2025 ANNUAL FINANCIAL REPORT

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CORPORATE INFORMATION

Parent Company Registered Office

Sit S.p.A.
Viale dell'Industria, 34
35129 Padua – Italy
www.sitgroup.it

Parent Company Legal Details

Share capital approved Euro 96.162.195,00
Share Capital subscribed and paid-in Euro 96.162.195,00
Tax and Padua Companies Registration Office No. 04805520287

Operating branches

Viale dell'Industria, 32/34 – 35129 Padua – Italy
Viale A. Grandi, 6 – 45100 Rovigo – Italy
Viale A. Grandi, 11 – 45100 Rovigo - Italy
Via Grazia Deledda 10/12 - 62010 Montecassiano - Italy

LETTER FROM THE CHAIRPERSON



Dear Shareholders,
We end 2025 with the awareness that we operate in a time of unprecedented change—a time unlike anything we have experienced before. Economic, technological, and geopolitical transformations, together with ongoing conflicts, are reshaping balances, opening new challenges, and compelling us to look at the world through a different lens.
We began 2025 with the continuation of the war in Ukraine and instability in the Middle East which, following the ceasefire in Gaza, led in June to a first direct confrontation between Israel and Iran. We live in a context where complexity is no longer the exception but the norm— the environment in which we operate. Within this condition, we chose to act with clarity, discipline, and determination, turning external pressures and volatility into opportunities to innovate, strengthen, and improve.
It is within this context that the results I present today were achieved.

A regulatory framework finally becoming clearer
After years of fluctuations and rigidity, Europe has defined a more balanced path toward decarbonization. Electrification remains a strategic pillar, but it is no longer considered the only route: a technologically open approach is finally emerging, based on the complementarity of different energy solutions.
National legislations are embracing this shift. Germany is the most evident example: the "heat pump first" principle is giving way to a more pragmatic model that includes biomass, green and blue hydrogen, hybrid systems, and all technologies that can contribute to reducing emissions.
For us, this means operating in a more rational environment, more favorable to industrial innovation.

SIT in 2025: a year of concrete results
Our Group responded to complexity with a clear course of action: to act rather than wait. The 2025 economic and financial results reflect our ability to address change with discipline and vision.
We delivered growth across all three segments.
Growth was broad-based, with different dynamics across geographic areas.

North America was the engine of expansion. We gained market share, overcame tariff challenges, and ensured operational continuity thanks to our Monterrey (Mexico) plant, which proved to be a strategic and decisive asset.
A challenging European environment did not prevent us from improving. We acted on operational leverage, structurally reducing fixed costs. Today, SIT is more agile, leaner, and faster. We have streamlined processes and accelerated decision-making, bringing it closer to those closest to our products, customers and technology.
This was the true cultural transformation of 2025.

Metering: integration and international growth
The metering sector completed its first year of integration between the water and gas business units, generating immediate benefits in terms of technological effectiveness—solutions developed for gas enabling innovation in water, and vice versa—and operational efficiency.
At the same time, international growth continues: success in strategic gas tenders has led us to collaborate with some of Europe's leading energy groups.

SIT MBT: new applications, new developments
SIT MBT, operational since 2024, reached its first full year of industrial maturity in 2025.
The subsidiary—active in fans for range hoods, induction hobs with integrated extraction, and pellet stoves—has distinguished itself through innovative, energy-efficient products, strong customization capabilities, and integration between the Montecassiano center of excellence and the laboratories at our Padua headquarters. It is an asset poised for growth.

Solid financial results
2025 confirmed the strength of our industrial path: a return to net profit, growth in adjusted EBITDA, and a reduction in financial leverage clearly demonstrate the effectiveness of our efforts.
Consolidated revenues rose to €319.1 million (+6.5%), driven by both the Heating & Ventilation Division (€218.7 million, +5.8%) and the Metering Division (€93.7 million, +6.2%).
Adjusted EBITDA reached €42.7 million (13.4% of revenues), up 55%—a result reflecting operational discipline and clear industrial choices. Adjusted operating income returned to positive territory at €16.1 million, showing a strong recovery compared to 2024.
Net profitability also improved: adjusted net income of €6.1 million and net income of €1.3 million.
Our cash performance further reflects this progress: positive operating cash flow of €16 million after €11.3 million in investments. Net financial position decreased to €139.3 million, further strengthening the Group's financial structure.
These figures reflect a company that has decisively acted on its fundamentals, improving efficiency, profitability, and value creation capacity.

Sustainability at the core of our approach
Sustainability is an integral part of how we design, produce, and make decisions.

The 2025 assessments confirm this clearly: EcoVadis – Gold level, 78/100: SIT ranks among the top 3% of companies worldwide for ESG performance and in the top 2% of our sector; CDP: improvement from C to B in the Climate Change program and a B- debut in the Water program.
These evaluations strengthen our credibility with customers, investors, and institutions, and measure the quality of our industrial choices.

SIT Lab: technology as a competitive differentiator
In 2025, the role of the SIT Labs in the new Padua headquarters was further consolidated.
Advanced instrumentation, specialized engineering expertise, and an open collaboration model with customers and suppliers enable us to develop smarter, more reliable, and more distinctive solutions.
This is where a key part of our competitive advantage is built.

Looking ahead
2025 leaves us with a stronger, more aware, and better prepared company.
We will continue to invest with the same industrial discipline, pragmatism, and determination that have guided our journey so far.

The Chairman
Federico de' Stefani

THE SIT GROUP'S MISSION, VISION AND VALUES

Mission

"*Our commitment is to create smart solutions for climate control and consumption measurement for a more sustainable world*".

Vision

"To be recognized as the leading sustainable partner for energy and climate control solutions (and to enjoy the journey!)"

Values



DIRECTORS' REPORT

COMPOSITION OF THE CORPORATE BOARDS

Board of Directors*

Federico de Stefani	*Chairman, Chief Executive Officer, Director in charge of the Internal Control and Risk Management System (ICRMS)*
Chiara de Stefani	*Director and "Corporate Sustainability Director"*
Franco Stevanato**	*Independent Director*
Bettina Campedelli **	*Independent Director and "Lead Independent Director"*
Carlo Malacarne **	*Independent Director*
Lorenza Morandini **	*Independent Director*
Giorgio Martorelli **	*Independent Director*

Board of Statutory Auditors*

Matteo Tiezzi	*Chairperson*
Saverio Bozzolan	*Statutory Auditor*
Loredana Anna Conidi	*Statutory Auditor*
Barbara Russo	*Alternate Auditor*
Sabrina Gigli	*Alternate Auditor*

Independent Audit Firm

Deloitte & Touche S.p.A.

Internal Control, Risks and Sustainability Committee

Bettina Campedelli **	Chairperson
Lorenza Morandini **	Member
Giorgio Martorelli **	Member

Related Parties Committee

Bettina Campedelli **	Chairperson
Carlo Malacarne **	Member
Lorenza Morandini **	Member

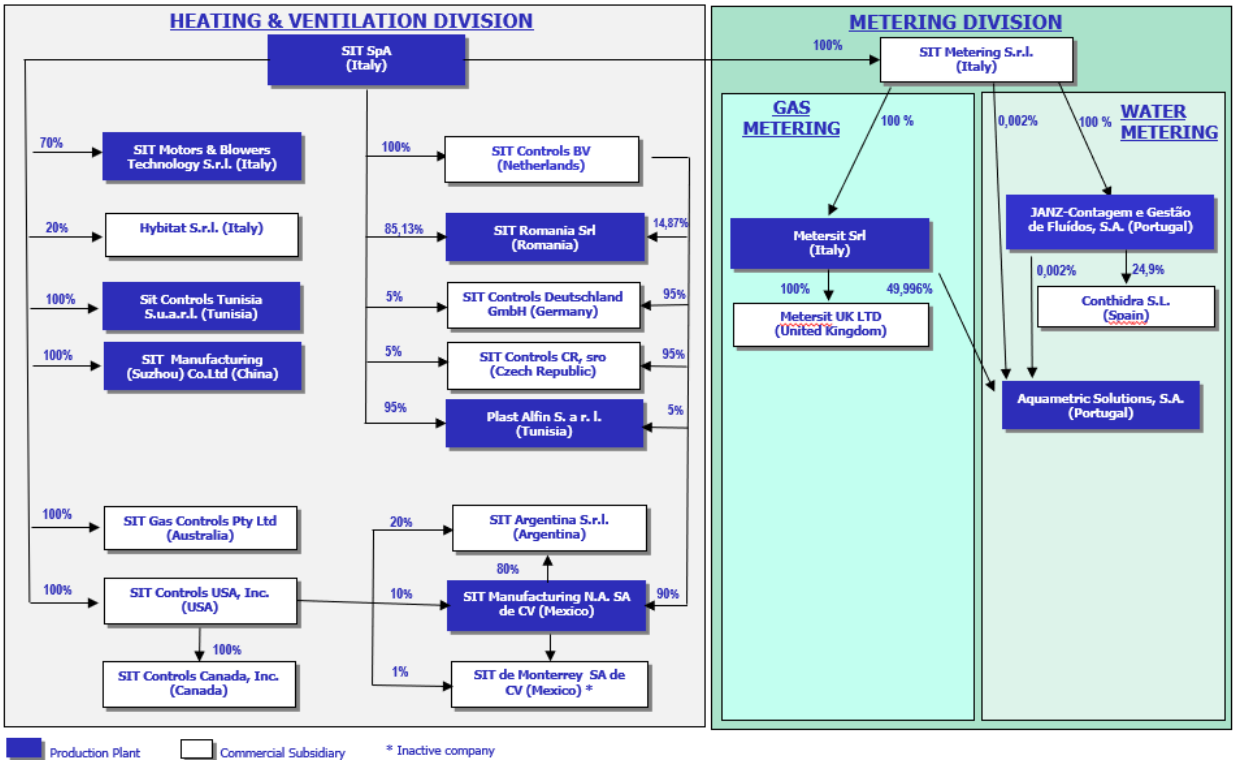
Remuneration Committee

Carlo Malacarne **	Chairperson
Bettina Campedelli **	Member
Lorenza Morandini **	Member

* The Board of Directors and the Board of Statutory Auditors were appointed by the Shareholders' Meeting of May 3, 2023 and remain in office until the approval of the 2025 Annual Accounts

** Independent directors

GROUP STRUCTURE



SIT Group

The SIT Group designs and manufactures high-precision devices for consumption measurement and systems for the safety, comfort, and high efficiency of heating and ventilation appliances, as well as the production and distribution of water and gas meters.
The Group comprises two divisions:

- Heating & Ventilation: It operates in the production of components and systems for residential and commercial heating, including multifunction gas safety and control valves, electronic controls, fans for high-efficiency boilers and electric heat pumps, as well as for mechanical ventilation systems and kitchen hoods, serving major global markets.

- Metering: manufactures and distributes smart gas meters which more accurately measure gas and water consumption and feature control and safety (including remote) functionality.

The Group operates in the Heating & Ventilation sector through the following companies:

- SIT S.p.A (hereinafter "Company" or "SIT") is the parent company of SIT Group and undertakes R&D and commercial and sales operations, while also providing a range of industrial and support services to the manufacturing and distribution companies. SIT has a number of production units involved in precise machining, fitting and assembly for the manufacturing of mechanical controls, integrated systems, electric fans and smoke exhaust kits;
- SIT MBT S.r.l., located in Montecassiano (MC), operates in the range hood fan sector. The business unit of SIT dedicated to ventilation and components for kitchen hoods and pellet stoves was transferred on April 1, 2024, to the innovative start-up Motors & Blowers Technology S.r.l. (MBT), launched by a group of managers with long experience in the sector.
- SIT Controls B.V. (Netherlands) distributes products of other Group companies to some local customers;
- SIT Controls Deutschland GmbH (Germany) is a sales agent for a number of Group companies;
- SIT Controls CR s.r.o. (Czech Republic) is a sales agent for a number of Group companies;
- SIT Romania S.r.l. (Romania), based in Brasov in Romania, is engaged in the assembly and testing of mechanical controls, electric fans and integrated domestic gas equipment control systems;
- SIT Manufacturing N.A.S.A. de C.V. (Mexico) is a specialised Direct Heating and Storage Water Heating systems manufacturing facility, principally for the American and local markets. The company mainly works with end-customers, using, for the American market, the agency services provided by SIT Controls U.S.A. Inc., while on the Australian and Asian markets using local Group companies/distribution entities;
- SIT Controls U.S.A. Inc. (USA) is a sales agent for Group products on the US market;
- SIT Controls Canada Inc. (Canada) is a sub-agent of SIT Controls USA on the Canadian market;
- SIT Gas Controls Pty Ltd, based in Melbourne (Australia), oversees the distribution of SIT products on the local market and some countries in the region;
- SIT Manufacturing Suzhou Co. Ltd (China) is a manufacturer of mechanical controls, satisfying local market demand - both in terms of local customers and the local branches of European manufacturers. The company distributes its own products and those of other Group companies on the local market;
- SIT (Argentina) S.r.l. manages the import of SIT products into the region;
- Plast Alfin S. a r. l. (Tunisia), acquired during 2020, operates in the manufacturing of plastics for components used in the production of exhaust kits;

- Sit Controls Tunisia S.u.a.r.l. (Tunisia), set up in late 2020, is a production site for components and finished products.

The Group operates in the Metering division through the following companies:

- Sit Metering S.r.l., a holding company for the Metering division;
- Metersit S.r.l., located in Padua, is involved in the design, manufacturing and sale of new generation remote gas meters;
- Metersit UK Ltd, a trading company with the goal of developing the UK smart gas metering market;
- JANZ - Contagem e Gestão de Fluídos, SA (Lisbon), a company that operates in the residential water meter sector through development, production and distribution activities, mainly on the European market;
- Conthidra S.L. (Gines), Spain, distributes water meters produced by JANZ – Contagem e Gestão de Fluídos, SA.
- Aquametric Solutions, S.A. (Lisbon), a company incorporated under Portuguese law established for the development and production of water meters - for residential use - based on ultrasonic technology. The company, established on January 15, 2024, is 50% owned by the SIT Group and the remaining 50% by the Swiss technology partner GWF AG.

SIT exercises management and co-ordination activities over the subsidiaries directly and indirectly held.

FINANCIAL HIGHLIGHTS

The following tables include adjusted data and performance indicators not expressly provided for by IFRS, the definition and calculation of which are described in the following paragraph.

(Euro,000)

Financials	2025	%	2024	%	Change	Change %
Revenues from contracts with customers	319,096	100.0%	299,538	100.0%	19,558	6.5%
EBITDA	37,891	11.9%	24,718	8.3%	13,173	53.3%
EBIT	11,310	3.5%	(11,534)	(3.9%)	22,844	198.1%
Net Profit/(loss) for the period	1,345	0.4%	(31,573)	(10.5%)	32,919	104.3%
Cash flows from operating activities after investment activities	15,942		18,175		(2,233)	

(Euro,000)

Balance Sheet	31/12/2025	31/12/2024	Change	Change %
Net Financial Position	139,321	145,850	(6,528)	(4.5%)
Net trade working capital	72,503	65,605	6,898	10.5%
Net trade working capital/Revenues	22.7%	21.9%		

ALTERNATIVE PERFORMANCE MEASURES

(Euro,000)

Financials	2025	%	2024	%	change	change %
Revenues from contracts with customers	319,096	100.0%	299,538	100.0%	19,558	6.5%
EBITDA	37,891	11.9%	24,718	8.3%	13,173	53.3%
Adjusted EBITDA	42,703	13.4%	27,476	9.2%	15,227	55.4%
EBIT	11,310	3.5%	(11,534)	-3.9%	22,844	198.1%
Adjusted EBIT	16,123	5.1%	(1,107)	-0.37%	17,230	1,556.3%
Financial charges	6,350	2.0%	10,655	3.6%	(4,305)	-40.4%
Adjusted Financial charges	6,350	2.0%	6,715	2.2%	(365)	-5.4%
Financial income	259	0.1%	388	0.1%	(129)	-33.3%
Net financial (charges)/income	(6,091)	-1.9%	(10,267)	-3.4%	4,176	40.7%
Adjusted Net financial (charges)/income	(6,091)	-1.9%	(6,327)	-2.1%	236	3.7%
Profit (loss) before taxes	4,821	1.5%	(20,709)	-6.9%	25,529	123.3%
Adjusted Profit (loss) before taxes	9,633	3.0%	(6,342)	-2.1%	15,975	251.9%
Net profit (loss) for the year	1,345	0.4%	(31,573)	-10.5%	32,919	104.3%
Adjusted net profit (loss) for the year	6,095	1.9%	(10,523)	-3.5%	16,618	157.9%
Cash flow from operations after investing activities	15,942		18,175			

(Euro,000)

Balance Sheet	31/12/2025	31/12/2024	change	change %
Net capital employed	241,497	247,272	(5,775)	(2.3%)
Shareholders' Equity	102,175	101,422	753	0.7%
Net Financial Position	139,321	145,850	(6,528)	(4.5%)
Adjusted Net Financial Position	130,035	134,134	4,099	(3.1%)
Net trade working capital	72,503	65,605	6,898	10.5%

Key performance indicators	31/12/2025	31/12/2024
ROIC [(1)]	15.7%	10.0%
Adjusted ROIC [(2)]	17.7%	11.1%
Net Financial Position/Shareholders' equity	1.36	1.44
Net Financial Position/Adjusted EBITDA	3.26	5.31

(1) ROIC is the ratio between EBITDA and Capital Employed at period-end
(2) ROIC is the ratio between Adjusted EBITDA and Capital Employed at period-end

Composition of key alternative performance indicators

In application of the Consob Communication dated December, the 3rd 2015, which implements in Italy the guidelines on Alternative Performance Indicators (IAPs) issued by the European Securities and Markets Authority (ESMA), the criteria used for their preparation are defined below.
The alternative performance indicators describe the economic/financial results of the Group on the basis of indices not expressly contained within IFRS (International Financial Reporting Standard) and adjusted by the effects of some items. It is considered that these indicators ensure a better comparability over time of results, although they do not replace the results determined by the application of international accounting standards IFRS described in the Explanatory Notes.
The main adjustments recorded during the year, before the tax effect, concern:

- Euro 3.6 million for the personnel reorganization that affected the entire Group and, in particular, the Parent Company and the Dutch subsidiary;
- Euro 0.5 million for consulting fees related to strategic activities for the Group;
- Euro 0.3 million following the agreement reached with one of the Metering division's major customers for the removal of defective meters;
- Euro 0.3 million relating to the expected increase in costs for guarantees

The criteria used for the preparation of them and a brief description of their composition, as well as the reconciliation with the corresponding official data, are given below:

- Adjusted EBITDA is the EBITDA (EBIT plus amortisation, depreciation and write-downs, net of doubtful debt provisions) net of exceptional transactions or rather all those atypical, unusual or transactions which do not repeat frequently in the normal course of business activities, undertaken with related or third parties, which may have a significant impact on the financial results of the Group. The following table presents a reconciliation with the financial statements:

(Euro,000)

Reconciliation of Adjusted EBITDA	2025	2024
EBIT	**11,310**	**(11,534)**
Depreciation, amortisation and write-downs	26,907	36,231
Write-downs	(326)	20
EBITDA	**37,891**	**24,718**
Reorganization costs	3,607	2,750
Financial restructuring costs	-	61
Capital gain on the sale of the land	-	(2,674)
Guarantees	290	-
Trade agreement	324	2,236
Consulting and other services	478	97
Other	114	289
Total exceptional operating charges (income)	**4,813**	**2,759**
Adjusted EBITDA	**42,703**	**27,476**

Reorganization costs amounting to Euro 3,607 thousand include transaction costs and incentives for the consensual termination of employment with certain employees, including legal fees. The reorganization and optimization of corporate functions involved the Dutch company Sit Controls B.V. for Euro 688 thousand, the Italian companies Sit Spa and Metersit Srl for Euro 1,856 thousand and Euro 683 thousand respectively, the Australian company SIT Gas Controls Pty Ltd for Euro 220 thousand and other companies for Euro 160 thousand.

It should be noted that in the item *Reorganization costs* relating to the year 2024, the items of the Reorganization cost of Sit Controls BV for the amount of Euro 672 thousand and Personnel costs for the amount of Euro 2,078 thousand, which were reported separately last year, were reported together for the amount of Euro 2,750 thousand.
The item *Financial restructuring costs* in 2024 amounted to Euro 61 thousand and referred to the costs for consultancy to support the renegotiation of the debt with credit institutions that took place during the year. This item is zero in 2025.
Similarly, the item *Capital gain on the sale of the land* - present only for the 2024 financial year - also refers to the capital gain realized on the sale of land in Mexico, owned by the subsidiary SIT Manufacturing N.A.S.A. de C.V. for Euro 2.7 million.
The costs relating to the *Commercial Agreement* item, amounting to Euro 324 thousand, refer to the agreement concluded between the Group and one of the main customers of the Metering division for the removal of defective meters.
The item *Guarantees*, equal to Euro 290 thousand, reflects the best estimate of the higher costs (current and future) resulting from the increase in commissions required by the credit institution, in exchange for the multi-year guarantees provided on the supplies of meters by the subsidiary Metersit S.r.l., for which revenues were already generated in previous financial years.
The items *Consultancy and other services* and *Other* refer respectively to costs for consultancy aimed at evaluating the feasibility of industrial and strategic projects by the parent company SIT.

- Adjusted EBIT is equal to operating income and expenses described above and below. The reconciliation, with evidence of adjusted income and expenses, is shown in the table below:

(Euro,000)

Reconciliation of Adjusted EBIT	2025	2024
EBIT	**11,310**	**(11,534)**
Reorganization costs	3,607	2,750
Financial restructuring costs	-	61
Capital gain on the sale of the land	-	(2,674)
Guarantees	290	-
Trade agreement	324	2,236
Consulting and other services	478	97
Other	114	289
Asset write-downs	-	7,668
Total exceptional operating charges (income)	**4,813**	**10,427**
Adjusted EBIT	**16,123**	**(1,107)**

In the 2024 financial year, the item Asset write-downs referred to Euro 7,668 thousand relating to the goodwill impairment of the Heating & Ventilation division.

- Adjusted net financial charges and income are financial charges are equal to financial expenses net of the changes described below during the year.

The reconciliation is shown in the table below:

(Euro,000)		
Reconciliation of Adjusted net financial (charges)/income	**2025**	**2024**
Financial charges	**(6,350)**	**(10,655)**
Financial charges for financial restructuring	-	3,940
Financial charges adjusted	**(6,350)**	**(6,715)**
Financial income	**259**	**388**
Adjusted net financial (charges)/income	**(6,091)**	**(6,327)**

In the 2024 financial year, the item *Financial charges for financial restructuring* amounting to Euro 3,940 thousand referred to the expenses arising from the new agreements and recognized at the date of the amendment, defined in accordance with IFRS 9. The new agreements were signed on 22nd and 23rd April 2024. This signing defined the new terms of the existing financing agreements. These amendments, with respect to certain bank financing arrangements, provide for the extension of the original maturities by 24 months and the restructuring of the repayment profile into increasing installments, while maintaining the current annual and interim maturities.

- Adjusted Profit (loss) Before Tax (EBT) is the result before tax net of the items summarized below and described above. The reconciliation is shown in the table below:

(Euro,000)		
Reconciliation of Adjusted EBT	**2025**	**2024**
Profit (loss) before taxes for the year	**4,821**	**(20,709)**
Capital gain on the sale of the land	-	(2,674)
Reorganization costs	3,607	2,750
Financial restructuring costs	-	61
Consulting and other services	478	97
Guarantees	290	-
Trade agreement	324	2,236
Other	114	289
Asset write-downs	-	7,668
Total adjusted operating charges (income)	**4,813**	**10,427**
Financial charges for financial restructuring	-	3,940
Adjusted Financial charges	**-**	**3,940**
Adjusted Profit (loss) before taxes for the year	**9,633**	**(6,342)**

- Adjusted net profit (loss) for the period is the net result for the period net of the transactions described above and the related tax effect.
  In the 2024 financial year, the item *Deferred tax assets* referred to the write-down of receivables for withholding taxes paid abroad and the partial write-down of deferred tax assets totaling Euro 8,671 thousand. Similarly to the previous financial year, in 2025, withholding tax receivables amounting to Euro 1,262 thousand were written down.
  The reconciliation is shown in the table below:

(Euro,000)		
Reconciliation of Adjusted net profit (loss)	**2025**	**2024**
Net Profit (loss)	**1,345**	**(31,573)**
Capital gain on the sale of the land	-	(2,018)
Reorganization costs	2,621	2,010
Financial restructuring costs	-	44
Consulting and other services	345	70
Guarantees	209	-
Trade agreement	233	1,612
Other	80	-
Deferred tax assets	1,262	8,671
Asset write-downs	-	7,668
Total adjusted operating expenses (income) net of tax	**4,750**	**18,057**
Financial charges for financial restructuring	-	2,994
Total Financial charges for financial restructuring net of tax	**-**	**2,994**
Adjusted Net profit (loss)	**6,095**	**(10,523)**

For a description of the individual adjustment items of an operating nature, reference should be made to the adjusted EBITDA reconciliation table.

- Net capital employed and net commercial working capital are calculated considering the accounts presented in the following table:

(Euro,000)		
Reconciliation of net capital employed	**31/12/2025**	**31/12/2024**
Goodwill	63,278	63,278
Other intangible assets	40,868	46,978
Property, plants and equipment	84,406	95,229
Investments in other companies	1,527	1,081
Non-current financial assets	4,340	2,573
Fixed assets (A)	**194,419**	**209,138**
Inventories	76,149	72,263
Trade receivables	62,251	60,274
Trade payables	(65,898)	(66,933)
Trade net working capital (B)	**72,503**	**65,605**
Other current assets	8,670	10,517
Tax receivables	2,676	2,372
Other current liabilities	(19,711)	(22,957)
Tax payables	(2,182)	(1,774)
Other current assets, liabilities and taxes (C)	**(10,548)**	**(11,841)**
Net working capital (B + C)	**61,955**	**53,764**
Deferred tax assets	11,693	12,665
Provisions for risks and charges	(9,264)	(9,337)
Net liabilities for employee benefits	(3,964)	(4,504)
Other non-current liabilities	(4,951)	(3,825)
Deferred tax liabilities	(8,391)	(10,629)
Other non-current liabilities, assets and provisions (D)	**(14,878)**	**(15,630)**
Net capital employed (A + B + C + D)	**241,497**	**247,272**

- The adjusted Net Financial Position is calculated by deducting the finance lease payable arising from application of IFRS 16 from the net financial debt calculated according to the indications of Consob Communication ESMA32-382-1138 of March 4, 2021.

(Euro,000)		
Composition Net Financial Position	**31/12/2025**	**31/12/2024**
A. Cash	11,627	14,038
B. Cash equivalents	-	-
C. Other current financial assets	3,055	5,505
D. Liquidity (A) + (B) + (C)	**14,682**	**19,543**
E. Current financial debt (including debt instruments but excluding the current portion of non-current financial debt)	24,935	28,015
F. Current portion of the non-current financial debt	19,265	6,208
G. Current financial indebtedness (E + F)	**44,200**	**34,224**
H. Net current financial indebtedness (G - D)	**29,518**	**14,680**
I. Non-current financial debt (excluding current portion and debt instruments)	69,828	91,191
J. Debt instruments	39,976	39,979
K. Non-current trade and payables	-	-
L. Non-current financial indebtedness (I + J + K)	**109,803**	**131,170**
M. Net Financial Position (H + L)	**139,321**	**145,850**
IFRS 16 – Leases	(9,286)	(11,715)
Adjusted Net Financial Position	**130,035**	**134,134**

As required by the above-mentioned communication, it should be noted that the Group has net liabilities for defined benefits to employees for the amount of Euro 3,964 thousand (Note 16) and provisions for risks and charges for Euro 9,264 thousand (Note 15) and other non-current liabilities, relating to the conditions defined by the agreement with the minority shareholders of SIT MBT S.r.l., Euro 4,951 thousand (Note 17) not included in the net financial position.

GENERAL SITUATION

Macroeconomics

The world economy in 2025 reflected moderate and stable growth, showing partial resilience but remaining below historical averages. The picture has been characterised by still high inflation in some areas, geopolitical risks, trade tensions and a slowdown in developed countries, contrasted with robust growth in emerging economies. Global GDP grew by 3.3%, driven by the dynamism of the sectors related to artificial intelligence with significant investments that fueled demand, employment and related supply chains.

In 2025, the GDP trend compared to the previous year of the main areas of interest for the Group is summarized in the following table:

GDP trend	2025	2024
Italy	0,5%	0,7%
Euro	1,4%	0,9%
USA	2,2%	2,8%
China	5,0%	5,0%

The United States closed 2025 with economic growth slowing down compared to forecasts and the previous year; the slowdown in GDP was caused by the rise in inflation and the long federal shutdown at the end of the year.

In China, GDP has reached the growth target set by the government but in a context of still weak consumption. Foreign trade grew, driven mainly by the hi-tech manufacturing sector. The economy has nevertheless proved resilient in the face of strong external pressures.

The eurozone economy closed 2025 with moderate but widespread growth in all member countries. Industrial economies have faced a phase characterized by a slowdown in international demand and transformations in production systems.

In 2025, the Italian economy grew, but at a moderate pace. The boost came mainly from domestic demand – also supported by the effects of the PNRR – which partly offset the slowdown in foreign trade and the reduction in inventories. The production system has maintained a certain vitality despite the uncertain international context. Gross fixed capital formation and household consumption have grown. The labour market remained dynamic, with work units increasing.

In 2025, the Italian mechanical engineering industry continued to be affected by the complex international scenario with repercussions on the supply chain, energy costs and export strategies. Production decreased by 0.9% compared to the previous year.

Source: ISTAT, EUROSTAT, IMF, Il Sole 24 Ore, ANIMA

OPERATING PERFORMANCE

Introduction

SIT S.p.A. (hereinafter "SIT", the "Company" or the "Parent Company") has decided to adopt the option allowed by art. 40 of Legislative Decree no. 127 of April 9, 1991, paragraph 2 bis, as amended by Legislative Decree no. 32 of February 2, 2007, which allows companies that prepare consolidated financial statements to present the Consolidated Management Report and the Company's Directors' Report in a single document.

Significant events of the year

A multi-year contract has been signed for the supply of smart gas meters in the UK

During the month of January 2025, through its subsidiary Metersit operating in the smart gas metering sector, SIT signed a multi-year contract worth over 20 million euros with one of Europe's leading energy companies for the supply of residential smart gas meters. This strategic partnership marks a milestone for Metersit in Europe and confirms its commitment to providing innovative, sustainable and high-quality solutions to the energy sector.

SIT confirms EcoVadis' Gold rating in ESG

In the first months of 2025, for the second consecutive year, SIT obtained the Gold rating as part of the annual CSR (Corporate Social Responsibility) performance assessment carried out by EcoVadis, an international ESG rating agency. A rating was obtained that places the Group in the 3% of companies in the world that are most committed to sustainability, a rating that further improves within the sector to which it belongs, where SIT is part of the 2% most sustainable.

SIT presents the Flexa PRO system at the Frankfurt Fair

At the ISH fair in Frankfurt, the world's most important trade fair in the HVAC + Water sector (Heating, Ventilation and Air Conditioning + Water) that brings together all the most advanced technologies for energy saving, renewable energy, air conditioning and building automation, SIT presented Flexa PRO, the most advanced electronic combustion control system for residential and commercial applications. based on sensors for air and gas measurement. Flexa PRO has been designed to work with methane, hydrogen and any blend of gases and represents a further step in SIT's path towards offering solutions to support the energy transition.

Sales analysis

SIT Group operates in two Divisions:

- Heating & Ventilation, operates in the production of components and systems for domestic and commercial heating, including multifunctional safety and regulation valves for gases, electronic controls, fans for high-efficiency boilers and electric heat pumps as well as for forced mechanical ventilation systems and cooker hoods, intended for the main world markets;

- Metering, operates in the production and marketing of smart meters, of the new generation that allow you to measure gas and water consumption more accurately and with control and safety functions - even remote -.

Sales by Division

(Euro,000)	2025	%	2024	%	change	change %
Heating & Ventilation	218,713	68.5%	206,678	69.0%	12,035	5.8%
Metering	93,694	29.4%	88,194	29.4%	5,500	6.2%
Total sales	312,407	97.9%	294,872	98.4%	17,535	5.9%
Other revenues	6,689	2.1%	4,667	1.6%	2,023	43.3%
Total sales	**319,096**	**100%**	**299,538**	**100%**	**19,558**	**6.5%**

(Euro,000)	Q4 25	%	Q4 24	%	change	change %
Heating & Ventilation	53,900	66.5%	51,146	66.7%	2,753	5.4%
Metering	25,478	31.4%	23,070	30.1%	2,408	10.4%
Total sales	79,377	97.9%	74,216	96.8%	5,161	7.0%
Other revenues	1,719	2.1%	2,491	3.2%	(773)	(31.0%)
Total sales	**81,096**	**100%**	**76,707**	**100%**	**4,388**	**5.7%**

Sales by geography

(Euro,000)	2025	%	2024	%	change	change %
Italy	99,209	31.1%	94,750	31.6%	4,459	4.7%
Europe (excluding Italy)	131,188	41.1%	124,747	41.6%	6,441	5.2%
The Americas	62,350	19.5%	49,470	16.5%	12,880	26.0%
Asia/Pacific	26,350	8.3%	30,572	10.2%	(4,222)	(13.8%)
Total sales	**319,096**	**100%**	**299,538**	**100%**	**19,558**	**6.5%**

(Euro,000)	Q4 25	%	Q4 24	%	change	change %
Italy	23,892	29.5%	24,754	32.3%	(862)	(3.5%)
Europe (excluding Italy)	35,493	43.8%	30,767	40.1%	4,726	15.4%
The Americas	15,933	19.6%	13,744	17.9%	2,189	15.9%
Asia/Pacific	5,778	7.1%	7,442	9.7%	(1,664)	(22.4%)
Total sales	**81,096**	**100%**	**76,707**	**100%**	**4,388**	**5.7%**

The Group's consolidated revenues for 2025 amounted to Euro 319.1 million, representing an increase of 6.5% compared to 2024 (Euro 299.5 million). Consolidated revenues for the fourth quarter of 2025 amounted to Euro 81.1 million, up 5.7% compared to the same period of the previous year (Euro 76.7 million).

Sales of the **Heating & Ventilation Division** in 2025 amounted to Euro 218.7 million, representing an increase of 5.8% compared to Euro 206.7 million in 2024. On a constant currency basis, the increase was 7.6%. In the fourth quarter, the Division generated sales of Euro 53.9 million, up 5.4% compared to the fourth quarter of the previous year (Euro 51.1 million).

The following table presents the **Heating & Ventilation Division**'s operating sales by geographic area, based on management reporting criteria:

(Euro,000)	2025	%	2024	%	change	change %
Italy	39,386	18.0%	35,886	17.4%	3,500	9.8%
Europe (excluding Italy)	95,583	43.7%	94,876	45.9%	707	0.7%
The Americas	56,185	25.7%	45,205	21.9%	10,979	24.3%
Asia/Pacific	27,559	12.6%	30,710	14.9%	(3,151)	(10.3%)
Total sales	**218,713**	**100%**	**206,678**	**100%**	**12,035**	**5.8%**

(Euro,000)	Q4 25	%	Q4 24	%	change	change %
Italy	8,853	16.4%	9,115	17.8%	(262)	(2.9%)
Europe (excluding Italy)	25,705	47.7%	22,911	44.8%	2,794	12.2%
The Americas	13,756	25.5%	12,463	24.4%	1,293	10.4%
Asia/Pacific	5,586	10.4%	6,657	13.0%	(1,071)	(16.1%)
Total sales	**53,900**	**100%**	**51,146**	**100%**	**2,753**	**5.4%**

At a geographical level, the fourth quarter saw a slight decline in sales in Italy compared to the same period in 2024, a trend also attributable to the significant growth recorded in the previous quarter, while confirming the positive performance achieved during the year, with growth of almost 10%, driven in particular by ventilation products and mechanical controls.

As regards Europe, excluding Italy, sales in the fourth quarter increased significantly by 12.2% compared to the same period of the previous year. This positive result marks an acceleration compared to the previous quarter, bringing the full-year performance in line with 2024 levels. During the quarter, sales growth was recorded in Turkey, particularly for products destined for the local market and certain OEMs operating in the Central Heating sector. Other markets, such as Central Europe, reported fourth-quarter sales substantially in line with the previous year, resulting in full-year growth of 4.7%, mainly driven by Electronics, while the UK recorded revenues in line with those achieved in 2024.

The Americas region reported growth in the quarter compared to the same quarter of the previous year (+10.4%, +18.5% at constant exchange rates). For the full year 2025, the region recorded growth of 24.3%, or 30.6% at constant exchange rates, thanks to positive performance across all market segments, particularly Central Heating.

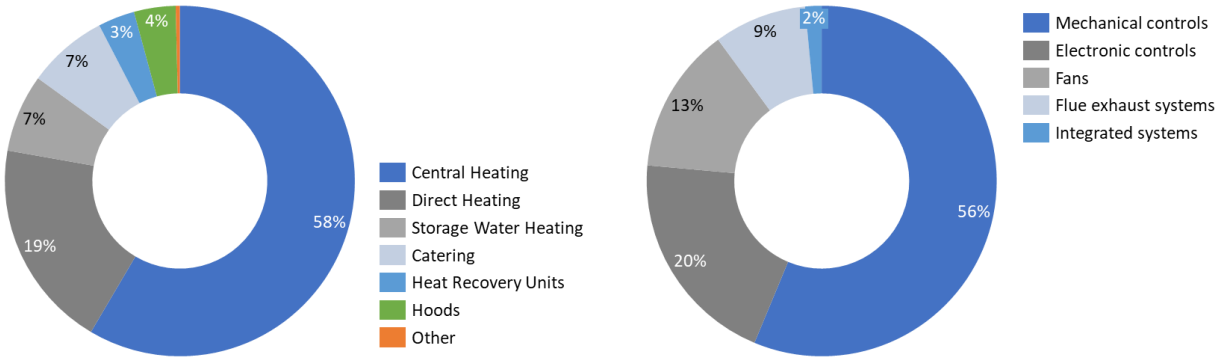
The Asia-Pacific region recorded a 16.1% decline in the fourth quarter of 2025 compared to the same period in 2024, with China continuing to experience weak market conditions that were only partially offset by the performance of other geographical areas. For the full year 2025, the region's performance was down 10.3% compared to 2024, or 7.3% at constant exchange rates.

Turning to the main product families, during 2025 Electronic Controls and Fans recorded the strongest growth, both achieving double-digit increases, while Mechanical Controls remained in line with the previous year. Flue Systems and Integrated Systems reported a slight decline.

From the perspective of application segments, Central Heating, which accounts for approximately 60% of the Division's sales, performed in line with the previous year, while Direct Heating (approximately 20% of divisional sales) recorded growth of 22.8%. Storage Water Heating grew by 28.3%, while positive performances were also recorded in the Catering, Heat Recovery Units, and Cooker Hoods sectors.

With regard to the Heating & Ventilation Division's key customers, the top five customers accounted for 35.3% of divisional sales in 2025, compared to 36.4% in the previous year.

The charts below show the Heating & Ventilation sales breakdown for 2025 by product family and application segment (management reporting data).



Sales of the **Metering Division** amounted to Euro 93.7 million, compared to Euro 88.2 million in the previous year, representing an increase of 6.2%.

Sales in the **Smart Gas Metering** business amounted to Euro 59.8 million, compared to Euro 58.0 million recorded in 2024. This performance reflects the Group's strong positioning in the Italian market and the successful outcome of new development and replacement projects launched by major customers. Sales in Italy accounted for 94.1% of the total, while international sales, representing 3.4% of the total, were generated in Greece and Central Europe.

Sales in the **Water Metering** business amounted to Euro 33.9 million, up 12.3% compared to 2024. Sales were generated in Portugal (17.8%), Spain (28.3%), the rest of Europe (39.7%), and the Americas and Asia (13.0% and 1.3%, respectively).

With regard to the concentration of sales within the Metering Division, the top five customers in the Smart Gas Metering business accounted for 80.0% of sales in 2025, compared to 78.9% in the same period of the previous year. In the Water Metering business, the corresponding figures were 66.2% and 65.0%, respectively.

Economic performance

Consolidated revenues for 2025 amounted to Euro 319.1 million, recorded an increase of 6.5% compared to 2024 (Euro 299.5 million).
Adjusted EBITDA, amounting to Euro 42.7 million, represents 13.4% on revenues, increased by 55.4% compared to the previous year (equal to Euro 27.5 million, 9.2% of revenues) and was positively affected by the higher volumes and the consolidation of the efficiency and reorganization actions carried out during 2024 and 2025.
Referring to the main items, purchase cost of raw materials and consumables, including changes in inventories, amounted to Euro 162.0 million, representing 50.8% of revenues, an improvement compared to the previous year (Euro 158.0 million, 52.8% of revenues.
Service costs totalled Euro 46.6 million compared to Euro 42.6 million of the previous year (respectively amounted to 14.6% and 14.2% of revenues).
Personnel costs amounted to Euro 69.5 million compared to Euro 72.2 million (-3.7%), representing 21.8% of revenues compared to 24.1% in the previous year. It should be noted that net of one-off costs for reorganization operations, personnel costs amounted to Euro 66.2 million, 20.7% of revenues down compared to the incidence of 23.3% recorded in 2024.
Depreciation and amortization, totalling Euro 26,9 million, are decreasing compared to 2024, which had reached Euro 36.2 million, equal to 8.4% and 12.1% of revenues, respectively. It should be noted that in 2024 an impairment of goodwill of Euro 7.7 million had been recognized, net of which the figure would have been Euro 28.6 million, corresponding to 9.5% of revenues.
The operating result is positive and amounted to Euro 11.3 million (3.5% of revenues) compared to an operating loss of Euro 11.5 million (3.9%) in 2024.
Adjusted operating profit (adjusted EBIT) for 2025 amounts to Euro 16.1 million, equal to 5.1% of revenues; in 2024 it recorded a loss of Euro 1.1 million, representing 0.4% of revenues.
Net financial charges in 2025 amounted to Euro 6.0 million compared to adjusted Euro 6.3 million 2024, representing 1.9% and 2.0% of revenues, respectively. In 2024, additional charges of Euro 3.9 million were recognized, calculated in accordance with IFRS 9 as a result of amendments made to agreements with banks.
In the 2025 financial year, costs of Euro 0.7 million were also incurred, arising from the valuation of contingent liabilities related to share options held by third parties in Group companies; in the previous year, the same valuation had resulted in income of Euro 1.5 million.
Income taxes for the period amount to Euro 3.5 million, mainly representing taxes accrued in subsidiaries and, in line with the assessment of the recoverability of tax losses over the Plan horizon, without the recognition of deferred tax assets. In the previous year, in addition to the non-recognition of deferred tax assets accrued during the period, deferred tax assets of Euro 8.7 million were written down, resulting in a total charge to the year of Euro 10.9 million.
Net profit (loss) for the year amounted to a profit of Euro 1.3 million, compared to a loss of Euro 31.6 million in the previous year.
Adjusted net profit (loss) for the year 2025 amounted to a profit of Euro 6.1 million (1.9% of revenues), compared to a loss of Euro 10.5 million (-3.5% of revenues) in the previous year.

Change in net debt

As at 31 December 2025, net financial debt amounted to Euro 139.3 million, decreasing compared to Euro 145.9 million as at 31 December 2024.

The evolution of net financial debt is presented in the table below:

(Euro,000)	2025	2024
Cash flow from current activities (A)	**39,602**	**21,974**
Change in inventories	(3,640)	9,445
Change in trade receivables	(1,782)	2,208
Change in trade payables	660	1,753
Change in other current assets and liabilities and for taxes	(7,592)	(1,184)
Cash flow from changes in Working Capital (B)	**(12,354)**	**12,222**
CASH FLOW FROM OPERATING ACTIVITIES (A + B)	**27,248**	**34,195**
Cash flow from investing activities (C)	(11,306)	(16,021)
CASH FLOW FROM OPERATING & INVESTING ACTIVITIES (A + B + C)	**15,942**	**18,175**
Changes for interest	(7,457)	(7,578)
Changes MTM derivatives and amortised cost	688	(3,966)
Changes in translation reserves and other assets	(153)	(221)
Changes to financial assets	(1,735)	2,782
IFRS 16	(756)	(1,352)
Change in Net Financial Position	**6,529**	**7,840**
Opening Net Financial Position	**145,850**	**153,690**
Closing Net Financial Position	**139,321**	**145,850**

Cash flows in 2025 show cash generation from operating activities of Euro 39.6 million, a significant improvement compared to Euro 21.9 million in 2024, driven by the profitability achieved during the year.

In 2025, working capital absorbed a total of Euro 12.3 million, compared to a cash generation of Euro 12.2 million in the previous year. While in 2024 this trend reflected the decline in revenues and the impact of destocking along the Heating & Ventilation supply chain, in 2025 sales growth and the normalization of operations resulted in an inventory policy consistent with the expected increase in demand, while trade receivables reflected the concentration of revenues in the latter part of the year. Changes in other working capital items mainly related to tax management, which absorbed Euro 4.4 million, while movements in other payables and receivables, provisions and VAT management absorbed Euro 3.3 million.

Investing cash flows amounted to Euro 11.3 million, compared to Euro 16.0 million in 2024.

As a result, operating cash flows after capital expenditures were positive for Euro 16.0 million, compared to Euro 18.2 million in the previous year.

Among financing cash flows, interest payments of Euro 7.5 million are worth noting, substantially in line with the previous year. In 2024, however, the change in mark-to-market (MTM) and amortised cost, amounting to Euro 4.0 million, was largely attributable to the recognition of costs related to the bank refinancing transaction in accordance with IFRS 9.

Consequently, net financial debt decreased by Euro 6.6 million during 2025, falling from Euro 145.9 million to Euro 139.3 million.

Capex

In 2025, the Group made investments of Euro 9.7 million, of which Euro 7.7 million (79.8% of the total) in the Heating & Ventilation Division, Euro 1.2 million in the Smart Gas Metering business, and Euro 0.7 million in the Water Metering business. In 2024, these amounts were Euro 11.4 million, Euro 2.7 million, and Euro 1.0 million, respectively, for a total of Euro 15.1 million.

The main investments made in 2025 within the Heating & Ventilation Division related to the development of new products (Euro 3.5 million), of which Euro 1.5 million referred to development costs associated with five major projects (877 XL, EF90-EF150, Flexa Pro, Axial Fan, VMC), the maintenance of production facilities (Euro 1.8 million), and the renewal of the die-casting mould fleet (Euro 1.5 million).

In the Smart Gas Metering business, investments were primarily directed towards the development of new products (Euro 0.9 million), of which Euro 0.8 million related to development costs associated with two projects (Smartio – Netherlands G4/G6). The remainder mainly related to the development of new software for production lines and the purchase of laboratory equipment.

Investments in the Water Metering business related primarily to the development of so-called Hybrid Meters (Euro 0.3 million). The remaining amount related to extraordinary maintenance of production lines, the acquisition of industrial and laboratory equipment, hardware and software development, and initiatives aimed at improving production efficiency.

RESEARCH, DEVELOPMENT AND QUALITY CONTROL ACTIVITIES

During 2025, the Group incurred research and development costs totalling Euro 14.0 million, equal to 4.4% of revenues compared to Euro 15.0 million in the previous year (5.0% of revenues).
In 2025, the research and development area had an average workforce of 119 resources, of which 64 were located at the Parent Company. In 2024 there were 131 and 71 resources respectively.

Heating & Ventilation Division

In 2025, the research and development of the Heating & Ventilation (H&V) division was characterized by a further boost to the implementation of the new strategic and organizational direction taken during 2024 to respond to the changed context of the reference markets by accelerating, streamlining and focusing the department's activities.
During the year, to promote operational agility and to ensure greater focus on the different product/market/application combinations, eight Value Streams were established, new organizational units each responsible for guiding the assigned product categories towards greater profitability throughout the development cycle.
Each Value Stream is coordinated by a Technical Representative, responsible for the technical evolution of the product, and by a Market Representative, focused on the added value of the specific business for the customer and on the identification of commercial opportunities. The goal of the new organization is to strengthen the integration between technical and market skills, respond more quickly to customer needs and maximize the value generated by each product line.
Therefore, the research and development projects of the Heating & Ventilation division are managed within this new organization, which is responsible for generating opportunities and monitoring their progress and time to market as well as the related economic margins and return on the project's financial investment.
It should be noted that this new organization is part of the full research and development operations in the new fully operational Padua headquarters (i) to test gas appliances operating at any mixture for both domestic and light industrial powers; (ii) with electronic laboratories capable of carrying out all functional and EMC tests; (iii) to support the development of ventilation products both with electrical tests on motors and aeraulic tests on fans (iv) with localization in a single context of the technical staff of all functions related to the development of new products and industrialization products, thus bringing together mechanical, motor, fluid dynamic and electronic designers together with laboratory technicians, industrialists and technicians of motor quality and fan testing; (v) with the rebalancing of resources between the number of mechanical and electronic designers, control engineers, engine and fluid dynamicists, key figures in the development of ventilation.
The Turin office, a local unit dedicated to research & development in the field of motor control, development and validation FW that draws on the consolidated network of technical skills in the area, is fully operational.
In this context of resources and infrastructure, the Group has rebalanced its design activity in a dynamic way and focused on the objectives of Value Streams:

- Maintaining its presence in the traditional residential sectors both in methane and in electrical applications (such as heat pumps and controlled mechanical ventilation);
- Increasing the investment effort on next generation combustion for light commercial systems in the US and European boiler sectors, expanding the scope of application of the new Flexapro sensorized system;

- Extension of the Flexapro system also to applications intended for the HoReCa market both in Europe and potentially for the USA;
- Continuing the development of high-power axial fans for light, commercial markets and computer centers;
- Strengthening investments in electronics dedicated to future generations of VMC applications.

As part of the new organisation, the function dedicated to new technologies maintains an essential role, a transversal team of the Group dedicated to the design of advanced technological components to significantly differentiate the product portfolio also with a view to technological discontinuity.
The main projects that have already reached an advanced level of maturity (*Technology Design Evaluation Toolgate*) concern control methods of high-power combustion valves – already the subject of patents – while in the field of measurement technology, the sensors on the platform developed with the technological partners Optoi and Upsens with electronics and algorithms internalized by SIT. There are further promising projects – consistent with the market strategy – with the aim of improving the energy class of ventilation applications, reducing the size and weight of higher power axial motors as well as extending current combustion technologies to higher power applications.
The path oriented towards reducing the carbon footprint and sustainable design continued in 2025.
The product development procedure includes the analysis of the Carbon Footprint from the early stages of design. In this way, the design alternatives are systematically evaluated from the perspective of *life cycle assessment*, combining the technical and economic dimensions with the dimension of CO2 emissions along the entire product development, production and life cycle chain. Circular economy logics are also increasingly adopted through the minimization of the consumption of materials used, the choice of materials with a lower environmental impact or recycled materials – it should be remembered that all the die-cast bodies used in mechanical controls are obtained from secondary aluminum and that projects aimed at the use of recycled plastics are underway. Also in the field of packaging, evaluations are underway about a project for the reuse of packaging while packaging is being designed for new products according to circular logic.
The research and development activity is completed through consolidated relationships of collaboration with leading universities, such as the Polytechnic of Milan, the University of Padua and the University of Ferrara, external companies specialized in technology development and Italian and foreign research centers, such as RAPRA, CERISE and DVGW. SIT is very active in the leading Italian and supranational sector associations, in order to acquire more and more skills not only on new technologies or new solutions but also on research methodologies and regulatory and legislative developments in Europe and worldwide in the fields of application of the Group's products.

Metering Division

During 2025, Metering's research and development activity focused on strengthening synergies between the gas division and the water division, especially with regard to the development and validation of application software for communication, both for smart meters with static metering and integrated communication and for *water meter* add-ons.
As for the Smart Gas Metering sector, C&I meters for the Italian and English markets were released into production in the first half of 2025, the development of which had been carried out mainly during 2024.
The same software-side improvements have been implemented on the G4-G6 home meters. On them, the design of the electronic board has been updated, including a microcontroller with more memory and an improved NB-IoT modem. On the G6 version, the Bachtel 3 SGM6306 sensor has been introduced,

capable of measuring hydrogen mixtures up to 20%. The project was completed during the year and in December 2025 saw the completion of product validation and certifications (in particular MID, RED and AtEx).
In addition, in 2025 the concept of a new mechanical platform and a new electronic architecture was defined following the award of a tender for the design and production of domestic meters for the Dutch market according to the new DSMR6 specification. During the year, the first samples were produced for the validation of the mechanical and electronic concept and all the necessary investments were made – in particular moulds for new components compared to products already in production. As far as the software part is concerned, several meetings were conducted with the customer for a joint definition of the user interface, communication and security requirements. During 2026, the concept will be finalized and the design will be validated through prototype tests. The tests will be conducted in parallel both internally and by the customer and the other project partners.
A further development activity launched in 2025 is related to the development of a domestic meter with innovative features that made it possible to participate in the important tender launched by a leading Italian operator who plans to install a new generation of gas meters. The innovative features required the development and validation of a new electronic board, which includes a new display, an antenna capable of transmitting on 4 bands and a wide range of sensors including one for measuring atmospheric pressure, a seismic sensor and a system for detecting meter tampering. At the beginning of 2026, samples will be delivered to the customer for their validation, while the certification and industrialization of the product will start during 2026 based also on the outcome of the tender.
As far as the Water Metering sector is concerned, during 2025 the development of the SmartIO ultrasonic static product continued to advance (again in collaboration with the partner GWF), in order to release into production in 2026 the version with NB-IoT communication technology, as well as a version of the meter with Lora technology with improved radio performance.
Among the main features of this new product, fundamental are the modular architecture, the use of a microcontroller with larger memory to allow future software extensions and updates, the complete implementation of the DLMS-COSEM protocol with a complete and complex data model and the possibility of having an antenna that transmits on 3 bands, in order to cover the main reference markets of the product. The project is in the prototype validation phase and investments have been started for molds of new components.

Quality

Among the first companies in Italy to obtain the ISO 9001 Quality Certification in 1988, SIT has pursued over the years a constant progression aimed at adapting and often anticipating the growing needs of the market.
The Quality function, in addition to guaranteeing normal control and prevention activities on processes and products, exercises constant supervision to ensure that company activities are aligned with the best standards of effectiveness and efficiency of quality management system processes.
In Heating, certifications have been regularly updated both as ISO 9001:2015 and as ISO 14001:2015 environmental certification.
The surveillance activity by the certification bodies confirms the organization's ability to maintain the quality of processes in line with the international standards of reference.
The recognition of the activities of the laboratories in accordance with the principles of ISO 17025 confirms the high level of technology and skills achieved.
In the evolution of the market, and in line with the decarbonization objectives set by the European Union, the product range of the Heating & Ventilation Division has been integrated and adapted to the use of hydrogen, and in this sense, in 2023, SIT was among the first manufacturers in the world to obtain an

important recognition in Europe, the GAR certification (Regulation 2016/426 EU) for the 84X family of valves.
Coming to the smart gas metering division, during 2025 Metersit has positively confirmed the ISO 9001:2015, ISO 14001:2015 certifications as well as all the Production Quality Assurance certifications (Module D of the MID Directive 2014/32/EU and Annex IV of the Atex Directive 2014/34/EU) of its production plants.
Metersit has positively confirmed the certification according to the ISO 27001 standard (Information Security Management). During the recertification audit, the Company migrated from the ISO 27001:2017 scheme to the new ISO 27001:2022 scheme.
Considering the needs of new customers and in line with the high quality and safety standards of the SIT Group, the company has also started the process of implementing the ISO 45001 standard (Occupational Health and Safety Management System), with certification scheduled for 2026.Coming to JANZ, the company operating in the Water Metering sector, during 2024, the ISO 9001:2015 certifications, the AS9100 certification and the Production Quality Assurance certification (Module D of the MID Directive 2014/32/EU) were positively confirmed.
JANZ's water metering laboratories have also been renewed in their accreditation according to ISO 17025, confirming the high level of expertise and quality standards achieved. The laboratory dedicated to Linear Metrology has ceased its activities and, as a result, the ISO 17025 certification process originally scheduled for 2024 has not been continued.
In line with the needs of our customers and the Group's high quality and safety standards, JANZ has also started the process of implementing ISO 27001 and the Spanish National Safety Scheme (ENS), with certification scheduled for 2026.

HUMAN RESOURCES AND ORGANIZATION

Details on Group employees at year-end are reported in the following table:

	2024 average	%	31/12/2024 at year-end	%	2025 average	%	31/12/2025 at year-end	%
Executives	33	2%	33	2%	29	1%	27	2%
White-collar	621	31%	631	32%	625	30%	600	29%
Blue-collar	1,232	62%	1,209	61%	1,310	62%	1,289	63%
Temporary	99	5%	123	6%	145	7%	120	6%
Total	**1,986**	**100%**	**1,996**	**100%**	**2,109**	**100%**	**2,036**	**100%**

At the reporting date:

- Metering Division had 455 employees, of whom 104 in Italy and 351 abroad; in 2024 there were 440 employees, of which 81 in Italy;
- At Group level, employees in Italy amount to 631 (33% of the total) while those based in other countries amount to 1,285 (67% of the total). In the previous year, these figures were 690 (37% of the total) and 1,183 (63% of the total), respectively.

The following changes in the Group's organisational structure took place in 2025.
In the Research & Development area, to promote operational agility and to ensure greater focus on the different product/market/application combinations, eight Value Streams have been established, new organizational units each responsible for guiding the assigned product categories towards greater profitability throughout the entire development cycle.
Each Value Stream is coordinated by a Technical Representative, responsible for the technical evolution of the product, and by a Market Representative focused on the added value of the specific business for the customer and on the identification of commercial opportunities. The goal of the new organization is to strengthen the integration between technical and market skills, respond more quickly to customer needs and maximize the value generated by each product line.
As of 1 March 2025, the Smart Gas Metering and Water Metering businesses have merged into a new Group Business Unit called Metering. This new structure aims to improve operational efficiency through an integrated vision, while stimulating process innovation and creating new synergies. The convergence of the two units makes it possible to optimize resources, skills and strategies, to respond more effectively and promptly to market needs. Consistently, the micro-organization also experienced several changes during the year through the integration of operational functions with responsibilities at the level of the Metering Business Unit, enhancing the skills and resources present in the two companies Metersit and Janz.

RISK MANAGEMENT POLICY

SIT believes that proper risk management increases awareness in business decisions, reduces the volatility of results with respect to objectives and contributes to the creation of sustainable value in the long term for all stakeholders. SIT's Enterprise Risk Management (ERM) model is an integrated part of the Group's Internal Control and Risk Management System (ICRMS) and is aimed - through a structured and systematic process of risk assessment, monitoring and reporting - at effectively managing the Group's main risks, as well as providing adequate information to the *stakeholders* involved.

The methodology promotes proactive and cross functional risk management, enhancing existing management systems, both at strategic and operational level, allowing an adequate flow of information to the administrative and control bodies. The ERM function is coordinated by the Group CFO.
The ERM model involves the following steps:

- risk assessment: identification and assessment of the main risks and their measurement, according to impact/probability parameters defined according to a matrix (Risk Scoring Scale) that allows them to be classified according to impact;
- risk management and follow-up: activities aimed at mitigating, managing and monitoring/accepting risks according to risk appetite policies and defined intervention plans;
- risk reporting: disclosure of risks and information to the main internal and external stakeholders, including the Control, Risk and Sustainability Committee and the Board of Directors.

The current model provides for the following macro-categories of risks:

- External risks
- Strategic risks
- Operational risks
- Legal and compliance risks
- Climate risks
- Financial risks

During 2025, the Company took care to ensure that the main risks related to sustainability issues, including risks related to climate change, were also assessed as part of the ERM. These risks have been included in the scope of the Double Materiality carried out for the purpose of identifying the issues relevant to SIT for the purpose of preparing the Consolidated Sustainability Report.

External risks

Country risk

In relation to its international presence, the Group is exposed to the so-called country risk, i.e. the risk of possible changes in the political and socio-economic conditions of a given geographical area. This risk is in any case mitigated by a policy of business diversification by product and geographical area, such as to allow risk to be balanced at Group level.
The location in Tunisia of a Group production hub that supplies electronic boards and mechanical components to the Heating & Ventilation and Smart Gas Metering Business Units, has exposed the Group to the risk linked to the country's political-institutional instability, aggravated by the economic crisis.
During 2025, Tunisia's political and economic environment continued to present elements of uncertainty, despite signs of partial stabilization compared to the recent past. After Fitch's review at the end of 2024, Moody's upgraded Tunisia's sovereign rating to Caa1 with a stable outlook, reflecting progress in containing external debt and the greater stability of foreign exchange reserves. Some macroeconomic indicators, in particular those relating to public finances, also showed a slight improvement. However, the country's political and institutional structure remains fragile, which continues to represent a risk factor in terms of governance and the ability to implement the reforms envisaged by the government.
In this scenario, the Group continued to monitor the country's political and economic developments in 2025, making use of both institutional sources and its network of relations with local and international business communities. At the same time, the risk mitigation measures already adopted in previous years were maintained and strengthened.

In particular, the strategy of double sourcing and production flexibility remains a central element of the Group's industrial policy, in order to ensure business continuity and the ability to reallocate, within a reasonable timeframe, any production volumes should the local situation deteriorate.
With reference to the Russia-Ukraine and Middle East conflict, the impacts on the Group's operations are being continuously monitored. Although the Group does not have direct investments or operating structures in these countries, the risks monitored are attributable to two areas, both relating to the Heating & Ventilation business:

- from a commercial point of view, as of 10 July 2022, the Company has limited direct relations with Russia only to products for which sanctions are not in force. With general reference to the regulatory update on sanctions, the Company has implemented the control and monitoring measures necessary to manage the aforementioned regulatory constraints;
- from a supply chain perspective, the production of electronic boards at the plant of a US multinational supplier located in Ukraine near the western border has always taken place regularly since the beginning of the conflict. However, in order to mitigate the risk associated with the supply, SIT has reduced the purchase quotas through an insourcing plan of electronic boards that is proceeding according to schedule.

Duties and tariffs

The new US administration has significantly changed the framework for duties and tariffs in international trade during the 2025 financial year. Currently, the scenario is characterized by variability and uncertainty and therefore the Group is carrying out careful monitoring and management activities, especially in the Heating & Ventilation Division, as it is the only one that sells to the North American market.
During 2025, given the production footprint and sourcing policies implemented by SIT, the turnover potentially involved was approximately Euro 35 million, including sales from Mexico to the USA, electronics production in Tunisia and other non-EU manufacturers and, on a residual basis, production exported from Europe.
With regard to exports from Mexico to the USA, as they comply with the USMCA (formerly NAFTA) agreement that regulates trade between the United States, Canada and Mexico, there are currently no generalized duties between the two countries and taking into account that all the main competitors have similar production footprints or located in areas subject to duties for similar or higher amounts, there do not seem to be any competitive barriers to possibly implementing pass-through policies to the market. This consideration is also applicable to certain electronic components purchased in China, subject to duty, which will be located in Mexico at an already identified local supplier.
As far as the production of electronic boards is concerned, these are mostly components intended for applications positioned in a premium segment of the reference market. In consideration of this and also for the existing relationships with customers, even in this case there are currently no critical issues in the application of pass-through policies to the market. However, as explained in the section Operational risks - Business interruption, production localization measures are in place to reduce the risk of production continuity which will also allow the reduction of the risk related to duties.
As regards direct relations between Europe and the US, the duties currently in place - equal to a maximum of 15% as defined in the framework agreement of July/August 2025 - have in any case been subject to commercial negotiations by SIT so to safeguard margins.
In the medium term, however, the US Administration's policies are likely to result in higher inflation and/or lower demand from end consumers. At the moment, the Group does not include this scenario in its planning, both because of the characteristics of the final application that responds to non-discretionary residential and/or domestic heating needs, and because of the fact that in the event of an increase in

repairs instead of replacements, the supply of components by SIT may not be subject to particular changes.

Strategic risks

Innovation

The SIT Group operates in market sectors characterized by high competitiveness with regard to technological innovation of products, comparing itself with both multinational groups and specialized operators operating in specific market niches.
If on one side SIT Group is exposed to the risks associated with technological evolution, on the other side its ability to correctly interpret the needs of the market can translate into opportunities by offering innovative, technologically advanced as well as competitive products. In this perspective, in order to maintain a competitive advantage, SIT invests considerable resources in research and development activities on existing technologies and on those of new applications.
Strategically, the risk of innovation has been addressed through external collaboration agreements activated to access specialized resources and accelerate the development of new products. In this regard, it is worth mentioning, in particular:

- the strategic agreement, signed in November 2022, with a leading operator in the water metering sector (GWF) for the establishment of a joint venture for the development and production of an ultrasonic water meter. Pursuant to this agreement, on 15 January 2024, the Portuguese company "Aquametric Solutions, S.A." was established dedicated to the production of the new meter called SmartIO which began in November 2024. During 2025, the Group also acquired new orders in Italy and the development activity continued, which will see the introduction of new communication protocols that will allow it to expand the product range;
- the corporate agreement for the acquisition of a minority stake in UpSens, an SME specialising in the development of devices for monitoring indoor environmental parameters, both standard and custom, with specific expertise in air quality, finalised on 17 January 2023;
- the establishment, on 7 July 2023, of Hybitat Srl, an associate company of SIT dedicated to the development of a new long-term hydrogen generation and storage system for residential use;
- the partnership agreement signed with Panasonic Industry in November 2023, for the development of a complete fan solution designed specifically for residential heat pumps. During 2025, research and development activities also began on components for commercial electric heat pumps, a product family less subject to the volatility of residential demand. The partnership has also proved fruitful in other sectors of the SIT Group and collaborations have also begun during 2025 for the development of innovation in the metering sector;
- the strategic industrial operation in the company SIT MBT, which took place in April 2024 and in which SIT has a 70% stake, which aims to position itself as a European leader in the design and production of fans for kitchen hoods, induction hobs and pellet stoves through the development of innovative high-efficiency products.

The Heating & Ventilation Division, also in response to the challenges arising from the energy transition, has been increasingly diversifying its product portfolio for some years. Through the adoption of new technologies and the development of components for applications in new market segments/industries, the variability and breadth of product technologies has increased. Development needs require careful management of financial resources to be coordinated with constraints and opportunities deriving from time to market and the competitiveness objectives necessary to operate in these new markets. This

balancing is an activity that is continuously monitored to reduce competitive risk in a context of short, medium/long-term financial equilibrium.
Finally, in order to reduce the risk associated with the lack of resources and technical skills, the Group continues its policy of collaboration with leading universities and research centres, with particular reference to the STEM area.
With regard to the innovation risks deriving from the energy transition, please refer to the Climate risks section for a full description of the management policies implemented.

