



SITspa

PRESS RELEASE - 2021 CONSOLIDATED RESULTS

SIT, growth reported in 2021, dividend proposed to the Shareholders' Meeting of Euro 0,30 per share

*Revenues of Euro 380.5 million (+18.6%) and adjusted net profit of Euro 16.3 million (+21.6%)
Focus on energy transition and "clean energy economy"*

In 2021, SIT returned:

- **Consolidated revenues** of Euro 380.5 million (+18.6% on 2020, +12.5% at like-for-like consolidation scope);
- **Heating Division sales** of Euro 298.3 million (+19.8% on 2020);
- **Metering Division sales** of Euro 76.9 million (+12.1% on 2020), including Smart Gas Metering sales of Euro 57.1 million and Water Metering sales of Euro 19.8 million;
- **Consolidated EBITDA** of Euro 51.2 million (+17.4% on the previous year);
- **Adjusted consolidated net profit** of Euro 16.3 million (+21.6%, 4.3% margin), compared to Euro 13.4 million in 2020 (4.2% margin);
- **Operating cash flow** of Euro 27.2 million, after investments of Euro 26.1 million;
- **Net financial position** of Euro 106.7 million (Euro 116.0 million at end of 2020).

The Q4 2021 results report:

- **Consolidated revenues** of Euro 94.3 million (in line with Q4 2020, -4.2% at like-for-like consolidation scope);
- **Heating Division Sales** of Euro 77.4 million (+3.6% on Q4 2020);
- **Metering Division Sales** of Euro 14.9 million (-17.5% on Q4 2020), including Smart Gas Metering sales of Euro 10.4 million and Water Metering sales of Euro 4.5 million;
- **Consolidated EBITDA** of Euro 9.3 million, compared to Euro 11.2 million in Q4 2020.

Proposed distribution of a dividend of Euro 0,30 per share.

Shareholders' Meeting called for April 29, 2022

Padua, March 22, 2022 - The Board of Directors of SIT S.p.A., listed on the Euronext Milan, at today's meeting chaired by Federico de' Stefani, Chairman and Chief Executive Officer, approved the 2021 results and called the Company's Shareholders' Meeting, in ordinary session, for April 29, 2022, in single call.



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*“The 2021 results reflect for our stakeholders a highly-performing company, with excellent numbers which meet expectations and highlight the strength of our business model” stated SIT’s Chairperson and CEO, **Federico de’ Stefani**. “Despite material price rises and procurement difficulties, we have responded well to customer demands, quickly reacting to varying needs.*

Our commitment to the energy transition continues unabated. Gas price rises have inevitably sped up the transition to renewable sources and raised awareness on the protection of natural resources. Benefitting from a green economy approach introduced many years ago, all our products are already bio-methane compatible and the development of hydrogen-ready solutions continues apace, some of which have already completed their certification and are ready for the market. Water, like hydrogen will be key to this development: with Janz, the Metering division is working on developing technologically-advanced and connected meters which limit waste, with a view to growing international market share.

In a 2022 experiencing the same challenges as 2021, amid heightening political tensions whose impacts on the business are still unclear, SIT can rely on strong regional diversification, both in terms of procurement and production and marketing. This - underlines de’ Stefani - is a key group strength, which, together with strong and clear Governance, allows us to offset this risk and ensure constant control. Against this backdrop, our priority remains the market and our customers: we seek to ensure, in fact, an uninterrupted service, which is on time and always of the highest quality, acting flexibly and on a global basis on the supply chain in order to protect procurement.”

KEY FINANCIALS

(Euro.000)	2021	%	2020	%	change %
Revenues from contracts with customers	380,521	100.0%	320,731	100.0%	+18.6%
Adjusted EBITDA ⁽¹⁾	51,215	13.5%	44,600	13.9%	+14.8%
EBITDA	51,215	13.5%	43,621	13.6%	+17.4%
EBIT	24,330	6.4%	19,616	6.1%	+24.0%
Earnings before taxes (EBT)	11,706	3.1%	15,991	5.0%	-26.8%
Net profit	8,243	2.2%	13,225	4.1%	-37.7%
Adjusted net profit ⁽²⁾	16,311	4.3%	13,409	4.2%	+21.7%
Operating cash flows, adjusted ⁽³⁾	27,198		14,586		

(1) Net of M&A charges in 2020 of Euro 1.0 million

(2) Net of non-recurring charges and income and fair value accounting of Warrants

(3) Net of cash flows for M&A's in 2020 of Euro 28.4 million

(Euro.000)	31/12/2021	31/12/2020
Net financial position	106,729	116,021
Net trade working capital	45,423	49,817
Net trade working capital/Revenues	11.9%	15.5%



Sales performance

2021 consolidated revenues were Euro 380.5 million, increasing 18.6% on 2020 (Euro 320.7 million). The 2021 figures include the sales of Janz, the Portuguese Water Metering company acquired at the end of 2020, which in the first year of consolidation reported sales of Euro 19.8 million.

