

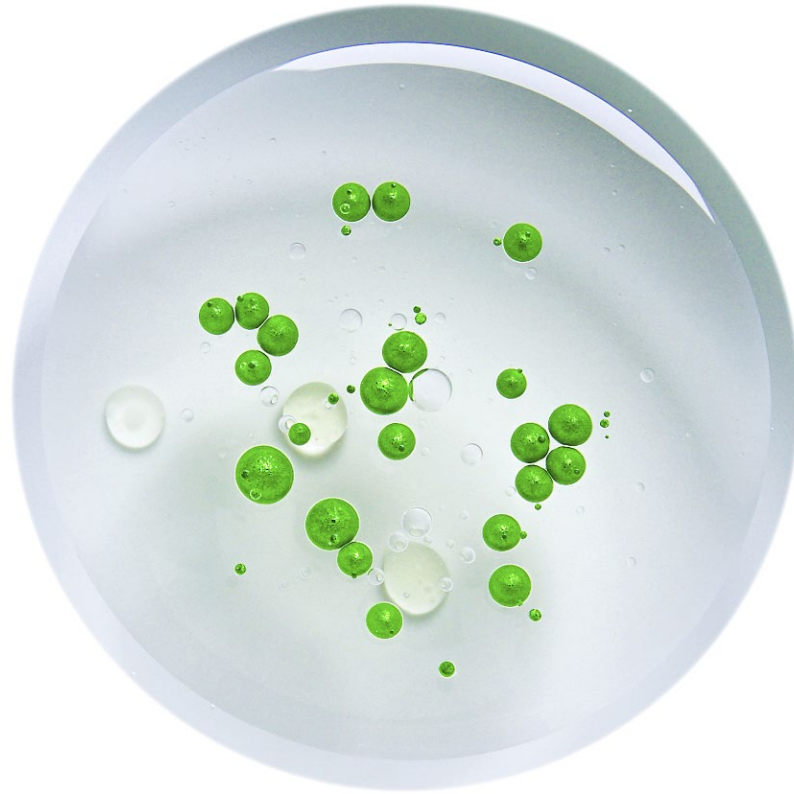
Project Biocide – Confidential

Information Memorandum issued to MM. Thibaud Le Séguillon and Alexandre Braconnier (Industrya)

REALIZED IN MARCH 2022

Accountancy & Advisory

ACCOUNTING & REPORTING TAX & LEGAL M&A & FINANCE
BUSINESS CONTROL & TECHNOLOGY STRATEGY & GROWTH



Nobacoat

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This memorandum contains 54 pages.



Executive summary

Executive summary

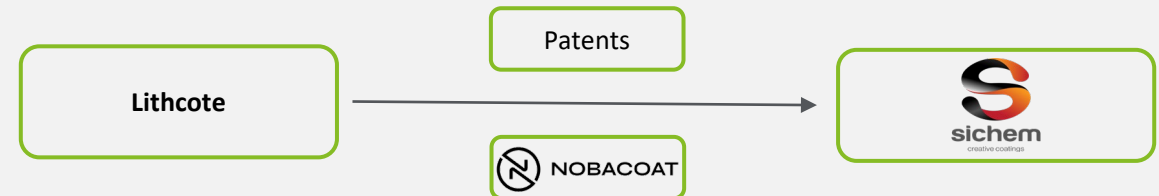
Business overview

Company description

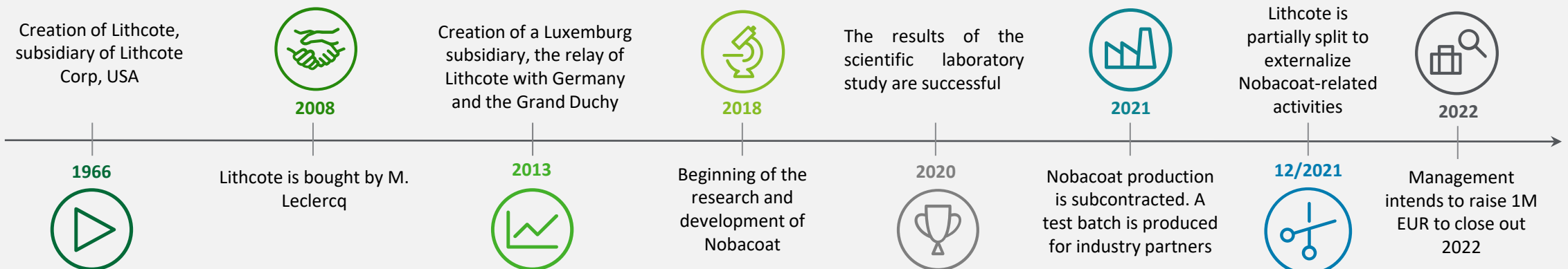
- Lithcote Europe SA (hereinafter “Lithcote”), founded in 1966 in Belgium, was originally a subsidiary of Lithcote Corp, USA. Today, the company is in the hands of Christophe Leclercq (hereinafter “Management”), the owner and CEO.
- Lithcote is specialized in formulating, manufacturing and applying anti-corrosion, anti-adhesion and anti-wear coatings.
- The company offers several metal treatment processes for the chemical industry, food chains, precision mechanics, construction of household appliances, maritime or road transport.
- Management recently invested substantially in their R&D department and developed a virucidal, bactericidal and fungicidal coating. This new product is named Nobacoat® (hereinafter “Nobacoat”).
- Nobacoat’s effectiveness has already been approved and tested against Covid-19 by a laboratory from the University of Liège.

New entity – Sichem

- Nobacoat has originally been developed by Lithcote. However, the new project will be carried by a new entity, Sichem SRL (hereinafter “Sichem”), in order to isolate the new project from the historical activities and thereby allowing new investors to support the new project without regard to Lithcote’s activities.
- Sichem is the product of the partial split of Lithcote. During this operation, three patent applications related to Nobacoat were transferred in the new entity.
- In the future, Sichem will be the sole responsible entity for the manufacturing and commercialization of Nobacoat.



Timeline



Source : Management Sichem

Executive summary

Business overview

Factsheet

- Legal form : limited liability company (SRL)
- Location: Courcelles (Hainaut – Belgium)
- Date of foundation: 30/12/2021
- Enterprise number: 0779.619.682
- NACE-Bel codes : 46751, 20130, 20590, 70220, 7112101
- Full-time equivalent: 1

Source : Banque Carrefour des Entreprises, Management Sichem



Proposed transaction

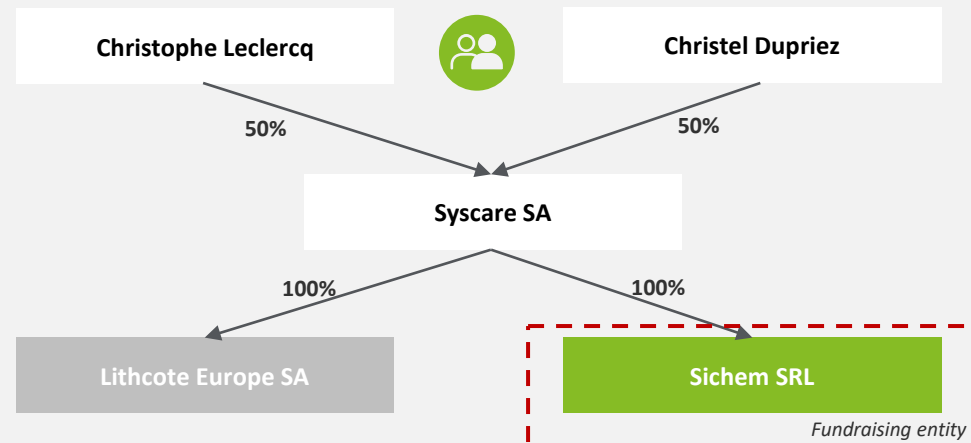
In February 2022, a **capital increase** of the new entity, Sichem, was done by **Management for an amount of 467k EUR**. Management plans to 1 or 2 **additional capital injections** to support the development of the company.

The **purpose of this fund raising** is to **finance the working capital** needs generated by the rapid growth of the company **and the company's investment plan**.

Management is open to two different types of transactions :

- **Capital increase ;**
- **Convertible loan agreement.**

Ownership



Source : Management Sichem

Executive summary

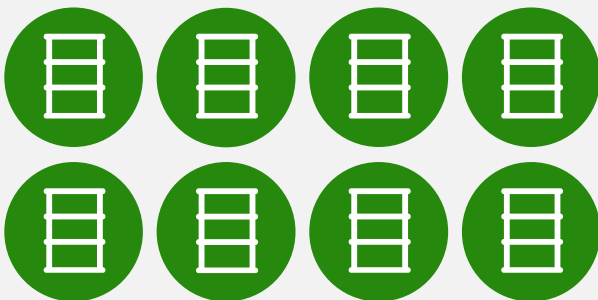
Key financials

Increasing customer demand drives production volumes

Management forecasts **an increase in production volumes**, through the establishment of partnerships with large industrial players. The **construction of an own production facility** is foreseen. This **will increase capacity from 37 tons to 607 tons**.



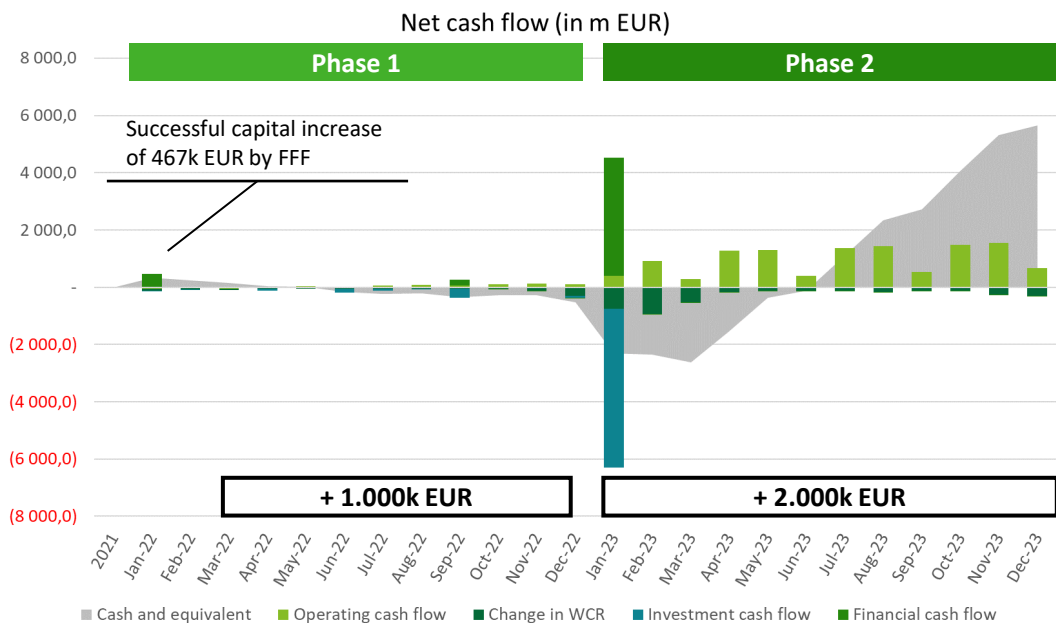
37 Tons
Forecast 2022



607 Tons
Forecast 2026

Source : Management SicheM, Deloitte analysis

Net cash flow evolution between 2022 and 2023



Source : Management SicheM, Deloitte analysis

Funding need

- Phase I** : In order to finance the working capital requirement generated by the rapid growth of the company and the investment plan (Appendix V), Management is willing to raise **1.000k EUR**.
- Phase II** : In order to start the construction of its production facility, Management plans a second financing round estimated at **2.000k EUR**.

