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PRESS RELEASE

SIT S.p.A: growth reported in H1 2022

Consolidated revenues of Euro 195 million

Net Profit of Euro 14 million

Market volatility and uncertainty continues

SIT in H1 2022 returned:

- **Consolidated revenues** of Euro 194.7 million (+2.3% on H1 2021);
- **Heating Division sales** of Euro 157.8 million (+9.1% on H1 2021);
- **Metering Division sales** of Euro 34.1 million (-20.9% on H1 2021), including Smart Gas Metering sales of Euro 21.7 million (-34.7%) and Water Metering sales of Euro 12.5 million (+25.2%);
- **Consolidated EBITDA** of Euro 23.8 million (-17.5% on H1 2021);
- **Consolidated net profit** of Euro 14.2 million (7.3% margin), +49.4% on H1 2021;
- **Net financial position** at June 30, 2022 of Euro 122.6 million (Euro 120.9 million in H1 2021).

Q2 2022 reports:

- **Consolidated revenues** of Euro 100.9 million (+3.4% on Q2 2021);
- **Heating Division sales** of Euro 81.8 million (+10.2% on Q2 2021);
- **Metering Division sales** of Euro 17.6 million (-19.7% on Q2 2021), including Smart Gas Metering sales of Euro 11.4 million (-32.2%) and Water Metering sales of Euro 6.2 million (+21.1%);
- **Consolidated EBITDA** of Euro 9.2 million (-33.8% on Q2 2021).
- **Dividends** of Euro 7.3 million paid as per Shareholders' Meeting motion of April 29, 2022;



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Padua, August 4, 2022

The Board of Directors of SIT S.p.A., listed on the main market of the Italian Stock Exchange, in a meeting today presided over by Federico de' Stefani, the Chairperson and Chief Executive Officer, approved the consolidated H1 2022 results.

*“The results approved today confirm the achievement of the Group’s growth targets and were delivered in spite of the continue historic levels of uncertainty” stated **Federico de’ Stefani, Chairperson and CEO of SIT.** “SIT’s core Heating division in particular returned an even stronger Q2, highlighting its capacity to react well to supply chain difficulties, as did the Water Metering division which continues to report very strong growth. For Smart Gas Metering, our winning features focused on innovation based on technology and precision place us ahead of the general market and highlight the expertise of our teams.*

We are working, and shall continue to work, on offering our customers an exemplary service and high levels of quality, viewing this relationship as crucial for our medium and long-term competitiveness.

2022 is still an open book: the backlog is solid, our revenue objective of approx. Euro 400 million remains, alongside a targeted consolidated margin of between 12% and 13%”.

KEY FINANCIALS

(Euro.000)	H1 22	%	H1 21	%	change	change %
Revenues from contracts with customers	194,722	100.0%	190,252	100.0%	4,470	2.3%
EBITDA	23,831	12.2%	28,892	15.2%	(5,061)	-17.5%
EBIT	10,507	5.4%	16,226	8.5%	(5,719)	-35.2%
Result before taxes (EBT)	16,806	8.6%	11,383	6.0%	5,424	47.6%
Net Profit/(loss) for the period	14,224	7.3%	9,522	5.0%	4,702	49.4%
Net Profit/(loss) for the period adjusted	6,166	3.2%	10,480	5.5%	(4,313)	-41.2%
Cash flow from operating activities	(9,936)		6,175			

(Euro.000)	30/06/2022	31/12/2021	30/06/2021
Net financial position	122,617	106,729	120,854
Net trade working capital	62,814	45,423	63,590
Net trade working capital/Revenues	16.0%	11.9%	16.6%



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Operating performance

Consolidated Revenues by Division

(Euro.000)	2022.06	%	2021.06	%	change	change %
Heating	157,836	81.1%	144,719	76.1%	13,117	9.1%
Metering	34,136	17.5%	43,167	22.7%	(9,031)	(20.9%)
Total sales	191,972	98.6%	187,886	98.8%	4,086	2.2%
Other revenues	2,750	1.4%	2,365	1.2%	385	16.3%
Total revenues	194,722	100%	190,252	100%	4,470	2.3%

Consolidated Revenues by Geographic Area

(Euro.000)	2022.06	%	2021.06	%	change	change %
Italy	50,747	26.1%	58,959	31.0%	(8,212)	(13.9%)
Europe (excluding Italy)	82,423	42.3%	82,645	43.4%	(222)	(0.3%)
The Americas	43,383	22.3%	33,766	17.7%	9,617	28.5%
Asia/Pacific	18,169	9.3%	14,881	7.8%	3,288	22.1%
Total revenues	194,722	100%	190,252	100%	4,470	2.3%

H1 2022 consolidated revenues were Euro 194.7 million, increasing 2.3% on the same period of 2021 (Euro 190.3 million).