(Euro.000)	2021	%	2020	%	diff	diff %
Heating	298,251	78.4%	249,003	77.6%	49,248	19.8%
Metering	76,913	20.2%	68,634	21.4%	8,279	12.1%
Total sales	375,164	98.6%	317,637	99.0%	57,527	18.1%
Other revenues	5,357	1.4%	3,094	1.0%	2,263	73.1%
Total revenues	380,521	100%	320,731	100%	59,790	18.6%

(Euro.000)	2021	%	2020	%	diff	change %
Italy	106,993	28.1%	107,654	33.6%	(622)	(0.6%)
Europe (excluding Italy)	167,497	44.0%	128,827	40.2%	38,670	30.0%
The Americas	74,241	19.5%	58,537	18.3%	15,704	26.8%
Asia/Pacific	31,791	8.4%	25,712	8.0%	6,078	23.6%
Total revenues	380,521	100%	320,731	100%	59,790	18.6%

Heating Division sales in 2021 amounted to Euro 298.3 million, +19.8% compared to Euro 249.0 million in 2020 (+20.2% at like-for-like exchange rates). In the fourth quarter, the division's core sales rose 3.6% to Euro 77.4 million, compared with Euro 74.7 million in the same period of 2020.

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

(Euro.000)	2021	%	2020	%	diff	change %
Italy	55,682	18.7%	43,945	17.6%	11,737	26.7%
Europe (excluding Italy)	140,078	47.0%	120,213	48.3%	19,865	16.5%
The Americas	72,025	24.1%	57,960	23.3%	14,065	24.3%
Asia/Pacific	30,467	10.2%	26,885	10.8%	3,581	13.3%
Total sales	298,251	100%	249,003	100%	49,248	19.8%

Italian sales were up 26.7% on 2020, thanks to strong Central Heating demand, supported also by incentives; mechanical controls rose (Euro +5.7 million, +27.5%), as did fans (Euro +5.6 million, +38.2%) and flue kits (Euro +0.8 million, +40.0%).

Europe (excluding Italy) in 2021 saw sales increase 16.5% on the previous year, for a total of Euro 140.1 million. All regions report improvements on 2020; Turkey in particular, the leading market with 11.8% of division sales, saw growth of 20.4% (Euro +6.0 million), thanks to recovering Central Heating demand from multi-national customers in the country, while the UK, 7.5% of division sales, was up 6.2% on an annual basis (Euro 1.3 million). Central European remains strong, thanks to the introduction of new products, up 26.7% on 2020 (Euro 6.4 million).



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Sales in the Americas rose 24.3% (+27.7% at like-for-like exchange rates), thanks to fireplaces growth, with a strong recovery on a 2020 shaped by COVID; in 2021, Storage Water Heating applications contracted 6.1% (-4.0% at like-for-like exchange rates) due to a number of shipment delays in Q4.

Asia/Pacific sales were up 13.3% to Euro 30.5 million (Euro 26.9 million in 2020). Growth was reported in China (6.5% of the division), up 32.3% as a result of the Central Heating retail market recovery and in Australia, improving Euro 1.1 million (+18.2%).

Among the main product families, Mechanical controls sales were up (+18.1%, Euro 26.7 million), as were Fans (+31.2%, Euro 8.8 million) and Electronic controls (+17.7%, Euro 8.3 million). At the application segment level, Central Heating accounted for 59.7% of division sales, increasing 20.0%, while Direct Heating (17.5% of the division sales) rose 35.0% due to the strong fireplaces market.

The **Metering Division** in 2021 reports sales of Euro 76.9 million (+12.1%), including those of Janz (Water Metering enterprise acquired at the end of December 2020) of Euro 19.8 million.