Executive summary

Key investment factors

01

Strong product

Nobacoat is a new developed product that has been technically validated by several academic studies and has won the 2020 Health Innovation Award.

02

Positive environmental impact / Exceptional durability

By its long durability compared to competing products and the non-usage of chemical biocides in the coating, Nobacoat shows a strong positive environmental impact, especially compared to its closest industry peers.

03

Low price compared to competitors

Low production costs enable Management to set a competitive price compared to competitive products.

04

Partnership with large industry manufacturers

Management has partnerships with large industrial manufacturers across different industry segments such as Grandeco and Faurecia.

05

Experience and qualifications

The strong and high-quality members of the current team make Sichem a company capable of achieving outstanding results in terms of production and commercialization of this promising product.

06

Innovative solution in a growing market

In addition to being an innovative product responding to customers' need, the global antimicrobial coating market is forecasted to grow at a 10,5% CAGR.

Solution

Solution

Solution to identified issues

Identified issues

01

Covid-19

Covid-19 **will not be** the world's last health emergency. There is **an urgent** need for **sustainable health emergency preparedness** to deal with the next one.
(Source: WHS, 20/11/20)

02

Pandemic era

Human activity is leading us into a "pandemic era". We must reduce the risks to avoid **"an era of pandemics"**
(Source: UN, 29/10/20)

03

Future pandemics

Future pandemics will **emerge more often, spread faster, do more damage** to the global economy and kill more people than Covid 19, unless there is a **major change** in the way infectious diseases are tackled.
(Source: UN, 16/11/20)

04

Anti-microbial resistance

The global phenomenon of anti-microbial resistance, **just as dangerous as a pandemic**, threatens to undo a century of **medical progress**.
(Source: WHS, 01/12/20)

NOBACOAT

Solution



Recontamination is constant and **decontamination** does not last.



New **technology** can solve this problem.



The next innovation is **self-sanitizing surfaces**.



If we reduce and control the number of micro-organism by **99,9%**, we reduce our risk to **less than 1 in a million** of getting illnesses.



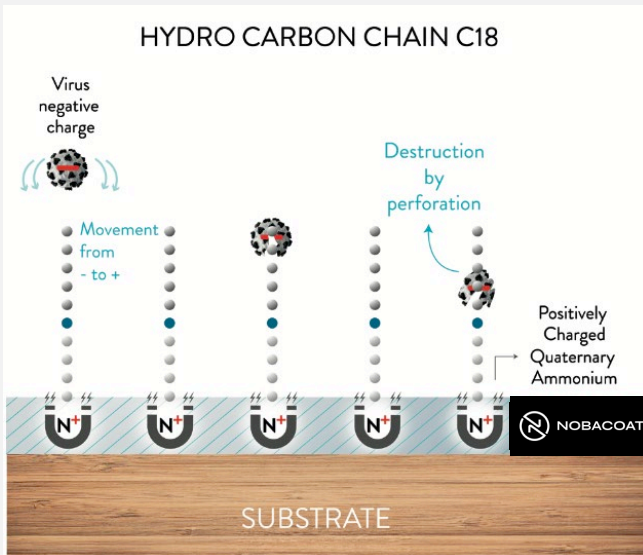
This is the next step in **infection control**.

Solution

Product description

Nobacoat®

- Nobacoat is a **transparent disinfectant coating** that has a mechanical (no chemical) effect on micro-organisms :
 - Technology** : The product consists of millions of small points which act on viruses, bacteria or fungi. By attracting them, the micro-organisms explode like balloons. This innovation consists of a strong chemical bond (covalent bond) between quats and hybrid polymer – ceramic.
 - Permanent action** : Based on very solid functionalized hybrid ceramic, it is very resistant and very durable. Its effectiveness does not deteriorate over time, this has been scientifically proven for at least 12 years.
 - Positive green impact** : By its action, Nobacoat reduces the use of chemical biocides and helps to preserve the biodiversity and the planet.



Source : Management Sicheim

Quaternary ammonium operation principle on viruses

Approved by European regulation

- To be approved as a disinfectant product, its microbial elimination rate must reach 99% in less than 24 hours.
- Research realized by University of Liège (virology laboratory) on Nobacoat shows an **elimination rate of over 99,99% against the Covid-19 virus in less than one hour.**

Effective on different surfaces

- A study shows that **Nobacoat** is very **effective on different surfaces**. By analyzing the effectiveness of the product on different types of stainless steel and on glass, results show an **elimination rate of 100% in less than one hour.**
- The product is also **applicable on several different surfaces** while **remaining entirely transparent.**

Other advantages

- Resistance** : The product shows substantial **scratches and abrasion resistance**.
- Treated surface recognition** : Although it is transparent, a **chemical reaction**, during which the surface gets blue, **allows to find out** whether the **surface has been already treated** with Nobacoat.

Value proposition

















- Nobacoat** is an **antiviral, antibacterial and antifungal coating, durable and non-toxic.**
- Goal** : *"To improve the quality of life and health of populations in the short and long term."*

Solution

Examples of application

Varied applications

Nobacoat is a coating that has the consistency of an aqueous solution that can be **applied on various surfaces** in different sectors of activity.

Targetable markets	Application area	Customer examples
 Materials	<ul style="list-style-type: none"> - Glass - Textile - Stainless steel 	  
 Housing	<ul style="list-style-type: none"> - Wallpapers - Packaging / Adhesives - Paint 	 
 Transport	<ul style="list-style-type: none"> - Automotive - Elevators - Public transport 	   
 Medical	<ul style="list-style-type: none"> - Medical devices - Ambulances 	  

Solution

Intellectual property

1 granted patent and 2 patent applications in progress

Following **patent applications** were filed by Management.

	Patent application I	Patent application II	Patent application III
Patent title	Nanoceramic, hybrid, transparent and biocidal coating for solid support and solid support comprising such a coating and process for its preparation	Process for obtaining a coating	Improved biocidal coating
Patent description	Founding patent of Nobacoat which covers the creation of a covalent bond between a resin and an active principle called quats	This patent concerns the introduction of an additional polymer (tri-dimensional structure) allowing an increased resistance to abrasion and fire	Adaptation of patent I for application on glass
Date of filing	21/05/2020	25/06/2021	24/11/2021
First assessment	15/11/2021 Assessment conclusion : patentable application	Planned for 03/2022	Planned for 03/2022
Holding entity	Sichem	Sichem	Sichem
Filing authority	European Patent Office	Belgian Intellectual Property Office	Belgian Intellectual Property Office
Geographic coverage	International	International	International

Source : Management Sichem

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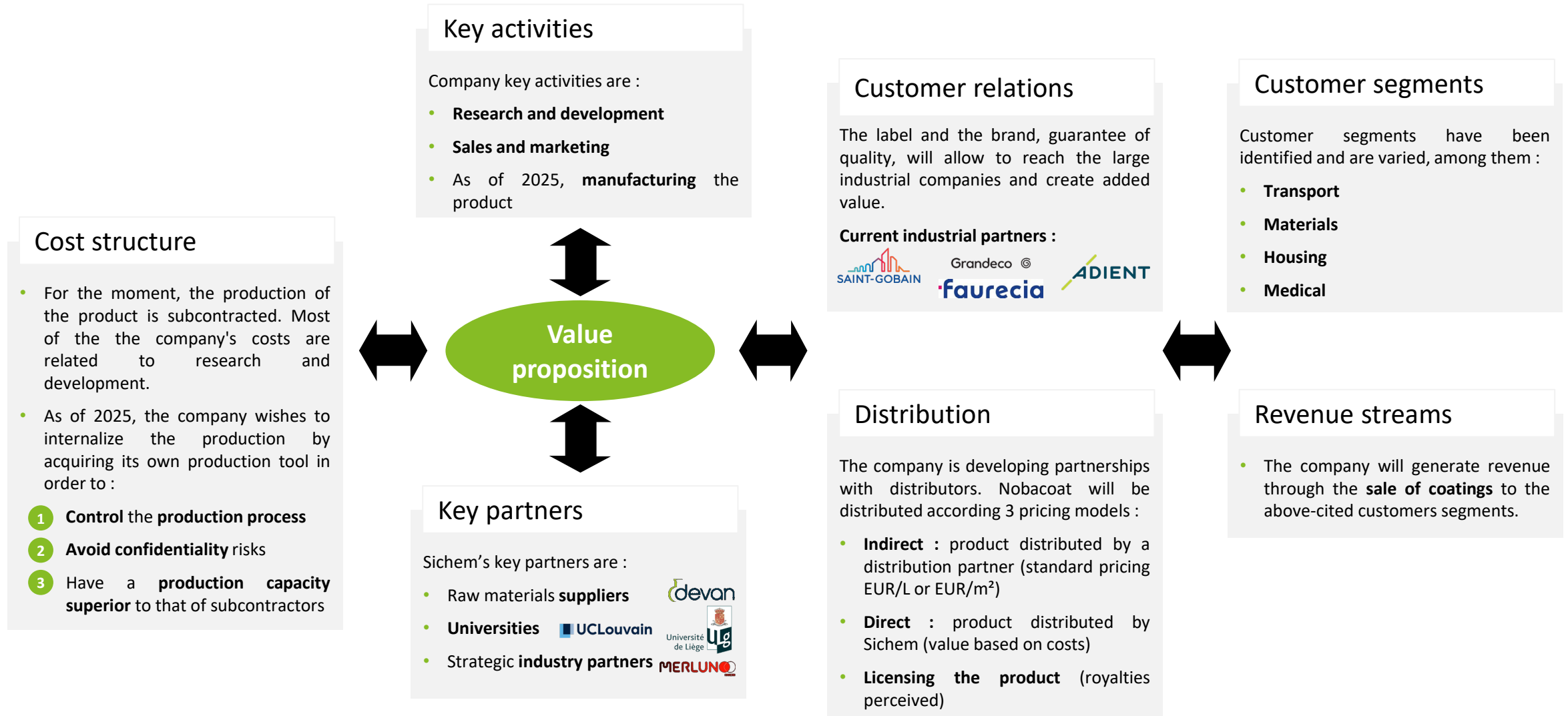
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Business model