Market

In the Heating & Ventilation sector, SIT operates globally and is a key player in numerous market segments, maintaining consolidated and strategic relationships with high-standing customers with a strong presence in their respective markets. In several applications, SIT has very high market shares, even exceeding 50%. Inevitably, with such a prominent role, SIT is exposed to market dynamics, affected by fluctuations in demand both from the end consumer - often influenced by incentive policies and regulatory changes - and from the OEM operators with whom it has relationships that implement their own optimization management policies.
Recently, the sector has recorded several extraordinary transactions that have changed the competitive scenario through aggregation and share exchange transactions that have consolidated the number of operators. As always happens in similar situations, it is possible that the progressive industrial and commercial integration activities resulting from these extraordinary transactions may have an impact on SIT, which maintains relationships with all players in the sector. Strategic relationships with the main operators and the capacity for innovation can however mitigate the impact of these changes in the medium term.
Also in the Smart Gas Metering sector, during 2025 an important consolidation transaction was completed on the Italian market through the acquisition of 2i Rete Gas by Italgas, both important customers of the SIT Group. In the already concentrated sector, a further degree of concentration has thus been achieved that may expose the SIT Group to commercial impacts as the most favorable conditions are adopted by customers. Also in this scenario, long-term strategic relationships and the capacity for innovation and competitiveness may be mitigating factors in the medium and long term.

Operational risks

Supply chain

In recent years, global events related to the pandemic, geopolitical instability resulting from the Russia-Ukraine and Middle East conflict and tensions between the United States and China in the Pacific area, as well as the resurgence of inflation linked to the volatility of energy prices, have led to a reassessment of the role of the supply chain in the company.
The new management paradigm that has emerged is aimed at obtaining components, materials and services at the right price, within defined times and with a high level of quality while promoting, at the same time, ethics and sustainability, development of stable relationships, finally guaranteeing innovation and technological development along the entire supply chain.
During 2025, the supplier management process was consolidated thanks to the application of ESG criteria in the involvement, evaluation and selection phase. To this end, the Group has defined appropriate policies for the management of suppliers, with the aim of increasing the contractual coverage of the supplier base in order to maintain more transparent, stable and clear relations with them, in line with the SIT Code of Ethics. With the aim of measuring business conduct and engaging its suppliers in a relationship

of proactive communication and discussion, SIT has chosen the corporate social responsibility assessment company EcoVadis to assess the degree of sustainability of its supply chain.
In 2025, the supply market was overall characterized by a relative stability in demand which led to a substantial normalization of the availability of material and delivery lead times; Electronic components, a product sector subject to strong volatility in delivery times, has also seen a normalization, albeit at historically longer levels. This dynamic has allowed the Group to manage the effects of the closure of the Dutch production plant according to the planned schedule, starting the ramp-up of production in Tunisia and the simultaneous modification of the supply base made appropriate by this new footprint.
In terms of prices, it should be noted that inflationary pressure has been partly reduced, apart from some commodity codes and raw materials subject to speculative tensions. Geopolitical tensions – in particular those arising from the Middle East conflict – have also impacted the cost of freight and transport, also generating speculation.
In some operating segments, the Group maintains supply relationships that are relatively concentrated on a small number of commercial and technology partners. These choices may expose the Group to a risk of high dependence on certain product categories which, however, are monitored and managed on an ongoing basis, including through strategic collaboration with these suppliers. In any case, there are supply alternatives that can be activated and constitute mitigating factors for these risks.
During 2025, the Group began a gradual normalization of payment terms to suppliers who had been extended in 2024, generating some tension in relations which, however, did not affect the regular performance of operations.

Business interruption

Business interruption refers to the risk of unavailability of production sites or their business continuity. In SIT, this risk is mitigated through an operational business continuity plan which, with respect to risk factors, tends to reduce their probability of occurrence and implement protections aimed at limiting their impact.
This risk is analysed with particular reference to the Group's international industrial structure and the production footprint adopted to serve the various markets by operating on continental platforms. Particular emphasis is given to the growing importance of the Tunisian plant, which has taken on a primary role in the production of electronic boards for both the Heating & Ventilation and Smart Gas Metering businesses. Mitigating solutions are in place that provide for agreements and relationships with third-party manufacturers (EMS) located on the continents of destination of the Group's products. In particular, one in Europe, one in China and one in Mexico: this structure makes it possible to guarantee production continuity in a reasonable time in the event of an interruption in Tunisia.
As far as mechanical production is concerned, the risk of production continuity is mitigated by the prevalent interchangeability of production plants.
Further actions to mitigate the risk of business interruption have been undertaken through the diversification of suppliers, the creation of consignment stock and the use, where possible, of suppliers physically adjacent to the production plants.
In order to transfer any risk deriving from business interruption events, the SIT group has long had a special insurance policy in place to cover this risk.

Product quality

SIT considers the risk associated with the marketing of the product to be of fundamental importance, in terms of quality and safety. The Group has always been committed to mitigating this risk with quality

controls both on the internal production process and on suppliers and with error prevention activities. The latter are aimed at preventing problems before they arise, using specific robust design methodologies such as Failure Mode & Effect Analysis (FMEA), Quality Function Deployment (QFD) and Advanced Product Quality Planning (APQP).
The Company pays particular attention to compliance issues related to the use of hazardous or polluting substances in its production processes and products, also with reference to its supply chain. For this reason, SIT has implemented a management system called Material Trade Compliance (MTC), a portal for interaction with the supply chain for monitoring the compliance status of SIT's products. To date, MTC allows to cover compliance issues regulated by the SIT 4900000 standard under the Conflict Minerals regulation, the REACH and RoHS directives, the US Toxic Substances Control Act and a further set called SIT Restricted Substances which allows to monitor potential future attention points in the procurement process.

Cyber risks

The strong dependence on technology and the progressive acceleration towards digital transformation continue to expose companies to different types of cyber risks both internal and external, including possible third-party vulnerabilities. Cyberattacks, which are increasingly widespread and relevant globally, also in view of the evolution of the geopolitical context, represent a constant threat from which to defend the organization.
SIT's IT Department has equipped itself with specific professionals with experience in cybersecurity and annually defines a risk assessment and management program that includes:

- a system of internal policies and procedures that define the main rules of conduct for the use of company IT resources by assignees, also regulating physical and logical access to data and information;
- a continuous updating of IT infrastructures both at HW and SW level, to guarantee the best active and passive protection solutions against external attacks;
- a penetration test and vulnerability assessment program, to identify possible gaps in IT infrastructures and prepare appropriate remediation plans related to the non-conformities detected;
- training extended to all employees with a digital identity on cyber risks through the adoption of a new training tool;
- a Backup and Disaster Recovery infrastructure sized according to the different needs and critical issues of the company.

Legal and compliance risks

Compliance with regulations and laws

SIT is exposed to the risk of not promptly adapting to the evolution of laws and regulations in the industries and markets in which it operates. Of particular importance, with reference to this risk, are the rules applicable to the Parent Company as a company listed on the Euronext market of the Italian Stock Exchange as well as the regulations on intellectual and industrial property rights and competition, health and safety of workers and the environment, and the processing of personal data pursuant to European Regulation 2016/679 (GDPR), administrative liability of entities (Legislative Decree 231/01), protection of savings and regulation of financial markets (Law 262/05), as well as EU and national legislation on Antitrust. As a reflection of the ongoing geopolitical tensions, the regulations on international trade are

increasingly important, including the limitations related to the sanction's regimes in place to which the Group is called to comply.
To mitigate these risks, each corporate function oversees the evolution of the relevant regulations by making use, if necessary, of external consultants.
The Parent Company, as an issuer listed on Euronext Milan, has consolidated its corporate governance system by adapting it to the provisions of current legislation and best market practices, both in terms of roles, responsibilities and committees, and in terms of procedures and policies.

Contractual risks

With regard to the management of any disputes, the Company's Legal Department periodically monitors the progress of potential or existing disputes and defines the strategy to be implemented and the most appropriate actions to manage them, making use, if necessary, of leading law firms competent for the various jurisdictions where the companies of the Group are based. With regard to these risks and the economic effects related to them, the appropriate assessments are carried out by the Administration, Finance and Control Department. It should be noted that the Company, in connection with its Governance objectives linked to the Sustainability Plan ("Made To Matter") has strengthened its compliance framework with laws, regulations and "best practices", through the drafting, publication and deployment of a new Group Code of Ethics and new procedures and policies in various areas (human rights, environment, stakeholder engagement, etc.).

Insurance coverage

During 2025, the Company, in collaboration with its insurance broker, continued the monitoring and assessment of relevant risks viable for insurance and the opportunities for the coverage offered by the market, confirming the insurance structure in place.
In particular, the coverage of the main risks has been renewed for all Group companies through international insurance programmes such as: third party and employee liability, product liability, the civil liability of directors, statutory auditors, executives and managers; damage to company assets, including damage due to interruption of production, as well as to goods during their transport and finally damage to employees in the performance of their duties. Other policies have been stipulated locally to protect specific needs and/or local regulations.

Climate risks

SIT considers the impact of climate change from the point of view of the evolution of the Group's business with particular reference to the so-called transition risks related to:

- introduction of new regulations and product standards;
- development of new technologies that use alternative energy sources to gas;
- evolution of market demand towards applications with reduced CO2 emissions and/or high energy efficiency.

SIT has long been committed to this front through constant monitoring of the evolution of sector legislation, also being a participant in the debate of the regulatory bodies of the sectors in which it operates, both nationally and internationally, in a constant dialogue with the main reference stakeholders.
The development process of new products and solutions is inspired by the logic of eco-design, paying particular attention to carbon footprint profiles and environmental impact in general. SIT products are already prepared for the use of alternative combustion sources to gas (hydrogen and biomethane above all).

The business differentiation and market response strategies are oriented towards new sustainable technologies and the Company is making significant investments in these areas, both through technological partnership projects also with some important customers, and through the diversification of its business into market segments characterized by greater attention to sustainability issues such as controlled mechanical ventilation and electric heat pumps.
SIT has incorporated the impacts of transition risks into business development, having already taken into account the possible evolution of demand for its products as part of its strategic planning, carrying out appropriate climate and market scenario analyses.
The Company will continue to analyse the potential risks associated with the energy transition, functional to the preparation of its strategic plans, in line with the evolution of the relevant legislation and the objectives set by its Sustainability Plan.
Specifically, the business plan, referring to the 2026-2030 time horizon, incorporates the expected downsizing of the gas domestic heating market and the development of new products in growing sectors, such as heat pumps, controlled mechanical ventilation and hood ventilation, which exploit technologies and markets already covered by the Group and which require specific investments for product development. Similarly, growth is expected in product or market segments where combustion will remain prevalent (commercial applications, both methane and hydrogen); finally, the plan reflects an expected recovery in the US market, where restrictive regulations related to applications that use gas as a fuel do not yet seem to be on the horizon.
The development guidelines for Metering, both Smart Gas Metering and Water Metering, are equally defined and based on the important investments that utilities in the sector are planning and making for the digitization and modernization of distribution networks.
On the other hand, with regard to the physical risks related to climate change, the multiplication of catastrophic events, both acute and chronic, could have an impact on the business continuity and integrity of the Group's tangible assets.
On this front, the Company has adopted appropriate emergency management procedures in relation to the protection of business continuity. Risks of this type are monitored through property & business continuity risk assessment activities with the support of specialized consulting companies in the insurance sector.
What has been highlighted has been carefully considered in the main estimation processes that affected the evaluations carried out in the preparation of the 2025 financial statements.
In particular, it is believed that the main balance sheet items affected by the risks associated with climate change are Goodwill, Other Intangible Assets and Tangible Fixed Assets intended for the production of certain product families.
With regard to the impairment test carried out on the net invested capital of the Group's CGUs, the evolution of the legislation governing the domestic heating appliances sector and the possible impacts on demand were also taken into account in the estimation of future flows. In particular, in the Plan, the assumptions on market trends, sales assumptions and strategies for reacting to the projected reduction in turnover from traditional products have been set out in line with the expected decarbonisation of the sector. However, it should be noted that compared to last year, the EU regulatory scenario has finally been rationalised and the decarbonisation objectives have been specified not in relation to the technologies used or the type of application installed (boilers for example) but in relation to the overall emissions of the home. These changes intervene on a body of legislation that previously penalized boilers as such and not in relation to their performance.
Intangible assets under construction also reflect the internal development of new products that the Group is implementing. The Heating & Ventilation division includes components intended for applications to support the decarbonisation of the sector - such as fans for electric heat pumps, as well as combustion

control systems enabled to manage different types of gases including biomethane and hydrogen. In Metering, these are development costs for new families of smart meters.
The impact of climate risk on the value of tangible fixed assets is attributable to the risk of obsolescence linked to the technological transition processes due to the expected reduction in the production volumes of traditional products. This scenario, which is also included in the Strategic Plan, does not seem to have a significant economic impact, also because in most cases these are assets that have already been depreciated or assets whose useful life is greater than their residual book value in the current production context.
With reference to the impact of physical risks on the value of tangible fixed assets, the scenario used for the risk assessment – carried out with the support of insurance analyses – did not lead to any economic or financial impacts being recognised in the 2025 financial statements.

The second perspective relating to the assessment of risks related to climate change concerns the way in which the Group intervenes in the fight against climate change, with concrete actions that can reduce the impact of its operations on the environment, reducing its carbon footprint and reducing emissions and consumption.
In this context, SIT can certainly be considered at the forefront in its sector because:

- it has certified its product carbon footprint measurement system according to ISO 14067:2018 and has verified the organization's carbon footprint (GHG inventory according to ISO 14064-1 standards);
- it has introduced CFP (Product Carbon Footprint) measurements in the development procedure of its products as a fundamental step, combining environmental impact with economic-financial assessments;
- it has outlined a multi-year plan for the reduction of CO2 emissions (scope 1 and 2) inspired by the objectives of the European Community;
- it has outlined a multi-year plan to reduce CO2 emissions (scope 3) by working on specific projects and involving its value chain.

The Group's emissions reduction plan is based on a gradual approach consistent with the economic and financial balances that the trends of the years 2023 and 2024 have placed as priorities with limitations on sustainability-related investments. Any regulatory acceleration or mandatory requests from customers may require reviewing this phased approach. However, the current geopolitical context and the new priorities that have emerged in European policies make such scenarios rather remote.
In addition to its carbon footprint, other environmental impacts are monitored and include impact dimensions related to the evolution of environmental regulations, the monitoring and containment of polluting emissions, the management of energy consumption and the use of natural resources, water withdrawals and the correct management and disposal/reuse of waste.
In this regard, SIT guarantees strict compliance with environmental regulations in all the countries in which it operates. The group's main production sites are environmentally certified (ISO 14001:2015) and the Rovigo die-casting plant has an Integrated Environmental Authorization.
Environmental risks are monitored at all levels of the organization through the use of specific structures and procedures to ensure compliance with regulations and the management of periodic checks and monitoring controls, for the performance of which SIT resorts to the use of independent laboratories and certification bodies, to guarantee the validity of the data collected and compliance with regulations.
Please refer to the paragraph "SBM-3 Material Impacts, Risks and Opportunities and their interaction with the strategy and business model" and to the chapter "ESRS E1 Climate change".

Financial risks

The Group is exposed to financial risks relating to the following cases:

- Market risks: (i) exchange rate risk deriving from transactions in currencies other than the functional currency of the companies and the Group; (ii) interest rate risk arising from fluctuations in market interest rates; (iii) price risk deriving from changes in the market prices of certain raw materials used by the Group in its production processes;
- Credit risk deriving from commercial relationships with its customers;
- Liquidity risk related to the availability of financial resources and access to the credit market.

The SIT Group has in place corporate policies for exchange rate risk management, interest rate risk management and liquidity management approved by the Board of Directors.
The purpose of these policies is to regulate within a shared framework the management approach, objectives, roles, responsibilities and operational limits in financial risk management activities.
In line with the terms of the policies, the Group has centralised the management of the financial risks of its subsidiaries in the parent company SIT S.p.A., taking on the role of coordinating processes, operating mechanisms and related organisational procedures at Group level.

Exchange rate risk

The Group is subject to the risk deriving from exchange rate fluctuations as it operates in an international context in which transactions are conducted in currencies other than the functional currency of the individual investee companies and the functional currency of the Group. The Group's exposure to exchange rate risk therefore derives from the geographical distribution of the markets in which it sells its products, the location of its production sites and the use of sources of supply denominated in different currencies.
In order to reduce exchange rate risk, it is a general policy to offset between exposures of opposite signs with correlated risk profiles (so-called Natural hedging).
In the Group's operations, exposure to exchange rate risk usually arises annually at the time of definition of the sales and purchase lists during the setting of the budget change.
The Group regularly assesses its exposure and manages the exchange rate risk on the net exposure, including through the use of derivative financial instruments. Speculative activities are not permitted.
Notwithstanding the validity of the aforementioned policies and compliance with the practices and procedures for managing exchange rate risk, sudden fluctuations in market rates could have negative effects on the Group's business, financial position, financial position, results of operations and prospects.
The following tables show the value in thousands of Euro, at average exchange rate, of revenues and purchase costs of raw materials, consumables and goods, broken down by currency, respectively. There were no significant changes compared to the previous year.
Total revenues by currency:

Euro.000	2024	% Revenues	2025	% Revenues
EUR	227,435	75.9%	237,213	74.3%
USD	42,213	14.1%	54,625	17.1%
CNY	19,810	6.6%	15,448	4.8%
AUD	4,399	1.5%	4,687	1.5%
MXN	5,066	1.7%	5,825	1.8%
GBP	585	0.2%	1,267	0.4%
Other	30	0.0%	31	0.0%
Total	**299,538**	**100.0%**	**319,096**	**100%**

Total purchase costs of raw materials, consumables and goods broken down by currency:

Euro.000	2024	% Purchases	2025	% Purchases
EUR	91,103	61.2%	100,361	60.5%
USD	44,282	29.77%	52,321	31.5%
CHF	6,340	4.26%	7,943	4.8%
CNY	3,770	2.53%	2,972	1.8%
RON	1,740	1.17%	1,598	1.0%
MXN	1,168	0.79%	498	0.3%
TND	331	0.22%	323	0.2%
Other	25	0.02%	4	0.0%
Total	**148,759**	**100%**	**166,020**	**100%**

During the 2025 financial year, in line with company policies, the Company carried out financial hedging transactions limited to the ordinary management of the Group's currency treasury, operating in this sense in the main currencies.
Exchange rate risk hedging transactions outstanding at the balance sheet date and their fair value at the same date are shown in the Explanatory Notes.
The Group's financial debt is denominated entirely in Euro, while the breakdown by currency of the balances of unrestricted bank accounts is shown in the following table:

(Euro,000)	31.12.2025
Currency	
Euro	4,385
US Dollar	2,412
Chinese Yuan	1,736
Mexican Peso	532
Australian dollar	2,048
Other currencies	497
Total	**11,610**

With reference to these items in the financial statements, the potential loss deriving from a hypothetical unfavourable change in the exchange rate of the Euro equal to 10% would have a negative impact of Euro 722 thousand without considering the effect of the existing hedges in this sensitivity analysis.

Interest rate risk

The Group is subject to the risk arising from fluctuations in market interest rates as it holds assets and liabilities that are sensitive to changes in market interest rates.
SIT regularly assesses the exposure to the risk of changes in interest rates and manages these risks also through the use of derivative financial instruments in accordance with the provisions of the company policies. These policies define the financial instruments that can be used and the prohibition of speculative activities.
Notwithstanding the validity of the aforementioned policies and compliance with the practices and procedures for managing interest risk, sudden fluctuations in market rates could have negative effects on the Group's business, financial position and financial position.
At the end of the year, the Group had term loans and bonds for a principal amount of Euro 116.0 million. These loans are currently covered through Interest Rate Swaps or through the setting of a fixed-rate

interest for an amount of Euro 73.5 million, equivalent to 63.4% of the underlying value. The average fixed coverage rate is 3.46%.
Hedging transactions outstanding at the balance sheet date and their fair value at the same date are disclosed in the Explanatory Notes.

SENSITIVITY ANALYSIS

All other things being equal, the effects deriving from a hypothetical increase of 100 basis points in the floating interest rate would have led to an increase in financial charges for SIT for the year 2025 of Euro 675 thousand, taking into account the hedges in place during the period. The same simulation carried out for the previous year, again taking into account the existing hedges, would have resulted in an increase in financial charges of Euro 525 thousand.

Commodity risk

The production costs of the SIT Group are influenced by the prices of certain raw materials, such as copper, aluminium and lithium, as well as by the costs of electronic components, both as a result of direct purchase and by the effect of fluctuations in their price on the purchase cost of components and semi-finished products containing a significant quantity.
In order to mitigate these risks, SIT constantly monitors the availability of raw materials on the market, as well as the trend in the relative price, in order to promptly identify any shortage situations and then to activate suitable actions to ensure the necessary production autonomy and to keep its production cost competitive. In addition, the Group, when it deems it appropriate, in relation to the expected trends, enters into financial contracts to hedge the risk of fluctuations in raw material prices.
The 2025 financial year did not record any particular disruption events in the supply markets such to cause shocks on prices or on planning and delivery times. Inflationary phenomena, although higher than in recent history, have partially receded. Volatility in transport costs has remained in place, often linked to localized geopolitical problems or tensions which have had some effect on global supply networks. Energy also recorded a downward trend compared to the previous year but remains exposed to sudden fluctuations for exogenous reasons that are difficult to predict.
However, in the final part of the year, some commodities with a significant underlying financial market (copper and aluminum) showed a high price increase that is also being maintained in the first months of 2026. The risk has been addressed by partially including this impact in the budget forecast for 2026 in order to assess its overall implications and related remedial actions; however, it cannot be ruled out that if the upward trend continues, the Group may suffer a negative economic impact, also in consideration of the time delay necessary to transfer the impact to customers.
In 2025, the electronic components market has substantially normalized, even if some codes used by the Group continue to be subject to very long delivery lead times.

Credit risk

The credit risk deriving from the normal operations of the Group companies with commercial counterparties is managed and controlled as part of the procedures for entrusting and monitoring the credit standing of customers with the aim of ensuring that sales are made to reliable and solvent customers. Credit management activities are coordinated by the Parent Company for all Group companies through periodic reporting and meetings and are based on the information available on the solvency of customers considering historical data and associating exposure limits for individual customers. In addition,

the schedule of trade receivables is constantly monitored during the year in order to anticipate and promptly intervene on credit positions that present a greater degree of risk.
At the balance sheet date, there were no significant credit risk positions. For further details on the breakdown of trade receivables, please refer to Note 7.

Working capital

In the Heating & Ventilation sector, SIT is an integral part of its customers' value chain. In fact, SIT works with OEM customers, manufacturers of the end market appliance, which are the main global operators in the sector. One of the conditions of SIT's competitive advantage is its ability to integrate and coordinate its operations with those of customers, in order to respond promptly to changes in market demand both in terms of mix and volumes. This integration, in addition to involving physical proximity to customers' plants – think of the continental platforms of SIT's production footprint – requires production planning and forecasting processes that are highly coordinated with those of major customers. Also at the contractual level, logistical conditions and service levels are in line with this structure.
It follows that market fluctuations and the variability of demand can be reflected in SIT's working capital, which in this capacity is an integral part of the customers' production chain.
Over the last few years, the sector has been affected by significant fluctuations in market demand resulting from changes in the regulations on sector incentives and the impact of inflation on household spending. During 2025, the stock level of the supply chain seems to have been at normal levels and the Group was able to reduce its average inventory level also thanks to the management policies implemented:

- with reference to raw materials, applying a conservative approach towards suppliers, adapting the supply schedule to the slowdown in production;
- with reference to finished products, applying stricter conditions to customers regarding the management of orders in the portfolio, providing for the possibility of cancellation only with adequate notice consistent with production and delivery times.

During the year, the performance of net trade working capital in the first half of the year improved compared to 2024 (-7.7% and -2.7% as a percentage of revenues at the end of the first and second quarters, respectively); In the last two quarters, also due to an exceptionally low level of inventories in 2024, the trend was substantially in line (+0.6% and +0.2% the change in incidence at the end of the third and fourth quarters.

Liquidity risk

Liquidity risk may arise from the difficulty of finding the financial resources necessary to guarantee the operations of the Company and the Group at economic conditions and within the required timeframe.
With this in mind, SIT has adopted a series of policies aimed at optimising the management of financial resources to reduce liquidity risk by:

- maintaining an adequate level of available liquidity;
- obtaining adequate credit lines;
- monitoring of prospective liquidity conditions with the support of internal business planning processes;

The Group's cash flows, financial requirements and temporary cash and cash equivalents are closely monitored and managed centrally by the Parent Company, which carries out the Group's treasury activities and financial coordination with the aim of ensuring effective and efficient management of financial resources in relation to changes in the macroeconomic conditions of reference.

As illustrated in more detail in the section relating to Going Concern, the Directors have drawn up, starting from the 2026 Budget approved on 18 December 2025, a new business plan with reference to the period 2026 – 2030, which has been submitted to an Independent Business Review ("IBR") by an independent expert and approved by the Board of Directors on 7 April 2026 (hereinafter, the "Plan"). These multi-year planning exercises were the basis of the monthly financial planning over the 2026 and 2027 horizons carried out for the purpose of assessing Liquidity Risk.

It should be noted that to this end, taking into account significant debt service deadlines expected at the end of the first and second half of 2027, the observation period has been extended until the end of 2027 by referring for 2026 to the forecasts used for the preparation of the monthly Budget and projecting the trend of historical seasonality and the effect of the actions envisaged in the Plan to 2027, taking into account the operational details, current and non-recurring, as well as financial items. Starting from this base scenario without interventions on the current financial structure, the planning of cash flows has been subjected to a series of stress tests on some key hypotheses such as the reduction in turnover and the worsening of margins, useful to also consider the short-term impact of any effects related to the war in Iran.

The cash profile resulting from the planning described showed in 2027 a financial requirement related to debt service – both for interest and repayments – which is not fully covered by the cash flows expected from operations integrated by the resources available from the current credit lines currently available to the Group. This evidence of shortfall, in conjunction with the deadlines of the amortization plan of existing loans, had already emerged in last year's business plan, allowing the Group to start appropriate mitigation actions in time.

In fact, starting from the last quarter of 2025, the Group has started the necessary discussions with the main banks with which it operates to carry out an operation to redefine the financial structure (the "Transaction") with the aim of obtaining new resources to be dedicated to the Plan and at the same time remodulate the repayment profile in line with the expected operating cashflows.

The dialogue with the banks continued, led by a lead bank with the role of global coordinator and, at the moment, the Group is completing the financial documentation supporting and negotiating a term sheet of the Transaction. The timing for the closing of the Transaction is expected by the first half of 2026, thus making it possible to substantially mitigate the liquidity risks that emerge from the aforementioned financial planning and related stress tests.

The financial covenants were respected during 2025 and the baseline scenarios contained in the Budget and the Plan do not highlight any critical issues regarding compliance with contractual parameters. However, in order to assess headroom on these parameters, different stress scenarios on the half-year maturities of 2026 and 2027 were simulated starting from the base assumption.

The values of the contractual covenants in place as of December 31, 2025 and on the dates mentioned are as follows:

	31 december 2025	30 june 2026	31 december 2026	30 june 2027	31 december 2027
Leverage ratio (Net debt/Ebitda adj)	3,9x	3,9x	2,9x	2,9x	2,8x
Interest cover ratio (Ebitda adj/Net financial charges)	4.0x	5.0x	5.0x	5.0x	5.0x
Debt / Equity (Net debt/Equity)	1.5x	1.5x	1.5x	1.5x	1.5x
Liquidity Covenant (Cash available and undrawn short term facilities)	€5 million €7 million	n/a	n/a	n/a	n/a
Capex Covenant (Capex cap)	€23.5 million	n/a	€19.3 million	n/a	€17-1 million

It should be noted that financial covenants are defined on the basis of the definitions contained in the loan agreements.

In particular, the stress test was aimed at measuring the effect on the covenants relating to the Leverage ratio and Interest Cover ratio of a reduction in the Group's revenues and/or margins and showed that reasonable changes in the aforementioned basic assumptions can be managed with the ordinary operating and financial levers available to the Group without exceeding the contractual limits.
In the light of the analyses carried out, after assessing the uncertainty profiles related to the achievement of the objectives set out in the Plan, including the objectives of growth in revenues and operating income, the realization of the assumptions underlying the cash plan, the finalization of the Transaction and also taking into account the performance of the first months of the current year, the forecasts drawn up, of any actions that may be taken for liquidity management, as well as the progress of discussions with banks regarding the Transaction, it is believed that the Group's financial commitments are consistent, in terms of amount and timing, with current and prospective availability and that the financial covenants in place can be reasonably respected.
It should also be noted that, in the hypothetical conclusion of the Transaction, the type and level of financial covenants will be redefined, in line with the projected levels of profitability and the financial profile of the Plan.

ECONOMIC AND FINANCIAL PERFORMANCE OF THE PARENT COMPANY SIT S.P.A.

Sit S.p.A. operates in the production of components and systems for domestic and commercial heating, including multifunctional safety and control gas valves, electronic controls, fans for high-efficiency boilers and electric heat pumps, as well as for mechanical ventilation systems and kitchen hoods.
Turnover for the year was Euro 220.2 million compared to Euro 209.1 million in the previous year, an increase of 5.3%. Revenues from third parties and from sales of products and components to Group companies amounted to Euro 203.6 million, up 4.7% compared to Euro 194.4 million in 2024.
For a detailed description of this trend, please refer to the Sales analysis section.
Revenues from services, mostly from Group companies, amounted to Euro 16.6 million compared to Euro 14.7 million in the previous year, an increase of 13.1%. The performance is mainly due to the increase in royalties invoiced by the Company to some production subsidiaries for the use of intellectual property and trademarks owned by the Company, amounting to Euro 8.2 million compared to Euro 5.5 million in 2024.
Purchase costs, net of changes in inventories, amounted to Euro 136.0 million, equal to 61.8% of revenues, down from 63.7% in the previous year.
Personnel costs amounted to Euro 36.6 million compared to Euro 39.6 million in the previous year, with an EBITDA margin of 16.9% and 18.9% respectively.
Costs for services, amounting to Euro 34.6 million, have an incidence of 15.7% on revenues, compared to Euro 30.2 million in 2024 (which was equal to 14.4%).
Depreciation, amortization and impairment of assets amounted to Euro 14.8 million during the year, equal to 6.7% of revenues, whereas in the previous year the total amount of Euro 35.4 million included the recognition of a goodwill impairment of Euro 19.4 million, as a result of the lasting loss in value identified by the impairment test carried out on the invested capital of the Heating & Ventilation CGU.
Provisions for risks amounted to Euro 0.4 million in 2025, while other expenses totalled Euro 1.2 million, compared to Euro 0.1 million and Euro 2.6 million, respectively, in the previous year.
The 2025 operating result therefore amounted to a loss of Euro 3.5 million compared to a loss of Euro 32.1 million in 2024 with an EBITDA margin of -1.5% and -15.3% respectively. During 2025, no income from equity investments was recorded, whereas in the previous year it amounted to Euro 8.8 million.
Financial income in 2025 amounted to Euro 1.8 million, compared to Euro 2.8 million in 2024, due to the reduction in placements with Group companies and trends in market interest rates.
Financial expenses for 2025 amounted to Euro 6.5 million, compared to Euro 10.7 million in 2024. The amount recorded in 2024 was impacted by Euro 3.9 million in costs related to the renegotiation of the repayment profile of the main bank loans, formalized with the banking pool in April 2024. For further details on the renegotiation, please refer to the Significant Events section of the Report and the Explanatory Notes.
Profit before tax for 2025 amounted to Euro -8.0 million (-3.6% of revenues), compared to Euro -31.4 million in 2024 (-15.0% of revenues).
Income taxes for the year resulted in income of Euro 0.5 million, whereas in 2024 they amounted to Euro 7.2 million and included Euro 3.6 million related to the partial write-down of previously recognized deferred tax assets.
Net result for 2025 is a loss of Euro 7.5 million, equal to 3.4% of revenues, compared to a loss of Euro 38.7 million in 2024, equal to 18.5% of revenues.

Net Financial Position as at December 31, 2025 amounted to Euro 165.2 million (compared to Euro 161.2 million as at December 31, 2024).
Its breakdown is presented below:

(Euro,000)		
Composition Net Financial Position	**31/12/25**	**31/12/24**
A. Cash	1,735	6,275
B. Cash equivalents	0	0
C. Other current financial assets	15,299	15,568
D. Liquidity (A) + (B) + (C)	**17,034**	**21,844**
E. Current financial debt (including debt instruments but excluding the current portion of non-current financial debt)	56,782	50,039
F. Current portion of non-current financial debt	19,265	6,208
G. Current financial indebtedness (E + F)	**76,047**	**56,247**
H. Net current financial indebtedness (G - D)	**59,013**	**34,403**
I. Non-current financial debt (excluding current portion and debt instruments)	66,212	86,888
J. Debt instruments	39,976	39,979
K. Non-current trade and other payables	0	0
L. Non-current financial indebtedness (I + J + K)	**106,188**	**126,867**
M. Net Financial Position (H + L)	**165,201**	**161,270**

As required by Communication ESMA32-382-1138 of March 4, 2021, it should be noted that the company has net liabilities for defined employee benefits of Euro 2,917 thousand (Note 16) and provisions for risks and charges of Euro 2,668 thousand (Note 15) of the Company's financial statements.
The Parent Company has a role of financial coordination for the benefit of the Group's subsidiaries. With some companies, both Italian and foreign, it carries out centralized treasury activities also through cash pooling systems provided by leading banks. With each of these companies, it maintains one or more intercompany current account relationships on which the financial transactions in question are settled.

RECONCILIATION OF SHAREHOLDERS' EQUITY AND PROFIT FOR THE YEAR

The reconciliation between the Parent Company's shareholders' equity and profit for the period and the consolidated shareholders' equity and profit for the period is summarised below:

(Euro,000)	Net Equity at 31.12.25	Profit FY 2025	Net Equity at 31.12.24	Profit FY 2024
Statutory financial statements of the parent company	**86,915**	**(7,478)**	**95,298**	**(38,662)**
Difference between the carrying amount of the investments and net equity and net profit/(loss) of the consolidated subsidiaries[(1)]	12,032	8,753	3,675	4,532
Elimination of intercompany gains and losses	(2,793)	961	(3,800)	757
Adjustments in the financial statements of the consolidated companies in line with group accounting policies	(4,967)	(1,148)	(4,135)	1,034
Elimination dividends from investees	-	-	-	(8,800)
Other adjustments	9,817	(52)	9,523	9,521
Minority interest capital and reserves	1,171	309	862	45
Group & Minority int. consol. financial statements	**102,176**	**1,346**	**101,422**	**(31,573)**

(1) This difference is inclusive of the PPA originally accounted and the PPA following the acquisition of JANZ

INTRA-GROUP AND WITH RELATED PARTIES TRANSACTIONS

SIT is a joint-stock company incorporated in Italy at the Padua Business Register.
SIT carries out management and coordination activities pursuant to art. 2497 et seq. of the Italian Civil Code for its Italian subsidiary. It is not subject to direction and coordination, pursuant to art. 2497 et seq. of the Italian Civil Code, by the parent company Technologies S.a.p.a. di F.d.S. S.S.
With regard to transactions carried out with related parties, including intra-group transactions, it should be noted that they cannot be qualified as either atypical or unusual, as they are part of the normal course of business of the Group companies.
These transactions are settled at normal market conditions, i.e. on terms that would have applied between two independent parties and have been carried out in the interest of the Group.
At its meeting on June 11, 2021, the Board of Directors of SIT approved the update to the procedure for transactions with related parties, pursuant to art. 4 of the Consob Regulation containing provisions on transactions with related parties, adopted by Consob with resolution no. 17221 of March 12, 2010 as subsequently amended, most recently, with Consob resolutions no. 21623 and 21624 of December 10, 2020, and published on the website www.sitcorporate.it in the Corporate Governance, Governance Documents section.
Reference should be made to the Explanatory Notes for detailed information on transactions with parent companies and companies under the control of the latter, transactions with other related parties and intra-group transactions.
It should be noted that SIT, Findest S.p.A. and Metersit S.r.l. have adhered for the three-year period 2025 – 2027 to the National Tax Consolidation procedure, an institution governed by Legislative Decree No. 344 of December 12, 2003 and in particular by Articles 117 to 129 of the T.U.I.R., with Findest S.p.A. as consolidator and the other companies as consolidated, as per the resolution of the respective administrative bodies.
The subsidiary SIT Metering s.r.l. has adhered to the National Tax Consolidation procedure for the three-year period 2023 – 2025 and the parent company Technologies SAPA of F.D.S. S.S. for the three-year period 2024 – 2026, both as consolidated.

Finally, we would like to point out that since the 2020 fiscal year, Findest S.p.A., as parent company, SIT S.p.A. and Metersit S.r.l., as subsidiaries, have adhered to the Group VAT settlement procedure, provided for by art. 73 last paragraph of Presidential Decree 633/1972 as resolved by the respective administrative bodies. The subsidiary SIT Metering s.r.l. and the parent company Technologies SAPA of F.D.S. S.S. have joined the VAT group procedure since the 2021 and 2023 financial years respectively.
Starting from the 2025 financial year, SIT MBT S.r.l. has also joined the National Tax Consolidation and the Group VAT settlement procedure, as a consolidated company.

Treasury Shares

As of December 31, 2025, the Company held 636,813 ordinary treasury shares, with no par value, equal to 2.54% of the share capital. As of December 31, 2024, there were 650,327 shares, equal to 2.59%. The difference is due to the accrual during the year of the conditions set out in the second cycle of the LTI Plan.

Performance of Group companies

The following table shows some indicators on the performance of subsidiaries during the year:

Heating & Ventilation Entities

(Euro,000)

Entity	Turnover			Net income		
	2025	2024	change	2025	2024	change
SIT Argentina S.r.l.	42	38	4	0	0	0
SIT Gas Controls Pty Ltd	4,910	4,399	511	-10	213	-223
SIT Controls Canada Inc.	228	231	-3	35	32	3
SIT Manufacturing (Suzhou) Co. Ltd	17,561	22,170	-4,609	354	544	-190
SIT Controls CR, S.r.o.	894	1,040	-146	279	553	-274
SIT Controls Deutschland GmbH	863	846	17	159	128	31
SIT Manufacturing Na Sa deCV	48,735	41,412	7,323	562	3,481	-2,919
SIT Motors & Blowers Technology S.r.l.	13,724	8,107	5,617	783	-50	833
SIT Controls BV	9,549	25,814	-16,265	900	3,929	-3,029
SIT Romania Srl	47,135	49,402	-2,267	1,160	741	419
SIT Controls USA Inc.	2,527	2,061	466	805	209	596
Sit Controls Tunisia S.u.a.r.l	25,067	43,816	-18,749	996	2,058	-1,062
Plast Alfin S.a.r.l.	3,803	3,670	133	87	166	-79

Metering Entities

(Euro,000)

Entity	Turnover			Net income		
	2025	2024	change	2025	2024	change
MeteRSit S.r.l.	63,774	73,993	-10,219	3,166	-6,406	9,572
Sit Metering S.r.l.	182	170	12	-868	-1,309	441
Metersit UK Ltd	487	2	485	-241	-286	45
JANZ – Contagem e Gestão de Fluídos, SA	34,583	31,820	2,763	3,746	3,864	-118

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

During the first months of 2026, the Group, through its subsidiary Metersit operating in the smart gas metering sector, was awarded a significant share of the tender launched by Italgas for the first tranche of gas meter replacement in Italy and Greece using the new generation meter called Nimbus. Deliveries are expected to start from the second quarter of 2027.

Also for 2026, for the third consecutive year, SIT has obtained the Gold rating as part of the annual CSR (Corporate Social Responsibility) performance assessment carried out by EcoVadis, an international ESG rating agency. An improved assessment was obtained compared to 2025, placing the Group in the top 3% worldwide of the 150,000 companies evaluated, a rating that further improves within the sector to which it belongs, where SIT is part of the most sustainable 1%.

In February 2026, SIT announced the signing of an agreement to acquire 100% of Conthidra, a Spanish company active in the distribution of products and solutions for measuring water consumption, strengthening its position in the European water market.

Thanks to Conthidra, in which it already held a 24.9% stake, the Group consolidates control and development of the Spanish metering market, one of the most important in Europe, and enters the submetering segment, i.e. the measurement of consumption at the level of individual property units or users within buildings with centralized meters. The transaction is expected to be completed by the first half of 2026.

OUTLOOK FOR THE YEAR

In 2026, the Group expects an overall favorable market scenario, albeit in the presence of elements of uncertainty, characterized by differentiated dynamics between the different geographical areas and business segments. In Europe, the regulatory framework is expected to support a more prolonged demand for combustion appliances, which benefit from lower purchase prices, installation and management costs compared to electric solutions. The electrification process will continue to be applied mainly in new buildings and major renovations, benefiting from local incentives that aim at a progressive diversification of energy sources. In the United States, structural demand for new housing remains, although it is affected in the short term by factors related to credit accessibility and the level of interest rates.

In the world of *smart grids*, investments in the gas and water segments continue: in Europe, the gas metering market has entered a new cycle of technological upgrading towards more advanced systems, while the spread of smart water meters, still limited at the end of 2025, is expected to accelerate in the coming years.

In light of these dynamics, for the 2026 financial year SIT expects consolidated revenues to grow at a low single-digit rate, with an increase in profitability supported by improved operating leverage and consequent growth in profits. Cash generation is expected to contribute to a further reduction in net financial debt.

It should be noted that these performance forecasts for the 2026 financial year do not incorporate the potential impacts deriving from the prolongation of international tensions originating from the conflict between the United States and Iran. At the moment, the Group is closely monitoring the consequences of the conflict, in particular on supply chains and energy and transport prices, and believes that its prolongation may result in the need to implement operational actions to mitigate any significant economic impacts.

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In compliance with the provisions of IAS 1, at the same time as authorizing the publication of the Company's financial statements, the Board of Directors of SIT S.p.A. proposes to the Shareholders' Meeting to carry forward the loss for the year of Euro 7,477,861.

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1. GENERAL INFORMATION

1.1 ESRS 2 General Information

[BP-1] GENERAL BASIS FOR PREPARATION OF SUSTAINABILITY STATEMENT

This document, the Consolidated Sustainability Statement (hereinafter also the "Sustainability Statement" or the "Statement"), has been prepared in accordance with the obligations set out in European Directive 2022/2464 (*Corporate Sustainability Reporting Directive*, CSRD), transposed into Italy by Legislative Decree No. 125 of 6 September 2024.
The SIT group (hereinafter also "SIT", the "Group", the "Company" or the "Entity") is required to apply the CSRD starting from the reporting of the 2024 financial year. The reporting for the 2025 financial year (beginning on 1 January 2025 and ending on 31 December 2025) therefore, represents the second year of application of the regulation. The contents of this document have been prepared in accordance with the reporting standards of the European Sustainability Reporting Standards (ESRS) developed by the European Financial Reporting Advisory Group (EFRAG).
The process of collecting data and information for the preparation of this document was managed in collaboration with various operational functions of SIT actively involved, with the objective of enabling a clear and precise indication of the information considered significant for stakeholders. The Statement has been prepared on a consolidated basis adopting the same consolidation scope as the 2025 Financial Statements as described in the paragraph "Principles of consolidation". The present Sustainability Statement includes information relating to the value chain, both upstream and downstream of the Group. In particular, it includes qualitative information on material Impacts, Risks and Opportunities (IRO), for which reference is made to sections SBM-3 and IRO-1, as well as the contents of chapter 3.2 ESRS S2 Workers in the value chain. Information is also provided regarding the value chain on the policies, actions and objectives defined by the Group, together with specific metrics, including E1-6 – Gross Scope 3 GHG emissions and S1-14 – Health and safety metrics.

The preparation of the Consolidated Sustainability Statement took place under the supervision of the Chief Financial Officer of SIT, and was shared with the Director delegated to Sustainability and the Control, Risk & Sustainability Committee.

This Statement was approved by the Board of Directors of SIT S.p.A. on 15 April 2026.

The 2025 Consolidated Sustainability Statement, and the reports relating to previous financial years, are available on the company website in the "Corporate" section.
It should be noted that the information is collected in accordance with the principles of accuracy and completeness required by the ESRS.

[BP-2] DISCLOSURE IN RELATION TO SPECIFIC CIRCUMSTANCES

TIME HORIZONS

The short-, medium- and long-term time horizons used in this Statement are defined in line with the provisions set out in ESRS 1.

METRICS VALUE CHAIN DATA ESTIMATED USING INDIRECT SOURCES

The ESRS metrics reported in this document include certain indicators subject to estimates and therefore to a higher level of uncertainty, in particular those relating to the calculation of Scope 3 greenhouse gas (GHG) emissions. Where present, the estimates are based on the best information available at the date and, in order to ensure the reliability of the information reported, calculation standards recognized at national and international level have been adopted, in order to limit the risk of inaccuracy thereof.
The GHG Inventory was calculated following ISO 14064-1 and was verified by an accredited third party. The overall level of uncertainty of the GHG Inventory, calculated as required by the standard and assessed using the IPCC methodology as described in paragraph E1-6, resulted as medium, mainly for Scope 3 emissions for which secondary data were used. In particular, for the calculation of emissions from Value Chain processes not under the direct control of the SIT group (e.g. production of raw materials, transport), secondary data from international databases, such as Ecoinvent, were used. Finally, in reporting forward-looking information, including targets and planned future investments, uncertainties are inherent and, therefore, such information may be subject to change.

To mitigate the level of uncertainty defined above, the SIT group has implemented a process for the collection and verification of information based on established methodologies, integrating internal and external audits to ensure greater reliability.

In general, it should be noted that data have sometimes been rounded to the first decimal place or to the unit; consequently, their sum may not perfectly match the total value.
SIT is committed to continuously improving the accuracy of its measurements by implementing more advanced monitoring tools and promoting collaboration with stakeholders to reduce the uncertainty associated with the data.

CHANGES IN THE PREPARATION AND PRESENTATION OF SUSTAINABILITY INFORMATION COMPARED TO THE PREVIOUS REPORTING PERIOD

In order to allow the comparability of data, the data relating to the 2024 financial year, already reported in application of the CSRD, have been included in this Statement. No material errors in previous periods have been identified. The changes made to the metrics compared to the 2024 Sustainability Statement are appropriately indicated alongside the related values.

DISCLOSURES REQUIRED BY OTHER REGULATIONS

SIT is required to disclose the information relating to Article 8 of European Regulation 2020/852 on Taxonomy, reported in the chapter dedicated to the European Taxonomy within Section 2. Environmental Information.

USE OF TRANSITION PROVISIONS

The SIT group uses, for this Sustainability Statement, the transition provisions for the following disclosures referring to material sustainability matters:

- SBM-3 - Expected financial effects of significant risks and opportunities for the undertaking;
- E1-9 - Expected financial effects of material physical and transition risks and potential climate-related opportunities;
- E2-6 - Expected financial effects of impacts, risks and opportunities related to pollution;
- E3-5 - Expected financial effects arising from impacts, risks and opportunities related to water and marine resources;
- E5-6 - Expected financial effects arising from impacts, risks and opportunities related to resource use and circular economy;
- S1-7 - Characteristics of non-employee workers in the undertaking's own workforce;
- S1-8 – Collective bargaining coverage and social dialogue (disclosure requirement relating to employees in non-EEA countries);
- S1-11 - Social protection;
- S1-13 - Training and skills development metrics;
- S1-14 - Health and safety metrics (disclosure requirement relating to non-employee workers, cases of occupational illness and number of days lost due to injuries, accidents, fatalities and occupational diseases);
- S1-15 - Work-life balance metrics.

[GOV-1] THE ROLE OF ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND [GOV-2] INFORMATION PROVIDED TO AND SUSTAINABILITY MATTERS ADDRESSED BY THE UNDERTAKING'S ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

THE BOARD OF DIRECTORS

The Board of Directors (BoD) as a whole is responsible for guiding the Company in the pursuit of sustainable success, namely the creation of long-term value for the benefit of Shareholders, taking into account the interests of other stakeholders relevant to the Company. The Board of Directors was appointed by the Ordinary Shareholders' Meeting on 3 May 2023 and will remain in office until the Shareholders' Meeting approving the Financial Statements as at 31 December 2025. Reference is made to the paragraph "Composition of Corporate Bodies", included within the financial disclosure, for the members of the corporate bodies as at 31 December 2025.
The Board of Directors has established three committees within it:

- Control, Risk and Sustainability Committee (CCRS): supports the assessments and decisions of the Board of Directors relating to the Internal Control and Risk Management System as well as those relating to the approval of periodic financial reports and the Consolidated Sustainability Statement pursuant to Legislative Decree No. 125/2024, which transposes Directive 2022/2464/EU. In accordance with the regulations approved on 27 February 2019, the Control, Risk and Sustainability Committee is composed of three non-executive directors, a majority of whom are independent. The Committee is the control body responsible for oversight of the identified material impacts, risks and opportunities;
- Related Parties Committee (CPC): is responsible for expressing a non-binding opinion to the Board of Directors regarding the Company's interest in carrying out transactions with Related Parties, as well as on the convenience and the substantive fairness of the relevant conditions. The Committee is composed of three non-executive directors, a majority of whom are independent;
- Remuneration Committee (COMREM): is entrusted with the task of assisting the Board of Directors, with preparatory functions of a propositional and consultative nature, in the assessments and decisions relating to the remuneration policy of directors and managers with strategic responsibilities. It is composed entirely of Independent Directors.

The administrative and corporate bodies of SIT S.p.A., including the Board of Directors and its internal committees, the Board of Statutory Auditors, as well as the Company's management, play a fundamental role in ensuring compliance and the integrity of business operations, in line with the Group's Code of Conduct and with the definition of business conduct.
The BoD and its committees, in fact, operate in synergy to ensure that the SIT group acts in an ethical, transparent manner and in full compliance with regulations, with a view to sustainability and continuous improvement. The role exercised by the governance of SIT S.p.A. ensures a solid decision-making process, based on transparency and accountability, in support of a corporate strategy oriented towards an ethical and sound business model, while at the same time fostering the creation of long-term value.
SIT S.p.A. and MeteRSit S.r.l. each have an Organization, Management and Control Model, both updated in 2025, aimed at establishing a system of rules designed to prevent unlawful conduct by top management, executives or, in any case, individuals with decision-making powers, as well as by persons subject to the direction and supervision of persons in top positions, in compliance with the provisions of Legislative Decree 231/2001. Through the Model, the companies have adopted an organizational system aimed at preventing the risk of the commission of crimes, by identifying the most sensitive activities and setting out rules of conduct with which employees must comply with the utmost diligence. The Supervisory Body ("OdV"), established in both Companies, plays a fundamental

role in ensuring the effectiveness of the Organizational Model adopted by the Entity. Its main task is to supervise compliance with the provisions contained in the Model by all Recipients, ensuring its application and monitoring its effectiveness in preventing potential offences. To this end, the OdV conducts periodic checks on the main operations and activities carried out in areas at risk of wrongdoing, collecting, analysing and retaining all relevant information for the performance of its functions. Furthermore, it reports to management any violations of the rules of conduct set out in the Model and, in the event of changes in the organizational structure or in the relevant regulatory framework, proposes the necessary updates to the Board of Directors. Through these activities, the OdV contributes to strengthening the internal control system, ensuring compliance with the principles of legality and corporate transparency.
In percentage terms, the composition of the Board of Directors as at 31 December 2025 is as follows: 71.43% are independent in accordance with the applicable regulations for listed companies in Italy; 42.86% are female. The average ratio between male and female members of the BoD is 0.75. Members holding executive positions are 2, equal to 28.6%, while non-executive members are 5.
In percentage terms, 60.00% of the members of the Board of Statutory Auditors as at 31 December 2025 are female.
There are no members on the Board of Directors of SIT S.p.A. representing employees or other workers.
As at 31 December 2025, the skills of the Board of Directors and the Board of Statutory Auditors, whose composition remains unchanged compared to 2024, are summarised in the following table:

						Industry knowledge		
Skills	**Body**	**Corporate Governance & Risk Management**	**Finance**	**Strategy and Management**	**Digital and Cyber security**	**Heating & Ventilation**	**Metering**	**ESG**
Federico de Stefani	Board of Directors	X	X	X	X	X	X	X
Chiara de Stefani	Board of Directors	X	X	X		X	X	X
Franco Stevanato	Board of Directors	X	X	X	X			X
Bettina Campedelli	Board of Directors	X	X	X		X	X	X
Carlo Malacarne	Board of Directors	X	X	X			X	X
Lorenza Morandini	Board of Directors	X	X	X				X
Giorgio Martorelli	Board of Directors	X	X	X		X	X	X
Matteo Tiezzi	Board of Statutory Auditors	X	X					X
Saverio Bozzolan	Board of Statutory Auditors	X	X					X
Loredana Anna Conidi	Board of Statutory Auditors	X	X					X
Barbara Russo	Board of Statutory Auditors – Alternate Auditor	X	X					X
Sabrina Gigli	Board of Statutory Auditors – Alternate Auditor	X	X	X				X

All members of the administrative and control bodies have knowledge and expertise in corporate ethics, corporate governance and regulatory affairs and, consistently with the Group's scope of activity, their professional skills extend at international level. Furthermore, almost all members have developed experience in the field of social engagement and environmental matters. This information is assessed through the use of self-assessment questionnaires submitted periodically to all members of the Board of Directors and the Board of Statutory Auditors, in order to confirm the knowledge and experience gained by the members of the administrative, management and control bodies.
Thanks to these competencies, the directors of the SIT group are able to oversee sustainability matters and manage material impacts, risks and opportunities. With particular reference to IROs relating to Climate Change, their management may benefit from the expertise of the Board of Directors in the Heating & Ventilation and Metering sectors, while IROs relating to Business Conduct benefit from competences in Corporate Governance & Risk Management. It is specified that the responsibilities of each body regarding impacts, risks and opportunities are set out within the relevant corporate policies, described in detail in the thematic chapters of this document.

For further information relating to corporate governance, please refer to the documentation available on the Company's institutional website in the Corporate Governance section.

SUSTAINABILITY GOVERNANCE

Starting from 2021, in support of its commitment to pursuing sustainable success and in response to stakeholders' expectations regarding the need for a systematic management of ESG topics, as well as the definition, implementation, reporting and monitoring of the Sustainability Plan – Made to Matter (hereinafter also "MtM" or the "Sustainability Plan"), SIT has established a Sustainability Governance structure as described in the following paragraph.
For further information regarding the SIT group's Sustainability Plan, reference is made to paragraph SBM-1.

- Corporate Sustainability Director: director with specific ESG-related delegations responsible for coordinating the Group's Sustainability Plan, the related policies and improvement objectives, as well as promoting engagement and communication with stakeholders;
- Management Committee: managerial committees consulted from time to time in the definition and implementation of the Sustainability Plan and responsible for the allocation of the resources necessary to achieve the pursued objectives;
- Sustainability Corporate Team (*Mission Leaders*): a cross-functional team coordinated by the Corporate Sustainability Director and composed of company representatives who have taken on specific responsibilities regarding the definition of appropriate policies and objectives, the execution of specific projects envisaged in the Sustainability Plan, contributing to the dissemination of the "culture of sustainability";
- Sustainability & Carbon Emissions Manager: leads the Sustainability function, a role in which he is responsible for the promotion, coordination and monitoring of the actions envisaged in the Sustainability Plan, the reporting of the Group's results and of the Consolidated Sustainability Statement, as well as the measurement and management of greenhouse gas emissions. The Sustainability & Carbon Emissions Manager functionally reports to the Chief Financial Officer of the SIT group, who holds the role of Manager in charge, and coordinates a team composed of resources identified from time to time with specific ESG-related expertise;
- Sustainability Local Units: specialised units, spread throughout the organisation at Group level, which represent the points of reference for sustainability reporting and the dissemination of ESG culture.

The process of monitoring, managing and controlling impacts, risks and opportunities is entrusted to the Sustainability & Carbon Emissions Manager, with the support of the Mission Leaders and under the supervision of the Chief Financial Officer of the SIT group. The latter, in his capacity both as head of the Risk Management function and as Manager in charge, plays a fundamental role within the ICFR (Internal Control and Risk Management System and control system), as described in chapter GOV5.
The Group's Corporate Sustainability Director is regularly updated and, together with the Sustainability & Carbon Emissions Manager, presents the results of the analyses to the Control, Risk and Sustainability Committee.
The CCRS validates the double materiality process and the update of the Sustainability Plan, providing support to the Board of Directors, which is responsible for the final approval.
The Consolidated Sustainability Statement, once completed, is approved and signed by the CEO and the CFO, then shared with the Control, Risk and Sustainability Committee for validation and submitted for approval to the Board of Directors.

The Management Committees meet on a monthly basis – one for the Heating & Ventilation Division and one for the Metering Division – and, from time to time, address topics of managerial interest,

including those related to Sustainability. During 2025, the meetings specifically focused on ESG topics were those held in March and December. The meetings of the Control, Risk and Sustainability Committee (CCRS) concerning sustainability-related matters were 5 and addressed the following specific topics:

- analysis and validation of the 2025 Consolidated Sustainability Statement pursuant to Legislative Decree 125/2024;
- analysis and monitoring of the CSRD project and its progress;
- analysis and validation of the 2025 update of the Sustainability Plan – Made to Matter;
- analysis and validation of double materiality in line with the IRO methodology described below.

SIT adopts an integrated approach to risk management, in line with the ERM methodology, incorporating risk assessment into the Management agenda. Each function is responsible for implementing controls and procedures to manage significant impacts, both negative and positive, with the support of the Sustainability function, as well as for seizing opportunities related to the ESG context.
The administrative, management and control bodies take into account impacts, risks and opportunities by integrating them into strategic and operational planning and control procedures and processes, typically the Business Plan and the annual Budget. During the reporting period, the impacts, risks and opportunities addressed are those that emerged from the update of the double materiality analysis, the list of which is available in paragraph SBM-3 of this document. In particular, attention focused on impacts related to the regulatory and competitive scenario deriving from climate change, with particular reference to technological evolution in the Heating & Ventilation sector and the timing of market adoption of new products.
In this sense, ESG impacts and risks represent a strategic driver for the business, a support in decision-making and corporate planning processes, both strategic and operational. Furthermore, they constitute a key element for the development of the Group's risk management process.

[GOV-3] INTEGRATION OF SUSTAINABILITY-RELATED PERFORMANCES IN INCENTIVE SCHEMES

Starting with the Chief Executive Officer and the Executives with Strategic Responsibilities (DIRS), the Company has defined a set of performance objectives, articulated both in the short term through the Management by Objectives (MBO) program and in the medium/long term through the Long Term Incentives (LTI) plan.
The defined structure and the related remuneration policies have then been cascaded across all levels of the Organization, in line with the initiatives envisaged by the Made to Matter program.
This has ensured cross-functional commitment from all Departments/Functions with respect to the objectives of the multi-year Industrial Plan (so-called PAM).

MBO POLICY 2025

In continuity with 2024, the objectives assigned under the MBO policy for 2025 are aimed at restoring profitability and improving the Group's financial position. Therefore, a single Group-level financial performance objective (KPI), with a weighting of 100%, has been introduced for all MBO participants. In line with the Remuneration Policies, the 2026 MBO Policy once again provides for the integration of business objectives with ESG targets, particularly in relation to corporate objectives linked to the EcoVadis sustainability rating.

LTI IN THE 2025 REMUNERATION POLICY

The Remuneration Policies include a medium/long-term component through the Long Term Incentive (LTI) program, based on the granting to beneficiaries of SIT shares in order to align internal objectives with the objectives of value growth for Shareholders.
The beneficiaries of the LTI program include, in addition to the Executives with Strategic Responsibilities, a group of first- and second-level managers, both Italian and foreign, having a primary role in the pursuit of the company's strategic objectives. This component of remuneration and of the incentive system provides for a percentage, equal to 20% of the total, linked to Sustainability. This also takes into account the proactive role that the Group plays in the development of products and components that enable the decarbonization of heating appliances.
The long-term component (LTI) relating to the period 2023–2025 includes the following sustainability metrics:

- Maintenance of the EcoVadis GOLD rating for the years 2024 and 2025;
- Achievement of 9% on average over the period 2023–2025 of "Non-combustion" products out of the total revenue of the Heating & Ventilation Business Unit.

The conditions of SIT's incentive systems, including the ESG objectives integrated into the Management By Objectives (MBO) and Long-Term Incentives (LTI) plans, are approved and updated at the management and governance level to ensure consistency with the company's strategy and sustainability commitments. The Remuneration Committee is responsible for periodically assessing the effectiveness of the incentive criteria, proposing any adjustments in line with regulatory, market and sustainability developments. The remuneration policies are then submitted for approval to the Administrative Body, ensuring alignment with the strategic objectives of the Sustainability Plan and of the multi-year Industrial Plan.
The periodic monitoring of performance, carried out by the HR Department in collaboration with the Sustainability Governance Bodies, makes it possible to verify the achievement of the objectives and to introduce improvement updates, promoting a remuneration system consistent with the objective of creating sustainable value in the medium/long term.
It should be noted that both sustainability metrics indicated in the incentive system of the Long Term Incentive (LTI) program presuppose the achievement of GHG emission reduction targets, to which

they are directly linked. As described in paragraph E1-4, the reduction of GHG emissions in the downstream value chain is in fact connected to the product transition towards lower-emission or non-combustion applications, and the objectives are defined in terms of product development and business milestones.
For further information, please refer to the documentation available on the Company's institutional website in the Corporate Governance section.

[GOV-4] STATEMENT ON DUE DILIGENCE

Below we provide the mapping of the information relating to Due Diligence included in this Statement, in order to present the actions and measures adopted by the Company to mitigate negative impacts, both actual and potential, on the environment and on people connected with its own activities, identified in the double materiality analysis process.

KEY ELEMENTS OF DUE DILIGENCE	PARAGRAPHS OF THE STATEMENT
Incorporating due diligence into governance, strategy and business model	ESRS 2 GOV-2, ESRS 2 GOV-3, ESRS 2 SBM-3
Involvement of stakeholders in all key due diligence phases	ESRS 2 SBM-2, ESRS 2 IRO-1
Identification and assessment of negative impacts	ESRS 2 IRO-1, ESRS 2 SBM-3, S1 SBM-3, S2 SBM-3
Taking action to address these negative impacts	E1-3, E2-2, E3-2, E5-2, S1-3, S1-4, S2-3, S2-4, G1-2, G1-3
Tracking the effectiveness of those efforts and communicating	E1-4, E1-5, E1-6, E2-3, E2-4, E3-3, E3-4, E5-3, E5-4, E5-5, S1-5, S1-6, S1-8, S1-9, S1-10, S1-14, S1-16, S1-17, S2-5, G1-1, G1-4, G1-6

Due Diligence is a practice that responds to changes and may lead to modifications in the strategy, business model, activities, commercial relationships, as well as in the company's sourcing and sales operating contexts.
The actions described in the above-mentioned paragraphs represent the starting point of an ESG due diligence activity that will be structured and formalized over the coming years.

[GOV-5] RISK MANAGEMENT AND INTERNAL CONTROLS OVER SUSTAINABILITY REPORTING

The Company's Internal Control and Risk Management System (ICRMS) involves several units and actors, striking a balance between coordination and autonomy to ensure complementary objectives and rules.
SIT's ICRMS, in compliance with corporate best practices and relevant reference standards, is structured on three levels of control (entity-level control), with well-defined roles and responsibilities, also applicable concerning risk management in relation to sustainability reporting:

- First level of control: identifies, measures, assesses, mitigates, monitors and reports, effectively and efficiently, the risks arising from ordinary business activities in the execution of day-to-day operations (business process controls). These activities are entrusted to the operational structures;
- Second level of control: monitors the main risks to ensure that the controls implemented by the first level of control are effective in ensuring the efficiency and effectiveness of operations, adequate risk management, prudent conduct of business, reliability of information and compliance with laws, regulations and internal procedures. This level of control is entrusted to the Manager in Charge, and to the Risk Management, Governance and Legal functions;
- Third level of control: ensures independent and objective assurance and advisory activities, aimed at assessing the adequacy of internal control processes, risk management and corporate governance, adopting a risk-based approach. Third-level controls fall within the responsibility of the Internal Audit function, which verifies the completeness, adequacy, functionality and reliability, in terms of efficiency and effectiveness, of the internal control system.

During 2025, with a view to improving the internal control process, the Company, through a dedicated Risk Control Matrix (RCM), defined the risk assessment system and the system of internal controls for the reporting process aimed at the Consolidated Sustainability Statement.The matrix identifies, for each activity in the process, specific reporting risks, linked to the information quality categories required by the ESRS, including completeness, accuracy, neutrality, comparability, verifiability, understandability and relevance. For each risk, the matrix defines one or more internal controls, described together with the expected evidence, frequency, nature of the control and the responsible roles, including the CFO, the Sustainability Department, the CCRS and the Board of Directors.
Each activity identified in the RCM corresponds to the activities set out in the Sustainability Reporting Procedure, to which the matrix refers and from which it derives its operational structure. In this way, the Group's sustainability reporting process is developed following a dedicated procedure and is supported by a set of internal controls that ensure reliable communication of ESG performance, both towards internal and external stakeholders.
In particular, the internal control system provides for the following main phases, established to ensure that decision-making authority is assigned and effectively exercised at an appropriate level of competence and responsibility:

- Definition of scope, stakeholders and material topics: includes the preliminary activities that define the boundaries and contents of the reporting, from the analysis and approval of the reporting scope and value chain, to the identification of stakeholders and engagement methods, up to the conduct of the double materiality analysis, examined by the CCRS and approved by the Board of Directors;
- Internal organization and definition of applicable standards: once the scope and topics have been defined, operational responsibilities are assigned, with the identification of the Departments involved and the appointment of the contacts responsible for data collection. At

the same time, the Sustainability Department identifies the applicable ESRS standards based on the double materiality assessment and the qualitative and quantitative information to be reported;

- Collection and validation of information and EU Taxonomy classification: subsequently, the operational phase of data collection is carried out by the Sustainability Department through standard templates, completed by the identified contacts. At the same time, the Group's activities are classified according to the EU Taxonomy and the KPIs (Revenue, CapEx, OpEx) are calculated;
- Preparation of the Consolidated Sustainability Statement: following data collection, the contents are consolidated by the Sustainability Department into a single draft and checks are coordinated to ensure consistency with the Financial Statements, ESRS and the EU Taxonomy;
- Approval and publication of the disclosure: at the end of the process, the document is submitted to the CCRS, signed by the CEO and the CFO, and finally approved by the Board of Directors. Lastly, after the document has been subject to external audit, the Finance & Legal Department coordinates its publication within the Annual Report, ensuring the compliant dissemination of the information externally.

For each phase of the reporting process, the assessment of reporting risks is envisaged through the identification of the main points of vulnerability that could compromise the quality of the process. The prioritization of risks takes place by considering their potential impact on the quality of sustainability information and on compliance with the requirements of the ESRS and the EU Taxonomy.
Among the main risks identified in the sustainability reporting process are the possible incorrect definition of the reporting scope and of the value chain, the risk of incompletely identifying stakeholders or material topics, and the risk of incorrectly applying the ESRS standards. Further risks concern errors in data collection, in the classification of activities according to the EU Taxonomy and in the calculation of the related KPIs, as well as inconsistencies in drafting the report, missing formal approvals or delays in publication.