Smart Gas Metering sales in 2021 totalled Euro 57.1 million, compared to Euro 68.6 million in 2020 (-16.7%). This performance, as forecasted, was due to the contraction of the Italian market in view of the advanced phase of the initial replacement of installed meters, which is over 80% completed. Overseas sales accounted for approx. 7% of the total and were mainly in Greece and Croatia. Commercial & Industrial sales rose considerably (+39.6%) following the introduction of the new generation of products and due to the overseas contribution.

Looking to the **Water Metering** division, this new Group operating segment, following the acquisition of the Portuguese Janz at the end of December 2020, reported in its first year of operations sales of Euro 19.8 million. The sales concerned finished meters for Euro 9.3 million and components for Euro 9.1 million.

Operating performance

Consolidated revenues in 2021 totalled Euro 380.5 million, increasing 18.6% on 2020 (Euro 320.7 million).

The purchase of raw materials and consumables, including changes in inventories, totalled Euro 199.4 million, accounting for 52.4% of revenues, decreasing on 53.3% in 2020, despite the increases in raw materials, demonstrating the Group's ability to absorb these supply cost increases, also through higher sales prices to customers.

Service costs of Euro 48.4 million accounted for 12.7% of revenues, compared to 11.9% in the previous year (Euro 38.2 million). These cost increases reflect higher transport costs (Euro 4.0 million), in particular on purchases and the greater use of outsourcing (Euro 1.6 million). The increase in consultancy (+29.7%) on the previous year mainly concerns product technical consultancy.

Personnel costs totalled Euro 82.0 million, accounting for 21.5% of revenues (20.8% in 2020), increasing Euro 15.4 million. This increase is due for Euro 5.6 million to the expansion of the Group's scope, with the inclusion of the subsidiary Janz and for Euro 2.5 million the greater use of temporary personnel (service which was reduced in 2020 in view of the COVID impact).



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Amortisation, depreciation and write-downs of Euro 26.9 million were up 11.8% on the previous year (Euro 24.1 million). The increase is mainly due to greater capex in 2021 than the previous year, in addition to the impact of the PPA related to the acquisition of Janz.

EBITDA was Euro 51.2 million, up 17.4% on 2020 (Euro 43.6 million). Non-recurring costs were incurred in 2020 totalling Euro 1.0 million related to the acquisition of Janz.

Group EBIT therefore rose from Euro 19.6 million in 2020 to Euro 24.3 million in 2021 (+24.0%), with a 6.4% margin, increasing from 6.1%.

Financial charges totalled Euro 14.1 million, rising Euro 10.1 million on the previous year. This account includes Euro 9.0 million for the increase in the fair value of the Warrants and extraordinary charges related to refinancing transactions of Euro 1.0 million.

Adjusted net financial charges, i.e. net of the above corporate transactions and fair value changes, in 2021 totalled Euro 3.7 million (in line with the previous year).

Income taxes totalled Euro 3.1 million, compared to Euro 2.8 million in 2020. This amount is net of the positive effect from non-recurring income (Euro 1.7 million) relating to the agreement with the Tax Agency on the calculation of the financial contribution of intangible assets (Patent Box optional regime), in addition to the reduction in the pre-tax result on the previous year.

The net profit was Euro 8.2 million (Euro 13.2 million in 2020).

The adjusted net profit, net of the above-stated non-recurring effects, was Euro 16.3 million (4.3% margin), compared to Euro 13.4 million in 2020 (4.2% margin).

Cash Flow

Cash flows in the year were as follows:

(Euro.000)	2021	2020
Cash flow from current activities (A)	52,177	44,210
Cash flow generated (absorbed) from Working Capital (B)	1,079	(16,929)
CASH FLOW FROM OPERATING ACTIVITIES (A + B)	53,256	27,281
Cash flow from investing activities (C)	(26,058)	(41,064)
CASH FLOW FROM OPERATING & INVESTING ACTIVITIES (A + B + C)	27,198	(13,783)
Interest paid	(3,576)	(3,024)
Changes in accrued interest, MTM and amortised cost	(527)	(203)
Equity changes	(3,868)	(2,684)
Changes to financial assets	(500)	1,000
Changes in payables for acquisitions	446	(3,570)
Dividends paid	(6,890)	(3,476)
IFRS 16	(2,991)	(11,902)
Change in net financial position	9,292	(37,642)
Opening net financial position	116,021	78,379
Closing net financial position	106,729	116,021



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Operating cash flows in 2021 amounted to Euro 52.2 million, compared to Euro 44.2 million in the previous year.