Business model

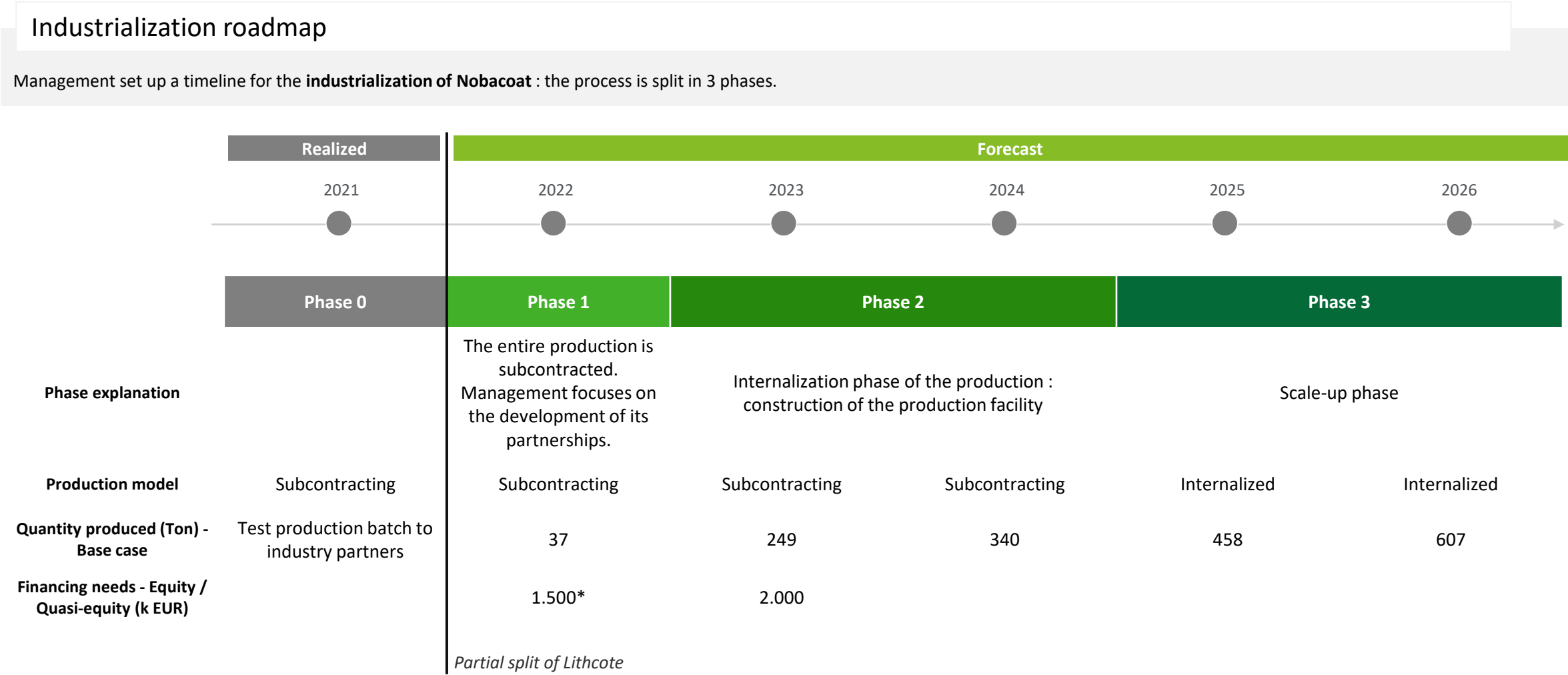
Business model canvas



Product development

Product development

Industrialization roadmap



*of which 467k EUR has already been financed from shareholders and FFF.

Go-to-market

Go-to-market

Market trends

Innovative solution in a growing market

The global paint and coating biocide market is forecasted to grow at a 4,1% CAGR over the 2020 until 2026 period. More specifically, the **European market** is expected to grow at **3,5% CAGR** over the same period.

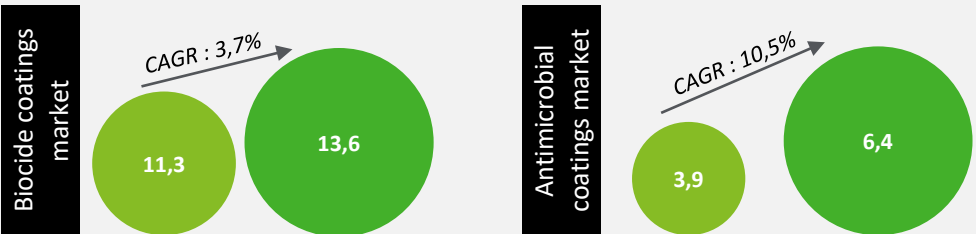
Global paint and coating biocide market size growth rate by region (2019-2026) (K MT)

Region	2019	2026	CAGR (2020-2026)
North America	57,3	76,2	4,2%
Europe	51,3	65,1	3,5%
China	44,2	60,2	4,7%
Japan	5,25	6,75	3,8%
India	9,74	13,1	4,4%
Oher regions	23,1	30,8	4,3%
Total	190,8	252	4,1%

Source : Calibre Research, 2020

When broken down, the **global antimicrobial coating market** is forecasted to grow at a **faster pace than the global biocide market**, with a **10,5% CAGR** from 2021 until 2026.

Global biocide and antimicrobial coating markets evolution (2021-2026) (Billion USD)



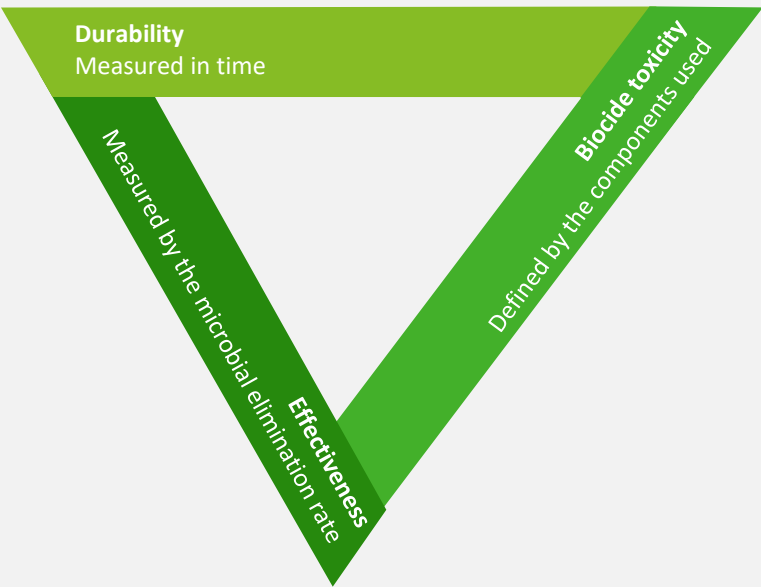
Source : Markets and markets, 2020-2021

Current market offering

Among the different and numerous biocide coatings on the market, the determining attributes of the product are the following :

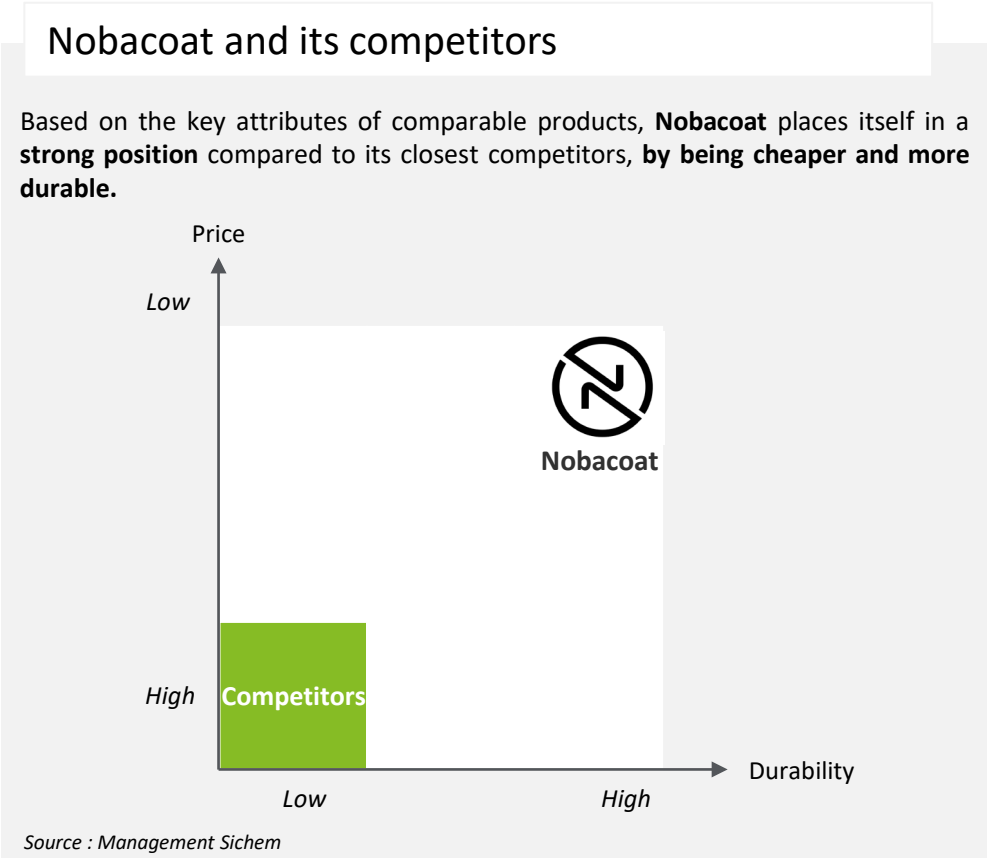
- **Durability** : Attribute measuring the time a treated surface remains protected against the proliferation of viruses, bacteria or fungi.
- **Effectiveness** : Attribute measuring the elimination rate of the product.
- **Biocide toxicity** : Attribute defined by the composition of the product and the use of toxic components or not.

→ Most players in this market meet only 1 or 2 of these attributes. **Nobacoat meets all 3 attributes.**