The integration between risk assessment, internal controls and procedures makes it possible to directly link the results of the controls to operational activities and reporting decisions. During the different phases of the process, the evidence collected ensures full traceability and verifiability of the entire information flow. The control elements are carried out with the aim of mitigating the risk of errors or incompleteness in reporting, as well as contributing to ensuring that the information complies with ESRS requirements and is consistent with the Group Financial Statements.
The Chief Financial Officer oversees the entire sustainability reporting process and, in his/her capacity as head of the Risk Management function and as Manager in Charge, ensures that the system of internal controls and the results of risk assessment are correctly incorporated into the ICRMS and integrated into reporting processes in line with their level of maturity. The Sustainability & Carbon Emission Manager, together with the Sustainability Team, carries out the operational coordination of activities, while the CCRS and the Board of Directors, periodically informed about the methodology used and the results of the process, have a role of responsibility in the final decision-making processes.
Over the coming years, as the reporting process becomes progressively consolidated at an operational level, the Company plans to further strengthen its internal control system, expanding, where necessary, the assessments and mitigation measures in response to new risks that may emerge from increasingly in-depth analyses.

[SBM-1] STRATEGY, BUSINESS MODEL AND VALUE CHAIN

SIT operates globally, offering advanced solutions in the heating and ventilation sectors through the Heating & Ventilation BU, and in the smart metering of gas and water consumption through the Metering BU, which, starting from 2025, has seen the integration of the Smart Gas Metering and Water Metering structures, previously separate. Through this organization, the Group positions itself as a strategic partner in the energy transition and environmental sustainability.
Within the Heating & Ventilation business unit, SIT develops components and systems for domestic and commercial heating, including multifunctional safety and control gas valves, electronic controls, fans for high-efficiency boilers and electric heat pumps, as well as for mechanical ventilation systems and kitchen hoods, intended for the main global markets. In the Smart Gas Metering sector, SIT is a leading player in Italy in the production of residential and commercial gas meters with smart communication functionalities, designed to improve efficiency and safety in the management of energy resources. Finally, through the Water Metering segment, the company supplies residential water meters, both volumetric mechanical and smart, contributing to the smart management of water resources. Technological innovation and sustainability are at the core of SIT's strategies, which continuously invests in high energy-efficiency solutions, compatible with alternative fuels to methane such as hydrogen and biomethane, promoting a responsible and forward-looking business model.
In a context of reduction of the reference market in the Heating & Ventilation sector in Europe starting from 2023, following regulatory developments and the phasing out of sector incentives, SIT's strategy is based on:

- expansion of the product portfolio, including both components for electric heating appliances, such as heat pumps, and for mechanical ventilation systems and kitchen hoods;
- development of products intended not only for residential appliances, but also for commercial applications and for the HoReCa sector;
- geographical expansion into markets with higher growth potential, such as the USA;
- international development of the smart gas metering business;
- growth in the smart water metering sector with the new Smartio product.

Integrating environmental and social considerations fully with economic objectives, SIT is able to identify potential risks and capitalize on further opportunities, giving rise to a process of continuous improvement. Sustainability is a central element of the governance model adopted, and Management plays a direct and active role in the development and achievement of sustainability objectives under the direction of the Board of Directors.
As evidence of this commitment, SIT has strengthened the integration of ESG topics into its Business Plan by presenting in 2022 the Made to Matter Plan – SIT's sustainability plan, which is updated annually.
Through the sustainability pathway outlined in the Plan, SIT defines its environmental, social and governance objectives, establishing how it intends to conduct its business in an ethical and responsible manner. The goal is to ensure sustainable, long-term growth by creating value for all stakeholders.

The Plan is structured around three pillars:
• MADE BY US, focused on sustainable economic growth, governance, risk management and regulatory compliance;
• MADE FOR FUTURE, dedicated to SIT's environmental responsibility;
• MADE WITH CARE, which sets out corporate social responsibility according to SIT's vision.

The table below provides a summary of the correlations between the three pillars of the Made to Matter Plan and the other relevant dimensions in terms of main areas of intervention, SDGs and ESRS topics.

MADE TO MATTER	SUSTAINABILITY PILLAR	ASPIRATION	SDGs	Topic ESRS
MADE FOR FUTURE	ENVIRONMENTAL RESPONSIBILITY	Develop sustainable products and reduce the environmental impact of operations.		E1 Climate Change E2 Pollution E3 Water and Marine Resources E5 Resource use and circular economy
MADE WITH CARE	SOCIAL RESPONSIBILITY	Invest in our people and in the community, creating the conditions to thrive.		S1 Own Workforce S2 Workers in the value chain
MADE BY US	SUSTAINABLE ECONOMIC GROWTH / GOVERNANCE, RISK AND COMPLIANCE	Create long-term sustainable value for all stakeholders and ensure an ethical and responsible conduct of business.		G1 Business Conduct

The number of Group employees as at December 31, 2025 amounts to 1,916, with the following geographical breakdown:

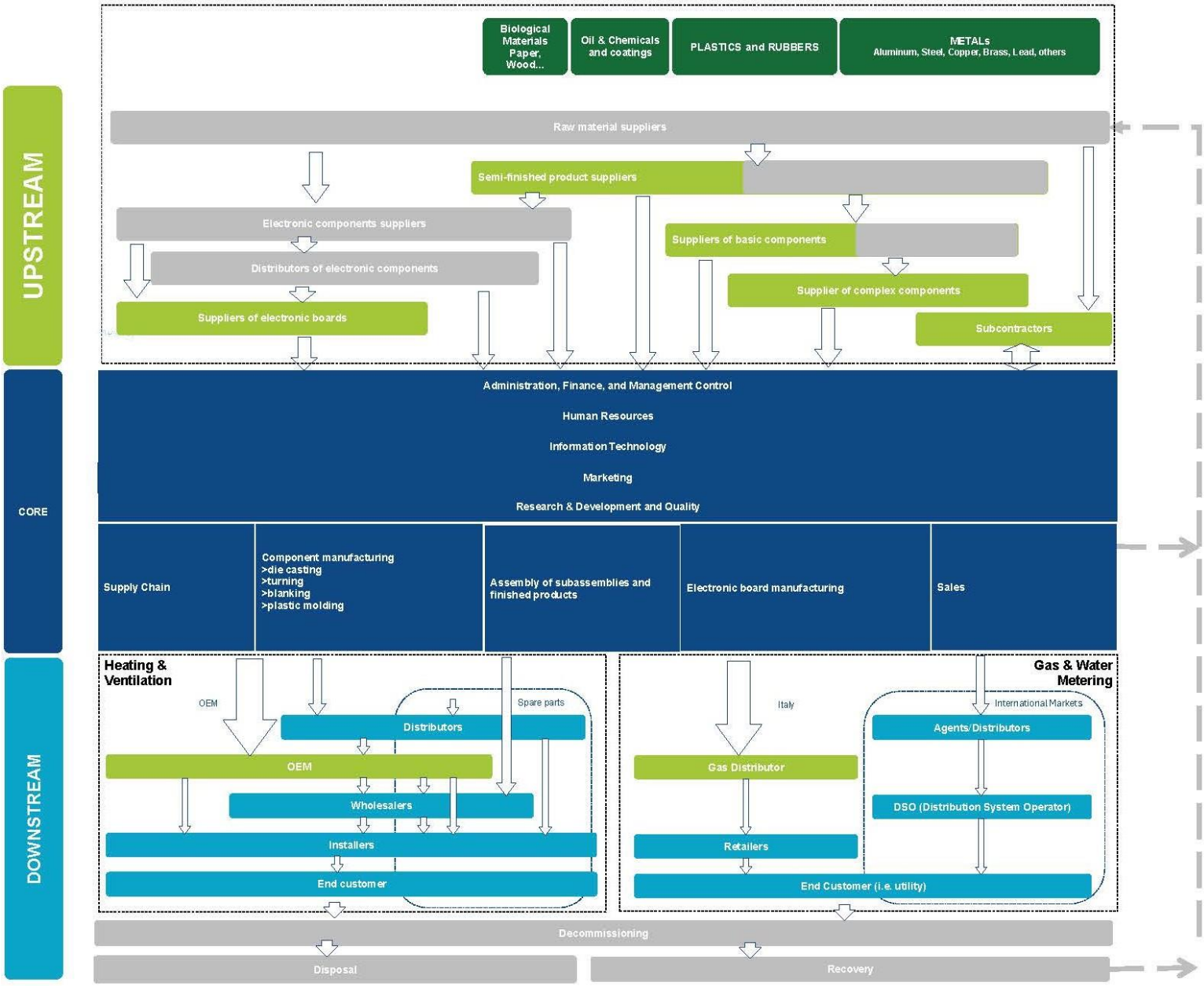
GEOGRAPHIC AREA	Number of employees as at 31.12.2025
Italy	631
Europe (Italy excluded)	650
America	229
Asia and Pacific	58
Africa	348

Total revenues in 2025 amounted to Euro 319.1 million, with the following breakdown:

(Euro,000)	2025	%	2024	%	change	change %
Heating & Ventilation	218,713	68.5%	206,678	69.0%	12,035	5.8%
Metering	93,694	29.4%	88,194	29.4%	5,500	6.2%
Total Sales	312,407	97.9%	294,872	98.4%	17,535	5.9%
Other Revenues	6,689	2.1%	4,667	1.6%	2,023	43.3%
Total Revenues	**319,096**	**100%**	**299,538**	**100%**	**19,558**	**6.5%**

DESCRIPTION OF THE BUSINESS MODEL AND VALUE CHAIN

SIT, through its Heating & Ventilation and Metering business units, develops intelligent solutions for the control of environmental conditions and the measurement of consumption to support the transition towards a more sustainable world.
Multinational leader in its reference markets, SIT aims to be the leading sustainable partner for energy and climate control solutions serving its client companies, placing strong emphasis on the testing and use of alternative gases with low environmental impact. The Group operates with production sites in Italy, Mexico, Romania, China, Tunisia and Portugal, and also has a direct commercial structure covering all its reference markets worldwide.
The following chart illustrates the main characteristics of the upstream and downstream value chain, as well as SIT's position within it. It also shows the main core functions carried out internally.
To represent its business model and value chain, SIT used the master and operational data from its management systems to identify the main entities and upstream transactions. These data are collected on a "no-name" basis using data protection systems compliant with applicable regulations.
The business model adopted by SIT enables it to provide customers with products and solutions capable of supporting their market strategy, both in the short and in the medium to long term, under competitive economic conditions also with a view to the decarbonization of the sector; with regard to investors and other financial stakeholders, including those for whom the company generates economic value, such as suppliers and employees, SIT's business model pursues the objective of creating value in the medium to long term.



The main core functions, which contribute to achieving the Group's long-term sustainable success, are described below.

Research & Development: It plays a fundamental role in supporting SIT's Mission, which is "*to create intelligent solutions for the control of environmental conditions and the measurement of consumption for a more sustainable world.*" Research, development and innovation activities are key factors that enable the SIT group to confirm its position as a strategic partner for its customers in the development of solutions capable of improving the efficiency of applications and supporting the ongoing energy transition, both in the heating sector and in the ventilation and consumption metering sectors.

Supply Chain: It is the main function responsible for the management of the supply chain in a responsible manner, through which to create a sustainable value chain over the long term for SIT, its suppliers and its customers. We are committed to ensuring that it respects the environment, workers' rights and local communities, that it is oriented towards minimizing its impact throughout the entire

product life cycle (LCA), with particular attention to reducing the carbon footprint, and that it continuously involves suppliers as partners in achieving ESG, product quality and process safety objectives.

Human Resources: SIT promotes a working environment that fosters both individual and organizational well-being and development of its people. A working environment based on inclusive policies aimed at enhancing diversity and promoting merit. This function is in a particularly demanding position, as the conditions in the Heating & Ventilation sector place the Group in a situation where it must intervene in the organization in order to achieve greater cost competitiveness.

Operations**:** The production function is illustrated in the chart according to the underlying key technologies:

(i) mechanical components intended for assemblies carried out in other Group plants;
(ii) assembly of sub-assemblies and finished products;
(iii) production of electronic boards.

The process is highly integrated, starting from the procurement of raw materials and components, and implemented according to a local-for-local approach, whereby final assembly plants are located in proximity to customers' facilities.
With regard to energy resources, SIT has launched projects aimed at reducing energy consumption and CO_2 emissions, with particular focus on improving the efficiency of production plants and installing photovoltaic systems at the Rovigo and Padua sites.
Now adopting an input–output analysis approach, we proceed with a brief description of the upstream and downstream value chain.

Upstream
SIT's approach to resource management is based on an integrated model that considers material, energy, technological and human inputs as fundamental elements for achieving its strategic and operational objectives.
With regard to material resources, the upstream value chain plays a decisive role both in the generation of GHG emissions and in resource use and the circular economy. SIT has implemented policies and strategies to optimize procurement and reduce impacts on climate change and resource use along the supply chain, promoting the use of recyclable raw materials and components with a reduced environmental impact.
In addition to material inputs, intangible inputs are of fundamental importance. Financial capital represents the way in which SIT is able to generate value for its shareholders and ensure the proper functioning of its operations, as well as the generation and distribution of value over time to all stakeholders.
Intellectual capital is an intangible resource through which the Group generates skills and innovative solutions essential for the development of its business. It also includes the level of technological infrastructure that characterizes organizational and operational processes, as well as the ways in which internal and external expertise is leveraged to drive innovation. SIT secures and protects its intellectual property both through continuous investments in the Research & Development sector and through targeted technology partnerships, among which, the most relevant include those with Hybitat, Panasonic, Upsense and GWF, respectively in hydrogen storage, ventilation for heat pumps, sensing technologies, and smart water metering.
Human-related inputs consist of the characteristics and size of the workforce, as well as its managerial, technical and engineering skills, which are ensured through the Human Resources function. This

function is formalized through policies and actions aimed at promoting training, talent development, health and safety, engagement and welfare.

Downstream

As regards SIT's downstream value chain, the first dimension of differentiation is between the Heating & Ventilation business and the Metering business.

In **Heating & Ventilation**, SIT operates as a component supplier to OEMs that manufacture the final end-use equipment. The channel may be direct or through distributors in specific geographical areas. The sector does not have a clear distinction between first installation and replacement (spare parts), often resulting in a spare parts distribution chain within the same sales channel used for OEMs.

The sector is also characterized by the fundamental role played by installers, who are the primary point of contact for the end customer, especially in the replacement phase, which represents the main share of sales compared to new housing.

In **Metering,** the product sold by SIT represents the final product actually installed. Customers are typically utilities that manage gas or water distribution networks and are often public entities or companies partially owned by public authorities. In this case, the sales process is governed by public regulations (Public Procurement Code in Italy).

In the United Kingdom, one of the main European markets, the customer may not be the distributing utility directly, but rather specialized operators (MAP – Meter Asset Provider) that purchase the meter on behalf of the utility and then proceed with its operating lease.

In the Water Metering sector, there is also a significant share of sales to other meter manufacturers (OEM channel), a market model that is widespread in the sector and allows operators to cover certain geographical areas from a commercial standpoint or to complete their product range.

[SBM-2] INTERESTS AND PERSPECTIVES OF STAKEHOLDERS - GENERAL

SIT engages its stakeholders through specific initiatives aimed at transparency and collaboration. The objective of this engagement is to ensure continuous dialogue, improve the sustainability of business operations, and strengthen relationships with stakeholders.
Stakeholders directly influence the definition of SIT's corporate strategy: their contribution is gathered through structured mechanisms, such as periodic meetings, materiality analyses and audits. The information obtained then makes it possible to identify risks and opportunities and to guide strategic decisions in line with market needs and regulatory requirements.

The main stakeholder groups and the key ways in which SIT engages with them are outlined below:

- Shareholders, investors and lenders: institutional and market communication, financial disclosure, Sustainability Statement and regular meetings;
- Customers: co-design and co-development initiatives, audits at production sites, corporate website, workshops and participation in industry trade fairs;
- Suppliers, contractors and commercial partners: regular meetings, quality audits and assessments, ESG evaluations and collaborative product development;
- Governments, Public Administration and institutions: engagement meetings with representatives of local authorities and participation in regulatory committees at both European and national levels;
- Universities and research centers: partnerships on innovation projects and new materials research, as well as internship programs;
- Local communities: participation in initiatives promoted by local associations and support for social projects;
- Employees: onboarding programs, training activities, internal job posting, initiatives to enhance work-life balance, communication via the corporate intranet, company events, welfare programs and employee surveys, as well as involvement in assessing the IROs identified through the materiality analysis described in paragraph IRO-1;
- Trade unions and industry associations: meetings to present business plans, joint consultations and negotiations leading to agreements;
- Media: proactive communication through press, web and social media channels.

More specifically, with regard to employees, the SIT Group has always placed strong emphasis on their interests, rights and perspectives, considering them a key resource in shaping both its corporate strategy and business model. The Company periodically conducts employee engagement surveys and initiatives aimed at fostering continuous improvement, as described in greater detail in paragraph S1-2 dedicated to the engagement processes of its own workforce.
The results of these surveys and engagement activities are shared with the Company's management, and the insights gathered contribute to shaping the Group's strategy with the aim not only of mitigating potential negative impacts, but also of identifying opportunities for improvement.
A key element for SIT is proactive listening: working closely with its workforce and integrating their perspectives and needs in order to build a path based on growth opportunities, trust, and the effective management of individual and social complexities, with a concrete focus on inclusion and the enhancement of individual qualities and merit.

Furthermore, with regard to workers in the value chain, the SIT Group promotes the development of a supplier network that is increasingly attentive to the respect of human rights, environmental protection, and the creation of inclusive and safe working conditions.

Through an approach based on strategic collaboration, the Group encourages the continuous improvement of its partners' performance and their involvement in product innovation processes.
To ensure the highest standards of safety and quality, the Company engages suppliers from the earliest stages of project development, adopting a preventive and proactive approach, also through ESG assessments with EcoVadis and on-site audits.

This approach enables the timely identification of potential critical issues, supports continuous and active dialogue, and allows for the implementation of effective solutions when needed, thereby strengthening the value of partnerships across the entire supply chain. During the materiality assessment process, SIT identified the following key areas of interest for its stakeholders:

- Environmental sustainability: reduction of CO_2 emissions, efficient resource management, and implementation of projects for the use of renewable energy sources;
- Innovation: development of new technologies for energy efficiency;
- Inclusion and organizational well-being: promotion of diversity, gender equality, corporate welfare, and improvement of working conditions;
- Transparent governance: anti-corruption policies, whistleblowing, and ethical management of the supply chain.

The governing, management and supervisory bodies of SIT receive regular updates on stakeholders' interests and views.

To this end, various tools are used, including periodic ESG reports, which make it possible to analyze the results of sustainability initiatives and the main performance indicators. In addition, sustainability topics and the impacts of corporate policies are discussed through governance meetings. Finally, the integration of sustainability into strategic decisions enables continuous review of corporate policies, aligning them with the needs expressed by stakeholders.

[SBM-3] MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

Material impacts have been identified by the Company through a double materiality analysis, taking into account the characteristics of the Group's business model and the specific operational features of the sectors in which it operates.
The interaction between these impacts and the corporate strategy is reflected in the integration of the related topics within the Made to Matter Plan. For further details on how the relevant impacts, both negative and positive, related to each topic affect people and the environment, please refer to the following chapters.
A summary table is provided below, describing the relevant impacts, risks and opportunities identified. It also indicates the type of impact, the time horizon and the location of the IROs within own operations and the value chain.
Where appropriate, the current financial effects of the relevant risks and opportunities on the Group's financial position, financial performance and cash flows are also indicated.

ESRS TOPIC	IRO	DESCRIPTION	TYPE OF IMPACT	TIME HORIZON	VALUE CHAIN	ACTUAL FINANCIAL EFFECT	RELATED POLICIES
E1 - Climate Change	IMPACT	Contribution to international decarbonization goals in the energy transition of the heating sector, through the development of enabling products across various areas of application—such as the use of alternative fuels (hydrogen and biogas), low-energy-consumption equipment, and non-combustion technologies.	Positive Actual	Short	Downstream	N/A	Environmental Sustainability Policy Code of Conduct
	IMPACT	Contribution to climate change through the generation of direct and indirect greenhouse gas emissions arising from activities carried out in the Group's facilities and along the value chain.	Negative Actual	Short	Cross	N/A	
	RISK	<u>Risks related to GHG emissions reduction</u> The evolution of the market and the regulatory framework in the environmental and energy fields may lead to an increase in operating costs and investments required for the Group's technological transition towards solutions with a lower emissions impact.	N/A	Medium; Long	Cross	The financial impact associated with the photovoltaic system at the Padua site is represented by a net book value of EUR 731 thousand as of 31 December 2025 (investments amounted to EUR 860 thousand as of 31 December 2024).	
	OPPORTUNITY	<u>Supporting the transition towards low-emission technologies</u> SIT is investing in products that contribute to the reduction of greenhouse gas emissions and to the transition towards a low-carbon economy. SIT's technological innovations provide the opportunity to monitor and reduce gas and electricity consumption, use alternative fuels instead	N/A	Medium	Cross	The Group invested EUR	

		of fossil fuels, and develop solutions for the electrification of domestic heating appliances. This commitment confirms SIT's role as a trusted partner for customers and key stakeholders in the sector, and represents a growth and development opportunity for the Group.				3.5 million[1] in the development of products aligned with its roadmap towards low-emission technologies (EUR 5.5 million as of 31 December 2024).	
	IMPACT	Energy consumption from non-renewable sources within operations, as well as across the value chain, contributes to the depletion of energy reserves and to the emission of greenhouse gases.	Negative Actual	Short	Cross	N/A	
E2 - Pollution	RISK	<u>Risks arising from soil remediation obligations</u> There is an operational, financial, and reputational risk associated with the ongoing remediation of soil contamination caused by the improper disposal of polluting materials in the 1980s.	N/A	Short	Core	The remediation provision amounted to EUR 1,098 thousand as of 31 December 2025 (EUR 1,144 thousand as of 31 December 2024).	Environmental Sustainability Policy Code of Conduct Health and Safety Policy
E3 - Water and marine resources	IMPACT	Through its water metering business, SIT contributes to a more efficient management of water resources, promoting the reduction of water withdrawals and waste.	Positive Actual	Short	Downstream	N/A	Environmental Sustainability Policy
	IMPACT	Reduction in water availability due to the Group's water withdrawals and those of actors across its value chain, particularly in water-stressed areas.	Negative Actual	Short	Cross	N/A	
	OPPORTUNITY	<u>Expansion and Innovation through the Development of Water Metering</u> SIT Group's focus on developing innovative technological applications for water meters, including smart ultrasonic meters, offers the opportunity to expand market presence, differentiate from competitors, and strengthen the company's competitiveness. This technological evolution can support the optimization of water consumption and the promotion of sustainable business models, improving long-term profitability through the expansion of the product and service portfolio into new markets and sectors, while creating opportunities for strategic alliances and partnerships.	N/A	Medium	Cross	In 2025, the Group invested €373[2] thousand in the development of Smart Water Metering (€840 thousand as of December 31, 2024).	
E5 - Circular Economy	IMPACT	The procurement and use, by the Group and its value chain, of materials and components derived from virgin or non-	Negative Actual	Short	Cross	N/A	Environmental

[1] The expected benefits associated with this opportunity are outlined in the Company's Industrial Plan.

[2] The expected benefits associated with this opportunity are outlined in the Company's Industrial Plan.

		recycled resources contributes to increasing the demand for extractive activities, resulting in the depletion of natural reserves.					Sustainability Policy Code of Conduct
	IMPACT	Activities carried out at production sites generate waste, both non-hazardous and hazardous, which, if not properly managed, can have negative impacts on the surrounding environment and on human health.	Negative Potential	Medium	Core	N/A	
S1 - Own workforce	IMPACT	The rationalization of personnel costs in the current market context in which the Company operates may affect the organizational climate and foster a sense of insecurity among employees.	Negative Actual	Short	Core	N/A	Code of Conduct Human Rights Policy
	IMPACT	The current adverse market conditions may also affect the relationship between the Company, employees, and trade unions in the management of social dialogue and collective bargaining.	Negative Potential	Short	Core	N/A	
	IMPACT	Enhancing employee engagement, motivation, and well-being through initiatives that support work–life balance, such as flexible working arrangements, parenting support, psychological counseling services, and practical tools for time management.	Positive Actual	Short	Core	N/A	Code of Conduct Human Rights Policy Diversity and Inclusion Policy Parental Policy
	IMPACT	The occurrence of injuries or other incidents in the workplace may have negative consequences for the health of the Group's employees.	Negative Actual	Short	Core	N/A	Code of Conduct Human Rights Policy Health and Safety Policy
	IMPACT	Respect for gender equality enhances employee engagement, promotes diversity and inclusion, and contributes to a positive corporate culture.	Positive Actual	Short	Core	N/A	Code of Conduct Human Rights Policy
	IMPACT	The gender pay gap between women and men, also linked to historical and broader contextual factors, is a source of economic inequality.	Negative Actual	Short	Core	N/A	Diversity and Inclusion Policy Training Policy Hiring Policy Parental Policy Salary Review Policy
	IMPACT	The development of employees' professional skills through continuous training programs—including technical, general, and tailored pathways—supports both personal and professional growth.	Positive Actual	Short	Core	N/A	Code of Conduct Human Rights Policy
	IMPACT	Despite the presence of measures against violence and harassment at the Group's sites, discriminatory behaviors and gender stereotypes may still occur, as they stem	Negative Potential	Medium	Core	N/A	Diversity and Inclusion Policy

		not from the company's culture but from individual attitudes.					Training Policy Hiring Policy
	IMPACT	Enrichment of corporate culture, stimulation of innovation, and enhancement of reputation through an inclusive work environment characterized by employees of different genders, ages, and cultures.	Positive Potential	Medium	Core	N/A	
	IMPACT	Inadequate management or unauthorized use of employees' data may lead to incidents involving breaches of their privacy.	Negative Potential	Short	Core	N/A	Code of Conduct Human Rights Policy Hiring Policy Privacy Policy
	RISK	<u>Cybersecurity Risks</u> The company is exposed to cybersecurity risks and risks related to the adoption of Artificial Intelligence, which may lead to the loss, exfiltration, or unauthorized disclosure of corporate, sensitive, or personal data, potentially compromising intellectual property and causing operational disruptions. The use of AI systems also entails risks associated with the improper use of outputs, regulatory non-compliance (e.g., the AI Act), and unforeseen costs related to license management. Such events may result in significant impacts on operational continuity, compliance, and the company's reputation.	N/A	Medium	Core	For the 2025 financial year, the financial impact associated with cybersecurity measures is represented by capital expenditures of €35.6 thousand and operating costs of €49.8 thousand.	
S2 - Workers in the value chain	IMPACT	Contractors or suppliers for whom SIT is the primary customer may, in the event of a significant decline in volumes, find themselves forced to drastically reduce their activity, with consequent impacts on the employment of their workforce.	Negative Potential	Medium	Upstream	N/A	Code of Conduct Human Rights Policy
	IMPACT	The occurrence of injuries or other incidents in the workplace has negative consequences for the health of workers within the value chain.	Negative Actual	Short	Upstream	N/A	Code of Conduct Health and Safety Policy Human Rights Policy
	IMPACT	The potential use of child labor by any actor within the value chain constitutes a violation of human rights, compromising the health and development of the minors involved.	Negative Potential	Medium	Upstream	N/A	Code of Conduct Human Rights Policy
	IMPACT	The potential imposition of forced labor by any actor within the value chain constitutes a violation of human rights, compelling workers to provide services against their will.	Negative Potential	Medium	Upstream	N/A	
G1 - Business Conduct	IMPACT	Creation of a positive work environment through a corporate culture based on principles of ethics and integrity, supported and effectively implemented by corporate governance.	Positive Actual	Short	Core	N/A	Code of Conduct Anti Corruption Policy Anti trust Policy 231 Organizationa l Model
	IMPACT	Promotion of educational projects for young people through sport, and enhancement of culture, freedom of expression, and aspects such as inclusion, diversity, and disability, also through activities carried out by the SIT Foundation.	Positive Actual	Short	Cross	N/A	
	RISK	<u>Risks related to adaptation to sector developments</u>	N/A	Medium; Short	Cross	No significant financial	

		The evolution of the ESG regulatory framework and stakeholder expectations may lead to costs associated with product innovation and the adjustments required to ensure compliance with new regulations, as well as exposure to penalties in the event of non-compliance.				impacts were identified.	
	IMPACT	Failure to monitor suppliers with respect to ethical, environmental, and safety practices increases the likelihood of negative consequences for the environment and the social well-being of stakeholders.	Negative Potential	Medium	Cross	N/A	Code of Conduct Health and Safety Policy
	IMPACT	SIT adopts an ethical approach to business conduct through the implementation of an anti-corruption policy, targeted training on the topic, and a zero-tolerance approach toward corruption, enabling the identification of unlawful behavior and ensuring transparency in corporate decision-making.	Positive Actual	Short	Core	N/A	Code of Conduct Anti corruption Policy 231 Organizational Model
	RISK	<u>ESG Compliance in the Supply Chain</u> The need to strengthen ESG audit systems and improvement plans with respect to suppliers may lead to increased operating costs and require additional resources that are currently unplanned. Delays in the implementation of ESG measurement, rating, auditing, and improvement systems may also negatively affect the company's ability to respond to stakeholder expectations, particularly those of key customers who may require them as contractual obligations or as criteria in tender evaluations.	N/A	Medium; Long	Cross	No significant financial impacts were identified.	Code of Conduct
	RISK	<u>Management of Payment Terms</u> The adjustment of payment terms with certain suppliers, in a context of declining revenues, may entail risks related to meeting delivery deadlines and ensuring production continuity, with potential operational impacts and effects on customer satisfaction.	N/A	Medium; Long	Cross	No significant financial impacts were identified.	
	RISK	<u>Risk related to supply chain disruption</u> Vulnerabilities along the supply chain may compromise operational continuity and the smooth running of business activities. The potential reliance on a single supplier or dependence on a limited number of suppliers in certain product categories increases the risk of disruptions in the short term. Furthermore, given the international nature of the supply chain, logistical issues—also arising from exogenous geopolitical factors—may affect operational management.	N/A	Medium; Long	Cross	No significant financial impacts were identified.	

As described in paragraph IRO-1 below, the Company has updated its materiality analysis to reflect the evolution of the reference context, as well as the results of stakeholder engagement activities and internal reassessments. The main changes compared to the previous financial year are outlined below:

- With reference to topic E2 – Pollution, the reassessment of IROs led to the Air Pollution sub-topic no longer being considered material, also in light of the Group's air emission levels

which, based on continuous monitoring processes, are well below the thresholds set out in Annex II of Regulation (EC) No. 166/2006;

- With regard to topic S1 – Own Workforce, the impacts related to "Child Labor" and "Forced Labor" were assessed in 2025 as non-material, following considerations on the absence of cases to date and the low likelihood of such cases occurring in the future;
- With reference to topic S4 – Consumers and End Users, a stricter interpretation of the scope of application of the topic was adopted in the 2025 materiality analysis. The Company reassessed the relevance of impacts, risks, and opportunities associated with this topic and, considering the Group's exclusively Business-to-Business (B2B) business model, deemed the related IROs no longer material, as it does not have individuals/private persons as direct customers who ultimately use the products sold or who purchase, consume, or use the goods sold by the Group for personal use.

It should also be noted that, in addition to the above-mentioned points, other minor changes have occurred compared to the previous year, which do not have a significant impact on the Sustainability Report.

The ways in which the Company has managed the material IROs are illustrated in the relevant thematic chapters, to which reference should be made for detailed information.

In periodically updating its Sustainability Plan and the related objectives, the Group is committed to considering the impacts, risks, and opportunities emerging from the double materiality analysis. The Group has subjected its Business Plan (PAM 2027–2030), approved by the Board of Directors on April 7, 2025, to an Independent Business Review (IBR) conducted by an independent expert advisor, which confirmed the reasonable feasibility of the Group's strategy outlined in the Plan. The IBR tested the main assumptions of the Business Plan and market scenarios through various sensitivity analyses aimed at assessing the resilience of the defined strategy. The analysis, both quantitative and qualitative, also covered the regulatory and market context, with particular focus on European ESG regulations and market developments. This made it possible to identify the main risk and opportunity factors. For further details on the resilience analysis of the strategy in relation to climate change, please refer to Chapter 2.1. ESRS E1 Climate Change and paragraph IRO-1.

Furthermore, it should be noted that the SIT Group has not identified so-called entity-specific IROs, i.e., IROs not attributable to ESRS topics.

[IRO-1] DESCRIPTION OF THE PROCESS TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

The double materiality analysis process was developed during 2024 and updated in 2025, based on the requirements of the European Sustainability Reporting Standards and the guidelines provided by EFRAG, "IG1: Materiality Assessment Implementation Guidance." This activity enabled SIT to identify the relevant impacts, risks, and opportunities (IROs) at Group level.
In 2025, the list of IROs identified in the previous year was reviewed in light of developments in the regulatory, market, and operational context, as well as evidence gathered during the year, resulting in an update of the related materiality assessments.
The steps followed to carry out the analysis were as follows:

- Understanding the context
- Identification of IROs
- Assessment and determination of the materiality of IROs
- Reporting and consolidation of results

At each stage of the process, the relevant company functions and the Executive Committee of each Business Unit were involved, in order to ensure the highest possible level of completeness of the analysis.
The double materiality analysis was approved by the Board of Directors on April 7, 2026, following a favorable opinion from the Control, Risk and Sustainability Committee on March 27, 2026.

UNDERSTANDING THE CONTEXT

During 2025, the Company carried out an update of the benchmarking and contextual analysis, with particular reference to the overview of its activities and business relationships, the relevant regulatory and legal framework, and the identification of the main stakeholder categories, as key elements for identifying the Group's IROs.
Within this process, the input elements, such as corporate strategy, business model, value chain, stakeholder expectations, and governance bodies' inputs, were substantially confirmed. The analysis reaffirmed the sustainability issues arising from SIT's activities and its relationships with value chain actors and, where applicable, the ways in which they are managed.

IDENTIFICATION OF IROS

At this stage, the SIT group, after analyzing its context, carried out an in-depth assessment to identify impacts, risks, and opportunities, both current and potential, related to so-called sustainability matters. These include environmental, social, and governance aspects, both within its own operations and along the value chain, considering implications both upstream and downstream.
The identification and assessment process was structured around the two dimensions of double materiality: impact and financial.
In the 2024 analysis, for the identification of impacts, SIT's approach was to start from existing sustainability issues, those arising from GRI reporting, the context and benchmarking analysis, and the list of topics, sub-topics, and sub-sub-topics identified in Application Requirement (AR) 16 of ESRS 1.
Based on these preliminary analyses, a long list of impacts was drawn up, classified as Positive/Negative and Actual/Potential, linked to the topics, sub-topics, and sub-sub-topics listed in AR 16 of ESRS 1. For each of these, the effect along the value chain (upstream/downstream/core or cross-cutting) and the prevailing time horizon were identified.
In 2025, the list of impacts identified in 2024 was reviewed and updated, taking into account any changes in the context.

With regard to financial materiality, which focuses on the analysis of risks and opportunities and their related financial effects, the SIT Group developed a completely new process during the first year of reporting under the ESRS, in compliance with CSRD requirements and aligned with the Enterprise Risk Management (ERM) methodology already applied by the company for the structured and systematic assessment of business risks.
The identification of risks and opportunities, based on elements highlighted in the updated context analysis, took into consideration not only the sustainability matters outlined in AR 16, but also the Group's impacts and dependencies, in order to ensure the completeness of the analysis. These elements were linked to a list of risks and opportunities developed using the ERM methodology and the general guidelines "Applying Enterprise Risk Management to Environmental, Social and Governance-related Risks" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
Each category of risk and opportunity was subsequently associated with a financial effect that specifically describes the potential financial impact in the event that the risk or opportunity materializes.
The potential impacts, risks, and opportunities were assessed across three time horizons: short, medium, and long term.

ASSESSMENT AND DETERMINATION OF THE MATERIALITY OF IROS

The assessment phase of the identified impacts, risks, and opportunities requires the definition of specific evaluation scales aligned with the criteria set out in ESRS 1.
Impacts were assessed by multiplying a Severity index by Probability. Severity comprises Scale, Scope, and Irremediability for impacts identified as negative[3]. Risks and opportunities were evaluated using the criteria of Magnitude, namely the extent of the associated financial effects in terms of EBITDA and Cash Flow, and Probability, i.e., the likelihood that such financial effects will occur. The use of these parameters for assessing IROs enables the Group to prioritize the identified impacts, risks, and opportunities based on an objective metric.
The adoption in 2025 of the same metrics for the financial evaluation of risks within both the corporate ERM process and the materiality analysis ensures a consistent approach to the identification, prioritization, and management of such risks and opportunities within the company's strategy.

STAKEHOLDERS ENGAGEMENT

With a new and more structured approach compared to the previous year, in 2025 the long list of impacts, risks, and opportunities—initially assessed by a core team composed of the Sustainability and CFO functions—was subsequently submitted for evaluation by key stakeholders.
Among stakeholders, employees and collaborators were identified as fundamental for sharing the double materiality analysis and were therefore involved as a priority compared to other categories.
Stakeholder engagement, based on a process discussed and agreed upon with the corporate functions during dedicated meetings—particularly with the Directors of Heating & Ventilation, Gas Metering, and Water Metering—was conducted at two levels.

3 The severity of potential adverse human rights impacts was multiplied by 1.5 in order to give it greater weight than likelihood, in accordance with the provisions of ESRS 1.

A first phase involved homogeneous groups of employees selected based on their skills, responsibilities, experience, and in-depth knowledge of the SIT Group, the topics under assessment, and the relevant sector.
The groups were defined by aligning the interviewees' competencies with the ESRS areas:

- Focus Governance (Legal, HR, Internal Audit): Governance topics
- Focus Product (Marketing & R&D): Environmental topics
- Focus People (HR): People topics
- Focus Supply Chain (PUR, HSE): Supply Chain workers topics
- Focus Operation (Plant Managers): Environmental topics

Each group was asked to assess the topics that were particularly relevant to its area of responsibility. However, all participants were provided with the full long list of impacts and were encouraged to assess, on a voluntary basis, any impacts beyond their specific area of focus. They were also invited to identify any additional impacts they considered relevant that were not included in the proposed long list. In relation to financial materiality, the groups were asked to assess only the likelihood of risks and opportunities, as the evaluation of their magnitude falls within the responsibility of the Finance function.

By combining the stakeholder assessments with the preliminary evaluations carried out by a core team comprising the SIT Sustainability team and the CFO, a shortlist of impacts, risks and opportunities was developed and subsequently submitted for final validation to the Executive Committees of the Heating & Ventilation and Metering Business Units.
The involvement of the identified functions forms part of the internal control system supporting the verification of the accuracy, adequacy and reliability of the assessments performed for the identification of material IROs. At the conclusion of the stakeholder engagement process, the core team composed of the Sustainability and Finance functions conducted a critical review of the collected assessments in order to ensure their appropriate integration into the process of identifying material IROs.
To determine the materiality of each impact, risk and opportunity, two distinct quantitative materiality thresholds were established, one for impact materiality and one for financial materiality. These thresholds enabled the identification of those impacts, risks and opportunities whose assessment exceeded the relevant threshold value and were therefore considered material for the SIT Group.
The outcome of the Double Materiality Assessment, together with the methodology applied, was first submitted to the Risk Control and Sustainability Committee and subsequently approved by the Board of Directors of SIT S.p.A., thereby confirming the identified material impacts, risks and opportunities.
Material IROs are appropriately managed by the SIT Group in order to mitigate negative impacts and risks and to pursue opportunities and positive impacts, with the related management process being integrated into the Group's Enterprise Risk Management (ERM) system.

REPORTING AND RESULTS CONSOLIDATION

The Double Materiality Assessment process described above enabled the identification of the final shortlists, one relating to material impacts and the other to material risks and opportunities, and the consolidation of the material topics, sub-topics and sub-sub-topics to be disclosed in the 2025 Sustainability Statement.

CONSIDERATIONS ON SPECIFIC ESRS TOPICS

In accordance with the IRO disclosure requirements set out in ESRS E1, E2, E3, E4, E5 and G1, the following considerations are provided in addition to the IRO methodology described above.

E1 – Climate Change

SIT is significantly affected by climate change. Therefore, the Group's Business Plan, which defines the product development technology roadmap, as well as the materiality assessment, have been developed taking into account the findings of the climate scenario analysis.
As part of the IRO assessment, the following climate change-related risks and opportunities were identified as material, both of which are transition-related:

- Medium-term risk associated with the reduction of GHG emissions;
- Medium- to long-term opportunity associated with the transition to low-emission technologies.

The Group's resilience assessment with respect to climate change mitigation and adaptation was developed on the basis of a climate scenario analysis. This analysis considered a range of possible future contexts in which the Group may operate, enabling the identification and evaluation of potential business impacts and the definition of appropriate responses and actions to manage related risks and opportunities, including those arising from SIT's position within its value chain.The scenarios considered, encompassing both transition and physical climate scenarios and combining quantitative and qualitative elements, were based on publicly available data and were designed to ensure that no relevant physical or transition risks were excluded from the assessment.

The sources used for the scenario analysis were based on publicly available projections and studies, including those issued by the European Commission, the International Energy Agency (IEA) through its World Energy Outlook, the U.S. Energy Information Administration (EIA), the International Renewable Energy Agency (IRENA), and the United Nations World Urbanization Prospects, as well as additional sources from private research institutions and industry-specific studies.
The scenario analysis was conducted in 2021 and considered short-, medium- and long-term time horizons. Four climate scenarios were assessed: a Current Policies Scenario (+3.0°C), reflecting existing public policies; a Stated Policies Scenario (+2.7°C), reflecting announced policy commitments; a Sustainable Development Scenario (+1.65°C), aligned with the Sustainable Development Goals; and a Net Zero Emissions Scenario (+1.5°C).
These scenarios take into account the expected technological developments required to achieve decarbonisation objectives.
For each scenario and for each geography relevant to the Group, projections were developed regarding energy consumption and the evolution of the energy mix, the macroeconomic impacts on the sectors in which SIT operates, and the potential developments of the following Group business drivers, with a particular focus on the Heating & Ventilation business:

- Electrification, in terms of the evolution of the energy mix;
- Hydrogen, as a specific component of the future energy mix;
- Energy efficiency, with reference to the categories of appliances incorporating SIT components;
- Servitization, in terms of its impact on SIT's business model;
- Digitalisation, in terms of its impact on SIT's business model;
- Home automation, as a defining feature of residential buildings and homes.

These drivers, as applied within the context of the end-use applications of SIT's products and services, incorporate the main climate-related transition events, based on the classification developed by the Task Force on Climate-related Financial Disclosures (TCFD).

For each Heating & Ventilation technology and for the related macro-categories of applications, dedicated engagement activities were carried out with key customers to understand and discuss their strategic product development outlook. These insights were then assessed against the various climate scenarios, enabling the Group to develop indicative estimates of market size and evolution through to 2040.

As further considerations regarding SIT's resilience and its ability to capture opportunities arising from the climate transition, the Group assessed technology adjacencies in relation to its existing technology portfolio and, accordingly, launched a development and investment plan aligned with the outcomes of the analysis.

With regard to the Group's Metering business, the scenario analysis did not identify any factors significantly different from those underpinning the level of resilience observed for the Heating & Ventilation business. As a result, a product development plan was defined that envisages the increasing introduction of components for residential and commercial electric heat pumps, mechanical ventilation systems, and fans for kitchen hoods and other applications within the HoReCa sector. Based on the Heating & Ventilation Business Unit's Business Plan, the expected market trends and related Group revenues by product family, generated using the tangible and intangible fixed assets currently recognised in the Group's financial statements, do not indicate the existence of any additional impairment losses or financial impacts arising from climate transition effects beyond those already reflected in the financial disclosures.

With regard to the identification and assessment of physical climate risks, the climate scenario analysis focused exclusively on the Group's own operations and did not extend to upstream or downstream value chain actors.

Within its own operations, the Group used climate risk assessments aligned with the climate risk classification set out in Commission Delegated Regulation (EU) 2021/2139, drawing on risk evaluations provided by Nathan – Natural Hazards Assessment Network (Munich Re) for the Group's main operating sites.

The physical risks considered included earthquakes, volcanic eruptions, tsunamis, tropical cyclones, extratropical storms, hailstorms, tornadoes, lightning, river flooding, flash flooding, storm surges and wildfires. These climate-related physical hazards were assessed across short-, medium- and long-term time horizons, and the Group's assets and activities were reviewed to determine their potential exposure. Overall, 64% of the Group's operating sites were assessed against the environmental risks identified above.

The analysis produced a risk profile for each site across the various hazard categories. Through a quantitative weighting methodology updated during 2025, the Group's exposure of fixed assets to the identified physical risks was subsequently calculated.

The resulting level of exposure, together with the assessed likelihood of occurrence and the mitigation measures already in place, indicates that no material financial impacts are expected to arise from these risks.

The Company has implemented appropriate emergency management procedures to safeguard business continuity against physical risks. These risks are monitored through property risk assessments and business continuity reviews, supported by specialised insurance risk advisory firms.

In assessing the impacts associated with climate change, SIT analysed both the main sources of greenhouse gas (GHG) emissions arising from its operations, products and value chain, and the contribution to decarbonisation objectives enabled through the development of products that support the transition to a low-carbon economy.

E2 - Pollution

All SIT group sites operate in compliance with the regulations in force in the countries in which they are located, to safeguard both the workforce and the local environment. Accordingly, they have implemented appropriate management and monitoring practices.

The Group considered all business activities within the process for identifying material impacts, risks and opportunities, in line with the outcomes of the materiality assessment. SIT continuously monitors its activities in order to identify any emerging material impacts, risks and opportunities.

In this regard, consultations with affected communities have not been deemed necessary at this stage. Nevertheless, the Company will continue to monitor relevant developments and will assess the potential involvement of affected stakeholders in the future, as appropriate and in line with its management approach and strategic priorities.

E3 – Water and Marine Resources

The process for identifying and assessing impacts, risks and opportunities related to water use took into account the fact that several of the Group's sites are located in areas experiencing high water stress, although water consumption in these locations remains relatively limited. To support a more effective identification of water-related impacts, risks and opportunities, the SIT Group mapped its sites and the corresponding water-stressed areas using the World Resources Institute's *Aqueduct* tool. Furthermore, the Group considered the potential impacts generated by the Water Meter Business Unit, particularly the positive downstream impacts arising along the value chain.

In this regard, consultations with affected communities have not been deemed necessary at this stage. Nevertheless, the Company will continue to monitor relevant developments and will assess the potential involvement of affected stakeholders in the future, as appropriate and in line with its management approach and strategic priorities.

The topic of marine resources did not emerge as material during the Double Materiality Assessment.

E4 – Biodiversity and Ecosystems

In line with the Group's double materiality methodology, as described in section IRO-1, the Company updated its assessment aimed at identifying and evaluating potential impacts, risks and opportunities related to biodiversity and ecosystems by integrating a structured territorial analysis of its production sites.

The assessment was conducted using a set of internationally recognised environmental databases, including Key Biodiversity Areas (KBA), the Ramsar Sites Information Service, the UNESCO World Heritage Centre, the Natura 2000 Network and the World Database on Protected Areas (Protected Planet), with the objective of determining whether any Group sites are located within or in proximity to ecologically sensitive areas.

For each site, the analysis assessed distances against predefined reference thresholds (ranging from less than 1 km to more than 10 km) in order to determine the potential geographic exposure to biodiversity-sensitive areas. The use of these databases supported the Company in identifying and assessing biodiversity-related IROs and confirmed the absence of material impacts, opportunities and risks, including systemic risks.

The analysis showed that the Group's sites are not located within biodiversity-sensitive areas. At the same time, the Tunisian facility of Plast Alfin S.a.r.l. is situated in proximity to the Sebkhet Sejoumi Ramsar Site. While acknowledging this geographical proximity, the Company considers that the activities carried out at the facility do not exert significant pressures on the protected area, given the nature of the operations performed, the location of the site within a regulated industrial area and the highly urbanised context in which the facility operates.

Consequently, no specific mitigation measures or dedicated consultation processes with local communities or protected area managers have been deemed necessary. Nevertheless, the Company

maintains the stakeholder engagement channels ordinarily available and described in section SBM-2 in order to identify and address any potential issues should they arise.

E5 – Use of resources and circular economy

The SIT Group analysed inbound and outbound material flows as part of its assessment of impacts, risks and opportunities related to the use and nature of the resources employed in its products and components. This aspect is already monitored through life-cycle assessment (LCA) activities and in the calculation of product carbon footprints. The assessment did not identify any material risks or opportunities associated with resource use and resource inflows.

The IRO assessment was also carried out in relation to waste generation and the main materials used in production processes across the Group's sites and activities. Through its existing management and monitoring processes, the SIT Group continuously oversees waste streams and material consumption in order to identify any emerging impacts, risks or opportunities.

At this stage, no additional consultations with affected communities have been considered necessary. Nevertheless, the Company will continue to monitor relevant developments and will assess the potential involvement of relevant stakeholders in the future, in line with its sustainability management approach and strategies.

G1 – Business Conduct

In the process of identifying material impacts, risks and opportunities relating to business conduct, the SIT Group considered a range of factors, including the location, nature of activities, sector characteristics and operational structure of both its own operations and the relevant value chain.

The SIT Group reviews its Double Materiality Assessment on an annual basis to ensure that any new developments, emerging trends or changes in the operating context are appropriately taken into account.

[IRO-2] DISCLOSURE REQUIREMENTS OF ESRS COVERED BY THE CORPORATE SUSTAINABILITY STATEMENT

The Double Materiality Assessment enabled the identification of material IROs, namely those assessed above the impact materiality and/or financial materiality thresholds, as described in section IRO-1, together with the related sustainability matters.
As a result, the disclosure requirements and corresponding data points to be reported within the Sustainability Statement were determined.
The disclosures included in this Sustainability Statement are presented in the table below.

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INFORMATION FROM OTHER EU LEGISLATION OR GENERALLY ACCEPTED SUSTAINABILITY REPORTING STANDARDS AND FRAMEWORKS, INCLUDED IN THE SUSTAINABILITY STATEMENT

Disclosure Requirement and related datapoint	SFDR [4] reference	Pillar 3 [5] reference	Benchmark Regulation [6] reference	EU Climate Law [7] reference	Page and/or N.O.
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator number 13 of Table #1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816 [8], Annex II		67
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II		67
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 Table #3 of Annex 1				72
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicators number 4 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 [9] Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		Not Material
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		Not Material

[4] Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (Sustainable Finance Disclosures Regulation) (OJ L 317, 9.12.2019, p. 1)

[5] Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (Capital Requirements Regulation "CRR") (OJ L 176, 27.6.2013, p. 1)

[6] Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1).

[7] Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') (OJ L 243, 9.7.2021, p. 1).

[8] Commission Delegated Regulation (EU) 2020/1816 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published (OJ L 406, 3.12.2020, p. 1).

[9] Commission Implementing Regulation (EU) 2022/2453 of 30 November 2022 amending the implementing technical standards laid down in Implementing Regulation (EU) 2021/637 as regards the disclosure of environmental, social and governance risks (OJ L 324,19.12.2022, p.1 .).

ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818 ([10]), Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not Material
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not Material
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2(1)	114
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book-Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article12.1 (d) to (g), and Article 12.2		114
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table #2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		123-124
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1				125
ESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 Table #1 of Annex 1				125
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table #1 of Annex 1				125-126
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[10] Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks (OJ L 406, 3.12.2020, p. 17)

Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44		book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Article 5(1), 6 and 8(1)		
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicators number 3 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		132
ESRS E1-7 GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	Not Material
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		Not Material
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.			Not Material
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34;Template 2:Banking book -Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral			Not Material
ESRS E1-9 Degree of exposure of the portfolio to climate- related opportunities paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		Not Material
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1				135
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ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 Table #2 of Annex 1				Not Material
ESRS E3-4 Total water consumption in m^3 per net revenue on own operations paragraph 29	Indicator number 6.1 Table #2 of Annex 1				Not Material
ESRS 2- IRO-1 - E4 paragraph 16 (a) i	Indicator number 7 Table #1 of Annex 1				Not Material
ESRS 2- IRO-1 - E4 paragraph 16 (b)	Indicator number 10 Table #2 of Annex 1				Not Material
ESRS 2- IRO-1 - E4 paragraph 16 (c)	Indicator number 14 Table #2 of Annex 1				Not Material
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table #2 of Annex 1				Not Material
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator number 12 Table #2 of Annex 1				Not Material
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table #2 of Annex 1				Not Material
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ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table #3 of Annex I				154-155
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ESRS S1-3 grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex I				162
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		180
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex I				Not Material
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ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table #3 of Annex I				181
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex I				182
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ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		185
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19			Delegated Regulation (EU) 2020/1816, Annex II		185
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex 1				189
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1				Not Material
ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines paragraph 17	Indicator number 10 Table #1 Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not Material
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 of Annex 1				Not Material
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				Not Material
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not Material
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex 1				Not Material
ESRS G1-1	Indicator number 15 Table #3 of Annex 1				194-195

United Nations Convention against Corruption paragraph 10 (b)					
ESRS G1-1 Protection of whistle-blowers paragraph 10 (d)	Indicator number 6 Table #3 of Annex 1				195-197
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II)		203
ESRS G1-4 Standards of anti-corruption and anti-bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex 1				203

2. ENVIRONMENTAL INFORMATION

Taxonomy Regulation– Disclosure pursuant to Article 8 of Regulation (EU) 2022/852

LEGAL CONTEXT

The European Taxonomy (Regulation (EU) 2020/852, hereinafter also referred to as the **"Taxonomy Regulation"**) establishes six environmental objectives for identifying environmentally sustainable economic activities:

1. **Climate change mitigation**;
2. **Climate change adaptation**;
3. **The sustainable use and protection of water and marine resources**;
4. **The transition to a circular economy**;
5. **Pollution prevention and control**;
6. **The protection and restoration of biodiversity and ecosystems**.

According to the Taxonomy Regulation, an economic activity is considered environmentally sustainable where it:

- contributes substantially to one or more of the six environmental objectives referred to above;
- does not cause significant harm to any of the environmental objectives (Do No Significant Harm – DNSH);
- is carried out in compliance with the minimum safeguards, consistent with the OECD Guidelines and the UN/ILO Guiding Principles on business and human rights;
- complies with the Technical Screening Criteria adopted by the European Commission for each relevant environmental objective.

In accordance with Commission Delegated Regulation (EU) 2026/73, the SIT Group has elected, for the current reporting period, to continue applying the Taxonomy disclosure framework as in force on 31 December 2025, making use of the transitional provisions introduced by the Regulation. Accordingly, this Taxonomy disclosure has been prepared using a methodology consistent with that applied in the previous reporting year.

CONTEXT OF REFERENCE

The SIT Group is committed to contributing to the framework established by the European Union through its activities, which are characterised by a strong focus on research, innovation and sustainability.
In line with the EU's decarbonisation objectives, SIT pursues the research and development of products that enable its customers to design heating applications with lower CO_2 emissions, higher energy efficiency and operation based on electricity or alternative fuels to natural gas. Through the design and implementation of advanced technological solutions within the Heating & Ventilation sector, SIT's products contribute to reducing the energy consumption of end-use applications, thereby supporting efforts to achieve the European Union's greenhouse gas emission reduction targets.
In addition, through its Metering Business Unit, the Group promotes the development of smart products, including the introduction of innovative technologies for measuring both gas and water consumption. These solutions enable network operators and end users to better understand and monitor their consumption patterns, contributing to the reduction of waste and supporting, respectively, greater energy efficiency and water conservation.

ANALYSIS METHODOLOGY

In 2025, the SIT Group identified a number of its economic activities as **Taxonomy-eligible**, meaning that they are described within the Climate Delegated Act (Commission Delegated Regulation (EU) 2021/2139) and the Environmental Delegated Act (Commission Delegated Regulation (EU) 2023/2486). The assessment of the eligibility of SIT's economic activities was carried out based on the Group's best interpretation and understanding of the applicable regulatory framework, taking into account the FAQs and additional guidance issued in the years following the Group's initial Taxonomy assessments.

The Group is organised into three Business Units (BUs):

- The **Heating & Ventilation Business Unit** manufactures and markets components that are integrated into products capable of contributing to the energy efficiency of buildings, such as components for condensing boilers and hybrid heating systems, heat recovery units, heat pump components, room thermostats, electronics for the intelligent control of fireplaces, and range hood fans. Other SIT products are key components used in the development of low-carbon technologies, including hydrogen-ready appliances, thermally driven heat pumps, biomethane systems and pellet stoves. Through the use of SIT components, customers can optimise the energy performance of their products, thereby improving building energy efficiency, reducing energy consumption and lowering greenhouse gas emissions.
- The **Smart Gas Metering Business Unit** is engaged in the development, manufacturing and distribution of next-generation gas meters. These advanced devices enable the accurate measurement of gas consumption in real time and the automatic transmission of consumption data to energy providers, eliminating the need for manual readings and allowing more efficient management of building energy performance. As such, smart gas meters can contribute to the reduction of energy waste and GHG emissions by supporting more responsible gas consumption.
- The **Water Metering Business Unit** operates in the residential volumetric water meter sector and focuses on the development and production of innovative technological solutions aimed at providing increasingly accurate and reliable measurement of water consumption.

For the purposes of the assessment of Taxonomy-eligible activities, and based on the analyses performed, the interpretation of the applicable regulatory framework and the clarifications provided by the European Commission, SIT adopted a prudent approach. Accordingly, only the following activities listed in the Environmental Delegated Act were considered eligible:

- 1.1 Manufacture and installation (including related services) of leakage control technologies that reduce and prevent leakages in water supply systems;
- 4.1 Provision of IT/OT (Information Technology/Operational Technology) data-driven solutions for leakage reduction.

COMMISSION DELEGATED REGULATION (EU) 2023/2486
of 27 June 2023 (Annex I)

SUSTAINABLE USE AND PROTECTION OF WATER AND MARINE RESOURCES			
ART	**ACTIVITY AS DEFINED BY THE EU TAXONOMY**	**SIT GROUP BUSINESS ACTIVITIES**	**ELIGIBILITY KPIs**
1.1	**MANUFACTURE AND INSTALLATION (INCLUDING RELATED SERVICES) OF LEAKAGE CONTROL TECHNOLOGIES THAT REDUCE AND PREVENT LEAKAGES IN WATER SUPPLY SYSTEMS**	DEVELOPMENT, MANUFACTURING AND SALE OF: • **RESIDENTIAL, COMMERCIAL AND INDUSTRIAL WATER METERS**	**SALES** **CAPEX** **OPEX**
4.1	**PROVISION OF IT/OT (INFORMATION TECHNOLOGY/OPERATIONAL TECHNOLOGY) DATA-DRIVEN SOLUTIONS FOR LEAKAGE REDUCTION**	DEVELOPMENT, MANUFACTURING AND SALE OF: • **SMART WATER METERS WITH DATA CONNECTIVITY** • **DEVICES ENABLING CONNECTIVITY FOR CONVENTIONAL WATER METERS**	

With specific reference to the investments and operating expenditure incurred by the Group during the reporting year, the following economic activities were identified as relevant:

- Activity 1.1 – Manufacture and installation (including related services) of leakage control technologies that reduce and prevent leakages in water supply systems, as described in the Environmental Delegated Act;
- Activity 4.1 – Provision of IT/OT (Information Technology/Operational Technology) data-driven solutions for leakage reduction, as described in the Environmental Delegated Act.

Following the eligibility assessment, the Group **evaluated the alignment** of its eligible activities by verifying whether they make a substantial contribution to at least one of the environmental objectives established by the Taxonomy Regulation, comply with the applicable Technical Screening Criteria, do not significantly harm any of the other environmental objectives (DNSH – Do No Significant Harm), and are carried out in compliance with the Minimum Safeguards.

With the support of internal technical experts, the Company carried out a detailed assessment aimed at identifying, within the portfolio of activities classified as eligible, those that effectively meet the technical criteria established under the EU Taxonomy framework.

Applying a prudent approach and based on the best technical assumptions and interpretations of Delegated Regulations (EU) 2021/2139, 2021/2178, 2023/2485 and 2023/2486, which supplement Regulation (EU) 2020/852, available at the date of preparation of this disclosure, as well as on the most recent guidance and FAQs published by the European Commission, the Group has decided not to classify the eligible activities identified for FY2025 as Taxonomy-aligned.

In this context, it should be noted that the data and information presented in this section may be subject to future revisions as a result of further developments in the applicable regulatory framework and/or the emergence of new shared market practices and standards within the sectors in which the Group operates.

ANALYSIS OF TAXONOMY-ELIGIBLE ACTIVITIES

Below we present the activities considered **Taxonomy-eligible** under the EU Taxonomy and the SIT Group's assessment of their contribution to the environmental objective of the **sustainable use and protection of water and marine resources**:

- **Activity 1.1 – Manufacture and installation (including related services) of leakage control technologies that reduce and prevent leakages in water supply systems.**

The development, manufacture and sale of residential, commercial and industrial water meters enable accurate and real-time monitoring of water consumption, promoting the efficient management of water resources and the prevention of waste, and represent a contribution to the sustainable use and protection of water resources, potentially in line with the Technical Screening Criteria set out in Annex I to Commission Delegated Regulation (EU) 2023/2486.
These devices contribute to the reduction of losses along the network, to raising user awareness and to the optimisation of water resource planning by network operators.
In particular, the water meter is an integral part of the District Metered Areas (DMA) control system, through which the network is divided into controlled zones with the objective of monitoring how much water is introduced into each zone and comparing it with the quantity actually supplied to individual consumption points within the same zone.
The objective for network operators is to reduce so-called Non-Revenue Water (NRW) and to identify the priority areas where investments for infrastructure renewal should be made.

- **Activity 4.1. Provision of IT/OT (Information Technology/Operational Technology) data-driven solutions for leakage reduction**

The design, manufacture and marketing of smart water meters equipped with data connectivity, and of devices enabling connectivity in traditional water meters, contribute to the sustainable use and protection of water resources, potentially in line with the Technical Screening Criteria set out in Annex I to Commission Delegated Regulation (EU) 2023/2486. The integration of communication technologies into metering systems enables the collection and synchronisation of consumption data, making it possible to accurately compare the recorded volumes. This allows the timely detection of potential leakages in the water network or at end-user premises, including in the presence of low or night-time flows, which are often not detected by traditional meters but may be indicative of hidden leaks. In addition, it makes it possible to provide a proactive service through targeted notifications indicating the possible presence of leakages and the need for corrective action. This approach helps reduce water waste, improve the efficiency of water resource management and encourage a more conscious use of water.

EU Taxonomy and KPI calculation methodology

The EU Taxonomy requires the Group's Taxonomy-eligible and/or Taxonomy-aligned activities to be disclosed through three key performance indicators (KPIs):

- **Turnover**;
- **Capital Expenditure (CapEx)**;
- **Operating Expenditure (OpEx)**.

The assessment of the eligibility and alignment of the Group's economic activities was performed with reference to the environmental objectives of **climate change mitigation** and **the sustainable use and protection of water and marine resources**.

Turnover

Definition and reconciliation: The numerator of the KPI corresponds to the Taxonomy-eligible revenue, as determined in accordance with the criteria set out in the EU Taxonomy. The denominator of the KPI corresponds to the Group's total revenue from ordinary activities generated in 2025, as recorded in the accounting records and presented in the consolidated financial statements prepared in accordance with IFRS.

Capex

Definition and reconciliation: The numerator of the KPI represents the proportion of capital expenditure (CapEx) associated with Taxonomy-eligible activities, while the denominator comprises additions to tangible and intangible assets during the reporting period, considered before depreciation, amortisation, impairments and any remeasurements, including those resulting from revaluations and impairment losses for the relevant financial year, and excluding fair value changes. The denominator also includes additions to tangible and intangible assets arising from business combinations.

In particular, capital expenditure includes costs recognised in the consolidated financial statements on the basis of: (a) IAS 16 Property, Plant and Equipment, paragraph 73(e)(i) and (iii); (b) IAS 38 Intangible Assets, paragraph 118(e)(i); (c) IAS 40 Investment Property, paragraphs 76(a) and (b) (fair value model); (d) IAS 40 Investment Property, paragraph 79(d)(i) and (ii) (cost model); (e) IAS 41 Agriculture, paragraphs 50(b) and (e); (f) IFRS 16 Leases, paragraph 53(h).

Opex

Definition and Reconciliation: Under the EU Taxonomy, the third reporting KPI is defined as the proportion of operating expenditure (OpEx) associated with Taxonomy-aligned activities or with a portion of the capital expenditure plan (limited to the share of expenditure not already included in the CapEx calculation).

In accordance with Commission Delegated Regulation (EU) 2021/2178, operating expenditure comprises direct non-capitalised costs relating to building renovation, research and development, short-term leases, maintenance and repairs. In addition, any other direct expenditure related to the day-to-day servicing of property, plant and equipment, whether carried out by the undertaking itself or by third parties to whom such activities are outsourced, falls within the same scope.

The Group also identified non-capitalised research expenditure that was recognised directly in the income statement. Research and Development expenses not directly attributable to specific eligible activities were allocated based on the proportion of hours worked on eligible projects relative to total project hours. Eligible maintenance expenses were estimated on the basis of cost centres and allocated to the various activities in proportion to the revenues generated by each activity.

EU Taxonomy: Nuclear Energy and Fossil Gas Activities.