Heating Division sales in the first half of 2022 amounted to Euro 157.8 million, +9.1% compared to Euro 144.7 million in the same period of 2021 (+6.1% at like-for-like exchange rates). In the second quarter, the division's core sales rose 10.2% to Euro 81.8 million, compared with Euro 74.2 million in the same period of 2021.

The following table presents Heating Division core sales by region according to management criteria:

(Euro.000)	2022.06	%	2021.06	%	change	change %
Italy	29,941	19.0%	28,743	19.9%	1,198	4.2%
Europe (excluding Italy)	67,655	42.9%	68,607	47.4%	(952)	(1.4%)
The Americas	41,960	26.6%	32,849	22.7%	9,111	27.7%
Asia/Pacific	18,279	11.6%	14,520	10.0%	3,759	25.9%
Total sales	157,836	100%	144,719	100%	13,117	9.1%

Sales in Italy rose 4.2% on H1 2021, thanks to strong demand in the Catering sector (+Euro 1.5 million, +80%) and for Direct Heating, which rose Euro 0.5 million (+15%), on the basis of pellet stoves and space heaters. Central Heating reported a contraction of Euro 0.7 million (-3.6%), mainly due to delays for fans and electronics.

Sales in Europe (excluding Italy) decreased Euro 1.0 million in H1 2022 (-1.4%) on the same period of the previous year. The Central Heating segment in Turkey, the top shipping market with 9.7% of



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division sales, contracted 8.7% on H1 2021, while the UK, 6.0% of division sales, saw a 22.5% decrease for Central Heating - Flues and Mechanical controls - due to delivery delays to customers of certain components from other suppliers. Central Europe remains strong, thanks to the introduction of new products, up 15.0% on H1 2021 (Euro 3.8 million).

Sales in the Americas rose 27.7% (+17.4% at like-for-like exchange rates), thanks to fireplaces growth of Euro 4.1 million (+25.0%). Storage Water Heating applications in H1 2022 rose 14.2% (Euro 1.5 million). Central Heating applications also grew, increasing Euro 2.8 million (+60%).

Asia/Pacific sales were up 25.9% to Euro 18.3 million (Euro 14.5 million in H1 2021). Growth was reported in China (6.9% of the division), up +15.9% (+Euro 1.5 million) as a result of the Central Heating retail market recovery, and in Australia - improving Euro 0.7 million (+18.9%).

Among the main product families, Mechanical controls sales were up (+8.9%, +Euro 7.4 million), as were Electronic controls (+25.5%, Euro 6.9 million) and Fans (+2.6%, Euro 0.5 million), with the production of this latter family now on schedule after the procurement difficulties in Q1. At the application segment level, Central Heating accounted for 57.6% of division sales, increasing 6.9%, while Direct Heating (19.2% of the division sales) rose 13.8% due to the positive fireplaces market in the USA and for applications sold in Italy.

Metering Division sales were Euro 34.1 million (Euro 43.2 million, reducing 20.9% on the same period of the previous year).

In H1 2022, sales in the Smart Gas Metering sector totalled Euro 21.7 million, reducing 34.7% on the first half of 2021. Sales in Italy accounted for 92.8% of the total, while overseas sales accounted for 7.2% (from Greece, Central Europe, the UK and India).

Water Metering sales totalled Euro 12.5 million, up 25.2% on H1 2021. Portugal accounts for 23.9% of sales, Spain for 28.4%, the rest of Europe for 34.9% and America and Asia respectively for 6.8% and 5.9%.

H1 2022 EBITDA was therefore Euro 23.8 million (12.2% revenue margin), decreasing 17.5% on Euro 28.9 million (15.2% margin) in the first half of 2021.

The impact of volumes is negative for Euro 4.7 million, while the net contribution of prices is positive for Euro 4.1 million, as the increased cost of components and raw materials in the period was transferred to the market. Operating costs increased Euro 6.7 million, particularly due to the impact of logistics and transport costs (increasing by approx. Euro 3.0 million) and increased R&D and production costs. EBITDA benefitted from exchange gains of Euro 1.8 million.

EBIT in H1 2022 totalled Euro 10.5 million (5.4% margin), after amortisation, depreciation and write-downs of Euro 13.3 million. EBIT in the previous year totalled Euro 16.2 million (8.5% margin).