Cash flows from working capital movements amounted to Euro 1.1 million in 2021 compared to an absorption of Euro 16.9 million in 2020. Commercial working capital generated Euro 4.8 million in 2021 due to an increase in current payables and the without recourse factoring of trade receivables. Inventory increased by Euro 13.0 million in the year. Tax liabilities remained substantially in line with 2020, while other working capital items generated a cash flow of Euro 2.8 million.

In terms of investments, in 2021 cash investments of Euro 26.1 million were made, compared to Euro 41.1 million in 2020, including the acquisition of JANZ, the Portuguese water metering enterprise and of Plast Alfin, a Tunisian plastics manufacturing company, for a total outlay of Euro 28.4 million.

In 2021, operating cash flows after investments therefore amounted to Euro 27.2 million, compared to Euro 14.6 million in the previous year, before M&A's.

Among the financing activity cash flows, in 2021 we indicate the payment of interest for Euro 3.5 million (Euro 3.0 million in 2020), and the payment of dividends for Euro 6.9 million in 2021 (Euro 3.5 million in 2020).

Finally, it should be noted that the change in net debt due to the application of IFRS 16 results in an increase of Euro 3.0 million in 2021, primarily due to new leases.

At December 31, 2021, the net financial debt was Euro 106.7 million, compared to Euro 116.0 million at December 31, 2020, improving by Euro 9.3 million.

Subsequent events

With regards to the political situation arising from the invasion of Ukraine by the Russian army, the impacts on SIT group operations are being continually monitored.

2021 revenues directly from Russia and Ukraine totalled approx. 5% of consolidated revenues and concerned only the Heating Division.

The group does not hold direct investments in the two countries. Commercial coverage is provided by local distributors managed by employees of the group's Czech subsidiary based in Moscow.

On the procurement side, a supplier of electronic board assembly belonging to an American multinational company is based in Ukraine, on the Slovak border. The boards provided are used in Heating and now represent approx. 25% of the Division's total. This supply currently continues uninterrupted. However, SIT has initiated a contingency plan to accelerate insourcing and the shifting of production to suppliers located in other low-cost countries.

Finally, in March 2022, SIT agreed a loan with Cassa Depositi e Prestiti S.p.A. for Euro 15 million in order to support new environmental, energy efficiency, sustainable development promotion and green economy investment and to launch initiatives to grow the Group in Italy and overseas.



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Outlook

Tensions on both prices and the availability of raw materials and electronic components continued into the initial months of 2022, alongside the ongoing political and economic uncertainty from the Russia/Ukraine crisis.

Due to the situation of increased uncertainty, it is not appropriate to provide precise forecasts for the 2022 operating-financial performance.

However, SIT remains confident in the positive fundamental trends on which its growth and its market and technology leadership are based: the energy transition towards lower emissions and hydrogen-ready solutions, energy efficiency supported also by incentives, the optimisation of water consumption through new metering systems, the replacement of gas meters for the domestic market and the group's ability to pass on to customers the cost increases resulting from the new inflationary environment.

Dividend payment proposal

The Board of Directors approved the proposal to the Shareholders' Meeting to distribute a dividend of Euro 0,30 per share, establishing the ex date as May 9, 2022, the record date as May 10, 2022 and the payment date as May 11, 2022.

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 2021 are available on the website www.sitcorporate.it in the Investor Relations section.

Today at 3PM, SIT management will hold a **conference call** to present to the financial community and the press the 2021 consolidated results.

You may participate in the conference call by connecting to the following link: meet.google.com/qyr-guxt-hhr

The support documentation shall be published in the "Investor Relations" section on the company website (www.sitcorporate.it) before the conference call.