	Activities related to nuclear energy	**Yes/No**
1	The undertaking carries out, finances, or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal fuel-cycle waste.	No
2	The undertaking carries out, finances, or has exposures to the construction and safe operation of new nuclear installations for the generation of electricity or process heat, including for district heating purposes or industrial processes such as hydrogen production, as well as to safety upgrades of such installations, using the best available technologies.	No
3	The undertaking carries out, finances, or has exposures to the safe operation of existing nuclear installations that generate electricity or process heat, including for district heating or industrial processes such as the production of hydrogen from nuclear energy, as well as to safety upgrades of such installations.	No
	Activities related to fossil gas	
4	The undertaking carries out, finances, or has exposures to the construction or operation of electricity generation facilities that use fossil gaseous fuels	No
5	The undertaking carries out, finances, or has exposures to the construction, refurbishment and operation of combined heat/cool and power generation facilities that use fossil gaseous fuels.	No
6	The undertaking carries out, finances, or has exposures to the construction, refurbishment and operation of heat generation facilities that produce heat/cooling using fossil gaseous fuels.	No

EU Taxonomy: Proportion of Turnover Derived from Products or Services Associated with Taxonomy-Aligned Economic Activities – Disclosure for the 2025 Reporting Year

Financial year N		Year		Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)(h)									
Economic activites (1)	Code (a) (2)	Turnover (3)	Proportion of Turnover, year N (4)	Climate change mitigation (5)	Climate change adaption (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaption (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year N-1 (18)	Category (enabling activity or) (19)	Category (transitional activity) (20)
Text		Euro mln	%	Y; N; N/EL; (b)(c)	Y; N; N/EL; (b)(c)	Y; N; N/EL; (b)(c)	Y; N; N/EL; (b)(c)	Y; N; N/EL; (b)(c)	Y; N; N/EL; (b)(c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmental sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	0%														%		
Of which enabling		-	0%														%	E	
Of which transitional		-	0%														%		T
A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities) (g)																			
MANUFACTURING AND INSTALLATION (AND RELATED SERVICES) OF LEAKAGE CONTROL TECHNOLOGIES THAT ENABLE THE REDUCTION AND PREVENTION OF LOSSES IN WATER SUPPLY SYSTEMS	WTR1,1	22.4	7%	N/EL	N/EL	EL	N/EL	N/EL	N/EL								9%		
PROVISION OF IT/OT (INFORMATION TECHNOLOGY / OPERATIONAL TECHNOLOGY) DATA-DRIVEN SOLUTIONS FOR LOSS REDUCTION	WTR4,1	10.4	3%	N/EL	N/EL	EL	N/EL	N/EL	N/EL								1%		
Turnover of Taxonomy-eligible but not environmentally		32.9	10%			10%											10%		
A. Turnover of Taxonomy eligible activities (A.1+A.2)		32.9	**10%**			10%											**10%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		286.2	**90%**																
TOTAL		319.1	**100%**																

Turnover Share / Total Turnover		
	Taxonomy-aligned by objective	**Taxonomy-eligible by objective**
CCM	0%	0%
CCA	0%	0%
WTR	0%	10%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

EU Taxonomy: Proportion of Capital Expenditure Derived from Products or Services Associated with Taxonomy-Aligned Economic Activities – Disclosure for the 2025 Reporting Year

Financial year N		Year		Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)(h)									
Economic activites (1)	Code (a) (2)	CapEx (3)	Proportion of CapEx, year N (4)	Climate change mitigation (5)	Climate change adaption (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaption (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year N-1 (18)	Category (enabling activity or) (19)	Category (transitional activity) (20)
Text		Eur, mln	%	Y; N; N/EL; (b)(c)	Y; N; N/EL; (b)(c)	Y; N; N/EL; (b)(c)	Y; N; N/EL; (b)(c)	Y; N; N/EL; (b)(c)	Y; N; N/EL; (b)(c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmental sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	0%														%		
Of which enabling		-	0%														%		
Of which transitional			0%														%		
A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities) (g)																			
ELECTRICITY GENERATION THROUGH THE USE OF SOLAR PHOTOVOLTAIC	CCM4,1		0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								5%		
MANUFACTURING AND INSTALLATION (AND RELATED SERVICES) OF LEAKAGE CONTROL TECHNOLOGIES THAT ENABLE THE REDUCTION AND PREVENTION OF LOSSES IN WATER	WTR1,1	0.4	4%	N/EL	N/EL	EL	N/EL	N/EL	N/EL								4%		
PROVISION OF IT/OT (INFORMATION TECHNOLOGY / OPERATIONAL TECHNOLOGY) DATA-DRIVEN	WTR4,1	0.7	7%	N/EL	N/EL	EL	N/EL	N/EL	N/EL								7%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		1.1	12%			12%											17%		
A. CapEx of Taxonomy eligible activities (A.1+A.2)		1.1	12%			12%											16%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		8.6	88%																
TOTAL		9.7	100%																

CapEx Share / Total CapEx		
	Taxonomy-aligned by objective	**Taxonomy-eligible by objective**
CCM	0%	0%
CCA	0%	0%
WTR	0%	12%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

EU Taxonomy: Proportion of Operating Expenditure Derived from Products or Services Associated with Taxonomy-Aligned Economic Activities – Disclosure for the 2025 Reporting Year

Financial year N	Year			Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)(h)									
Economic activites (1)	Code (a) (2)	OpEx (3)	Proportion of OpEx, year N (4)	Climate change mitigation (5)	Climate change adaption (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaption (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year N-1 (18)	Category (enabling activity or) (19)	Category (transitional activity) (20)
Text		Currency	%	Y; N; N/EL; (b)(c)	Y; N; N/EL; (b)(c)	Y; N; N/EL; (b)(c)	Y; N; N/EL; (b)(c)	Y; N; N/EL; (b)(c)	Y; N; N/EL; (b)(c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmental sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	**0%**														%		
Of which enabling		-	**0%**														%	E	
Of which transitional		-	**0%**														%		T
A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities) (g)																			
MANUFACTURING AND INSTALLATION (AND RELATED SERVICES) OF LEAKAGE CONTROL TECHNOLOGIES THAT ENABLE THE REDUCTION AND PREVENTION OF LOSSES IN WATER SUPPLY SYSTEMS	WTR1,1	0.9	8%	N/EL	N/EL	EL	N/EL	N/EL	N/EL								12%		
PROVISION OF IT/OT (INFORMATION TECHNOLOGY / OPERATIONAL TECHNOLOGY) DATA-DRIVEN SOLUTIONS FOR LOSS REDUCTION	WTR4,1	0.4	4%	N/EL	N/EL	EL	N/EL	N/EL	N/EL								1%		
OpEx of Taxonomy-eligible but not environmentally sustainable		1.3	11%			11%											13%		
A. OpEx of Taxonomy eligible activities (A.1+A.2)		1.3	**11%**			11%											**13%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		10.7	**89%**																
TOTAL		12.0	**100%**																

OpEx Share / Total OpEx		
	Taxonomy-aligned by objective	**Taxonomy-eligible by objective**
CCM	0%	0%
CCA	0%	0%
WTR	0%	11%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

2.1. ESRS E1 Climate change

[E1-1] TRANSITION PLAN FOR CLIMATE CHANGE MITIGATION

The SIT Group contributes to climate change mitigation both through its business strategy, which is focused on the transition towards more efficient products powered by non-fossil fuels, and by promoting initiatives across the entire value chain aimed at understanding and monitoring the climate footprint of its products and operations, as well as reducing GHG emissions.
In addition to the objectives already established under the Made to Matter Plan, the Group is currently defining further targets as part of a broader roadmap aimed at aligning with transition pathways that limit global warming to 1.5°C, in accordance with the Paris Agreement. SIT's transition plan is expected to be further developed and formalized starting from 2027.

[E1-2] POLICIES RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION

The SIT Group is committed to reducing its impact on climate change both through its business strategy and through its Environmental Sustainability Policy.
SIT adopts a life-cycle approach to climate change, taking into account not only the direct emissions generated by its operations but also indirect emissions occurring upstream and downstream of its operational boundaries.
The commitment to reducing greenhouse gas (GHG) emissions stems from SIT's Mission, which focuses on developing products for "climate control and consumption measurement for a more sustainable world", and from its Vision, which positions the Group as the "leading sustainable partner for energy and climate control solutions". The Mission and Vision serve as the Company's main guiding principles and enable it to seize the opportunity to support the transition towards low-emission technologies by investing in products that contribute to GHG emissions reductions and the transition to a low-carbon economy.
SIT's technological innovations provide opportunities to monitor and reduce gas and electricity consumption, use alternative fuels instead of fossil fuels, and develop solutions for the electrification of domestic heating appliances. This commitment strengthens SIT's role as a trusted partner for customers and key industry stakeholders, while also representing an opportunity for growth and development for the Group.
The importance of GHG emissions management is further outlined in the Environmental Sustainability Policy, which defines the Group's strategic priorities for the responsible management of business processes and activities through the measurement, prevention and mitigation of environmental impacts. The commitments established under the Policy are aimed at contributing to the achievement of the United Nations Sustainable Development Goals (SDGs) and the objectives of the Paris Agreement on climate change, which inspire the Policy. These commitments are also aligned with compliance with applicable legislation and internal guidelines.
The Policy was approved by the Board of Directors of SIT S.p.A. on 9 November 2023. Business Unit Managers are responsible for its implementation across the SIT Group, while responsibility for reviewing the Policy is shared among the HSE, Quality, and Governance, Risk and Sustainability functions.

The Environmental Sustainability Policy applies to all companies within the SIT Group, as well as to all individuals and entities that collaborate with and/or act on behalf of the SIT Group, in all countries where the Group operates.

The SIT Group promotes the involvement of its entire value chain and, more generally, all of the Company's stakeholders in its environmental policies, encouraging them to play an active role in achieving SIT's objectives through compliance with the Code of Conduct, described in section G1-1. The Code identifies the protection of the environment, the conservation of natural resources, and the fight against climate change as fundamental values, and requires compliance with applicable international agreements.
Employee engagement in the Group's sustainable development approach is essential to achieving its environmental objectives. For this reason, the Group promotes initiatives and programmes aimed at increasing awareness, enabling everyone to play an active role in driving change. SIT is committed to continuously raising awareness of the principles and values set out in its Environmental Sustainability Policy by providing targeted training activities designed to foster knowledge and understanding of the Policy, thereby ensuring that all employees fully understand its content and objectives.
Similarly to its internal workforce, the Group considers it essential to share its sustainability culture with all stakeholders, including investors, customers and business partners, suppliers, employees, universities and research centres, and trade unions, with whom it maintains ongoing collaboration, including on environmental matters. To this end, the Policy is made available to all interested parties through the Company's website.

Among the strategic priorities outlined in the Environmental Sustainability Policy, Sustainable Research, Development and Innovation stands out as a key area of focus. Its objective is to "design and develop innovative and sustainable products and solutions while reducing the environmental impact of manufacturing activities." This commitment generates a tangible positive impact on climate change mitigation, particularly along the downstream value chain, by contributing to international decarbonisation goals within the energy transition of the heating sector through the development of enabling technologies. These include solutions supporting the use of alternative fuels, such as hydrogen and biogas, low-energy-consumption equipment, and non-combustion technologies. Through these efforts, the Group is able to seize the opportunity to support the transition towards low-emission technologies.
To mitigate actual negative impacts on climate change and the depletion of energy resources resulting from "direct and indirect greenhouse gas emissions" and "energy consumption from non-renewable sources" arising from the Group's operations and across its value chain, the Environmental Sustainability Policy identifies as a strategic priority the need to "measure and assess greenhouse gas emissions, ozone-depleting substances and other pollutants, and define a carbon management strategy aligned with European Union objectives."
The other strategic priorities set out in the Policy also contribute indirectly to the reduction of GHG emissions, ranging from "energy consumption management" to the promotion of a "culture of sustainability".
In pursuing the reduction of its greenhouse gas (GHG) emissions, both direct and indirect, and with the objective of contributing to the targets established by the Paris Climate Agreement, SIT takes as a reference the parameters proposed by the Science Based Targets initiative (SBTi), which identifies the emission reduction pathways required to limit the increase in global temperatures to 1.5°C above pre-industrial levels.

The Policy also sets out the Group's commitments aimed at reducing emissions across the value chain, both upstream and downstream, as well as within its core operations, including:

1. Monitor direct and indirect GHG emissions, quantify, report and disclose them transparently in accordance with the highest internationally recognised standards, namely ISO 14067 for product carbon footprinting and ISO 14064-1 for organisational carbon footprinting.
2. Promote initiatives aimed at reducing direct emissions and indirect emissions associated with purchased electricity, focusing on lower energy consumption and the use of energy from renewable sources.
3. Promote the reduction of transport-related emissions through supply chain optimisation and the assessment of product and component distribution models.
4. Promote initiatives that support sustainable mobility.
5. Engage suppliers with the objective of reducing upstream emissions.
6. Develop products with a cradle-to-gate carbon footprint lower than that of previous products.
7. Develop products that enable customers to reduce their own emissions.
8. Monitor, measure and manage energy consumption with the aim of improving energy efficiency and reducing waste.
9. Raise employee awareness regarding the conscious and responsible use of energy resources.

The implementation of the commitments described above contributes to mitigating risks associated with GHG emissions reduction. Developments in market conditions and in environmental and energy-related regulatory frameworks may lead to an increase in operating costs and in the investments required for the Group's technological transition towards solutions with a lower emissions impact.

[E1-3] ACTIONS AND RESOURCES IN RELATION TO CLIMATE CHANGE POLICIES

To contribute to the decarbonisation objectives established by the European Union and in line with emerging related regulations, the SIT Group invests in research and innovation to develop products that enable its customers to implement highly energy-efficient and low-CO2-emission heating applications. This strategic choice regarding what to produce, which has an impact on downstream emissions, is complemented by a strong focus on how products are manufactured, with particular regard to internal processes and the upstream value chain.

In the "Made to Matter" (MtM) Sustainability Plan, with a target horizon of 2027, the "Made For Future" pillar translates the Company's commitment, as defined in its Mission and Environmental Sustainability Policy, into a transformational pathway aimed, among other objectives, at reducing GHG emissions.

The levers identified by the Plan to achieve GHG emissions reductions are as follows:

- Sustainable Research, Development and Innovation: reducing emissions throughout the product life cycle;
- Process optimisation;
- Product design and circular economy;
- Sustainable procurement;
- Sustainable behaviours

Research, Development, and Sustainable Innovation

To reduce greenhouse gas (GHG) emissions downstream of its Operations, in particular those arising from the product use phase, the SIT Group carries out research, development and innovation activities and invests in collaborations with customers in the development of highly energy-efficient and low-CO2-emission applications, through the reduction of energy consumption and the use of electricity or fuels alternative to natural gas, in order to support the ongoing energy transition in both the heating sector and the ventilation and consumption metering sectors. SIT confirms its role as a strategic partner to its customers by providing key components for the development of applications with lower GHG emissions compared to traditional applications, through the following levers:

- Replacement of fossil fuels, natural gas or LPG, with lower-emission alternative sources: SIT has certified that its products are compatible with alternative fuel sources, such as hydrogen and biomethane in various compositions, and can be used in hybrid applications or applications powered by blends with different compositions of renewable gases.

- Reduction of energy consumption, both gas and electricity, and therefore CO2 emissions, through solutions for high-efficiency applications, such as the new Flexa Pro combustion control system, which makes it possible to optimise combustion by reducing fuel consumption, and high-efficiency range hood fans, which reduce electricity consumption.

- Diversification of its business towards technologies that contribute to reducing emissions, expanding its offering in sectors such as controlled mechanical ventilation, electric heat pumps and range hoods.

- Expansion of its smart meter offering both geographically, outside Italy, and towards applications in the commercial and industrial sectors.

The Group follows its Industrial Plan for the development of low-carbon products, which includes Research and Development investments and resources. The Made To Matter Plan sets out, for Heating & Ventilation, the objectives of increasing the non-methane product portfolio and extending Hydrogen/Biogas applications, through the completion of product development and dedicated sensing technologies. In 2025, the Group rebalanced its design activities in a dynamic and focused manner, maintaining its presence in traditional residential sectors, both methane-based and electric applications (such as heat pumps and controlled mechanical ventilation); increasing investment efforts in next-generation combustion systems for light commercial applications in the US and European boiler markets by expanding the application scope of the new sensor-based Flexapro system; extending the Flexapro system to applications intended for the HoReCa market; continuing the development of high-power axial fans for light commercial markets and data centres; and strengthening investments in electronics dedicated to future generations of controlled mechanical ventilation applications. For Gas Metering, following the completion of the development of products for hydrogen and blends, the extension of applications to renewable gases is planned, in addition to the international expansion of the business. During 2025, C&I meters for the Italian and UK markets were released into production, with development activities having been carried out mainly during 2024. Software improvements were implemented on G4-G6 domestic meters, and the Bachtel 3 SGM6306 sensor, capable of measuring hydrogen blends up to 20%, was introduced on the G6 version. The project was completed during the year and, in December 2025, the validation and product certification process was completed (in particular MID, RED and ATEX certifications). In addition, in 2025 the concept of a new mechanical platform and a new electronic architecture was defined following the awarding of a tender for the design and launch into production of domestic gas meters for the Dutch market in accordance with the new DSMR6 specification.

The objectives within the Plan horizon are expressed in terms of revenue and progress of R&D projects, which are continuously monitored through project portfolio management.

It should be noted that the actions associated with this decarbonisation lever are expressed in terms of alignment with the approved Product Development Plan and not in terms of GHG emissions, since emissions arising from the product use phase (Category 5.1) are not currently quantified (see section E1-6 for details) and therefore do not contribute to reducing the values included in the Inventory.

Process Optimisation

Process optimisation, understood as the reduction of fuel and energy consumption directly or indirectly derived from fossil sources within the Group's operations, is the lever identified in the Sustainability Plan to reduce Scope 1 and Scope 2 GHG emissions. This lever consists of a series of energy-related initiatives that collectively contribute to the Group's emissions reduction targets.
The main areas of action are:

- Energy efficiency improvements: optimisation of production processes at the Rovigo, Mexico, Romania and Tunisia facilities. Through continuous improvement practices implemented at the Group's main manufacturing sites, an average annual reduction of approximately 3% in natural gas and electricity consumption is expected.

- Installation of new equipment: at the Plast Alfin site in Tunisia, two plastic injection moulding machines have been replaced with more modern equipment, resulting in an expected energy saving of at least 25%.
- Energy Management: implementation of a dedicated governance structure and monitoring system for Energy Management across the Group's production sites, starting with Rovigo 1, to optimise energy management and identify potential improvement opportunities. Following a technical assessment, the project has been postponed to a later phase, subject to the availability of resources.
- Renewable electricity self-generation: installation of photovoltaic systems at the Padua headquarters and at the production facilities in Rovigo, Romania, Mexico and Tunisia to reduce the impacts associated with electricity consumption through on-site generation and self-consumption of renewable energy. The photovoltaic system at the Padua headquarters has been operational since September 2024, while the feasibility study for the Rovigo site has been completed. Assessments for the remaining sites are planned in the coming years.
- Guarantees of Origin: the purchase of electricity backed by Guarantees of Origin certifying generation from renewable sources is considered by the Heating & Ventilation Business Unit as a lever to be employed after the implementation of the energy-efficiency measures described above. At present, this approach is operational for the MeteRSit Italy sites.

Compared with the 2021 baseline year, GHG emissions in 2025 recorded an overall reduction of 29% in Scope 1 emissions and 21.5% in Scope 2 emissions. In addition to the actions described above, the overall reduction in emissions was also driven by lower production volumes and improvements in the energy mix of local electricity grids.

Process optimisation also contributes to the reduction of indirect Scope 3 emissions, particularly those associated with freight transportation. To support this objective, several initiatives have been planned and are currently being implemented:

- Reduction of warehouse inventories to minimise incoming resources and the related emissions, together with the rationalisation of supplier transport flows. In 2025, logistics optimisation initiatives continued, with improved planning aimed at reducing inventory levels.
- Definition of an Action Plan and related roadmap to optimise intra-group transportation flows. The project is currently underway and forms part of broader initiatives to rationalise the manufacturing footprint of certain product lines.
- Engagement with transportation providers to improve transport traceability. This initiative will be launched following the completion of the actions described above.

To reduce Scope 3 emissions, in addition to product development initiatives aimed at decarbonising the downstream value chain and process optimisation measures, it is also necessary to address the upstream value chain, where the majority of emissions are generated. Beyond supplier engagement through Sustainable Procurement, the key levers identified are Product Design and Circular Economy, and Sustainable Behaviours.
The target established under the Made to Matter (MtM) Plan for this category is an 18% reduction by 2027 compared with the 2021 baseline year. This target covers both transportation-related emissions and emissions generated by activities within the upstream value chain.

The target relating to downstream emissions reduction, on the other hand, is expressed in terms of progress achieved in product development projects, as described above.

Sustainable Procurement

More than 80% of SIT's GHG Inventory emissions originate from the products and services purchased by the Organisation. As a result, achieving meaningful emissions reductions requires collaboration across the upstream value chain. The SIT Group engages strategic suppliers through a dedicated platform whose scorecard measures, among other aspects, indicators related to GHG emissions. The initiative was launched in 2022, and the proportion of suppliers participating in the programme in 2025 is in line with the established plan. The sustainability rating of business partners represents the first step towards increasing awareness and identifying opportunities for improvement through targeted action plans. For further information, please refer to section 3.2, ESRS S2 – Workers in the Value Chain, of this document.

Product Design and Circular Economy

The design choices made largely determine the overall environmental impact of a product throughout its life cycle, particularly with regard to climate change impacts and GHG emissions. For this reason, it is important to implement eco-design principles, with attention to the indirect impacts upstream and downstream of SIT's Operations.
To reduce downstream emissions resulting from the use of products, as described above, SIT uses Innovation and Development as a lever to offer products that contribute to decarbonisation.
Upstream emissions, generated from the production of purchased materials and from outsourced processing activities carried out by suppliers, are also partly determined by design choices relating to materials and product configuration. With this awareness, the SIT Group adopts a design approach focused on material optimisation and the reduction of environmental impact, which includes the following initiatives:

- Integration of Life Cycle Assessment (LCA) into product design;
- Strengthening circular economy practices for products, promoting the use of recycled materials and maximising the reuse of residues (as described in section E5-2);
- Partnerships with customers and suppliers.

The LCA study summarises the impacts of a product throughout its entire life cycle, taking into account not only the effects of Operations within the Company's boundaries, but also the external phases within the Value Chain.
Since 2022, LCA analysis has been introduced into the Product Development Procedure and is systematically carried out for new products from the earliest stages of development, with the aim of selecting the best configuration among technical alternatives also in terms of environmental impact.
The assessment, carried out at each development gate within the Product Development Procedure, is performed using the "Carbon Foot Print Systematic Approach (CFP SA) – LCA Tool", developed in accordance with ISO 14067:2018 (for CFP) and ISO 14040-14044 (for other LCA impacts), and verified annually by an independent third party against ISO 14067.
The CFP SA – LCA Tool enables the provision of a certified CFP analysis of SIT's main product lines to all interested stakeholders, including Valves, Electronic Boards, Fans, Gas Meters and, from 2025, Water Meters.
When the model is applied to products under development, it is not possible to obtain certified results, but it allows the timely identification of design alternatives that minimise climate change impacts in terms

of CO2 emissions, at a stage of design where it is still possible to make decisions in synergy with other performance and cost parameters.
As an example, the new EF series fans introduced to the market were developed using plastics whose production generates CO2 emissions that are 60% lower than those associated with the plastics used in previous products.
SIT aims to strengthen circular economy practices for products in order to reduce the amount of virgin resources used and the emissions generated by the extraction, transport and processing of raw materials, both by increasing the use of recycled materials and through the study of initiatives for the recovery and refurbishment of end-of-life products, thereby also reducing the energy impacts of recycling activities and the resulting greenhouse gas emissions. For further details, please refer to section 2.1 ESRS E1 – Climate Change.
At present, a recovery process is in place at the Water Meter production facility in Portugal for collecting products from the market for repair, refurbishment and the reuse of brass bodies in new meters, which are then returned to customers. This approach also aims to reduce the energy cost and CO2 emissions associated with material recovery by avoiding the melting process.
These opportunities are often projects driven by business partners who control the applications and have visibility over the final stages of the life cycle. Customer specifications are also often a determining factor in design choices, while the technologies available from suppliers are decisive for the production of components and semi-finished products.
For this reason, within its Sustainability Plan, SIT aims to encourage a process of technical and information exchange with customers and suppliers in order to identify areas for intervention to reduce emissions upstream and downstream:

- Upstream, the focus is on the selection of recycled materials and low-impact technologies during product development, involving suppliers in identifying the best technical options in terms of performance and impacts;
- Downstream, discussions with key customers aim to identify shared opportunities to reduce impacts, both during the definition of product specifications, when materials and design are defined, and by proposing collaborations aimed at identifying and promoting recovery and reuse initiatives, from packaging through to end-of-life products, strengthening partnerships towards shared sustainability.

This exchange is expected to be encouraged through the Value Streams, organisational units coordinated by a Technical Lead and a Market Lead, established in 2025 and described in the "Research, Development and Quality Control Activities" section of the financial statements, which strengthen the integration of technical and market expertise.

Sustainable Behaviours

These new channels of dialogue require training and awareness-raising among the corporate functions that interact with customers and suppliers. In 2025, a dedicated training session was delivered to the Value Streams, the new technical-commercial organisational units responsible for product development and in direct contact with the market, with the objective of sharing sustainable design guidelines and, among other topics, explaining and promoting their role in the technical and information exchange process with customers, including the development of communication channels that complement traditional approaches.
The Marketing & Sales and Procurement functions had already been involved in similar initiatives in 2024 and 2023, respectively.

In addition, a specific Sustainability module was incorporated into the induction training programme for new employees.
Awareness-raising activities are also carried out at the Group's production sites through training sessions, information campaigns and the placement of signage and stickers on equipment and office facilities, particularly at SIT Controls' Tunisian site.
The actions implemented have contributed to the reduction of Scope 3 GHG emissions. As of 2025, Scope 3 emissions have decreased by 42% compared with the 2021 baseline year, a result that has also been influenced by lower production volumes.
It should be noted that the contribution of individual actions to the Scope 1, Scope 2 and Scope 3 emissions reduction targets has not been specifically quantified. Rather, the achieved reductions should be considered as the combined outcome of all the initiatives currently being implemented.

Allocated Resources

The most significant financial resources allocated to the climate change mitigation plan are those dedicated to New Product Research and Development projects supporting the energy transition, both within the Heating & Ventilation Business Unit and the Gas Metering Business Unit, as included in SIT's approved Industrial Plan. Future financial resources allocated to New Product Research & Development activities are expected to remain broadly consistent with historical levels and are estimated at approximately 3–4% of revenue.

With regard to the other levers of the Made to Matter Plan, the Group's ability to implement the related actions depends on the availability and allocation of resources. Continued access to financing at an affordable cost of capital may be critical for the implementation of the Company's actions, including those required to adapt to changes in market demand and supply, undertake related acquisitions, and support significant investments in Research and Development (R\&D).
Disclosure of resources allocated to climate change policies (thousands of euro)

(Euro,000)

Climate Change Financial Resources	**2025**
Financial resources allocated to the action plan	3,519
CAPEX	3,212
OPEX	307

The information reported in the table regarding the CapEx item is included in the additions to the "Intangible Assets under Development" line item disclosed on page 381 of the Notes to the Consolidated Financial Statements 2025, amounting to Euro 2,476 thousand, and in the additions reported in the historical cost table for property, plant and equipment disclosed on page 389 of the Notes to the Consolidated Financial Statements 2025, amounting to Euro 7,451 thousand.
It should be noted that the significant financial resources allocated in 2024 amounted to Euro 6,320 thousand and related both to Research and Development projects for new products supporting the transition and to the photovoltaic installation at the Padua site.

[E1-4] TARGETS RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION

The "Made to Matter" Sustainability Plan, defined by the SIT Group in connection with the commitments set out in the Environmental Sustainability Policy regarding the efficient management of energy resources and the reduction of GHG emissions, establishes a number of measurable targets aimed at contributing to climate change mitigation. These targets are supported by the actions described in the previous section.

Target	Target perimeter	Year and base value	Target / KPI	Target year	Status
Absolute reduction in Scope 1 and Scope 2 emissions (location-based)	Group	2021 | 17,767 ton CO2	-29%	2027	2025 | -24%
Reduction in Scope 3 emissions (core and upstream)	Group	2021 | 209,417 ton CO2	-18%	2027	2025 | -42%
Decarbonization Product Development Plan (Scope 3 downstream)	Heating & Ventilation, Gas Metering	2021	Alignment in timing and performance with the Milestones of the Corporate Strategic Plan	2027	PAM 2026 approved

The reference baseline year for the targets is 2021, the first year in which the Group's greenhouse gas (GHG) inventory was calculated and verified by an independent third party. The targets have been applied since 2022 and are scheduled to run through 2027.
The targets presented in the table in this section remain ongoing and cover all Scope 1, Scope 2 and Scope 3 emissions included in the Group's GHG Inventory, with the aim of supporting the Group's decarbonisation pathway by addressing both direct emissions and indirect emissions arising from the value chain. For Scope 2 emissions, the location-based methodology has been adopted as the reference approach.
The Made to Matter Sustainability Plan establishes 2027 targets relative to the 2021 baseline, based on annual reduction factors of 4.2% for Scope 1 and Scope 2 emissions and 2.5% for Scope 3 emissions. The same annual reduction factors have been assumed for the period between 2027 and 2030 in order to define the 2030 targets.
Targets relating to downstream emissions, which are primarily addressed through the Product Development lever, are not directly expressed in terms of GHG emissions. Instead, they are defined through product development milestones and transition-related business objectives included within SIT's Industrial Plan.

In defining the actions and investments included in the Industrial Plan for the transition, the SIT Group made use of the scenario analysis described in section IRO-1.
For all categories included in the GHG Inventory, the SIT Group has established its targets internally, without external validation, taking into account the quantified emissions and drawing on the guidelines proposed for the 1.5°C scenario under the Paris Agreement. To support this process, the Group used the calculation tool made available by the Science Based Targets initiative (SBTi), an initiative that the Company is currently considering joining, also with a view to strengthening collaboration with certain customers.
For the identification of the measurable targets currently included in the Sustainability Plan, climate scenarios were used indirectly through the selection of the simulation tool available on the SBTi website:

the 1.5°C scenario for Scope 1 and Scope 2 emissions and the Well-Below 2°C (WB2°C) scenario for Scope 3 emissions. The calculation methodology adopted is the Absolute Contraction Approach, as no sector-specific pathways are currently available for SIT's business activities. This approach aims to achieve absolute reductions in emissions regardless of changes in business volumes. As a result, it may entail a degree of risk in light of potential future developments in the Company's operating structure, particularly with respect to its ability to maintain its emissions reduction commitments in a scenario of increasing production volumes. This risk has been identified as "Risks Associated with GHG Emissions Reduction". The 2021 baseline year is representative of the Company's current operations, with the exception of certain Scope 3 emissions categories related to transportation (Categories 3.1 and 3.2) and purchased goods and services (Categories 4.1 and 4.5) associated with the Water Metering business, which have only been calculated since 2024. The evolution of the GHG Inventory between 2021 and 2025 has also been influenced by external market factors that led to a reduction in production volumes.

No targets have yet been defined for 2050. Emissions reported for 2025 are in line with the targets established under the Plan, taking into account that the observed reduction has also been influenced by lower production volumes.
It should be noted that the contribution of the individual decarbonisation levers, and their respective quantitative contribution to the achievement of the GHG emissions reduction targets, has not been specifically quantified. For further information on the decarbonisation levers identified by the Group, reference should be made to section E1-3 above.

GHG Emissions Reduction Targets (tCO_2e)

GHG emissions (tCO2e)	Base year (2021)	2025	2027	2030
Scope 1	5,909	4,181	-29%	-38%
Scope 2 location based	11,858	9,305	-29%	-38%
Scope 3[11] (core and upstream)	209,417	120,793	-18%	-23%
Total	**227,184**	**134,279**	**-18%**	**-24%**

[11] There are also GHG emissions reduction targets relating to downstream Scope 3 emissions, which are defined through Product Development milestones within SIT's Industrial Plan. In particular, reference should be made to the target disclosed in the Remuneration Report: "Achievement of an average share of 9% of 'Non-combustion' products in the total revenue of the Heating & Ventilation Business Unit over the 2023–2025 period."

[E1-5] ENERGY CONSUMPTION AND ENERGY MIX

In 2025, purchased and consumed electricity accounted for 57% of total energy consumption, broadly in line with 2024. Energy derived from fossil fuels was primarily generated through natural gas consumption (38.5%, compared with 37.8% in 2024) and petroleum products (4.1%, compared with 4.7% in 2024). Overall, the energy mix remained substantially consistent with the previous year.
The photovoltaic system installed at the Padua site covered 1.35% of the Group's total energy demand, compared with 0.3% in 2024, the year in which the system became operational. This figure is expected to evolve over the coming years in light of the objectives established to increase the Group's renewable electricity generation and self-consumption capacity through the installation of additional photovoltaic systems at other SIT Group sites.
The table below presents the Group's energy consumption data.

Consumption and energy mix[12] (in MWh[13])

(MWh)

Consumption and energy mix	**2024**	**2025**
Total Energy Consumption	**50,928**	**51,178**
Total Energy Consumption from fossil fuels	50,429	50,104
Consumption of coal fuels and coal products	0	0
Fuel consumption from crude oil and petroleum products	2,402	2,038
Fuel consumption from natural gas	19,267	19,276
Consumption of fuels from other fossil sources	0	0
Consumption of electricity, heat, steam or cooling from fossil sources, purchased or acquired	28,761	28,790
Percentage of fossil fuels	99.0%	97.9%
Total energy consumption from nuclear sources	0	0
Percentage from nuclear sources	0%	0%
Total energy consumption from renewable sources	499	1,074
Consumption of fuels from renewable sources	0	0
Consumption of electricity, heat, steam and cooling from renewable sources, purchased or acquired	366	384
Consumption of self-generated renewable energy without the use of fuels	133	690
Percentage of renewable sources	1.0%	2.1%
Non-renewable energy production	0	0
Renewable energy production	133	690
Energy intensity of activities in climate-intensive sectors (MWh/€m)	170	160

MeteRSit Italia purchased electricity backed by Guarantees of Origin in 2025 to cover 100% of its electricity demand. This represented 1.32% of the total electricity purchased from the grid by the SIT Group, compared with 1.26% in 2024.

[12] Totals in the table may not equal the sum of the individual figures due to rounding
[13] For the calculation of energy consumption expressed in MWh, the conversion factors published in the UK Government GHG Conversion Factors for Company Reporting by the Department for Energy Security and Net Zero (DESNZ 2025), formerly known as DEFRA, were used.

The Group's net revenues, amounting to €319,096,477, are entirely generated from activities in high climate impact sectors. Energy consumption associated with activities in high climate impact sectors amounted to 51,084 MWh. Consequently, the energy intensity of activities in high climate impact[14] sectors was 160.09 MWh per million euro of net revenue, compared with 169.66 MWh per million euro in 2024.

[14] The Group operates in sectors classified as high climate impact sectors, primarily within Section C – Manufacturing (NACE 26.51, 27.11, and 28.14) and Section G – Wholesale and Retail Trade (NACE 46.76 and 46.74). The only exception is SIT Controls CR s.r.o., a sales agency classified under Section M (NACE 73.20), which did not generate any net sales revenue in 2025.

[E1-6] GROSS SCOPE 1, 2, 3 AND TOTAL GHG EMISSIONS

For the quantification of total Scope 1, Scope 2 and Scope 3 GHG emissions, the SIT Group has applied the methodology and principles of the ISO 14064-1:2018 standard since 2022, using 2021 as the baseline year. ISO 14064-1 is a voluntary standard issued by the International Organization for Standardization (ISO) that specifies principles and requirements at the organisational level for the quantification and reporting of greenhouse gas (GHG) emissions and removals.
To ensure the accuracy and reliability of the results, the Group's GHG Inventory is verified annually by an independent third-party assurance provider.

GHG INCLUDED IN THE INVENTORY

For GHG accounting, a greenhouse gas (GHG) is defined as a gaseous constituent of the atmosphere, whether of natural or anthropogenic origin, that absorbs and emits radiation at specific wavelengths within the spectrum of infrared radiation emitted by the Earth's surface, the atmosphere and clouds.
The GHGs included in the quantification of the SIT Group's inventory comprise, among others:

- carbon dioxide (CO_2);
- methane (CH_4);
- nitrous oxide (N_2O);
- hydrofluorocarbons (HFCs);
- perfluorocarbons (PFCs);
- sulphur hexafluoride (SF_6);
- nitrogen trifluoride (NF_3).

Each of these gases has a different climate-warming effect, expressed through its Global Warming Potential (GWP). Emissions are therefore converted into tonnes of carbon dioxide equivalent (tCO_2e), which represent the amount of CO_2 that would need to be emitted into the atmosphere to generate the same climate impact as a given quantity of another greenhouse gas.

DIRECT AND INDIRECT EMISSION CATEGORIES INCLUDED

The ISO 14064-1:2018 standard identifies two main types of greenhouse gas emissions: direct emissions and indirect emissions. Indirect GHG emissions are further classified into five categories arising from:

- imported energy;
- transportation-related indirect emissions;
- emissions associated with products used by the organisation;
- emissions associated with the use of the organisation's products;
- emissions arising from other sources.

Under the adopted methodology, the reporting of direct emissions is mandatory. Regarding indirect emissions, the Company is required to quantify only those emissions considered significant.
To identify significant categories, a significance assessment was conducted in accordance with the requirements of the standard. The assessment considers four key criteria: Magnitude, Influence, Risk and Reportability.

The categories included in the SIT Group's inventory, as defined by ISO 14064-1:2018, are listed below:

- Direct GHG emissions and removals (Category 1):

- 1.1 Emissions from stationary combustion sources, i.e. emissions arising from the consumption of fuels by the organisation.
- 1.2 Emissions from mobile combustion sources, i.e. emissions generated by internal handling equipment and the corporate vehicle fleet.
- 1.3 Process emissions.
- 1.4 Fugitive emissions associated with the refrigerant charge of cooling and refrigeration equipment.

• Indirect GHG emissions from imported energy (Category 2):
  - 2.1 Indirect emissions from the generation and consumption of electricity purchased from the grid.

• Indirect GHG emissions from transportation (Category 3):
  - 3.1 Emissions from upstream transportation and distribution of goods, relating to the transport of purchased raw materials and semi-finished products.
  - 3.2 Emissions from downstream transportation and distribution of goods, relating to the transport of finished products to end customers.
  - 3.3 Emissions generated by employees' commuting between home and work, based on the means of transport used.

• Indirect GHG emissions from products used by the organisation (Category 4):
  - 4.1 Emissions from goods purchased by the organisation, including emissions related to the extraction and production of raw materials and semi-finished products, as well as upstream emissions associated with fuel and electricity generation.
  - 4.3 Emissions from waste disposal (both liquid and solid waste).
  - 4.5 Emissions arising from services not included in the previous categories, namely emissions associated with outsourced processing activities performed by third-party contractors.

The following indirect emissions categories have been excluded as they are currently not applicable and/or were assessed as not significant based on the materiality assessment:

- 1.5 Land-use emissions, as no changes in land use have occurred over the past 20 years.
- 2.2 Emissions from the production of imported energy other than electricity, as the Company does not import energy of this type.
- 3.4 Emissions from the transportation of customers and visitors, assessed as not significant.
- 3.5 Emissions related to business travel, assessed as not significant.
- 4.2 Emissions from capital goods, assessed as not significant.
- 4.4 Emissions from leased assets used by the organisation, assessed as not significant.
- 5.1 Emissions arising from the use phase of products, assessed as not significant[15].
- 5.2 Emissions from downstream leased assets, assessed as not significant.
- 5.3 Emissions associated with the end-of-life treatment of sold products, assessed as not significant.
- 5.4 Emissions arising from financial activities, assessed as not significant.

15 The emissions generated during the product use phase, which are potentially very high (high Magnitude), are difficult to assess (low Reportability), as SIT products are components installed in various applications whose emissions performance depends on the technical choices made by different customers, such as the fuel used (low Influence by SIT), while the level of Risk is considered medium.
The combined result of the Magnitude, Reportability, Risk and Influence parameters falls below the significance threshold in the materiality assessment; therefore, these emissions are not currently reported.

CALCULATION METHODOLOGY

For the calculation of GHG emissions, including Scope 1, Scope 2 and Scope 3 emissions, the Group applies the assessment method "IPCC 2021 GWP 100 v1.02". This methodology is based on an emission-factor approach, whereby emissions are calculated by multiplying activity data by the relevant emission factors derived from the Global Warming Potentials (GWPs) published in the IPCC Sixth Assessment Report (AR6). Developed by the Intergovernmental Panel on Climate Change (IPCC), this methodology is by far the most widely adopted and internationally recognised approach within the scientific community.
For Category 1 emissions (equivalent to Scope 1), conversion factors published by the UK Department for Energy Security and Net Zero (DESNZ, formerly DEFRA) were used (GHG Conversion Factors 2025 Full Set – Fuel Properties).
For Category 2 emissions (equivalent to Scope 2), indirect emissions from purchased electricity (subcategory 2.1) at European sites were calculated using the emission factors published in the Association of Issuing Bodies (AIB) report "European Residual Mixes 2024" (downloadable file: "AIB_2024_Final_Residual mix calculation results_30052025"). It should be noted that these factors are based on the 2024 supplier mix. For non-European sites, emission factors from Terna Group, updated to 2024 and based on data sourced from ENERDATA, were applied.
For the calculation of indirect emissions under Categories 3 and 4 (equivalent to Scope 3), the Group used SimaPro 10.2.0.3 software (PRé Sustainability, 2021), together with the internationally recognised Ecoinvent 3.11 databases.

INCLUDED PROCESSES AND QUALITY DATA

The calculation approach adopted for the quantification of the SIT Group's GHG emissions is the operational control approach. Under this approach, all emissions directly and indirectly associated with facilities and activities over which the organisation exercises operational control are accounted for, including upstream and downstream processes such as transportation and supplier-related activities.
It should be noted that, for all processes under the direct operational control of the SIT Group (e.g. the use of heat and electricity), primary data were collected for all relevant input and output data, including fuel, energy and material consumption.
For processes not under SIT's direct control (e.g. raw material production and other upstream activities), secondary data sourced from internationally recognised databases, such as Ecoinvent, were used. An exception relates to the production of aluminium ingots, for which primary data were obtained directly from suppliers. The percentage of Scope 3 gross GHG emissions calculated using primary data obtained from suppliers or other value chain partners was 2.57%.

UNCERTAINTY ASSESSMENT

ISO 14064-1 requires the assessment of uncertainty at category level in relation to the quantification approaches adopted. The SIT Group has selected a qualitative uncertainty assessment approach based on the IPCC methodology. This methodology first requires the identification of the most relevant emission sources, based on the relative contribution of each emission source to the overall GHG inventory.
For direct emissions (Scope 1), the level of uncertainty is considered low, as the activity data are primary data and the emission factors are sourced from specific datasets published by DESNZ. The only exception

is subcategory 1.3 (Process Emissions), for which the emissions calculations were performed directly by the Company.
Similarly, Scope 2 emissions are characterised by a low level of uncertainty, since the activity data consist of primary data and the emission factors are derived from specific and recognised datasets, namely those published by AIB and Terna.
For the categories included within Scope 3, the level of uncertainty is considered medium. With regard to the transportation of goods, the production of purchased materials and the distribution of finished products to customers, the activity data were provided by the Company and are derived partly from supplier information and partly from internal calculations. The emission factors used originate from specific databases, including Ecoinvent; however, as these datasets are not fully representative of the actual operating conditions of each site, a medium level of uncertainty has been assigned.
For employee commuting emissions, internal surveys were conducted for most Group locations, while for the facilities in Mexico, Tunisia and Romania, primary data were provided by the administrative departments of the respective sites.
For GHG emissions associated with the production of purchased goods, activity data were extracted directly from the SAP management system and therefore constitute primary data[16].
Likewise, the activity data used for waste-related emissions are based on primary data obtained from waste registers. For GHG emissions associated with outsourced processing activities, the activity data were also extracted directly from the SAP management system.

[16] Where not available in the ERP system, weights were estimated based on similar product codes or by using the average weight of the corresponding product family.

Gross Scope 1, Scope 2, Scope 3 and Total GHG Emissions

GHG Emissions (tCO_2e)

(tCO2e)	Retrospective				Goals and Target Years		
GHG Emissions	**Base year (2021)**	**2024**	**2025**	**% 2025/ 2024**	**2026**	**2030**	**Annual target %[17] / Base year**
Scope 1 GHG Emissions							
Gross Scope 1 GHG Emissions	5,909	4,119	4,181	2%	4,668	3,675	-4.2%
Scope 2 GHG emissions							
Gross Location-based Scope 2 GHG emissions	11,858	12,316	9,305	-24%	9,368	7,375	-4.2%
Gross Market-based Scope 2 GHG emissions	14,009	13,779	12,354	-10%	11,067	8,714	-4.2%
Significant scope 3 GHG emissions					-	-	
Total Gross indirect (Scope 3) GHG emissions	209,417	111,954	120,793	8%	183,240	162,298	-2.5%
Purchased Goods and services	184,094	99,033	104,915	6%	161,082	142,673	-2.5%
Capital Goods	-	-	-		-	-	-
Fuel and energy-related activities (not included in Scope 1 or Scope 2)	3,252	4,470	6,486	45%	2,845	2,520	-2.5%
Upstream transportation and distribution	9,243	2,340	2,723	16%	8,087	7,163	-2.5%
Waste generated in operations	112	63	132	110%	98	87	-2.5%
Business traveling	-	-	-	-	-	-	-
Employee commuting	6,664	2,797	2,598	-7%	5,831	5,165	-2.5%
Upstream Leased Assets	-	-	-		-	-	
Downstream transportation	4,468	2,390	2,147	-10%	3,910	3,463	-2.5%
Processing of sold products	-	-	-	-	-	-	-
Use of Sold Product	-	-	-	-	-	-	-
End of life treatment of sold product	-	-	-	-	-	-	-
Downstream leased assets	-	-	-	-	-	-	-
Franchise[18]	1,584	861	1,791	108%	1,386	1,228	-2.5%
Investments	-	-	-	-	-	-	-
Total GHG emissions							
Total GHG emissions (location-based)	227,184	128,389	134,279	5%	197,276	173,349	-2.6%
Total GHG emissions (market-based)	229,335	129,852	137,328	6%	198,975	174,687	-2.6%

[17] The annual target is based on a fixed percentage reduction applied from the 2021 baseline year, in line with the decarbonization pathway provided by the SBTi tool used as a reference.

[18] Under the item "Franchising," emissions related to processing carried out by subcontractors are considered, allocated to category 4.5 – Emissions from the use of services not included in the previous categories of ISO 14064

Location-based GHG emissions intensity (total greenhouse gas emissions per net revenue) amounted to 420.81 tCO_2e/€ million (428.6 tCO_2e/€ million in 2024).
Market-based GHG emissions intensity (total greenhouse gas emissions per net revenue) amounted to 430.37 tCO_2e/€ million (433.5 tCO_2e/€ million in 2024).

Scope 2 emissions covered by Guarantees of Origin relate to MeteRSit Italy sites. In 2025, MeteRSit Italy contractually covered 100% of its electricity demand with certified renewable electricity, corresponding to 1.15% of total location-based Scope 2 emissions (1.28% in 2024).
The net revenues used to calculate GHG emissions intensity correspond to the total revenues generated by the Group and amount to EUR 319,096,477.
The increase in emissions from "Fuel- and Energy-Related Activities" is attributable to the update of emission factor databases for the upstream electricity supply chain compared to 2024.
Starting from 2025, emissions reported under "Waste Generated in Operations" also include treatment-related emissions for waste sent for recovery. Until 2024, only emissions associated with transportation to the treatment facility were considered for such waste streams.
Biogenic CO_2 emissions resulting from the combustion or biodegradation of biomass and not included within Scope 1 and Scope 2 GHG emissions amount to 0 tCO_2e.
Biogenic CO_2 emissions occurring within the upstream and downstream value chain amount to 4,724 tCO_2e (802 tCO_2e in 2024).
For the calculation of 2025 biogenic emissions, the methodology was revised by adopting the "IPCC 2021 GWP100 (incl. uptake)" approach. As a result, not only biogenic methane emissions but also biogenic CO_2 emissions were accounted for, leading to an increase in total reported biogenic emissions. No changes were made to the boundary of emissions included in the Inventory.

The SIT Group currently has no greenhouse gas (GHG) removal or storage projects within its own operations or across its value chain.
The SIT Group does not currently make use of carbon pricing mechanisms.

2.2. ESRS E2 Pollution

[E2-1] POLICIES RELATED TO POLLUTION

The SIT Group's approach to the prevention and management of pollution in its activities is set out in the Environmental Sustainability Policy, described in paragraph E1-2, which defines the Group's strategic priorities for the responsible management of business processes and activities.

Pollution of Soil

Following the materiality assessment, a short-term risk related to soil remediation obligations was identified: there is an operational, financial, and reputational risk arising from the ongoing remediation of contamination caused by the discharge into the soil, in the 1980s, of polluting materials that were not properly contained at the time, at the Padua site, for which the SIT Group has been carrying out remediation works since 2023. In the Environmental Sustainability Policy, SIT commits to managing discharges and waste through methods and technologies suitable for preventing pollution and minimizing environmental impacts, and to ensuring the proper management of substances potentially polluting the soil through the application of environmental regulations and the most rigorous control measures, implemented through Environmental Management Systems.

In managing the hazards of pollution-related incidents affecting people and the environment, the SIT Group has adopted a Health and Safety Policy and, at its main production sites, emergency management is carried out through specific operating procedures and safety plans compliant with the ISO 14001 Management System. The H&S Policy defines the Group's principles regarding Health and Safety, implemented through the responsible and sustainable management of business processes and activities, from which the methods for risk identification, prevention, and management are derived. For a detailed description of the Policy, reference should be made to paragraph S1-1.
The SIT Group promotes the involvement of its entire value chain and, more generally, all company stakeholders in its environmental policies, so that they can play an active role in achieving SIT's objectives through compliance with the "Code of Conduct", described in paragraph G1-1. The Code encourages stakeholders to "pursue the reduction of air, water and soil pollution", as well as to ensure "compliance with the laws, regulations and rules in force in all the countries in which they operate" and to "adopt responsible behaviours aimed at protecting" the environment.

[E2-2] ACTIONS AND RESOURCES RELATED TO POLLUTION

In 2025, the SIT Group did not adopt a specific action plan on pollution, considering the results of the scheduled emissions monitoring, which remained in line with the limits authorized by the competent authorities.
Despite the absence of a specific activity plan, in order to fulfil the commitments undertaken through the Environmental Sustainability Policy and to ensure strict compliance with legal requirements, SIT has implemented over the years a series of actions aimed at controlling and reducing air and soil pollution related to its activities.
At the main manufacturing sites (Rovigo, Romania and Mexico), the SIT Group has implemented Environmental Management Systems certified in accordance with the ISO 14001:2015 standard, which ensure the proper management and monitoring of pollutant emissions through specific procedures and organizational functions, and serve as a safeguard for the proper management of potentially polluting

substances, reducing the risk of soil contamination due to spills. The Company ensures compliance with the regulatory requirements of the countries in which it operates through periodic inspections and controls of the identified potential emission sources, making use of certified laboratories. The reliability of the monitoring system is verified by third-party bodies and through periodic inspections carried out by the competent environmental supervisory authorities.
The monitoring activities carried out in 2025 confirmed the effectiveness of the actions provided for by the Environmental Management Systems, demonstrating that the authorized emission limits were complied with. SIT expects that, in the coming years, the Environmental Management Systems will continue to ensure the Group's required environmental compliance and the minimization of pollution-related impacts.

It should be noted that in October 2018, following investigations carried out at the site located at Viale dell'Industria 31-33 in Padua (which is no longer in use), SIT S.p.A. submitted a notification to all the competent public authorities[19] (hereinafter, the "Authorities") regarding the identification of potential contamination of groundwater by halogenated organic compounds, assuming responsibility for all ensuing activities.

Following the submission of an initial Risk Analysis document, in September 2019 SIT commissioned an Emergency Safety Measures system (the so-called "MISE") and, after a further Risk Analysis, pilot injections were carried out in May 2021 in preparation for the approval of the actual Operational Remediation Project, in accordance with the authorizations granted by the Authorities. Following a further update of the Risk Analysis in July 2022, the Conference of Services approved the updated health and environmental Risk Analysis and the Operational Remediation Project, the latter with a duration of three years. At the beginning of 2023, SIT started the activities envisaged under the approved Operational Remediation Project and, as of today, is continuing to carry out the prescribed activities, including the sampling and analysis of the plant's monitoring wells and the maintenance of the MISE system, in accordance with the timelines and requirements established by the Authorities, to whom it reports every six months on the progress of the remediation activities.

At SIT's facilities, the risk of spills is currently very low, considering the substances used, the procedures implemented, and the way the facilities are structured.

For the Operational Remediation Project, a risk provision amounting to €1,098 thousand has been recognized in previous financial years and in the current financial year. This amount relates to operating expenses (Opex) and represents the most significant provision associated with pollution, both currently and for the future.

[19] Municipality of Padua (Environment and Territory Department); Province of Padua (Environment and Territory Area); ARPAV (ARPAV Provincial Department of Padua); ULSS No. 6 Euganea Local Health Authority (Department of Hygiene, Prevention and Safety).

[E2-3] TARGETS RELATED TO POLLUTION

Although the SIT Group has not established specific targets relating to pollution management, the effectiveness of the implementation of the Sustainability Policy, the Environmental Management Systems, and pollution-related actions is assessed based on the results of monitoring the quantities of substances emitted against the limits established by applicable regulations. The Group is committed to keeping emissions of pollutants into air, water, and soil as far below legal limits as possible, by annually monitoring deviations compared to the previous year, and to having the data obtained from monitoring activities verified by third-party bodies as part of the assessment of the effectiveness of its Management Systems. Furthermore, the Group is committed to the continuous training of its personnel in preventing and managing potential incidents that could result in increased releases of polluting substances.

[E2-4] SOIL POLLUTION

The Company ensures compliance with the regulatory requirements of the countries in which it operates through the monitoring of identified potential emission sources, making use of certified laboratories. The reliability of the monitoring system is verified by third-party bodies and through periodic inspections carried out by the competent environmental supervisory authorities.
It should be noted that the metric relating to pollutants emitted to soil that are included in Annex II to Regulation (EC) No. 166/2006 of the European Parliament and of the Council (European Pollutant Release and Transfer Register, E-PRTR) is not applicable, as the activities carried out by the SIT Group do not involve emissions to soil.

[E2-6] EXPECTED FINANCIAL EFFECTS OF POLLUTION RELATED IMPACTS, RISKS AND OPPORTUNITIES

For the Operational Remediation Project, a provision amounting to €1,098 thousand has been recognized in previous financial years and in the current financial year. This amount relates to operating expenses (Opex) and represents the most significant pollution-related provision, both currently and for the future. The utilization of the provision during the 2025 financial year, amounting to €181 thousand, relates to costs incurred for remediation activities. During the year, an additional €133 thousand was allocated, and the provision was increased by €2 thousand as a result of the unwinding of the discount applied to provisions recognized in previous years. This increase was considered necessary based on the results of the analyses carried out during the year and discussions with the authority responsible for oversight.
For further information, please refer to paragraph E2-2.

2.3. ESRS E3 Water and marine resources

[E3-1] POLICIES RELATED TO WATER AND MARINE RESOURCES

The SIT Group is aware of the importance of safeguarding and rationalising the use of an indispensable resource such as water and directs its activities towards achieving the highest level of efficiency in its use. The "Environmental Sustainability Policy" addresses water management, including water use and supply, water treatment, and the prevention and reduction of water waste. SIT's Mission, with its "commitment to creating intelligent consumption measurement solutions for a more sustainable world", explicitly expresses the Group's contribution to addressing the issue of resource consumption.
This commitment is translated into the design of products and services that measure water consumption through the innovation and development of water meters. In this way, SIT has an actual positive impact on water withdrawals in the downstream value chain, since: "Through its Water Metering business, SIT contributes to better management of water resources, limiting withdrawals and waste", together with the Opportunity for Expansion and Innovation through the Development of Water Metering:
"The SIT Group's focus on the development of innovative technological applications for water meters, including smart ultrasonic meters, provides an opportunity to expand its market presence, differentiate itself from competitors and strengthen the Company's competitiveness. This technological evolution may also foster the optimisation of water consumption and the promotion of sustainable business models, improving long-term profitability through the expansion of the product and service offering into new markets and sectors, creating opportunities for strategic alliances and partnerships."
The analysis of Impacts, Risks and Opportunities identified an actual negative impact related to the "Reduction in the availability of water resources due to water withdrawal by the Group and by actors in its value chain, particularly in water-stressed areas".
To mitigate this impact, SIT commits, through the Group Environmental Policy described in paragraph E1-2, to "monitor the use and management of water resources in order to improve consumption efficiency and reduce potential impacts on the local area". SIT strives to promote the efficient use of natural resources in general, and in particular to reduce the withdrawal and consumption of water resources by monitoring, quantifying and reporting consumption, and by managing the water resources used at its sites, identifying innovation opportunities, projects and programmes aimed at reducing water consumption.
More generally, the SIT Group's Environmental Policy promotes the sustainable use of water, based on the long-term protection of available resources and, together with compliance with applicable regulations, contributes to the good ecological and chemical quality of surface waters. In this regard, the Policy refers to the management of discharges and waste in order to prevent further deterioration of water resources.
Some of the Group's sites are located in areas of the world with high water stress; however, to date, it has not been considered necessary to adopt a specific policy relating to water withdrawals in high water-stress areas because the various sites concerned manage water-related policies through their local environmental management systems.

[E3-2] ACTIONS AND RESOURCES RELATED TO WATER AND MARINE RESOURCES POLICIES

In line with the Environmental Sustainability Policy and the outcomes of the double materiality assessment, the SIT Group has included within the Made to Matter plan a strategic guideline aimed at reducing water withdrawals, promoting projects with a 2027 time horizon.

ACTIONS TO MITIGATE RELEVANT NEGATIVE IMPACTS

During the reporting year, SIT structured a series of actions aimed at mitigating the direct impact related to water withdrawals at SIT sites, with the objective of reducing the extent of water withdrawals and the waste of water resources, particularly in areas exposed to water risk and in those subject to high water stress.
In general, the Group continuously monitors water quantities, in accordance with the framework associated with the Environmental Management Systems (ISO 14001), where implemented, using only what is necessary for production purposes or for civil use by employees.
Among the actions implemented, reference is made to various initiatives managed at local level and identified within the Environmental Management Systems. In particular, at the site located in a water-stressed area of Mexico, activities were carried out to optimise water withdrawal and consumption in production processes through operational adjustments and the review of washing practices; it was also agreed to strengthen the internal monitoring of analytical results in order to identify trends and prevent deviations. In addition, awareness-raising activities on the responsible use of water were implemented, particularly at the sites in Tunisia located in areas subject to high water risk and water stress, through clear guidelines and dedicated signage, information days and internal communication initiatives.
Among the activities launched in previous reporting periods, it should be noted that at the Rovigo site a study was presented for a project aimed at reducing industrial water withdrawals; however, no funds have currently been allocated for its implementation. In Portugal, at the Janz facility located in a water-stressed area, a water reuse system for meter testing is under evaluation. This system would result in a 40% reduction in water consumption and could be implemented in the medium term.

In Portugal, the implementation of the ISO 14001 management system is expected to be completed in 2026.

ACTIONS TO ACHIEVE RELEVANT POSITIVE IMPACT

Water meters development

With the Water Metering Business Unit, SIT contributes to better management of water resources, limiting water withdrawals and waste, in line with the Company's Mission and the commitments set out in the Environmental Sustainability Policy. To implement its commitment to the development of sustainable technologies in the water meter sector, the SmartIO ultrasonic meter was developed in collaboration with GWF. This innovative product uses advanced technology for measuring water flow without moving parts, ensuring installation flexibility and real-time monitoring of the water network. In fact, SmartIO enables remote monitoring of water consumption, helping to identify leaks and inefficiencies and, in the medium term, contributing to water savings and the efficiency of water distribution networks. The product was designed according to eco-design principles; in particular, its technical solutions and the absence of plastic filling facilitate disassembly, repairability, and the separation of different materials at the end of the product's life.

Production of SmartIO was launched in the final months of 2024. The production line for the new meter was designed to reduce water consumption through a recycling system inspired by Lean principles: the new water calibration bench operates in a closed-loop circuit, using less than 50% of the water required for each meter.
In 2025, new communication technologies were developed and will be released into production in 2026: the version featuring NB-IoT communication technology, as well as a version of the meter with 868 MHz LoRa technology and improved radio performance. Among the key features of this new product are its modular architecture, the use of a microcontroller with greater memory capacity to enable future software extensions and updates, the full implementation of the DLMS-COSEM protocol with a complete and complex data model, and the possibility of using an antenna capable of transmitting on three frequency bands in order to cover the product's main target markets.
At the same time, Janz continued the development of the connectivity of certain existing meter families through Add-On devices, increasing the accuracy, reliability and stability of performance to meet market needs with increasingly efficient and sustainable solutions.
The design activities carried out by the Water Metering Business Unit enable the SIT Group to contribute to reducing, already in the short and medium term, the impact of water withdrawal and consumption within the downstream value chain, including in water-risk and high water-stress areas.
The most significant financial resources allocated to water resource management were dedicated to the development of the SmartIO meter, for which costs amounting to €373 thousand were incurred and capitalised as development costs. This amount is included in the financial statements under increases in intangible assets.
The resources allocated are not specific to water-risk or high water-stress areas.

[E3-3] TARGETS RELATED TO WATER AND MARINE RESOURCES

Although SIT has not yet established specific and measurable Group-wide targets related to water management, the responsible use of water resources is addressed and monitored within the Environmental Management Systems of the individual sites, particularly those where the ISO 14001 system has been implemented.
Furthermore, the effectiveness of the implementation of the Sustainability Policy and the related actions is monitored based on the results of the continuous monitoring of water withdrawals, including in areas subject to high water stress. The Group is committed to reducing its impact on water resources and to raising awareness among its workforce regarding the responsible use of water.

[E3-4] WATER WITHDRAWAL

The metric used by the SIT Group to assess its performance in relation to its water-related impacts is the Group-wide consolidated water withdrawal, monitored through direct readings of water meters. Data relating to water withdrawals at each facility are verified by third parties, as they are subject to billing by water utility providers.
In 2025, considering the consolidated Group figure[20], a decrease of approximately 13% in the volume of water withdrawn was recorded compared to the previous year, mainly attributable to the operations in Italy and Mexico.

Water withdrawal (in m3)

(m3)

Water withdrawal	**2024**	**2025**
Total water withdrawals	105,798	92,313
Water withdrawals in water stressed areas	13,814	52,789

To identify water-stressed areas, the Aqueduct 4.0 – Water Risk Atlas tool developed by the World Resources Institute (WRI) was used. The WRI tool is available online at www.wri.org/our-work/project/aqueduct. For the analysis, the results reported under the "water stress" indicator were taken into consideration. Sites considered to be located in water-stressed areas are those where the total water withdrawal percentage is classified as high (40-80%) or extremely high (above 80%) according to the Aqueduct Water Risk Atlas tool.
The updated analysis carried out in 2025 confirms that a portion of the Group's production sites (in particular Rovigo and Hoogeveen) are not located in areas characterized by significant water risk or water stress, suggesting a non-material geographical exposure to such issues. On the other hand, the main facilities located in territories that are particularly sensitive in terms of water resources, in addition to Montecassiano, Tunis and Suzhou, already identified as such in 2024, also include Lisbon and Monterrey. Water withdrawals in 2024 within the same areas identified as being subject to water risk or water stress in 2025 amounted to 59,235 m^3, thus showing a slight decrease. The SIT Group is aware of the geographical location of these sites and, at present, considers that the activities carried out do not generate water-related impacts that would constitute significant pressure on local contexts. This assessment also takes into account the nature of the industrial operations performed, the adoption of operational practices aimed at the efficient use of water resources, and compliance with applicable local regulatory requirements.
In light of the evidence gathered, it is not currently considered necessary to adopt additional specific mitigation measures beyond those already in place. However, the Group maintains a precautionary approach, committing to monitor over time the evolution of water-related risks in the territories in which it operates and to integrate such assessments into its management and planning processes, in order to prevent and promptly address any future critical issues.

[20] Please note that, for water withdrawal data relating to commercial entities for which direct data were not available (SIT USA, SIT Canada, MeteRSit Milan, and MeteRSit UK), estimates were made based on the number of employees, using as the per capita withdrawal value the average per capita water withdrawal recorded by those commercial entities for which direct data were available. The overall estimated contribution of the commercial sites accounts for less than 0.40% of total water withdrawals.

2.4. ESRS E5 Resource use and Circular Economy

[E5-1] POLICIES RELATED TO USE OF RESOURCES AND CIRCULAR ECONOMY

The SIT Group has identified a negative impact whereby "the sourcing and use, by the Group and its value chain, of materials and components derived from virgin or non-recycled resources contributes to the increased need for extraction activities, resulting in the depletion of natural reserves." Furthermore, "the activities carried out at production sites generate waste, both hazardous and non-hazardous, which, if not properly treated, may have negative consequences for the surrounding environment and human health." Aware of the scarcity of resources and of the impacts that the extraction and use of raw materials have on the climate and the environment, the Group has established specific guidelines to minimise such impacts within its Environmental Sustainability Policy, already described in E1-2, in which the Group states its commitment to adopting circular economy principles in order to reduce environmental impact and extend the lifespan of its products. In addition, the Company focuses on resource efficiency from the design stage onwards, promotes the use of recycled materials with a low emissions impact, and collaborates with customers to develop material reuse solutions.

The SIT Group promotes the involvement of its entire value chain and, more generally, all company stakeholders in its environmental policies, so that they can play an active role in achieving SIT's objectives, through compliance with the "Code of Conduct", described in paragraph GOV-1. The Code encourages stakeholders to "contribute to a sustainable economy through the continuous innovation of (...) processes", "develop safe products with a low environmental impact", and "always seek the best environmental solution, with the objective of pursuing (...) the protection of natural resources and avoiding any form of waste", "in full compliance with all applicable laws and in accordance with the highest environmental and safety standards".

The Environmental Sustainability Policy addresses:

- the transition away from the use of virgin resources, through the SIT Group's commitment to prioritising the use of recycled materials and materials with a lower emissions impact, while ensuring the same level of performance;
- the sustainable sourcing and use of renewable resources, through the commitment to collaborate both with suppliers, in order to minimise environmental impact from a Life Cycle Assessment (LCA) perspective, and with customers in identifying opportunities for material reuse. The Company's objective is to define circularity policies and strengthen partnerships towards shared sustainability;
- the priority of minimising waste generation, maximising waste reuse activities and directing waste to reuse/recycling as its final destination;
- taking into account the need to minimise the consumption of materials used in the manufacture of products and components, from a resource efficiency perspective, both during the design phase and during the production phase.

[E5-2] ACTIONS AND RESOURCES RELATED TO USE OF RESOURCES AND CIRCULAR ECONOMY

ACTIONS TO MITIGATE NEGATIVE RELEVANT IMPACT FROM USE OF RESOURCES

The "Made to Matter" Sustainability Plan, linked to the principles and commitments of the Environmental Sustainability Policy, includes a number of actions aimed at addressing the impacts associated with the consumption of virgin raw materials and the generation of operational waste.
The time horizon of the Plan is set for 2027 with regard to the actions outlined below.
The reduction of virgin material use and of the environmental impact arising from resource waste is closely connected to the reduction of the Carbon Footprint of products and, consequently, to the reduction of Scope 3 GHG emissions, an objective to which these actions are explicitly linked within the Plan.
In particular, the following actions address the quality and consumption of raw materials:

- LCA studies on new products to identify materials, processes and technologies with lower environmental impacts;
- Use of recyclable, recycled and/or lower climate impact plastics (measured through Product Carbon Footprint studies) within SIT products;
- Packaging optimisation, through collaboration with customers on the development of reusable packaging solutions;
- Exploration of product models inspired by Ecodesign principles, such as Repair, Reuse and Recovery. The project is still ongoing; in this regard, the SIT Group has developed and shared design guidelines inspired by sustainability principles.

Thanks to the actions implemented and currently being deployed, the SIT Group expects to reduce the use of virgin raw materials and the amount of waste sent for disposal, decrease emissions associated with the use of lower-impact materials, and increase the use of recycled materials.
Design choices are at the core of resource consumption and the potential to introduce circular economy practices, as they determine the predominant impact of the final product-service. With this awareness, the SIT Group adopts a design approach focused on material optimisation and the reduction of environmental impacts and, in line with the aforementioned Made to Matter Plan, has introduced LCA studies from the earliest stages of product development using the "CFP SA – LCA tool" already described in section 2.1 ESRS E1 – Climate Change. In 2025, the LCA tool was extended to Water Meters. This approach promotes designs that minimise weight and therefore net resource consumption, while favouring recycled materials and materials with a lower environmental impact.
The main metals used in component manufacturing, namely aluminium, brass and steel, which account on average for 66% by weight of a valve and 49% by weight of a fan, are predominantly of secondary origin, and production scrap is sent for recovery to produce new raw materials. The design approach also includes extending the use of recycled materials to plastics. In particular, MeterSIT has verified the feasibility of introducing casings moulded from recycled material for new domestic meters and is completing the qualification process to implement them also in meters currently in production, with a target date of 2027.
Finally, in order to reduce the quantity of virgin resources used, SIT's Made to Matter Plan also envisages studying and promoting initiatives for the recovery and refurbishment of end-of-life products, with the aim of reducing the energy impacts associated with recycling activities as well.

