

SIT, consolidated revenues of €81.8 million in the second quarter

The business metering growth continues with +14.5% in the quarter

Highlights

In the first half of 2024, SIT achieved:

- **Consolidated revenues** of Euro 150.9 million (-9.6% compared to the first half of 2023);
- **Heating&Ventilation Division sales** of Euro 103.5 million (-16.1% compared to the first half of 2023);
- **Metering Division sales** of Euro 45.8 million (+8.2% compared to the same period of 2023), of which Smart Gas Metering sales of Euro 31.5 million (+6.6%) and Water Metering of Euro 14.3 million (+11.7%);
- **Consolidated EBITDA** of Euro 13.5 million vs Euro 13.2 million compared to the same period of 2023;
- **Consolidated net income adjusted** of Euro -3.1 million, 2.1% of revenues vs Euro 1.6 million of the first half 2023, 1.0% of revenues;
- **Consolidated net income** of Euro -6.1 million, 4.1% of revenues vs Euro -18.1 million of the first half 2023, 10.9% of revenues;
- **Cash flow from operations** for Euro -2.1 million after capex for Euro 9.4 million;
- **Net financial debt** at Euro 160.9 million (Euro 146.4 million at 30 June 2023).

In the second quarter of 2024, the results are:

- **Consolidated revenues** of Euro 81.8 million, -1.8% compared to the second quarter of 2023;
- **Metering Division sales** of Euro 25.2 million, +14.5% compared to the second quarter of 2023, of which Smart Gas Metering sales of Euro 18.1 million (+14.5%) and Water Metering of Euro 7.0 million (+14.6%).

Padua, 2 August 2024 - The Board of Directors of **SIT S.p.A.**, a company listed on the Euronext Milan segment of the Italian Stock Exchange, at today's meeting chaired by **Federico de' Stefani, Chairman and Chief Executive Officer of SIT**, approved the consolidated results for the first half of 2024.

Federico de' Stefani, Chairman and Chief Executive Officer of SIT stated:

"The market scenario represented in the previous reporting moments has remained unchanged and is affected by a prolonged weakness which, associated with the persistence of the destocking effect, translates into limited business visibility for the short to medium term. Currently, there is no significant segment of the Heating & Ventilation market that is showing structural recovery. Regulators, market participants and consumers, after a period of high volatility and market disruption, do not show a definitive and clear trend, which therefore leads to delays in decision making and investments.

To address this context, SIT is transitioning towards a more sustainable, flexible organization ready to seize new opportunities. We have implemented structural cost reductions and reviewed our international manufacturing presence. In addition, we are promoting a new managerial culture based on "agile" methodology and open collaboration with partners of primary standing. The goal remains to complete the range of products for a constantly evolving market".

KEY FINANCIALS

(Euro.000)	H1 2024	%	H1 2023	%	Diff%
Revenues from contracts with customers	150,892	100.0%	166,875	100.0%	-9.6%
EBITDA	13,548	9.0%	13,232	7.9%	2.4%
Operating income (EBIT)	(125)	-0.1%	(19,957)	-12.0%	-99.4%
Net income	(6,133)	-4.1%	(18,150)	-10.9%	-66.2%
Net income adjusted	(3,139)	-2.1%	1,644	1.0%	-
Cash flow from operations	(2,051)		(12,531)		

(Euro.000)	30/06/2024	31/12/2023	30/06/2023
Net financial debt	(160,858)	(153,690)	(146,446)
Net trade working capital	83,554	79,858	74,932
Net trade working capital/Revenues	27.5%	24.5%	22.3%

Sales performance
Consolidated revenues by Division

(Euro.000)	2024.06	%	2023.06	%	diff	diff %
Heating & Ventilation	103,479	68.6%	123,359	73.9%	(19,880)	(16.1%)
Metering	45,817	30.4%	42,350	25.4%	3,468	8.2%
Total sales	149,297	98.9%	165,709	99.3%	(16,412)	(9.9%)
Other revenues	1,595	1.1%	1,166	0.7%	430	36.8%
Total revenues	150,892	100%	166,874	100%	(15,983)	(9.6%)

(Euro,000)	2024.Q2	%	2023.Q2	%	diff	diff %
Heating & Ventilation	55,602	67.9%	60,700	72.8%	(5,098)	(8.4%)
Metering	25,156	30.7%	21,968	26.4%	3,188	14.5%
Total sales	80,758	98.7%	82,668	99.2%	(1,910)	(2.3%)
Altri ricavi	1,089	1.3%	655	0.8%	434	66.2%
Total revenues	81,847	100%	83,323	100%	(1,476)	(1.8%)

