

## **SG COMPANY'S BOD CALLS THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING AND THE MEETING OF SG COMPANY WARRANTS HOLDERS 2018-2025**

### **SG COMPANY'S BOD ANNOUNCES FORECASTED TURNOVER FY2021**

*Milan 3 November 2021* – The Board of Directors of SG Company Società Benefit S.p.A. ("SG Company" or the "Company"), one of Italy's leading players in the Entertainment&Communication sector, listed on the Euronext Growth Milan (EGM) market of Borsa Italiana (ticker: SGC), which began yesterday, 2 November, at 5 pm, was suspended at 6 pm and reopened today at 4.30 pm, ending at 5 pm. The Board of Directors, which met remotely, resolved to convene the Ordinary and Extraordinary Shareholders' Meeting on 19 November at 10.30 a.m. and, if necessary, on 20 November 2021 at 10.30 a.m. in the second call, and the Warrant Holders' Meeting on 20 November in a single call at 11.30 a.m. at the office of Notary Patrizia Codecasa, in Lodi, Via Garibaldi 36.

Today's Board of Directors confirms the lower-than-expected results compared to the 2021-2023 business plan, as already anticipated in the Press Release of 28 July [SG Company – Half yearly results presentation to the BoD](#) and then in that of 29 September [SG Company The BoD approves the consolidated half-yearly financial report](#).

In particular, due to the first half of the year still being affected by the blockage of events, the value of turnover in 2021 should be around € 10 million, lower than the forecast in the 2021-2023 business plan, which should have exceeded the value of € 20 million, but essentially in line with what was achieved in 2020, when, however, the SG Company group was able to count on two months of full operations. The figures expected at 31 December 2021 incorporate a second half of the year that is a clear improvement on the first half of 2021, when a value of just over € 4 million was recorded.

The Board of Directors also points out that the improvement in the figures for the second half of 2021 is mainly due to a recovery in the live events market, a sector in which orders and bids are also beginning to be received for activities scheduled to start in spring 2022.

In light of these considerations, the results for the year 2021 will not determine a change in the company's action plans as defined in the 2021-2023 business plan.

Among the positive notes indicated at today's meeting was the expected profitability at the end of the year. In line with the results expected from the business plan, SG should in particular present a positive EBITDA adj, unlike the year 2020 but also compared to 2019, a pre-pandemic year in which the company invoiced approximately € 35 million. This extremely positive result is due both to the business reorganization activities, which have significantly lowered the break-even point of business costs, and to the extraordinary benefits that could be drawn from the special legislation of Covid, from time to time communicated to the market. The new SG today presents a diversified structure in



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its commercial offer but is also leaner and more flexible than the pre-Covid situation, with an NFP of less than €2 million and available cash that exceeds €5 million today.

At today's meeting, the Board of Directors, *inter alia*, convened the ordinary and extraordinary shareholders' meeting, as well as the shareholders' meeting of Warrant 2018-2025 for the relevant resolution.

The agenda of the ordinary shareholders' meeting includes:

1. The authorization to purchase and dispose of treasury shares pursuant to articles 2357 et seq. of the Italian Civil Code, up to a maximum number that, taking into account the SG Company shares held in the portfolio from time to time by the Company and its subsidiaries, does not exceed 10% of the Company's share capital. The reasons for the aforementioned request for authorization are to be found in the possibility of using treasury shares (i) as an investment object for efficient use of the liquidity generated by the Company's core business and (ii) for the allocation to the beneficiaries of any incentive plans, stock option plans and/or stock grants resolved by the competent corporate bodies, (iii) within the scope of transactions connected to core business or projects consistent with the lines of expansion and growth that the Company intends to pursue, so as to finalize, therefore, corporate integration transactions with potential strategic partners. It should also be noted that any transactions for the purchase and disposal of treasury shares would be carried out for purposes permitted by applicable provisions, including the purposes contemplated by EU Regulation No. 596/2014 and related implementing regulations, as applicable, as well as by "market practices" permitted by CONSOB, pursuant to the legislation applicable from time to time and the guidelines to be established by the competent supervisory bodies;
2. Reducing the number of directors from seven to six and determining their remuneration. The decision to continue the Board until its expiry in 2023, from 7 members to 6, is mainly because even with this lower number it was possible to verify that the activity is carried out efficiently and effectively. Reducing the Board by one unit allows for greater flexibility and ease of convocation and decision-making. As stipulated in the Articles of Association, the Chairman's vote always counts double in the event of a tie, so there can never be a deadlock in the company.

The agenda of the Extraordinary Shareholders' Meeting includes:

1. Increase in SG Company's share capital, against payment, and in divisible form, for a maximum total amount of EUR 1,500,000, including share premium, to be paid in cash, without any indication of nominal value and with regular dividend rights, to be offered as an option to shareholders holding ordinary shares in proportion to the number of shares held, pursuant to Article 2441, paragraphs 1, 2 and 3 of the Italian Civil Code. The capital increase must be subscribed by and no later than 31.03.2022 and fully paid up at the time of subscription.
2. Issuance of additional SG Company 2018-2025 Warrants to be combined with the ordinary shares resulting from the capital increase referred to in the preceding item of the Extraordinary Shareholders' Meeting and approval of the amendments to the capital increase to service the SG Company 2018-2025 Warrants. The newly issued Warrants will be issued on the same terms and conditions as the outstanding SG Company 2018-2025 Warrants.



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For more information on the capital increase, see the Notice of Call of the Ordinary and Extraordinary Shareholders' Meeting, published on the company's website on the page Shareholders' Meeting - SG Company Società Benefit S.p.A., together with the Notice of Call of the Warrant Bearers' Meeting and the related Shareholders' Meeting documents (explanatory reports, opinion of the Board of Statutory Auditors, proxy forms). For more information on the terms and conditions for issuing additional SG Company Warrants 2018-2025, please refer to the Warrant Regulations available on the Issuer's website.

