

ISAGRO

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INTERIM RESULTS REPORT

AS AT MARCH 31, 2021

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Consolidated figures

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Milan, May 13, 2021

ISAGRO S.p.A.

(Company directed and coordinated by Holdisa S.r.l.)

Registered offices: Caldera Park - Via Caldera, 21 - 20153 Milan

Share capital € 24,961,207.65 fully paid-up

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MANAGEMENT AND CONTROL BODIES

BOARD OF DIRECTORS

Giorgio Basile	–	Chairman and C.E.O.
Maurizio Basile	–	Director and Deputy Chairman
Alessandra Basile	–	Director
Roberto Bonetti	–	Director
Silvia Lazzeretti	–	Director
Viviana Fedon	–	Independent Director
Enrica Maria Ghia	–	Independent Director
Marcella Elvira Antonietta Logli	–	Independent Director
Giuseppe Persano Adorno	–	Independent Director

BOARD OF STATUTORY AUDITORS

Roberto Cassader	–	Chairman
Silvia Baroffio	–	Statutory Auditor
Filippo Maria Cova	–	Statutory Auditor



EXPLANATORY NOTES

This Interim Results Report as at March 31, 2021 (hereinafter also referred to as the "Report") has been prepared in accordance with Article 154-*ter*, paragraph 5, of Legislative Decree no. 58/1998 (Consolidated Law on Finance (Testo Unico della Finanza - TUF)) and subsequent amendments and additions, as well as the Issuers' Regulations issued by Consob.

This Report has not been audited by the Independent Auditors and has been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and endorsed by the European Union.

USE OF ESTIMATES

The preparation of the consolidated financial statements requires estimates and assumptions that affect the reported amounts of the assets and liabilities, and the disclosure relating to contingent assets and liabilities as at the reporting date. Consequently, subsequent results could then differ from said estimates.

The estimates are used in order to recognize the provisions for doubtful debts and inventory obsolescence, as well as depreciation and amortization, impairment losses, employee benefits, tax and other provisions. The estimates and the assumptions are periodically reviewed and the effects of any changes are reflected in the Income Statement, in the period in which the estimate is reviewed.



DIRECTORS' MANAGEMENT REPORT

NEW BUSINESS MODEL AND FIRST QUARTER 2021 RESULTS

Starting from the second half of 2019 and throughout 2020, Isagro actively worked at the implementation of its new business model, today fully operating even if not yet completed, implying a specific focus on the development of market positions and products/formulations related to “Bio-Copper” (i.e. products of biological/natural origin and copper-based products, the latter ones belonging to inorganic chemicals), also through acquisitions.

This redefinition of the business model:

- implied extraordinary operations that, on the one hand, let corporate assets' values emerge, through the divestment of selected assets related to organic chemicals (i.e., the former fully controlled company Isagro Asia in 2019 and the molecule Fluindapyr in 2020) and generated important financial resources to finance the Group's growth projects, while, on the other hand, saw the completion of a first acquisition in Bio-Copper (i.e., the company Phonex-Del);
- was accompanied by the necessary measures of organizational/structural redefinition, partly already finalized by 2020-end and partly to be completed in 2021, with “full year” effect from 2022.

The above led to an important turning point in the financial structure of Isagro starting from October 2020, with the Net financial position as at March 31, 2021 at credit for 17.6 Euro million (value already net of 2.3 Euro million attributable to the accounting principle IFRS 16). At the same time, the Group is experiencing an increasing phase of its turnover, which in the first quarter of 2021 grew by 37% vs. 1Q 2020: this led to a Net Result which, excluding the extraordinary items relating to the disposal of assets linked to countries under embargo by the United States government, moved from the value of 0.6 Euro million in 1Q 2020 to the value of 4.7 Euro million in 1Q 2021 (equal to 2.4 million at net of the extraordinary items).

In fact, with reference to the above, it should be noted that on March 6, 2021 a binding Agreement was signed between the Shareholders of Piemme S.r.l. (company that



indirectly holds, through the sub-holding Holdisa S.r.l., the majority of the Ordinary Shares of Isagro S.p.A.) and Gowan Company (current minority shareholder of Holdisa, of which it holds 49%), for the transfer of the shares in Piemme and of the Ordinary and Growth Shares of Isagro held by the former to Gowan Company itself. This agreement was subject to the following conditions precedent:

- obtaining any authorizations that may be necessary for antitrust purposes (this later proved not to be necessary) and golden power regulations (this was later issued on April 29, 2021);
- the termination of existing relationships between the Isagro Group and countries subject to embargo by the government of the United States (in the case of Isagro, limited to Cuba, Iran and Syria).

On May 12, 2021, all of the above conditions precedent to the closing were fulfilled and the closing of the transaction will occur on May 14, 2021.

As already more fully disclosed to the Market, the aforementioned Transaction was based on the recognition of a value for the Equity attributable to the Isagro Group of € 106.9 million, corresponding to € 2.76 per Share. This value per share also represents the reference price for the MTO that Gowan will launch after the completion of the change of control, in turn preparatory to the subsequent delisting of Isagro. In this regard, Gowan has designated Crop Demetra Limited - a company incorporated under the laws of the United Kingdom, whose share capital is wholly owned by Gowan - as the purchaser of the majority shares held by Giorgio Basile and the other Piemme shareholders. With reference to the Ordinary Isagro Shares, the MTO price incorporates a 118% premium with respect to the relative official trading price on March 5, 2021 (the last trading day prior to the announcement of the offer), a 143% premium with respect to the average official trading price during the last quarter and a 149% premium with respect to the average official trading price in the last six months. On the other hand, with reference to the Growth Shares, the MTO price incorporates a 133% premium with respect to the relative official trading price on March 5, 2021 (the last trading day prior to the announcement of the offer), a 180% premium with respect to the average official trading price during the last quarter and a 203% premium with respect to the average official trading price in the last six months.



Please note that following the change of control and in any event prior to the launch of the MTO, the Growth Shares will be converted into Ordinary Shares at a ratio of 1:1.

The aforementioned transaction and the related valuation of Isagro represent an acknowledgment of the important work carried out by the Group's management, particularly in the last two years, and of the fact, repeatedly brought to the attention of the Market, that past share prices underestimated the real value of Isagro.

It is believed that the integration of the Isagro Group within the Gowan Group will bring numerous benefits in terms of synergies and enhancement of Isagro's skills and know-how.

ECONOMIC-FINANCIAL RESULTS

In the first quarter of 2021 the Isagro Group recorded at consolidated level:

- Revenues from agropharma and services amounting to € 49.3 million, increasing by € 13.4 million (+37%) compared to € 35.9 million in the first quarter of 2020;
- an adjusted EBITDA (i.e. excluding non-recurring provisions relating to the implementation of the conditions precedent) of € 7.9 million and an EBITDA of € 5.6 million, up respectively by € 3.6 million and € 1.3 million compared to € 4.3 million in the first quarter of 2020;
- a Result before taxes of € 3.3 million, increasing by € 2.1 million compared to € 1.2 million in the first quarter of 2020;
- a Net profit of € 2.4 million, increasing by € 1.8 million compared to the profit of € 0.6 million in the first quarter of 2020;
- a Net Financial Position (NFP) positive (cash) as at March 31, 2021, of € 17.6 million (already net of € 2.3 million due to the application of the accounting standard IFRS 16 - Leases) with a worsening of € 3.8 million compared to the positive NFP of € 21.4 million of net cash as at December 31, 2020 and an improvement of € 57.0 million compared to the negative NFP of € 39.4 million as at March 31, 2020.