Consolidated revenues by geography

(Euro,000)	2024.06	%	2023.06	%	diff	diff %
Italy	50,999	33.8%	50,895	30.5%	104	0.2%
Europe (excluded Italy)	62,326	41.3%	78,090	46.8%	(15,765)	(20.2%)
America	22,442	14.9%	23,868	14.3%	(1,425)	(6.0%)
Asia/Pacific	15,125	10.0%	14,022	8.4%	1,103	7.9%
Total revenues	150,892	100%	166,875	100%	(15,983)	(9.6%)

(Euro,000)	2024.Q2	%	2023.Q2	%	diff	diff %
Italy	27,724	33.9%	25,850	31.0%	1,873	7.2%
Europe (excluded Italy)	32,438	39.6%	37,922	45.5%	(5,485)	(14.5%)
America	12,224	14.9%	11,911	14.3%	313	2.6%
Asia/Pacific	9,461	11.6%	7,639	9.2%	1,822	23.8%
Total revenues	81,847	100%	83,323	100%	(1,476)	(1.8%)

Consolidated revenues for the first half of 2024 amounted to Euro 150.9 million, recording a decrease of 9.6% compared to the same period of 2023 (Euro 166.9 million).

Consolidated revenues for the second quarter of 2024 amounted to Euro 81.8 million, a decrease of 1.8% compared to the same period of 2023 (Euro 83.3 million).

Sales of the **Heating & Ventilation Division** in the first half of 2024 amounted to €103.5 million, - 16.1% compared to €123.4 million in the same period of 2023.

The following table shows the business sales by geography of the Heating & Ventilation Division according to management data:

(Euro,000)	2024.06	%	2023.06	%	diff	diff %
Italy	19,163	18.5%	21,593	17.5%	(2,429)	(11.3%)
Europe (excluded Italy)	47,303	45.7%	64,130	52.0%	(16,826)	(26.2%)
America	20,764	20.1%	22,805	18.5%	(2,041)	(9.0%)
Asia/Pacific	16,250	15.7%	14,832	12.0%	1,417	9.6%
Total sales	103,479	100%	123,359	100%	(19,880)	(16.1%)

It should be noted that the performance of the period was affected by the impact of the Q1 2024, which compared to the same period of 2023 had marked a reduction of 23.6%, while the second quarter of 2024, as shown in the table below, marks a reduction of 8.4%, an improvement compared to forecasts.

(Euro,000)	2024.Q2	%	2023.Q2	%	diff	diff %
Italy	9,972	17.9%	9,681	15.9%	290	3.0%
Europe (excluded Italy)	24,434	43.9%	31,174	51.4%	(6,740)	(21.6%)
America	10,976	19.7%	11,107	18.3%	(131)	(1.2%)
Asia/Pacific	10,221	18.4%	8,738	14.4%	1,483	17.0%
Total sales	55,602	100%	60,700	100%	(5,098)	(8.4%)

Sales in Italy in the second quarter increased by 3.0% compared to the same period of 2023, particularly affecting Central Heating, Catering and Cooker Hoods, while the Direct Heating segment continues to record a reduction especially for Pellet Stoves and Space Heaters.

As regards Europe, excluding Italy, in the second quarter of 2024 there was a reduction in sales of Euro 6.7 million or 21.6% compared to the same period of the previous year. Turkey, which accounts for 14.3% of divisional sales, recorded an above-average reduction of the division especially for Fans and Mechanical Controls for Central Heating applications. Sales in Central Europe also recorded a reduction (-20.5%) in Central Heating, mainly due to the impact of Heat Recovery Units, impacted by the performance of the electric heating appliances sector.

Sales in America in the second quarter show a trend substantially in line with the same period of 2023. However, this trend is the result of growth (Euro 2 million, +50.0%) in fireplaces and Storage Water Heating (Euro 0.2 million, +10.0%) offset by a reduction in Central Heating applications due to delays concentrated on a few names.

In the second quarter of 2024, sales in the Asia/Pacific area grew by 17.0%, 18.9% on a like-for-like exchange rate basis, mainly thanks to the performance of China, which increased by 29.1% to Euro 1.6 million. Australia is still down by Euro 0.2 million, or 10.6%.