Go-to-market

Identified competitors

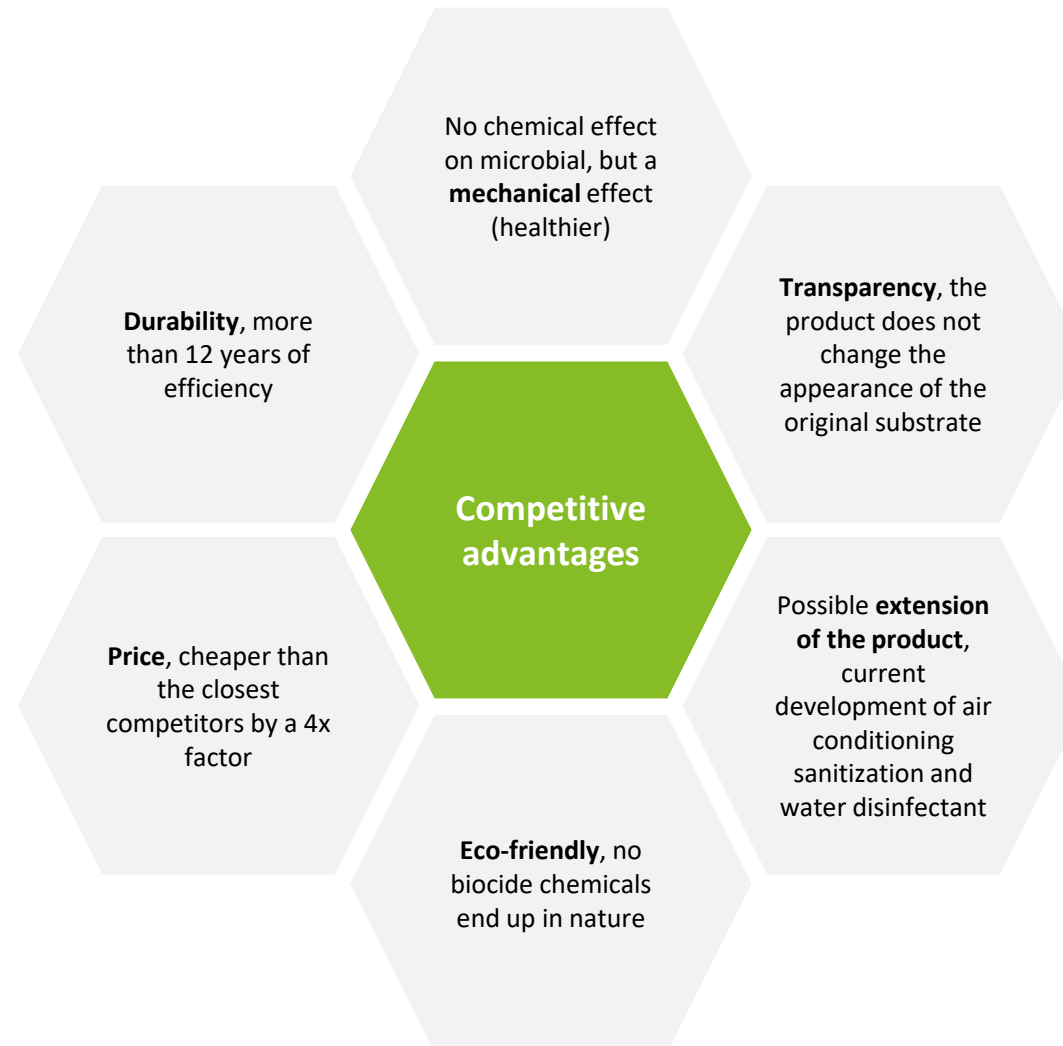


Producer	Origin	Name of the product	Active Principle	Durability	Price/Liter (EUR)	m²/Liter	Price/m² (EUR)	Nocivity
Sichem		Nobacoat	Quats	12 years	150,00	60,00	2,50	No
Nordichem Europe		Nordichem	Quats	2 days	335,00		3,35	Yes
Disinfekts		Disinfekts	Quats	4 weeks	580,00			Yes
Betterclean services		Betterclean	Quats		750,00			Yes
ESIX Surface Technologies		COATIX	Quats	1 year	600,00	100,00	6,00	Yes
nanoCare Liquid Guard		Liquid Guard	Quats	1 year	560,00	80,00	7,00	Yes
Allied Bioscience		SurfaceWise2	Quats	3 months	480,00			Yes
PhotoActive		Photoactive	Silver	1 year	460,00			Yes
VeroMetal		VeroMetal	Copper				70,00	Yes

Source : Management Sichem

Go-to-market

Competitive advantages















Go-to-market

Customers

Advanced discussions with large industrial players

Management has been working with large industrial players on key partnerships. The company currently targets **4 industry sectors** : glass producers, automotive suppliers, wallpaper manufacturers and automotive seats manufacturers.

A co-development contract and a supply agreement have been signed with respectively **Faurecia** and **Grandeco** which **secures an annual quantity of 300 Tons** by 2026.

Industry	Glass producers			Automotive suppliers	Wallpaper manufacturers	Automotive seats manufacturers
Customers	AGP  	Saint-Gobain  	Vitro  	Faurecia  	Grandeco  	Adient  
Current partnership status	Glass producers, plans to entrust Nobacoat with the development of a dedicated solution applicable to glass for the public transport vehicle, private vehicle, airplane or building glass markets, the surfaces to be treated announced are of the order of several million m ² per year.			A global automotive supplier, Faurecia is in an industrial scale-up phase to apply this coating to all internal components of vehicles. A co-development contract is signed	A Belgian wallpaper manufacturer (2 nd European supplier) in final test to industrialize the application of the Nobacoat on their production. A distribution contract is signed	Active in textile and leather seats for automotive sector, Adient would like to integrate a coating application and crosslinking system into its production line, allowing already treated fabric to be taken out of production.

Human resources

Human resources

Experienced team

Christophe Leclercq – CEO

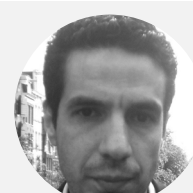


M. Leclercq bought Lithcote in 2008 with the vision of becoming a pioneer in the research and development of coatings for the industry. He is the CEO of Sichem.

Professional experience

- 2008 – Today : Managing director at Lithcote SA
- 2004 – 2008 : Director and Co-founder at Decube SA (financial holding focused on the industrial sector)
- 2004 – 2008 : Managing director Société Industrielle Bays SA
- 2002 – 2004 : Department responsible Fabricom SA / Suez SA
- 2000 – 2002 : Deputy operation director Versatel SA
- 1991 – 2000 : District manager Belgacom SA

Farid Ouhib – CRO



Farid Ouhib is the scientific person behind the formula created for Nobacoat. He will oversee the research and development in the new structure.

Professional experience

- 2009 – 2018 : Research associate at Center for Education and Research on Macromolecules (CERM), University of Liège (Belgium)
- 2008 – 2009 : R&D scientific researcher at Polymer Chemistry Laboratory (LCP), Sorbonne University (France)

Education

- 2005 – 2008 : PH. D in Polymer chemistry at University of Pau (France)
PH.D topic : “*Synthesis and characterization of polythiophene derivatives for organic solar cells*”.
- 2003 – 2004 : Master II in Polymer sciences at University of Paris-Est-Val-de-Marne (France)
- 1997 – 2003 : Master I in Chemistry at University of Grenoble (France)

Joris Maes – CCO



Joris Maes joined Sichem during 2022 and will be the company's new chief commercial officer in charge of defining Nobacoat's commercial strategy.

Professional experience

- 2010 – Today : Self-employed Management consultant
Various assignments at Tele'Train NV, Keyware Technologies, Fuller, Bailey Tantalus M-East, SBS Skillbuilders and KU Leuven.
- 2001 – 2008 : Commercial director, Balta Industries NV

Education

- 2001 – 2003 : MBA in international General Management at Vlerick Leuven/Gent (Belgium)
- 1987 – 1991 : Master in Industrial Engineering at High School Ostend (Belgium)

SWOT

SWOT

Nobacoat



Strengths

- New technology in a growing market
- Innovation capacity and technical resources
- Anti-viral, anti-fungal and anti-bacteria product
- High-quality and performing R&D
- Formula can be adapted to several application substrates
- Great networking due to activities of the firm in industrial textile



Weaknesses

- Dependent on suppliers
- Brand image still to be developed
- Dependence on its Management



Opportunities

- High potential and growing market
- New technology and weak direct competitors
- Developing a network of licensed applicators of the product
- Growing attention from the press
- Visibility on the market through pro-bono development (Ebola – Africa)



Threats

- Ability to apply the product may compete with licensed applicators
- European and international regulation

Financials

Financials

Base case

Financials

Base case | Forecasted P&L

P&L k EUR	Budget 2022	Budget 2023	Budget 2024	Budget 2025	Budget 2026
<i>Turnover growth</i>	-	1035%	44%	38%	32%
Turnover	2 756	31 293	44 999	61 962	81 622
Purchases of goods and subcontracting	-612	-4 256	-6 041	-8 487	-11 705
<i>Purchases of goods and subcontracting in % of turnover</i>	-22%	-14%	-13%	-14%	-14%
Gross margin	2 145	27 037	38 958	53 476	69 918
<i>Gross margin in % of turnover</i>	78%	86%	87%	86%	86%
SG&A	-1 430	-10 011	-14 272	-19 714	-25 959
<i>SG&A in % of turnover</i>	-52%	-32%	-32%	-32%	-32%
Payroll costs	-87	-1 581	-2 088	-2 820	-3 627
<i>Payroll costs in % of turnover</i>	-3%	-5%	-5%	-5%	-4%
Other operating expenses	-5	-56	-56	-57	-57
EBITDA	623	15 389	22 542	30 886	40 275
<i>EBITDA in % of turnover</i>	23%	49%	50%	50%	49%
Depreciation and amortization	-72	-491	-531	-525	-549
EBIT	550	14 898	22 011	30 361	39 726
<i>EBIT in % of turnover</i>	20%	48%	49%	49%	49%
Financial result	-2	-104	-96	-88	-80
Profit before tax	549	14 794	21 914	30 273	39 647
<i>Corporate income tax</i>	-137	-3 699	-5 479	-7 568	-9 912
Net result	412	11 096	16 436	22 705	29 735
<i>Net result in % of turnover</i>	15%	35%	37%	37%	36%

General remark

- Financials have been prepared based upon the budget estimated by Management.

P&L overview

- Turnover** : Increasing revenues are explained by the signing of several manufacturing contracts.
- Purchases of goods and subcontracting** : The bill of material exercise was used to determine this category of costs. Variations of purchases of goods and subcontracting as a percentage of turnover are explained by the product mix.
- SG&A** : Costs linked to services and other goods were based upon Management's experience.
- Payroll costs** : Increasing payroll costs are justified by the increase in FTE.
- EBITDA** : The average EBITDA margin over the studied period stands at 40% and is mainly explained by the low cost of materials purchased.

Financials

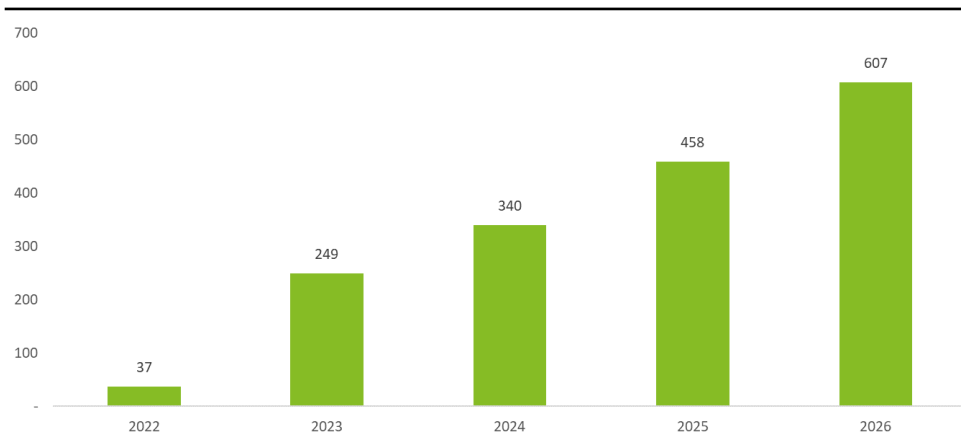
Base case | Forecasted P&L – Detailed EBITDA (1/2)

P&L k EUR	Budget 2022	Budget 2023	Budget 2024	Budget 2025	Budget 2026
<i>Turnover growth</i>	-	1035%	44%	38%	32%
Turnover - Grandeco	2 756	14 606	14 621	14 584	14 547
Turnover - Faurecia	-	2 779	12 184	23 149	36 286
Turnover - Saint-Gobain	-	13 908	18 194	23 458	29 322
Turnover - Adient	-	-	-	772	1 466
Turnover	2 756	31 293	44 999	61 962	81 622
Raw materials - Grandeco	-492	-2 882	-3 189	-3 516	-3 876
Raw materials - Faurecia	-	-274	-1 329	-2 790	-4 834
Raw materials - Saint-Gobain	-	-290	-420	-598	-826
Raw materials - Adient	-	-	-	-93	-195
Supplies purchases	-46	-311	-425	-573	-759
Sub-contracting	-74	-498	-679	-917	-1 214
Purchases of goods and subcontracting	-612	-4 256	-6 041	-8 487	-11 705
<i>Purchases of goods and subcontracting in % of turnover</i>	<i>-22%</i>	<i>-14%</i>	<i>-13%</i>	<i>-14%</i>	<i>-14%</i>
Gross margin	2 145	27 037	38 958	53 476	69 918
<i>Gross margin in % of turnover</i>	<i>78%</i>	<i>86%</i>	<i>87%</i>	<i>86%</i>	<i>86%</i>

Turnover overview

- Turnover split is derived from Management's signed agreements and current discussions with industrial partners.