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Revenues from agropharma and services amounted to € 49.3 million in the first quarter of 2021, increasing by € 13.4 million compared to the first quarter of 2020 (+37%). The positive performance in the first quarter of 2021 was primarily in the following geographic areas:

- EMEA, led by the copper-based products segment as well as Tetraconazole-based formulations, Biostimulants and Deltramethrin-based formulations (in the latter case thanks to a favorable regulatory situation in Southern Europe). More specifically, the positive performance of:
 - (i) copper-based products, is due to the contribution of the Phoenix-Del product portfolio (a company acquired at the end of 2020) and to the growth of direct sales in Italy, together with the tendency of several customers to place advance orders due to a fast increase at international level in the cost of copper on the London Metal Exchange; furthermore, in this regard, it should be noted that the margin of the first quarter of 2021 for copper-based products was lower than in 2020, due to the impossibility of fully reflecting the aforementioned cost increase in selling prices, although benefiting from a level of stock at the beginning of the year still accounted at a lower purchase value than the current one;
 - (ii) Tetraconazole-based formulations, is attributable to the growth of the "straight" formulation in line with the company's strategic objectives of seizing the opportunity represented by the evolution of the European regulatory situation, which limits the use of competing products;
- South America, led by the excellent performance of Brazil with reference to the sales of Tetraconazole+Azoxystrobin-based compounds and the increase in direct sales in Colombia;
- Southeast Asia, driven by a change in the timing of goods delivery in late 2020, which resulted in a shift in related revenue from the fourth quarter of 2020 to the first quarter of 2021.

With reference to the Covid-19 pandemic, it should be noted that even in the first three months of 2021 its impact on the agrochemical market was limited; similarly, again with reference to the coming months, given the current general framework, the effects of the pandemic are not expected to have a significant impact on the Group. On the other hand, it is believed that the increase in the cost of the raw material copper, not entirely reflected



in the sale prices, will lead to a further reduction in margins for this category of product in the rest of the year, compared to 2020.

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In the 2021 January-March period, Isagro incurred **Personnel Costs** (wages, salaries, contributions, tax charges and associated fixed costs) of € 5.6 million, down by € 0.2 million compared to the € 5.8 million figure for the same period in 2020, as a reflection of the reduction in staff that took place in 2020.

Adjusted EBITDA generated in the first three months of 2021, i.e. excluding the items related to the implementation by Isagro of the conditions precedent for the change of control deriving from the Agreement between Shareholders of Piemme and Gowan, amounted to € 7.9 million, up by € 3.6 million compared to € 4.3 million in the first quarter of 2020, with margins on revenues increasing from 12% in the first three months of last year to 16%, despite the lower margin on copper-based products thanks to the positive effect of operating leverage, with total costs increasing less than proportionally to the growth in absolute terms of margins.

The aforementioned items linked to the implementation by Isagro of the conditions precedent are represented by a provision of € 2.3 million related to the portion of trade receivables claimed by the parent company Isagro S.p.A. from a Cuban customer not covered by the related bad debt fund already existing as at December 31, 2020. In fact, as of March 31, 2021, the total exposure to said customer amounted to approximately € 5.9 million, of which approximately € 3.5 million already set aside in the financial statements for the year 2020. The commercial relationship at that time in place with the Cuban customer envisaged that the latter would make payments to Isagro based on previous receivables held by Isagro equal to 110% of the value of the new sales made in the meantime, with a valuation of the total receivables at the end of 2020 based on an approach of business continuity of the commercial relationship and therefore with a value in use methodology. However, following the Agreement of March 6 between the Shareholders of Piemme and Gowan Company concerning the change of control of Isagro and the consequent need to discontinue the existing commercial relationships in Cuba,



which includes the need to also dispose of all the assets linked to that country, obviously including the trade receivables, the valuation metric of the aforementioned receivables as at March 31, 2021 was re-focused, following the relative business discontinuity which occurred in the meantime, towards a fair value approach. In this regard, in April, Isagro launched a tender addressed to operators in the sector, inviting them to submit an offer to take over the aforementioned receivables; at the end of this tender, only one expression of interest was received, for a symbolic value of € 100 thousand, from an operator that does not currently have commercial relations with Cuba and for whom, therefore, the valuation of the receivables to be acquired is only relevant in a future perspective of development of commercial relations in that country. As a result of the above, and by virtue of accounting standard IFRS 10, the Isagro Group made a provision on the residual part of the receivable in question not covered by previous provisions, for an amount of approximately € 2.3 million.

(€ 000)	1st Quarter 2021	1st Quarter 2020	Differences		Financial Year 2020
Revenues	49,288	35,869	+13,419	+37.4%	110,327
Memo: Labor costs and provisions for bonuses	(5,576)	(5,783)	-207		(22,597)
Adjusted EBITDA (excluding effects of conditions precedent)	7,958	4,293	+3,665	+85.4%	34,100
<i>% of Revenues</i>	<i>16.1%</i>	<i>12.0%</i>			<i>30.9%</i>
Provisions due to conditions precedent	(2,318)	-	-		-
EBITDA	5,640	4,293	+1,347	+31.4%	34,100
<i>% of Revenues</i>	<i>11.4%</i>	<i>12.0%</i>			<i>30.9%</i>
Depreciation and amortization:					
- tangible assets	(658)	(615)	-43		(2,430)
- intangible assets	(1,283)	(1,621)	+338		(5,911)
- rights of use IFRS 16	(206)	(197)	-9		(793)
- write-down of tangible and intangible assets	(58)	(3)	-55		(1,044)
EBIT	3,435	1,857	+1,578	+85.0%	23,922
<i>% of Revenues</i>	<i>7.0%</i>	<i>5.2%</i>			<i>21.7%</i>
Interest, fees and financial discounts	(91)	(284)	+193		(990)
Gains/(losses) on foreign exchange and derivatives	(90)	(360)	+270		(716)
Results before taxes	3,254	1,213	+2,041	N/S	22,216
Current and deferred taxes	(829)	(619)	-210		(6,267)
Net result from continuing operations	2,425	594	+1,831	N/S	15,949
Net result from discontinued operations	-	-	-		202
Net result	2,425	594	+1,831	N/S	16,151

Table 1: Consolidated Income Statement - Summary Data



EBITDA in the first quarter of 2021, therefore, amounted to € 5.6 million, increasing by € 1.3 million compared to the aforementioned value of € 4.3 million in the corresponding period of 2020, with margins on Revenues falling from 12.0% in the first three months of 2020 to 11.4% in the first three months of 2021.

Depreciation and amortization for the period amounted to € 2.2 million, down by € 0.2 million compared to € 2.4 million recorded at March 31, 2020. This decrease is mainly due to lower amortization of intangible assets following the disposal of the Fluindapyr product, which took place, as already mentioned, in the second half of 2020.

As a result, Isagro closed the first three months of 2021 with an **Operating result ("EBIT")** of about € 3.4 million, improving by around € 1.5 million compared to the value of approximately € 1.9 million in the corresponding period of 2020.

In terms of financial management, in the first three months of 2021, the Group registered **Net financial charges** totaling € 0.2 million compared to € 0.6 million in the first quarter of 2020, as a combined effect of:

- Negative **Interest, fees and financial discounts** of € 0.1 million in the first three months of 2021 compared to negative € 0.3 million in the first three months of 2020, mainly as a result of the reduced Net financial position and debt;
- **Losses on Foreign exchange and derivatives** of € 0.1 million in the first three months of 2021, compared to losses of € 0.4 million in the first three months of 2020, a decrease therefore of € 0.3 million. This decrease is mainly attributable to lower charges related to exchange rate losses realized by Isagro Colombia and to exchange rate gains realized by the parent company Isagro S.p.A., with the latter showing losses as at March 31, 2020.

The Isagro Group operates on several markets internationally and many trade relations are managed in currencies other than the Euro, mainly the US dollar. Consequently, the parent company Isagro S.p.A., in compliance with its "Financial Risk Management Policy" designed to "make safe" the exchange rate of the budget, arranges USD exchange rate risk hedges, using its forecast exposure for the year as indicated by the currency budget in



US Dollars as the reference basis. With regard to the hedging transactions carried out by the Group, it should also be noted that these refer exclusively to operational transactions and are not in any way speculative.