Metering Division

Sales of the Metering Division in the first half of 2024 amounted to Euro 45.8 million compared to Euro 42.3 million in the first half of the previous year, up 8.2%. As for the second quarter, the division achieved sales of Euro 25.2 million compared to Euro 22.0 million in the second quarter of 2023, with a growth of 14.5%.

In the first half of 2024, sales of smart gas meters amounted to Euro 31.5 million, up 6.6% compared to the first half of 2023. In the second quarter, sales of Euro 18.1 million were achieved, up 14.5% compared to Euro 15.8 million in the same period of 2023. The performance is due to the group's good positioning in the Italian market and the new development and replacement projects launched by the main customers.

Sales of water meters in the first half of the year amounted to Euro 14.3 million, up 11.7% compared to the first half of 2023. In the second quarter, sales of Euro 7.0 million were achieved, up 14.6% compared to Euro 6.1 million in the same period of 2023.

Sales in the second quarter were made in Portugal for 16.6%, Spain for 43.4%, rest of Europe for 27.6% and in America and Asia for 9.5% and 2.8% respectively.

New markets

Continuing a diversification path started in 2023, the Group continued in the first half of 2024 the development and evolution of the product portfolio related to the energy transition. The main initiatives and their progress are recalled below.

Generation and long-term storage of hydrogen for residential use, with Hybitat, a joint venture between E-Novia and SIT. Solution based on the use of renewable energy, a growing response to the energy demand of households linked to domestic needs and new mobility. First sale expected as early as 2024.

A partnership has been launched with Panasonic for the launch of a new fan for residential heat pumps with the aim of developing a range of products for the European market adapted to the

specific needs of each heat pump manufacturer to ensure the best performance, minimised noise and low consumption. Sales are expected to start in 2025.

Enhancement in the water metering sector through the launch of Smartio, the new smart water meter for residential use based on ultrasonic technology, developed with GWF swiss technology partner. Orders already collected for the start of production in the fourth quarter of 2024.

The strategic development path in electrification has been strengthened with a company dedicated to the kitchen hood market - SIT MBT S.r.l. a company with which the Group wants to position itself as a European leader through the development of innovative energy-efficient products and their customization to the specific needs of customers. Acquired the first important new customer.

Economic performance

Consolidated revenues for the first half of 2024 amounted to Euro 150.9 million, a reduction of 9.6% compared to the first half of 2023 (Euro 166.9 million).

The purchase cost of raw materials and consumables, including changes in inventories, was Euro 77.3 million equal to 51.2% on revenues compared to 52.9% in the first half of 2023.

Service costs in the first half amounted to Euro 23.0 million, compared to Euro 24.0 million in the same period of the previous year (respectively equal to 15.3% and 14.4% of revenues).

Personnel costs amounted to Euro 39.4 million (Euro -1.1 million), with an EBITDA margin of 26.1%, an increase compared to 24.2% in the same period of the previous year.

Depreciation, amortization and impairment losses, amounting to Euro 13.7 million, equal to 9.1% of revenues for the period and compared to Euro 33.4 million in the first half of 2023, influenced by the impairment of goodwill recorded for Euro 17.0 million following the impairment test carried out on the invested capital of the Heating&Ventilation CGU.

Other expenses amounted to a net income of Euro 2.5 million deriving from certain transactions for the sale of assets carried out as part of the optimization of the invested capital of the Heating & Ventilation division.

The operating result amounted to Euro -0.1 million (0.1% of revenues) against an operating loss of Euro 20.0 million (12.0% of revenues) in the first half of 2023.

Net financial expenses for the first half of 2024 amounted to Euro 7.2 million compared to Euro 3.1 million in the same period of the previous year. It should be noted that in the period under review it was necessary to record the cost deriving from the renegotiation concluded with the banks during the first half of 2024 according to the amortised cost method pursuant to IFRS 9. This resulted in a financial cost of Euro 3.9 million.

Adjusted net financial expenses, net of the aforementioned non-recurring items, in the first half of 2024 amounted to Euro 3.3 million, compared to Euro 3.1 million in the same period of the previous year.

Income taxes for the period were positive for Euro 1.3 million and reflect the allocation of deferred tax assets deriving mainly from recoverable tax losses accrued by the Parent Company.

The net result for the period amounted to a loss of Euro 6.1 million compared to a loss of Euro 18.2 million in the same period of 2023.

Adjusted net profit, net of the adjustments and valuations described above, amounted to a loss of Euro 3.1 million (2.1% of revenues) compared to a profit of Euro 1.6 million (1.0%) in the same period of 2023.