Forecasted production volumes (Tons)



Gross margin overview

- Bill of Material exercise allow Management to foresee an average gross margin of 85% over the studied period.

Financials

Base case | Forecasted P&L – Detailed EBITDA (2/2)

P&L k EUR	Budget 2022	Budget 2023	Budget 2024	Budget 2025	Budget 2026
Gross margin	2 145	27 037	38 958	53 476	69 918
Gross margin in % of turnover	78%	86%	87%	86%	86%
Insurance charges	-16	-76	-158	-299	-470
Telephone, internet	-8	-9	-10	-12	-15
Other subscriptions	-30	-30	-50	-50	-50
Fuel, transport	-12	-15	-20	-25	-30
Company vehicles	-72	-288	-360	-468	-576
Travel and accommodation expenses	-30	-60	-70	-85	-90
Water, electricity and gas	-24	-24	-30	-40	-45
Maintenance and repair	-30	-40	-50	-60	-70
Computer equipment	-30	-35	-40	-45	-50
Sub-contracting	-20	-25	-30	-35	-40
Facility cleaning	-12	-15	-18	-21	-25
Advertising and communication budget	-50	-240	-495	-950	-1 450
Rent and rental charges	-48	-	-	-	-
Chartered accountants, lawyers	-12	-15	-20	-25	-30
Research and development	-144	-3 912	-5 625	-7 745	-10 203
Patents	-35	-35	-35	-35	-35
Commercial authorizations	-10	-10	-10	-10	-10
Distribution	-413	-4 694	-6 750	-9 294	-12 243
Management and third parties	-434	-489	-502	-514	-527
SG&A	-1 430	-10 011	-14 272	-19 714	-25 959
SG&A in % of turnover	-52%	-32%	-32%	-32%	-32%
Remuneration - R&D Manager	-87	-89	-91	-94	-96
Remuneration - R&D Employee	-	-125	-128	-196	-201
Remuneration - Sales	-	-1 069	-1 460	-2 058	-2 685
Remuneration - Blue collars	-	-299	-409	-472	-644
Payroll costs	-87	-1 581	-2 088	-2 820	-3 627
Payroll costs in% of turnover	-3%	-5%	-5%	-5%	-4%
Other operating expenses	-5	-56	-56	-57	-57
EBITDA	623	15 389	22 542	30 886	40 275
EBITDA in % of turnover	23%	49%	50%	50%	49%

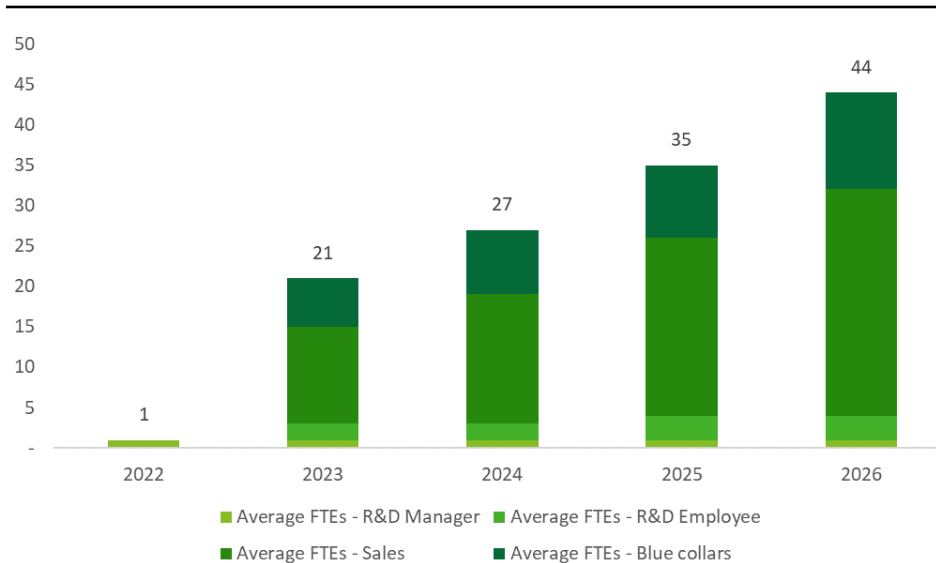
SG&A overview

- **Advertising and communication budget** : Increasing expenses in marketing are explained by the need to rapidly build product notoriety.
- **Research and development** : R&D expenses are needed to support the product and decline the original recipe to different sector applications.
- **Distribution** : This cost category relates to the existing distribution contract with Grandeco.

Payroll costs overview

- Increasing payroll costs are explained by the increasing number of FTE necessary to deal with key accounts and assume in-house production.

FTE evolution between 2022 and 2026 (number of FTE)



Financials

Base case | Forecasted balance sheet

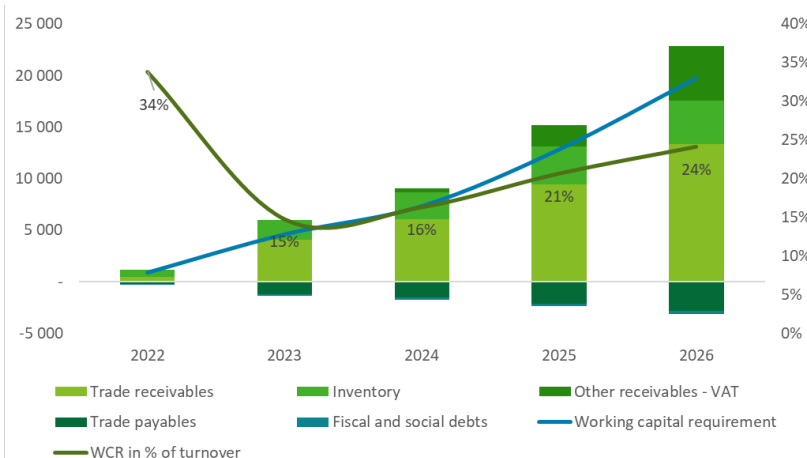
Balance sheet k EUR	Realized 2021	Budget 2022	Budget 2023	Budget 2024	Budget 2025	Budget 2026
Intangible assets	-	399	290	181	116	67
Tangible assets	7	270	5 431	5 409	5 349	5 250
Inventory	-	710	1 944	2 655	3 710	4 181
Trade receivables	-	465	4 038	6 036	9 406	13 348
Other receivables - VAT	-	-	-	382	2 073	5 292
Cash and equivalent	5	-532	5 659	19 177	36 211	58 860
Total assets	12	1 313	17 363	33 841	56 865	86 998
Equity	3	881	11 977	28 413	51 118	80 853
Capital	2	469	469	469	469	469
Reserves / result carried forward	0	412	11 508	27 944	50 649	80 384
Total financial debts	-	188	4 029	3 706	3 375	3 035
Debt - CAPEX 2022	-	188	174	159	145	129
Debt - CAPEX 2023	-	-	3 856	3 547	3 230	2 906
Short term debts	9	243	1 356	1 721	2 372	3 110
Trade payables	-	192	1 175	1 547	2 132	2 808
Fiscal debts	-	44	50	-	-	-0
Salary and social debts	9	7	132	174	239	302
Total liabilities	12	1 313	17 363	33 841	56 865	86 998

KPIs Days	Realized 2021	Budget 2022	Budget 2023	Budget 2024	Budget 2025	Budget 2026
DSO	-	51	43	46	53	58
DIO	-	424	167	160	160	130
DPO	-	29	26	24	24	23
CCC	-	446	184	183	189	165

Balance sheet overview

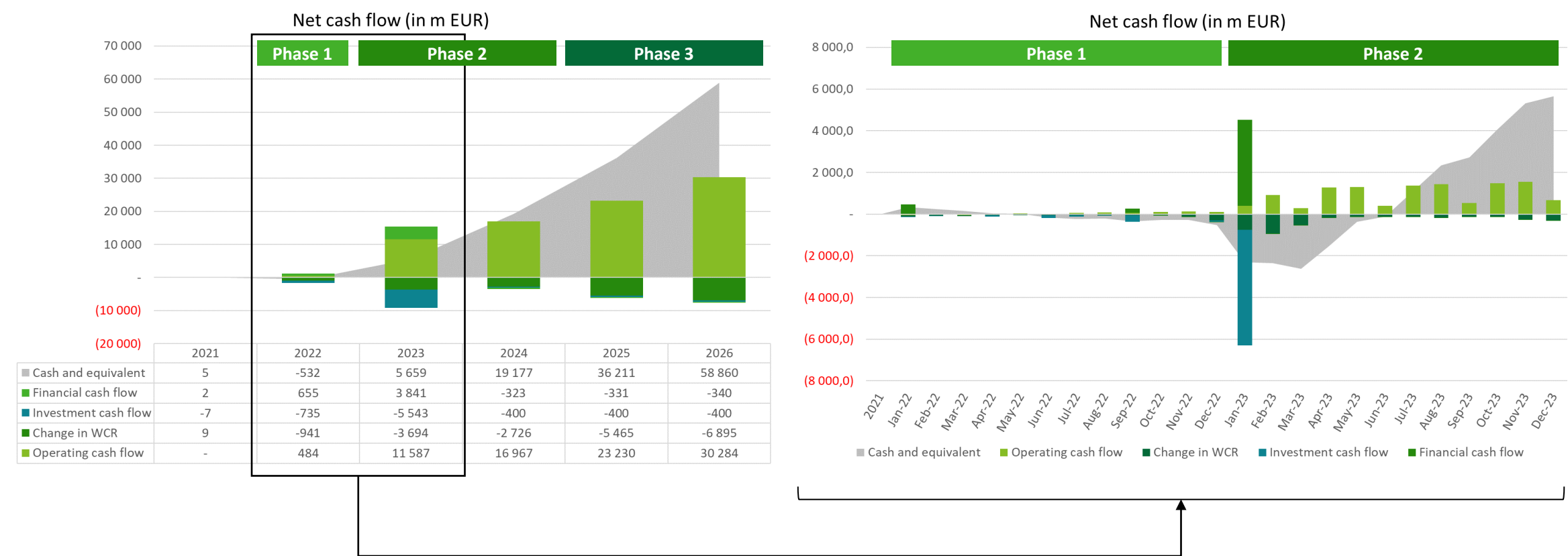
- **Intangible assets** : Patents are activated in the balance sheet and depreciated.
- **Tangible assets** : The company builds its production facility in 2023.
- **Working capital requirement** : Increasing sales volumes drive the working capital requirement.
- **Cash and equivalent** : Management assumed 0% payout ratio during the first 3 phases, for the purpose of this exercise, leading to increasing cash position over the years.
- **Financial debts** : Investments in a factory construction study and associated architect fees (2022) are financed at 70% by bank funding. The construction of the production facility (2023) is financed at 75% by bank funding.

Working capital evolution between 2022 and 2026 (k EUR)



Financials

Base case | Cash flow generation



Cash flow generation

- **Phase 1** : The estimated financing need during phase 1 is estimated at **1.000k EUR**.
- **Phase 2** : Further investment in the production facility will lead to an additional financing need estimated at **2.000k EUR**.