As a result, the Group closed the first quarter of 2021 with a **Result before taxes** of € 3.3 million compared to € 1.2 million in the same period of the previous year.

In terms of tax management, **Current and deferred taxes** as at March 31, 2021 amounted to € 0.8 million, increasing by € 0.2 million compared to the same period of last year, reflecting the improved result for the period.

As a consequence of that explained above, your Group ended the first three months of 2021 with a **Net Profit** of € 2.4 million, up by € 1.8 million compared to the profit of € 0.6 million achieved in the first three months of 2020.

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From an equity perspective, **Net invested capital** as at March 31, 2021 was € 91.1 million, up by € 6.6 million compared to December 31, 2020 and down by € 37.4 million compared to the value of € 128.5 million as of March 31, 2020, in the latter case due to the sale of the molecule Fluindapyr in October 2020.

Net fixed assets as at March 31, 2021, stood at € 47.7 million, down by € 1.9 million compared to € 49.6 million as at December 31, 2020 and down by € 30.8 million compared to € 78.5 million as at March 31, 2020. The changes compared to March 31, 2020, are mainly attributable to (i) the effect of the sale of the molecule Fluindapyr, whose book value was € 25.2 million, (ii) the dynamics of investments net of amortization and depreciation, (iii) the decrease in IFRS 16 rights of use, (iv) the changes in Financial assets, reflecting the valuation of the investment that Isagro holds in Arterra Bioscience S.p.A. and (vi) the dynamics of the reclassification of the former M/L Agreements due in the next 12 months under short-term assets, while those compared to December 31, 2020 are mainly attributable to the reduction in IFRS 16 rights of use.

(€ 000)	Mar 31, 2021	Dec 31, 2020	Differences		Mar 31, 2020
Net fixed assets	47,675	49,622	-1,947	-3.9%	78,530
<i>of which:</i>					
<i>Goodwill and Other intangible assets</i>	24,955	25,244	-289		49,356
<i>Tangible assets</i>	14,901	15,157	-256		15,213
<i>Rights of use IFRS 16</i>	2,196	4,091	-1,895		4,367
<i>Financial assets</i>	3,724	3,140	+584		2,611
<i>Other m/l-term assets and liabilities</i>	1,899	1,990	-91		6,983
Net working capital	48,802	39,218	+9,584	+24.4%	47,783
<i>of which:</i>					
<i>Inventories</i>	36,495	39,553	-3,058		40,171
<i>Trade payables</i>	(35,920)	(24,206)	-11,714		(29,012)
<i>Trade receivables</i>	48,227	23,871	+24,356		36,624
Other current assets and liabilities and current provisions	(3,884)	(2,759)	-1,125	N/S	3,925
Severance Indemnity Fund (SIF)	(1,537)	(1,546)	+9	-0.6%	(1,730)
Net invested capital	91,056	84,535	+6,521	+7.7%	128,508
Total net assets	91,056	84,535	+6,521	+7.7%	128,508
<i>Financed by:</i>					
Equity	108,677	105,912	+2,765	+2.6%	89,154
Net financial position	(17,621)	(21,377)	+3,756	-17.6%	39,354
<i>of which:</i>					
<i>M/L-term debts</i>	2,220	4,111	-1,891	-46.0%	28,216
<i>Financial liabilities – IFRS 16</i>	2,304	4,242	(1,938)		4,471
<i>Debt/Equity Ratio</i>	<i>(0.16)</i>	<i>(0.20)</i>			<i>0.44</i>
Total	91,056	84,535	+6,521	+7.7%	128,508

Table 2: Consolidated Balance Sheet - Summary Data

Net working capital as at March 31, 2021 amounted to € 48.8 million, increasing by € 9.6 million compared to December 31, 2020 and by € 1.0 million compared to March 31, 2020.

The increase vs. December 31, 2020 is attributable to:

- higher **Trade receivables** of € 24.3 million due to higher sales in the period;
- lower **Inventories** of € 3.0 million, mainly due to the increase in sales by the Isagro Group in the period with consumption of both the stock present at the end of 2020 and purchases in the period to meet the increase in production;
- higher **Trade payables** of € 11.7 million, due to a different schedule of the purchase/payment cycle between the end of 2020 and the first part of 2021.



As far as the **Severance Indemnity Fund** is concerned, it was € 1.5 million as at March 31, 2021, in line with the value of € 1.5 million as at December 31, 2020 and down by € 0.2 million compared to the value of € 1.7 million at March 31, 2020.

On the funding sources side, **Equity** as at March 31, 2021, amounted to € 108.7 million, up by € 2.8 million compared to the € 105.9 million recorded as at December 31, 2020 and of € 19.5 million compared to the € 89.2 million recorded as at March 31, 2020, mainly due to the Net results for the period and the revaluation of the Arterra Bioscience investment.

As a result, the Consolidated **Net Financial Position** (NFP) at March 31, 2021, was at credit with a net cash value of € 17.6 million, worsening by € 3.8 million compared to the NFP at credit of € 21.4 million as at December 31, 2020 and improving by € 57.0 million compared to the NFP at debt of € 39.4 million as at March 31, 2020. The **debt/equity** ratio (defined as the ratio of Net Financial Position to Equity) as at March 31, 2021 was (0.16), compared to (0.20) as at December 31, 2020 and 0.44 as at March 31, 2020.

With reference to cash flows in the first quarter of 2021, the aforementioned seasonal worsening of the Net financial position by € 3.8 million compared to December 31, 2020, is attributable to:

- € -9.6 million from cash flows deriving from the increase in Net working capital;
- € 3.9 million from operating cash flow during the year;
- € 1.9 million from the decrease in financial debt pursuant to IFRS 16.

On the other hand, with reference to the change in the Net financial position over the twelve-month period April 2020 - March 2021, the aforementioned improvement of € 57.0 million is attributable to:

- € 51.9 million in net consolidated financial cash flows deriving (i) from the sale of the molecule Fluindapyr, for the price of € 55.0 million on October 2, 2020 and (ii) the acquisition of the company Phoenix-Del S.r.l. for the price of € 3.1 million on October 14, 2020;



- € 3.6 million from cash flows deriving from the receipt of the escrow fund relative to the December 27, 2019 sale of Isagro Asia;
- € -1.0 million from cash flows deriving from the decrease in Net working capital;
- € 0.3 million from operating cash flow during the year;
- € 2.2 million from the decrease in financial debt pursuant to IFRS 16.

EVOLUTION OF THE CROP PROTECTION PRODUCTS MARKET

The crop protection market in the first quarter of each year is characterized globally by a demand for agrochemicals focused in the northern hemisphere where distributors of technical resources/inputs gradually build up the necessary stocks that will then be used by farmers as the agricultural season progresses, with consumption concentrated in the second and third quarters of the year.

On the other hand, in the southern hemisphere, agricultural activity is characterized by the harvesting season of the large industrial crops and, therefore, the consumption of agrochemicals is limited to special crops in areas whose climatic conditions allow cultivation even at this time of year.

For the above reasons, in the period of the year under review, the sector studies do not provide significant estimates on the size and trend of the agrochemicals market but focus instead on understanding the prospects for the new agricultural season, prospects that see as key indicators: the climate trend, the value of agricultural commodities and the economic, political and social contexts that impact the agricultural supply chains at a global level.

It should be noted that the past 2020 season globally showed strong resilience in the agri-food sector to the Covid-19 pandemic and this trend is confirmed in the early months of 2021. Agriculture is confirmed to be an essential sector for most countries at global level and has therefore been substantially excluded from the "lockdown" restrictions with a consequent limited impact on the market and on the demand for agrochemicals.

In the United States, commodity prices, especially corn and soy, continue to be attractive to farmers, planting has begun with expectations of growth in land and weather conditions are favorable.



South America, and Brazil in particular, had a very positive season in 2020 thanks, in particular, to the income available to farmers (who benefited from high commodity prices), favorable exchange rates and good weather conditions. This, together with the fact that commodity prices remain strong, leads to expectations of increased demand for agrochemical products from farmers.