Financial performance

As of June 30, 2024, **net financial debt** was Euro 160,9 million compared to Euro 153.7 million as of December 31, 2023. The evolution of the net financial position is shown in the table below and is influenced by the different factoring policy adopted in the first half of 2024 compared to the same period 2023.

(Euro.000)	H1 2024	H1 2023
Cash flow from current activities (A)	9,972	15,175
Change in inventories	(9,001)	(5,892)
Change in trade receivables	(8,619)	12,285
Change in trade payables	13,558	(5,845)
Change in other current assets and liabilities and for taxes	1,419	(16,950)
Cash flow from changes in Working Capital (B)	(2,644)	(16,402)
CASH FLOW FROM OPERATING ACTIVITIES (A + B)	7,329	(1,227)
Cash flow from investing activities (C)	(9,380)	(11,304)
CASH FLOW FROM OPERATING & INVESTING ACTIVITIES (A + B + C)	(2,051)	(12,531)
Changes for interest	(4,428)	(3,206)
Changes MTM derivatives and amortised cost	(3,021)	446
Changes in translation reserve and other equity items	533	(1,083)
Changes to financial assets	2,183	891
IFRS 16	(384)	(458)
Change in net debt	(7,168)	(15,941)
Initial net debt	153,690	130,503
Final net debt	160,858	146,444

Cash flows for the first half of 2024 show the generation of cash flows from current operations of Euro 10.0 million compared to Euro 15.2 million in the same period of 2023.

In the first half of 2024, the absorption of working capital amounted to Euro 2.6 million compared to Euro 16.4 million in the same period of 2023. We would like to point out that in the first half of 2023, the disbursement due to a transaction concluded with a customer following a commercial dispute in previous years was recorded in this line.

As regards trade working capital, in the first half of 2024 there was an increase in inventories due to the seasonality of the Heating & Ventilation sector and the order book in Smart Gas Metering. The value of trade receivables and payables is consistent with the trend in business volumes for the period.

Investment flows amounted to Euro 9.4 million compared to Euro 11.3 million in the first half of 2023.

Cash flows from operations after investments are therefore equal to Euro -2.1 million compared to Euro -12.5 million in the previous period.

Financial cash flows include interest of Euro 4.4 million during the period and changes in MTM and amortised cost for a total of Euro 3.0 million, mainly due to the recognition of the cost of the bank renegotiation in accordance with the criteria set in IFRS 9.

Significant events occurring after the end of the period

No significant events occurred after the end of the reporting period.

Outlook

Overall, in 2024FY the Metering business is expected to achieve sales in line with the previous year. In the face of solid fundamentals linked to utilities' investments in the Water Metering sector, which will allow annual growth in line with the rate recorded in the first half of the year, delays in the international development of Gas Metering will lead to a slight reduction in turnover compared to what was initially disclosed.

The Heating & Ventilation business unit is expected to achieve higher sales in the second half of 2024 compared to the previous year, resulting in annual revenues in line with the performance achieved during the second quarter.

At the consolidated level, the expected increase in EBITDA margin is expected to be between 100 and 200 basis points. Selective investments remain in place, now expected to amount to around 20 million Euros dedicated in particular to the research and development area as well as to the completion of the new headquarters. Net financial debt is expected to be between 145 and 150 million Euros.

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

Today at 14:30 CEST, SIT management will hold a conference call to present to the financial community and press the results for the period. You may participate through the following link: <https://shorturl.at/r0vVQ>

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 Business Units Heating & Ventilation, Smart Gas Metering, and Water Metering, creates intelligent solutions for environmental condition control and consumption measurement for a more sustainable world. A multinational leader in its reference markets and listed on the Euronext Milan segment, SIT aims to be the leading sustainable partner for energy and climate control solutions serving client companies, paying great attention to experimentation and the use of alternative gasses with low environmental impact. The group has production sites in Italy, Mexico, Romania, China, Tunisia, and Portugal, and has a commercial structure covering all global reference markets. SIT adheres to the United Nations Global Compact and its related principles that promote a responsible way of doing business and has obtained the Gold sustainability rating by EcoVadis. SIT is also a member of the European Heating Industry and the European Clean Hydrogen Alliance, as well as the Water Value Community for Italy - www.sitcorporate.it/en

Contacts**SIT Investor Relations**

Paul Fogolin - CFO
+39 049 829 3111
paul.fogolin@sitgroup.it

**IR & Media Relations Advisors
TWIN**

Mara Di Giorgio | +39 3357737417
Chiara Bortolato | +39 3478533894
sit-group@twin.services