This request is linked to the desire to accelerate the achievement of the objectives set out in the business plan 2021-2023, mainly for growth activities for external lines, for the further integration of the first and second managerial lines, and for the continuation of business diversification in Italy and abroad. The strengthening of assets would also lead to a significant improvement in the standing vis-à-vis customers, increasingly attentive to the assets of their suppliers in the process of assigning ratings for participation in tenders. Finally, strengthening the capital structure in 2021 has further positive fiscal, and therefore economic, implications.

SG Company intends to review the business plan 2021-2023 by the first quarter of 2022 to assess whether it may need a more structural integration and/or upgrade due to both the pandemic state and the extraordinary operations that the Group is preparing to undertake in the next weeks and, finally, to the new corporate organization with the individual managing directors that was started a few months ago.

3. Approval of an extraordinary remuneration for the CEO and the CFO, to be realized through the assignment of shares and without affecting the already defined remuneration pool, in light of the key role played in guiding the company towards positive gross operating profitability during these two pandemic years, a period in which the same directors waived all variable remuneration. In particular, the Shareholders' Meeting is requested to amend the resolution of the Ordinary Shareholders' Meeting of 29.04.2021 which provided, inter alia, for the award of "Euro 250,000 for the financial year 2021 upon the joint achievement of the following objectives: adjusted EBITDA, calculated before considering all company bonuses awarded for 2021, of the group greater than Euro 400. 000 (four hundred thousand/00), Group CFO structure cost/approved budget ratio of less than Euro 1.630 million, Group COO structure cost/approved budget ratio of less than Euro 2.7 million", as follows: "Euro 250. 000 for the financial year 2021 because the financial debt situation (NFP) has been radically reduced compared to 2020, the value of available cash is higher than all the targets indicated above and because the operating results (Group Ebitda) have improved greatly compared to both 2020 and the financial year 2019 when the value of turnover was 3 times higher than in the financial year 2021. The company was secured in the most difficult period ever faced by the group" and, in implementation of the aforementioned amendment to approve a paid capital increase with exclusion of pre-emptive rights pursuant to Article 2441, paragraph 5, of the Italian Civil Code for the amount of €250. 000 (including share premium), to be carried out in one or more tranches by issuing 1,000,000 ordinary shares at a unit price of €0.25 (including share premium) with regular dividend rights, reserved for Davide Verdesca and Francesco Merone to be subscribed by 31 December 2021.



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The reasons for the extraordinary remuneration refer to the radical reduction in the financial debt situation (NFP) compared to 2020, to the value of available cash that to date exceeds all the targets indicated above, and to the operating results (Group Ebitda) that have improved considerably compared to both 2020 and to the 2019 financial year, when the value of turnover was 3 times higher than in 2021. Considering, therefore, the securing of the company in the most difficult period ever faced by the Group, the remuneration in question responds to the aim of increasingly incentivizing management with a view to working in the medium to long term and not to pursue short-term results and also, for this reason, a lock-up period of at least 36 months is required.

4. A delegation, pursuant to art. 2443 of the Italian Civil Code, in order to continue to manage the work for equity award system for employees, already beneficiaries of the same during 2020. In particular, a proxy to the Board of Directors is required to increase, within the period of 5 years from the date of the Shareholders' Meeting resolution, the share capital, pursuant to art. 2443 of the Italian Civil Code, with the exclusion of the right of option, pursuant to art. 2441 paragraphs 5 and 8 of the Italian Civil Code, up to a maximum total amount of Euro 1,000,000, including surcharge, by issuing ordinary shares having the same characteristics as those in circulation, to be reserved for subscription to directors, managers (employees and not employees) and ongoing employees of the Company.
5. A proxy, pursuant to art. 2443 of the Italian Civil Code, to increase the share capital for a maximum of EUR 2,000,000, including surcharge, in one or more times, within the period of 5 years from the date of the shareholders' resolution, by the issue of ordinary shares have the same characteristics as those in circulation, with the exclusion of the right of the option pursuant to art. 2441, paragraphs 4 and 5, c.c., to be offered, at the choice of the Board of Directors to subjects identified by the Board of Directors, with the right to place the shares with qualified investors and/ or business partners, financial and/or strategic from time to time identified and/or in relation to transactions to be carried out through contributions in kind.

This press release is publicly available in the Investor Relations section of the Company website [Financial market press releases | SG Company Società Benefit S.p.A.](#)

SG Company Società Benefit S.p.A. is a Digital Company, ISO 9001 certified and listed on the EGM market of Borsa Italiana (ticker: SGC), Technology segment, is an Innovative SME and, in keeping with its mission of "Sharing Growth", has also embarked on the ESG (Environmental, Social and Governance) path to ensure an increasingly future-oriented sustainable management of the Company, firmly believing in the value of business for the collective benefit. One of Italy's top players for over 20 years now in the Entertainment&Communication industry, it specializes in the areas of Digital & Live Communications, Hybrid Events, Video Production, Consumer Format, and Meetings & Events Industry. In its 2021-2023 Business Plan, it has embarked on a path of digital transformation, integrating a data valorization strategy on each business area thanks to the implementation of Marketing Technology solutions on every activity. Its distinctive positioning hinges on the synergy between data and content, as well as on the ability to offer a single direction over creativity, production and technology natively for each project, guaranteeing clients constant integration between physical and digital. The Company boasts a portfolio of high-standing clients at global level. It has planned, promoted and produced many successful national and international formats such as Milano Food Week, Obecity, Sneakerness, Digital Design Days, Business Tech Forum and others.

**For information**

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