At present, a product recovery flow is in place at the Janz facility, whereby products are returned from the market for repair, refurbishment and the reuse of brass bodies in new meters, which are then returned to the customer, according to an approach aimed at also reducing the energy cost associated with material recovery.
Within the H&V Business Unit, studies have been underway since the final months of 2024 with customers to assess the introduction of returnable packaging for specific products.
In general, these opportunities are customer-driven projects, as customers have visibility over the final stages of the product life cycle. Customer specifications are often also a determining factor in design choices; therefore, SIT extends its commitment to the value chain and, within the Made to Matter (MtM) Plan, reports collaboration with suppliers and customers to promote circularity:

- Upstream, the Group focuses on the selection of recycled materials and low-impact technologies during product development, involving suppliers in identifying the best technical options in terms of performance and environmental impact when defining supply specifications. In addition, strategic H&V suppliers are engaged through a dedicated platform[21], which indirectly provides both awareness and training on the levers available to reduce the environmental impact of their processes.
- Downstream, discussions with key customers aim to identify shared opportunities to reduce impacts, both during product specification phases, when materials and design are defined, and through the proposal of collaborative initiatives aimed at identifying and promoting recovery and reuse opportunities, ranging from packaging to end-of-life products, thereby strengthening partnerships towards shared sustainability.

These dialogue channels require training and awareness-raising activities for the company functions that interact with external stakeholders. In 2025, a dedicated training session was conducted for the technical and commercial business functions (Value Streams) to explain and promote their role in the technical and information exchange process with suppliers and customers, as already described in chapter E1.

The Sustainability Plan, with a 2027 time horizon, includes actions aimed at waste management, focusing on reducing the amount of waste generated and increasing the volume of waste recovered:

- "Zero waste to landfill", through the adoption of separate waste collection and material recovery programmes at production sites; in addition, SIT intends to reduce the generation of hazardous waste by optimising its treatment;
- "Value from waste", by seeking to enhance the value of waste materials through their sale or reuse.

In general, production waste is preferentially reprocessed and, where possible, reused. Eighty-five percent of waste is sent for recovery. A number of continuous improvement initiatives managed locally within the Environmental Management Systems contribute to the achievement of the Sustainability Plan objectives, where specific action plans and targets are defined. For example, SIT Controls Romania has reduced over the years the volume of waste sent for disposal by progressively increasing the share of packaging waste sent for recovery. Meanwhile, SIT Manufacturing NA, in Mexico, pursues a strategy focused on reducing

21 For further details on the platform, please refer to section S2-4.

the amount of hazardous waste generated at source through process improvements, the review of auxiliary materials and chemical substances used, improved waste segregation, and the evaluation of waste valorisation opportunities.
At the Italian sites, a digital waste management and traceability system was introduced through software interoperable with the RENTRI portal. The system has been operational since February 2025 and is expected to be fully operational from the first months of 2026. SIT Tunisia regularly organises awareness-raising sessions for its employees, also aimed at involving them in proposing innovative ideas to help reduce waste and improve separate waste collection.
At the Montecassiano facility, the new osmosis plant for the demineralisation of water entering the painting system, installed in 2023, is now fully operational. The improvement in water quality reduces the volume of aqueous washing solutions that must be disposed of as hazardous waste.
As illustrated above, the SIT Group's key actions cover a broad range of activities, from the selection of materials during the design phase to the adoption of recovery and recycling practices. The inclusion of recycled materials, such as metals and plastics, is a priority, as is the development of new regenerative solutions.

Description of the type of financial resources allocated

The efficient management of incoming raw materials and waste, through careful design, the reduction of production scrap, and increased recycling, forms part not only of environmental impact management but also of financial management, as it represents a lever for reducing procurement, processing and disposal costs, as well as inventory levels.

At present, there are no significant current or future financial resources allocated to the actions described above.

[E5-3]TARGETS RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

In line with the Environmental Sustainability Policy and the "Made to Matter" Sustainability Plan, the Group's various sites have established the following objectives, listed in no particular order of priority:

Target and Unit of Measurement	Target Perimeter	Year and Base-year value	Target / KPI	Target year	Status
"Zero waste to landfill"	Group	2024 | 313 ton	-90% of non-hazardous waste sent to landfills	2027	2025 | 223 ton (-29%)
Valorisation of residues: Derive value through the sale or internal reuse of waste	Group	2024 | N/A	Identify 2 currently discarded materials to sell or reuse internally	2027	Ongoing investigation
Activation of the returnable packaging model (*)	Europe	2023 | N/A	3 customers	2027	Ongoing investigation with a customer
Extension of the LCA tool to the remaining product lines (*)	Group	2024 Valves, Fans, Electronics, Gas Meters	Water Meters	2025	ACHIEVED – Implemented and third-party verified
Stimulate the proactiveness of suppliers (on packaging, materials, technologies, processes, logistics...) by promoting technical and information exchange (targeted internal training) (*)	Group	2023 | N/A	R&D training on Sustainable Design guidelines	2025	ACHIEVED – Training provided
Recyclable plastics in gas meters(*)	MeteRSit	2023 | N/A	Homologation in meters in production	2027	Ongoing

(*) These objectives, which within the *Made to Matter* Plan are linked to the reduction of GHG emissions, contribute to reducing the inflow of virgin materials through the levers described above.
In addition to the objectives outlined in the table above, each site operates within its Environmental Management System through targeted actions aimed at reducing waste generation, monitoring its quantity, quality and disposal methods, and setting annual waste-reduction targets.
All the objectives described above have been established in line with SIT Group's commitment to maximizing the internal reuse of waste and production scrap. These objectives have been defined on a voluntary basis within the framework of the Environmental Management System and have not been validated against any external scientific framework. No external stakeholders were involved in the definition of these objectives.

[E5-4] RESOURCE INFLOWS

The calculation of incoming material quantities is based on the analysis of SIT Group's goods receipts data, processed on a monthly basis. This analysis provides a detailed overview of the materials purchased for production, including classifications by material type, supplier, quantity and value, to which corresponding weight data are assigned.
As described in [SBM-1] Strategy, business model and value chain, SIT purchases for its production processes semi-finished raw materials, auxiliary materials, simple components made from a single plastic or metal material, and complex components manufactured and assembled using different materials, as well as electronic components and electronic boards. Some products may also contain limited quantities of critical raw materials (particularly in certain rubber compounds and steel grades) and rare earth elements (mainly in electronic components).
The resource inflows reported in the table below include all goods purchased by the SIT Group for production at its manufacturing sites.

Incoming flows

(t)

Type of input materials	2024	2025
Products	2,364	2,900
Technical materials	11,047	12,012
Biological materials	2,085	2,232
Reused or recycled secondary components (including packaging)	26	7
Secondary intermediate products and materials used by the company for its products and services (including packaging)	1,386	3,460
Total materials	15,496	17,145

Products refer to complex components such as electromechanical components, electronic components and electronic boards.
Technical materials refer to raw materials, auxiliary materials and simple components, such as stamped and machined parts.
Biological materials mainly consist of cardboard used for packaging. The percentage of incoming biological materials covered by a sustainability certification (FSC – Forest Stewardship Council) accounted for 0.7% of total incoming materials (0.1% in 2024). FSC certification is an independent, third-party international certification specifically designed for the forestry sector and for forest-derived products, both timber and non-timber, sourced from responsibly and sustainably managed forests.
Secondary intermediate products and secondary materials refer to materials containing a certain proportion of recycled content, either within raw materials and semi-finished products or within components manufactured from recycled raw materials. This category also includes raw materials derived from the recovery of scrap and residues generated by SIT's production processes (e.g. aluminium, brass and copper scrap) that are returned to suppliers for reuse. The estimate of recycled materials is based on information provided by suppliers, supported, where available, by relevant certifications. During the first months of 2026, a new survey was conducted among the main raw material suppliers, allowing the available information to be further expanded. Based on the updated data, the percentage of secondary intermediate products and secondary materials used in the manufacture of products increased to 20.2% (8.9% in 2024). This figure was calculated conservatively using only the direct information received from suppliers, while all materials not covered by primary information from suppliers were assumed to be

produced from virgin raw materials. Given the nature of many materials, particularly aluminium, steel and brass, it is reasonable to consider this figure conservative.
The concept of reuse applies only to recovered water meters that re-enter the Group through external processing activities and are therefore not included in the calculation of incoming materials. Refurbishment activities make it possible to recover materials while also avoiding the energy consumption associated with the melting process. The percentage of these reused or recycled secondary components amounted to 0.04% (0.2% in 2024).

[E5-5] RESOURCE OUTFLOWS (WASTE)

The Group places great emphasis on responsible waste management, ensuring full compliance with applicable regulations, including through the development and dissemination of specific operating instructions and procedures for employees. This approach is reflected both in the commitment to reducing waste generation and in ensuring waste traceability, guaranteeing that waste is transferred to authorized disposal and recovery operators, with a preference for recovery over disposal in order to minimize environmental impact.

The various production sites have implemented operating procedures to monitor the entire waste management process and its final destination. This makes it possible not only to reduce the environmental impacts associated with waste generation, but also to optimize costs. It should also be noted that most of the waste generated by the Group's production activities originates from secondary or ancillary processes and services rather than from scrap and residues generated by primary production processes.

The table below presents waste generation data and its destination, broken down between hazardous and non-hazardous waste. The calculation was carried out using waste generation data monitored through the procedures established under the Environmental Management Systems, where applicable, as well as quantitative data reported to ensure compliance with environmental regulations in the individual countries.

In 2025, a total of 2,619 tonnes of waste was generated, representing an increase compared with 2024 (+6%). At the same time, the amount of waste recovered increased proportionally, reaching 2,222 tonnes, with the recovery rate rising from 82% in 2024 to 85% of total waste generated in 2025.

Wastes (in t)

Wastes (t)	**2024**	**2025**
Total waste produced	2,467	2,619
Total waste diverted from disposal[22]	2,020	2,222
Total waste sent for disposal[Error! Bookmark not defined.]	446	397

Waste diverted from disposal (t)	**2024**	**2025**
Hazardous waste:	**288**	**292**
Preparing for reuse	268	272
Recycling	1	1
Other recovery operations	19	19
Non-hazardous waste: [Error! Bookmark not defined.]	**1,733**	**1,930**
Preparing for reuse[Error! Bookmark not defined.]	1,120	1,345
Recycling	268	238
Other recovery operations	345	348

Waste sent for disposal (t)	**2024**	**2025**
Hazardous waste:	**71**	**98**
By incineration	2	1
By landfill	28	35
Through other disposal operations	41	63

[22]It should be noted that the 2024 data relating to "Total waste diverted from disposal" (previously: 2,007 tonnes) and "Total waste sent for disposal" (previously: 460 tonnes), together with the related subcategories, were revised following a refinement in the classification of the waste generated by the Group.

Non -hazardous waste: Error! Bookmark not defined.	**375**	**299**
By incineration	-	-
By landfill	313	223
Through other disposal operations Error! Bookmark not defined.	62	76

The total amount of hazardous waste generated was 390 tonnes (359 tonnes in 2024). No radioactive waste is generated by the Group.
Waste not directly recycled amounted to 2,381 tonnes, representing 91% of total waste (89% in 2024), while waste sent for disposal totaled 397 tonnes, a decrease of 14% compared with 2024.
The main waste streams consist of ferrous and non-ferrous metal filings and shavings, paper, cardboard and wood packaging, plastics, and mineral oils. Other waste materials include sludge, solvents, activated carbon, end-of-life equipment, mixed-material packaging, batteries and accumulators, and paints.

3. SOCIAL INFORMATION

3.1. ESRS S1 Own Workforce

[S1-SBM3] RELEVANT IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH THE STRATEGY AND BUSINESS MODEL

SIT Group is aware of its actual and potential impacts on its workforce, which includes both employees and external workers engaged by the Company. Through the double materiality assessment process described in section IRO-1, the Company identified a number of impacts and one risk that are closely linked to the Group's strategy and business model and could potentially affect its entire workforce without any significant exclusions.

According to this assessment, the likelihood of incidents involving violations of human rights, discrimination, or other improper conduct causing significant harm to the workforce within the Group's operations remains, consistently with previous years, very low. Nevertheless, the Company recognizes the importance of continuously monitoring these issues and acknowledges the possibility, however remote, that situations may arise which, even if not directly attributable to the Company, could compromise its integrity, values and the fundamental principles of social responsibility that it has promoted for many years.

SIT operates in an international context and, although some of the Group's sites are located in areas considered at risk of forced or child labour, the double materiality assessment did not identify any material impacts or risks related to these issues within the Group's workforce. In fact, SIT ensures compliance with national and international labour laws and fundamental human rights standards across all its locations and has never identified any cases of non-compliance relating to these matters.

More generally, SIT adopts a rigorous approach to preventing child labour, forced labour and human trafficking, applying high standards in line with Italian legislation and international regulations. The Company prohibits the employment of minors except within authorized educational or training programmes that fully comply with applicable regulations and are intended solely to support the professional development of young people, while ensuring safe, supervised and age-appropriate environments.

Within this framework, SIT carries out strict age verification procedures prior to hiring, protects young workers through the policies and procedures applicable to all individuals acting in the name of or on behalf of the SIT Group, as described in section S1-1 of this chapter, and extends these principles throughout its value chain by requiring suppliers to strictly prohibit both child labour and forced labour.

In addition, in compliance with applicable laws, the Company implements measures to prevent the improper retention of employees' identification documents, any restriction of freedom of movement or use of force, and regularly monitors the effectiveness of the actions adopted in order to ensure that no situations involving exploitation, forced labour or human trafficking occur within its operations.

The material impacts and risks identified in relation to the SIT Group workforce are described below.

MATERIAL POSITIVE IMPACTS

Contribution to employees' work-life balance

Over the years, the SIT Group has implemented a range of initiatives aimed at promoting work-life balance through flexible working arrangements, parental support measures, attention to mental well-being, and

practical tools to help employees manage their time effectively. These initiatives have contributed to strengthening employee engagement while fostering personal well-being and professional motivation.
Values such as work-life balance have become an integral part of the Group's culture and identity. SIT's tangible commitment in this area has been recognized through prestigious national and international awards, including the "Work Life Balance Friendly Company" award received in 2024 from the Marisa Bellisario Foundation, in collaboration with Confindustria.

Equal opportunities between genders
The entrepreneurial approach of the SIT Group is based on valuing people and their work, offering everyone an environment in which they can pursue their ambitions and develop their potential within an inclusive and fair context. In 2025, SIT continued its commitment to ensuring equal opportunities for all employees, regardless of gender, thereby promoting engagement, diversity, and inclusion. This approach contributes to a positive corporate culture and a balanced working environment, based on meritocracy and the enhancement of skills.

Workforce development through continuous training
The Company's EVP (Employee Value Proposition) is as follows: "We invest in our people giving them the conditions in which they could thrive and grow with the Company. We are together towards a sustainable work environment." In line with this principle, in 2025 the SIT Group continued its commitment through continuous training programs, including technical, general, and customized learning paths. These programs have a concrete and positive impact by fostering employees' personal growth and strengthening their professional skills and knowledge.

Enhancing Diversity
Over the years, the SIT Group has translated its values into concrete actions by establishing rules and safeguards aimed at enhancing human capital in all its valuable breadth and variety. This commitment is reflected in the recognition of the strategic role that diversity and inclusion play within a management style focused on valuing individual contributions within work teams, fostering a collaborative, inclusive, and respectful working environment. In the medium term, this vision can have a positive impact on corporate culture, stimulating innovation and strengthening the Company's reputation through a context in which diversity in gender, age, and culture is perceived as an asset.

MATERIAL NEGATIVE IMPACTS[23]

Evolution of the business context and human resources management
Due to an uncertain market environment, the SIT group had to undertake a workforce rationalization process linked to the decline in production volumes. This situation, during 2024 and 2025, had an actual negative impact on the employees affected by the measures adopted.
The Company is aware that this negative impact could also indirectly affect employees who were not involved in the process, influencing the organizational climate and generating a sense of insecurity and uncertainty about the future.

[23] None of the material negative impacts on the workforce identified by the SIT group arise from transition plans aimed at reducing negative impacts on the environment.

In this regard, the Company ensures that the process is managed with the utmost transparency and respect, while continuing to monitor the effects that the evolution of the business context may have on employee engagement and motivation, in order to safeguard the stability and well-being of the entire organization.

Social dialogue management
The current negative market environment could have an adverse effect on the relationship between the Company, employees, and trade unions, particularly in the management of social dialogue and collective bargaining. The Company is aware that the challenges associated with economic uncertainty may make negotiations and industrial relations more complex, making mediation and compromise processes more difficult, with potential repercussions on the internal climate and employee motivation.

Management of health and safety at company sites
The occurrence of accidents or other incidents in the workplace has negative consequences for the health of the Group's employees, with direct impacts on the physical well-being of the workers involved. The Group acknowledges that a high number of incidents or serious accidents could compromise compliance with safety regulations and increase operating costs related to accident management. Furthermore, such events could negatively affect productivity and the Company's reputation.

Gender Pay Gap
The SIT Group is aware that a gender pay gap exists due to historical reasons and broader contextual factors that are not always attributable to the Company. This inequality may have repercussions on the corporate climate, influencing employees' perception of fairness and meritocracy. The Company recognizes the importance of addressing this issue and, acknowledging its responsibilities in this area, maintains a priority commitment to equal pay across all its locations.

Harassment and discrimination in the workplace
Despite the adoption of measures against violence and harassment within the Group's sites, the Company is aware that discriminatory and stereotypical behaviors may occur. These behaviors do not stem from the culture inherently promoted by the Company but rather reflect individual attitudes. Although isolated, such behaviors can have a negative impact on the working environment, hindering the creation of an inclusive and respectful workplace.

Management of employee privacy and data
Inadequate management or unauthorized use of employee data may result in privacy breach incidents, with potential legal and operational consequences. The increasingly complex cybersecurity landscape requires continuous and concrete updates to the Company's defenses, as well as ongoing employee training on the subject. The SIT Group is committed to ensuring the protection of sensitive data across all its sites and to being ready to intervene promptly when necessary, in order to preserve business continuity and minimize the risk of breaches.

The impacts related to the evolution of the business context, human resources management, and social dialogue are systemic in nature, as they stem from the complexity and continuous changes in the market in which the SIT Group operates. The other potential negative impacts, on the other hand, are mainly attributable to isolated incidents rather than widespread or structural issues. Conversely, the material

positive impacts are closely linked to the Group's ongoing commitment to improving employee well-being and satisfaction through targeted initiatives such as training and development programs, as well as actions aimed at promoting and valuing diversity.

MATERIAL RISKS

Risk related to the management of employee privacy and data

Aware of the potential negative impact identified in relation to the privacy of its people, the SIT Group has considered privacy-related risk to be material, as the increasing complexity of the digital landscape and cybersecurity threats, if not properly managed, may lead to privacy breaches with legal, reputational, and operational consequences for the Company.

Indeed, unauthorized use of employee data, process errors, uncontrolled access, cyberattacks, or insufficient staff training could result in incidents whose consequences may be significant and difficult to remedy in the short term.

Awareness of this risk, which affects the entire SIT Group workforce and all of its sites without distinction, made it necessary throughout 2025 to maintain constant monitoring, regularly update security defenses, and provide continuous training.

[S1-1] WORKFORCE RELATED POLICIES

The SIT Group has, over the years, established a structured system of policies relating to its workforce, forming part of an ESG Governance framework designed to ensure consistency, transparency, and accountability in the management of environmental, social, and governance impacts, both within the organization and towards external stakeholders. These policies not only reflect the Company's principles of social responsibility and ethics, but also contribute to creating an environment in which employees feel valued, protected, respected, and motivated to express their full potential.
In particular, the policies relating to workforce-related matters address and focus on the material topics that may potentially impact, or effectively impact, the entire workforce of the SIT Group.
The model adopted by the SIT Group provides for the periodic updating of its integrated ESG policy framework, which serves as the reference framework for corporate behaviors, decision-making processes, and operating methods. During 2025, the Group significantly strengthened this approach by further reinforcing its effective integration into organizational and management processes.
In particular, the mandatory acknowledgement and related training on company policies were further formalized starting from the onboarding process for new employees, with the requirement also being extended to every subsequent policy update. This development aims to ensure a high level of widespread awareness and a consistent and uniform application of the Group's principles across the entire Group perimeter.
More specifically, the completion of the training dedicated to the Health & Safety Policy, in line with the objectives defined in the 2024 Consolidated Sustainability Statement, as further detailed below, contributed to increasing awareness of prevention, protection, and safety measures.
The update of the Whistleblowing Policy, discussed in detail in chapter G1 – Business Conduct, and the consequent alignment of all policies that reference its reporting provisions, represented a key step in the implementation of the new regulatory requirements, ensuring company reporting channels that comply with confidentiality, whistleblower protection, reporting traceability, and accountability requirements.

A summary of the SIT Group's workforce-related policies is provided below. These policies highlight the Company's commitment to ensuring a working environment that promotes both the individual and organizational well-being and development of all its people.

Code of Conduct
The SIT Group's Code of Conduct was renewed in 2023 in full alignment and synergy with the Company's Mission and Vision, as well as with the related values, and is subject to periodic updates to ensure its alignment with the ESG policy framework adopted by the Company and the corresponding provisions.
The document is inspired by the highest international standards, including the Universal Declaration of Human Rights, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and the core conventions on which it is based, the United Nations Guiding Principles on Business and Human Rights, and recognized best practices.
The document sets out the fundamental principles, commitments, provisions, and good conduct practices to be followed in order to ensure the ethical conduct of the Group's activities and the management of impacts, risks, and opportunities relating to the workforce-related topics identified as material by the Group, as described in paragraphs IRO-1, IRO-2, and SBM-3 of this document.
During 2025, the Code was updated to incorporate the latest changes introduced by the Whistleblowing Policy regarding the reporting channels available to stakeholders for submitting reports. For further

information on the Group's Code of Conduct, please refer to Chapter 4.1 ESRS G1 – Business Conduct of this document.

Human Rights Policy

The SIT Group has formalized its commitment to respecting and promoting human rights through its Human Rights Policy, approved by the Board of Directors of SIT S.p.A. in December 2022 and published simultaneously with the Company's Code of Conduct. The Policy was made available to all recipients and stakeholders of the Group through the Group's official communication channels.

The objective of SIT's Human Rights Policy is to define the rules, principles, and responsibilities regarding human rights that all members of the Group are required to respect. More specifically, the Policy applies to the personnel of all companies belonging to the SIT Group, both in Italy and abroad, as well as to anyone working on behalf of or for the benefit of the Company, as detailed within the Policy itself.

In developing the Policy, the SIT Group drew inspiration from the main international human rights instruments, including the aforementioned 1948 Universal Declaration of Human Rights, the 1950 European Convention on Human Rights, and the eight ILO Fundamental Conventions, as well as the United Nations Guiding Principles on Business and Human Rights and all major relevant international conventions, listed in the Policy for illustrative and non-exhaustive purposes. Furthermore, the Policy is drafted in compliance with, and requires adherence to, the applicable national and international laws in the countries where the Group operates, as well as to the voluntary codes, procedures, and regulations adopted by the Company over the years.

Through the principles considered essential and indispensable for ensuring respect for human rights in all business operations, the Policy commits SIT to safeguarding human dignity and the protections recognized by national and international laws and conventions, with the objective of fostering and promoting, together with its internal and external stakeholders, a culture based on respect for fundamental human rights and freedoms.

Below is the list of the 12 fundamental principles on which the SIT Group's human rights commitments are based:

- Rejection of forced labor and human trafficking
- Rejection of child labor
- Respect for diversity, inclusion, and equal opportunities
- Commitment against harassment and workplace bullying
- Health, safety, and well-being
- Right to work, freedom of association, and collective bargaining
- Fair and favorable working conditions
- Environmental and climate protection
- Integrity and anti-corruption
- Privacy and data confidentiality
- Respect for local communities
- Relationships with business partners and suppliers

The Group is committed to monitoring the implementation of the Human Rights Policy by fostering transparent, fair, and respectful relationships with its people, in compliance with the laws applicable in the countries where it operates. Any violation or suspected violation of the Human Rights Policy may be reported by all involved parties, including anonymously, through the reporting channels made available by the Company, as described in section G1 – Business Conduct of this document. The Company is also

committed to preventing and addressing potential violations and to sanctioning breaches or non-compliance by any parties subject to the Policy, whether internal or external to the Company.
Recognizing that human rights are an evolving topic, the SIT Group is committed to regularly updating this Policy by taking into account developments in the field, progress in standards and working practices, the internal context of the Group, and any requests or concerns raised by stakeholders. The implementation, monitoring, and full or partial revision of the Human Rights Policy are managed and overseen by the Human Resources Department in collaboration with the relevant corporate functions and structures. In addition, any substantial revision of the Policy shall be subject to approval by the Board of Directors of SIT S.p.A.

Diversity & Inclusion Policy
In conjunction with the Group's Code of Conduct and Human Rights Policy, SIT published and communicated, through the Company's official communication channels, its Group Diversity & Inclusion Policy, which contains all the provisions and commitments aimed at promoting diversity, inclusion, and equal opportunities, as well as preventing discrimination and harassment.
The D&I Policy applies to the personnel of all companies belonging to the SIT Group, both in Italy and abroad, and to anyone working on behalf of or for the benefit of the Company, as detailed in the "Recipients" section of the Policy.
The D&I Policy is consistent with SIT's other ESG Policies and with the provisions of both national and company-level collective bargaining agreements. It is inspired by the main internationally recognized instruments concerning labor, human rights, diversity, and inclusion, including the Universal Declaration of Human Rights, the International Labour Organization Declaration on Fundamental Principles and Rights at Work and its core Conventions, as well as the United Nations Guiding Principles on Business and Human Rights.
The Policy also complies with applicable national, European, and international legislation and aligns with the guidance of the principal international organizations that address these topics, including, among others, the United Nations through the 2030 Agenda for Sustainable Development.
Through its D&I Policy, the SIT Group is committed to safeguarding all dimensions of diversity by promoting the value of differences, both in business relationships and in the management of its workforce. In particular, the Company sets out its approach to D&I through a series of commitments and fundamental principles described in greater detail within the document:

- Promotion of gender equality;
- Promotion of equal opportunities;
- Promotion of work-life balance and the sharing of family responsibilities;
- Commitment to removing potential barriers that may cause stereotypes, discrimination, and/or prejudice;
- Promotion of dialogue among different cultures;
- Promotion of intergenerational dialogue and exchange;
- Promotion of the integration and inclusion of people with disabilities through the removal of cultural, sensory, and physical barriers;
- Zero tolerance towards any form of discrimination, abuse, or harassment.

More generally, SIT's commitment towards its workforce is to value every individual in their professional and personal growth and development within a healthy, safe, and stimulating working environment, where everyone, regardless of individual differences and with full respect for their dignity, has the opportunity to achieve their full potential, thereby fostering a culture of sustainability and inclusion.

Furthermore, all recipients of the Policy are expressly prohibited from engaging in any discriminatory conduct or behavior that undermines individual dignity based on racial or ethnic origin, nationality, age, political opinions, religious beliefs, health status, sexual orientation, socio-economic conditions, or any other social factor that may nullify or impair equality of opportunity or treatment in employment or occupation.
Under no circumstances are physical, verbal, or psychological abuse and/or harassment tolerated, and the Company condemns all forms of violence as well as any actions by individuals or groups, whether inside or outside the workplace, that contribute to creating an intimidating, hostile, degrading, defamatory, or offensive working environment.
To strengthen these commitments, simultaneously with the approval of the D&I Policy by the Board of Directors, the Group Hiring Policy and Training Policy, which are described in greater detail in the following sections, were updated and communicated internally in order to ensure that corporate processes are explicitly aligned with the principles of inclusion, fairness, and merit throughout the Group's entire perimeter. In addition, SIT has implemented and disseminated a set of best practices and guidelines to facilitate the reinforcement of actions and behaviors consistent with the values set out in its policies.
In general, the Human Resources Department oversees compliance with D&I principles within SIT's activities and is responsible for implementing the Policy, as well as for preventing, mitigating, resolving, and remedying negative impacts arising from verified cases of discrimination, failure to ensure equal opportunities, bullying, harassment, retaliation, stalking, and mobbing.
The review, whether complete or partial, of the Diversity & Inclusion Policy is managed and overseen by the Ethics and Equal Opportunities Committee in collaboration with the relevant corporate functions and departments. In developing any amendments, the Committee also takes into account the needs and concerns raised by the Group's stakeholders. Furthermore, any substantial revision of the Policy is subject to approval by the Board of Directors of SIT S.p.A.
Any violation or suspected violation of the D&I Policy may be reported by all involved parties, including anonymously, through the dedicated reporting channels established by the Company, as described in section G1 – Business Conduct of this document. The Company is also committed to preventing and addressing possible violations and to sanctioning breaches or non-compliance by all parties subject to the Policy, whether internal or external to the Company.

Training Policy
The SIT Group's Training Policy is a formalized internal policy available to all employees through the Company's internal communication channels. The Policy, updated following the drafting and publication of the Group's D&I Policy and in line with the values set out therein, has been adopted as a Group corporate procedure and was reviewed by the Quality Department and approved by the Group Chief Human Capital Officer. The procedure and the commitments contained therein apply to all employees and all companies belonging to the SIT Group. Specifically, all Group companies are responsible for defining and detailing the implementation methods and tools in accordance with their operating context, reporting to the Group HR function to ensure consistency and proper reporting. In defining the Policy, the Company considered, in addition to its other corporate policies and the interests and needs of its employees, the requirements set out in ISO 9001 and the Gender Equality Certification according to the UNI/PdR 125:2022 guidelines. The objective of the procedure is to define the criteria and responsibilities necessary to ensure the effective management of processes aimed at acquiring knowledge and skills, or providing information to Company personnel, in compliance with Group policies and in support of a fair, inclusive, merit-based, and non-discriminatory working environment. The document serves as a practical

guideline for promoting positive impacts and mitigating negative impacts related to workforce development and inclusion.

Hiring Policy

Like the Training Policy described above, the SIT Group's Hiring Policy is also a formalized internal policy with the status of a corporate procedure, available to all employees through the Company's internal communication channels. The Policy, updated following the drafting and publication of the Group's D&I Policy and in line with the values set out therein, was reviewed by the Quality Department and approved by the Group Chief Human Capital Officer.

The procedure and the commitments contained therein apply to all companies within the SIT Group, across its various Divisions, including Italian and foreign subsidiaries and branch offices. In defining the Policy, the Company took into account, in addition to its other corporate policies and the interests and needs of its current and prospective employees, the requirements contained in ISO 9001, ISO 14001, ISO 27001, ISO 17025, and the Gender Equality Certification according to UNI/PdR 125:2022.

The objective of the procedure is to define the methods, tools, and operational activities necessary for recruiting personnel into the Company, ensuring that staffing requests are aligned with business needs and budget forecasts. The procedure also aims to properly define the professional competencies required for the position and the related remuneration framework, through a recruitment and selection process carried out in full compliance with the principles of diversity and inclusion.

With regard to responsibilities, each Corporate and/or Plant Human Resources Department receiving a personnel request is responsible for managing the entire hiring process through to the employee's onboarding, involving the requesting manager in the assessment of both technical and soft skills.

Parental Policy

In line with its commitment to continue generating positive impacts on its workforce regarding the material topics identified, particularly work-life balance and gender equality, SIT drafted and communicated a Parental Policy in 2023 through its internal communication channels. The Policy is addressed to all employees of the Italian Group companies who announce a maternity and/or paternity event.

The Policy, developed in accordance with the principles set out in the Group D&I Policy, was reviewed by the Quality Department and approved by the Group Chief Human Capital Officer. It refers to the main regulations on the protection and support of maternity and paternity, including:

- Legislative Decree No. 151 of 26 March 2001 – Consolidated Act on the protection and support of maternity and paternity;
- National Collective Labour Agreement (CCNL) for the Metalworking Industry and Plant Installation Sector – Federmeccanica, dated 5 February 2021.

The objective of the Parental Policy is to support parents during two specific phases:

- During the prenatal period, in order to facilitate preparation for the arrival of the child;
- During the period immediately following the child's arrival and up to the child's third birthday, in order to support reintegration into work and promote work-life balance.

In addition, the Policy aims to protect employees who announce a maternity or paternity event, whether biological or adoptive, against any form of discrimination in recruitment processes, career progression, and compensation conditions.

The monitoring, implementation, and any full or partial revision of the Parental Policy are the responsibility of the Human Resources Departments of the Italian companies, in cooperation with the

relevant corporate functions and structures. Any revisions take into consideration the needs and requests that may be raised by employees.

Salary Review Policy

Through its Salary Review Policy, the SIT Group is committed to ensuring equal opportunities and recognizing applicable national and supranational laws on the matter in the implementation of salary review activities, with the aim of supporting and promoting a culture based on meritocracy, equality, and respect for all forms of diversity.

The enhancement of each individual and their professional and personal growth and development are at the core of the Group's policies and of its commitment to respecting fundamental human rights, which SIT promotes through all organizational processes, rejecting any form of discrimination.

With the objective of fostering the sustainable growth of its people, creating a positive, safe, and stimulating working environment, and mitigating the current negative impact associated with the gender pay gap, SIT is committed, through its Salary Review Policy, updated during 2025, to implementing salary review initiatives. These initiatives are aligned with the strategic needs of the business, corporate and individual performance, as well as labor market dynamics and developments.

This commitment is founded on the principle of Equal Pay for Equal Work, embedded within a broader compensation and benefits strategy that governs the criteria for determining and assigning remuneration across the organization.

The Policy applies to all SIT Group employees, provided that, at the time of the salary review process, they have been employed for more than 12 months and have not received any salary increase during the previous 24 months. Compensation-related actions concerning employees at both Italian and international plants are defined periodically on an annual basis.

Responsibility for monitoring, implementing, and reviewing, whether fully or partially, the Salary Review Policy lies with the Human Resources Department of the Group Headquarters, which communicates updates and makes the Policy available to employees through the Company's internal communication channels.

Health & Safety Policy

The SIT Group's Health and Safety Policy was approved by the Board of Directors of SIT S.p.A. and made available to all Group stakeholders through the Company's official communication channels.

The Health & Safety Policy applies to SIT and its subsidiaries, as well as to all individuals who collaborate and/or act in the name and on behalf of SIT, in all countries where the Group operates. The Policy defines the Group's principles regarding Health and Safety in the responsible and sustainable management of business processes and activities, in compliance with applicable laws and regulations, as well as relevant best practices and the voluntary commitments undertaken by SIT over the years.

Furthermore, SIT's H&S Policy aims to serve as a guideline for impact mitigation and risk management relating to the material topic of health and safety.

In defining its H&S Policy, SIT observes and promotes compliance with all applicable Italian, European, and local regulations in the countries where it operates or may operate, as well as internationally recognized instruments for the protection of workers' health and safety. These include, by way of example, the Universal Declaration of Human Rights, the European Convention on Human Rights, and the main conventions of the International Labour Organization, together with other international and European conventions and declarations, as specified in the Policy.

Through this Policy, SIT promotes the continuous improvement of health and safety processes by implementing action plans based on prevention, accurate risk assessments, and a system for the prevention and management of workplace accidents.
In line with a continuous improvement approach, the Company is committed to regularly updating the Policy, considering developments, progress in standards and best practices relating to Health and Safety, and any concerns or requests raised by stakeholders.
The monitoring, implementation, and full or partial revision of the H&S Policy are managed and overseen by the HSE, Human Resources, and Sustainability Departments, in collaboration with the relevant corporate functions and structures.
During 2025, training on the SIT Group's Health and Safety Policy was delivered to employees through the Skills-Up digital platform in accordance with the Company's objectives.

Privacy Policy
The SIT Group's Privacy Policy establishes the general rules adopted by SIT S.p.A. and all companies directly and indirectly controlled by SIT regarding compliance with requirements related to the processing of personal data and the management of potential impacts concerning the material topic of privacy.
The regulatory framework on which the Policy is based includes:

- Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 (the "GDPR");
- The Italian Data Protection Authority's Guide to the Application of the European Regulation on Personal Data Protection;
- *Guidelines on Personal Data Breach Notification under Regulation 2016/679* (WP29, WP250);
- *Guidelines on the Right to Data Portability under Regulation 2016/679* issued by WP29;
- Italian Legislative Decree No. 196 of 30 June 2003, "Personal Data Protection Code", as amended by Legislative Decree No. 101 of 10 August 2018.

The Governance & Legal Function, through the Privacy Manager, is responsible for assessing and verifying the SIT Group's full compliance with the GDPR by means of periodic audits and for overseeing the implementation of the Privacy Policy.
The Policy is available to all Group employees through the Company's internal communication channels.

During 2025, updates made to the Group Code of Conduct and the main ESG Policies were incorporated into the corresponding translated versions available in the main languages spoken throughout the Group (Italian, English, French, Spanish, Portuguese, Romanian, and Chinese).
The policies, together with their updates, are redistributed whenever necessary to all sites through the respective local HR departments. In addition to being accessible through the corporate intranet, they are also available to all stakeholders upon request via email to the Sustainability Department, as indicated on the dedicated section of the Company's website.

[S1-2] PROCESSES FOR ENGAGING OWN WORKERS AND WORKERS' REPRESENTATIVES REGARDING IMPACTS

The SIT Group believes that considering the perspectives of its workforce is essential to guide decisions and activities aimed at managing the relevant actual and potential impacts affecting SIT's people. We value our employees' contributions and encourage them to freely express their views through dialogue-building and active listening channels, including, for example, surveys, climate assessments, Town Halls, and dedicated events. We allow feedback to guide our decisions and actions; indeed, proactively listening to employees' needs and feedback enables SIT to continuously adapt its policies and practices to meet the evolving needs of its workforce.

Building on the needs identified through the 2022 employee climate survey, the initiative "Breakfast with Federico" was introduced in 2023 and continued throughout 2024 and 2025. The initiative provides a space for active listening, mutual understanding, the exchange of perceptions, and updates on the Company's direction with our CEO, Federico De' Stefani. Based on the positive feedback received and the value of these meetings, the sessions held in 2025 involved 11 employees at the Montecassiano and Milan sites. By shortening distances between management and employees, the initiative fosters valuable visibility and sharing of different perspectives that are not always possible in day-to-day activities. In line with this project, the "Breakfast with Site Manager" engagement initiative also continued at the Romanian plant.

Continuing the approach adopted in previous years, Town Hall Meetings remained in place throughout 2025. These quarterly events, held following the release of financial results, focus on the sharing of business performance, relevant organizational information, team achievements, and best practices. These meetings, which serve as valuable engagement tools to strengthen listening and knowledge-sharing, involved the entire Group through multiple business unit-specific sessions. Operational responsibility for these initiatives lies with the Human Resources Department.

Significant attention was also devoted to monitoring organizational conditions through a range of surveys used as structured listening tools aimed at assessing and evaluating the work environment from a preventive perspective across different segments of the corporate population, particularly within the Group's Italian sites. These assessments were carried out using research frameworks developed by qualified institutions, ensuring methodological robustness and reliability of results.

In particular, organizational analyses focused on resilience and adaptability in accordance with the principles of Industry 5.0, through the adoption of the CARE-QI5.0 model in collaboration with the University of Padua. At the same time, a survey on the psychosocial dimensions of mental well-being, conducted with the Universities of Bologna and Palermo, enabled a structured assessment of risk factors and resources within the workforce. These initiatives were complemented by anonymous internal surveys addressing organizational culture and the work environment, with a specific focus on violence, discrimination, harassment, psychological safety, and career opportunities, as well as by a dedicated survey on parenthood, which provided useful insights for assessing the impact of corporate policies and family support services.

With regard to health and safety, the Group maintains ongoing and constructive collaboration with safety officers and fire safety personnel, with whom periodic meetings are scheduled to jointly analyze risks related to health and safety hazards. During these meetings, improvement actions are discussed and defined, taking organizational changes into account. The meetings are organized to assess and review any interventions or activities that may be required to improve safety standards and working conditions, particularly within manufacturing sites.

Specifically, a Safety Plan is periodically prepared for each industrial site in Italy. The Plan outlines both the activities carried out in compliance with applicable laws and regulations and the objectives to be achieved. Continuous dialogue is also encouraged among the Health and Safety Manager (RSPP), Workers' Representatives, and Trade Union Representatives (RSU).

Regarding industrial relations, the Company recognizes the trade union organizations that are signatories to the national collective bargaining agreement and their local representatives as the natural counterparts for all discussions and negotiations, whether economic or regulatory in nature, including matters relating to the management of organizational issues and employment levels. In conducting social dialogue, SIT refers to the applicable legislation in the various countries where the Group's plants and commercial offices are located.

Without prejudice to the provisions of applicable collective bargaining agreements, SIT supports the importance and centrality of the right to information as an essential element of a transparent and effective industrial relations system based on dialogue, prior information-sharing, and mutual recognition of roles, responsibilities, and competencies. To reinforce this principle, SIT has established an industrial relations model that includes monthly meetings with all RSUs present within the Company, with particular attention given to safety development plans, including the implementation of such plans and broader work organization topics.

Operational responsibility for ensuring the effective involvement of workers' representatives and health and safety representatives lies with the Human Resources Department, supported directly by the HR Industrial Relations function.

In addition, within its worker engagement processes, the SIT Group pays particular attention to individuals who may belong to vulnerable groups, such as parents and caregivers, people with health conditions, protected categories, victims of gender-based violence, and non-EU foreign workers.

As an example, to ensure that parenthood-related support measures are accessible, understandable, and applicable, as well as to monitor their implementation and gather direct feedback from parents, SIT established the Parenting Desk. This monthly appointment-based service enables parents to receive direct guidance from the HR Department regarding the services and support measures available to them. The operational management of this service is the responsibility of the Human Resources Department.

[S1-3] PROCESSES TO REMEDY NEGATIVE IMPACTS AND CHANNELS AVAILABLE TO OWN WORKERS TO RAISE CONCERNS

The SIT Group is committed to responsibly managing any material negative impacts on its employees, whether it directly causes or contributes to them. The process established to address potential negative impacts includes the identification and analysis of the impact, consultation with the workers involved, the identification of mitigation, corrective and/or disciplinary measures, and, where necessary, the involvement of trade union representatives. The objective is to ensure that the measures adopted effectively address the needs of the employees concerned, and the effectiveness of the solutions is continuously monitored by the HR function.

The Group encourages its employees to actively contribute to identifying and preventing improper conduct and, for this purpose, throughout 2025 it continued to make available the Whistleblowing reporting platform, in compliance with the Group Whistleblowing Policy. The Company recognises whistleblowing as an essential tool for promoting integrity, preventing risks and protecting individuals. To this end, it ensures the availability of secure, confidential and easily accessible reporting channels through which employees and stakeholders can, in good faith, report conduct that is not compliant with laws, regulations or company policies. The dedicated platform allows suspected irregularities to be reported completely anonymously, ensuring maximum confidentiality and protection against any form of retaliation.

Reports may concern all matters covered by the ESG policies and the Company's Code of Conduct, thereby helping to strengthen a culture based on responsibility and transparency. Should a report be received, including cases of child labour, forced labour, discrimination or harassment, the Company carries out the necessary assessments and adopts the most appropriate corrective measures, which may include management actions, disciplinary measures or sanctions, as well as the activation of appropriate forms of support and remedy for the individuals concerned.

The effectiveness of the measures is monitored by the Governance & Legal Department in cooperation with the Human Resources Department through a structured control process that includes the collection, analysis and periodic reporting of the number and type of reports received, as well as the outcomes of the activities carried out, to the competent bodies and local statutory control and supervisory bodies, where present. In full compliance with the anonymity of the individuals involved, this monitoring makes it possible to verify the proper functioning of the reporting channels and the engagement of the relevant stakeholders, as well as to assess whether the reporting procedure is effective and achieves its intended objectives.

Should any issues emerge, or should changes in the operating context arise that may affect the effectiveness of the process, the responsible functions will revise and update the Whistleblowing Policy accordingly. During 2025, the Whistleblowing Policy was updated in order to incorporate new regulatory requirements and relevant best practices, further strengthening the alignment of the Company's system with national and international standards on ethics and compliance.

The SIT Group promotes the reporting mechanism and the Whistleblowing Policy governing it through its communication channels and ensures its full dissemination through specific induction and training activities aimed at employees, collaborators and, more generally, the Group's key stakeholders. In any case, the platform and the related policy are available and accessible to all Group stakeholders through a dedicated link within the relevant section of the corporate website.

For a detailed description of the Whistleblowing reporting mechanism, please refer to Chapter 4.1 ESRS G1 – Business Conduct.

[S1-4] ACTIONS ON MATERIAL IMPACTS RELATED TO OWN WORKFORCE AND APPROACHES TO MITIGATE MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES IN RELATION TO OWN WORKFORCE, AS WELL AS THE EFFECTIVENESS OF SUCH ACTIONS

In order to effectively manage the material impacts and risks related to its workforce, SIT continued throughout 2025, in line with previous years, to implement a range of initiatives dedicated to its employees.
The process used to identify material impacts and risks is described in paragraph IRO-1 of this document.
With regard to the identification of appropriate actions and responses to actual or potential impacts affecting its workforce, the SIT Group relies on the guidelines contained within its Compliance Framework, consisting of the ESG policies and procedures developed and communicated by the Company, as well as on the expertise and assessments of the Human Resources Department in collaboration with the Governance & Legal Department, the Ethics and Equal Opportunities Committee, and the Company's management.
The effectiveness of the actions implemented to mitigate negative impacts is periodically monitored by the Human Resources Department. More generally, the SIT Group is committed to ensuring that its practices do not generate or contribute to significant adverse impacts on its workforce through the rigorous application of its relevant policies, as described in section S1-1.
However, should critical situations arise that, although not caused by the Company, are attributable to external or unforeseen factors, the Company is committed to protecting its employees through targeted initiatives and mitigation actions. In doing so, it aims to reduce risks and transform potential negative impacts into opportunities for improvement.
To support this objective, SIT allocates, on a case-by-case basis and following dedicated assessments, the resources deemed appropriate, in line with a responsible growth approach and a continuous commitment to employee well-being and social sustainability.

ACTIONS ON NEGATIVE MATERIAL IMPACTS AND APPROACHES TO MITIGATE RELATED RISKS

Protection of secure employment, social dialogue, and workplace climate
In 2025, in continuity with 2024, the SIT Group continued its efforts to mitigate and prevent the negative impact identified in relation to secure employment, particularly deriving from the need to rationalize personnel costs in response to the economic challenges caused by market uncertainty.
To this end, the Company continued to promote stable and long-term employment relationships across all its locations, while also encouraging flexible and dynamic contractual arrangements capable of meeting employees' needs. More generally, the Group considers the provision of stable and long-lasting employment relationships to be an essential requirement for supporting business growth, as well as an important motivational factor. In support of this commitment, as of 31 December 2025, 95% of the Group's employees held permanent employment contracts, compared to 85% as of 31 December 2024.
At the same time, the Company recognizes that the complexity of the market environment may affect social dialogue dynamics and relations with trade union representatives. For this reason, SIT has adopted a proactive approach aimed at mitigating such impacts, acknowledging that open and constructive dialogue with workers' representatives and social partners is essential for identifying shared solutions.
In this context, during 2025, SIT continued in Italy the practice of early consultation, allowing trade union organizations to be involved prior to the implementation of significant organizational changes. Transparency remains a guiding principle for the SIT Group, which is committed to communicating strategic decisions that may affect human resources in a clear and timely manner, with the objective of avoiding tensions and promoting a shared understanding of the Company's goals.

Accordingly, SIT further strengthened the active involvement of trade union representatives by organizing regular meetings to discuss proposals, address critical issues, and identify sustainable solutions, with the objective of continuously improving social dialogue.
To address potential feelings of insecurity and support employees' professional development, the SIT Group continued to strengthen its reskilling and upskilling programs, intended respectively as retraining to acquire new skills and perform different roles, and the enhancement of existing skills to improve performance or access positions with greater responsibility. These initiatives were designed to create new development opportunities and facilitate internal mobility.
Targeted training on key competencies, delivered both in person and through the Company's "Skills-up" platform, enabled employees to adapt to evolving business needs, reducing the risk of redundancies while enhancing internal talent.
Furthermore, the Company continued to strengthen its existing internal mobility and professional redeployment policies by promoting job rotation pathways and encouraging transitions towards emerging roles within the organization. To support these objectives, the "Career in SIT" section remained active on the corporate intranet, providing employees with visibility on internal career opportunities.
At the same time, for employees affected by workforce rationalization measures, the Company activated outplacement programs, providing support for reintegration into the labor market through specialized partners, with the aim of reducing the impact of the measures adopted.
To preserve a positive workplace climate, in addition to the actions described above, the Company continued to provide all employees with active listening tools, including periodic surveys, discussion meetings, and support desks, as outlined in paragraph S1-2. These initiatives enable the Group to monitor organizational well-being, intervene promptly in cases of dissatisfaction or distress, and assess the effectiveness of the actions undertaken in relation to the topics covered in this section.
At the same time, engagement and retention programs remained in place through recognition initiatives, including the "Peer-to-Peer Celebration" program implemented during Town Hall meetings, as well as incentive mechanisms aimed at recognizing skills and strengthening employee motivation.

Management of occupational health and safety
The SIT Group considers the health and safety of workers across its sites to be one of its top priorities. The Group is committed not only to complying with applicable regulations, but also to adopting strategies and actions aimed at the continuous improvement of working conditions, with the objective of providing a safe working environment that is as free from risks as possible. This vision is implemented through dedicated training programs, delivered both remotely and in person, awareness-raising sessions, and opportunities for discussion on safety-related issues, fostering the development of a corporate culture focused on prevention and the protection of employee health.
In this regard, during 2025, in line with the objective declared in the 2024 reporting cycle, training on the Group Health & Safety Policy, described in section S1-1, was delivered through the "Skills-Up" platform to 100% of employees provided with a digital identity. The initiative aimed to strengthen and formally consolidate the Group's commitment to health and safety, translating it into clearly defined and shared principles and responsibilities.
On a regular basis, both in Italy and abroad, risk monitoring and accident assessment activities are carried out with the aim of preventing incidents and continuously improving health and safety conditions across the Group's sites. The Company continuously plans and implements maintenance and improvement interventions relating to facilities, equipment, structures, and production processes. In addition, key safety indicators are reviewed and shared monthly with management and the relevant functions during

the Factory Meetings held at each production site, during which safety KPIs are presented and any critical issues are identified.
The Group maintains an ongoing and constructive collaboration with workers' representatives, with whom periodic meetings are scheduled to jointly assess risks related to health and safety hazards. During these meetings, improvement actions are discussed and agreed upon, taking into account any organizational changes that may have occurred. All SIT Group production sites have joint committees composed of workers' representatives and company representatives to address and manage health and safety matters.
To mitigate impacts, all workplace accidents are subject to a structured analysis aimed at identifying their root causes and defining the most appropriate corrective actions. The information collected is promptly shared with management and the HSE functions within the relevant Group company, fostering a structured discussion regarding the measures to be adopted. The most appropriate actions, defined in accordance with the highest regulatory standards and the specific circumstances of each case, are promptly implemented both to provide adequate support to injured workers and to prevent similar events from recurring.
During 2025, the implementation of the actions described above, together with workplace reassessment activities across production sites, training and awareness initiatives, and the strengthening of accident prevention and risk mitigation measures, resulted in a significant reduction in workplace accidents across all Group companies. In particular, at Group level, the recordable employee injury rate decreased significantly, from 7.56 in 2024 to 2.61 in 2025.
In addition, following the high number of workplace accidents recorded in the Group's Tunisian facilities during 2024, a targeted action plan was launched focusing on prevention and awareness activities tailored to the local context and to the specific territorial and cultural characteristics of those sites. Thanks to the initiatives implemented, the injury rate decreased significantly. The Company will continue implementing these actions in Tunisia as part of its continuous improvement approach and with the objective of further reducing workplace accidents.
Across all Group locations, both in Italy and abroad, attention to health and safety extends not only to employees but also to non-employee personnel and, more generally, to all individuals working in or visiting Company facilities.
Looking ahead, SIT intends to continue strengthening and expanding its safety programs across the entire Group perimeter by improving long-term performance monitoring through advanced digital tools and enhancing training on emerging risks. The objective is to ensure an increasingly safe, structured, and prevention-oriented working environment.

Gender Pay Equality
As described in section SBM-3, the SIT Group is aware of its impact on gender equality from the perspective of equal pay for equal work, as there is a gender pay gap linked to historical reasons and broader contextual factors that are not always attributable to the Company. This inequality has a negative impact on the Company's employees, but it may also have significant consequences for the Company itself, both from a financial and an attractiveness/reputational standpoint.
Aware of its impact and of the need to mitigate the related risk, since 2021, following the Global Grade System methodology, the SIT Group has implemented a banding structure for all strategic organizational positions within the Italian perimeter, which is considered based on its specific characteristics and the uniqueness of its workforce. The implemented system enables the mapping and grading of corporate roles within Italy and, for the most part, also of strategic roles located in foreign subsidiaries.

Building on these foundations, the Gender Pay Gap Analysis was launched in 2023 in collaboration with Willis Towers Watson, with the objective of identifying any gender-related pay differentials across the workforce through the analysis of fixed and variable compensation components for each grade identified through the Global Grade System methodology. The outcome of this assessment was an initial snapshot that laid the groundwork for technical working groups dedicated to studying and further exploring the topic, with the aim of defining a methodology that is as objective as possible and suited to the complexity of the Company's operations.

As a continuation of this process, in 2025 SIT continued to implement pay transparency models within its Italian companies and its Portuguese subsidiary, using role classification to normalize remuneration differences, thereby enabling a fair comparison of pay levels in relation to the weight and value of each role. This initiative made it possible to identify specific cases where remuneration alignment is required, while also highlighting the need for further analysis. The process not only aims to ensure compliance with the deadline set by EU Directive 2023/970 on Pay Transparency in 2027, but also seeks to establish advanced metrics capable of promptly identifying any gender pay gaps and preventing their development over the long term.

During 2025, the Company certified two internal resources in the use of WTW's Global Grade System methodology, which is currently being implemented through dedicated tools. This methodology supports the Company in identifying and assessing roles of "equal value," taking into account the organizational complexity and the wide variety of positions across the Group. During 2026, the activities necessary to ensure compliance with the Directive are planned. This approach further reinforces and clarifies SIT's "Equal Pay for Equal Work" vision, under which the Company, while acknowledging the negative impact generated, is actively committed to reducing it and mitigating the associated risks.

Compensation processes, together with the principles guiding them and the policies governing their application, are regularly communicated to employees. Relevant information and documentation are always available on the Company intranet and are also shared through dedicated communications whenever necessary.

The Company ensures that professional growth and access to development opportunities are based exclusively on merit and on the current and future contribution of individuals, counteracting any form of discrimination. Gender equality is, in fact, a fundamental commitment within our sustainability and growth strategy. As evidence of this commitment, in its Italian sites, in addition to maintaining the Gender Equality Certification in accordance with UNI/PdR 125:2022, SIT has further strengthened its initiatives through active participation in awareness-raising and outreach campaigns at both regional and provincial levels, taking on official Ambassador roles and joining provincial network protocols.

Furthermore, in terms of commitments and memberships, in November 2025 the SIT Group officially joined the Women's Empowerment Principles (WEPs). Further details can be found in the section relating to actions undertaken to promote the material positive impact associated with diversity and inclusion.

Management and implementation of measures against workplace violence and harassment

A common element across all of SIT's ESG policies is its zero-tolerance approach to violence and harassment, together with a declared and formalized commitment to inclusion and gender equality, aimed at fostering a neutral, non-discriminatory, and merit-based workplace. SIT does not tolerate or justify, under any circumstances, physical, verbal, or psychological abuse and/or harassment. Furthermore, it condemns all forms of violence and any actions by individuals or groups, whether inside or outside the company, that contribute to creating an intimidating, hostile, degrading, defamatory, or offensive working environment.

The Human Resources Department is responsible for overseeing compliance with these fundamental principles of SIT's operations and for ensuring the prevention, mitigation, resolution, and remediation of potential adverse impacts arising from cases of discrimination, unequal treatment, bullying, harassment, retaliation, stalking, and mobbing, all of which are fundamentally at odds with the culture and values actively promoted throughout the SIT Group.
In 2023, SIT issued the "Workplace Harassment, Violence and/or Discrimination Prevention and Management Plan" with the aim of preventing any conduct deemed incompatible with the inclusive culture promoted by the Group. The Plan formally establishes the channels and procedures for managing reports in compliance with whistleblowing legislation and the recently updated Group Policy. In 2025, the Plan was updated and expanded to include the analyses and risk assessments relating to abuse, harassment, and discrimination (AHD) in the Company's cross-functional processes and workplaces, as well as the related guidelines, adopted methodology, and results achieved. The initiative included the mapping of the areas and processes most exposed to risk, the systematic assessment of the likelihood and impact of different risk scenarios, the identification of prevention and protection measures, and the integration of these assessments into the Company's management systems, in line with internal policies and gender equality requirements.

Privacy protection and cybersecurity
The SIT Group has always paid close attention to data and information security. Each year, the Company strives to further strengthen the security of its IT systems while placing strong emphasis on workforce awareness, recognizing that cybercrime threats are becoming increasingly widespread and sophisticated. Aware of the impact that breaches of information and corporate security may have on the personal data privacy of its employees, since 2024 the SIT Group has adopted a Privacy Policy, described in section S1-1, in compliance with the GDPR. The Policy is supported by a set of dedicated policies and procedures designed to ensure its effective implementation, including:

- Data Retention Policy
- Data Subject Rights Management Procedure
- Data Breach Management and Notification Procedure
- Privacy by Design and Privacy by Default Procedure

Through these documents, the SIT Group has implemented the tools necessary to identify and mitigate the impact of potential breaches of employee privacy through an approach that combines preventive measures, management procedures, and ongoing training.
From a cybersecurity perspective, for several years most business-related corporate servers have been migrated to specialized data centers designed to mitigate the risks of data loss and theft, provide disaster recovery and high availability solutions, and ensure 24/7 monitoring of security and service performance. These measures enable reliable and rapid recovery and business continuity in the event of incidents. The availability of production servers, which must remain on-site, is ensured through internal disaster recovery policies that vary according to system criticality, ranging from daily backups on high-performance Cohesity platforms to high-availability architectures that ensure near-instant recovery times and virtually no data loss.
In 2025, the Company continued the review of a large portion of its security systems, a process that began in 2022 and includes both procedures and external partners, with the objective of strengthening the protection and monitoring of the organization's cyber threat perimeter. In this context, the corporate Cybersecurity Awareness Programme also continued in 2025 through the "MetaCompliance" platform,

which integrates training delivery with Microsoft Teams. During 2025, three periodic cybersecurity training campaigns were delivered to all employees provided with a digital identity.
In addition, SIT maintains a mandatory induction programme for all new hires, which includes a dedicated training session with the Information Security System Manager. During these sessions, employees are introduced to the cybersecurity best practices they are expected to follow on a daily basis to minimize risks and reduce the attack surface available to potential hackers and cybercriminals.
During 2025, employees equipped with corporate IT tools in Italy, Portugal, and Romania also received training on the Policy and the ethical and responsible use of artificial intelligence (AI literacy), as required under the AI Act. At the same time, Microsoft Copilot training was delivered to a pilot group of users in Italy and Romania.
To further promote cybersecurity awareness across the organization, a dedicated page was established on the corporate intranet for the publication of news, red flags, articles, and other content relating to information security and artificial intelligence.
In the second half of 2025, a project to review and segregate the corporate intranet networks was launched. The project was completed in 2025 for MeteRSit and is scheduled for completion at SIT in 2026.
With regard to certifications, MeteRSit completed the transition to the new ISO 27001:2022 standard in 2024 and successfully passed its first surveillance audit conducted by certification body KIWA Cermet in 2025.
In the context of the NIS2 Directive, in February 2025 SIT and MeteRSit Italy were identified, registered, and listed by the Italian National Cybersecurity Agency (ACN) as important entities within the Italian industrial sector. Consequently, the roles required under the regulation were formally assigned and mandatory training was provided to the Board of Directors.
During 2025, SIT and MeteRSit Italy also conducted a gap analysis against the requirements of Legislative Decree No. 138 of 4 September 2024 and developed a roadmap of activities necessary to achieve compliance. The identified actions will be implemented during 2026.
During 2025, the Group incurred capital expenditures of €35.6 thousand and operating expenses of €49.8 thousand relating to cybersecurity controls and initiatives, as already reported in section SBM-3 of ESRS 2 of this document. Capital expenditures were recognized under non-current assets in the consolidated financial statements and are mainly included within the item "Other intangible assets" disclosed in Note 1, Goodwill and other intangible assets. Operating expenses were recognized under "Service costs" in the income statement and are detailed in Note 26. These costs primarily include maintenance and repair expenses of €2.3 thousand and legal, administrative, and other professional services amounting to €47.5 thousand, related to the management and strengthening of cybersecurity safeguards.

ACTIONS ON MATERIAL POSITIVE IMPACTS

Initiatives supporting work-life balance

In continuity with previous years, SIT continued to implement its Welfare and Wellbeing policies, paying particular attention to safeguarding the psycho-physical health of its employees, thus promoting initiatives with broad accessibility and inclusiveness that foster opportunities for balance and wellbeing. The initiatives promoted had a positive impact on the Company's entire workforce through actions addressing dimensions such as increasing purchasing power through fringe benefits, facilitating work-life balance, and promoting a climate of health and wellbeing, both personal and professional.

The positive impact generated by the Company, which in 2024 was recognized and rewarded by the Marisa Bellisario Foundation with the prestigious "Work Life Balance Friendly Company" award, was also recognized in 2025 by Italy's 100 Employers for Women 2025, an independent survey conducted by ITQF (German Institute for Quality and Finance) focused on key aspects such as corporate culture, wellbeing, work-life balance, equal opportunities, and professional training, with the aim of assessing the commitment of Italian companies to gender equity and identifying the 100 organizations that have distinguished themselves for their significant contribution in this area.

This recognition confirms SIT's commitment to promoting a fair, inclusive working environment attentive to women's wellbeing and gender equality, once again positioning the Company among the most virtuous organizations in the sector, in line with the UNI/PdR 125:2022 Gender Equality Certification.

Among its human capital management policies, SIT considers it a conscious choice to pursue a working environment characterized by flexibility, autonomy in managing the working day, individual and team entrepreneurship. The objective is to create a working environment in which the achievement of company goals takes place through the contribution of all people in a climate of trust and effective collaboration. Through its smart working and flexible working practices, SIT aims for continuous improvement from a work-life balance and organizational wellbeing perspective, where work-life balance is not only an exercise in time management but also a concrete positive impact on all workers in terms of balancing life and work and wellbeing within the company. Flexible and remote working are governed in the various Group locations by specific ad hoc regulations and supervision of their implementation is entrusted to the HR departments of each legal entity. In general, at all its locations, the SIT Group adopts specific measures for the management of working hours and overtime, in full compliance with the applicable collective bargaining agreements, national regulations and sector best practices. These measures, together with the related operational guidelines, are defined in the company regulations of the various Group locations and in the relevant collective agreements, with the aim of guaranteeing workers the best possible working conditions.

During 2025, SIT continued to support and promote parenthood and, from this perspective, the Parenting Desk continued as described in chapter S1-2 of this document.

Furthermore, in continuity with the principles set out in the Parental Policy, during the year SIT introduced, within the companies falling within the scope of the policy, the "Time4Care" Solidarity Time Bank regulation, a support and solidarity tool aimed at providing concrete assistance to SIT people in times of greatest need. The initiative allows employees to voluntarily donate part of their leave hours to colleagues facing complex personal or family situations, promoting a culture of solidarity and shared responsibility. Time4Care expands the Company's commitment to supporting the reconciliation of professional life and caregiving responsibilities, with particular attention to the different stages of life and to the needs of caring for loved ones.

In addition, within the now established "SIT People Program", the Company promoted throughout the year a set of initiatives aimed at supporting people's wellbeing across different dimensions of personal and professional life.

In particular, the initiative dedicated to Parenthood included the launch of a training programme for employee parents, with the objective of providing practical tools to address everyday educational challenges. The course explored topics such as introduction to first aid, management of emotions and complex behaviours, as well as the foundations for building positive relationships with children. The content was tailored according to different age groups, ensuring greater consistency with participants' specific needs.
At the same time, through the "Financial Wellbeing Tuesdays" series, carried out in collaboration with UniCredit Banking Academy, the Company strengthened the financial skills of its employees. The programme, consisting of four interactive webinars, covered topics such as mortgages and loans, insurance protection, investment fundamentals and financial education as a tool for empowerment and combating gender-based violence. The initiative, open to all employees regardless of role or seniority and communicated to all Group companies through the corporate intranet, aimed to promote greater awareness in economic decision-making, contributing to personal wellbeing and long-term stability.
Along the same lines, in order to offer a service dedicated to promoting the personal and professional wellbeing of its entire workforce, the Company maintained the "Psychology and Emotions" counselling service. The psychological support desk, managed by a professional psychologist, offers individual online appointments with the objective of providing emotional balance and guidance to users through meetings freely accessible to all SIT people, white-collar and blue-collar employees worldwide. The service is available in both Italian and English, and the professional's schedule allows access also for colleagues from the Group's subsidiaries.
Consistent with this commitment to promoting a culture of psychological health in the workplace, on 10 October 2025, on the occasion of World Mental Health Day, SIT promoted a series of webinars dedicated to Mental Wellbeing, aimed at raising awareness, reducing the stigma associated with mental health and encouraging the adoption of useful practices in everyday professional and personal life. The two sessions, conducted by the professional responsible for the psychological support desk, explored the topic of overthinking and the value of mindful breaks, providing practical tools such as breathing techniques, visualization and management of mental rumination.
Furthermore, as described in paragraph S1-2, significant attention was dedicated to monitoring organizational conditions through a set of surveys used as structured listening tools, strengthening the Group's ability to systematically oversee organizational wellbeing, guide subsequent improvement actions and consolidate a culture of listening that is open, inclusive and constantly attentive to people's needs.
With the aim of strengthening people's overall wellbeing and fostering a positive life-work environment, SIT continued to develop and enhance its corporate welfare system, available to all Group employees. The welfare model, regulated by a dedicated policy and accessible through a dedicated platform, integrates a comprehensive set of benefits designed to meet different needs throughout life's various stages. This approach aims to concretely support the reconciliation of professional and personal life, contributing to improving quality of life, engagement levels and sense of belonging.