Financials

Worst case

Financials

Worst case | Forecasted P&L

P&L k EUR	Budget 2022	Budget 2023	Budget 2024	Budget 2025	Budget 2026
Turnover growth	-	197%	28%	36%	31%
Turnover	2 747	8 165	10 478	14 237	18 693
Purchases of goods and subcontracting	-609	-1 187	-1 591	-2 238	-3 159
Purchases of goods and subcontracting in % of turnover	-22%	-15%	-15%	-16%	-17%
Gross margin	2 137	6 979	8 887	11 998	15 534
Gross margin in % of turnover	78%	85%	85%	84%	83%
SG&A	-1 429	-3 281	-4 581	-6 314	-8 293
SG&A in % of turnover	-52%	-40%	-44%	-44%	-44%
Payroll costs	-87	-809	-880	-1 236	-1 494
Payroll costs in % of turnover	-3%	-10%	-8%	-9%	-8%
Other operating expenses	-5	-56	-56	-57	-57
EBITDA	617	2 834	3 370	4 391	5 689
EBITDA in % of turnover	22%	35%	32%	31%	30%
Depreciation and amortization	-72	-491	-531	-525	-549
EBIT	544	2 343	2 839	3 867	5 141
EBIT in % of turnover	20%	29%	27%	27%	28%
Financial result	-2	-97	-90	-82	-75
Profit before tax	543	2 246	2 749	3 784	5 066
Corporate income tax	-136	-561	-687	-946	-1 267
Net result	407	1 684	2 062	2 838	3 800
Net result in % of turnover	15%	21%	20%	20%	20%

P&L overview

- **Turnover** : Base case target production quantity is reduced from 607T to 164T in 2026. Thus, revenues increase at a slower rate than in the base case.
- **Purchases of goods and subcontracting** : The bill of material exercise was used to determine this category of costs.
- **SG&A** : Costs linked to services and other goods were estimated by Management's experience.
- **Payroll costs** : Reviewed production target induce a smaller increase in FTE in FTE.
- **EBITDA** : The average EBITDA margin over the studied period stands at 30%.

Financials

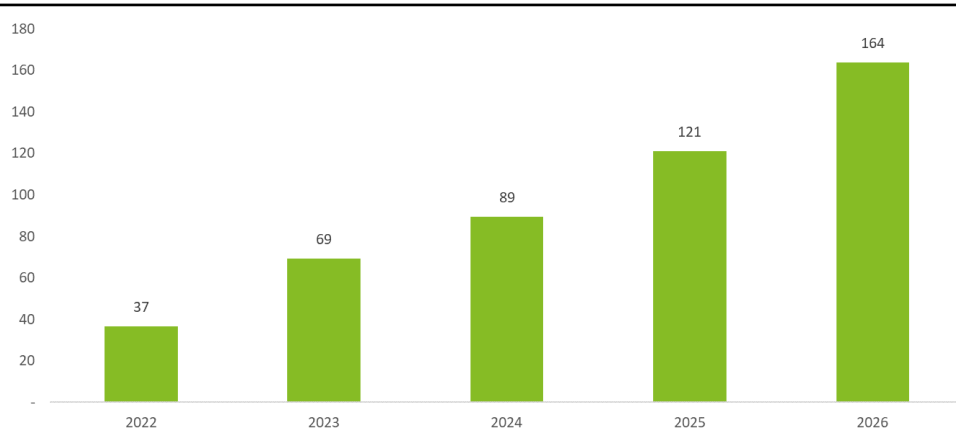
Worst case | Forecasted P&L – Detailed EBITDA (1/2)

P&L k EUR	Budget 2022	Budget 2023	Budget 2024	Budget 2025	Budget 2026
<i>Turnover growth</i>	-	197%	28%	36%	31%
Turnover - Grandeco	2 747	4 275	5 036	5 942	7 037
Turnover - Faurecia	-	470	893	1 698	3 225
Turnover - Saint-Gobain	-	3 420	4 549	6 173	7 624
Turnover - Adient	-	-	-	424	806
Turnover	2 747	8 165	10 478	14 237	18 693
Raw materials - Grandeco	-490	-844	-1 098	-1 432	-1 875
Raw materials - Faurecia	-	-46	-97	-205	-430
Raw materials - Saint-Gobain	-	-71	-105	-157	-215
Raw materials - Adient	-	-	-	-51	-107
Supplies purchases	-46	-87	-112	-151	-205
Sub-contracting	-73	-139	-179	-242	-328
Purchases of goods and subcontracting	-609	-1 187	-1 591	-2 238	-3 159
<i>Purchases of goods and subcontracting in % of turnover</i>	-22%	-15%	-15%	-16%	-17%
Gross margin	2 137	6 979	8 887	11 998	15 534
Gross margin in % of turnover	78%	85%	85%	84%	83%

Turnover overview

- Turnover split is derived from a worst-case scenario estimated by Management.

Forecasted production volumes (Tons)



Gross margin overview

- Maintaining low costs of raw materials allows Management to foresee an average gross margin of 83% over the studied period.

Financials

Worst case | Forecasted P&L – Detailed EBITDA (2/2)

P&L k EUR	Budget 2022	Budget 2023	Budget 2024	Budget 2025	Budget 2026
Gross margin	2 137	6 979	8 887	11 998	15 534
Gross margin in % of turnover	78%	85%	85%	84%	83%
Insurance charges	-16	-76	-158	-299	-470
Telephone, internet	-8	-9	-10	-12	-15
Other subscriptions	-30	-30	-50	-50	-50
Fuel, transport	-12	-15	-20	-25	-30
Company vehicles	-72	-162	-162	-194	-216
Travel and accommodation expenses	-30	-60	-70	-85	-90
Water, electricity and gas	-24	-24	-30	-40	-45
Maintenance and repair	-30	-40	-50	-60	-70
Computer equipment	-30	-35	-40	-45	-50
Sub-contracting	-20	-25	-30	-35	-40
Facility cleaning	-12	-15	-18	-21	-25
Advertising and communication budget	-50	-240	-495	-950	-1 450
Rent and rental charges	-48	-	-	-	-
Chartered accountants, lawyers	-12	-15	-20	-25	-30
Research and development	-144	-776	-1 310	-1 780	-2 337
Patents	-35	-35	-35	-35	-35
Commercial authorizations	-10	-10	-10	-10	-10
Distribution	-412	-1 225	-1 572	-2 136	-2 804
Management and third parties	-434	-489	-502	-514	-527
SG&A	-1 429	-3 281	-4 581	-6 314	-8 293
SG&A in % of turnover	-52%	-40%	-44%	-44%	-44%
Remuneration - R&D Manager	-87	-89	-91	-94	-96
Remuneration - R&D Employee	-	-125	-128	-196	-201
Remuneration - Sales	-	-445	-456	-631	-767
Remuneration - Blue collars	-	-150	-204	-314	-430
Payroll costs	-87	-809	-880	-1 236	-1 494
Payroll costs in % of turnover	-3%	-10%	-8%	-9%	-8%
Other operating expenses	-5	-56	-56	-57	-57
EBITDA	617	2 834	3 370	4 391	5 689
EBITDA in % of turnover	22%	35%	32%	31%	30%

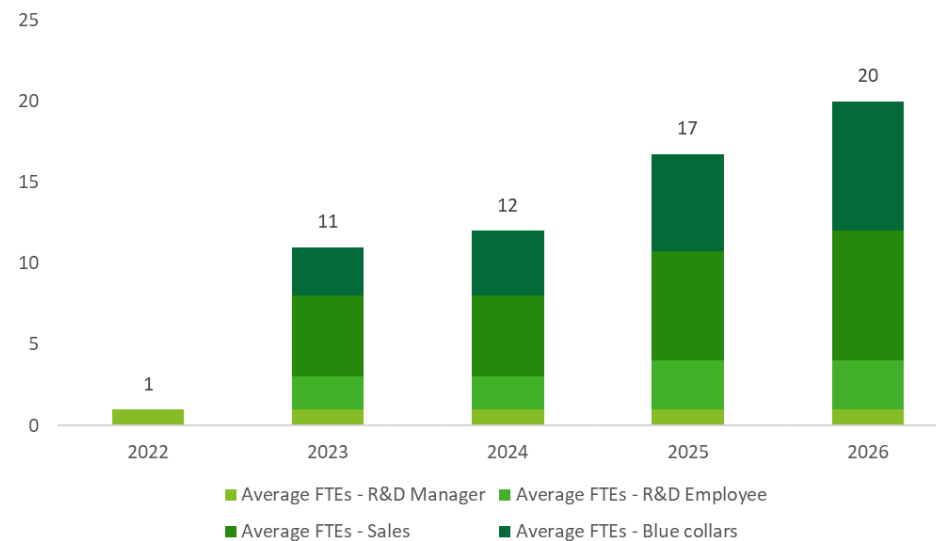
SG&A overview

- **Advertising and communication budget** : Increasing expenses in marketing are explained by the need to rapidly build product notoriety.
- **Research and development** : R&D expenses are needed to support the product and decline the original recipe to different sector applications.
- **Distribution** : This cost category relates to the existing distribution contract with Grandeco.

Payroll costs overview

- FTE increase at a slower rate than in the base case due to a reviewed target production quantity.

FTE evolution between 2022 and 2026 (number of FTE)



Financials

Worst case | Forecasted balance sheet

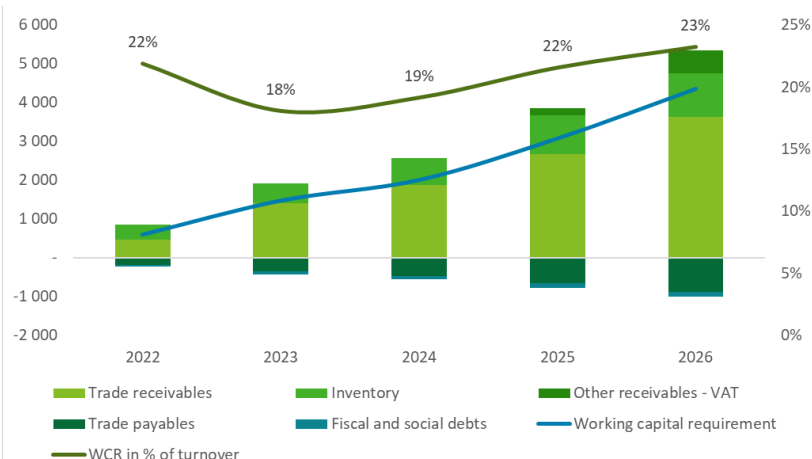
Balance sheet k EUR	Realized 2021	Budget 2022	Budget 2023	Budget 2024	Budget 2025	Budget 2026
Intangible assets	-	399	290	181	116	67
Tangible assets	7	270	5 431	5 409	5 349	5 250
Inventory	-	388	502	700	994	1 129
Trade receivables	-	454	1 404	1 868	2 673	3 623
Other receivables - VAT	-	-	-	-	191	602
Cash and equivalent	5	-206	-863	496	2 083	4 437
Total assets	12	1 304	6 764	8 655	11 407	15 108
Equity	3	877	2 561	4 623	7 461	11 261
Capital	2	469	469	469	469	469
Reserves / result carried forward	0	408	2 092	4 154	6 992	10 792
Total financial debts	-	188	3 772	3 470	3 160	2 842
Debt - CAPEX 2022	-	188	174	159	145	129
Debt - CAPEX 2023	-	-	3 599	3 310	3 015	2 712
Short term debts	9	240	430	562	786	1 006
Trade payables	-	190	352	488	673	881
Fiscal debts	-	43	11	0	-	-
Salary and social debts	9	7	67	73	113	125
Total liabilities	12	1 304	6 764	8 655	11 407	15 108