Annex 1
BALANCE SHEET

(Euro.000)	30/06/2024	31/12/2023
Goodwill	70.946	70.946
Other intangible assets	49.116	50.781
Property, plants and equipment	101.992	105.270
Investments	657	657
Non-current financial assets	4.141	2.533
Deferred tax assets	20.903	18.874
Non-current assets	247.755	249.061
Inventories	91.830	83.315
Trade receivables	71.969	63.458
Other current assets	12.509	14.264
Tax receivables	3.516	3.752
DOther current assets	6.588	6.630
Cash and Cash Equivalents	7.249	8.700
Current assets	193.660	180.119
Total assets	441.415	429.181
Share capital	96.162	96.162
Total Reserves	40.022	70.350
Net Profit	(6.133)	(23.388)
Minority interests net equity	806	-
Shareholders' Equity	130.858	143.124
Medium/long-term loans and borrowings	82.119	58.182
Other non-current financial liabilities and derivative financial instruments	55.688	51.434
Provisions for risks and charges	8.599	10.513
Post-employment benefit provision	4.746	5.096
Other non-current liabilities	5.126	6
Deferred tax liabilities	12.420	12.094
Non-current liabilities	168.698	137.325
Short-term bank loans	23.093	50.809
Other current financial liabilities and derivative financial instruments	13.793	8.596
Trade payables	80.245	66.915
Other current liabilities	23.518	20.768
Tax payables	1.211	1.645
Current liabilities	141.860	148.733
Total Liabilities	310.557	286.057
Total Shareholders' Equity and Liabilities	441.415	429.181

Annex 2
INCOME STATEMENT

(Euro.000)	1H 2024	1H 2023
Revenues from sales and services	150.892	166.875
Raw materials, ancillaries, consumables and goods	86.189	94.974
Change in inventories	(8.882)	(6.679)
Services	23.019	24.002
Personnel expense	39.354	40.463
Depreciation, amortisation and write-downs	13.676	33.405
Provisions	169	442
Other charges (income)	(2.509)	225
EBIT	(125)	(19.957)
Investment income/(charges)	-	-
Gains/(Losses) from valuations of minority option liabilities	-	-
Financial income	238	326
Financial charges	(7.455)	(3.456)
Net exchange gains (losses)	(105)	286
Impairments on financial assets	-	-
Profit before taxes	(7.447)	(22.801)
Income taxes	1.314	4.651
Net profit for the year	(6.133)	(18.150)
Minority interest result	(11)	-
Group net profit	(6.122)	(18.150)

Annex 3
CASH FLOW STATEMENT

(Euro.000)	2024/06	2023/06
Net profit	(6.133)	750
Amortisation & depreciation	13.672	13.688
Non-cash adjustments	(3.471)	1.657
Income taxes	(1.313)	(4.051)
Net financial charges/(income)	7.217	3.131
CASH FLOW FROM CURRENT ACTIVITIES (A)	9.972	15.175
<i>Changes in assets and liabilities:</i>		
Inventories	(9.001)	(5.892)
Trade receivables	(8.619)	12.285
Trade payables	13.558	(5.845)
Other assets and liabilities	1.402	(14.629)
Income taxes paid	17	(2.321)
CASH FLOW GENERATED (ABSORBED) FROM CHANGES IN WORKING CAPITAL (B)	(2.644)	(16.402)
CASH FLOW FROM OPERATING ACTIVITIES (A + B)	7.329	(1.227)
CASH FLOW FROM INVESTING ACTIVITIES (C)	(9.380)	(11.304)
CASH FLOW FROM OPERATING & INVESTING ACTIVITIES (A + B + C)	(2.051)	(12.531)
<i>Financing activities:</i>		
Interest paid	7	(3.219)
Repayment of non-current financial payables	(7.502)	(10.982)
Increase (decrease) current financial payables	7.162	19.593
Increase (decrease) other financial payables	(1.545)	(1.521)
New loans	1.969	10.000
Parent company financing	5.000	-
Other changes in Equity	460	-
CASH FLOW FROM FINANCING ACTIVITIES (D)	527	13.871
Change in translation reserve	73	(1.083)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C + D)	(1.451)	257
Cash & cash equivalents at beginning of the year	8.700	23.535
Increase (decrease) in cash and cash equivalents	(1.451)	257
Cash & cash equivalents at end of the year	7.249	23.792