In Europe, the winter season was characterized by a relatively favorable climatic trend for agriculture, with rainfall and temperatures slightly above the historical average, with good development of winter crops and with favorable conditions for current planting and the development of tree crops.

In Asia, there is increased pressure from the Chinese government to reduce the environmental impact of crop protection products, supporting the latest generation of products with lower volumes but greater added value.

In conclusion, on the basis of the information currently available, for the rest of the year a favorable outlook is expected for the use of technical resources/inputs in agriculture, including agrochemicals and biostimulants.

SALES DEVELOPMENT

During the third quarter of 2021, Isagro's commercial organization experienced further progress in the development of the Copper and biosolutions business, as well as in relation to the strengthening of the commercial presence in territories with direct sales.

The copper-based product range of the company Phoenix-Del, acquired in October 2020, was thus fully integrated into Isagro's Copper portfolio range. This allowed for further strengthening of Isagro's positions in the Southern European market and consolidation of partnerships with the main customers of the "Business to Business" model with a wider offer of copper-based products both now and in the future.

The launch of the Agrochemicals range in the "Direct Sales" portfolio in Italy, led by both Copper and biosolutions, together with the selection of new third-party products to be introduced in the fall campaign, enabled a particularly strong growth in sales on the domestic market, with a further expansion of the customer portfolio and therefore of coverage over the territory.



Encouraging results were recorded at the start of the season for direct sales in Spain, Brazil and Colombia which, together with the results in Italy, support Isagro's growth objectives on the direct sales front, with consequent strengthening of direct access to the market.

On the "Business to Business" front, there was also growth in turnover, especially in Africa, the Middle East and Asia, driven by the strengthening of relations with local commercial partners .

RESEARCH, INNOVATION AND DEVELOPMENT ACTIVITIES

During the first three months of 2021, Isagro incurred research, innovation & development costs totaling € 2.0 million, of which € 1.1 million were capitalized against investments for development, registration and the extraordinary protection of proprietary products worldwide. In the first quarter of 2020, these costs amounted to just under € 1.9 million, of which just under € 0.7 million was capitalized.

It should be noted that during the lockdown period of 2020, research and development was reduced to a minimum to ensure compliance with anti-Covid-19 regulations. Starting from September 2020, activities have completely resumed both in the greenhouse (greenhouse tests) and in the field (field experiments), as well as contacts with laboratories and public or private institutes that offer potential opportunities for the development of innovative solutions in the field of biosolutions.

A) RESEARCH AND INNOVATION

Research and innovation activities, in line with the redefinition of Isagro's business model, also in the first quarter of 2021 focused on (i) continuing activities for new nutritional/biostimulant products (ii) finalizing efficacy tests to extend the *Trichoderma* brand and (iii) setting up assessment work for *Trichoderma* by Isagro formulations specifically intended to treat seeds, based on the strong request for this type of solution coming from the commercial sector. In particular:

- the fine-tuning of treatment products (formulations selected in 2020 based on antagonist strains for *Trichoderma*) continued, particularly on spring crops such as maize, soybean and rice, for which field-testing activities were scheduled in the



experimental fields of Cameri and Galliera. New experimental formulations for maize treatment from an external laboratory will also be included in the experiments. Experiments on *Trichoderma* by Isagro are underway to determine containment of significant agricultural diseases relative to which label extension is planned for the near future, including botrytis bunch rot, fusarium wilt, apple scab and many others. Basic studies on the interaction between *Trichoderma* and target pathogens, carried out in collaboration with the Università Cattolica di Piacenza, also continue. These studies will be the basis for the correct technical-agronomic positioning of *Trichoderma* in the intense program of efficacy trials for registration in relation to new targets. In the meantime, a new oil-based (OD) formulation has been developed by an external laboratory and is currently being tested for spore analysis and viability required to also include this product in the 2021 field experiment;

- experimentation continued in the greenhouse and in the field on new lines of research that meet the demands of marketing for the future biosolutions portfolio: an innovative iron chelation to treat chlorosis, proprietary for Isagro, for treatments of both leaves and soil, and a polymer for soil application to make the use of irrigation water more efficient, as well as new formulations for the *Isagrow* line to protect and improve the quality of fruit or to protect crops from abiotic stress, which are demonstrating positive properties in the field and are likely to soon be launched on the market. During the first quarter of 2021, scheduling activities began for the intensive field tests plan that will be carried out in Italy and abroad. In the meantime, the Company is also adapting to the entry into force of the new regulations on biostimulant products, which include, among other things, a new requirement for a dossier of efficacy data to be attached to the registration application;
- September 2020 saw the launch of the Italy/Israel Endpoint industrial collaboration project funded by the MAECI (*Ministero degli Affari Esteri e della Cooperazione internazionale* - Ministry for Foreign Affairs and International Cooperation) for the extraction of enzymes produced by Isagro's *Trichoderma* and the study of their activity in the biocontrol of insecticides. Cooperative projects with the University of Insubria (Varese area) had confirmed the ability of our *Trichoderma* strain to produce an enzyme; its bioinsecticide capacity (found in the literature) was to be confirmed in lab and greenhouse assessments at the Renato Ugo Research Center



and at the Migal Institute in Israel. In the first quarter of 2021, tests to fine-tune the enzyme production formula continued, followed by attempts to extract and concentrate the active substance, with tests still in progress;

Furthermore, it was decided to resume and deepen research and innovation activities in relation to pheromones for the biological control of insects (Ecodian). A new prototype of a biodegradable dispenser for the release of pheromone has been developed and will be tested for the first time in the field on the grapevine moth in Galliera and in collaboration with academic institutes.

B) *PRODUCT DEVELOPMENT*

The main development activities carried out since the start of the year are highlighted below.

Biostimulants, microbiological products, pheromones

The monitoring activity related to the authorization processes, which are underway and aimed at supporting the business, continued. In particular, activities focused on the *Trichoderma* development plan refined with the business area, a plan that envisages extensions of use of Isagro's products in relation to crops and diseases not yet on the label. The development of a new formulation with *Trichoderma* for seed treatment continues, in cooperation with major seed companies.

Further, the process to renew the inclusion of *Trichoderma asperellum* and *T. gamsii* in *Annex I* continues, with comments and documentation sent to the Rapporteur Member State (Sweden). The authorization of these active ingredients was extended in Europe until April 2022 with Regulation of March 30, 2021 (2021/566).

The follow-up process to renew the inclusion of pheromones in *Annex I* continues. After submitting the renewal dossier, and waiting for the end of the comment period, the request to submit new information was received and sent and authorization for these active ingredients, which was to expire in August 2020, was extended through August 2021 in Europe.



Fumigant

With respect to the fumigant Dominus, the main activities in the first quarter of 2021 were to support ongoing projects, when deemed necessary.

Copper-based products

The main activities during the first quarter of 2021 related to copper-based products were:

- follow-up of the re-registration processes (Article 43) of formulations in Europe (19 formulations and 141 registrations);
- deployment of residual tests in Central Europe (6 crops and 56 total tests), needed to maintain existing registrations;
- conclusion of the program for residual tests in Southern Europe (7 crops and 39 total tests), needed to maintain existing registrations;
- presentation of the request for exceptional use of Coprantol Duo on sugar beets in Germany;
- participation in the European Copper Task Force's follow-up for the renewal of Copper salts approval at European level;
- commencement of the preparation of a dossier for a new registration in France for the use of Airone SC on sugar beet.

Tetraconazole – a broad spectrum fungicide

After the dossier was sent to the EFSA and European Commission to renew approval of the active ingredient in the European Union and all member states, the final studies in progress were completed and the results submitted to the Rapporteur Member State (France) in the course of 2020.