Initiatives supporting equal opportunities, diversity and inclusion

Since its foundation, SIT has been attentive and committed to creating an environment free from all forms of discrimination, striving to ensure and promote equal opportunities for everyone in the workplace. Over the years, it has transformed this commitment into concrete actions, defining rules and safeguards aimed at enhancing human capital in all its breadth and diversity. This commitment has been expressed not only through ESG policies, but also through the adoption, sharing and implementation, starting from 2022, of the ten fundamental principles established by the UN Global Compact. During 2025, in line with this path,

the Company joined the Women's Empowerment Principles (WEPs), an initiative promoted by the UN Global Compact and UN Women that supports companies in promoting gender equality and women's empowerment across all dimensions of business.
Participation in the initiative was formalised through the official signing of the CEO Statement of Support by our CEO & President Federico de' Stefani, who stated:
"At SIT, we believe that innovation and sustainability grow stronger when inclusion and equal opportunities form their foundations. By joining the Women's Empowerment Principles, we reaffirm our commitment to a culture that values talent, merit and diversity in all their forms. This vision is reflected in our structured parental support policy, in the initiatives we promote for physical and mental wellbeing, and in the recognitions received for our work-life balance practices. We are convinced that valuing women and promoting equity means investing in a better future, for our people, for the company and for the communities of which we are part."
This international commitment is consistent with the Gender Equality Certification in the Italian sites, strengthening SIT's commitment to ensuring equal opportunities, inclusion and talent enhancement, as well as promoting safe and respectful workplaces, supporting female leadership and fostering fair growth paths for everyone.
In addition, the internal system of supervisory and control bodies saw the continued operation of the Ethics and Equal Opportunities Committee (CEPO), engaged in the evaluation and monitoring of inclusion initiatives, the implementation of ESG policies and the application of the Code of Conduct, contributing to the dissemination of best practices and the strengthening of internal controls, with the aim of delivering a positive impact on all workers.
The Committee, chaired by representatives of the Human Resources Department, the Governance & Legal Department, the President of the SIT Foundation and the Head of Compensation & Controlling, during 2025 evaluated, managed and monitored inclusion initiatives, implementation of ESG policies, actions to ensure gender equality, application of the Code of Conduct and the definition of projects and best practices relating to Diversity & Inclusion and the related policy.
In line with the objectives of the "Made To Matter" Sustainability Plan, and in particular with the "Made with Care" pillar dedicated to Social Responsibility, in 2025 SIT further consolidated its path on gender equality by successfully passing the second surveillance audit for the Gender Equality Certification according to UNI/PdR 125:2022 guidelines. The certification represents the expression of an organisational model based on fairness, talent enhancement and inclusion, as well as the result of a structured and progressive process of integrating equality principles into governance processes, HR practices and monitoring mechanisms. Activities for the renewal of the certification for the 2026-2029 period are planned during 2026.
To strengthen fairness in professional development processes, in 2025 the Performance Appraisal process was further improved and expanded in its scope of application, including, compared to 2024, 100% of the Sales department of the H&V BU and, for the Smart Metering BU, also the Portuguese company Janz, thereby strengthening methodological consistency and transparency.
Based on objective and merit-oriented criteria, the system represents a people management lever founded on principles of fairness and talent enhancement. The Company also confirms its commitment to progressively extend its application to other Group companies in the coming years, consolidating its role as a fair and meritocratic assessment tool.
SIT is committed to overseeing respect for all possible dimensions of diversity, promoting the sharing of differences both within its business activities and in the local community, working to spread best practices and raise awareness also on issues related to multiculturalism, age diversity and disability.

Initiatives supporting training, skills development and the risk of dependency on key resources

The strategy regarding the training and development of its people implemented by the SIT Group has enabled the Company to generate a positive and tangible impact on its entire workforce. In fact, the actions adopted by the Group over the years have clearly defined the guiding criteria of human resource management processes and practices, with the objective of creating a balance between company goals and employee motivation, increasing performance, improving Employee Engagement and strengthening talent retention and attraction. In 2025, the development and training opportunities offered to the Group workforce remained aligned with the hybrid organisational model implemented in previous years, encouraging different participation methods, both in-person and remote, thus ensuring greater opportunities for involvement and accessibility from different Group plants.

In 2025, in continuity with previous years, the SIT Group strengthened and enriched the training offering of the Skills-Up digital academy, the innovative platform through which employees can access up-to-date and interactive training courses divided into "learning pills" within broader programmes, available in both Italian and English. Within the digital academy, three macro categories of content have been developed: Corporate Culture, Individual Development and Group Compliance, covering all ESG topics considered material by the Company. In particular, all courses relating to ESG topics that were the subject of mandatory training in previous years remained available on the platform and continue to be accessible to new employees and to ensure continuity of information. In 2025, new mandatory courses were introduced for all SIT Group members with a digital identity, dedicated to: Health and Safety Policy and Organisation, Management and Control Model pursuant to Legislative Decree 231/2001.

The platform complies with digital accessibility regulations. In particular, the platform complies with the "Guidelines on the accessibility of IT tools" issued by the Agency for Digital Italy (AGID).

The Group continued to promote proactive self-development behaviours and learning agility, which are fundamental aspects in a context characterised by rapid change and the need to upskill competencies to respond to business developments. Within this framework, through the enhancement of platform plug-ins, a catalogue of learning paths aligned with SIT's strategic competencies was made available.

In addition to these initiatives, thanks to collaboration with prestigious Business Schools recognised at both Italian and international level, highly specialised technical and managerial programmes, as well as Executive Masters and MBA programmes, were launched and completed. Colleagues from the Italian sites, coming from different business areas, deepened specific topics related to their competencies, including technological innovation, project management and the ergonomic efficiency of production lines.

With regard to soft skills development, dedicated workshops were organised at the Italian sites, involving colleagues from different company functions. Through participatory and experiential activities, such as group work and classroom games, these meetings encouraged cross-functional collaboration, fostering deeper understanding of topics such as communication, proactivity, dialogue, agile mindset and positive change management.

Also in the area of external training, in 2025 two SIT employees participated in the Business and Human Rights Accelerator, a six-month international programme that helps companies effectively manage human rights issues. The programme encourages companies to understand and demonstrate their risks, as well as the positive value they can generate for people, communities and territories.

Finally, in 2025 the Company continued its commitment to knowledge sharing through internal Academies under the Knowledge Sharing format. Some key colleagues made themselves available as internal trainers, transferring their competencies to colleagues, with a targeted contribution aimed at reducing the identified risk. These training sessions not only enhance and make accessible the wealth of competencies

of SIT people, but also foster an environment of professional recognition, collaboration and sharing, contributing to the capitalisation of organisational knowledge.
In addition, with the aim of supporting and strengthening personal resources, the opportunity to undertake individual coaching programmes was maintained, aimed both at managers transitioning to new professional growth roles and at other company figures, offering an opportunity for continuous development and preparation for future challenges.
The monitoring and effectiveness of the actions undertaken in the area of training and human resource development are entrusted, at Group level, to the Training Committee, which meets periodically, while at the level of individual companies they are entrusted to the local HR functions.

[S1-5] TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS, AND MANAGING MATERIAL RISKS AND OPPORTUNITIES

With the overall objective of putting into practice the values and principles set out in its Code of Conduct and in its workforce-related Policies, the SIT Group has established a series of targets within the Made to Matter plan and, more specifically, within the "Made with Care" Pillar, dedicated to Social Responsibility objectives.

Target	Target perimeter	Base year | Base value	Target / KPI	Target year	STATUS
Delivery of training related to the H&S Policy	Group	2024 | N/A	100% of the population provided with a Skilla digital identity	2025	ACHIEVED Training delivered in 2025 in line with the target
Reduction of the employee occupational injury rate	Group	2024 | 7.60	<3.50	2025	ACHIEVED 2025 Occupational Injury Rate: 2.61, achieving the target
Role regrading and gender pay gap update	Italy employees	2024 | N/A	Completion of the mapping process at Italy level	2026	ACHIEVED As of 31.12.2025, role regrading had been completed in Italy and Portugal
Delivery of training through the Digital Academy	Group	2022 | N/A	Maintenance	2025-2027	IN PROGRESS Training delivered through the Digital Academy throughout 2025
IR (Internal Inclusion Rate) – measurement of induction process satisfaction	New Hires Italy	2023 | >80%	Maintenance ≥80% per year	2025-2027	IN PROGRESS For 2025, IR: 100%
Gender Equality Certification	ITA	2023 | N/A	Maintenance	2025	ACHIEVED Surveillance audit successfully passed
Gender Equality Certification	ITA	2023 | N/A	Certification renewal	2026-2028	Extension of the timeline of the above-mentioned target
Obtaining ISO 45001	Italy Production Plant	2024 | N/A	Obtaining certification	2027	IN PROGRESS Certification planned for MeteRSit S.r.l. and Janz in 2026
Zero Gender Pay Gap among new hires in the same role and grade	New Hires Group	2023 | Zero Gender Pay Gap	Maintaining a zero Gender Pay Gap among new hires in the same role and grade	2027	IN PROGRESS Zero Gender Pay Gap among new hires in 2025
ESG Targets on LTI and MBO	Group	2023 | N/A	Maintenance of 100% of the assignee population	2025-2027	IN PROGRESS In 2025, 100% of the assignee population was maintained under the LTI plan;

					starting from 2026, an ESG target will be included in the MBO
OTR – Organization Talent Review Process	Group	2024 | N/A	1 review every two years	2025-2027	IN PROGRESS Review carried out in 2025 in Italy and Portugal
OTR – Organization Talent Review Process	Group	2025	Extension of the model to the Tunisian Plants	2026-2027	Extension of the above-mentioned target

The objectives established by the SIT group with respect to its workforce are aimed at the continuous improvement of corporate performance and the constant wellbeing of its people.
The process for defining objectives in the Group's Human Resources Management is based on achieved performance, integrating the analysis of priority topics, initiatives developed over time, results obtained, and benchmarking against sector best practices.
The objectives defined by the Company in this area are subject to periodic monitoring by the Human Resources Department, in collaboration with the Sustainability function. Based on the results achieved, any revisions or improvements to the policies, initiatives and services adopted by the Company are assessed.
When setting indicators, the SIT Group takes into consideration any concerns raised by its workforce through the engagement processes described in paragraph S1-2. This not only makes it possible to set objectives that seek to respond to the actual needs of the workforce, but also enables the identification of opportunities for improvement

[S1-6] CHARACTERISTICS OF THE UNDERTAKING'S EMPLOYEES

The SIT Group employed 1,916 people as of 31 December 2025. Compared to the previous year, the workforce increased by 2%.
The quantitative information reported above regarding the Group's employees is expressed in terms of headcount and refers to the Group's employees as of 31 December 2025.
During 2025, 846 people were hired (749 in 2024) and 803 people left the Group (890 in 2024), resulting in a turnover rate of 41.9%[24] (47.5% in 2024), due to the fact that the expanding markets in which SIT operates some of its sites are characterised by high labour turnover dynamics.

Number of employees by gender

Gender	2024	2025
Women	1,086	1,142
Men	787	774
Other	-	-
Not declared	-	-
Total	**1,873**	**1,916**

The total number of employees reported above is consistent with the total number of employees (excluding temporary agency workers) reported in the 2025 Financial Statements, available in the Human Resources and Organization section.

Number of employees in countries where the undertaking has at least 50 employees representing at least 10% of the total number of employees

Country	2024	2025
Italy	690	631
Romania	336	360
Mexico	212	224
Tunisia	284	348
Portugal	254	272

[24] Ratio of employee departures to the total number of employees as of 31 December 2025.

Number of employees by contract type, broken down by gender (headcount)

	Women		Men		Other		Not declared		Total	
	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025
Number of employees	1,086	1,142	787	774	0	0	0	0	1,873	1,916
Number of permanent employees	889	1,073	698	744	0	0	0	0	1,587	1,817
Number of temporary employees	197	69	89	30	0	0	0	0	286	99
Number of employees with non-guaranteed hours	0	0	0	0	0	0	0	0	0	0
Number of full-time employees	1,047	1,109	782	768	0	0	0	0	1,829	1,877
Number of part-time employees	39	33	5	6	0	0	0	0	44	39

Number of employees by contract type, broken down by region (headcount)

	Italy		Europe		Americas		Asia/Pacific		Africa		Total	
	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025
Number of employees	690	631	625	650	217	229	57	58	284	348	1,873	1,916
Number of permanent employees	689	629	582	556	217	229	56	56	43	347	1,587	1,817
Number of temporary employees	1	2	43	94	0	0	1	2	241	1	286	99
Number of employees with non-guaranteed hours	0	0	0	0	0	0	0	0	0	0	0	0
Number of full-time employees	655	598	616	644	217	229	57	58	284	348	1,829	1,877
Number of part-time employees	35	33	9	6	0	0	0	0	0	0	44	39

[S1-8] Collective bargaining coverage and social dialogue

As outlined in SBM-3 and S1-4, SIT guarantees social dialogue and freedom of association and is committed to managing relations between the Company, employees and trade unions in a positive manner, while mitigating the potential negative impact that inadequate management of dialogue, combined with the current adverse market situation, could generate.
In continuity with the previous year, also in 2025, 93% of the Group's employees were covered by collective bargaining agreements. Employees not covered by collective bargaining arrangements are nonetheless guaranteed the same working and employment conditions established by the collective bargaining agreement in force in Italy and by relevant international standards.
The collective bargaining and social dialogue coverage rate in EEA countries with more than 50 employees and representing at least 10% of the total workforce is reported below. The distribution of coverage rates remained unchanged compared to the previous year

Collective bargaining coverage and social dialogue

Coverage Rate	**Collective bargaining coverage** **Employees– EEA** ((only countries with >50 employees representing > 10% of total employees)	**Social Dialogue** **Workplace Representation – EEA** (only countries with >50 employees representing > 10% of total employees)
0-19%		Portugal
20-39%		
40-59%		
60-79%		Italy
80-100%	Italy, Romania, Portugal	Romania

[S1-9] DIVERSITY METRICS

The SIT Group's workforce is predominantly composed of women, who represent 59.6% of the total number of employees.
The distribution of Group employees by age group and the gender distribution of Top Management are reported below.

Distribution of employees by age group

Number of employees	2024	2025
Under 30 years old	270	316
% of employees under 30 years of age	14%	16.5%
Between 30 and 50 years old	972	956
%of employees aged 30-50	52%	49.9%
Over 50 years old	631	644
% of employees over 50 years old	34%	33.6%

Gender distribution at Top Management level

Number of employees at top management level	2024	2025
Women	4	2
% of total at top management level	12%	7%
Men	29	25
% of total at top management level	88%	93%
Total	33	27

[S1-10] ADEQUATE WAGES

To further enhance its competitiveness and attract a greater number of talented individuals, SIT aims to position itself within salary ranges that are higher than the base pay levels of the respective countries in which it operates. All Group employees, across every location, receive adequate remuneration in compliance with local regulations, the applicable collective bargaining agreements and ESRS requirements.
In the countries where the Group operates, remuneration conditions and wages are defined and negotiated collectively through national, sectoral or company-level collective agreements, which establish minimum wage levels and the main safeguards for workers

[S1-14] HEALTH AND SAFETY METRICS

The Health and Safety management system within the SIT Group is structured and implemented in accordance with the requirements of the relevant international standards. The Group Health and Safety Policy, drafted in compliance with the main national and international standards, contributes to providing clear guidelines for risk mitigation, accident prevention and ensuring the health and safety of the Group's entire workforce.
Also in 2025, 100% of the SIT Group's employees, regardless of contract type or any other factor, were covered by a structured occupational health and safety management system.
The health and safety metrics for the SIT Group relating to the number of injuries and fatalities among employees[25] are reported below. In particular, it should be noted that, thanks to prevention initiatives, enhanced safety training programmes and strengthened internal systems for monitoring workplace accidents, the Company recorded a significant reduction in the injury rate compared to the previous year. This improvement reflects the effectiveness of the actions undertaken and the ongoing commitment to promoting a safer working environment.

Number of injuries and injury rate

	2024	2025
Number of fatalities in the workforce resulting from work-related injuries and occupational diseases	0	0
Number of fatalities due to work-related injuries and occupational diseases among other workers operating at the undertaking's sites	0	0
Number of recordable work-related injuries among employees	25	9
Rate of recordable work-related injuries among employees[26]	7.56	2.61

[25] The metrics relating to non-employee workers, occupational diseases, and days lost due to injuries, accidents, fatalities, and occupational diseases have not been reported, as they are subject to phase-in provisions.
[26] The recordable injury rate is calculated as the ratio between the number of injuries and the total hours worked by employees during the same period, multiplied by 1,000,000.

[S1-16] REMUNERATION METRICS (PAY GAP AND TOTAL REMUNERATION)

The Gender Pay Gap recorded was 30% at SIT S.p.A.'s Italian sites (25% in 2024) and 57% at Group level [27] (52% in 2024) is mainly attributable to geographic and functional mix effects that influence the aggregated Group-level figure. In particular, there is a significant concentration of female employees in countries with lower labour costs, which are characterised by lower average remuneration levels. These differences do not derive from pay disparities for the same role and responsibilities, but rather reflect a historically consolidated workforce structure. The Company has launched a development path aimed at promoting greater gender equity through targeted initiatives supporting career development and the enhancement of female talent across all business functions, as well as through the periodic monitoring of pay differentials within homogeneous employee groups. Below is a table showing the gender distribution by professional category and by country classification, grouped into high[28], middle[29] or low[30].

WOMEN	**Workers**		**Employees and Executives**		**Total**	
	2024	**2025**	**2024**	**2025**	**2024**	**2025**
Low income countries	51.8%	55.1%	5.6%	6.1%	**57.5%**	**61.2%**
Middle income countries	11.4%	12.6%	4.8%	4.3%	**16.2%**	**16.9%**
High income countries	16.9%	14.7%	9.5%	7.2%	**26.3%**	**21.9%**
Total	**80.1%**	**82.4%**	**19.9%**	**17.6%**	**100%**	**100%**
MEN	**Workers**		**Employees and Executives**		**Total**	
	2024	**2025**	**2024**	**2025**	**2024**	**2025**
Low income countries	14.6%	16.8%	11.8%	13.3%	26.4%	**30.1%**
Middle income countries	5.3%	6.5%	11.2%	11.0%	16.5%	**17.4%**
High income countries	23.1%	21.7%	33.9%	30.7%	57.1%	**52.5%**
Total	**43.1%**	**45.0%**	**56.9%**	**55.0%**	**100%**	**100%**

A table showing the Total Remuneration Ratio is also provided below. This ratio corresponds to the annual total remuneration of the Chief Executive Officer divided by the median annual total remuneration of SIT Group employees and amounted to 62:1, unchanged compared to the previous year[31].

[27] The calculation takes into account both fixed and variable components of remuneration, including an estimate of the value of the Long-Term Incentive (LTI), corporate welfare benefits and benefits in kind. The indicator is calculated by dividing total remuneration by the estimated number of actual working days, defined as the difference between theoretical working days and the total amount of holidays and leave (bank holidays). This methodology was applied consistently to both white-collar employees and employees involved in production activities. Across the entire Group perimeter (headquarters and production personnel), data were collected on an individual basis.

[28] Within the high-income country cluster, the following countries were included: Italy, the United Kingdom, Australia, Canada, the Netherlands, the Czech Republic, Germany and the United States.

[29] Within the middle-income country cluster, the following countries were included: Portugal and China

[30] Within the low-income country cluster, the following countries were included: Tunisia, Romania and Mexico

[31]The calculation takes into account both fixed and variable components of remuneration, including an estimate of the value of the Long-Term Incentive (LTI), corporate welfare benefits and benefits in kind. Across the entire Group perimeter (headquarters and production personnel), data were collected on an individual basis, ensuring the highest level of accuracy in the calculation of the median.

[S1-17] INCIDENTS, COMPLAINTS AND SEVERE HUMAN RIGHTS IMPACTS

The Company is committed to promptly identifying and addressing any incidents or violations of human rights affecting its people. Furthermore, the Company encourages all employees who become aware of, or are victims of, such incidents to report them through the reporting channels provided by the Group Whistleblowing Policy and detailed in Chapter 4.1 ESRS G1 – Business Conduct of this document.

In 2025, one report concerning conduct potentially inconsistent with the corporate environment was received in December through the reporting channels established by the Company. The Company promptly initiated an investigation into the matter and, as of the date of this Statement, the case is still under review by the competent functions, and no compensation payments have been made.

The report, referred to in the 2024 Consolidated Sustainability Statement and concerning conduct potentially attributable to harassment or discrimination, is still under review by the competent functions as of the date of preparation of this Statement.

It should be noted that no severe human rights incidents were recorded within the Group during the reporting year, nor were any fines or sanctions received in relation to such matters.

3.2. ESRS S2 Workers in the value chain

[S2-SBM3] MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH THE STRATEGY AND BUSINESS MODEL

The SIT Group is aware of its actual and potential impacts on the value chain and, consequently, on all the people who are part of it. For this reason, it recognises its responsibility to help ensure that every worker throughout the supply chain operates under safe, dignified conditions and with full respect for human rights.
In this context, the term "value chain workers" includes workers employed by suppliers, subcontractors, business partners and all entities involved in the upstream and downstream production, logistics and distribution processes of the undertaking.
Through the Double Materiality Assessment described in paragraph IRO-1, the Company identified certain potential human rights impacts that may affect all workers throughout the value chain, without exclusions or any particular exposure to impacts. The Group recognises the connection between the material IROs and the Company's business model and, consequently, its business strategy is also guided by the prevention of impacts in line with the principles of social responsibility.
Among the topics identified as material, SIT identified the health and safety of workers in the value chain, secure employment, and human rights issues including child labour and forced labour. The double materiality assessment conducted by the Company indicates that the likelihood of human rights violations within its value chain is considered low. Since the Group and its value chain operate internationally across different geographical areas, in addition to geopolitical risks, issues related to child labour and forced labour may arise. For this reason, the SIT Group is committed to selecting and sourcing only materials free from conflict minerals, thereby avoiding indirect contributions to potential human rights violations. More generally, the Company adopts a proactive approach to preventing risks related to these topics by monitoring its value chain, conducting audits at suppliers' facilities and complying with all applicable regulations while ensuring adherence to international human rights standards.
Nevertheless, the Company is aware of the need to oversee these issues and of the possibility, however remote, that isolated events may occur. Such events, even if not directly attributable to the Company, could compromise its integrity, values and the fundamental principles of social responsibility that it has promoted for many years. With regard to value chain workers, the Company did not identify any material risks or opportunities. Below is a description of the impacts identified in relation to workers in the SIT Group's value chain

MATERIAL NEGATIVE IMPACTS [32]

Secure employment of workers in the value chain
The SIT Group is aware of the potential negative impact that could arise for suppliers or contractors for whom SIT represents a major customer. In the event of a significant reduction in demand, these partners could find themselves needing to scale down their operations, with direct impacts on employment levels and the economic security of their workers

[32] The material negative impacts identified in this section are widespread across the contexts in which the undertaking operates and are not linked to specific incidents. Furthermore, they do not arise from the transition towards greener and climate-neutral operations.

Health and safety of workers in the value chain

Workplace injuries or accidents occurring within the SIT Group's value chain may have significant repercussions on the health and safety of value chain workers. Inadequate health and safety management at suppliers' facilities may result from suboptimal operating conditions, improper use of equipment, or the failure to adopt adequate prevention and protection measures. In addition to the negative impact on the workers involved, such incidents may compromise the operational continuity of the value chain and affect the overall reputation of the supply chain

Child labour and forced labour

Any cases involving the use of child labour or forced or compulsory labour within the value chain would constitute a serious violation of human rights, compromising the health and development of the children and workers involved. For the SIT Group and its value chain, the likelihood of such situations occurring is considered remote, both because of the attention devoted to these issues by the Company during the selection of suppliers and business partners, and because of the nature of the business and the geographical locations in which the Group's sites are situated. Although the Company operates in full compliance with applicable regulations and relies on a supply chain that meets high standards in all respects, it is aware of the negative impact that could arise from such a scenario and is therefore committed to maintaining high levels of oversight in order to be ready to act appropriately if needed. In this regard, while the Group does not currently carry out structured consultations with specialised NGOs, through its participation in the UN Global Compact it takes part in the multi-stakeholder dialogue promoted by the network, involving international organisations, civil society organisations and NGOs engaged in the protection of human rights. Through this participation, the Group remains constantly informed and updated on issues related to child labour, forced labour and human trafficking, incorporating internationally recognised guidelines and recommendations

[S2-1] POLICIES RELATED TO VALUE CHAIN WORKERS

In order to prevent potential harmful practices related to workers in the value chain, the SIT Group has extended its Human Rights Policy, Health and Safety Policy and Code of Conduct to all SIT Group suppliers and business partners. Within the Health and Safety Policy, for details of which reference should be made to paragraph S1-1 of this document, the SIT Group recognises the importance of ensuring health and safety conditions not only within its own facilities but also throughout the entire supply chain, overseeing that suppliers and partners comply with appropriate safety standards. Both the Human Rights Policy and the Code of Conduct explicitly reject child labour, human trafficking and forced or compulsory labour. With regard to the details of the commitments undertaken and the principles pursued, as well as the overall approach to respect for human rights and workers' rights, stakeholder engagement, and mechanisms intended to remedy and/or enable the remediation of potential impacts, reference should be made to paragraphs S1-1 and G1-1 of this document, as the provisions contained in the Human Rights Policy and the Code of Conduct concerning human rights apply equally to both employees and value chain workers.
The Code of Conduct is provided to all suppliers during the qualification phase, and they are required to sign it as evidence of their adherence to the principles set out therein. The document is in any case available to all Group stakeholders through the Company's official communication channels.
Furthermore, neither in 2024 nor in 2025 were any reports received concerning breaches of the United Nations Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, or the OECD Guidelines for Multinational Enterprises involving workers in the SIT Group's value chain, either upstream or downstream.

[S2-2] PROCESSES FOR ENGAGING WITH VALUE CHAIN WORKERS ABOUT IMPACTS

The SIT Group, with the objective of managing the impacts on supply chain workers identified through the double materiality assessment, as well as establishing effective relationships and collaborations with all actors within its supply chain, embraces a supplier engagement approach aimed at jointly pursuing sustainability, product and process quality, and safety. Consequently, although a structured process for engaging value chain workers is not currently in place, their perspective is considered indirectly through supplier engagement.

SIT promotes the continuous improvement of supplier performance and is committed to involving suppliers throughout all stages of product and process innovation projects that concern them. Engagement takes place through consultation and on a regular basis, with the aim of building strategic partnerships.

In order to ensure shared values, SIT engages suppliers by providing the Code of Conduct during the qualification phase, at the beginning of the business relationship. In the same spirit, the ESG Policies applicable to suppliers are made permanently available through the Company's official communication channels. Furthermore, within the scope of new shared project development, the Procurement team includes the New Products for Supply Chain function, which is responsible for representing suppliers' perspectives from the early stages of projects within new product development discussions. Responsibility for ensuring supplier engagement, and consequently the engagement of their workers, lies with the management of each Business Unit.

As part of supplier audits performed on suppliers operating under subcontracting arrangements for SIT, which involve suppliers' commercial representatives and/or quality function representatives, on-site inspections are conducted to verify compliance with the main applicable regulations concerning health and safety, human rights and environmental protection. Within these aspects, consideration is also given to workers who may belong to groups considered particularly vulnerable. During these inspections, the effectiveness of supplier engagement activities is also assessed.

[S2-3] PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR VALUE CHAIN WORKERS TO RAISE CONCERNS

The SIT Group is committed to responsibly managing any actual material negative impacts on workers in the value chain, whether the Company is directly responsible for them or contributes to them indirectly. The process for remedying negative impacts includes the identification and assessment of the impact, engagement with representatives of the stakeholders involved and, where necessary, the identification of mitigation, corrective and/or disciplinary measures. The Company is committed to ensuring that the measures adopted effectively address the mitigation and remediation of identified negative impacts.
The Group encourages all its stakeholders, including value chain workers, to actively contribute to the identification and prevention of improper conduct. In this regard, the Whistleblowing reporting platform remained active in 2025, enabling stakeholders to communicate their concerns directly to the Company, report improper conduct and, where appropriate, receive related assistance in a fully anonymous manner and without risk of retaliation. The Whistleblowing channel, provided directly by the Company, guarantees confidentiality and appropriate support in the management of reports.
Oversight and monitoring of issues raised and addressed, as well as verification of the effectiveness of the channel, are entrusted to the Governance & Legal Department together with the HR Department and the Group Internal Auditor.
The reporting mechanism and the Whistleblowing Policy governing it are fully available through the Company's official communication channels and through a dedicated link within the relevant section of the corporate website. The provisions contained in the Policy are intended for all Company stakeholders, with the additional objective of inspiring and encouraging suppliers and business partners to establish appropriate reporting mechanisms of their own. For a detailed description of the SIT Group's Whistleblowing reporting mechanism, including anti-retaliation measures, please refer to Chapter 4.1 ESRS G1 – Business Conduct.

[S2-4] TAKING ACTION ON MATERIAL IMPACTS ON VALUE CHAIN WORKERS, AND APPROACHES TO MANAGING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO VALUE CHAIN WORKERS, AND EFFECTIVENESS OF THOSE ACTIONS

The SIT Group promotes a culture of sustainability and is committed to preventing the material impacts relating to workers in the supply chain identified through the Double Materiality Assessment described in paragraph IRO-1 of this document, through a structured supplier management system focused on ethical conduct and ESG practices, as well as on the development of stable relationships and the pursuit of safety, innovation and technological development throughout the value chain. As also specified in paragraph G1-2 on Supplier Relationship Management, during 2025 the SIT Group continued the approach adopted in previous years, strengthening supplier engagement, assessment and selection, with an increasing focus on ESG criteria through dedicated assessments and audits.
With regard to the identification of necessary or appropriate actions in response to a specific actual or potential negative impact on value chain workers, the SIT Group relies on the guidelines contained within the Company's Compliance Framework, implemented through its ESG policies and procedures, as well as on the expertise and assessments of the Supply Chain Department in cooperation with the Quality function, the Governance & Legal function and the Company's management.
In general, the SIT Group is committed to ensuring that its practices neither cause nor contribute to significant negative impacts on value chain workers through strict compliance with its relevant policies, as described in paragraph S2-1. However, should audits and site inspections at suppliers' facilities reveal critical issues or negative impacts for which the Company recognises a degree of responsibility, the SIT Group is committed to protecting supply chain workers by initiating dialogue with their representatives in order to jointly identify the most appropriate corrective or mitigation measures. The objective is to reduce risks and transform potential negative impacts into opportunities for improvement. To this end, the SIT Group invests the resources deemed appropriate from time to time following dedicated assessments, with a view to responsible growth and a continuous commitment to wellbeing and social sustainability

ACTIONS ON MATERIAL NEGATIVE IMPACTS

Protection of employment stability within the supply chain
Aware of its potential negative impact on supply chain workers resulting from a significant reduction in production volumes, particularly for suppliers for whom SIT is the sole or primary customer, the SIT Group is committed to adopting a proactive approach based on strategic supply planning, continuous monitoring of supplier relationships, and open and ongoing dialogue with its supply chain partners. In particular, during supply planning and review phases, the SIT Group includes among its evaluation criteria solutions aimed at ensuring greater operational stability for the most exposed suppliers, with the intention of supporting the most gradual and predictable management of orders possible.
In addition, the SIT Group closely monitors compliance with labour regulations in its relationships with suppliers, with the aim of identifying potential negative impacts at an early stage and adopting a preventive approach to safeguard both suppliers and the value chain workers involved

Protection of health, safety and human rights in the value chain

The SIT Group recognises its responsibility to promote safe working conditions and respect for human rights throughout the entire value chain, particularly among its suppliers. For this reason, SIT adopts a structured approach aimed at preventing and mitigating actual and potential negative impacts related to workers' health and safety, as well as combating any form of exploitation and human rights violations, including child labour and forced labour.

With regard to the health and safety of workers in the value chain, SIT is aware that workplace accidents represent a concrete possibility in any production environment. In all circumstances, SIT is committed to monitoring and promoting appropriate safety conditions within its supply chain and to adopting the measures necessary to prevent, mitigate or address any critical issues whenever a recognised responsibility of SIT is identified. To this end, the SIT Group is committed to collaborating with suppliers that adopt appropriate standards and effective measures to protect their workers. The Company monitors working conditions through on-site audits and active dialogue, promoting the continuous improvement of workplace safety conditions.

At the same time, the Group maintains a zero-tolerance approach towards child labour, forced labour and, more generally, human rights violations, including within its supply chain. The Company requires its partners to adhere to the values contained in its Codes of Conduct and ESG Policy, contractually committing them to comply with regulations and with the ESG and social responsibility commitments undertaken by the Company over the years.

It should be noted that, in 2025 as in 2024, no serious human rights issues or incidents related to the value chain, either upstream or downstream, were reported. Should a negative impact emerge, the SIT Group commits to engaging directly with the supplier involved in order to encourage the mitigation and/or remediation of the impact, as well as the introduction or strengthening of appropriate preventive measures for the future. In particular, the Company's approach consists of clearly communicating its expectations, urging the supplier to adopt the measures necessary to remedy the situation and ensure appropriate compensation for any affected value chain workers.

More specifically, as part of the audit process for suppliers operating under subcontracting arrangements for SIT, site inspections are carried out to verify compliance with applicable occupational health and safety regulations, as well as adherence to ESG principles. The Company has adopted and shared with suppliers a structured process aimed at raising awareness and supporting them in the effective management of ESG aspects, thereby helping prevent and mitigate potential negative impacts arising from activities outsourced by the Group. This process is developed through various stages designed to ensure responsible supply chain management and promote a more sustainable approach.

The first stage concerns the clear communication of the standards that SIT requires from its business partners, not only in terms of product and service quality, but also with regard to Human Rights, Health and Safety, Diversity and Inclusion, worker protection and, more broadly, ESG-related issues. At the same time, an in-depth assessment is carried out regarding suppliers' ability to comply with ESG standards and requirements. Monitoring takes place both during supplier qualification and throughout the commercial relationship, enabling the Company to oversee potential risks and prevent impacts associated with supply activities. SIT actively supports subcontracting suppliers in the continuous improvement of their performance by promoting greater accountability and autonomy through dedicated technical training sessions.

In 2025, the Company reaffirmed its commitment to the responsible management of human rights impacts throughout the value chain by participating in the Business and Human Rights Accelerator, a six-month international programme under the UN Global Compact dedicated to improving Human Rights Due

Diligence processes. The globally recognised initiative supports companies in developing internal capabilities to identify, assess, prevent and mitigate human rights risks, as well as measure the positive contribution generated for people, communities and territories in which they operate.
SIT's participation, through two employees belonging respectively to the Human Resources Department and the Supply Chain Quality function, enabled the Company to deepen its understanding of the programme's key topics, with a specific focus on emerging obligations and international best practices related to due diligence. During the training and implementation programme, the Company conducted an assessment of its human rights management model, strengthening its understanding of the main actual and potential risks connected to operational activities and business relationships.
At the conclusion of the programme, SIT developed a proposed Action Plan aimed at further integrating human rights principles into existing business processes. The plan includes, among other initiatives:

- Improvement of risk identification and assessment mechanisms throughout the product lifecycle and supply chain
- Strengthening of monitoring and control systems, with particular attention to suppliers operating in high-risk areas
- Enhancement of internal training on human rights and due diligence topics
- Development of dedicated stakeholder engagement tools, promoting deeper dialogue with communities, workers and business partners
- Integration of assessment outcomes into decision-making processes and corporate policies

The work carried out was also recognised in the initiative's Official Report, which highlighted the progress made by the Company over the years in aligning its processes with the main international human rights standards. Furthermore, the two SIT employees were invited to share their experience of the programme with participants in the 2026 alumni cohort. This recognition confirms the seriousness of the commitment and level of engagement with which the SIT Group addresses human rights issues and potential impacts within the value chain.
With a view to continuously improving performance and promoting a culture of sustainability throughout the upstream supply chain, SIT continued in 2025 the structured programme launched in 2023 to assess and monitor suppliers' sustainability practices through EcoVadis. The initiative stems from the intention to ensure high ESG standards throughout the supply chain, identifying areas for improvement and mitigating potential sustainability risks and impacts related to health and safety, secure employment and human rights.
Following an initial onboarding phase, during which suppliers were introduced to the assessment methodologies and tools, the Company entered the operational phase of the project with the support of EcoVadis. Through the rating agency's collaborative platform, SIT is able to systematically monitor the sustainability performance of suppliers belonging to the Heating & Ventilation Business Unit. The tool provides a comprehensive assessment across several key areas, including certifications obtained, management systems adopted, corporate sustainability policies, working conditions, human rights compliance, environmental protection, business ethics and responsible supply chain management.
Based on the detailed analysis available for each supplier, SIT can identify potential risk areas within its supply chain, assess the level of compliance with ESG best practices and, where necessary, request the adoption of corrective measures. In addition, the use of EcoVadis facilitates dialogue and engagement with suppliers, promoting a collaborative approach. By the end of 2025, SIT had achieved an assessment coverage of 76% of the strategic suppliers of the H&V Business Unit within the initiative.
In addition to assessing its suppliers, the Company also evaluates its own performance through this process of analysis and improvement and has recently confirmed its EcoVadis Gold Medal for the third

consecutive year, improving its score from 78 to 82 out of 100, demonstrating the Company's strong commitment to continuous sustainability improvement. The approach adopted by the Company in this area not only strengthens the transparency and reliability of its supply chain but also contributes to the dissemination of best practices throughout the value chain, encouraging all stakeholders to adopt increasingly high standards of environmental, social and governance responsibility.

[S2-5] TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS, AND MANAGING MATERIAL RISKS AND OPPORTUNITIES

In relation to the management of potential impacts along its value chain and with the broader objective of ensuring its responsible and sustainable management, the SIT Group has defined a number of targets aligned with its "Made to Matter" Sustainability Plan. These targets aim to give concrete effect to the values and principles set out in the Group's ESG Policies and Code of Conduct, documents addressed to all actors within the value chain and, consequently, to all their workers. Targets relating to the value chain, in particular, are included within the "Made For Future" pillar.

Target	Target perimeter	Base year | Base value	Target / KPI	Target year	STATUS
Delivery of technical training for subcontractors	Italian subcontractors	2024 | N/A	Maintenance	2025-2026	ACHIEVED Training maintained throughout 2025
Direct strategic supplier assessment project through the EcoVadis platform	Strategic Heating & Ventilation (H&V) suppliers	2023 | 25%	Assessment of 75% of strategic H&V suppliers	2025	ACHIEVED 76% of strategic H&V suppliers assessed

The process for defining objectives regarding the management of the Group's supply chain is based on the analysis of achieved performance, in line with the Group's ambitions and commitments, as well as on the evidence emerging from supply chain engagement and assessment activities. This process has made it possible to identify relevant issues, lessons learned, opportunities for improvement, specific needs and situations requiring particular attention.
The objectives defined by the Company in this area are subject to periodic monitoring by the Supply Chain Department and the Quality Department, in collaboration with the Sustainability function. In particular, progress against these objectives is monitored through supplier performance reviews, making use of both dedicated audits and assessment and monitoring activities, such as EcoVadis. Based on the results achieved, any revisions or improvements to the policies and initiatives adopted by the Company are evaluated.

4. GOVERNANCE INFORMATION

4.1. ESRS G1 Business Conduct

[G1-1] BUSINESS CONDUCT POLICIES AND CORPORATE CULTURE

To manage the impacts and risks related to business conduct, the SIT Group adopts a set of specific policies, regulations and procedures aimed at establishing, developing, promoting and assessing its corporate culture. In particular, these documents include: the Code of Conduct, the Anti-Corruption Policy, the Whistleblowing Policy, the Antitrust Procedure and the Organisation, Management and Control Model in compliance with Legislative Decree No. 231/2001 for companies incorporated under Italian law.
Training on the above-mentioned policies and procedures is organised for employees on a tailored basis, both through synchronous and asynchronous learning methods, according to the Company's awareness-raising and regulatory compliance needs, starting from the onboarding activities of new hires, who receive the complete set of ESG Policies. In general, the Company provides training to employees whenever significant updates occur in the topics covered in this chapter and, in any case, according to a regular schedule defined by the Training Function in collaboration with the relevant corporate departments.
A summary of the SIT Group's policies relating to business conduct is provided below. These policies highlight the Company's commitment to defining, integrating and sharing the fundamental values and responsibilities that the Group recognises and promotes both within and outside the organisation, ensuring compliance with regulations and the adoption of ethical behaviour across all business activities.

Code of Conduct
The SIT Group's Code of Conduct (hereinafter also referred to as the "Code") was revised in 2023 in full alignment and synergy with the Company's Mission and Vision and the specific values associated with them.
The Code is addressed to a broad range of recipients, listed within the document, involving all companies belonging to the Group and all stakeholders, with particular focus on all individuals acting in the name and on behalf of the SIT Group, without exception.
In defining its Code of Conduct, the SIT Group drew inspiration from the highest relevant international standards and national and industry best practices, and the Code was drafted in compliance with all national and international regulations applicable in the countries where the Group operates. Compliance with the provisions of the Code of Conduct constitutes an integral part of employees' contractual obligations, while violations by recipients may, depending on the circumstances, constitute a disciplinary offence (subject to sanctions in accordance with applicable regulations) and/or a contractual breach, and may result in compensation for any damages suffered by the Company as a consequence of such violations.
Starting from the Group's fundamental principles, the SIT Group's Code of Conduct sets out its commitments and requirements across the following management-relevant areas:

- Business relationships
- Human resources
- Environment
- Governance and regulatory compliance
- Privacy and the use of data and information

The Code covers a wide range of topics and, for this reason, is complemented by a set of corporate policies, internal procedures and operational processes. It should therefore be read and interpreted

within the context of the Company's compliance framework, which is specifically disclosed in the relevant sections of this document.
In particular, the Code of Conduct sets out the fundamental principles, commitments, requirements and good behavioural practices to be followed in order to ensure the ethical conduct of the Group's activities and the management of impacts, risks and opportunities related to the topics identified as material by the Group, as described in paragraphs IRO-1, IRO-2 and SBM-3 of this document. Indeed, the SIT Group's Code places strong emphasis on ESG matters, to which particular attention is devoted.
The Code of Conduct was approved by the Board of Directors of SIT S.p.A. on 21 March 2023 and was subsequently made public and distributed to all Group companies and key stakeholders, who can easily access it through the Group's official communication channels.
The HR Department and the Governance & Legal Department are responsible for implementing the Code of Conduct. The Ethics and Equal Opportunities Committee of SIT S.p.A., established in 2022, is responsible for the periodic review and updating of the document, as well as for proposing any amendments, taking into account the needs and concerns that may be raised by the Group's stakeholders. Any substantial amendments to the document that may become necessary shall be submitted for approval to the Board of Directors of SIT S.p.A., in agreement with the CEO & Chairman and the Corporate Sustainability Director.

Anti-Corruption Policy
Considering its size and global operations, SIT has developed a compliance system aimed at preventing the risk of unlawful conduct, particularly in activities that are more exposed to corruption risks, both in dealings with public entities and private parties. The Group Anti-Corruption Policy, approved by the Board of Directors of SIT S.p.A., is based on the principle of "Zero Tolerance for Corruption" and establishes a uniform framework for all Group companies, both in Italy and abroad, including external third parties with whom professional or business relationships are established. It defines rules and preventive measures to combat corruption, with the aim of increasing awareness among all recipients of the Policy regarding the regulations and ethical behaviours to be followed. In this way, SIT reinforces its commitment to the prevention and identification of corrupt practices.
The Policy has been drafted in compliance with national and international anti-corruption and anti-fraud legislation applicable in all countries where the Group operates, as well as with voluntary codes and the procedures and regulations adopted by the Company over the years. In addition, the Policy aims to give effect to one of the core principles of the United Nations Global Compact, namely to "work against corruption in all its forms, including extortion and bribery."
Within the Policy, the SIT Group has defined a corruption risk management and control system that requires continuous analysis and assessment of business processes, followed by the planning and implementation of appropriate and effective measures and controls. The management system includes a procedure consisting of several stages: risk assessment, due diligence, training and dissemination of the Policy, reporting obligations and disciplinary measures, monitoring, and review.
In particular, within this management system, the Policy identifies functions and departments where the risk of corruption is higher and where controls are therefore carried out with greater attention, namely functions/departments that:

- Maintain direct relationships with customers, suppliers and/or public authorities
- Manage public funding/contributions
- Participate in tenders and contracts (public and private)
- Maintain relationships with political parties, trade unions and other interest groups
- Are involved in mergers, acquisitions, joint ventures or strategic investments

- Are involved in personnel selection, recruitment, management and development activities
- May receive gifts, benefits, hospitality, entertainment expenses, charitable contributions, sponsorships or donations in the course of their activities
- Maintain and oversee accounting records

The Policy was drafted by the Group Governance & Legal Department, which is responsible for its periodic updating, in collaboration with other Company Departments/Functions identified as necessary. Responsibility for the implementation of the Policy lies with the Governance & Legal Department and the HR Department. The document is available to all recipients and stakeholders of the Group through the Group's official communication channels.

Whistleblowing Policy

The SIT Group's Whistleblowing Policy, approved by the Board of Directors, establishes the procedures for reporting alleged or actual violations of the provisions contained in the Code of Conduct, as well as in all corporate policies, regulations and procedures.

The Policy, updated at the end of 2025, aims to provide clear operational guidance regarding the subject matter, content, recipients and submission methods of reports, as well as the protections guaranteed to the parties involved, in accordance with applicable legislation. SIT is committed to removing factors that may discourage or hinder reporting, such as fear of retaliation or discrimination. The Policy applies to all directors, managers and employees of SIT S.p.A. and its subsidiaries, as well as to all other individuals who collaborate with and act in the name and on behalf of the Group companies headed by SIT S.p.A., in all countries where the Group operates.

The Policy has been defined in compliance with, by way of example and not limited to, the main national and international regulations and conventions applicable in the principal countries in which the Company operates:

- Directive (EU) 2019/1937 on the protection of whistleblowers
- Italian Legislative Decree No. 24/2023 implementing the EU Whistleblowing Directive
- General Data Protection Regulation (EU) 2016/679 concerning the protection of personal data
- Italian Legislative Decree No. 196/2003, as amended by Legislative Decree No. 101/2018, regarding privacy

Where local legislation imposes more stringent requirements, individual Group companies are delegated the responsibility of defining procedures and operational guidelines that partially derogate from the principles contained in the Policy, in accordance with the applicable legislation.

A report may be submitted through various channels, which are described in detail in the 2025 Policy:

a) **"Signalethic" digital platform**: reports may be submitted through the "Signalethic" platform, available on the Company's website. The tool, centrally managed by the Headquarters, is shared by all companies directly or indirectly controlled by SIT S.p.A. The platform allows
   i. Text submissions
   ii. Uploading of audio files (e.g. voice messages in .mp3 or .wav format)

The Reporting Person must indicate the SIT Group company to which the report relates.

b) **Oral reporting – in-person meeting**: the Reporting Person may request an in-person meeting with the Case Managers or, in the case of unlawful conduct relevant under Legislative Decree 231/2001, with the Supervisory Body (Organismo di Vigilanza - OdV).

Email contacts for requesting a meeting are provided in Appendix B of the Policy, within the so-called "Contact List".

c) **Traditional written format (postal mail)**: in order to ensure maximum confidentiality of identifying information, paper reports must be prepared as follows:
    i. Prepare two sealed envelopes: i. First envelope containing the Reporting Person's identifying information together with a copy of an identity document ii. Second envelope containing only the report, without any elements allowing the Reporting Person to be identified
    ii. Place both envelopes into a third sealed envelope bearing the wording "CONFIDENTIAL" addressed to the case manager (e.g. "Confidential to the RPCT")
    iii. Send the outer envelope to: SIT S.p.A. – Viale dell'Industria 34 – 35129 Padova (PD), Italy for the attention of the Human Resources Department, the Governance & Legal Department or the Internal Audit Manager, depending on the subject matter. Reports concerning unlawful conduct relevant under Legislative Decree No. 231/2001 must be addressed to the Internal Audit Manager.

All reporting channels are designed and managed securely to prevent unauthorised access to information and to ensure that the identity of the Reporting Person and all other individuals involved in investigations remains confidential. The reporting mechanisms are available to both internal and external stakeholders of the Company.

The Company guarantees that all reports, regardless of the channel through which they are received, are handled in a manner that ensures maximum confidentiality and privacy, data protection and the absence of conflicts of interest. To this end, a dedicated internal procedure has been established for case management and fact verification, involving the Human Resources Department, the Governance & Legal Department and the Internal Audit Manager.

Furthermore, anyone who receives a report falling within the scope of the Group Whistleblowing Policy outside the designated channels, regardless of the reason or means, must ensure the confidentiality of the information received and is required not to disclose the identity of either the Reporting Person or the reported individual, nor any information that could directly or indirectly reveal their identity. They are also required to delete any information related to the report once it has been submitted through the official channels, as soon as confirmation of receipt from the case manager has been obtained.

Consistent with this protection principle, the Group expressly prohibits any form of retaliation, such as dismissal, suspension, failure to promote or demotion, as well as any discrimination or penalisation against the Reporting Person or anyone involved in the investigation, for reasons directly or indirectly connected to the report.

As a priority, Reporting Persons are encouraged to use the internal reporting channels and, where the conditions established by the applicable legislation are met, may submit an external report directly to the competent authorities in accordance with local and/or international regulations.

The Whistleblowing Policy and the related reporting platform have been communicated through the Company's official communication channels. In addition, to ensure full implementation and dissemination of the Whistleblowing Policy among employees, a mandatory training course was delivered in 2024 through the Skills-Up platform for all employees provided with a digital identity. The course remained available to all users throughout 2025 and continued to be delivered as mandatory training for new hires.

The functions responsible for managing reports, as defined above, are responsible for the implementation, review and periodic updating of the Policy, as well as for proposing any amendments

that may also take into account stakeholder feedback. The SIT Ethics and Equal Opportunities Committee may also be involved in the review process. Any substantial amendments to the document deemed necessary shall be submitted for approval to the Board of Directors of SIT S.p.A., in agreement with the CEO & Chairman and the Corporate Sustainability Director.

Antitrust Policy

The SIT Group, in order to comply with the current antitrust regulations concerning the protection of competition and the free market, has adopted its own Antitrust Policy, which has the status of a company procedure and is applicable to all persons acting in the name of or on behalf of the Group in all countries where SIT S.p.A. and its subsidiaries operate.

The document has been drafted in compliance with and provides for adherence to the national and international regulations in force in all countries where the Group operates.

The provisions contained in the SIT Group Antitrust Procedure are aimed at ensuring full compliance with Antitrust regulations, guaranteeing competitiveness in free markets and strengthening economic efficiency. The document therefore summarizes the main conduct, whether active or by omission, that may have an impact in this area, providing guidance and a reference point for all Company employees. Considering the complexity of the relevant legislation, and the fact that it is not possible to cover all possible situations, each employee shall refer, in case of doubt, to SIT's Governance & Legal department whenever a breach of Antitrust rules is likely or may be envisaged.

The procedure was approved by the Board of Directors of SIT S.p.A. during 2024 and has been distributed and made available to all interested parties through the Company's official communication channels.

Organisation, Management and Control Model pursuant to Legislative Decree 231/2001

The Italian companies of the Group, SIT S.p.A. and MeteRSit S.r.l., each have their own Organisation, Management and Control Model, both updated in 2025, pursuant to Legislative Decree no. 231 of 8 June 2001.

Through the Model, SIT pursues the following objectives:

- Ensure compliance with the regulations on the administrative liability of legal entities and strengthen the measures already adopted to prevent unlawful conduct pursuant to Legislative Decree 231/2001;
- Inform all recipients of the provisions of the Decree, their importance, and the possible sanctions for the Company in the event of criminal offences or administrative violations;
- Communicate the Company's commitment to complying with the regulations and ethical principles that guide its activities;
- Reaffirm that SIT does not tolerate unlawful conduct, even if aimed at obtaining benefits for the company, as such conduct is contrary to the law, regulations, supervisory rules, and the principles of proper and responsible business management.

Furthermore, the Model establishes guidelines to prevent, mitigate and, where appropriate, manage the impacts and risks identified through the IRO methodology in terms of business conduct.

The Board of Directors of SIT S.p.A., in implementation of the provisions of the Decree, has established the Supervisory Body (Organismo di Vigilanza, "OdV"). In its current composition, SIT's OdV consists of two external members, a legal professional and a professional with expertise in the economic and financial field, and one internal member, the Head of the Group Internal Audit Function. Responsibility for

supervising the implementation, operation, compliance with and review of the Model is entrusted to the OdV.
The Model is available to all Group stakeholders through the Company's official communication channels.

SIT FOUNDATION

As a complement to the Company's policies on corporate culture and responsible conduct, the Company highlights the role of the SIT Foundation – Sport Inclusione Talento ETS, an initiative that concretely embodies its commitment to generating a positive social impact. Operating since 2023, the Foundation promotes educational and sports projects aimed at younger generations, with the objective of combating educational poverty, bullying, sedentary lifestyles, and digital isolation. Through sport as a tool for inclusion, personal growth, and the development of young talent, the Foundation offers children and young people safe, healthy, and stimulating environments where they can play sports, study, and socialize, creating a "home away from home" capable of supporting their educational and personal development.
Throughout its activities, the Foundation has strengthened its presence within the Third Sector through collaboration with institutions, associations, and local sports organisations, developing initiatives that promote social inclusion and active participation. These include the Summer Camps and the SIT Move after-school programme, together with the "Third Half" programme, which combines sports, educational activities, and study support. These initiatives are complemented by specific projects aimed at strengthening the identity and well-being of younger generations, such as "Italiano – Being and Feeling Italian through the Azzurri Jersey", designed to promote identity, belonging, and social cohesion, and "What Do Champions Eat?", dedicated to promoting healthy lifestyles and nutritional awareness. The SIT & Talk programme also remains a key initiative. It consists of a series of meetings with athletes, coaches, and professionals from the sports and human resources sectors, designed to stimulate dialogue, promote positive role models, and offer young people opportunities for direct interaction with individuals capable of conveying values of respect, commitment, and responsibility.
These projects not only generate value for the community but also strengthen and embody a corporate culture focused on social responsibility. The activities promoted by the Foundation have produced a tangible impact in terms of increased access to sport, study support, talent development, and the reduction of inequalities, making a significant contribution to improving youth well-being and promoting the values of responsibility, ethics, and care for people that characterise SIT's identity.
In these terms, the SIT Foundation represents a pillar of the Group's corporate culture and a concrete extension of its social commitment, consistently reflecting SIT's vision for the growth of young people and the development of the communities in which it operates.

The SIT Group, in relation to the management of potential impacts associated with Corporate Culture and Business Conduct, and with the broader objective of ensuring their responsible and sustainable management, has defined a number of targets aligned with its *Made to Matter* Sustainability Plan. These targets are intended to give concrete effect to the values and principles set out in the Group's ESG policies and Code of Conduct. The objectives relating to Business Conduct and Corporate Culture, in particular, are included within the *"Made By Us"* pillar.

Target	Target perimeter	Base year | Base value	Target / KPI	Target year	STATUS
EcoVadis rating SIT group	Group	2023 | Rating Gold	Maintenance of the Gold Medal	2026-2027	ACHIEVED The Company confirms this objective for the coming financial years as well, extending the target through 2027.
CDP – Carbon Disclosure Project	Group	2023 | Score "C"	Improvement of the rating and maintenance of a "B" Score	2026-2027	ACHIEVED The Company confirms this objective for the coming financial years as well, extending the target to 2027.

[G1-2] MANAGEMENT OF RELATIONSHIPS WITH SUPPLIERS

The SIT Group is committed to creating a value chain that respects the environment, workers' rights, and local communities, with the aim of minimizing its impact throughout the entire product life cycle, with particular attention to reducing its carbon footprint. To this end, the Group actively engages suppliers as partners in pursuing sustainability, quality, and product and process safety objectives. Over the years, the Company has established a structured supplier management process aimed at obtaining components, materials, and services at the right price, within the agreed timeframes, and with a high level of quality, while at the same time promoting a business environment based on ethical conduct, stable relationships, safety, innovation, and technological development throughout the supply chain. During 2025, the supplier management process continued the approach adopted in previous years, further strengthening supplier engagement as described in the following sections, particularly with regard to supplier evaluation and selection, increasingly focusing on ESG criteria through their measurement and monitoring.

As part of audits conducted on suppliers operating under contract manufacturing arrangements for SIT, on-site inspections are carried out to verify compliance with applicable occupational health and safety regulations. SIT has implemented a structured process, shared with its suppliers, with the aim of raising awareness and supporting them in the effective management of these aspects. This approach seeks to prevent and mitigate any risks associated with outsourced activities, promoting high standards of safety and responsibility throughout the production supply chain. The process is developed through three main phases: clearly defining the ESG standards expected from suppliers, assessing their compliance and monitoring risk, and supporting continuous improvement and innovation.

Social and environmental criteria are already taken into consideration during the supplier qualification phase through an assessment process that includes the completion of a Supplier Self-Assessment, a self-evaluation questionnaire that suppliers complete before any potential on-site visits and which allows the preliminary identification of possible social responsibility risk factors. Through this tool, suppliers are asked to provide information regarding their adherence, if any, to the UN Global Compact and its principles, the measures implemented to prevent child labour, the possession of key environmental and quality certifications, and the adoption of a Code of Conduct aligned with the provisions of the SIT Group's Code of Conduct. This process makes it possible to integrate sustainability criteria from the earliest qualification stages, helping to establish and select partnerships aligned with the Company's ESG commitments.

Furthermore, since 2023, with the objective of assessing and, where possible, extending throughout the upstream supply chain the sustainability culture and practices that guide the SIT Group, the Company has evaluated and monitored its strategic suppliers within the Heating & Ventilation Business Unit through EcoVadis, an international collaborative platform that enables companies to monitor suppliers' sustainability practices, manage associated risks, and request the implementation of corrective actions where necessary. By the end of 2025, SIT had assessed 76% of the suppliers involved.

To avoid payment delays, SIT has adopted a structured accounts payable management process applicable to both small and medium-sized suppliers and large suppliers. Once payment terms have been agreed with the supplier, these are recorded in the supplier master data within the Group's accounting management system. Upon receipt of an incoming invoice, verification of the document begins for accounting registration purposes, which, except in specific cases, allows payment authorization and processing based on the due date to take place within the agreed contractual terms. In cases where

invoices are disputed or require additional verification, the procedure is suspended for the time necessary to resolve the issue.

The Group, aware of the importance of a resilient supply chain in an increasingly complex and interconnected global environment, considers the risks associated with its supply chain in order to ensure business continuity and operational efficiency. In particular, it aims to diversify suppliers across different product categories, reducing, where possible, dependence on a limited number of strategic partners and strengthening its ability to respond to unforeseen events. In addition, through ongoing monitoring of the commercial environment, the Group implements specific mitigation plans whenever necessary to promptly address potential logistical disruptions arising from external geopolitical factors.
In this context, new material risks have been identified in relation to supplier relationships and procurement management.
With regard to suppliers' ESG compliance, regulatory developments and increasing stakeholder awareness make it necessary to strengthen audit systems, monitoring activities, and ESG improvement plans throughout the supply chain. Such strengthening may result in increased operating costs and require additional unplanned resources. Delays in implementing structured measurement processes, ESG ratings, audits, and improvement plans could also negatively affect the Company's ability to respond to the requirements of stakeholders and strategic customers, who increasingly include such requirements as contractual obligations or determining factors in tender evaluations.
At the same time, a risk related to the management of payment terms has been identified. The adjustment of payment conditions with certain suppliers, particularly in a context of declining revenues, may create pressure on supply continuity and delivery times, with potential repercussions on production processes and, consequently, on customer satisfaction. Careful and proactive management of dialogue with supply chain partners, combined with the definition of balanced and sustainable conditions, is therefore essential to preserve operational stability and service quality.

[G1-3] PREVENTION AND DETECTION OF CORRUPTION AND BRIBERY

SIT adopts a "zero tolerance" approach towards any form of corruption, whether active or passive, and is regularly committed to strengthening its prevention, control and monitoring systems, as well as ensuring appropriate training for its personnel on these matters.
In 2023, the Company updated its Group Anti-Corruption Policy, whose main objective is to provide all recipients with appropriate references, guidelines and operational instructions regarding the fight against corruption. For further details, please refer to section G1-1 of this chapter.
The Policy, which is provided to all new hires during the onboarding process, represents an important tool for mitigating corruption risks associated with business activities and forms part of an already structured control and monitoring system consisting of:

- Code of Conduct;
- Group policies, procedures and operational guidelines;
- Internal control system pursuant to Law 262/05;
- Organisation, Management and Control Models pursuant to Legislative Decree 231/01;
- Corporate information systems;
- Delegation and authority system.

All policies, guidelines and reporting mechanisms are available to all stakeholders on the official corporate website. In addition, anti-corruption policies form an integral part of employees' contractual obligations, while any violation of the provisions contained therein by external parties constitutes, depending on the circumstances, a disciplinary offence and/or a contractual breach and may result in compensation for any damages arising from such violation being claimed by the Company.
Should an episode of active or passive corruption be identified through the control and reporting mechanisms implemented by the Company, the functions responsible for managing reports are required to carry out their duties in good faith and with professionalism, handling reports with due diligence and ensuring protection against retaliation for the reporting person. Where a report concerns one of the functions involved in the assessment procedure, that function is immediately excluded from the process. The responsible functions periodically report the number and type of reports received, as well as the outcome of the activities carried out, to the management, administrative and supervisory bodies, while ensuring the anonymity of the individuals involved.
While adopting controls that effectively mitigate the risks associated with corruption offences, the Group continues to promote and invest in initiatives aimed at making the internal control environment increasingly robust, efficient and effective. In pursuit of this commitment, during 2025 the training courses relating to the Anti-Corruption Policy, the Code of Conduct and the Whistleblowing Policy remained available through the "Skills-up" training platform to all Group personnel with a digital identity. These courses are also accessible through the platform to the management, administrative and supervisory bodies, including the CEO and the Corporate Sustainability Director.
Overall, the percentage of functions at risk of corruption covered by training programmes is 72% (slightly higher than the 70% recorded in 2024). The Group identified functions at risk of corruption starting from departments considered exposed to risk, taking into account the activities identified within the Anti-Corruption Policy as well as additional characteristics, such as the existence of powers of attorney and Executive status.

[G1-4] CONFIRMED INCIDENTS OF CORRUPTION OR BRIBERY

During 2024 and 2025, no cases of active or passive corruption occurred within the SIT Group. At the same time, no convictions were issued and no sanctions were imposed for corruption-related offences, nor were any actions taken in relation to violations of procedures and regulations concerning the prevention of active and passive corruption.

[G1-6] PAYMENT PRACTICES

During 2025, the SIT Group made payments to suppliers with an average payment period of 106 days (98 days in 2024) from the date on which the contractual or statutory payment term begins to be calculated. Standard payment terms for production and service suppliers averaged 75 days (70 days in 2024), calculated from the invoice issue date, and were applied to approximately 35% of payments (34% in 2024). It should be noted that there are no significant differences in payment delays among small, medium-sized, and large suppliers.
The number of legal proceedings currently pending due to payment delays is zero, both in 2024 and in 2025.
The data used to calculate the information provided in this section are based on extracts from the management accounting systems relating to payment transactions carried out by the manufacturing companies during 2025 and represent a representative sample of the payment practices adopted.

CERTIFICATION OF THE CONSOLIDATED SUSTAINABILITY STATEMENT

Certification of the Consolidated Sustainability Statement pursuant to the provisions of art. 154-bis, paragraph 5-ter of Legislative Decree 58/1998 (Italy's Consolidated Law on Finance)

The undersigned Mr. Federico de' Stefani, Chairman and Chief Executive Officer, and Mr. Paul Fogolin, Executive Responsible for the Preparation of the Company's Financial Reports of Sit S.p.A., certify, pursuant to Article 154-bis, paragraph 5-ter, of Legislative Decree No. 58 of 24 February 1998, that the 2024 Consolidated Sustainability Reporting, prepared in accordance with Legislative Decree 125/2024 and included in the Management Report, has been prepared:

- in accordance with the reporting standards applied pursuant to Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013, and Legislative Decree No. 125 of 6 September 2024;
- in accordance with the specifications adopted pursuant to Article 8(4) of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020

Padua, April 15, 2026

Chief Executive Officer
Federico de' Stefani

Manager responsible for preparing the financial reports
Paul Fogolin

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED SUSTAINABILITY STATEMENT

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INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED SUSTAINABILITY STATEMENT PURSUANT TO ARTICLE 14-BIS OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholders of
SIT S.p.A.

Conclusion

Pursuant to artt. 8 and 18, paragraph 1 of Legislative Decree no. 125 of September 6, 2024 (hereinafter also the "Decree"), we have carried out a limited assurance engagement on the consolidated sustainability statement of the SIT Group (hereinafter also the "Group") for the year ended on December 31, 2025, prepared pursuant to Art. 4 of the Decree, included in the specific section of the management report.

Based on the work performed, nothing has come to our attention that causes us to believe that:

- the consolidated sustainability statement of the SIT Group for the year ended on December 31, 2025 is not prepared, in all material respects, in accordance with the reporting principles adopted by the European Commission pursuant to the Directive (EU) 2013/34/EU (European Sustainability Reporting Standards, hereinafter also "ESRS");

- the information included in the paragraph "Taxonomy Regulation– Disclosure pursuant to Article 8 of Regulation (EU) 2022/852" of the consolidated sustainability statement is not prepared, in all material respects, in accordance with art. 8 of Regulation (EU) No. 852 of June 18, 2020 (hereinafter also the "Taxonomy Regulation").

Basis for conclusion

We conducted the limited assurance engagement in accordance with the assurance standard of the sustainability report - "Principio di Attestazione della Rendicontazione di Sostenibilità - SSAE (Italia)". The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the level of assurance that would have been obtained had we performed a reasonable assurance engagement.

Our responsibilities pursuant to that standard are further described in the paragraph *Auditor's responsibilities for the limited assurance of the consolidated sustainability statement* of this report.

We are independent in accordance with the independence and other ethical requirements applicable under Italian law to the limited assurance engagement of the consolidated sustainability statement.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona
Sede Legale: Via Santa Sofia, 28 - 20122 Milano | Capitale Sociale: Euro 10.688.930,00 i.v.
Codice Fiscale/Registro delle Imprese di Milano Monza Brianza Lodi n. 03049560166 - R.E.A. n. MI-1720239 | Partita IVA: IT 03049560166

Il nome Deloitte si riferisce a una o più delle seguenti entità: Deloitte Touche Tohmatsu Limited, una società inglese a responsabilità limitata ("DTTL"), le member firm aderenti al suo network e le entità a esse correlate. DTTL e ciascuna delle sue member firm sono entità giuridicamente separate e indipendenti tra loro. DTTL (denominata anche "Deloitte Global") non fornisce servizi ai clienti. Si invita a leggere l'informativa completa relativa alla descrizione della struttura legale di Deloitte Touche Tohmatsu Limited e delle sue member firm all'indirizzo www.deloitte.com/about.

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Our firm applies International Standard on Quality Management (ISQM Italia) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Responsibility of the Directors and the Board of Statutory Auditors of SIT S.p.A. for the consolidated sustainability statement

The Directors are responsible for developing and implementing the procedures performed to identify the information reported in the consolidated sustainability statement in accordance with the ESRS (hereinafter the "double materiality assessment process") and for disclosing this process in "[IRO-1] Description of the process to identify and assess material impacts, risks and opportunities" of the consolidated sustainability statement.