KPIs Days	Realized 2021	Budget 2022	Budget 2023	Budget 2024	Budget 2025	Budget 2026
DSO	-	50	57	59	63	66
DIO	-	232	154	161	162	130
DPO	-	29	25	25	25	24
CCC	-	253	186	195	200	172

Balance sheet overview

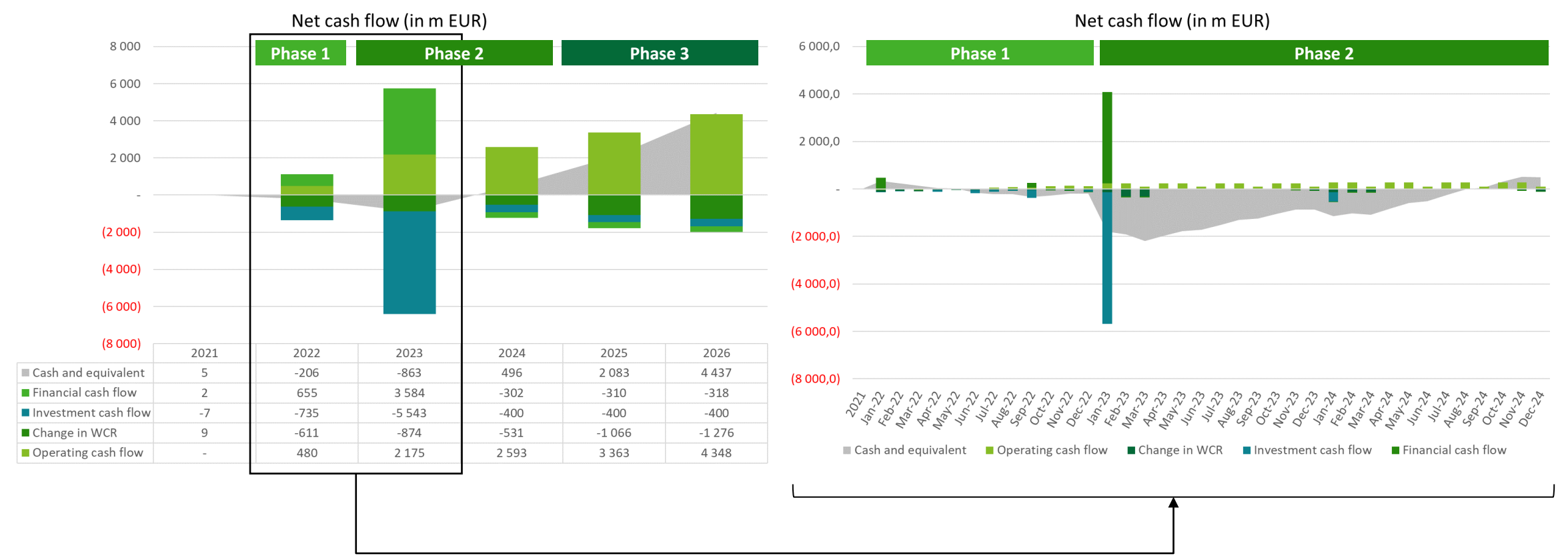
- **Intangible assets** : Patents are activated in the balance sheet and depreciated.
- **Tangible assets** : The company builds its production facility in 2023.
- **Working capital requirement** : Increasing sales volumes drive the working capital requirement.
- **Cash and equivalent** : Management assumed 0% payout ratio during the first 3 phases, for the purpose of this exercise, leading to increasing cash position over the years.
- **Financial debts** : Investments in a factory construction study and associated architect fees (2022) and the construction of the production facility (2023) are financed at 70% by bank funding.

Working capital evolution between 2022 and 2026 (k EUR)



Financials

Worst case | Cash flow generation



Cash flow generation

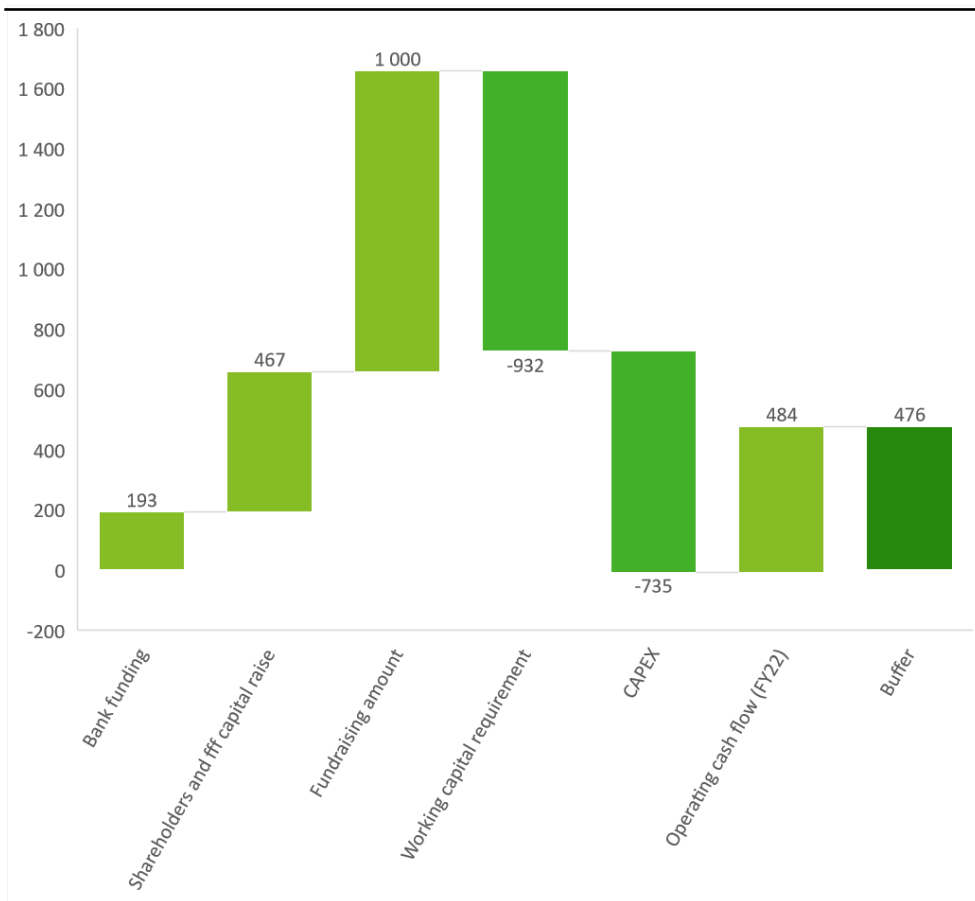
- **Phase 1** : The estimated financing need during phase 1 is **1.000k EUR**.
- **Phase 2** : Further investment in the production facility will lead to an additional financing need estimated at **2.000k EUR**.

Estimated financing needs

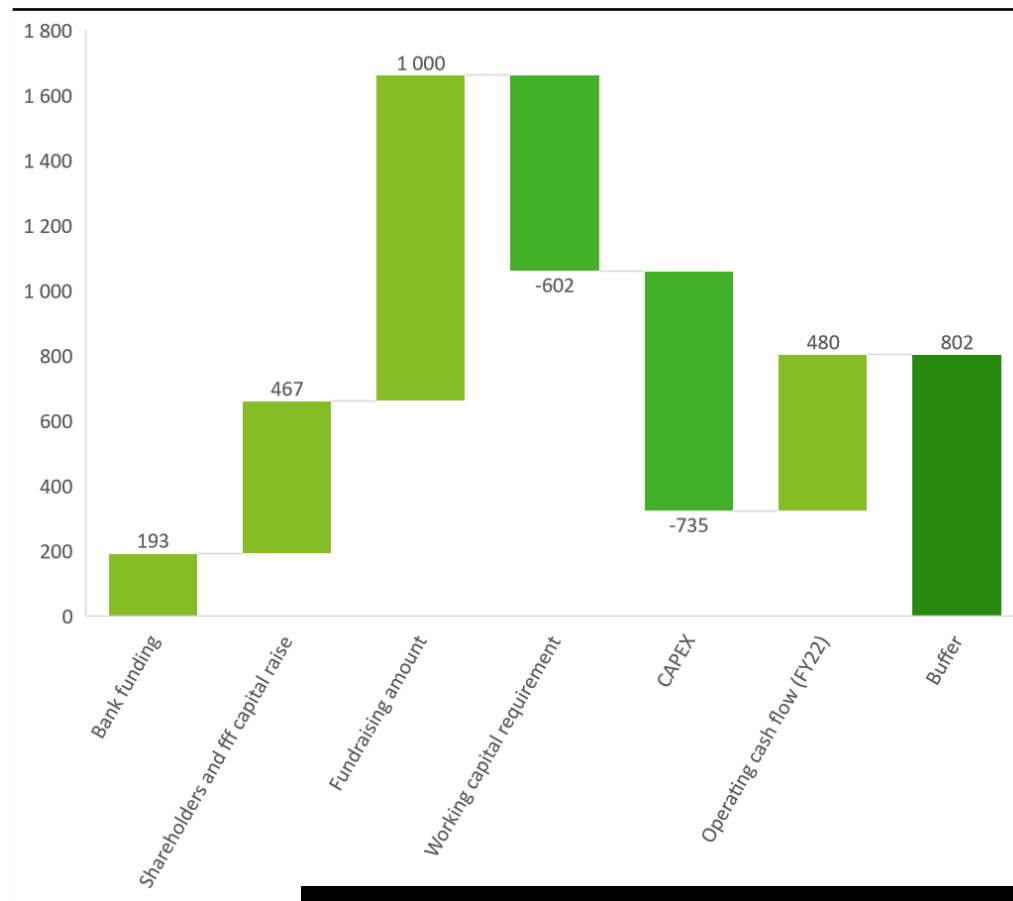
Estimated financing needs

Financing needs and use of funding

Base case – Use of funding (k EUR)



Worst case – Use of funding (k EUR)



Financing assumptions

- **Bank funding** : 70% of investments in a factory construction study and associated architect fees foreseen in 2022.
- **Shareholders and FFF capital raise** : 467k EUR at the beginning of 2022 (pre-money valuation of 4.203k EUR).
- **Fundraising amount** : 1.000k EUR.

Source : Management Sichem, Deloitte Analysis

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Funding need

→ The financing requirement in either scenario is estimated at 1.000k EUR, buffer included, in order to close out 2022.

Transaction proposal

Transaction proposal

Key transaction parameters

Issuer	Sichem SRL
Transaction structure	Capital increase of Sichem SRL or convertible loan agreement.
Transaction size	1.000k EUR
Ticket	Minimum 500k EUR.
Investors	New shareholders : institutional investors (strategic or industrial investors).
Use of proceeds	Financing of the working capital requirements and the investment plan.
Governance	Board seat to be discussed.
Timing	June 2022 for the closing.
Information	After signing of NDA : Information Memorandum. After acceptance of a non-binding offer : Chartered accountant report on the partial split, patent applications, bill of material and commercial agreements.