Isagro also received initial feedback from the French authorities with a request to deploy an additional date initially by April 9, 2021, later postponed to June 9, 2021 at Isagro's request. This assessment, in line with Isagro's expectations, underlined the suspected endocrine disrupting activity of Tetraconazole (it is underlined that this suspected activity is mainly at the expense of aquatic organisms and at concentrations in surface waters higher than those expected on the basis of the predictive models and the available monitoring data), as well as questioning the results of studies already



assessed and accepted in the past by various regulatory bodies. The activity of preparing comments in response to requests is ongoing.

Kiralaxyl® (or Benalaxyl-M, formerly IR6141) – active isomer fungicide of Benalaxyl

The development activity focused, inter alia, on the following projects:

- evaluation of the preparation and follow-up for the European review of the Fanti A formulation (Article 43), following the registration obtained in various countries in the Southern Europe Zone (France, Portugal, Spain, Greece and Croatia) during 2019 and at the beginning of 2020;
- coordination with Gowan, the European licensee, for registration activities in support of development of the business of Kiralaxyl-based formulations in the European Union;

Relative to renewal of the active ingredient in the European Union, for which submission is planned for July 2022, additional studies to update the dossier have been planned and, in some cases, initiated:

- residual tests with the aim of reducing the Good agricultural practices to two treatments, in line with agricultural practice and the suggestions of the FRAC (Fungicide Resistance Action Committee) to combat resistance;
- other studies intended to complete information provided about the behavior of the active ingredient in the ground and in water (degradation and mobility), as well as in plants;
- preliminary study to assess MRL (Maximum Residue Levels) in honey.

C) REGISTRATIONS OBTAINED

During the first quarter of 2021, 17 new sales authorizations were obtained, including so-called 'clones' for copper-based formulations and Tetraconazole. For products based on Kiralaxyl, the registration of the formulation Fantic A in Turkey should be noted, while in the field of biostimulants, registrations have been granted for Siapton in Uruguay and Belarus.



MAIN EVENTS IN THE FIRST QUARTER OF 2021

A) 2018-2021 RETENTION AND INCENTIVE PLAN

With regards to the 2018-2021 Retention and Incentive Plan approved by the Isagro S.p.A. Board of Directors on April 29, 2018, during the first three months of 2021, 61,250 Growth Shares were assigned, for a total of 243,750 Growth Shares assigned. Growth Shares still to be awarded amount to a maximum of 306,250.

B) POSSIBLE IMPACTS OF THE HEALTH CRISIS

The global health crisis caused by Covid-19, declared a worldwide pandemic in March 2020 by the World Health Organization, with a lockdown during its initial stage in most advanced and developing economies, was initially judged to be likely to generate significant effects on industrial agriculture, and in particular on the agrochemical sector, depending on the duration of the crisis and the effectiveness of the monetary and fiscal policies implemented by the central banks and national governments.

As provided in previous Reports, the impact of the Covid-19 pandemic on the agrochemical market in 2020 was limited and the same trend is confirmed for the first months of 2021.

Relative to the impacts of the pandemic, taking into consideration the continuation of the same beyond 2021, in a situation in which monetary and fiscal policies are inadequate to support income and employment levels, there could be more widespread effects seen in the agrochemicals segment, with drops in the prices of agricultural commodities and consequent higher pressure on volumes and prices of agrochemical products, which at present have not yet been seen. On the contrary, starting in the last part of 2020 a significant increase was seen in the prices of the main commodities (especially copper).

In 2020, at all Isagro Group sites, incentives for employees to work from home were successful for all departments able to do so, thereby allowing for a significant reduction in staff presence at the office even before this was required by the relative government decrees, with notable effects in terms of increased productivity. These methods are still partially in use.

While at present this is not a factor, Isagro constantly and carefully monitors any issues associated with procurement difficulties which could lead to temporary closure



of the production plants of certain suppliers (mainly foreign), as well as any possible delays in shipments/deliveries linked to the circulation of goods.

Isagro's final figures as at March 31, 2021, also indicate that the pandemic did not present any significant effects during the first months of 2021, both at the level of economic results and at the level of financial projections (the latter with particular reference to the issues of collections from customers and bank loans).

Looking instead to 2021 as a whole, the currently available information does not allow for precise projections on the possible effects of the Covid-19 pandemic on this year, also due to the numerous variables involved that are outside of Isagro's control (demand for agricultural products, commodity prices, global GDP recovery trend, vaccine campaigns, monetary/fiscal policies, etc.). Again, hypothesizing a situation in which the pandemic continues throughout 2021, while managed by governments in a more prudential manner than that seen during the initial stages of the infection in 2020, at present, also in the light of the vaccine plan current being implemented, Isagro does not see any risk of impacts on the revenues and margins forecast in the 2021 Budget and 2022-2025 Business Plan, approved by the Isagro Sp.A. Board of Directors on March 4, 2021. Additionally, it is not possible to make forecasts beyond 2021 given that, all other things being equal, much will depend on the result of the vaccine campaigns currently in course throughout the world.

Requests/receipts of subsidized loans and/or contributions were not seen, nor were any investments postponed.

C) *ADDITIONAL AMOUNTS COLLECTED FROM ESCROW FUND FOR ISAGRO ASIA SALE*

In January 2021, HSBC India paid Isagro S.p.A. an additional € 43 thousand related to the price adjustments of the sale of Isagro Asia ("true-up adjustments"), in addition to the payments made during 2020, for a total of approximately € 3.6 million in the period April 2020 - January 2021.

D) *RECLASSIFICATION OF FUMIGANT IN USA*

On February 2, 2021, the Environmental Protection Agency (EPA) provided notification that it had reclassified the Isagro Fumigant, transferring it from Biopesticides and



Pollution Prevention Division (BPPD) to Registration Division (RD) and Pesticide Reevaluation Division (PRD), as a result of the chemical reclassification based on new information, which indicated that two criteria for classification as a biofumigant by the EPA were not met (minimum toxicity for the environment and humans and non-toxic mechanism of action).

E) *ISAGRO RESEARCH CENTER NAMED FOR PROFESSOR RENATO UGO*

On February 18, 2021, in the context of a ceremony carried out at the Isagro Research Center in Novara, in full compliance with regulations to limit the Covid-19 pandemic, a plaque was unveiled dedicated to the memory of the professor Renato Ugo, who recently passed on. Additionally, from this point on, the Isagro Research Center will be named after this illustrious Italian scientist, who received the Gold Medal from the National Academy of Science.

F) *ESEF FINANCIAL STATEMENTS - EXTENSION ON 2021 EFFICACY*

The so-called “Transparency Directive” (Directive EC 2004/109) establishes a requirement to publish the entirety of the documents which make up the annual financial statements (draft financial statements, Consolidated Financial Statements, director’s management report, CEO and Manager charged with preparing the company’s financial reports certificate of compliance) prepared by listed companies in a single digital format. To implement this provision, the European Commission Delegated Regulation 2018/815 (ESEF Regulation) established the requirement to prepare these annual financial statements in XHTML format, identifying certain information within the Consolidated Financial Statements with online XBRL specifications.

This new type of digital publication was to have become obligatory for annual financial reports containing financial statements for financial years beginning on or after January 1, 2020 (see Article 4, paragraph 7, Transparency Directive). For issuers with financial years corresponding with the calendar year, the issuer should have published the annual financial report in the new format as of the financial year from January 1, 2020 to December 31, 2020.



In consideration of the difficulties experienced by businesses due to the crisis associated with the Covid-19 pandemic, the European Parliament and Council approved, in mid-February 2021, an amendment to the Transparency Directive, which allows member states to postpone the requirement to publish financial reports using the above single European format.

Domestically, Law 21 of February 26, 2021, published in the Official Journal on March 1, 2021, to make use of the above extension, established that the provisions of the ESEF Regulation will apply to annual financial reports relative to financial years beginning as of January 1, 2021.

