 2022-2025) during which incentives will be granted after checking that the performance objectives have been met.

The first vesting period covers the period 2020-2023. The number of granted shares depends on the achievement of specific performance targets based on revenue, adjusted EBITDA, adjusted profit (loss) and operating cash flow, in addition to the trend of the share price and the employment of the beneficiaries within the Group. The targets are independent of each other and will be determined separately for each vesting period.

With respect to the equity component, as required by IFRS 2 - Share-based payments - the fair value of the plan at the grant date was determined by recognising the cost under personnel/directors' expense on a straight-line basis over the period from the date of free granting of the shares to the vesting date, with a direct balancing entry in equity. Fair value at the grant date was determined using the Montecarlo method.

In the first half of 2020, a cost of Euro 17 thousand was recognised (of which Euro 5 thousand related to the equity-settled component), corresponding to the portion attributable to the first vesting period of the plan from the grant date (20 May 2020) to 30 June 2020.

27. Related party transactions

All trade transactions take place on an arm's length basis, are part of the Group's ordinary business and are carried out solely in the Group's interest.
They are mainly attributable to the following transactions:

- Transactions carried out with the Parent: they refer to the contract for accounting services provided by the Parent in favour of Intesa Holding S.p.A.;
  - Transactions carried out by Sicit Group with its subsidiaries: these relate to the sale of goods and services and are part of the Group's ordinary business. They were carried out at market conditions. Costs and revenue and the related assets and liabilities were derecognised when preparing the consolidated financial statements.
  - Transactions carried out by Sicit Group with subsidiaries of parents:

  these transactions mainly relate to commercial support, research and laboratory use and quality control activities. Since 2 May 2019, the quality control services provided by Chemitech have been classified as services provided by a subsidiary since this company joined the Group's consolidation scope on that date.
  - Transactions carried out with other related parties: these transactions were carried out mainly with companies related to Sicit Group S.p.A.'s and Intesa Holding S.p.A.'s directors. They mainly relate to the collection of animal by-products and other leather processing waste and are part of the Parent's ordinary activities. The rates applied to these related parties for the service provided are the same as those applied to other customers. Therefore, the transactions were carried out at market conditions.

The Group adopted a code of conduct for related party transactions in order to monitor and trace the necessary information about transactions in which directors and managers have an interest, as well as transactions with related parties for the purpose of control and possible authorisation. The related procedure identifies the parties required to report this information, defines the transactions to be reported, establishes the terms within which the information must be sent, specifies their content and regulates the procedures applicable to related party transactions.

No atypical or unusual related party transactions were recognised or carried out, nor were contracts entered into with a significant impact on the condensed interim consolidated financial statements at 30 June 2020.

The table below shows the revenue and costs of related party transactions carried out by the Group in the first half of 2020 and 2019. The related balances relating to transactions with subsidiaries are not shown as they were eliminated upon consolidation.

(in thousands of Euros)	**Ultimate parent (IH)**	**Related companies (IH)**	**Other related parties**	**Total**	**Fin. stat. caption**	**% of fin. stat. caption**
Revenue						
Six-month period ended 30 June 2020	5	-	498	503	35,515	*1.4%*
Six-month period ended 30 June 2019	-	-	490	490	32,465	*1.5%*
Cost of sales						
Six-month period ended 30 June 2020	-	-	-	-	(19,950)	*0.0%*
Six-month period ended 30 June 2019	-	(1,467)	-	(1,467)	(18,922)	*7.8%*
Trade costs						
Six-month period ended 30 June 2020	-	-	-	-	(1,917)	*0.0%*
Six-month period ended 30 June 2019	(2)	-	(136)	(138)	(2,073)	*6.6%*
Research and development						
Six-month period ended 30 June 2020	-	(7)	-	(7)	(694)	*1.0%*
Six-month period ended 30 June 2019	-	(136)	-	(136)	(785)	*17.3%*
General and administrative costs						
Six-month period ended 30 June 2020	-	-	(99)	(99)	(3,893)	*2.5%*
Six-month period ended 30 June 2019	-	-	(59)	(59)	(12,775)	*0.5%*
Other income						
Six-month period ended 30 June 2020	-	-	-	-	74	*0.0%*
Six-month period ended 30 June 2019	-	59	-	59	286	*20.5%*
Net financial income (expense)						
Six-month period ended 30 June 2020	-	-	-	-	(4,169)	*0.0%*
Six-month period ended 30 June 2019	-	-	-	-	3,603	*0.0%*

The table below shows assets and liabilities at 30 June 2020 and 31 December 2019 arising from transactions with related parties. The balances relating to transactions with subsidiaries are not shown as they were eliminated upon consolidation.

(in thousands of Euros)	**Ultimate parent (IH)**	**Related companies (IH)**	**Other related parties**	**Total**	**Fin. stat. caption**	**% of fin. stat. caption**
Other current assets						
30 June 2020	-	-	80	80	5,237	*1.5%*
31 December 2019	-	-	79	79	6,147	*1.3%*
Trade receivables						
30 June 2020	5	43	75	123	17,309	*0.7%*
31 December 2019	-	43	48	91	10,895	*0.8%*
Trade payables						
30 June 2020	-	14	90	105	7,892	*1.3%*
31 December 2019	-	-	73	73	7,949	*0.9%*

28. Segment reporting

IFRS 8 requires that the notes to the financial statements include segment information presented in the same way as the internal presentation to the chief operating decision maker responsible for allocating resources and assessing the performance of the operating segments. The Group has no separate business units. Consequently, the Board of Directors takes strategic decisions on the basis of the Group's financial reporting for the entire company.

29. Significant events after the reporting date

Reference should be made to the Directors' report.

Chiampo, 11 September 2020

The Chairman of the Board of Directors
Giuseppe Valter Peretti

Statement on the condensed interim consolidated financial statements pursuant to art. 81-ter of Consob Regulation no. 11971 of 14 May 1999 and subsequent amendments and additions

1. The undersigned Massimo Neresini, Chief Executive Officer, and Giampaolo Simionati, Manager in charge of financing reporting of SICIT Group S.p.A. hereby confirm, also taking into account the provisions of article 154-bis.3 and 4 of Legislative Decree no. 58 of 24 February 1998:

- the adequacy, considering the company's characteristics, and
- the effective application of the administrative and accounting procedures for the preparation of the condensed interim consolidated financial statements in the first half of 2020.

2. There is nothing to report in this respect.

3. Furthermore, it is confirmed that:

   3.1 the condensed interim consolidated financial statements:

   - have been prepared in accordance with the IFRS endorsed by the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and the Council of 19 July 2002,
   - are consistent with the accounting books and records,
   - are suitable to give a true and fair view of the financial position and financial performance of the issuer and the consolidated companies.

   3.2 The Directors' report thereon includes a reliable analysis of references to important events that occurred in the first six months of the year and their impact on the condensed interim consolidated financial statements, together with a description of the main risks and uncertainties for the remaining six months of the year. It also provides a reliable analysis of the information about significant related party transactions.

Chiampo, 11 September 2020

Chief Executive Officer
Massimo Neresini

The Manager in charge of financial reporting
Giampaolo Simionati

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(Translation from the Italian original which remains the definitive version)

Report on review of condensed interim consolidated financial statements

To the Shareholders of
Sicit Group S.p.A.

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the Sicit Group comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes thereto, as at and for the six months ended 30 June 2020. The parent's directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Sicit Group as at and for the six months ended 30 June 2020 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Padua, 14 September 2020

KPMG S.p.A.

(signed on the original)

Silvia Di Francesco
Director of Audit