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 of the Italian Stock Exchange, SIT aims to be the number one sustainable partner for energy and climate control solutions for its customers, focusing on experimentation and



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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)	31/12/2021	31/12/2020 RESTATED
Goodwill	87.946	87.946
Other intangible assets	61.611	66.178
Property, plant & equipment	98.039	90.228
Investments in other companies	325	326
Non-current financial assets	2.139	2.282
Deferred tax assets	7.897	4.861
Non-current assets	257.957	251.821
Inventories	70.123	56.453
Trade receivables	56.052	65.365
Other current assets	15.745	14.234
Tax receivables	2.965	3.983
Other current financial assets	527	1.032
Cash and cash equivalents	46.667	42.328
Current assets	192.079	183.395
Total assets	450.036	435.216
Share capital	96.162	96.152
Total Reserves	49.271	43.844
Net profit/(loss)	8.243	13.225
Minority interest net equity	-	-
Shareholders' Equity	153.676	153.221
Medium/long-term loans and borrowings	74.540	91.734
Other non-current financial liabilities and derivative financial instruments	54.625	16.484
Provisions for risks and charges	4.941	4.990
Post-employment benefit provision	5.762	6.095
Other non-current liabilities	61	35
Deferred tax liabilities	15.743	17.546
Non-current liabilities	155.672	136.884
Short-term loans and borrowings	19.770	46.533
Other current financial liabilities and derivative financial instruments	4.988	4.630
Trade payables	80.752	72.203
Other current liabilities	23.163	18.638
Financial instruments for Warrants	8.748	1.045
Tax payables	3.267	2.062
Current liabilities	140.688	145.111
Total Liabilities	296.360	281.995
Total Shareholders' Equity and Liabilities	450.036	435.216



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Annex 2 INCOME STATEMENT

(Euro.000)	2021	2020
Revenues from sales and services	380.521	320.731
Raw materials, ancillaries, consumables and goods	210.685	173.696
Change in inventories	(11.286)	(2.777)
Service costs	48.424	38.198
Personnel expense	81.990	66.581
Depreciation, amortisation and write-downs	26.897	24.052
Provisions	(83)	815
Other charges (income)	(436)	550
EBIT	24.330	19.616
Investment income/(charges)	31	-
Financial income	395	835
Financial charges	(14.074)	(3.939)
Net exchange gains (losses)	1.024	(521)
Impairments on financial assets	-	-
Profit/(loss) before taxes	11.706	15.991
Income taxes	(3.462)	(2.766)
Net profit/(loss) for the period	8.243	13.225
Minority interest result	-	-
Group net profit/(loss)	8.243	13.225



Annex 3 CASH FLOW STATEMENT

	2021	2020
(Euro.000)	RESTATED	
Net profit/(loss)	8.243	13.225
Amortisation & depreciation	26.885	24.006
Non-cash adjustments	(59)	1.109
Income taxes	3.462	2.766
Net financial charges/(income)	13.646	3.104
CASH FLOW FROM CURRENT ACTIVITIES (A)	52.177	44.210
<i>Changes in assets and liabilities:</i>		
Inventories	(13.036)	(2.876)
Trade receivables	9.910	(6.051)
Trade payables	7.890	(1.554)
Other assets and liabilities	2.790	(133)
Income taxes paid	(6.475)	(6.315)
CASH FLOW GENERATED (ABSORBED) FROM CHANGES IN WORKING CAPITAL (B)	1.079	(16.929)
CASH FLOW FROM OPERATING ACTIVITIES (A + B)	53.256	27.281
<i>Investing activities:</i>		
Investments in property, plant & equipment	(22.701)	(14.026)
Other changes in property, plant & equipment	340	710
Investments in intangible assets	(4.225)	(685)
Other changes in intangible assets	9	25
Other changes in financial assets	(35)	1.280
Other changes in financial assets	626	(626)
Acquisition of a subsidiary, net of cash acquired	(72)	(27.742)
CASH FLOW FROM INVESTING ACTIVITIES (C)	(26.058)	(41.064)
CASH FLOW FROM OPERATING & INVESTING ACTIVITIES (A + B + C)	27.198	(13.783)
<i>Financing activities:</i>		
Interest paid	(3.566)	(3.024)
Repayment of non-current financial payables	(139.060)	(22.416)
Increase (decrease) current financial payables	(198)	146
Increase (decrease) other financial payables	(2.759)	(2.000)
New financing	133.482	55.500
Dividend payments	(6.890)	(3.476)
Capital increase	10	-
Own shares	(3.922)	(775)
CASH FLOW FROM FINANCING ACTIVITIES (D)	(22.903)	23.955
Change in translation reserve	44	(1.909)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C + D)	4.339	8.263
Cash & cash equivalents at beginning of the year	42.328	34.065
Increase/(decrease) in cash and cash equivalents	4.339	8.263
Cash & cash equivalents at end of the year	46.667	42.328