G) *BINDING AGREEMENT TO SELL PIEMME SHARES*

On March 6, 2021, the Shareholders (“Sellers”) of Piemme S.r.l., indirect controlling shareholder of Isagro S.p.A., signed a binding agreement to sell all their quotas of Piemme, equal to 99.9% of the share capital, to Gowan Company LLC a related party (“Gowan”) (the “Operation”).

Following the completion of the Operation, Gowan will hold all the share capital of Piemme, which holds 51% of the share capital of Holdisa S.r.l. (“Holdisa”), which in turn controls Isagro, holding 53.7% of the relative ordinary shares. The remaining 49% of Holdisa share capital was already held by Gowan. In the context of the Operation, Gowan will also acquire 1,737,596 Isagro Growth Shares owned by the Sellers, which represent 12.3% of outstanding Growth Shares. Holdisa in turn holds 3.3% of the Growth Shares.

After the Closing of the Operation, Gowan will acquire control over Piemme and Holdisa and, consequently, will issue a mandatory tender offer, pursuant to Article 106 of Italian Legislative Decree 58/1998 and Article 45 of CONSOB Regulation 11971/1999, to acquire all the ordinary shares of Isagro, which Holdisa is not yet the owner of (“MTO”). The shares relative to the MTO will also include ordinary shares deriving from the conversion of outstanding Growth Shares. Based on the Isagro By-Laws, the conversion of Growth Shares to ordinary shares, at a one to one ratio, will give rise to publication of the statement pursuant to Article 102, paragraph 1, Legislative Decree 58/1998.



The Closing of the Operation is subordinate to the following conditions precedent being met: (i) the receipt of any needed authorizations from relevant regulatory authorities for antitrust purposes and “golden power” regulations, (ii) the elimination of existing relationships between Isagro and its subsidiaries, on one hand, and any entity located in countries or regions (including Cuba) in which a US entity cannot conduct business pursuant to applicable regulations, on the other hand.

Subordinate to the verification or renunciation of the above suspensive conditions, it is expected that the closing of the Operation will occur within the first half of 2021 and the MTO will be completed by the third quarter of 2021. The MTO price will be € 2.76 for each ordinary Isagro share (the “OPA price”), which corresponds to the implicit value per Isagro share calculated on the basis of the fee to be paid by Gowan to the Sellers to acquire the Piemme shares and equal to a total of € 18,961,593. Piemme and Holdisa do not have other assets other than equity investments indicated. Therefore, the payments for the Piemme shares were determined on the basis of the value of Isagro, after deducting the net debt of Piemme and Holdisa pro-rata.

The Operation values Isagro’s equity at € 106.9 million.

With reference to the ordinary Isagro shares, the MTO price represents a 118% premium with respect to the relative official trading price on March 5, 2021 (the last trading day prior to the announcement of the offer), a 143% premium with respect to the average official trading price during the last quarter and a 149% premium with respect to the average official trading price in the last six months. With reference to the Growth Shares, the MTO price represents a 133% premium with respect to the relative official trading price on March 5, 2021 (the last trading day prior to the announcement of the offer), a 180% premium with respect to the average official trading price during the last quarter and a 203% premium with respect to the average official trading price in the last six months.

The objective of the Operation is to integrate Isagro within the Gowan Group as well as delisting the company.

H) *MERGER BY INCORPORATION OF PHOENIX-DEL S.R.L. INTO ISAGRO S.P.A.*

On March 16, 2021 the Board of Directors of Isagro S.p.A. resolved to approve the project to merge the full subsidiary Phoenix-Del S.r.l. into Isagro S.p.A. (filed for



registration with the Business Registries of Padua and Milan on March 22, 2021), with accounting and tax effects from January 1, 2021, while the statutory effects will take effect, pursuant to Article 2504-bis of the Italian Civil Code, from July 1, 2021 or, if later, from the date the last entries of the merger by incorporation are made with the Business Registries of Padua and Milan. A parallel resolution was also made by the Board of Directors of Phoenix-Del S.r.l. on March 15, 2021.

EVENTS SUBSEQUENT TO MARCH 31, 2021

A) APPROVAL OF THE 2020 FINANCIAL STATEMENTS, APPOINTMENT OF THE NEW BOARD OF DIRECTORS AND APPOINTMENT OF THE INDEPENDENT AUDITORS

On April 27, 2021, the Shareholders' Meeting of Isagro S.p.A.:

- reviewed the Isagro Group's 2020 consolidated figures and approved the Isagro S.p.A. 2020 financial statements, accompanied by the Directors' management report, as approved by the Company's Board of Directors on March 16, 2021, and disclosed to the market. The 2020 profits will be allocated as follows: (i) € 0.5 million to the Legal reserve and (ii) € 13.6 million to "Retained earnings", to be recognized, in accordance with Article 24 of the Articles of Association, in a specific Shareholders' Equity reserve. In addition, a portion of the Legal reserve, amounting to € 1.9 million, will be allocated following the realignment operation pursuant to Article 110 of Legislative Decree no. 104/2020;
- resolved to set at 9 (nine), the number of members of the Board of Directors and appointed, until the approval of the financial statements at December 31, 2023, the new Board of Directors composed of the following members:
 - Giorgio Basile (Chairman);
 - Maurizio Basile;
 - Alessandra Basile;
 - Roberto Bonetti;
 - Silvia Lazzeretti;
 - Enrica Maria Ghia, Independent Director;
 - Viviana Fedon, Independent Director;



- Giuseppe Persano Adorno, Independent Director,
proposed by the majority shareholder Holdisa S.r.l., and:
- Marcella Elvira Antonietta Logli,
proposed by the minority shareholder Mediolanum Gestione Fondi SGR;
- resolved to appoint the Independent Auditors BDO Italia S.p.A., for the nine-year period 2021-2029, to legally audit Isagro's financial statements and consolidated financial statements, as well as to perform a limited audit of the half-yearly reports, fixing in € 142 thousand (+ VAT, reimbursement of CONSOB contribution and reimbursement of expenses) the fee due for each financial year, for an annual commitment of 2,799 hours.

Furthermore, the Shareholders' Meeting resolved to approve the first and second section of the Report on Remuneration and on Fees Paid, prepared pursuant to Article 123-*ter* of Legislative Decree 58/1998 (TUF).

Subsequently, also on that date, the Company's new Board of Directors resolved:

- to appoint, until the approval of the financial statements as at December 31, 2023:
 - Giorgio Basile as Chief Executive Officer (C.E.O.);
 - Maurizio Basile as Deputy Chairman;
 - the Directors Viviana Fedon, Enrica Maria Ghia, Marcella Elvira Antonietta Logli and Giuseppe Persano Adorno as members of the Committee of Independent Directors;
 - the Director Giuseppe Persano Adorno as Lead Independent Director;
- to establish the Appointments and Remuneration Committee, appointing as members the Independent Directors Giuseppe Persano Adorno (President), Viviana Fedon and Enrica Maria Ghia;
- to establish the Control, Risk and Sustainability Committee, appointing as members the Independent Directors Marcella Elvira Antonietta Logli (President), Enrica Maria Ghia and Giuseppe Persano Adorno;
- to appoint Ruggero Gambini as the Manager charged with preparing the company's financial reports.



Also on that date, the Board assessed, pursuant to Recommendation 10 of the Corporate Governance Code and Article 144-*novies* of Consob's Issuers' Regulations, the adherence to the independence requirements of Viviana Fedon, Enrica Maria Ghia, Marcella Elvira Antonietta Logli and Giuseppe Persano Adorno, appointed as Independent Directors, as listed above.

B) LIQUIDATION OF ISAGRO SINGAPORE

On May 4, 2021, the liquidation process of Isagro Singapore concluded. The closing process of the company, fully controlled by Isagro S.p.A., had been initiated on November 27, 2020.

C) UPDATE ON GOWAN-PIEMME TRANSACTION

On May 12, 2021, Gowan announced that all of the above conditions precedent to the closing of the acquisition of the majority quotas in Piemme had been satisfied. The closing will take place on May 14, 2021.