Net financial income of Euro 6.3 million was reported in H1 2022, due to the positive effect from the change in the fair value of the warrants issued by the company (Euro 8.1 million). Adjusted net financial charges totalled Euro 1.8 million (0.9% of revenues), reducing on the same period of the previous year (Euro 2.2 million, 1.1% of revenues).



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Pre-tax profit was Euro 16.8 million (8.6% revenue margin) compared to Euro 11.4 million (6.0% margin) in the same period of 2021.

The net profit for the period was Euro 14.2 million (7.3% margin), compared to Euro 9.5 million in H1 2021, which included the positive impact of the extraordinary tax income of Euro 1.8 million relating to the Patent Box.

Net of non-recurring charges and income, the adjusted net profit in H1 2022 was Euro 6.2 million, compared to Euro 10.5 million in the same period of the previous year (3.2% and 5.5% of revenues respectively).

Cash Flow performance

The net financial debt at June 30, 2022 was Euro 122.6 million, compared to Euro 120.9 million at June 30, 2021.

The movements in the net financial position are reported below:

(Euro.000)	H1 2022	H1 2021
Cash flow from current activities (A)	24.452	29.237
Cash flow generated (absorbed) from Working Capital (B)	(22.669)	(15.020)
CASH FLOW FROM OPERATING ACTIVITIES (A + B)	1.783	14.217
Cash flow from investing activities (C)	(11.719)	(8.041)
CASH FLOW FROM OPERATING & INVESTING ACTIVITIES (A + B + C)	(9.936)	6.176
Interest paid	(1.432)	(1.716)
Changes in accrued interest	(6)	(111)
Amortised cost	(205)	(318)
Change in MTM derivatives	1.004	369
Change in translation reserve	758	437
Equity changes	(470)	(582)
Other cash flows from current financial assets	2.300	(1.000)
Changes in payables for acquisitions	-	374
Dividends paid	(7.299)	(6.890)
IFRS 16	(603)	(1.570)
Change in net financial position	(15.888)	(4.831)
Opening net financial position	106.729	116.021
Closing net financial position	122.617	120.852

Cash flows from operating activities of Euro 24.5 million were generated in the first half of the year, with an absorption as a result of the increase in working capital of Euro 22.7 million, of which Euro 26.3 million due to increased inventories on the basis of the electronic component procurement policy to offset the impact of shortages and guarantee service to customers.

Investing activities absorbed cash of Euro 11.7 million, compared to Euro 8.0 million in the same period of the previous year.

Cash flows from operating activities after investments of Euro 9.9 million were therefore absorbed in the period, compared to a generation of Euro 6.2 million in H1 2021.



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Financing activity cash flows in the period included interest of Euro 1.4 million and dividends of Euro 7.3 million; the IFRS 16 impact was Euro 0.6 million.

The net financial position at June 30, 2022 was Euro 122.6 million, increasing Euro 15.9 million on December 31, 2021 (Euro 106.7 million).

Subsequent events to the end of the period

There were no significant events subsequent to period-end.

Outlook

The 2022 full-year forecasts, taking into account currently foreseeable developments, indicate consolidated sales growth of between 3% and 5% over 2021.

In light of the continuing instability of the procurement markets, in addition to logistics and energy cost movements, an EBITDA margin of between 12% and 13% is expected.

Declaration of the manager responsible for the preparation of the Company's accounts

The manager responsible for the preparation of the Company's accounts, Paul Fogolin, hereby declares, as per article 154-bis, paragraph 2, of the "Testo Unico della Finanza", that all information related to the Company's accounts contained in this press release are fairly representing the accounts and the books of the Company. This press release and the results presentation for H1 2022 are available on the website www.sitcorporate.it in the Investor Relations section.

SIT, through its two divisions Heating and Metering, creates intelligent solutions for the control of environmental conditions and consumption measurement for a more sustainable world. A market-leading multinational company and listed on the Euronext Milan segment, SIT aims to be the number one sustainable partner for energy and climate control solutions for its customers, focusing on experimentation and the use of alternative gases with low environmental profiles. The Group has production sites in Italy, Mexico, the Netherlands, Romania, China, Tunisia and Portugal, in addition to a commercial structure covering all global markets. SIT is also a member of the [European Heating Industry](#) and of the [European Clean Hydrogen Alliance](#), in addition to the [Community Valore Acqua per l'Italia](#) ("Value Water for Italy Community") - www.sitcorporate.it