The Directors are also responsible for the preparation of the consolidated sustainability statement, which includes the information identified as part of the double materiality assessment process, in accordance with the requirements of Art. 4 of the Decree, including:

- compliance with ESRS;
- compliance of the information included in the paragraph "Taxonomy Regulation– Disclosure pursuant to Article 8 of Regulation (EU) 2022/852" with art. 8 of the Taxonomy Regulation.

Such responsibility involves designing, implementing and maintaining, within the terms established by the law, such internal control that the Directors determine necessary to enable the preparation of the consolidated sustainability statement in accordance with the requirements of the art. 4 of the Decree that is free from material misstatements, whether due to fraud or error. Furthermore, the abovementioned responsibility involves the selection and application of appropriate methods in elaborating information and making assumptions and estimates about specific sustainability information that are reasonable in the circumstances.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.

Inherent limitations in the preparation of the consolidated sustainability statement

In reporting forward looking information in accordance with ESRS, the Directors are required to prepare the forward looking information on the basis of assumptions, as described in the consolidated sustainability statement, regarding events that may occur in the future and possible future actions of the Group, as indicated in the paragraph "[BP-2] Disclosure in relation to specific circumstances". Due to the inherent uncertainty regarding any future event, including whether these events will take place and their extent and timing, the variances between actual outcomes and forward looking information could be significant.

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The information provided by the Group regarding Scope 3 emissions is subject to greater inherent limitations compared to those related to Scope 1 and 2 emissions. This is due to the lower availability and relative accuracy of the data used to define the information on Scope 3 emissions, both quantitative and qualitative, in relation to the value chain, as indicated in the "[BP-2] Disclosure in relation to specific circumstances".

Auditor's responsibilities for the limited assurance of the consolidated sustainability statement

Our objectives are to plan and perform procedures to obtain limited assurance about whether the consolidated sustainability statement is free from material misstatements, whether due to fraud or error, and to issue an assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, could influence the decisions of users taken on the basis of consolidated sustainability statement.

As part of the limited assurance engagement in accordance with the Principio di Attestazione della Rendicontazione di Sostenibilità - SSAE (Italia), we exercise professional judgment and maintain professional skepticism throughout the engagement.

Our responsibilities include:

- considering risks to identify and assess the disclosure where a material misstatement is likely to arise, either due to fraud or error;
- designing and performing procedures to verify disclosures in the sustainability statement where material misstatements are likely to arise. The risk of not detecting a material misstatement due to fraud is higher than the risk of not identifying a material misstatement due to error, as fraud may involve collusion, falsifications, intentional omissions, misrepresentations, or the override of internal control;
- the direction, supervision and performance of the limited assurance engagement of the consolidated sustainability statement. We remain solely responsible for the conclusion on the consolidated sustainability statement.

Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence as the basis for expressing our conclusion. The procedures performed on the consolidated sustainability statement are based on our professional judgement and included inquiries, primarily with the personnel of the Group responsible for the preparation of information included in the consolidated sustainability statement, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically, we performed the following main procedures partly in a preliminary phase before year end and then in a final phase up to the the date of issuance of this report:

- understanding the business model, the Group's strategies and the context in which the Group operates with reference to sustainability matters;

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- understanding the processes underlying the generation, collection, and management of qualitative and quantitative information included in the consolidated sustainability statement, including an analysis of the reporting perimeter;
- understanding the process carried out by the Group for the identification and evaluation of material impacts, risks and opportunities, based on the principle of double materiality, with reference to sustainability matters;
- identification of the information where a risk of material misstatement is likely to arise, taking into considerations, among others, risk factors related to the generation and collection of the information, to the existence of estimates and to the complexity of the calculation methods, as well as quantitative factors related to the nature of such information;
- design and performance of procedures, based on the professional judgment of the auditor of the consolidated sustainability report, to respond to identified risks of material misstatement also with the support of Deloitte specialists, with reference to specific environmental information;
- understanding of the process set up by the Group to identify eligible economic activities and determine their aligned nature according to the requirements of the Taxonomy Regulation, and verifying the related information included in the consolidated sustainability statement;
- comparison of the information reported in the consolidated sustainability statement with the information included in the consolidated financial statements pursuant to the applicable financial reporting framework, or with the accounting data used for the preparation of the financial statements, or with the management data accounting in nature;
- verification of the structure and presentation of the information included in the consolidated sustainability statement in accordance with ESRS, included the information related to the materiality assessment process;
- obtaining the representation letter.

DELOITTE & TOUCHE S.p.A.

Signed by
Filippo Fabris
Partner

Padua, April 28, 2026

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2025

FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

(Euro,000)	Note	31/12/2025	31/12/2024
Goodwill	1	63,278	63,278
Other intangible assets	1	40,868	46,978
Property, plants and equipment	2	84,406	95,229
Investments	3	1,527	1,081
Non-current financial assets	4	4,340	2,573
Deferred tax assets	5	11,693	12,665
Non-current assets		**206,112**	**221,804**
Inventories	6	76,149	72,263
Trade receivables	7	62,251	60,274
Other current assets	8	8,670	10,517
Tax receivables	9	2,676	2,372
Other current assets	4	3,055	5,505
Cash and Cash Equivalents	10	11,627	14,038
Current assets		**164,428**	**164,971**
Total assets		**370,540**	**386,775**
Share capital	11	96,162	96,162
Total Reserves	12	3,497	35,972
Net Profit		1,345	(31,573)
Minority interests net equity		1,171	862
Shareholders' Equity		**102,175**	**101,422**
Medium/long-term loans and borrowings	13	57,344	76,610
Other non-current financial liabilities and derivative financial instruments	14	52,460	54,560
Provisions for risks and charges	15	9,264	9,337
Post-employment benefit provision	16	3,964	4,504
Other non-current liabilities	17	4,951	3,825
Deferred tax liabilities	18	8,391	10,629
Non-current liabilities		**136,374**	**159,465**
Short-term bank loans	19	29,209	19,356
Other current financial liabilities and derivative financial instruments	20	14,991	14,868
Trade payables	21	65,898	66,933
Other current liabilities	22	19,711	22,957
Tax payables	23	2,182	1,774
Current liabilities		**131,991**	**125,887**
Total Liabilities		**268,365**	**285,353**
Total Shareholders' Equity and Liabilities		**370,540**	**386,775**

CONSOLIDATED STATEMENT OF INCOME

(Euro,000)	Note	2025	2024
Revenues from sales and services	**24**	**319,096**	**299,538**
Raw materials, ancillaries, consumables and goods	25	166,020	148,759
Change in inventories	25	(4,054)	9,255
Services	26	46,639	42,604
Personnel expense	27	69,531	72,229
Depreciation, amortization and write-downs	28	26,907	36,231
Provisions	29	1,773	995
Other charges (income)	30	970	998
EBIT		**11,310**	**(11,534)**
Investment income/(charges)		-	-
Gains/(Losses) from valuations of minority option liabilities	31	(626)	1,471
Financial income	32	259	388
Financial charges	33	(6,350)	(10,655)
Net exchange gains (losses)	34	281	(302)
Impairments on financial assets		(54)	(77)
Profit (loss) before taxes		**4,821**	**(20,709)**
Income taxes	35	(3,475)	(10,865)
Net profit (loss) for the year		**1,345**	**(31,573)**
Minority interest result		309	45
Group net profit (loss)		**1,036**	**(31,618)**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Euro,000)	31/12/2025	31/12/2024
Net profit	**1,345**	**(31,573)**
Other comprehensive income statement items which may be subsequently reclassified to the income statement for the year, net of taxes:		
Net change in cash flow hedge reserve	(755)	(2,344)
Income taxes	181	563
Total unrealised financial asset gains/(losses)	**(574)**	**(1,782)**
Translation of financial statements in currencies other than the Euro	281	(3,899)
Total of other comprehensive income statement items which may be subsequently reclassified to the profit/(loss) for the year, net of taxes	**(293)**	**(5,681)**
Other comprehensive income statement items which may not be subsequently reclassified to the profit/(loss) for the year, net of taxes:		
Unrealised actuarial gains	87	(55)
Income taxes	(21)	9
Total unrealised actuarial gains/(losses)	**66**	**(46)**
Total of other comprehensive income statement items which may not be subsequently reclassified to the profit/(loss) for the year, net of taxes	66	(46)
Total other comprehensive income/(expense) for the year, net of taxes	**(226)**	**(5,727)**
Total comprehensive income/(expense)	**1,119**	**(37,299)**
Total comprehensive income/(expense) for the year attributable to:		
Parent company shareholders	**809**	**(37,344)**
Minority shareholders	309	45
Basic earnings per share	**0.0550**	**(1.2942)**
Diluted earnings per share	**0.0550**	**(1.2942)**

CONSOLIDATED STATEMENT OF CASH FLOWS

(Euro,000)	Note	2025	2024
Net profit		1,345	(31,573)
Amortisation & depreciation	1 - 2	26,581	36,252
Non-cash adjustments		1,484	(3,712)
Income taxes	35	3,474	10,865
Net financial charges/(income)	32-33	6,718	10,142
CASH FLOW FROM CURRENT ACTIVITIES (A)		**39,602**	**21,972**
Changes in assets and liabilities:			
Inventories	6	(3,640)	9,445
Trade receivables	7	(1,782)	2,208
Trade payables	21	660	1,753
Other assets and liabilities		(3,211)	1,111
Income taxes paid		(4,381)	(2,295)
CASH FLOW GENERATED (ABSORBED) FROM CHANGES IN WORKING CAPITAL (B)		**(12,354)**	**12,222**
CASH FLOW FROM OPERATING ACTIVITIES (A + B)		**27,248**	**34,195**
Investing activities:			
Investments in property, plant & equipment	1	(7,054)	(9,800)
Other changes in property, plant & equipment		875	1,504
Investments in intangible assets	2	(2,923)	(5,338)
Other changes in intangible assets		337	118
Investments in financial assets		(2,541)	(2,871)
Acquisition or sale of subsidiaries or business branches net of cash and cash equivalents		0	367
CASH FLOW FROM INVESTING ACTIVITIES (C)		**(11,306)**	**(16,021)**
CASH FLOW FROM OPERATING & INVESTING ACTIVITIES (A + B + C)		**15,942**	**18,175**
Financing activities:			
Interest paid		(7,198)	(7,011)
Repayment of non-current financial payables	19	(10,493)	(11,693)
Increase (decrease) current financial payables		1,764	1,351
Increase (decrease) other financial payables	19-36	(3,186)	(3,146)
New loans	19	913	2,883
Parent company financing		0	5,000
Other changes in Equity	12	0	460
CASH FLOW FROM FINANCING ACTIVITIES (D)		**(18,201)**	**(12,156)**
Change in translation reserve	12	(153)	(681)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C + D)		**(2,412)**	**5,338**
Cash & cash equivalents at beginning of the year	**10**	**14,038**	**8,700**
Increase (decrease) in cash and cash equivalents		(2,412)	5,338
Cash & cash equivalents at end of the year	**10**	**11,627**	**14,038**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium reserve	Treasury shares reserve	Legal Reserve	Other reserves								Net profit (loss)	Group shareholders' equity	Minority interest capital & reserve	Total Group and Minority Interest Shareholders's Equity
					Currency conversion difference	Allocation employee L,T,I, reserve	Cash flow hedge reserve	Capital payments	Actuarial Reserve	Extraordinary reserve	Fair value of the put option on minority interests Reserve	Retained earnings (accum,losses)				
Balances as at January 1, 2024	**96,162**	**10,360**	**(6,733)**	**19,232**	**(2,315)**	**2,073**	**2,217**	**16,615**	**(225)**	**24,726**	**-**	**4,401**	**(23,388)**	**143,124**	**-**	**143,124**
Allocation of 2023 result	-	-	-	-	-	-	-	-	-	(23,388)	-	-	23,388	-	-	-
Change in Consolidation's scope	-	-	-	-	-	-	-	-	-	-	-		-	-	**817**	**817**
Purchase option on minority stakes											(5,040)			(5,040)	**-**	**(5,040)**
Comprehensive profit 2024	**-**	**-**	**-**	**-**	**(3,899)**	**-**	**(1,782)**	**-**	**(46)**	**-**	**-**	**-**	**(31,617)**	**(37,344)**	**45**	**(37,299)**
Assignment L.T.I. to employees	-	(315)	1,405	-	-	(1,388)	-	-	-	103	-	-	-	(194)	-	**(194)**
Other movements	-	-	-	-	-	(27)	(11)	-	-	55	-	(2)	-	15	-	**15**
December 31, 2024	**96,162**	**10,045**	**(5,328)**	**19,232**	**(6,214)**	**658**	**424**	**16,615**	**(271)**	**1,496**	**(5,040)**	**4,399**	**(31,617)**	**100,560**	**862**	**101,422**
Allocation of 2024 result	-	-	-	-	-	-	-	-	-	(1,393)	-	(30,224)	31,617	-	**-**	**-**
Comprehensive profit 2025	**-**	**-**	**-**	**-**	**281**	**-**	**(574)**	**-**	**66**	**-**	**-**	**-**	**1,036**	**809**	**309**	**1,119**
Assignment L.T.I. to employees	-	(83)	143	-	-	(436)	-	-	-	4	-	-	-	**(372)**	-	**(372)**
Other movements	-	-	-	-	-	-	-	-	-	-	-	6	-	6	-	**6**
December 31, 2025	**96,162**	**9,962**	**(5,185)**	**19,232**	**(5,933)**	**222**	**(149)**	**16,615**	**(205)**	**107**	**(5,040)**	**(25,819)**	**1,036**	**101,004**	**1,171**	**102,175**

For further details on the breakdown of shareholders' equity, reference should be made to Notes 11 and 12 of the Explanatory Notes.

SIT and subsidiaries

EXPLANATORY NOTES

GENERAL INFORMATION

SIT S.p.A., (hereinafter, the Parent Company, SIT or the Company), based in Padua and whose shares are listed on the Euronext Milan market managed by the Italian Stock Exchange. The company is registered in the Companies Register of Padua at No. 04805520287 with registered office in Viale dell'Industria No. 34, Padua (PD).
The Company develops and manufactures high-precision devices for measuring consumption, as well as systems for the safety, comfort, and high efficiency of heating and ventilation equipment.
These financial statements were approved by the Board of Directors on April 15, 2026 and authorised for publication on the website http://www.sitgroup.it by April 30, 2026. The financial statements are subject to the approval of the Shareholders' Meeting.
In 2017, the merger between SIT S.p.A., and Industrial Stars of Italy 2 S.p.A. (ISI2 or ISI2 S.p.A.), a SPAC (Special Purchase Acquisition Company) listed on the AIM Italia market of the Italian Stock Exchange. The merger was effective on July 20, 2017 with the simultaneous start of trading of the company's ordinary shares and warrants on the AIM Italia market managed by the Italian Stock Exchange. With the merger by incorporation of ISI2 S.p.A. (listed non-operating company) into SIT S.p.A., (listed operating company), the former shareholders of ISI2 became the minority shareholders of SIT S.p.A.. In the merger, SIT was therefore considered as the acquirer and ISI2 as the acquiree.

SIT S.p.A., decided that it would apply the option as per Article 70, paragraph 8 and Article 71, paragraph 1-bis of Consob Regulation No, 11971/99 (and thereafter) and, therefore, that it would employ the exemption from publication of a disclosure document concerning significant merger, spin-off, and share capital increase operations through transfer of assets in kind, acquisitions and sales.

BASIS OF PREPARATION

The consolidated financial statements of the SIT Group on December 31, 2025 were prepared in accordance with the international accounting standards (IFRS/IAS) issued by the International Accounting Standards Board (IASB) and adopted by the European Union, including all interpretations of the International Financial Reporting Interpretations Committee (IFRIC).
The consolidated financial statements comprise:

- the Consolidated balance sheet classified by current and non-current assets and liabilities based on their realisation or settlement within the normal operating cycle, not more than 12 months subsequent to the reporting date;
- the Consolidated statement of income which classifies costs and revenues by type, which is considered a better representation of the Group performance than a segment breakdown;
- the Consolidated statement of comprehensive income;
- the Consolidated statement of cash flows prepared in accordance with the indirect method;
- the Consolidated statement of changes in equity and
- corresponding explanatory notes containing the disclosure required by applicable legislation and by the reference international accounting standards.

The consolidated financial statements have been prepared on the basis of the historical cost principle, except for derivative financial instruments and financial liabilities for put/call options for the purchase of minority stakes in the company Sit MBT S.r.l. which are recorded at fair value.
These consolidated financial statements are presented in Euro, the functional currency of the parent company and all amounts are rounded to thousands of Euro, except where otherwise indicated.
The financial statements used for consolidation purposes are those for the year ended 31 December 2025, prepared by the management bodies of each consolidated company, adjusted where necessary to align them with the Group's adopted principles and criteria.
The consolidated financial statements fulfil the requirement for a true and fair view of the balance sheet, financial position, income statement and cash flows of the Group, in compliance with the general principles of going concern, the accruals concept, reliable presentation, correct classification, prohibition of offsetting and comparability of information.
The accounting standards and policies applied for the preparation of the consolidated financial statements at December 31, 2025 are the same as those adopted for the consolidated financial statements at December 31, 2024.
The SIT Group consolidated financial statements were audited by Deloitte & Touche S.p.A.

Going concern

In 2025, the Group recorded a growth in consolidated revenues of 6.5% compared to 2024, with a significant improvement in operating performance benefiting from increases in volumes and consolidating the effects of the reorganization and efficiency actions launched during 2024. Sales growth was recorded in all three divisions, with particular significance for the performance of Heating & Ventilation, which had suffered the sharpest reductions in recent years. In fact, in this division, the 2025 financial year marks a phase of recovery and normalization of the market compared to the discontinuity manifested in 2023 and 2024 due to the lack of incentives for final demand and regulatory uncertainty in terms of energy transition and consequently regarding the phase-out times of traditional technologies related to combustion.
This context of disruption in the sector has gradually become normalised and the technological and market guidelines – certainly characterised by a progressive growth in the electrification of domestic heating appliances – are now accompanied by policies of technological neutrality that make it possible to adopt, over medium and long-term horizons, appliances that comply with certain emission levels regardless of the type of technology/fuel used.
These prospects - specific to the European market in particular - together with the implementation by the Heating & Ventilation Division of product development strategy aimed at favouring geographical diversification and the application segment - less residential and more commercial and industrial - have laid the foundations for the growth achieved in 2025 and positive prospects for the future.
The 2025 financial year saw sales growth of 5.8% year-on-year for the Heating & Ventilation division (+7.6% on a like-for-like exchange rate basis), with the Italy and America geographical areas growing by 9.8% and 24.3% respectively.
As far as Metering is concerned, the Smart Gas Metering Division achieved sales growth of 3.1% in 2025; In the residential meter segment, growth was 16.4% and it should be considered that 2024 was a challenging comparison since it had seen the significant contribution of the design and development project for the new meter of a leading Italian operator, whose production is scheduled for 2027.

Water Metering recorded robust growth, with sales up 12.3%, confirming the fundamentals of the sector and the effectiveness of the product portfolio expansion policy.
The described sales trend made it possible to achieve positive operating results (EBITDA up 53.3% to Euro 37.9 million) thanks to the reorganization and efficiency actions launched in particular during 2024 and having a tail end also in 2025. The result was a financial profile in line with the forecasts made during the year, which made it possible to comply with the covenants set out in the loan agreements and close the year with a net financial position of Euro 139.3 million and liquidity of Euro 14.7 million.
The budget for the 2026 financial year, approved by the Board of Directors on 18 December 2025, (hereinafter, the "2026 Budget" or "Budget") envisages a "low single digit" growth in consolidated revenues thanks to the contribution of the Heating & Ventilation and Water Metering divisions, while Smart Gas Metering marks a reduction, especially on the Italian market, due to the timing of sales of the aforementioned meter, now scheduled for 2027.
As regards Heating & Ventilation, the fundamental trends recorded in 2025 were also confirmed in Budget, with "high single digit" growth in the American market, despite a negative impact of exchange rates, due to progressive growth in the Storage Water Heating segment. The trend expected for components for Cooker Hoods is significant thanks to the acquisition of new customers and market shares, confirming the success of the SIT MBT initiative in the particular context of a market affected by consolidation through M&A transactions, which offers structural opportunities to the SIT Group.
As far as Water Metering is concerned, growth is expected in kits for the OEM customer segment but above all in Smartio, the new smart meter launched at the end of 2024. Turnover in this sector is expected to grow "low double digit", confirming the development path undertaken since the acquisition of Janz by the Group.
The 2026 Budget envisages an improvement in the operating result thanks to the effects of the reorganisation and efficiency measures implemented in recent years, which will allow for greater flexibility and better operating leverage. The Budget projections confirm, also in the monthly details, compliance with covenants and all financial commitments for the period with a net financial position in reduction at the end of the year.
It should be noted that, at the moment, the Budget does not include impacts deriving from the conflict in Iran. In this regard, the Group does not have any activities or operations in the geographies affected by the conflict and the share of indirect turnover linked to that market is not significant. The impact deriving from the conflict obviously concerns the costs of materials – in particular those related to the petrochemical sector, such as plastics and rubbers – as well as some electronic components and the cost of transport and energy. At the moment, there have been no critical issues related to the availability of freight or transport, although the knock-on effect linked to the blocking of commercial traffic in some geographical areas could occur a few months later. The Group has already taken an informative action towards customers, reserving the right to review prices to mitigate the impact of any higher costs encountered.
During the first months of 2026, on the basis of the Budget, the Group updated its business plan with reference to the period 2026 – 2030, which was subjected to an Independent Business Review ("IBR") by an independent expert and approved by the Board of Directors on 7 April 2026 (hereinafter, the "Plan").
The Plan confirms the Group's fundamental development guidelines in the changed context and objectives in terms of revenues, and therefore results, which take into account what has been achieved in 2025 and envisaged in the 2026 Budget.
In the Heating & Ventilation sector, the forecasts for the evolution of the European residential heating market - the Division's traditional market, based on components for hydronic appliances that manage

both heating and domestic hot water - have been updated to take into account the recent final trend and also the downsizing of the sales forecasts for electric heat pumps, one of the main technological threats as an alternative product to boilers, due to the high purchase and management costs, redefining, for the benefit of the Group, the phase-out times of traditional technologies related to combustion.
The Plan, on the other hand, provides for a strengthened direction of development in the field of commercial applications or dedicated to sectors such as HoReCa both for components related to combustion (methane, biogas or hydrogen), also with new products specific to the US market, and for components in the heat pump sector. Also in the USA, after the slowdown in the construction of new homes due to inflation in recent years, growth is expected over the period of the Plan for fireplace components, where the Group holds a high market share, and a return to the water heating sector, with growth in sales of the new electronic valve. Growth is confirmed in sectors not related to heating such as ventilation for kitchen hoods and CMV - Controlled Mechanical Ventilation. The contribution expected from the Cooker Hoods segment is significant, validated, as described above, by customer acquisition and market share during 2025.
The development lines of the Metering segments, both Smart Gas Metering and Water Metering, are defined and based on the important investments that utilities in the sector are planning and making for the digitization and modernization of distribution networks. In the context of Smart Gas Metering, the Plan's forecasts are also supported by the tenders acquired in the meantime during the year both in Italy, as part of Italgas' strategy to install the Nimbus meter, and abroad, thanks to the tender won in the Netherlands and the contract signed in the UK. Water Metering is expected to grow thanks to the introduction of Smartio – the smart meter introduced at the end of 2024 whose product range is being expanded – and the growing switch to hybrid products from traditional mechanics.
The IBR carried out by the independent expert analysed the main market assumptions for the various product segments and for the main geographies of interest, also in light of the regulatory context of the EU, USA and China macro-areas and the competitive scenario in which the Group operates.
The main growth assumptions assumed by the Group were analysed, verifying the actions underway or envisaged in the Plan to support revenue forecasts.
Overall, the expert's assessment was positive, confirming the underlying strategic rationales and the feasibility of the Plan, while highlighting the most ambitious growth assumptions in certain market segments. These reports were the basis for carrying out some sensitivity analyses on the economic and financial profiles, which mainly concerned the expected timing of growth, with the development of alternative simulations that consider, in some segments/markets, a slowdown or a distribution over more diluted horizons.
The set of sensitivities carried out on the Plan and the simulations developed confirmed the reasonableness of the assumptions underlying it.
The Directors point out, however, that the Plan is based on a set of assumptions, which also include assumptions relating to future events that may not necessarily occur in the time and manner envisaged.
Coming to short-term planning, taking into account significant financial deadlines expected at the end of the first and second half of 2027, the observation period has been extended until the end of 2027, referring for 2026 to the forecasts used for the preparation of the monthly budget and projecting the trend of historical seasonality and the effect of the actions envisaged in the Plan to 2027, taking into account the operational details, current and non-recurring, as well as financial.
Starting from this base scenario without interventions on the current financial structure, the planning of cash flows was subjected to a series of stress tests on some key assumptions such as the reduction in

turnover and the worsening of margins, also useful for considering the short-term impact of any effects related to the war in Iran.
The cash profile resulting from the planning described showed in 2027 a financial requirement related to debt service – both for interest and repayments – which is not fully covered by the cash flows expected from operations integrated by the resources available from the current credit lines currently available to the Group. This evidence of shortfall, in conjunction with the deadlines of the amortization plan of existing loans, had already emerged in last year's business plan, allowing the Group to start appropriate mitigation actions in time.
Starting from the last quarter of 2025, in fact, the Group has started the necessary discussions with the main banks with which it operates to carry out an operation to redefine the financial structure of the same (the "Transaction") aimed at obtaining new resources to support the Plan and at the same time remodulate the repayment profile in line with the expected operating flows.
The dialogue with the banks continued, led by a lead bank with the role of global coordinator and, at the moment, the Group is completing the financial documentation supporting and negotiating a term sheet of the Transaction. The timing for the closing of the Transaction is expected by the first half of 2026, thus making it possible to substantially mitigate the liquidity risks that emerge from the aforementioned financial planning and related stress tests.
The Directors then assessed the uncertainty profiles related to (i) the achievement of the objectives set out in the Plan, including the revenue and operating income growth targets, (ii) the realisation of the assumptions underlying the cash flows plan and (iii) the completion of the Transaction.
In consideration of the performance of the first months of the current year, the forecasts made, the actions that may be taken for liquidity management, as well as the progress of discussions with banks regarding the Transaction, the Directors believe that the Group will be able to fulfil its obligations in the foreseeable future and have therefore deemed it appropriate to use the going concern assumption in the preparation of the consolidated financial statements as at 31 December 2025.

IFRS Accounting Standards, Amendments and Interpretations applied from January 1, 2025

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Group from January 1, 2025:

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability.

The amendment, issued by IASB on 15 August, requires an entity to identify a methodology to be applied consistently in order to determine whether a currency can be converted into another and, when this is not possible, how to determine the exchange rate to be used and the disclosures to be provided in the notes to the financial statements. The adoption of this amendment has had no impact on the Group's consolidated financial statements, as such disclosure is already included in the paragraph "Translation of accounts in foreign currencies: transactions and balances."

Accounting standards, amendments and IFRS interpretations approved by the European Union as of December 31, 2025, not yet mandatory and not adopted in advance by the Group as of December 31, 2025

As of the reference date of this document, the competent bodies of the European Union have still completed the approval process necessary for the adoption of the amendments and principles described below, but these standards are not necessarily applicable and have not been adopted in advance by the Group as of 31 December 2025:

Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7

On May 30, 2024, IASB published this document, which clarifies certain issues that emerged from the post-implementation review of IFRS 9, including the accounting treatment of financial assets whose returns vary upon the achievement of ESG targets (i.e. green bonds).
In particular, the amendments aim to:

- clarify the classification of financial assets with variable returns linked to environmental, social and corporate governance (ESG) objectives, and the criteria to be used for the SPPI test assessment;
- determine that the settlement date of liabilities through electronic payment systems is the date on which the liability is extinguished. However, an entity is allowed to adopt an accounting policy to derecognize a financial liability before the cash is delivered on the settlement date, subject to the presence of specific conditions.

With these amendments, IASB has also introduced additional disclosure requirements, particularly regarding investments in equity instruments designated at FVOCI.
The amendments will apply from financial statements for periods beginning on or after January 1, 2026. The directors do not expect a significant impact on the Group's consolidated financial statements from the adoption of this amendment.

Contracts Referencing Nature-dependent Electricity – Amendment to IFRS 9 and IFRS 7

On December 18, 2024, IASB issued an amendment titled "Contracts Referencing Nature-dependent Electricity – Amendment to IFRS 9 and IFRS 7". The document aims to support entities in reporting the financial effects of contracts for the purchase of electricity generated from renewable sources (often structured as Power Purchase Agreements). Under these contracts, the quantity of electricity generated and purchased may vary depending on uncontrollable factors such as weather conditions. IASB introduced targeted amendments to IFRS 9 and IFRS 7. The amendments include:

- a clarification regarding the application of the "own use" requirements to this type of contracts;
- criteria to allow these contracts to be accounted for as hedging instruments; and

- new disclosure requirements to enable financial statement users to understand the effect of these contracts on an entity's financial performance and cash flows.

The amendment will apply from January 1, 2026, although early adoption is permitted.
The directors are currently assessing the potential effects of the introduction of this amendment on the Group's consolidated financial statements.

Annual Improvements Volume 11

On July 18, 2024, IASB published a document titled "Annual Improvements Volume 11". The document includes clarifications, simplifications, corrections and changes aimed at improving the consistency of various IFRS Accounting Standards. The standards amended are:

- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures and the related implementation guidance of IFRS 7;
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements; and
- IAS 7 Statement of Cash Flows.

The amendments will apply from January 1, 2026, although early adoption is permitted.
The directors are currently assessing the potential effects of the introduction of these amendments on the Group's consolidated financial statements.

Accounting standards, amendments and interpretations of IFRS not yet adopted by the European Union as at December 31, 2025

As of the reference date of this document, the competent bodies of the European Union have not yet completed the approval process necessary for the adoption of the amendments and principles described below.

IFRS 18 Presentation and Disclosure in Financial Statements

The new standard, issued by IASB on April 9, 2024, will replace IAS 1 Presentation of Financial Statements. The new standard aims to improve the presentation of financial statements, with particular reference to the income statement. In particular, the new standard requires:

- classifying income and expenses into three new categories (operating section, investing section and financing section), in addition to the tax and discontinued operations categories already included in the income statement;
- presenting two new subtotals: operating profit and profit before interest and taxes (i.e. EBIT).

The new standard also:

- requires more detailed information on performance indicators defined by management;
- introduces new criteria for the aggregation and disaggregation of information; and
- introduces certain changes to the statement of cash flows, including the requirement to use operating profit as the starting point for the preparation of the cash flow statement under the indirect method and the removal of certain existing classification options for specific items (such as interest paid, interest received, dividends paid and dividends received).

The new standard will apply from January 1, 2027, although early adoption is permitted.
The directors are currently assessing the potential effects of the introduction of this new standard on the Group's consolidated financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

On May 9, 2024, IASB published a new standard IFRS 19 "Subsidiaries without Public Accountability: Disclosure" (together with the Amendments to IFRS 19 Subsidiaries without Public Accountability: Disclosures issued on August 21, 2025).
The new standard introduces some simplifications with reference to the disclosures required by the other IAS-IFRS standards. This principle can be applied by an entity that meets the following main criteria:

- It has not issued equity or debt instruments listed on a market and is not in the process of issuing them;
- It has its own parent company that prepares consolidated financial statements in accordance with IFRS.

The new standard will come into force from 1 January 2027, but early application is allowed.
At present, directors are assessing the potential effects of the introduction of this amendment on the Group's consolidated financial statements.

Translation to a Hyperinflationary Presentation Currency – Amendment to IAS 21

The document, issued by IASB on November 13, 2025, clarifies the translation procedures for an entity whose presentation currency is that of a hyperinflationary economy.
An entity applies the amendments if:

- its functional currency is that of a non-hyperinflationary economy and it is translating its results of operations and financial position into the currency of a hyperinflationary economy; or,
- it is converting the results of operations and financial position of a foreign operation whose functional currency is that of a non-hyperinflationary economy into the currency of a hyperinflationary economy.

The amendments will apply to financial statements for periods beginning on or after January 1, 2027. directors do not expect any impact on the Group's consolidated financial statements from the adoption of these amendments.

DISCRETIONARY VALUATIONS AND SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the consolidated financial statements and Explanatory Notes in application of international accounting standards (IAS/IFRS) requires Directors to make estimates and assumptions which, in certain circumstances, are based on historic data and may affect the values expressed in the

financial statements. Assumptions deriving from estimates are revised periodically and the relative effects are reflected in the income statement in the period in which they occur.
The principal assumptions utilised in the estimation processes and the sources of uncertainty, for which significant adjustments to the carrying amount of the assets and liabilities may emerge in the future, are summarised below.
In this regard, the estimates made at December 31, 2025 reflect the considerations made by the directors regarding the measures put in place by the public authorities of the countries concerned, as well as the Russia–Ukraine conflict and the tensions in the Middle East.

Inventory obsolescence provision

The inventory of raw materials, semi-finished and finished products are valued at the lower of cost and market value, applying the average weighted cost criteria in establishing the cost. The valuation of inventories includes direct materials and labour costs and indirect costs (variable and fixed). Provisions are made for materials, finished products and obsolete or slow-moving items, while also taking into account their expected future use and realisable value.

Impairment of non-financial assets

The Group reviews, at each year-end, if indicators highlight a long-term impairment for all of the non-financial assets. If there is an impairment loss, the accounting value is aligned to its recoverable amount. Goodwill and the other intangible assets with indefinite useful life annually undergo an impairment test. The recoverable value of non-current assets is normally based on the value in use, considering the present value of expected financial cash flows from continuous use of the asset. The review therefore involves also the choice of an adequate discounting rate for the calculation of the present value of expected cash flows. Any change in the main estimates and assumptions made when preparing the plan and, therefore, the impairment test, could affect value in use and the result that is actually reached in relation to the realisable amount of the assets recognised.
Refer to Note 1 of these Explanatory Notes regarding the sensitivity analyses performed.

Development costs

Development costs are capitalised in accordance with the accounting policy outlined in the section below. The initial capitalisation of costs in strictly related to the project's technical and economic feasibility opinion. The Directors are therefore required to draw up the assumptions relating to the expected future cash flows from the assets, the discount rate to be applied and the periods of the expected benefits, Further details are reported at Note 1.

Deferred tax assets

Deferred tax assets are recognised in accordance with IAS 12. A discretionary valuation is required by the Directors to establish the amount of the deferred tax assets which may be recorded. They must estimate the probable timeframe and amount of future assessable income, in addition to a planning strategy for future taxes. The carrying amount of deferred tax assets is reported at Note 5.

Provisions for risks and charges

The Directors make estimates regarding other risks and charges. In particular, against the various disputes involving the Group, the Directors have made estimates and assumptions in determining the level of probability of a liability arising within the Group and, where the risk is considered probable, in determining the amount of the provision against the risks identified. Further details are reported at Note 15.

Guarantee provisions

The Group makes provisions for the expected cost of product guarantees. Management establishes these provisions based on historic information concerning the frequency and the average cost of guarantees.

Share-based payments

Estimating the fair value of the share-based payments requires the utilisation of the most appropriate valuation model, based on the terms and conditions on which these instruments were granted. Also required to be identified are the data used in the valuation technique amongst which the assumed estimated exercise period of the options, volatility and share return.
For share-based payments settled by cash, it is necessary to remeasure the liability at the end of each reporting period and until the settlement date, recording each fair value change in the income statement. This requires a re-examination of the estimates utilised at the end of each reporting period.
For the share-based payments with employees, the Group utilises the Montecarlo simulation model for the plans with employees. The assumptions used for the estimate of the fair value of the share-based payments are shown in Note 38.

IFRS 16 - Estimation of the marginal lending rate

In order to determine the implied contract interest rate, the Group uses the marginal interest rate, i.e. the interest rate which the lessee should pay for a loan with similar duration and guarantees, in order to acquire the leased asset. Where there are no observable data (such as in the case of investees that are not direct counterparties to financial transactions) or when rates must be adjusted to reflect the terms and conditions of the lease (for example, when the lease is not in the investee's functional currency), the Group estimates the rate to be applied using observable data (such as market interest rates) if available, and making specific considerations about the terms and conditions of the investee.

ACCOUNTING PRINCIPLES AND VALUATION CRITERIA

Relevant information on the accounting principles and valuation criteria adopted for the preparation of the consolidated financial statements as at December 31, 2025 are set out below.

Basis of consolidation principals

The consolidation scope includes the Parent Company SIT S.p.A., and the companies in which SIT S.p.A., holds, directly or indirectly, a majority stake or majority voting rights, or where it has the power to determine - also through contracts - the financial and operating policies.

The Group exercises control when it is exposed to or has the right to variable income streams, based on the relationship with the investee, and, at the same time, has the capacity to affect such income streams through the exercise of power over the investee.
Specifically, the Group controls an investee if, and only if, the Group has:

- the power over the investment entity (or holds valid rights which confer it the current capacity to control the significant activities of the investment entity);
- the exposure or rights to variable returns deriving from involvement with the investment entity;
- the capacity to exercise its power on the investment entity to affect its income streams.

Generally, there is presumption that the majority of the voting rights results in control. In support of this presumption and when the Group holds less than the majority of the voting rights (or similar rights), the Group shall consider all the facts and significant circumstances to establish whether control of the investment entity exists, including:

- contractual agreements with other holders of voting rights;
- rights deriving from contractual agreements;
- voting rights or potential voting rights of the Group.

The Group reconsiders if it has control of an investee if the facts and circumstances indicate that there have been changes in one or more of the three significant elements for the definition of control. The consolidation of a subsidiary begins when the Group obtains control and ceases when the Group loses this control. The assets, liabilities, revenues and costs of the subsidiary acquired or sold during the year are included in the consolidated financial statements at the date in which the Group obtains control until the date in which the Group no longer exercises control.
The profit/(loss) and each of the other comprehensive income statement items are allocated to the shareholders of the parent company and minority shareholders, even if this implies that the minority shareholder investments have a negative balance. Where necessary appropriate adjustments are made to the financial statements of the subsidiaries, in line with the accounting policies of the Group. All assets and liabilities, shareholders' equity, revenues and costs, and inter-company cash flows relating to transactions between entities of the Group are completely eliminated on consolidation.
Changes in the holdings of subsidiaries which do not result in the loss of control are recognised under equity.

If the Group loses control of a subsidiary, it must eliminate the relative assets (including goodwill), liabilities, minority interests and other equity items, while any gain or losses are recorded in the income statement. Any holding maintained must be recorded at fair value. The companies included in the consolidation scope are as follows:

Entity	Country	City	Currency	Share capital (currency units)	% Share Owned
SIT S.p.A.	Italy	Padua	EUR	96,162,195	
Metersit S.r.l.	Italy	Padua	EUR	1,129,681	100
SIT Controls BV	Holland	Hoogeveen	EUR	46,000	100
SIT Gas Controls Pty Ltd	Australia	Mulgrave	AUD	100,000	100
SIT Controls USA Inc.	USA	Charlotte	USD	50,000	100
SIT Controls Deutschland GmbH	Germany	Arnsberg	EUR	51,129	100
SIT Controls CR, S.r.o.	Czech Republic	Brno	CSK	1,500,000	100
SIT Manufacturing N.A. Sa de CV	Mexico	Monterrey	MXN	172,046,704	100
SIT de Monterrey N.A. SA de CV	Mexico	Monterrey	MXN	50,000	100
SIT Controls Canada Inc.	Canada	Ontario	CAD	14,947	100
S.C. SIT Romania S.r.l.	Romania	Brasov	EUR	2,165,625	100
SIT Manufacturing (Suzhou) Co. Ltd	China	Suzhou	EUR	2,600,000	100
SIT Argentina S.r.l.	Argentina	Santa Fe	ARS	90,000	100
JANZ – Contagem e Gestão de Fluídos, SA	Portugal	Lisbona	EUR	1,000,000	100
Plast Alfin S.a.r.l.	Tunisia	Ben Arous	EUR	10,454	100
Sit Controls Tunisia S.u.a.r.l.	Tunisia	Tunisi	EUR	1,561,303	100
Sit Metering S.r.l.	Italy	Padua	EUR	1,500,000	100
Metersit UK Ltd	United Kingdom	Manchester	GBP	150,000	100
SIT Motors & Blowers Technology S.r.l.	Italy	Padua	EUR	1,192,143	70

Method of consolidation

The subsidiaries are consolidated under the line-by-line method, which provides for the full inclusion of all of the financial statement line items, without considering the shareholding.
The foreign companies are consolidated utilising the financial statements prepared in accordance with those utilised by the Parent Company and as per common accounting policies.
The carrying amount of investments is eliminated against the corresponding share of the equity of the subsidiaries, allocating to the individual assets and liabilities their present value at the date of the acquisition of control. Any positive difference is recorded in the non-current asset account “Goodwill”. The share of equity and results attributable to minority interests are recorded separately in the balance sheet and income statement respectively.
In the preparation of the consolidated financial statements all balances and transactions between Group companies and unrealised gains and losses on inter-company transactions are eliminated.

Translation of accounts in foreign currencies: Group Companies

The financial statements of the Group companies included in the consolidated financial statements are presented in the functional currency of the main markets in which they respectively operate. At the reporting date, the assets and liabilities of the companies whose functional currency is not the Euro are converted into the preparation currency of the Group consolidated financial statements at the exchange rate at that date. The income statement accounts are converted at the average exchange rate, as such is considered representative of the average of the exchange rates at the dates of the individual transactions. The differences deriving from the adjustment of opening shareholders’ equity to the exchange rates at the end of the period and the differences deriving from the different methods used for the translation of the result are recorded to the comprehensive income statement. On the sale of a net investment in a foreign operation, the items in the statement of comprehensive income relating to this foreign operation are recorded in the income statement.

The goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are recorded as assets and liabilities of the foreign operation and therefore are recorded in the functional currency of the foreign operation and translated at the exchange rate at the reporting date.
The table below presents the exchange rates utilised for the conversion of the financial statements in currencies other than the Group functional currency (Euro).

Currency	2025		2024	
	December 31, 2025	Average 2025	December 31, 2024	Average 2024
Mexican Peso	21.1180	21.6705	21.5504	19.8314
Argentinean Peso	1.707.5606	1.412.1281	1070.806	989.9196
Romanian Leu	5.0968	5.0424	4.9743	4.9746
US Dollar	1.1750	1.1300	1.0389	1.0824
Canadian Dollar	1.6088	1.5787	1.4948	1.4821
Czech Crown	24.2370	24.6879	25.185	25.1198
Australian Dollar	1.7581	1.7518	1.6772	1.6397
Chinese Yuan	8.2262	8.1185	7.5833	7.7875
Tunisian Dinar	3.3948	3.3734	3.308	3.3663
UK Sterling	0.8726	0.8568	0.82918	0.8466

Translation of accounts in foreign currencies: transactions and balances

Foreign currency transactions are initially recorded in the functional currency, applying the exchange rate at the transaction date.
Monetary assets and liabilities in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.
Exchange rate differences realised or arising on the translation of monetary items are recorded in the income statement, with the exception of monetary items which hedge a net investment in a foreign operation. These differences are recorded in the comprehensive income statement until the sale of the net investment, and only then is the total amount reclassified to the income statement. The income taxes attributable to the exchange differences on the monetary items are also recorded in the comprehensive income statement.
Non-monetary items, measured at historical cost in foreign currency, are translated using the exchange rates on the date the transaction was first recorded.

Valuation at fair value

The Group measures financial instruments, such as derivatives, the option agreement for the acquisition of the minority interest in SIT MBT S.r.l., and the participating financial instruments in Hybitat, at fair value at each reporting date.
According to applicable accounting standards (IAS/IFRS) "a contract that will be settled through a variable number of the entity's own shares, whose value is equal to a fixed amount or an amount based on changes in an underlying variable, is a financial asset or a financial liability. When a financial asset or financial liability is initially recognised, an entity shall measure it at its Fair Value. The profit (or loss) arising from a change in the Fair Value of a financial asset or financial liability that is not part of a hedging relationship

must be recognised to the income statement". For accounting purposes, therefore, market warrants were recognised as financial liabilities at their fair value at the designation date.
Fair value is the price that would be received for the sale of an asset, or that would be paid to transfer a liability in an arm's length transaction at the measurement date under the following conditions:

- there exists a principal market of the asset or liability and it is accessible for the group;
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or liability is measured adopting the assumptions which market operators would utilise in the determination of the price of the asset or liability, assuming they act to best satisfy their economic interests.
All the assets and liabilities for which the fair value is measured or stated in the financial statements are categorised based on the fair value hierarchy, as described below:

- Level 1 - listed prices (not adjusted) on active markets for identical assets or liabilities which the entity can access at the measurement date;
- Level 2 - inputs other than listed prices included in Level 1, directly or indirectly observable for the asset or the liability;
- Level 3 - measurement techniques for which the input data are not observable for the asset or for the liability.

The fair value measurement is classified entirely in the same fair value hierarchical level in which the lowest hierarchical input level utilised for the measurement is classified.
For the assets and liabilities recognised in the financial statements at fair value on a recurring basis, the Group assesses whether there have been transfers between the hierarchy levels, reviewing the classification (based on the lowest input level, which is significant for the fair value measurement in its entirety) at each reporting date.

Business combinations and goodwill

The business combinations, in which the control of a company/entity is acquired, are recorded applying the purchase method, whereby the assets and liabilities acquired are initially measured at their market value at the acquisition date. The difference between the acquisition cost and the Group share of equity is allocated to specific statement of financial position items to the extent of their present value at that date; any residual excess, if positive, is allocated to goodwill and if negative is recognised to the income statement. The acquisition cost is based on the fair value, at the purchase date, of assets sold, of liabilities incurred and of capital instruments issued, and any other accessory charges.
Goodwill represents the surplus of the acquisition cost compared to the purchaser's share of the identifiable fair value of the current and potential assets and liabilities of the entity acquired.
After initial recognition, goodwill is measured at cost less any loss in value. Subsequent to acquisition, goodwill is subject to a recoverability (impairment) analysis conducted annually or at shorter intervals in the case of events or changes occurring that could result in possible impairments. Any goodwill at the acquisition date is allocated to each cash generating unit (hereafter CGU) expected to benefit from the synergies deriving from the combination. Any loss in value is identified by means of valuations based on the ability of each CGU to produce cash flows for the purposes of recovering the part of goodwill allocated, with the methods described in the "impairments" section.

If, at the end of the period in which the combination takes place, the initial accounting for a business combination is incomplete, the provisional amounts of the items whose accounting is incomplete are recognised in the financial statements. During the valuation period, the provisional amounts recognised at the acquisition date are retroactively adjusted to reflect new information obtained regarding facts and circumstances that existed at the acquisition date which, if known, would have affected the valuation of the amounts recognised at that date. The valuation period shall not extend for more than one year from the date of acquisition.
If the recoverable value of the cash generating unit is less than the attributed carrying amount, the loss in value is recorded. This loss is not restated if the elements that generated it no longer exist. Where the goodwill is allocated to a CGU and the Group disposes of a part of the assets of this unit, account must be taken of goodwill for the calculation of the disposal gain or loss.

Other intangible assets

Other intangible assets, acquired separately and held by the Group, are recognised to assets at acquisition cost where the cost may be reliably established and it is probable that usage will generate future economic benefits. The useful life is valued as indefinite or definite.
Other intangible assets with indefinite useful life are not subject to amortisation and a review is carried out each year to establish whether circumstances supporting their classification as having indefinite useful life exist. In accordance with IAS 36, these assets are subject to impairment tests for any permanent value reductions.
Other intangible assets with definite useful life are recorded at acquisition or production cost, net of the relative accumulated amortisation and any impairments established according to the means indicated in the “Impairments” section below. Amortisation, which begins when the intangible asset is available for use, is calculated on a straight-line basis over the estimated useful life, which is reviewed on an annual basis. Any changes, where necessary, are reflected prospectively. The rates used for amortisation (by category) are as follows:

Intangible assets with definite useful life	Average rate
Product development costs	Straight-line over 5 years
Licenses	Straight-line over 3 years
SIT brand	Straight-line over 20 years
Janz Brand	Straight-line over 10 years
Heating Technology	Straight-line over 12 years
Metering technology	Straight-line over 10 years
Water metering	Straight-line over 7 years
Customer List Heating	Straight-line over 15 years
Customer List Water metering	Straight-line over 15 years
Order backlog	Duration of the contract

Research and development costs

Research costs are recognised profit or loss in the year in which they are incurred. Development costs incurred in relation to a specific project are only capitalised when the technical feasibility of completing the intangible asset exists to make it available for use or sale, in addition to the ability and intention to use or sell the asset to generate future benefits demonstrating the existence of a market for the output of the intangible asset or the intangible asset itself or a utility to be used internally and the availability of technical, financial and other types of resources suitable to complete the intangible asset's development and use or sale and the ability to reliably measure the cost attributable to its development. Capitalised development costs include only those costs that are directly attributable to development.
Subsequent to the initial recording, the development costs are valued at cost less amortisation or accumulated losses. Any capitalised development costs are amortised in the period in which the expected revenue from the project is generated. The carrying amount of development costs is reviewed annually to identify any impairment, when the asset is not yet in use, or more frequently if there are indicators of possible impairment. Any impairments identified are recognised to the income statement.

Property, plant and equipment

Property, plant & equipment are recognised at historic acquisition or production cost, including directly allocated accessory costs and those necessary for bringing the asset to the condition for which it was acquired, and recorded net of the relative accumulated depreciation provisions and any cumulative loss in value, If major components of tangible fixed assets have different useful lives, they are accounted for separately.
Financial charges directly attributable to the acquisition or construction of a qualifying asset shall be capitalised as part of the cost of that asset. All other financial charges are recorded in the income statement when incurred.
The expenses incurred for the maintenance and repairs of an ordinary and/or cyclical nature are directly charged to the income statement when they are incurred.
Depreciation is calculated on a straight-line basis from the moment the asset is available for use according to the estimated useful life of the asset; the useful life is reviewed annually and any changes, where necessary, are applied prospectively. The depreciation rates applied are as follows:

Property, plant & equipment	**Rate %**
Buildings	3
Light constructions	10
General plant	10
Specific plant	15.5
Kilns and accessories, production machinery	15
Various equipment and moulds	25,00 - 40.00
Motor and transport vehicles	20.00 – 25.00
Internal transport and lifting machinery	20
Furniture and fittings	12
EDP	20

The carrying amount of tangible fixed assets is tested for impairment when events or changes indicate that the carrying amount can no longer be recovered based on the current depreciation schedules, if there is an indication of this type and in the case where the carrying amount exceeds the realisable value, the assets must be written down to their recoverable value,
The impairments are recognised to the income statement. Such losses are restated when the reasons for their write-down no longer exist.
Upon sale or when there are no expected future economic benefits from the use of an asset, it is eliminated from the financial statements and any loss or profit (calculated as the difference between sale's price and book value) is charged to the income statement in the year of its elimination.

Leasing

Finance lease contracts are capitalized under property, plant and equipment starting from the lease start date and measured at the fair value of the leased asset or, if lower, at the present value of the lease payments. A financial debt of the same amount is recognised as liabilities, the value of which is equal to the present value of future rents, discounted at the implied lease interest rate or at the marginal financing rate. This value is progressively reduced on the basis of the repayment plan of the capital portions included in the contractually stipulated rents.
The lease payments are divided between the principal and the interest portion, so that a constant interest rate is applied to the remaining balance of the debt (principal portion). Financial charges are charged to the income statement.
The assets are depreciated over the term of the lease contract.

Investments

An associate is a Company in which the Group exercises significant influence. "Significant influence" refers to the power to participate in the financial and operating policy decisions of an investee, however not exercising control or joint control.
With the equity method, the investment in an associated company or a joint venture is initially recognised at cost. The carrying amount of the investment is increased or decreased to recognise the group's share of the profit or loss after the date of acquisition. The goodwill relating to the associate or joint venture is included in the book value of the investment and is not subject to a separate impairment test.
The profit/(loss) statement for the year reflects the Group's portion of the operating result of the associated company or joint venture. Any change in the other components of the statement of comprehensive income relating to these investee companies is presented as part of the Group's statement of comprehensive income.
In addition, if an associate records a change directly to equity, the Group records its share (where applicable) in the statement of changes in equity.
Unrealised gains and losses deriving from transactions between the Group and associated companies are derecognised in proportion to the shareholding in that associate.
The aggregate share attributable to the Group of the result for the year of associated companies is shown in the profit/(loss) statement for the year after the operating result and represents the result net of taxes and of the share of the other shareholders of the associate.
The financial statements of associates and joint ventures are prepared at the same reporting date as the Group financial statements. Where necessary, the financial statements are adjusted in line with those utilised by the Group.

The investments in other companies are measured at fair value through equity. In such cases, the amounts previously taken to other comprehensive income are not recycled to the income statement upon disposal. When the fair value cannot be reliably determined, these investments are measured at cost, adjusted for impairment, which is taken to the income statement. If the reasons for the recognition of the impairment loss no longer exist, the previously recognised impairment loss shall be reversed. The amount of the reversal shall be recognised in the income statement.

Impairment of non-financial assets

IAS 36 requires the assessment at each reporting date of impairments to tangible and intangible fixed assets amid indicators that such a loss may exist. In assessing whether there are any indicators that an asset with definite useful life may be impaired, an entity shall consider internal and external information sources. Relating to internal sources, consideration is made of whether there have been significant changes in the use of the asset and whether the economic performance of the asset is different than expected. For external sources, consideration is taken of technological or market or regulation discontinuation which may reduce the value of the asset.
Independently of whether there are internal or external reductions in value, intangible assets with indefinite useful life and goodwill are subject at least annually to an impairment test, as required by IAS 36. In both cases of a verification of the carrying amount of intangible assets with definite useful life or of the carrying amount of intangible assets with indefinite useful life and goodwill, the Group makes an estimate of the recoverable value.
The impairment of goodwill is determined through a valuation of the recoverable value of the cash generating unit (or group of units) to which the goodwill is allocated.
The recoverable value is the higher between the fair value of an asset or a CGU less costs to sell and its value in use and is determined for each asset, except when the asset does not generate cash flows which are sufficiently independent from those generated from other assets or groups of assets; in this case the recoverable value of the cash generating unit to which the asset belongs is estimated. When the carrying amount of an asset or cash-generating unit is higher than its recoverable value, this asset has incurred a loss in value and is consequently written down to the recoverable value. In the determination of the value in use, the estimated future cash flows are discounted at a rate that reflects the market assessment of the time value of money and the specific risks of the asset.
For the purposes of estimating the value in use, future revenue streams are obtained from the Group's business plans, which constitute the best estimate on the forecast economic conditions over the period of the plan. The long-term growth rate used to estimate the terminal value of the asset or unit is normally lower than the average long-term growth rate for the sector, country or market and, if appropriate, may amount to zero or may even be negative. Future cash flows are estimated taking account of current conditions: the estimates therefore do not consider the benefits deriving from future restructurings for which the Company has not committed or future investments or optimisation of the assets or of the unit.
Impairment losses incurred by operating assets are recorded in the income statement in the category of costs relating to those assets.
At each reporting date, an evaluation is made of any indicators of a recovery in the loss in value previously recorded and, where these indicators exist, an estimate is made of the recoverable value. The value of an asset previously written down, except for goodwill, may be restated only if there have been changes in the estimates used to determine the recoverable value of the asset after the last recording of a loss in value. In this case, the carrying amount following a restatement shall not exceed the carrying amount that would have been determined (net of write-downs or amortisation or depreciation) had no impairment

loss been recognised for the asset in prior years. A restated amount is recorded as income in the income statement, except when the asset is recorded as a revalued amount, in which case the restatement is treated as an increase of the revaluation. After the recording of the amount restated, the depreciation of the asset is adjusted in future years, in order to record the adjusted book value of the asset, net of any residual value, on a straight-line basis over the useful life of the asset.

Financial assets

The financial assets are classified as follows:

- financial assets at amortised cost;
- financial assets at fair value through profit or loss;
- financial assets at fair value through other comprehensive income.

The classification depends on the business model within which the Group holds the financial assets and the characteristics of the contractual cash flows arising from them. The Group classifies financial assets on initial recognition, with subsequent verification at each reporting date. Financial assets are initially measured at fair value, plus accessory costs, for assets not measured at fair value.

Financial assets at amortised cost

Financial assets that meet both of the following conditions are measured at amortised cost:

- the financial asset is held within a business model whose objective is the holding of financial assets for the collection of the contractual cash flows;
- the contractual terms of the financial assets establish, at certain dates, cash flows represented entirely by the payment of capital and of interest on the amount of capital to be repaid.

The amortised cost is calculated as the initial value recorded less the repayment of the capital portion, plus or less the accumulated amortisation using the effective interest rate method of any difference between the initial value recorded and the amount at maturity. This calculation includes all the commissions or points paid between the parties which are an integral part of the effective interest rate, transaction costs and other premiums or discounts. For investments measured at amortised cost, the gains and losses are recognised in the income statement when the investment is eliminated or if there is an impairment, in addition to the amortisation process.

Financial assets at fair value through other comprehensive income

Financial assets that satisfy the following conditions are measured at fair value through other comprehensive income:

- the financial asset is held within a business model whose objective is achieved both through the collection of contractual cash flows and the sale of the financial assets;
- the contractual terms of the financial assets establish, at certain dates, cash flows represented entirely by the payment of capital and of interest on the amount of capital to be repaid.

When the financial asset is disposed of, the amounts previously taken to other comprehensive income are recycled to the income statement.

Financial assets at fair value through profit or loss

A financial asset that is not measured at amortised cost or at fair value through other comprehensive income is measured at fair value with changes in value taken to profit or loss in the year in which they occur.

Derecognition of financial assets

A financial asset is eliminated from the financial statements when:

- the right to receive the cash flows of the asset terminate;
- the Group retains the contractual right to receive the cash flows from the asset, but assumes a contractual obligation to pay the cash flows fully and without delay to a third party;
- the Group has transferred its right to receive the cash flows from the asset and (i) has transferred substantially all of the risks and rewards of ownership of the financial asset or (ii) has not transferred or retained substantially all of the risks and rewards of the asset, but has transferred control.

Where the Group has transferred all the contractual rights to receive the cash flows from an asset and has not transferred or withheld substantially all of the risks and rewards or has not lost control, the asset is recorded in the financial statements of the Group up to the amount of its residual holding in the asset. Residual involvement that takes the form of a guarantee on the transferred asset is valued at the asset's initial book value or the maximum consideration that the Group could be required to pay, whichever is less.

Inventories

Raw materials, ancillary and consumables and semi-finished products are measured at the lower of acquisition cost, including accessory charges, and the net realisable market value. The cost of inventories includes purchase costs and other costs incurred in bringing the inventories to their present location and condition, excluding financial charges.
The method utilised for the determination of the cost of inventories is the weighted average cost method for raw materials and consumables and finished products acquired for resale, and from the cost of materials and other direct costs incurred, taking into account the stage of completion of the production process, for the products in work-in-progress/semi-finished and finished products from production.
The net realisable value is represented by the estimated normal sales price less the estimated costs for completion and estimated costs to sell. Obsolete and/or slow-moving inventories are written down in relation to their presumed utilisation or realisable value. Write-downs are restored in future years should the reason for the write-down no longer exist.

Trade receivables and other current assets

Receivables under current assets are recorded initially at fair value, identified as the nominal value. Trade receivables which mature within the normal commercial terms are not discounted since the effect of discounting the related cash flows is deemed immaterial.
Receivables due beyond one-year, non-interest bearing or which mature interest below market rates are discounted using market rates. Trade receivables are discounted wherever payment terms are greater than the average payment term granted.

When there is an indication of a reduction in value, the asset is reduced to the value of the discounted future cash flows obtainable. Impairments are recognised to the income statement. When, in subsequent periods, the reasons for the write-down no longer exist, the value of the assets is restated up to the value deriving from the application of the amortised cost. In addition to the assessment discussed in the previous paragraph with regard to impairment, the estimated credit losses are complemented by an analysis of expected losses.

Trade payables and other liabilities

Trade payables, which mature within the normal commercial terms, are not discounted and are recognised at cost (identified by their nominal value). They are not discounted as the effect of the discounting of cash flows is insignificant.
Other liabilities included among current and non-current liabilities are substantially recognised at cost, corresponding to the fair value of the liabilities, net of settlement costs which may be associated with the issue of the liability. After initial recognition, the financial liabilities shall be measured at amortised cost using the original effective interest rate.

Cash and cash equivalents

Cash and cash equivalents include those values which are available on demand at short notice, certain in nature and with no payment expenses.

Financial liabilities

The Group does not have financial liabilities for trading purposes. All financial liabilities other than derivative instruments are initially recorded at the fair value received net of transaction costs (commissions or loan charges).
Financial liabilities are measured at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

A financial liability is derecognised from the financial statements when the underlying liability is settled, cancelled or fulfilled. Where an existing financial liability is replaced by another by the same lender but under substantially different conditions, or if the conditions of an existing financial liability are substantially changed, such a swap or change is treated as an elimination of the original liability and the opening of a new liability, with any differences in accounting values recorded in the income statement.

Derivative financial instruments

Derivative financial instruments, as per the company policies approved by the Board of Directors, are exclusively used for hedging purposes, in order to reduce the foreign currency or interest rate risk. In accordance with IFRS 9, financial derivatives may be accounted for under hedge accounting only when, at the beginning of the hedge, the following conditions are met:

- the formal allocation of the hedging instrument exists;
- documentation is available demonstrating the hedging and a high degree of efficacy;
- such efficacy can be reliably measured;

- the hedge is highly effective during the various accounting periods for which it is designated. All derivative financial instruments are measured at fair value, in accordance with IFRS 9.

Derivative financial instruments are initially recognised at Fair Value.
When the hedged derivatives cover the risk of a change in the Fair Value of the instruments hedged (Fair Value hedge), these are recorded at Fair Value through the income statement; therefore, the hedged instruments are adjusted to reflect the changes in Fair Value associated with the risk covered. Where hedging derivatives relate to cash flow changes of the hedged instruments (Cash flow hedges), the changes to the fair value are recognised as a comprehensive income statement component.
If the derivative instruments do not qualify as accounting hedges, the changes in the fair values are directly recorded to the income statement.

Treasury shares

Treasury shares acquired are recorded at cost and as a reduction of shareholders' equity. The purchase, sale or cancellation of treasury shares does not give rise to any profit or loss in the income statement. The difference between the purchase price and the payment received, in the case of reissue, is recorded in the share premium reserve.

Provisions for risks and charges

Provisions for risks and charges relate to costs and charges of a defined nature and of certain or probable existence whose amount or date of occurrence are uncertain at the reporting date. The provisions for risks and charges are recorded when a legal or implicit current obligation exists that derives from a past event and a payment of resources is probable to satisfy the obligation and the amount of this payment can be reliably estimated.
Where the expected use of resources extends beyond the subsequent year, the obligation is recognised at the present value established through discounting the expected future cash flows at a rate which takes into account the cost of money and the risk of the liability.
For the risks for which the recognition of a liability is considered possible, relative disclosure is made and no provision is recorded.

Post-employment benefit provision

Post-employment benefits issued at the time of or subsequent to employment are divided between defined contribution plans and defined benefit plans. For the defined contribution plans, the legal or implied obligation of an enterprise is limited to the amount of contributions to be paid. For the defined benefit plans, the obligation of the entity concerns the granting and assurance of the agreed employee plans: consequently, the actuarial and investment risks are borne by the company.
Until December 31, 2006, the Post-employment benefits for the Italian Group companies were classified as "defined benefit" type plans, with independent actuaries utilising the unitary projection method for valuing the receivable. This calculation involves an estimate of the amount of the benefit to be received by an employee at the expected employment conclusion date, utilising demographic assumptions (e.g. mortality rates and personnel rotation rates) and financial assumptions (e.g. the discount rate and future salary increase rates). This amount is discounted and reproportioned on the basis of the years of services matured compared to the total years of service.

Following the reform introduced through Law No. 296 of December 27, 2006, the Post-employment benefit of the Italian Group companies, for the portion matured from January 1, 2007, was substantially considered as classifiable as a "defined contribution plan". In particular, these amendments introduced the option for the worker to choose the allocation of their maturing Post-employment benefit as follows: new Post-employment benefits accruing may, in companies with more than 50 employees, be channelled by the worker to pre-chosen pension forms or transferred to the INPS Treasury Fund.
In relation to the presentation in the income statement of the various cost items relating to the post-employment benefit it was decided to apply the accounting method permitted by IAS 19 which requires the separate recognition in the income statement of the cost items relating to employment services (classified under personnel expense) and net financial charges (classified under financial items), with recording of the actuarial gains and losses deriving from the measurement each year of the assets and liabilities in the comprehensive income statement. The gains and losses deriving from the actuarial calculation of the defined benefit plans (Post-employment provision) was entirely recorded to the comprehensive income statement.

Share-based payments

Equity-settled share-based payment transactions

A number of strategic Group employees receive part of their remuneration in the form of share-based payments, with these employees therefore providing services in exchange for shares ("capital instrument regulated transactions").
The cost of the equity-based transactions is determined by the fair value at the assignment date utilising an appropriate valuation method, as illustrated in greater detail at Note 38.
This cost, together with the corresponding increase in shareholders' equity, is recorded under personnel expense over the period in which the performance and/or service conditions are satisfied. The cumulative costs relating to these operations at each balance sheet date until the maturity date are compared to the maturity date and to the best estimates available of the number of participating instruments which will effectively mature. The cost or revenue recorded in the income statement for the year represents the change of the cumulative cost recorded at the beginning and at the end of the year.
The service or performance conditions are not taken into consideration when the fair value of the plan is defined at the assignment date. Account however is taken of the probability that these conditions will be satisfied in calculating the best estimate of the number of equity instruments which will mature. The service conditions are reflected in the fair value at the assignment date. Any other condition related to the plan, which is not a service obligation, is not considered as a maturation condition. The non-maturation conditions are reflected in the fair value of the plan and result in the immediate recording of the plan cost, unless there are also service or performance conditions.
No cost is recorded for the rights which do not mature as the performance and/or service conditions are not satisfied. When the rights include a market condition or a non-maturation condition, these are treated as if they independently mature from the fact that the market conditions or the other non-maturation conditions to which they are subject are complied with or otherwise, provided that all the other performance and/or service conditions are satisfied.
If the conditions of the plan are modified, the minimum cost to be recorded is the fair value at the allocation date in the absence of changes to the plan, in the presumption that the original conditions of the plan were satisfied. In addition, a cost will be recorded for all changes which result in an increase in the total fair value of the payment plan, or which is in any case favourable for employees; this cost is

measured with reference to the date of the change. When a plan is cancelled by the entity or by the counterparty, any remaining element of the fair value of the plan is expensed immediately in the income statement.
The effect of the dilution of the options not yet exercised is reflected in the calculation of the diluted earnings per share (further details provided at Note 37).

Revenue recognition

Core business revenues refer to sales of safety, comfort and high-performance systems for gas equipment (Heating Division) and of gas meters with remote control, consumption measurement, meter-reading and communication features (Metering Division).
These revenues include a single performance obligation relating to the sale of the product, which does not include ancillary services or products that might qualify as separate performance obligations under the Standard.
Sales are recognised at the fair value of the consideration received for the sale of products and services, when the following conditions are met:

- control over the promised goods or services is transferred;
- it is probable that the economic benefits associated with the sale will flow to the enterprise and they may be determined reliably;
- the costs incurred, or to be incurred, have been reliably measured.