In particular: (i) on April 29, 2021, the Italian Council of Ministries informed the parties that, in relation to the Transaction, no special powers will be exercised pursuant to the so-called golden power regulations; (ii) on May 12, 2021, the parties acknowledged the termination of the existing relationships between Isagro and its subsidiaries, on the one hand, and any entity located in countries or regions (including Cuba) in which a U.S. entity may not conduct business pursuant to applicable regulations, on the other hand; (iii) on May 12, 2021, the suspensive condition related to the obtainment of any necessary authorization from the competent antitrust authorities was waived, as such fulfillments were deemed not suitable to produce effects on the Transaction.

Gowan appointed Crop Demetra Limited ("Crop Demetra") - a company incorporated under the laws of the United Kingdom, whose share capital is wholly owned by Gowan - as the purchaser of the majority quotas held by Giorgio Basile and the other Piemme shareholders.

As already disclosed in the press release published on March 7, 2021, upon closing of the Transaction, Crop Demetra will acquire control of Piemme and, indirectly, of Isagro and, therefore, will launch a mandatory tender offer, pursuant to Articles 102 and 106, letter a) of Legislative Decree no. 58/1998 (the "TUF") and Article 45 of the Regulation



adopted with Consob resolution no. 11971/1999 (the "Issuers' Regulations"), to purchase all the ordinary shares of Isagro not already held (directly or indirectly) by Crop Demetra at a price of € 2.76 for each ordinary share of Isagro ("MTO").

Further information on the MTO will be disclosed in the press release that will be published, pursuant to Article 102, paragraph 1, of the TUF and Article 37 of the Issuers' Regulations, by Crop Demetra on the closing date of the Transaction.

ORGANIZATION, MANAGEMENT AND CONTROL MODEL PURSUANT TO ITALIAN LEGISLATIVE DECREE 231/2001

The Board of Directors of Isagro S.p.A. approved, on September 5, 2018, an updated version of the Organization, Management and Control Model pursuant to Italian Legislative Decree 231/2001 (hereinafter also "Model"), incorporating the latest relevant legislation in force at that date.

On the same date, the Board also approved the revised version of the Group's Code of Ethics, an integral part of the Model, to make existing rules of conduct and principles of behavior consistent with regulatory changes and with reference best practices.

In light of the legislative changes regarding corporate liability of entities which occurred in 2020 and of the changes occurred and under development in the organizational structure, Isagro is currently updating the Model (and the Group's Code of Ethics), in order to incorporate in such documents the new offenses introduced in the body of the Decree and the aforementioned organizational changes.

The task of monitoring the operations and compliance with the Model and of keeping it updated is entrusted to the Supervisory Body (composed of external members Renato Colavolpe - President - and Antonio Zoncada and Laura Trovato, Isagro's Internal Audit Manager), whose three-year term of office was renewed by the Board of Directors on April 27, 2021, expiring with the approval of the financial statements as at December 31, 2023.

TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties, which include intercompany transactions and those with Gowan, cannot be defined as atypical and/or unusual transactions and form part of the



normal business of the Group companies. These transactions are carried out at arm's length, taking into account the characteristics of the goods and services traded.

The economic and equity effects of transactions with related parties on the consolidated figures of the Isagro Group and of the parent company Isagro S.p.A. as at March 31, 2021 are detailed below.

Isagro Group - Income Statement	03/31/2021	of which related parties			Incidence % on the financial statements item
		Parents	Other related parties	Tot. Related parties	
In thousands of euro					
Revenues	49,288	-	7,300	7,300	14.81%
Other operating revenues	128	6	-	6	4.69%
Raw materials and consumables used	25,654	-	241	241	0.94%

Isagro Group - Balance Sheet	As of 03/31/2021	of which related parties			Incidence % on the financial statements item
		Parents	Other related parties	Tot. Related parties	
In thousands of euro					
Trade receivables	48,227	-	4,891	4,891	10.14%
Other current assets and other current receivables	2,698	7	-	7	0.26%
Receivables / other non current assets	1,636	-	968	968	59.17%
Trade payables	35,920	-	490	490	1.36%

Isagro S.p.A. - Income Statement	03/31/2021	of which related parties			Incidence % on the financial statements item	
		Controlled companies	Parents	Other related parties		Tot. Related parties
In thousands of euro						
Revenues	43,228	3,650	-	7,004	10,654	24.65%
Other operating revenues	145	29	6	-	35	24.14%
Costs for services	5,801	631	-	-	631	10.88%
Other operating costs	398	20	-	-	20	5.03%
Financial incomes	60	56	-	-	56	93.33%



Isagro S.p.A. - Balance Sheet	As of 03/31/2021	of which related parties				Incidence % on the financial statements item
		Controlled companies	Parents	Other related parties	Tot. Related parties	
In thousands of euro						
Trade receivables	46,255	6,865	-	4,665	11,530	24.93%
Other current assets and other current receivables	2,587	119	7	-	126	4.87%
Credits / other non current assets	2,503	-	-	968	968	38.67%
Financial credits and other current financial assets	344	344	-	-	344	100.00%
Trade payables	32,193	624	-	225	849	2.64%
Other current liabilities	3,867	838	-	-	838	21.67%

OUTLOOK

Isagro expects the recovery and growth of turnover started in 2020 to continue in 2021, with a Net Financial Position at credit at year-end.

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2021

(€ 000)	Mar 31, 2021	Mar 31, 2020	Differences	Mar 31, 2020
<u>Net fixed assets</u>				
Goodwill	4,128	4,181	-53	2,879
Other intangible assets	20,827	21,063	-236	46,477
Tangible assets	14,901	15,157	-256	15,213
Rights of use IFRS 16	2,196	4,091	-1,895	4,367
Financial assets	3,724	3,140	+584	2,611
Other medium/long-term assets and liabilities	1,899	1,990	-91	6,983
Total net fixed assets	47,675	49,622	-1,947	-3.9%
<u>Net current assets</u>				
Inventories	36,495	39,553	-3,058	40,171
Trade receivables	48,227	23,871	+24,356	36,624
Trade payables	(35,920)	(24,206)	-11,714	(29,012)
Subtotal of Net Working Capital	48,802	39,218	+9,584	47,783
Current provisions	(1,848)	(2,164)	+316	(1,721)
Other current assets and liabilities	(2,036)	(595)	-1,441	5,646
Subtotal of Other assets and liabilities	(3,884)	(2,759)	-1,125	3,925
Total net current assets	44,918	36,459	+8,459	+23.2%
Invested capital	92,593	86,081	+6,512	+7.6%
Severance Indemnity Fund (SIF)	(1,537)	(1,546)	+9	-0.6%
Net invested capital	91,056	84,535	+6,521	+7.7%
Total	91,056	84,535	+6,521	+7.7%
<i>financed by:</i>				
<u>Equity</u>				
Capital stock	24,961	24,961	-	24,961
Reserves and retained earnings	83,176	66,599	+16,577	65,375
Translation reserve	(1,885)	(1,799)	-86	(1,776)
Profit of the Group	2,425	16,151	-13,726	594
Total equity	108,677	105,912	+2,765	+2.6%
<u>Net financial position</u>				
<i>Medium/long term debts:</i>				
- due to banks	2,320	2,319	+1	25,942
- due to other lenders	814	814	-	1,135
- financial liabilities – IFRS 16	1,589	3,481	-1,892	3,606
- other financial assets/(liabilities) and IRS and trading derivatives	(2,503)	(2,503)	-	(2,467)
Total medium/long-term debts	2,220	4,111	-1,891	-46.0%
<i>Short-term debts:</i>				
- due to banks	2,744	5,293	-2,549	26,834
- due to other lenders	247	320	-73	319
- financial liabilities – IFRS 16	715	761	-46	865
- other financial assets/(liabilities) and IRS and trading derivatives	(99)	34	-133	(85)
Total short-term debts	3,607	6,408	-2,801	-43.7%
Cash and cash equivalents/bank deposits	(23,448)	(31,896)	+8,448	-26.5%
Total net financial position	(17,621)	(21,377)	+3,756	-17.6%
Total	91,056	84,535	+6,521	+7.7%