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Annex 1

BALANCE SHEET

(Euro.000)	30/06/2022	31/12/2021
Goodwill	87,946	87,946
Other intangible assets	57,917	61,611
Property, plant and equipment	99,322	98,039
Equity investments	325	325
Non-current financial assets	3,953	2,139
Deferred tax assets	8,196	7,897
Non-current assets	257,659	257,957
Inventories	97,956	70,123
Trade receivables	63,765	56,052
Other current assets	16,222	15,745
Tax receivables	2,440	2,965
Other current financial assets	3,692	527
Cash and cash equivalents	43,103	46,667
Current assets	227,178	192,079
Total assets	484,837	450,036
Share capital	96,162	96,162
Total Reserves	55,095	49,271
Net profit/(loss)	14,224	8,243
Minority interest net equity	-	-
Shareholders' Equity	165,481	153,676
Medium/long-term loans and borrowings	88,255	74,540
Other non-current financial liabilities and derivative financial instruments	53,727	54,625
Provisions for risks and charges	5,459	4,941
Post-employment benefit provision	6,008	5,762
Other non-current liabilities	23	61
Deferred tax liabilities	15,181	15,743
Non-current liabilities	168,653	155,672
Short-term loans and borrowings	21,217	19,770
Other current financial liabilities and derivative financial instruments	6,213	4,988
Trade payables	98,907	80,752
Other current liabilities	21,087	23,163
Financial instruments for Warrants	691	8,748
Tax payables	2,588	3,267
Current liabilities	150,703	140,688
Total Liabilities	319,356	296,360
Total Shareholders' Equity and Liabilities	484,837	450,036



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Annex 2

INCOME STATEMENT

(Euro.000)	H1 2022	H1 2021
Revenues from sales and services	194,722	190,252
Raw materials, ancillaries, consumables and goods	126,854	106,609
Change in inventories	(26,666)	(10,660)
Service costs	27,317	23,675
Personnel expense	42,543	41,008
Depreciation, amortisation and write-downs	13,334	12,662
Provisions	351	291
Other charges (income)	482	441
EBIT	10,507	16,226
Investment income/(charges)	-	-
Financial income	8,239	128
Financial charges	(1,960)	(5,046)
Net exchange gains (losses)	20	75
Impairments on financial assets	-	-
Profit before taxes	16,806	11,383
Income taxes	(2,582)	(1,861)
Net profit for the period	14,224	9,522
Minority interest result	-	-
Group net profit	14,224	9,522



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Annex 3 CASH FLOW STATEMENT

(Euro.000)	H1 2022	H1 2021
Net Profit for the period	14,224	9,522
Amortisation & depreciation	13,324	12,667
Non-cash adjustments	602	269
Income taxes	2,583	1,860
Net financial charges/(income)	(6,281)	4,918
CASH FLOW FROM CURRENT ACTIVITIES (A)	24,452	29,236
<i>Changes in assets and liabilities:</i>		
Inventories	(26,344)	(10,688)
Trade receivables	(6,527)	(7,861)
Trade payables	16,540	4,774
Other assets and liabilities	(3,469)	972
Income taxes paid	(2,868)	(2,217)
CASH FLOW GENERATED (ABSORBED) FROM CHANGES IN WORKING CAPITAL (B)	(22,669)	(15,020)
CASH FLOW FROM OPERATING ACTIVITIES (A + B)	1,783	14,216
<i>Investing activities:</i>		
Investments in property, plant & equipment	(9,374)	(8,263)
Other changes in property, plant & equipment	201	55
Investments in intangible assets	(246)	(438)
Other changes in intangible assets	-	6
Other changes in financial assets	-	(27)
Other cash flows from current financial assets	(2,300)	626
Acquisition or sale of subsidiaries or business units net of cash and cash equivalents	-	-
CASH FLOW FROM INVESTING ACTIVITIES (C)	(11,719)	(8,041)
CASH FLOW FROM OPERATING & INVESTING ACTIVITIES (A + B + C)	(9,936)	6,175
<i>Financing activities:</i>		
Interest paid	(1,432)	(1,716)
Repayment of non-current financial payables	(9,998)	(21,428)
Increase (decrease) current financial payables	1,180	(303)
Increase (decrease) other financial payables	(1,373)	(1,223)
New financing	25,000	39,320
Dividend payments	(7,294)	(6,890)
Treasury shares	(470)	(582)
CASH FLOW FROM FINANCING ACTIVITIES (D)	5,614	7,178
Change in translation reserve	758	437
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C + D)	(3,564)	13,790
Cash & cash equivalents at beginning of the period	46,667	42,328
Increase (decrease) in cash and cash equivalents	(3,564)	13,790
Cash & cash equivalents at end of the period	43,103	56,118