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Appendix

Appendix

Appendix I – Application on several substrats

Wood



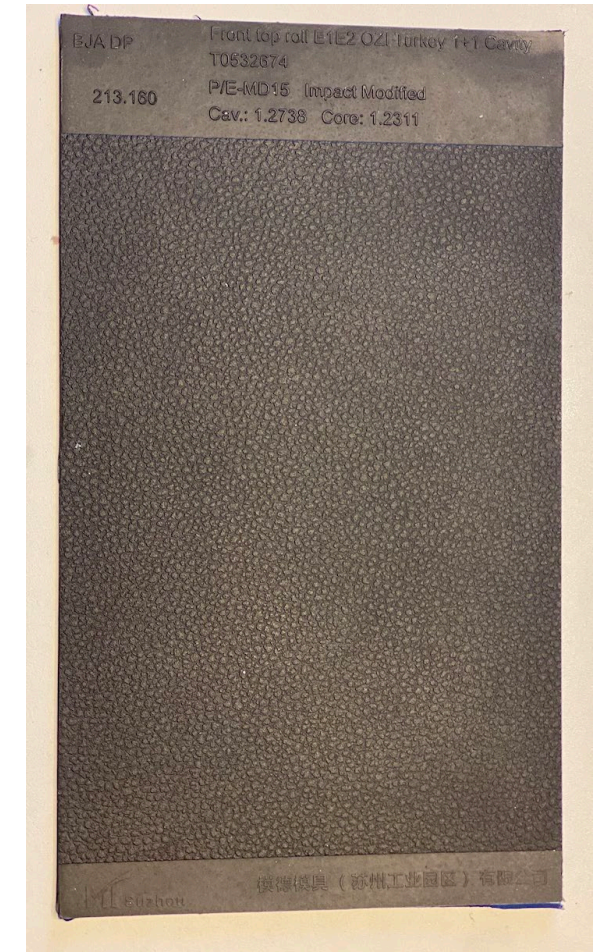
PVC



Existing Paint - Concrete




PE - PP



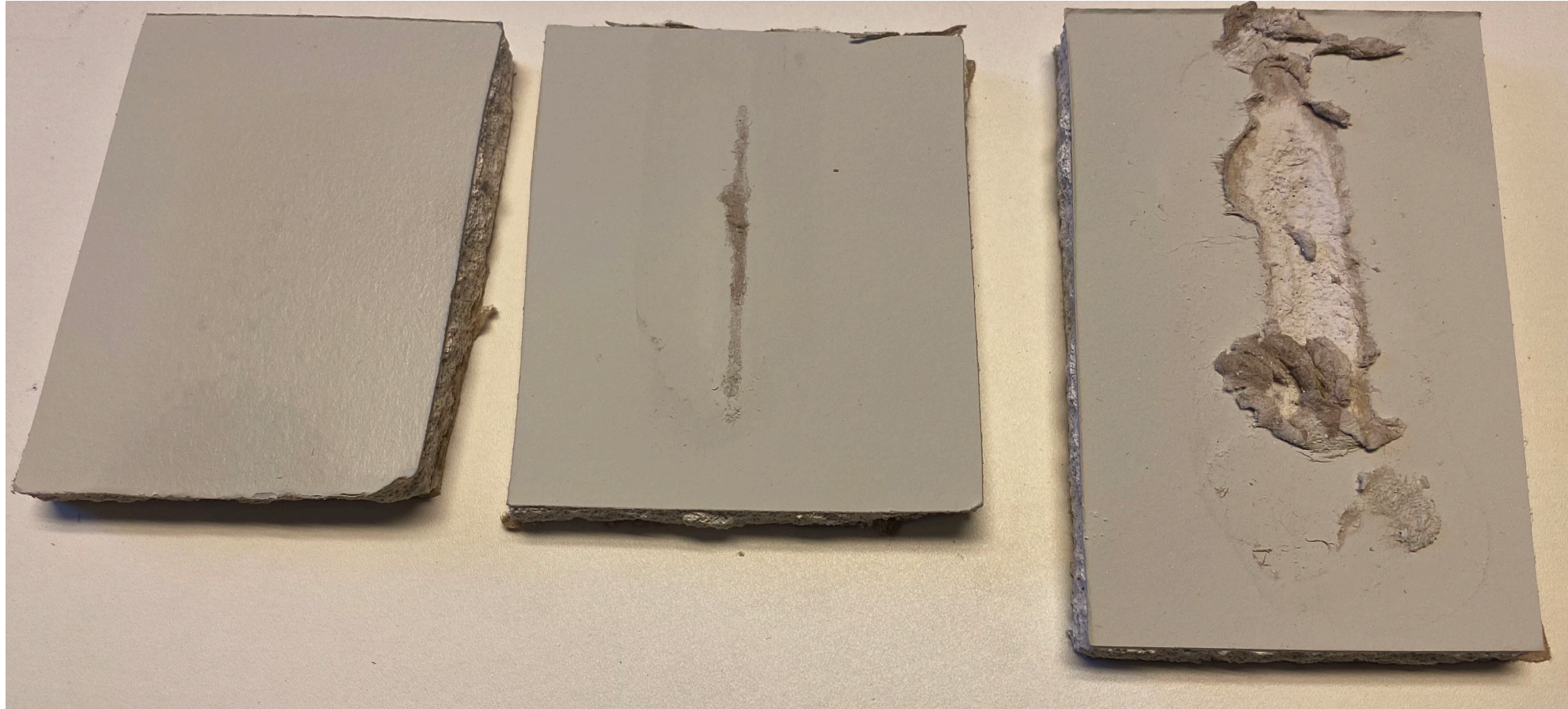
Appendix

Appendix II – Accelerated abrasion test on plasterboard samples

 **NOBACOAT**
1000 cycles

Other paint
200 cycles

Acrylic paint
100 cycles

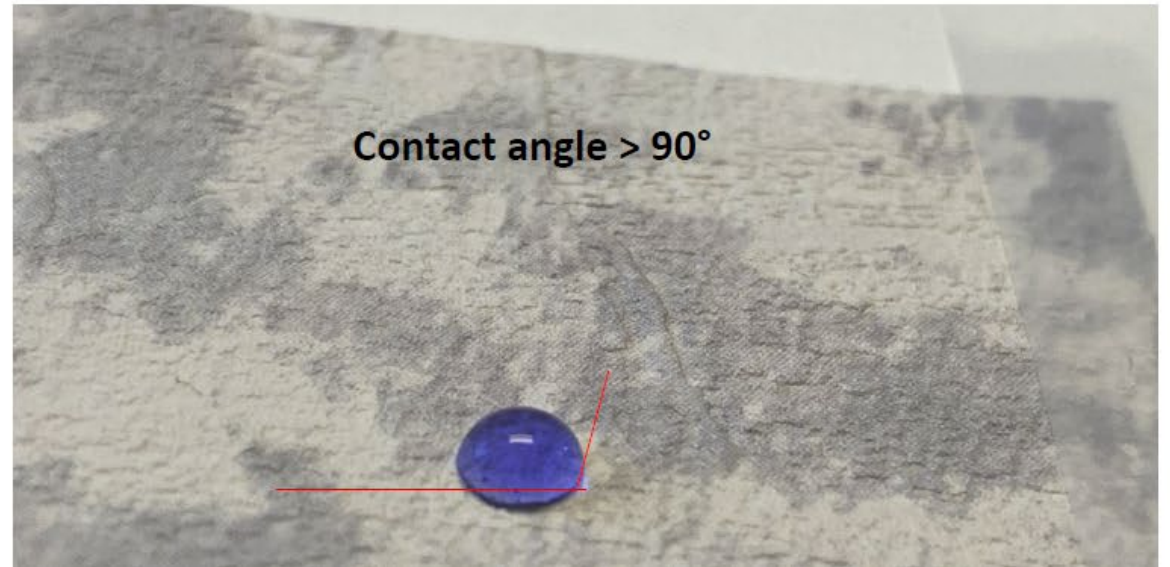


Appendix

Appendix III – Washability and waterproofing



Not treated WallPaper



Treated WallPaper with Nobacoat

Appendix

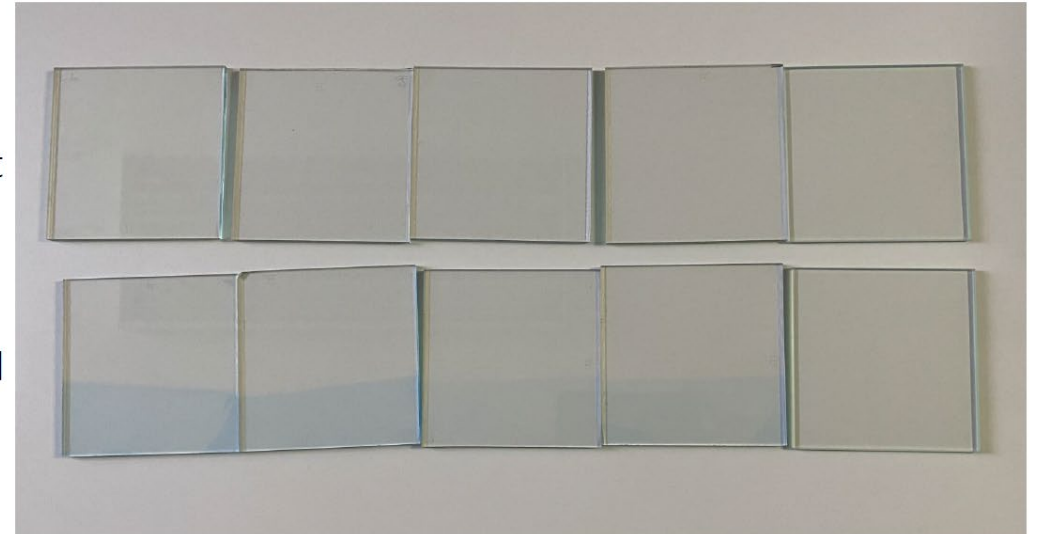
Appendix IV – How to know if a surface is treated ?

Bromothymol blue test

Bromothymol blue test allows to check if a surface has been treated with Nobacoat.

Glass without treatment

Glass treated





Appendix

Appendix V – Investment plan

CAPEX k EUR	Budget 2022	Budget 2023	Budget 2024	Budget 2025	Budget 2026
Factory construction study	25	-	-	-	-
Architect fees factory construction	250	-	-	-	-
Factory equipment	-	1 500	-	-	-
Building	-	4 043	-	-	-
Marketing study North America	20	-	-	-	-
Marketing study Asia	20	-	-	-	-
Patent 1	70	-	-	-	-
Patent 2	70	-	-	-	-
Patent 3	70	-	-	-	-
Intellectual Property 1	70	-	-	-	-
Intellectual Property 2	70	-	-	-	-
Intellectual Property 3	70	-	-	-	-
Factory equipment - recurring and production increase	-	-	400	-	-
Factory equipment - recurring and production increase	-	-	-	400	-
Factory equipment - recurring and production increase	-	-	-	-	400
Total	735	5 543	400	400	400

Appendix

Appendix VI – Technology readiness level applied to Nobacoat customers

	TRL1	TRL2	TRL3	TRL4	TRL5	TRL6	TRL7	TRL8	TRL9
Definition	Basic principles observed	Technology application / concept formulated	Analytical and experimental critical function and / or characteristic proof of concept	Component validation in lab environment	Component validation in relevant environment	System / subsystem model or prototype demonstration in relevant environment	System prototype demonstration	Actual system completed through test and demonstration	Actual system proven through succesful application
Customers									
Grandeco 	✓	✓	✓	✓	✓	✓	✓	✓	
faurecia	✓	✓	✓	✓	✓	✓	✓		
 SAINT-GOBAIN	✓	✓	✓	✓	✓	✓			

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