CONSOLIDATED INCOME STATEMENT FOR THE FIRST QUARTER OF 2021

(€ 000)	1st Quarter 2021	1st Quarter 2020	Differences		Financial Year 2020
Revenues from sales and services	49,288	35,869	+13,419	+37.4%	110,327
Other revenues and income	128	310	-182		1,629
Consumption of materials and external services	(32,231)	(26,572)	-5,659		(86,311)
Changes in product inventories	(3,958)	553	-4,511		1,340
Costs capitalized for internal work	508	265	+243		1,500
Allowances and provisions	(2,519)	(349)	-2,170		(2,119)
Labor costs	(5,332)	(5,625)	+293		(21,651)
Bonus accruals	(244)	(158)	-86		(946)
EBITDA before non-recurring income	5,640	4,293	+1,347		3,769
Non-recurring items	-	-	-		30,331
EBITDA	5,640	4,293	+1,347	+31.4%	34,100
<i>% of Revenues</i>	<i>11.4%</i>	<i>12.0%</i>			<i>3.4%</i>
Depreciation and amortization:					
- tangible assets	(658)	(615)	-43		(2,430)
- intangible assets	(1,283)	(1,621)	+338		(5,911)
- rights of use IFRS 16	(206)	(197)	-9		(793)
- write-down of tangible and intangible assets	(58)	(3)	-55		(1,044)
EBIT	3,435	1,857	+1,578	+85.0%	23,922
<i>% of Revenues</i>	<i>7.0%</i>	<i>5.2%</i>			<i>21.7%</i>
Interest, fees and financial discounts	(91)	(284)	+193		(990)
Losses on foreign exchange and derivatives	(90)	(360)	+270		(716)
Result before taxes	3,254	1,213	+2,041	N/S	22,216
Current and deferred taxes	(829)	(619)	-210		(6,267)
Net result from continuing operations	2,425	594	+1,831	N/S	15,949
Net result from discontinued operations	-	-	-		202
Net result	2,425	594	+1,831	N/S	16,151



CONSOLIDATED CASH FLOW STATEMENT FOR THE JANUARY-MARCH 2021 PERIOD

(€ 000)	Mar 31, 2021	Mar 31, 2020
Opening cash and cash equivalents (at January 1st)	31,896	46,581
<i>Operating activities</i>		
Profit for the period from continuing operations	2,425	594
- Amortization of tangible assets and rights of use IFRS 16	2,214	2,493
- Write-downs of tangible and intangible assets	58	3
- Provisions to reserves (including severance indemnity fund)	244	160
- Provisions for the incentive and retention plan	91	38
<i>Cash Flow sub-total</i>	<i>5,032</i>	<i>3,288</i>
- Net change in net current assets	(9,771)	(7,318)
- Net change in other assets/liabilities	1,301	480
- Use of provisions (including severance indemnity fund)	(593)	(356)
Cash-flow for operating activities	(4,031)	(3,906)
<i>Investment activities</i>		
- Investments in intangible assets	(1,105)	(720)
- Investments in tangible assets	(404)	(256)
- Cash flow generated from sale of discontinued operations	38	-
Cash flow for investment activities	(1,471)	(976)
<i>Financing activities</i>		
- Increase/(decrease) in financial payables (current and non-current)	(2,978)	(24,976)
- Increase in financial receivables, derivatives and other financial liabilities (current and non-current)	(166)	(1,178)
Cash flow for financing activities	(3,144)	(26,154)
Change in translation difference	198	1,250
Cash flow for the period	(8,448)	(29,786)
Closing cash and cash equivalents (at March 31st)	23,448	16,795



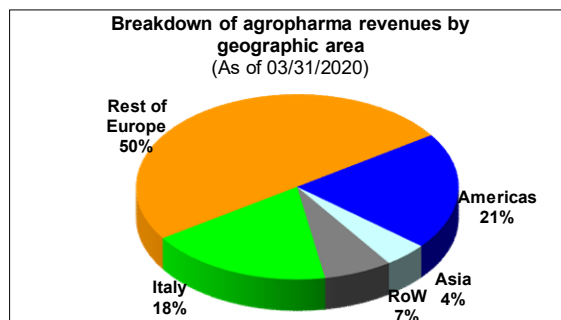
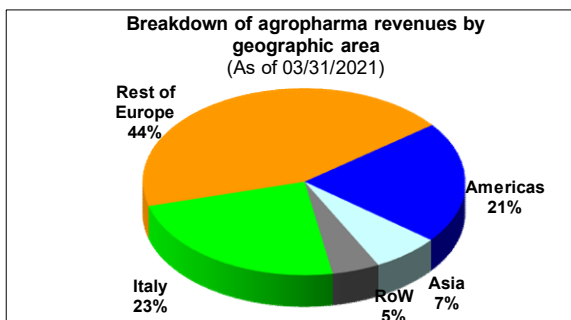
BREAKDOWN OF CONSOLIDATED REVENUES FOR THE FIRST QUARTER OF 2021

BREAKDOWN OF REVENUES BY TYPE

(amounts in thousands euro)

	MARCH 31, 2021			MARCH 31, 2020		
	Italy	Overseas	Total	Italy	Overseas	Total
Sales						
Agropharma	11,332	36,730	48,062	6,245	27,668	33,913
Raw materials	94	590	684	74	164	238
Total agropharma sales	11,426	37,320	48,746	6,319	27,832	34,151
Services						
Toll manufacturing fees	190	338	528	451	1,214	1,665
Others	7	7	14	7	46	53
Total services	197	345	542	458	1,260	1,718
Total Consolidated Revenues	11,623	37,665	49,288	6,777	29,092	35,869

BREAKDOWN OF REVENUES FROM AGROCHEMICALS BY GEOGRAPHICAL AREA





ATTESTATION UNDER THE TERMS OF ARTICLE 15 OF CONSOB REGULATION 20249/2017

Pursuant to Article 2.6.2, paragraph 15 of the Regulation on markets organized and managed by Borsa Italiana S.p.A., Isagro S.p.A. declares that the requirements set forth under Article 15, paragraphs a), b) and c) of CONSOB Regulation no. 20249/2017 are fulfilled for subsidiaries established and regulated by the laws of countries that are not member states of the European Union.

ATTESTATION UNDER THE TERMS OF ARTICLE 16 OF CONSOB REGULATION 20249/2017

Under the terms of Article 2.6.2, paragraph 13 of the Regulation on Markets organized and managed by Borsa Italiana S.p.A., Isagro S.p.A. declares that the Company's shares are validly admitted to trading, as the inhibitory conditions pursuant to Article 16 of CONSOB Regulation no. 20249/2017 do not apply.

INFORMATION UNDER THE TERMS OF ARTICLES 70 AND 71 OF CONSOB REGULATION 11971/99 (ISSUERS REGULATION)

On September 25, 2012, pursuant to Article 3 of CONSOB Resolution no. 18079 of January 20, 2012, the Board of Directors of Isagro S.p.A. resolved to apply the *opt-out* provision under Articles 70, paragraph 8, and 71, paragraph 1-*bis* of the Issuers' Regulation. Therefore, Isagro utilized the option to opt out from the requirement to publish the disclosure documents required for significant mergers, spin-offs, share capital increases through contribution of assets in kind, acquisitions or disposals.

CERTIFICATION OF THE MANAGER CHARGED WITH PREPARING THE COMPANY'S FINANCIAL REPORTS

The Financial Reporting Manager, Ruggero Gambini, hereby certifies, pursuant to Art.154-*bis*, paragraph 2 of the TUF, that the financial information in this consolidated quarterly report as at March 31, 2021 is consistent with the entries in the accounting books and records.