They are recorded net of returns, discounts, rebates and taxes directly associated with the sale of the product or the provision of the service. When defining the amount of the variable consideration that may be included in the transaction price, at each reporting date the Group calculates the amount of the variable consideration that still cannot be regarded as earned.
The terms of sales warranties are in line with the law and/or consistent with commercial practice in the sector. The Group therefore accounts for warranties in accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets.

Costs

Costs are exposed according to the principle of economic accrual and cost-income correlation.
Costs are classified according to their nature.
Advertising and research costs are capitalized in accordance with IAS 38 Intangible Assets. To determine the values to be capitalized, the directors must develop hypotheses regarding the future cash flows expected from the fixed assets, the discount rates to be applied and the periods of manifestation of the expected benefits.

Dividends

Dividends are recognised when the right of the Group to receive payment arises, typically when the Shareholders' Meeting approves distribution.

Financial income and charges

This includes all the accounts of a financial nature recorded in the income statement in the period, including interest expense matured on financial debt (mainly on bank overdrafts, medium/long-term loans), the changes in the fair value of financial liabilities (Performance Shares and Warrants), the currency gains and losses, gains and losses from derivative financial instruments (in accordance with the accounting criteria previously defined) and the interest expense deriving from the accounting treatment of the employee provisions (IAS 19).
Interest income and charges are recorded in the income statement in the period when they incurred/matured.

Current income taxes

Income taxes include all the taxes calculated on the assessable income of the Group. They are recognised to the income statement, except where they relate to items charged or credited directly to equity, in which case the tax effect is also recognised directly in equity.
Tax receivables and payables for the year are valued at the amount expected to be paid to / received from the tax authorities, The tax rates and regulations used to calculate such amounts are those in force at the reporting date.

Deferred taxes

Deferred tax assets/liabilities are calculated on all temporary differences between the values recorded in the financial statements and the corresponding values recognised for tax purposes.
Deferred tax liabilities are recorded on all temporary assessable differences, with the following exceptions:

- when the deferred tax liabilities derive from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, has no effects on the result in the financial statements or on the fiscal result;
- the reversal of the temporary differences, related to investments in subsidiaries, associates and joint ventures, can be controlled and it is probable that such will not occur in the foreseeable future.

Deferred tax assets are recognised on all temporary deductible differences, credits and unused fiscal losses carried forward, to the extent of the probable existence of adequate future tax profits, that can justify the use of the temporary deductible differences, credits and fiscal loses carried forward, with the following exceptions:

- when the deferred tax assets related to the temporary deductible differences derives from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, has no effects on the result in the financial statements or on the fiscal result;
- in the case of temporary differences related to investments in subsidiaries, associates and joint ventures, the deferred tax assets are only recognised to the probable extent that the temporary differences will reverse in the foreseeable future and there are sufficient assessable amounts to utilise such temporary differences.

Deferred tax assets are recorded when their recovery is considered probable, based on expected availability of future taxable income for recovery. The carrying amount of deferred tax assets is reviewed

at each reporting date and reduced to the extent it is unlikely that sufficient tax profits will be generated in the future for the utilisation of all or part of the asset. Unrecognised deferred tax assets are reviewed at each reporting date and are recognised to the extent of the probability that the taxable income is sufficient to permit such deferred tax assets to be recovered.
Deferred tax assets and liabilities are calculated on the basis of the tax rates expected to be applied in the year in which the assets are realised or the liabilities are paid, considering the rates in force and those already issued or substantially issued as of the reporting date of the financial statements.
Deferred taxes concerning items recognised outside of the income statement are also recognised outside of the income statement and therefore to equity or to the comprehensive income statement, in line with the item to which they refer.
The Group offsets deferred tax assets and deferred tax liabilities if, and only if, there is a legal right to offset current tax assets and current tax liabilities and if deferred tax assets and liabilities relate to income taxes due to the same tax authority by the same taxpayer or other taxpayers who intend to settle the current tax assets and liabilities on a net basis, or realise the asset and settle the liability simultaneously, with reference to each future period in which the assets and liabilities for deferred taxes are expected to be settled or recovered.

Earnings per share

The basic earnings per share is calculated by dividing the net profit or loss attributable to ordinary equity holders of the Parent Company (the numerator) by the average weighted number of ordinary shares in circulation (the denominator) during the year. Ordinary shares that will be issued upon the conversion of a mandatorily convertible instrument are included in the calculation of basic earnings per share from the date the contract is entered into. Contingently issuable shares are treated as outstanding and are included in the calculation of basic earnings per share only from the date on which all necessary conditions have been satisfied (i.e. the events have occurred). Shares whose issue is subject only to the lapsing of time are not contingently issuable shares, as the lapsing of time is a certainty.

Diluted earnings per share

Diluted earnings per share are calculated by dividing the company's net profit by the number of shares of the parent company at the financial statements' date of approval. To calculate the diluted earnings per share, shares are modified by including all beneficiaries of rights which potentially have a dilutive effect in the accounting period.

Grants

Grants from public bodies are recorded at fair value when there is a reasonable certainty that the conditions required to obtain them will be satisfied and they will be received.
Grants received against specific assets or development activities whose value is recorded under fixed assets are recognised as a direct reduction of the fixed assets and credited to the Income Statement in relation to the residual depreciation period to which the asset refers. Operating grants are fully recognised to the income statement at the moment in which they satisfy the conditions for their recognition.

COMMENTS ON THE MAIN ITEMS OF THE CONSOLIDATED BALANCE SHEET

Non-current assets

Note 1: Goodwill and Other intangible assets

(Euro,000)	Balance at Dec. 31, 24	Acquisition	Increases	Disposals	Amortisation	Other movements	Write-downs	Translation differences	Balance at Dec. 31, 25
Goodwill	**63,278**	-	-	-	0	-	-	-	**63,278**
Development costs	715	-	-	-	(907)	3,285	-	-	3,094
Patent rights	4,631	-	287	(1)	(2,444)	(2)	-	0	2,471
Concessions, licences and trademarks	15,094	-	-	-	(1,637)	-	-	48	13,504
Other intangible assets	18,570	-	160	-	(3,761)	251	-	(0)	15,220
Intangible assets in progress and advances	7,967	-	2,476	-	-	(3,865)	-	0	6,579
Total other intangible assets	**46,978**	-	**2,923**	**(1)**	**(8,749)**	**(331)**	**-**	**48**	**40,868**
Total Goodwill and Other intangible assets	**110,256**	-	**2,923**	**(1)**	**(8,749)**	**(331)**	**-**	**48**	**104,146**

GOODWILL

As of December 31, 2025, goodwill amounted to Euro 63,278 thousand.
The amount includes:

- Euro 78,138 thousand, recognised following the acquisition of SIT La Precisa S.p.A. on May 2, 2014. Pursuant to IFRS 3 - Business combinations, at the time of acquisition, the assets and liabilities of the Group subject to acquisition were measured at their fair value at the acquisition date. The excess between the transaction amount (201,553 thousand euros) and the fair value of the assets and liabilities acquired was allocated (where possible) to identifiable assets.

- Euro 8,617 thousand, recognised following the acquisition of JANZ – Contagem e Gestão de Fluídos, SA, completed on December 29, 2020. The business combination was accounted under IFRS 3 standard.
- Euro 1,191 thousand, booked following the acquisition of Plast Alfin S.a.r.l., which took place on July 17, 2020. The transaction is allowing the Group to achieve cost savings by internalizing the production of some plastic components.

- Euro 17,000 thousand impairment losses following impairment tests carried out as of June 30, 2023 during the preparation of the half-year financial report and attributable to the Heating & Ventilation CGU.
- Euro 7,668 thousand impairment losses following impairment tests carried out as of December 31, 2024, at the time of preparation of the annual financial report and attributable to the Heating & Ventilation CGU.

As a result of the write-downs highlighted above, goodwill, amounting to Euro 63,278 thousand as of December 31, 2025, is allocated to the Heating & Ventilation CGU for Euro 37,454 thousand, to the Smart Gas Metering CGU for Euro 17,207 thousand and to the Water Metering CGU for Euro 8,617 thousand.

DEVELOPMENT COSTS

As of December 31, 2025, development costs amounted to Euro 3,094 thousand.
The item consists of the capitalisation of internal personnel costs, external consultancy fees and prototypes attributable to the Smartio project for Euro 1,369 thousand, the ITG G40 project for Euro 901 thousand and the EF90/EF150 project for Euro 1,012 thousand. This item also includes the annual depreciation of Euro 907 thousand.

PATENTS AND INTELLECTUAL PROPERTY RIGHTS

The item includes technical production know-how and non-patented technology identified as part of the May 2014 combination, for an original amount of Euro 25,322 thousand. This amount corresponds to the allocation of a portion of the higher price paid compared to the book values of consolidated equity, based on an appraisal report prepared by independent experts. As of December 31, 2025, the residual value was Euro 503 thousand, entirely relating to the Heating & Ventilation segment.
The amount also includes the effects of the allocation of the higher price paid for the acquisition of JANZ, which was then allocated to Know How, for an original value of Euro 3,352 thousand. As of December 31, 2025, the residual value was Euro 958 thousand, depreciated over 7 years.
The item also includes software licenses and the costs of registering new industrial patents or registering existing industrial patents for new countries.
The changes that occurred during the year are mainly attributable to the amortization for the period, the increases refer to the filing of new patents and the implementation of new software.

CONCESSIONS, LICENSES, TRADEMARKS

The amount of Euro 13,504 thousand is mainly attributable to the value of the "SIT" and "Metersit" brands, identified for a total original amount of Euro 23,995 thousand as part of the combination of the company SIT La Precisa S.p.A. on May 2, 2014; these values were determined with the support of an appraisal report drawn up by independent experts. As of December 31, 2025, the residual value was Euro 8,414 thousand relating to the Heating & Ventilation segment and Euro 1,584 thousand relating to the Smart Gas Metering segment.
The amount also includes the effects of the allocation to the trademarks of the higher price paid for the acquisition of JANZ, for an original value of Euro 2,038 thousand. As of December 31, 2025, the residual value was 1,019 thousand euros, depreciated over 10 years.
The changes that occurred during the year are mainly attributable to the depreciation for the period.

OTHER INTANGIBLE ASSETS

This item, amounting to Euro 15,220 thousand, includes the residual value of the customer relationship identified, with reference to the Heating & Ventilation segment, in the context of the acquisition of SIT La Precisa S.p.A. on May 2, 2014, the fair value of which was originally determined at Euro 42,690 thousand; this value had been determined on the basis of an appraisal report drawn up by independent experts. The residual value of the customer relationship as of December 31, 2025 was Euro 9,487 thousand.
The item also includes the effects of the allocation of the higher price paid for the acquisition of JANZ, which was then allocated to Customer Relationship, for an original value of Euro 7,206 thousand and to Backlog Order for an original value of Euro 1,013 thousand. The expected useful life was defined as 15 years and 4 years, respectively, the last one with non-linear depreciation, in proportion to the invoicing period of the contract. As of December 31, 2025, the residual value of the Customer Relationship was Euro 4,804 thousand. The Backlog order was fully depreciated in 2024.
This item also includes the costs incurred for the implementation of the SAP management system as well as the costs for the purchase of the Piteco Evolution centralized treasury management package.

INTANGIBLE ASSETS UNDER CONSTRUCTION

This item includes among the increases development costs that were capitalized during the year in relation to two projects relating to the Metering segment (Smartio, Netherlands G4/G6) for an amount of Euro 829 thousand and to six projects relating to the Heating & Ventilation segment for Euro 1,490 thousand.

IMPAIRMENT TEST

The goodwill that emerges during the business combination¸ considered an intangible asset with an indefinite useful life, is not subject to an amortization process, but is subject to impairment testing at least on an annual basis for the purpose of identifying any impairment loss.
As of the 2025 financial statements, the impairment test carried out concerned the net invested capital (CIN) resulting from the consolidated financial statements relating to the Group's three Cash Generating Units (CGUs), CGU Heating & Ventilation, CGU Smart Gas metering and CGU Water Metering.
The value of the CIN (i.e., carrying amount), including goodwill and other intangible assets, was compared with its recoverable amount (i.e., recoverable amount), equal to the value in use determined using the discounted cash flow (DCF) method.
In performing the impairment testing activities, the Company engaged the support of a leading independent accounting advisory firm, which reviewed the methodology applied and the analyses performed, issuing a positive opinion on the results obtained.
The impairment test was submitted for approval by the Board of Directors on April 15, 2026, following an analysis by the Control, Risk & Sustainability Committee on April 13, 2026.
In 2025, the Group recorded a growth in consolidated revenues of 6.5% compared to 2024, with a significant improvement in operating performance benefiting from increases in volumes and consolidating the effects of the reorganization and efficiency actions launched during 2024. The growth in sales concerned all the CGUs, with particular significance to be ascribed to the performance of Heating & Ventilation, which had suffered the most marked reductions in recent years.

In fact, in Heating & Ventilation, the 2025 financial year marks a phase of recovery and normalization of the market compared to the discontinuity manifested in 2023 and 2024 due to the lack of incentives for final demand and regulatory uncertainty in terms of energy transition and consequently regarding the phase-out times of traditional technologies related to combustion.
This context of disruption in the sector has gradually become normalized and the technological and market guidelines – certainly characterized by a progressive growth in the electrification of domestic heating appliances – are now accompanied by policies of technological neutrality that allow the adoption on medium and long-term horizons, of appliances that comply with certain emission levels regardless of the type of technology/fuel used.
These prospects - specific to the European market in particular - together with the implementation by the Heating & Ventilation Division of product development policies aimed at favouring geographical diversification and the application segment - less residential and more commercial and industrial - have laid the foundations for the growth achieved in 2025 and positive prospects for the future.
In fact, the 2025 financial year recorded sales growth compared to the previous year of 5.8% (+7.6% on a like-for-like exchange rate basis), with some geographical areas, Italy and America, growing by 9.8% and 24.3% respectively.
As far as Metering is concerned, the Smart Gas Metering Division achieved sales growth of 3.1% in 2025; In the residential meter segment, growth was 16.4% and it should be considered that 2024 was a challenging comparison since it had seen the significant contribution of the design order for the new meter of a leading Italian operator, whose production is scheduled for 2027.
Water Metering recorded good growth, with sales up 12.3%, confirming the fundamentals of the sector and the effectiveness of the product portfolio expansion policy.
During the first months of 2026, on the basis of the Budget, the Group updated its business plan with reference to the period 2026 – 2030, which was subjected to an *Independent Business Review* ("IBR") by an independent expert and approved by the Board of Directors on 7 April 2026 (hereinafter, the "Plan").
The Plan confirms the Group's fundamental development guidelines in the changed context and objectives in terms of revenues, and therefore results, which take into account what has been achieved in 2025 and envisaged in the 2026 Budget. In the Heating & Ventilation sector, the forecasts for the evolution of the European residential heating market - the Division's traditional market, based on components for hydronic appliances that manage both heating and domestic hot water - have been updated to take into account the recent trend and also the downsizing of the forecasts for sales of electric heat pumps, one of the main technological threats as an alternative product to boilers, due to the high purchase and management costs, redefining, for the benefit of the Group, the phase-out times of traditional technologies related to combustion.
The Plan, on the other hand, provides for a strengthened direction of development in the field of commercial applications or dedicated to sectors such as HoReCa both for components related to combustion (methane, biogas or hydrogen), also with new products specific to the US market, and for components in the heat pump sector. Also in the USA, after the slowdown in the construction of new homes due to inflation in recent years, growth is expected over the period of the Plan for fireplace components, where the Group holds a high market share, and a return to the water heating sector, with growth in sales of the new electronic valve. Growth is confirmed in sectors not related to heating such as ventilation for kitchen hoods and CMV - Controlled Mechanical Ventilation. The contribution expected from the Cooker Hoods segment is remarkable, validated by customer acquisition and market share during 2025.

In fact, the Group has long considered the possible evolution of demand for its products and solutions and is investing in the redefinition of its business portfolio as a response to the technological and environmental transition risks present in the sector.
The development lines of the Metering segments, both Smart Gas Metering and Water Metering, are defined and based on the important investments that utilities in the sector are planning and making for the digitization and modernization of distribution networks. In the context of Smart Gas Metering, the Plan's forecasts are also supported by the tenders acquired in the meantime during the year both in Italy, as part of Italgas' strategy for the installation of the Nimbus meter, and abroad thanks to the tender won in the Netherlands and the contract signed in the UK. Water Metering is expected to grow thanks to the introduction of Smartio – the smart meter introduced at the end of 2024 whose product range is being expanded – and the growing switch to hybrid products from traditional mechanics.

The IBR carried out by the independent expert analysed the main market assumptions for the various product segments and for the main geographies of interest, also in light of the regulatory context of the EU, USA and China macro-areas and the competitive scenario in which the Group operates.
The main growth assumptions assumed by the Group were analysed, verifying the actions underway or envisaged in the Plan to support revenue forecasts.
Overall, the expert's assessment was positive, confirming the underlying strategic rationales and the feasibility of the Plan, while highlighting the most ambitious growth assumptions in certain market segments. These reports were the basis for carrying out some *sensitivity analyses* on the economic and financial profiles, which mainly concerned the expected timing of growth, with the development of alternative simulations that consider a slowdown or a distribution over more diluted horizons in some segments/markets.
In light of the above, the Group acted as follows: the cash flows deriving from the Plan, once adjusted for the implementation of the provisions of IAS 36 and adopting the techniques described in the methodology below, were the basis of the impairment test which revealed the recoverability of the carrying amount of the invested capital and the level of headroom or coverage of this indicator. At the same time, a *sensitivity analysis was carried out* based on the cash flows of the Plan adjusted by the results of the IBR carried out by the independent expert (so-called *Sensitivity Case*). No impairment losses were found in this valuation and the carrying value of the invested capital was recoverable from its value in use.
The parameters used to carry out impairment tests on the Group's CGUs are shown below. There have been no significant changes compared to the methodology applied last year.

CGU Heating & Ventilation

In carrying out the impairment test, the discount rate ("WACC") was estimated by assuming:

- Risk free rate: calculated on the average value of the 6 months prior to 31.12.2025 of the 10-year government bonds of the main countries where the CGU operates;
- Premium for market equity risk: assumed to be 5.50% on the basis of the latest surveys by the independent consulting firm Kroll and the latest studies by broker reports;
- Unlevered beta: calculated as the average value of a panel of listed companies deemed comparable with respect to the CGU's business on the basis of weekly observations over a 2-year horizon;

- Additional risk premium: in line with the impairment test carried out in 2024, it was deemed appropriate to include execution risk by confirming 1.5% as the additional premium;
- Rate for the calculation of the cost of debt: assumed to be equal to the average, on a six-monthly basis, of the interbank Euribor rate with a ten-year maturity;
- Estimated spread: calculated on the average value of the market credit spreads of the panel of comparable companies used for the estimation of the Beta;
- Financial structure: calculated on the average value of the financial structures of the panel of comparable companies used for the estimation of the Beta.

The resulting discount rate (WACC) is 9.7% and reflects market valuation estimates, the cost of money and takes into account the specific risk of the CGU, as well as the sector.
In calculating the Terminal Value, reference was made to the average revenues of the last three years of the Plan, to which a long-term growth rate (g-rate) of 2.0% was applied, in line with the medium- to long-term inflation estimates provided by the International Monetary Fund for the Eurozone.
The estimated recoverable amount is equal to Euro 240,429 thousand and has been compared with the related carrying amount of the net invested capital of the CGU as of 31.12.2025, equal to Euro 167,657 thousand.
Considering the assumptions described, as at the date of preparation of the Financial Statements, the recoverable amount of the net invested capital of the Heating & Ventilation CGU is higher than its net carrying amounts and, therefore, there are no indications that goodwill or other intangible assets may have suffered impairment losses.
The results obtained were subjected to sensitivity analysis in order to assess how the outcome of this valuation process could change as a function of key assumptions such as the discount rate used to determine the present value of cash flows and the g-rate. A summary of this sensitivity analysis is presented in the table below.

		WACC		
		9.7%	10.2%	10.7%
g rate	2.0%	72,772	59,272	47,308
	1.5%	63,467	51,222	40,294
	1.0%	55,233	44,048	34,004

It should be noted that the break-even WACC, i.e. the discount rate at which the Headroom reduces to zero, is equal to 13.5%.
Furthermore, the percentage reduction in expected revenues for each year of the Plan, as well as in the terminal value, which—holding all other parameters used in performing the test constant—would reduce the Headroom to zero, is equal to 10.4%.

CGU Smart Gas Metering

The WACC of the CGU Smart Gas Metering was estimated by assuming:

- Risk free rate: calculated on the basis of the average value of the 6 months prior to 31.12.2025 of the 10-year government bonds of the main countries where the CGU operates;
- Market equity risk premium: assumed to be 5.50% on the basis of the latest surveys by the independent consulting firm Kroll and the latest studies by broker reports;
- Unlevered beta: calculated as the average value of a panel of listed companies deemed comparable with respect to the CGU's business on the basis of weekly observations over a 2-year horizon;
- Additional risk premium: in line with the impairment test carried out in 2024, it was deemed appropriate to include execution risk by confirming 2.5% as an additional premium;
- Reference rate for the calculation of the cost of debt: assumed to be equal to the average, on a six-monthly basis, of the interbank Euribor rate with a ten-year maturity;
- Estimated spread: calculated on the basis of the average value of the market credit spreads of the panel of comparable companies used for the estimation of the Beta;
- Financial structure: calculated on the basis of the average value of the financial structures of the panel of comparable companies used for the estimation of the Beta.

The resulting discount rate (WACC) is 11.10% and reflects market valuation estimates, the cost of money and the specific risk of the CGU, as well as the sector.
In calculating the Terminal Value, reference was made to the average revenues of the last three years of the Plan, to which a long-term growth rate (g-rate) of 2.0% was applied, in line with the medium- to long-term inflation estimates provided by the International Monetary Fund for the Eurozone.
The recoverable amount estimated through the described process amounts to Euro 53,060 thousand and was compared with the related carrying amount as at 31 December 2025, equal to Euro 29,911 thousand.

Considering the assumptions described, as at the date of preparation of the Financial Statements, the recoverable amount of the net invested capital of the Smart Gas Metering CGU is higher than its net carrying amounts and, therefore, there are no indications that goodwill or other intangible assets may have suffered impairment losses.
The results obtained were subjected to sensitivity analysis in order to assess how the outcome of this valuation process could change as a function of key assumptions such as the discount rate used to determine the present value of cash flows and the g-rate. A summary of this sensitivity analysis is presented in the table below.

Sensitivity		WACC		
		11.1%	11.6%	12.1%
g rate	2.0%	23,149	20,097	17,352
	1.5%	21,174	18,360	15,818
	1.0%	19,395	16,789	14,422

It should be noted that the break-even WACC, i.e. the discount rate at which the Headroom reduces to zero, is equal to 17.1%.
Furthermore, the percentage reduction in expected revenues for each year of the Plan, as well as in the terminal value, which—holding all other parameters used in performing the test constant—would reduce the Headroom to zero, is equal to 16.6%.

CGU Water Metering

The WACC of the CGU Water Metering was estimated by assuming

- Risk free rate: calculated on the basis of the average value of the 6 months prior to 31.12.2025 of the 10-year government bonds of the main countries where the CGU operates;
- Premium for market equity risk: assumed to be 5.50% on the basis of the latest surveys by the independent consulting firm Kroll and the latest studies by broker reports;
- Unlevered beta: calculated as the average value of a panel of listed companies deemed comparable with respect to the CGU's business on the basis of weekly observations over a 2-year horizon;
- Additional risk premium: in line with the impairment test carried out in 2024, it was deemed appropriate to include execution risk by confirming 1.5% as the additional premium;
- Reference rate for the calculation of the cost of debt: assumed to be equal to the average, on a six-monthly basis, of the interbank Euribor rate with a ten-year maturity;
- Estimated spread: calculated on the basis of the average value of the market credit spreads of the panel of comparable companies used for the estimation of the Beta;
- Financial structure: calculated on the basis of the average value of the financial structures of the panel of comparable companies used for the estimation of the Beta

The resulting discount rate (WACC) is 9.4% and reflects market valuation estimates, the cost of money and the specific risk of the CGU, as well as the sector, at the reference date.
In calculating the Terminal Value, reference was made to the average revenues of the last three years of the Plan, to which a long-term growth rate (g-rate) of 2.0% was applied, in line with the medium- to long-term inflation estimates provided by the International Monetary Fund for the Eurozone.
The estimated recoverable amount with the process described is equal to 84,601 thousand euros and has been compared with the related carrying amount of net invested capital as of 31.12.2025, equal to 31,979 thousand euros.
Considering the assumptions described, at the date of preparation of the Financial Statements, the recoverable amount of the net invested capital of the Water Metering CGU is higher than the net carrying amounts and therefore there are no indications that goodwill or other intangible assets may have suffered impairment losses.
The results obtained were subjected to sensitivity tests in order to find that the result of this evaluation process could change according to key assumptions such as the discount rate for the discounting of cash flow and the g rate.
The following table summarises this sensitivity.

Sensitivity		WACC		
		9.4%	9.9%	10.4%
g rate	2.0%	52,621	47,082	42,205
	1.5%	48,569	43,586	39,166
	1.0%	45,000	40,483	36,450

It should be noted that the break-even WACC, i.e. the discount rate at which the Headroom reduces to zero, is equal to 20.7%.
Furthermore, the percentage reduction in expected revenues for each year of the Plan, as well as in the terminal value, which—holding all other parameters used in performing the test constant—would reduce the Headroom to zero, is equal to 32.7%.
Finally, although the Directors consider the market capitalization derived from the stock market quotations of SIT S.p.A. not to be fully representative, they deemed it appropriate to carry out a so-called "second-level" impairment test on the net invested capital of the entire Group, based on the "sum of the parts" method, taking into account that the Group's net invested capital—net of certain items that were tested separately—is substantially equal to the sum of the net invested capital of the CGUs subject to the "first-level" impairment test.
The test did not identify any impairment losses.

Note n. 2: Property, plant and equipment

Changes in property, plant and equipment for the year 2025 are summarised in the table below:

(Euro,000)

	Historical cost at Dec, 31, 24	Accum, Deprec, at Dec, 31, 24	Balance at Dec, 31, 24	Of which "Right-of-use" IFRS 16	Historical cost at Dec, 31, 25	Accum, Deprec, at Dec, 31, 25	Balance at Dec, 31, 25	Of which "Right-of-use" IFRS 16
Land & buildings	81,497	(31,839)	49,658	7,334	81,383	(34,772)	46,611	6,390
Property, plant and equipment	161,446	(137,828)	23,618	-	162,733	(143,250)	19,483	-
Industrial & commercial equipment	115,516	(104,360)	11,156	1,071	115,777	(106,361)	9,415	690
Other assets	16,714	(11,684)	5,030	2,529	12,637	(9,064)	3,573	1,539
Assets in progress and advances	5,773	-	5,773	-	5,325	-	5,325	-
Total property, plant and equipment	**380,947**	**(285,712)**	**95,235**	**10,934**	**377,854**	**(293,447)**	**84,406**	**8,619**

The following tables outline the changes in the historic cost and accumulated depreciation in 2025 by category.

HISTORICAL COST

(Euro,000)

	Historical cost at Dec, 31, 24	Of which "Right-of-use" IFRS 16	Increases	Disposals	Other movements	Write-Downs	Translation differences	Historical cost at Dec, 31, 25	Of which "Right-of-use" IFRS 16
Land & buildings	81,497	13,339	705	(700)	24	-	(144)	81,383	13,028
Property, plant and equipment	161,446	-	1,149	(743)	1,123	-	(243)	162,733	-
Industrial & commercial equipment	115,516	2,537	2,555	(4,465)	2,154	-	16	115,777	2,242
Other assets	16,714	7,169	263	(4,288)	(12)	-	(40)	12,637	3,155
Tangible Assets in progress and advances	5,773	-	2,778	-	(2,937)	(210)	(80)	5,325	-
Total Property, plant and equipment	**380,947**	**23,046**	**7,451**	**(10,196)**	**353**	**(210)**	**(491)**	**377,854**	**18,425**

Increases for the year mainly refer to plants, machinery and moulds necessary for the development and manufacturing of new products, in particular those relating to the implementation of the production line of the G40 project as well as the renewal of other existing ones and the improvement of efficiency and production technologies. The increases also include commitments for IFRS 16 relating to contracts that expired during the year and were renewed during the year. For further details, please refer to Note 36.
The decreases in the year are due to disposals and sales of property, plant and equipment, largely already depreciated.
The item "Other movements" includes investments that, as at 31 December 2024, were under construction and that, during 2025, became fixed assets subject to depreciation.

WRITE-DOWNS

The item as at 31 December 2025 amounts to Euro 210 thousand and relates to the write-off of advances associated with investment projects that have been definitively abandoned.

ACCUMULATED DEPRECIATION

(Euro,000)

	Provision at Dec, 31, 24	Of which "Right-of-use" IFRS 16	Acquisitions	Deprec	Disposals	Write-downs	Translation differences	Balance at Dec 31, 25	Of which "Right-of-use" IFRS 16
Acc, Depr, Land & buildings	(31,839)	(6,005)	-	(3,692)	696	-	63	(34,772)	(6,638)
Acc, Depr, Property, plant and equipment	(137,828)	-	-	(6,418)	839	-	157	(143,250)	-
Acc, Depr, Industrial & commercial equipment	(104,360)	(1,467)	-	(5,833)	3,850	-	(17)	(106,361)	(1,553)
Acc, Depr, Other assets	(11,684)	(4,640)	-	(1,678)	4,260	-	38	(9,064)	(1,616)
Tangible Assets in progress and advances	-	-	-	-	-	-	-	-	-
Total accumulated depreciation Property, plant and equipment	**(285,712)**	**(12,112)**	**-**	**(17,621)**	**9,645**	**-**	**241**	**(293,447)**	**(9,806)**

Property, plant and equipment were depreciated at December 31, 2025 at the following rates:

	Rate
Land & buildings	42.73%
Plant & machinery	88.03%
Industrial and commercial equipment	91.87%
Other assets	71.73%
Leasing	53.22%

Note n. 3: Investments

The following table reports the movements in 2025 in the investments account.

(Euro,000)

Investments	Balance at 31/12/2024	Increases in the period	Decreases in the period	Other changes	Balance at 31/12/2025
Company					
Immobiliare Golf Montecchia	28	-	-	-	28
Fondazione ABO in liquidation	6	-	-	-	6
Italmed Llc.	378	-	-	-	378
Cyrus Intersoft Inc.	366	-	-	-	366
Infracom S.p.A.	521	-	-	-	521
Immobiliare Polesana (ex IMER)	1	-	-	-	1
Upsens srl	300	-	-	-	300
Hybitat srl	2	-	-	(2)	-
Aquametric Solutions SA	305	500	-	(168)	637
Conthidra S. L.	425	-	-	116	541
Other minor investment	1	-	-	-	1
Fondazione ABO in liq. write-down prov.	(6)	-	-	-	(6)
Italmed Llc. . write-down prov.	(378)	-	-	-	(378)
Cyrus Intersoft Inc. write-down prov.	(366)	-	-	-	(366)
Infracom S.p.A. write-down prov.	(502)	-	-	-	(502)
Total equity investments	**1,081**	**500**	**0**	**(54)**	**1,527**

In July 2025 the subsidiary Metersit S.r.l. subscribed and paid a share capital increase of the company Aquametric Solutions SA, amounting to Euro 500 thousand. At 31 December the investment was adjusted according to the equity method by Euro 168 thousand.
With regard to the company Conthidra S.L., the change in the period of Euro 116 thousand refers to its adjustment according to the equity method.
It should also be noted that the value of the investment in the associate Hybitat, amounting to Euro 2 thousand, has been written down.

Note n. 4: Current and non-current financial assets

The breakdown of financial assets at December 31, 2025 is as follows:

(Euro,000)	31-dec-2025	31-dec-2024
Guarantee deposits	292	330
Long-term Financial receivables from Aquametric Solutions, S.A.	2,400	1,500
Long-term participatory financial instruments	1,648	730
Long-term derivative financial instruments	-	13
Non-current financial assets	**4,340**	**2,573**
Short-term deposits	1,917	3,850
Restricted deposit account - short term	1,000	1,496
Short-term financial receivables from Aquametric Solutions, S.A.	100	59
Financial receivables from third parties	1	6
Short-term derivative financial instruments	37	95
Other current financial assets	**3,055**	**5,505**

The main accounts are commented upon below.

FINANCIAL RECEIVABLES FROM AQUAMETRIC SOLUTIONS, S.A. (SHORT AND MEDIUM TERM)

During the first half of 2024, the subsidiary Metersit S.r.l. paid Euro 1,500 thousand to Aquametric Solutions, S.A., a company subject to the Joint Venture with GWF, aimed at the development of the new ultrasonic water meter called SmartIO. The contract provides for an annual repayment plan, expiring on 30 June, based on the amortization plan of the financed assets and the company's cash and cash equivalents; accrues interest at a market rate (3-month Euribor) plus an annual spread (1.9%).

Within the above-mentioned agreement, during the 2025 financial year an additional Euro 900 thousand was disbursed.
As at 31 December 2025, the financial receivable amounting to Euro 2,400 thousand is recognized among non-current financial assets, while accrued interest, amounting to Euro 100 thousand, is recognized among other current financial assets.

PARTICIPATORY FINANCIAL INSTRUMENTS

The item, amounting to Euro 1,648 thousand, relates to participating financial instruments issued by Hybitat S.r.l. and subscribed by the Company. During the year, the Company purchased from E-NOVIA S.p.A. 6,409 participating financial instruments issued by Hybitat S.r.l., for a total consideration of Euro 198,000, as per the notarial deed executed on 24 July 2025. In addition, 7,200 instruments were subscribed for a value of Euro 720 thousand.
These financial instruments grant shareholders an option right to subscribe to a capital increase with the aim of implementing the business plan and achieving the related milestones.
As at 31 December 2025, the Company had subscribed a total of 20,909 PFI for a total value of Euro 1,648 thousand, of which 6,409 PFI were acquired from E-NOVIA.
Finally, it should be noted that the Company has committed to subscribing at least 7,000 PFI in each calendar year up to and including the 2027 financial year.
With reference to the participating financial instruments subscribed by the Company, it should be noted that, as at 31 December 2025, these instruments were measured at fair value in accordance with the applicable accounting standards. This valuation did not result in any impairment losses to be recorded compared to the amount recognized in the financial statements at the same date, thus confirming the appropriateness of the carrying amount.

SHORT-TERM DEPOSITS

The amount relates entirely to the payment of a security deposit to a supplier to guarantee supplies of electronic components having particularly long lead times and whose delivery has been particularly unpredictable over the past 12 months.

The deposit in question, which as at 31 December 2024 amounted to Euro 3,850 thousand (of which Euro 2,700 thousand relating to SIT S.p.A. and Euro 1,150 thousand relating to Metersit S.r.l.), was partially released during the 2025 financial year for Euro 1,932 thousand (of which Euro 1,573 thousand relating to SIT S.p.A. and Euro 360 thousand relating to Metersit).

RESTRICTED DEPOSIT ACCOUNT (SHORT AND MEDIUM TERM)

In 2020, the Parent Company SIT S.p.A., paid Euro 3,000 thousand on behalf of the subsidiary Sit Metering S.r.l. as a guarantee, as part of the acquisition of the company JANZ Contagem e Gestão de Fluídos S.A.. In the first months of the 2025 financial year, Euro 500 thousand were released; at 31 December 2025, the residual amount of Euro 1,000 thousand was reclassified among current financial assets, as required by the contractual agreements.

Note n. 5: Deferred tax assets

Details of the temporary differences and the consequent deferred tax assets as at December 31, 2025 and December 31, 2024 are provided below, based on the breakdown by nature of the temporary differences:

(Euro,000)	Changes IRES	Changes IRAP	IRES tax effect	IRAP tax effect
Employee provisions	704	346	209	14
Other risk and charges provisions	575	8,040	153	328
Costs deductible in future years	2,918	-	875	-
Write-down of inventories	1,402	2,356	415	97
Deprec, suspended on revaluations	-	171	-	7
Tax losses	23,477	-	5,913	-
Non-deductible interest	1,802	-	432	-
Write-down of tangible fixed asset	-	1,002	-	41
Other & overseas	1,567	-	471	-
Inter-company transactions	7,214	3,874	1,731	151
Cash flow hedge Reserve	490	-	118	-
Operative Leasing IFRS16	3,068	-	736	-
Total	**43,217**	**15,789**	**11,055**	**638**

Balance as of December 31, 2024

(Euro,000)	Changes IRES	Changes IRAP	IRES tax effect	IRAP tax effect
Employee provisions	1,093	310	310	12
Other risk and charges provisions	1,155	5,377	337	210
Costs deductible in future years	2,109	-	633	-
Write-down of inventories	1,368	1,871	406	73
Deprec, suspended on revaluations	-	171	-	7
Tax losses	23,926	-	6,040	-
Non-deductible interest	1,879	-	451	-
Write-down of tangible fixed asset	-	1,002	-	39
Other & overseas	2,204	-	628	-
Inter-company transactions	9,240	5,207	2,218	203
Cash flow hedge Reserve	825	-	198	-
Operative Leasing IFRS16	3,751	-	900	-
Total	**47,550**	**13,938**	**12,121**	**544**

Deferred tax assets are recognized in the financial statements based on their recoverability through future taxable income, in accordance with IAS 12 – Income Taxes. The assessment of the recoverability of deferred tax assets is carried out with reference to forecasts of future taxable results.
Following the update of economic and financial projections over the plan horizon (2026–2030), the Directors of the Parent Company and of the Italian subsidiaries have decided not to recognize deferred tax assets relating to deductible temporary differences arising during the year.
The Group will continue to periodically monitor the evolution of expected taxable results and the related forecasts, adjusting the recognition of deferred tax assets in line with any changes in the underlying assumptions and applicable regulations

Current assets

Note n. 6: Inventories

Inventories, presented in the financial statements net of the obsolescence provision, are comprised as follows:

(Euro,000)	December 31, 2025	December 31, 2024
Raw materials, ancillary and consumables	44,504	44,935
Work-in-progress and semi-finished goods	16,222	14,369
Finished products and goods	15,211	12,894
Advances to suppliers	211	65
Inventories	**76,149**	**72,263**

(Euro,000)	December 31, 2025
Obsolescence provision 31/12/2024	**4,138**
Utilisation in the period	(538)
Provision for the period	720
Exch, diff,	8
Obsolescence provision 31/12/2025	**4,328**

The provision reflects the reduced value of inventories due to obsolescence, slow movements or as a result of market values below acquisition or production cost.

Note n. 7: Trade receivables

Trade receivables and the relative doubtful debt provisions are summarised below.

(Euro,000)	December 31, 2025	December 31, 2024
Trade receivables	59,746	59,368
Trade receivables from holding company	-	-
Receivables from companies of the Group	3,348	1,541
Trade receivables from companies subject to control of holding company	-	-
Current trade receivables	**63,095**	**60,908**
Doubtful debt provision	(843)	(634)
Trade receivables	**62,251**	**60,274**

TRADE RECEIVABLES

These refer to the direct commercial relationships that the Group has with customers, net of non-recourse receivables assignment transactions of Euro 4,546 thousand, carried out by the Group and referring to transactions carried out by the Parent Company with its customers.
The amount is stated net of the doubtful debt provision which expresses reasonably expected losses both on the basis of prior non-collection and amounts overdue.

RECEIVABLES FROM OTHER COMPANIES OF THE GROUP

This item refers to receivables from Conthidra S.L., and Aquametric Solutions, S.A., companies consolidated with equity method.

DOUBTFUL DEBT PROVISION

The doubtful debt provision amounts to Euro 634 thousand, with the movements in 2025 reported in the following table:

(Euro,000)	December 31, 2025
Doubtful debt provision 31/12/2024	**(634)**
Utilisation in the period	32
Provision for the period	(241)
Exch. diff.	1
Doubtful debt provision 31/12/2025	**(843)**

The Group did not receive guarantees on receivables, the table below presents the exposure to the credit risk on trade receivables:

(Euro,000)

Trade receivables	Current	<30 days	30-60 days	> 61 days	Total
December 31, 2025					
Trade receivables	49,595	4,505	2,912	2,734	59,746
December 31, 2024					
Trade receivables	51,348	4,104	1,070	2,845	59,368

Nota n. 8: Other current assets

The detail of this heading is as follows:

(Euro,000)	December 31, 2025	December 31, 2024
Tax receivables	3,938	5,959
Advances	1,415	796
Prepayments and accrued income	899	1,184
Other receivables	1,393	1,358
Other tax credits	907	1,096
Employee receivables	2	2
Social security institution receivables	117	120
Other current assets	**8,670**	**10,517**

TAX RECEIVABLES

The amount is detailed as follows:

(Euro,000)	December 31, 2025	December 31, 2024
VAT receivables	3,063	3,076
Group VAT receivables	862	2,623
Withholding taxes	13	260
Total tax receivables	**3,938**	**5,959**

VAT RECEIVABLES

The VAT balance includes Euro 2,009 thousand relating to the subsidiary SIT Manufacturing N.A.S.A. de C.V, Euro 495 thousand relating to the subsidiary JANZ and Euro 382 thousand relating to the subsidiary SIT Manufacturing (Suzhou) Co. Ltd ; during the 2025 financial year, the subsidiary Janz received a refund of its VAT credit amounting to Euro 2,340 thousand, accrued partly in the 2024 financial year and partly in 2025.

GROUP VAT RECEIVABLES

Starting from the 2020 tax year, Findest S.p.A., as the tax parent company, and SIT S.p.A. and Metersit S.r.l., as controlled companies, opted for the Group VAT settlement procedure pursuant to Article 73, last paragraph, of Presidential Decree No. 633/1972, as resolved by their respective management bodies in 2019.
Subsequently, SIT Metering S.r.l. and Technologies SAPA of F.D.S. S.S. joined the same procedure from 2021 and 2023, respectively, while from 2025 SIT MBT S.r.l. has also joined the aforementioned procedure.
The amount of Euro 862 thousand relates to a receivable from Findest S.p.A., of which Euro 556 thousand attributable to SIT S.p.A., Euro 60 thousand to Metersit S.r.l., and Euro 246 thousand to SIT MBT S.r.l..

ADVANCES

The item, amounting to Euro 1,415 thousand, relates to advances to suppliers for services rendered. The increase compared to the previous year, equal to Euro 618 thousand, is mainly attributable for Euro 582 thousand to advances paid by the Mexican subsidiary to raw material suppliers in response to the increase in production volumes.

PREPAYMENTS AND ACCRUED INCOME

As at 31 December 2025, accrued income and deferred income mainly refer to deferred income on rents, rents and insurance premiums as well as on fixed asset maintenance and repair fees.

OTHER TAX CREDITS

The item mainly refers to the tax credit accrued for research, development and technological innovation activities (2020 Budget Law no. 160/2019 and art. 1, c. 45, Law no. 234/2021) accrued by Sit S.p.A. (for Euro 468 thousand), Metersit S.r.l. (Euro 243 thousand) and Sit MBT S.r.l. (Euro 22 thousand); the acquisition of a so-called Superbonus 110% tax credit, amounting to 16 thousand, entirely referred to the Parent Company.

Note n. 9: Tax receivables

The account concerns income tax receivables, as follows:

(Euro,000)	December 31, 2025	December 31, 2024
IRES receivables	2,079	1,714
IRAP receivables	0	83
Receivable from holding company for tax consolidation	448	532
Current tax receivables	149	44
Tax receivables	**2,676**	**2,373**

The item *IRES receivables* refers for Euro 1,071 thousand to the Portuguese subsidiary and Euro 945 thousand relating to the Mexican subsidiary.
The amount of Euro 448 thousand refers to the IRES transferred to the parent company Findest S.p.A. as part of the national consolidation process, as provided for in Article 43-ter of Presidential Decree 602/1973.

Note n. 10: Cash and cash equivalents

Cash and cash equivalents are presented below:

(Euro,000)	December 31, 2025	December 31, 2024
Cash in hand and similar	17	23
Bank and postal deposits	11,610	14,015
Cash and cash equivalents	**11,627**	**14,038**

Cash and cash equivalents relate to current accounts and cash in hand at the reporting date. The changes are reported in the Consolidated Cash Flow Statement, to which reference should be made.

Consolidated Shareholders' Equity

The changes are reported in the statement of changes in consolidated shareholders' equity, to which reference should be made. The following comments relate to the principal accounts and changes.

Note n. 11: Share capital

The share capital, subscribed and paid-in, amounted at December 31, 2025 to Euro 96,162 thousand, comprising 25,110,209 shares without express nominal value. The classes of shares issued by the company are reported below:

Shares	No. shares	% of share capital	Listing
Ordinary Shares	25,110,209	100.0%	Euronext

Note n. 12: Reserves

The composition of Reserves is as follows:

(Euro,000)	December 31, 2025	December 31, 2024
Share premium reserve	9,962	10,045
Capital payments reserve	16,615	16,615
Total capital reserves	**26,577**	**26,660**
Legal reserve	19,232	19,232
Treasury shares reserve	(5,185)	(5,328)
Cash flow hedge reserve	(149)	424
Actuarial reserve	(205)	(271)
Extraordinary reserve	107	1,496
Translation reserve	(5,933)	(6,214)
LTI reserve	222	658
Reserve to be valued at fair value of the put option on minority interests	(5,040)	(5,040)
Retained earnings/(accumulated losses)	(25,819)	4,399
Total profit reserves	**(22,770)**	**9,356**
Total reserves	**3,807**	**36,016**

SHARE PREMIUM RESERVE

The share premium reserve, amounting to Euro 9,962 thousand, decreased during the period by Euro 83 thousand due to the assignment of shares to employees, following the closure of the second cycle of L.T.I. completed in June 2025

CAPITAL PAYMENT RESERVE

The shareholders' capital payment reserve, amounting to Euro 16,615 thousand, did not change during the year.

LEGAL RESERVE

The legal reserve of Euro 19,232 thousand did not change during the year.

TREASURY SHARES RESERVE

The reserve for treasury shares, negative by Euro 5,185 thousand, changed during the period by Euro 143 thousand against the assignment of shares to employees following the closure of the second cycle of L.T.I. completed in June 2025.

LONG TERM INCENTIVE PLAN RESERVE

At December 31, 2025, the long-term incentive plan (L.T.I.) reserve included the value of the share-based payments in favour of employees and key executives, settled with capital securities. On April 29, 2021, the Shareholders' Meeting approved 3 new incentive plans (Performance Shares Plan, Restricted Shares

Plan, Advisory Board Stock Compensation Plan), one of which provides for three allocation cycles in 2021, 2022 and 2023. In the first half 2025, the second cycle ended with the conversion of units into shares, therefore the reserve moved as follows:

- A decrease of 486 thousand euros against the partial achievement of the objectives set in the plan for the second allocation cycle;
- A decrease of 64 thousand euros due to the conversion of units into shares, with the consequent allocation of the same to key employees and managers;
- A decrease of 31 thousand euros against the cost previously accrued for employees and key executives to whom the shares were not assigned, due to the failure to meet the requirements (so-called Bad Leaver);
- An increase of Euro 145 thousand against the allocation of the cost for the period, referring to the second and third cycles;

See Note 38 for further details on this plan.

CASH FLOW HEDGE RESERVE

The *cash flow hedge reserve* at December 31, 2024 was recorded as a positive value of Euro 424 thousand, net of the Euro 134 thousand tax effect.
During the year, the reserve mainly changed as a result of hedging contracts entered into in relation to the so-called SFA (Senior Financial Agreement 2021) financing agreement, renegotiated based on the agreements reached with the lending banks on 22 and 23 April.
As at 31 December 2025, the reserve is recognized at a negative amount of Euro 149 thousand, net of the tax effect of Euro 47 thousand.

ACTUARIAL RESERVE

At December 31, 2025, the actuarial reserve was negative for Euro 205 thousand and derives from the effects of discounting post-employment benefits.

EXTRAORDINARY RESERVE

The extraordinary reserve as of December 31, 2025 amounted to Euro 107 thousand. During the period, the change, amounting to Euro 1,389 thousand, is mainly due to the allocation of the loss of the previous year.

RESERVE FOR THE FAIR VALUE OF THE MINORITY PUT OPTION

The item, amounting to Euro 5,040 thousand, refers to the valuation of the option to sell the minority quota relating to SIT Motors & Blowers Technology S.r.l.. For more details, please refer to Note n. 17.

RETAINED EARNINGS (ACCUMULATED LOSSES)

At December 31, 2025, the account is negative for Euro 25,819 thousand and changes for the negative amount of Euro 30,224 thousand relating to the loss of the previous financial year.

Non current liabilities

Note n. 13: Medium/long-term loans and borrowings

The breakdown of the account at December 31, 2025 is illustrated below:

(Euro,000)	December 31, 2025	December 31, 2024
Non-current loans	57,021	75,950
Non-current loans - ammortized cost	323	660
Medium/long-term loans and borrowings	**57,344**	**76,610**

As of December 31, 2025, Medium/long-term loans and borrowings represent the value of the non-current portion of the loan agreements entered into by the Company with certain financial institutions.
These contracts - which are not secured by collateral and allow early repayment without penalty - provide for the borrower to comply with a series of annual financial covenants to be calculated semi-annually at the consolidated level. In addition, as usual in similar transactions, they provide for a series of commitments and limitations such as the prohibition of taking on further debt beyond a certain amount and providing guarantees relating to it, as well as limits on the distribution of dividends and asset sales or business disposals. The extent of these limitations, as well as the pricing grid of net interest income, vary according to the level of consolidated financial leverage.
Below is a list of existing bank loans, where unless expressly indicated, the debtor is SIT S.p.A.

Denomination Initial date	Maturity	Nominal amount	Cov	Residual debt			Current rate (*)	Fair value		
				Total	Non Current	Current		Total	Non Current	Current
Pool SFA (1) 06/08/21	30/6/28	90,000	(**)	59,400	45,088	14,312	4.69%	59,800	45,290	14,510
CDP 11/03/21	31/12/28	15,000	(**)	11,550	8,767	2,783	4.04%	11,751	8,874	2,877
UCI / BEI 31/05/22	31/5/28	10,000	(**)	5,000	3,166	1,834	4.67%	5,058	3,180	1,878
Total				**75,950**	**57,021**	**18,929**		**76,609**	**57,344**	**19,265**

(amounts in Euro,000)

(1) Banking Pool composed of BNL, Unicredit, Banco BPM, Credit Agricole and, as of April 2025, Illimity SGR, which took over from Deutsch Bank.
(*) Interest rate given by market parameter plus contractual spread existing on the date
(**) Financial covenants to be calculated at the level of the consolidated financial statements on a half-yearly basis: (i) the ratio of net financial position to EBITDA (ii) the ratio of EBITDA to net financial expenses (iii) the ratio of net debt to equity, all quantities to be calculated on the basis of the last 12 months and according to the definitions provided for in the relevant contracts. There are also other contractual commitments and limitations on operations, such as the maximum level of annual investments and constraints on the possibility of distributing dividends in relation to the ratio between net financial

position and EBITDA. As of December 31, 2025, the financial covenants of 3.9x, 4.0x and 1.5x respectively and the Capex Covenant of Euro 23.5 million were respected.
Please note that the SFA Pool loan starting from 2025 includes an ESG interest rate indexation clause based on a sustainability rating issued by the international corporate social responsibility rating agency EcoVadis. As of 23 June 2025, net interest income has been reduced by 10 bps pursuant to this clause.
The following table summarises the maturity profile of the principal portions of the main financial liabilities based on contractual commitments (for the description of the Bond Loans, please refer to the paragraph "Bond loan – non-current portion):

Years	Bank Loans	Bonds	Others (*)	Total
2026	18,929		1,168	20,097
2027	23,323	8,000	9	31,332
2028	33,698	8,000	9	41,707
2029		8,000	0	8,000
2030		8,000	0	8,000
2031		8,000	0	8,000
Total	**75,950**	**40,000**	**1,186**	**117,136**

(amounts in Euro,000)
(*) The item Others includes financial liabilities deriving from M&A for the amount of Euro 1,110 thousand and to Simest for the amount of Euro 76.0 thousand.

Note 14: Other non-current financial liabilities and derivative financial instruments

A breakdown of this item at December 31, 2025 is provided below:

(Euro,000)	December 31, 2025	December 31, 2024
Other non-current financial liabilities	18	18
Bond loan – non-current portion	40,000	40,000
Non current loans – Amortized cost	(24)	(21)
Non current loans from Parent company – Amortized cost	5,423	5,173
Dérivatives financial instruments (non-current portion)	232	611
Non current financial lease debt - IFRS 16	6,811	8,780
Other non-current financial liabilities and derivative financial instruments	**52,460**	**54,560**

BOND LOAN - NON CURRENT POTION

The item refers to the bond loan subscribed by Pricoa in May 2021. The debt was valued using the amortised cost method over the duration of the contract, equal to 10 years with which 6 years of pre-amortization. The fixed semi-annual coupon is indexed from the fifth year onwards to a sustainability ("ESG") rating provided by the international agency EcoVadis.

Denomination Initial date	Maturity	Nominal amount	Cov	Residual debt			Current rate (*)	Fair value		
				Total	Non Current	Current		Total	Non Current	Current
Pricoa 19/05/21	31/5/31	40,000	(**)	**40,000**	**40,000**	**-**	3.9%	40,161	39,976	185
Total				**40,000**	**40,000**	**-**		**40,161**	**39,976**	**185**

(*) Interest rate given by market parameter plus contractual spread existing on the date.
(**) The financial covenants envisaged in the contract are (i) the ratio of net financial position to EBITDA and (ii) the ratio of EBITDA to net financial expenses, (iii) the ratio of debt to equity and (iv) until December 31, 2025, a certain level of cash and available credit lines. There are also other contractual commitments and limitations on operations, such as the maximum level of annual investments and limitations on the sale of business units as well as the possibility of distributing dividends in relation to the ratio between net financial position and EBITDA. The financial covenants limit values for the recognition date as of December 31, 2025 are 3.9x, 4.0x and 1.5x, respectively, values that have been met. The Liquidity Covenant (equal to Euro 5 million of cash and cash equivalents and Euro 7 million of available credit lines) was respected.

NON CURRENT LOANS FROM PARENT COMPANY – AMORTIZED COST

Within the context of the bank renegotiation completed on April 22 and 23 2024, aimed at ensuring greater cash availability for the Group, SIT entered into a new interest-bearing loan agreement with its parent company Sit Technologies S.a.p.a. for an amount of Euro 5,000 thousand, subordinated and junior to the claims of all existing financial creditors. The loan is scheduled to be repaid not earlier than 19 May 2031.
As at 31 December 2025, this item amounts to Euro 5,423 thousand, of which Euro 423 thousand relate to interest accrued as of that date.

DERIVATIVES FINANCIAL INSTRUMENTS (NON CURRENT PORTION)

The value of derivative financial instruments (non-current portion) as at 31 December 2025 amounts to Euro 232 thousand and relates to IRS derivative contracts on the medium- to long-term portion of outstanding loans. The table below provides the breakdown by contract:

Denomination	Currency	Initial date	Maturity	Fix rate	Notional 31-dec-25	Fair Value 31-dec-25
IRS on SFA 2021	Euro	28/06/2024	30/06/2028	3.14%	29,700	(232)
Total					**29,700**	**(232)**

NON-CURRENT FINANCIAL LEASE DEBT - IFRS 16

The amount concerns the non-current financial payable for future charges from the existing lease contracts, recognised in application of IFRS 16.

Note n. 15: Provisions for risks found

The changes to the account were as follows:

Risk found	Dec. 31, 2024	Provisions	Utilisations	Release	Dec. 31, 2025
Agents indemnity provision	154	-	-	-	154
Other risks provision	8,024	2,917	(2,809)	(441)	7,723
Product warranty provision	1,159	104	(22)	(13)	1,195
Tax dispute provision	-	192	-	-	192
Total provisions for risks and charges	**9,337**	**3,213**	**(2,832)**	**(454)**	**9,264**

AGENTS INDEMNITY PROVISION

The account exclusively includes the potential liability for any indemnities due to agents in the event of end of service or for the termination of the contract not attributable to the agent, as established by Article 1751 of Civil Code and the Collective Economic Agreements.

OTHER RISKS PROVISION

Below is a breakdown of the main items that make up the fund:

- Euro 904 thousand relates to risks associated with ongoing disputes with customers and suppliers, for which the likelihood of loss is considered probable. During the year, the provision increased by Euro 670 thousand in relation to claims raised by customers concerning product non-conformity. The decrease during the year, amounting to Euro 431 thousand, relates to Euro 36 thousand for specific claims recognized to a customer following confirmed product defects and to Euro 395 thousand due to releases following the extinguishment of obligations towards customers for potential contractual indemnities;
- Euro 1,964 thousand, relating to the subsidiary Metersit S.r.l., refers to probable risks for which it is not possible to reliably estimate the amount, mainly related to product quality issues arising from customer refund claims. During the year, the provision was increased by Euro 1,182 thousand due to issues relating to products sold;
- Euro 1,098 thousand relates to costs for environmental remediation activities concerning a portion of land owned by the Company; the utilisation during the year, amounting to Euro 181 thousand, relates to costs incurred for remediation activities. During the year, a further Euro 133 thousand was provided, and Euro 2 thousand was added due to the unwinding of discounts on provisions made in previous years; this increase was necessary based on the results of analyses carried out during the year and discussions with the relevant supervisory authority.
- Euro 216 thousand, relating to the Parent Company, represents the best estimate of severance payments to be granted to employees involved in the ongoing corporate reorganization. During

the year, the provision was utilized for Euro 428 thousand, released for Euro 11 thousand, and increased by Euro 216 thousand;

- Euro 2,970 thousand, relating to the subsidiary Metersit S.r.l., represents the best estimate of future disposal costs for batteries included in meters sold up to the reporting date. The provision for the year amounts to Euro 295 thousand. In the same period, the provision was utilized for Euro 41 thousand
- Euro 43 thousand relates to the reorganization of the Dutch subsidiary Sit Controls B.V., which began in the 2023 financial year and is expected to be completed in the first months of 2026: the provision was utilized for Euro 429 thousand in connection with costs incurred during the year for redundancies in the production area, as well as for training and outplacement costs agreed locally with trade unions. During the year, the provision was further increased by Euro 81 thousand in relation to the planned departure of additional staff personnel;
- Euro 244 thousand, relating to the Mexican subsidiary, represents provisions made during the year for specific claims associated with probable risks for which the amount cannot be reliably estimated, mainly relating to product quality issues arising from customer refund requests. During the year, the provision was utilized for Euro 934 thousand, relating to the residual amount of the provision made in 2023 following an out-of-court settlement with a customer, recognized as a guarantee for potential further claims that may be raised by end customers, as provided for in the agreements executed with the counterparty;
- Euro 32 thousand relates to accounting and administrative costs to be incurred for the reorganization of the subsidiary Sit Gas Controls Pty Ltd, based in Australia;
- Euro 208 thousand and Euro 12 thousand, relating respectively to the subsidiaries Plast Alfin S.u.a.r.l. and Sit Controls Tunisia S.u.a.r.l., relate to tax risks associated with withholding taxes on services, employees and seconded personnel.

PRODUCT WARRANTY PROVISION

The product warranty provision reflects a reasonable estimate of the charges which the Group may incur to comply with contractual guarantees on products sold until the reporting date. The provision mainly includes:

- Euro 155 thousand represents the estimated future charges relating to the subsidiary Janz on meters sold up to the date of the financial statements. During the 2025 financial year, the provision was utilized for Euro 22 thousand;
- Euro 878 thousand relating to the best estimate of replacement costs of meters sold by the subsidiary Metersit S.r.l. up to the date of the financial statements, covered by warranty. The provision for the year amounts to Euro 50 thousand;
- Euro 140 thousand relating to products sold by the Parent Company, calculated on the basis of the assessment and analysis of returns. The value of the provision is in line with the previous year;
- Euro 22 thousand and Euro 32 thousand, relating to products sold respectively by the Mexican and Chinese subsidiaries, calculated on the basis of the assessment and analysis of returns. The amount is equal to the provision for the year.

TAX DISPUTE PROVISION

At the reporting date, the Parent Company is subject to an ongoing tax audit relating to specific tax periods, from which a Tax Audit Report (Processo Verbale di Constatazione – PVC) has been issued. During 2025, the subsidiary Metersit S.r.l. was also subject to a tax audit relating to specific tax periods, following which a Tax Audit Report (PVC) was served.
Based on the assessments performed, taking into account the available information and expected procedural developments, the Group recognized, as at 31 December 2025, a provision amounting to Euro 192 thousand, of which Euro 156 thousand relates to the Parent Company and Euro 36 thousand to the subsidiary Metersit S.r.l..

Note n. 16: Post-employment benefit provision

The movements in the account in the periods to December 31, 2025 and to December 31, 2024 were as follows:

(Euro,000)	December 31, 2025	December 31, 2024
Net liabilities for employee benefits	3,733	4,066
Liabilities for retention or other	231	438
Net liabilities for employee defined benefits	**3,964**	**4,504**

The movements in post-employment benefits were as follows:

(Euro,000)	December 31, 2025	December 31, 2024
Post-employment benefit at beginning of year	4,066	4,628
Payments in the year	(478)	(838)
Current service cost	111	92
Interest cost	122	130
Actuarial gains	(87)	55
Post-employment benefit at end of year	**3,733**	**4,066**

The economic/demographic assumptions utilised for the measurement for IAS/IFRS of post-employment benefits were as follows:

Defined benefit plans	December 31, 2025	December 31, 2024
Annual discount rate	3.37%	3.18%
Annual inflation rate	2.00%	2.00%
Annual increase in post-employment benefit	3.00%	3.00%
Annual increase in salaries	1	1
Death	ISTAT 2022	ISTAT 2022
Disability	INPS tables by age and gender	
Retirement	100% on satisfying AGO requirements	

The annual frequency of advance payments and company turnover were taken from the historical experience of the company and from the frequencies of the experience of the actuarial consultant on a significant number of similar businesses.

Note n. 17: Other non-current liabilities

The item, amounting to Euro 4,951 thousand, refers for Euro 4,313 thousand to the liability deriving from the combined purchase and sale options (Put & Call) on the minority quotas relating to the non-employee quotaholder. Please refer to the paragraph "Basis of preparation" for further details on this option and the valuation criterion adopted.
The remaining portion, equal to Euro 592 thousand, relates to the two minority quotaholders, who provide services to the company itself. The recognition was carried out as "Cash-settled share-based payment" instruments in accordance with the provisions of IFRS 2. The cost is recognised in the income statement proportionally for the duration of the vesting period.

As at 31 December 2025, the valuation was updated in light of some amendments agreed between the parties during the year, in order to align them with the new business plan.
This restatement of fair value entailed:

- a financial expense of Euro 626 thousand, related to changes in the assumptions concerning the achievement of the targets for the exercise of the option (Note 31);
- a financial expense of Euro 88 thousand, related to the new discount factor, recognized under Finance Costs (Note 33).

Note n. 18: Deferred tax liabilities

A breakdown of temporary differences and the consequent deferred tax liabilities at December 31, 2025 and at December 31, 2024 is reported below, based on the type of temporary differences, applying respectively a tax rate of 24% for IRES and 4.08% for IRAP.

Balance at December 31, 2025

(Euro,000)	Changes IRES	Changes IRAP	IRES tax effect	IRAP tax effect
Tax on business combinations	25,920	19,988	6,221	801
Accelerated depreciation	375	-	90	-
Leasing	749	749	180	31
Leasing IFRS16	2,766	-	664	-
Other	1,117	-	335	-
Derivative financial instruments	295	-	71	-
Total	**31,221**	**20,737**	**7,560**	**832**

Balance at December 31, 2024

(Euro,000)	Changes IRES	Changes IRAP	IRES tax effect	IRAP tax effect
Tax on business combinations	32,494	25,544	7,798	996
Accelerated depreciation	375	-	90	-
Leasing	793	793	190	31
Leasing IFRS16	3,627	-	870	-
Other	1,072	-	321	-
Derivative financial instruments	1,384	-	332	-
Total	**39,744**	**26,336**	**9,602**	**1,027**

Current liabilities

Note n. 19: Short-term loans and borrowings

The item details are as follows:

(Euro,000)	31-Dec-25	31-Dec-24
Utilisation short-term lines	9,903	9,365
Current portion of loans	18,928	9,589
Current portion of loans - Amortised cost and effect of amending	336	371
Current financial charges	42	31
Short-term loans and borrowings	**29,209**	**19,356**

UTILISATION SHORT-TERM LINES

The item, amounting to Euro 9,903 thousand, refers to short-term uses of credit lines granted by banks for the disposal of working capital.

CURRENT PORTION OF LOANS

This item includes the current portion of the 2021 Senior Financial Agreement loan for Euro 14,312 thousand, the current portion of the Unicredit loan for Euro 1,834 thousand and of Cassa Depositi e Prestiti loan for Euro 2,783 thousand. These loans are presented in accordance with the amending agreements signed on April 23 and 24, 2024.

Note n. 20: Other current financial liabilities and derivative financial instruments

A breakdown follows:

(Euro,000)	31- Dec-25	31-Dec-24
Bond loan - current portion	185	181
Other current financial payables	1,169	1,841
Factoring payables	10,883	9,638
Derivative financial instruments - current portion	280	273
Current financial lease payables - IFRS 16	2,474	2,936
Other current financial liabilities and derivative financial instruments	**14,991**	**14,868**

BOND LOAN - CURRENT PORTION

The account includes Euro 182 thousand concerning the payable for interest charges on the bond loan, as well as Euro 3 thousand relating to the amortised cost effect.

OTHER CURRENT FINANCIAL PAYABLES

The amount, equal to Euro 1,169 thousand, mainly includes Euro 1,000 thousand relating to the short-term portion of the security deposit, paid in January 2026, in connection with the acquisition of the investment in JANZ – Contagem e Gestão de Fluídos, SA, as well as the short-term portion of the earn-outs contracted during the same transaction, amounting to Euro 110 thousand, that will be paid within the 2026 financial year. Euro 58 thousand represent an amount disbursed by Simest in March 2025 as part of a loan for the Digital and Green Transition. The loan provided for a subsidised interest rate of 0.511%, repayable in 8 semi-annual instalments starting from July 2027 until the final maturity in January 2031.
In December 2025, the Company requested to withdraw from this loan, with the consequent obligation to repay the amount disbursed and its recognition under current liabilities.

DERIVATIVE FINANCIAL INSTRUMENTS - CURRENT PORTION

The balance as of December 31, 2025 of Euro 280 thousand includes for Euro 258 thousand the mark-to-market as of December 31, 2025 of the interest rate risk hedging derivative contracts entered into against the 2021 Senior Financial Agreement (SFA 2021) bank loan, hedged at 50% of the residual nominal value of Euro 63,450 thousand. The characteristics and fair value of the current portion of these instruments are summarised below:

Transaction type	Currency value	Beginning date	Maturity Date	Rate	Notional	Fair Value
					Dec 31, 25	Dec 31, 25
IRS on SFA 2021	Euro	28/06/2024	30/06/2028	3.14%	29,700	(258)
Total					**29,700**	**(258)**

During 2025, the Company entered into foreign exchange risk hedging contracts that do not meet the hedging requirements of IFRS 9 for the application of hedge accounting. The characteristics and fair value of the current portion of these instruments are summarised below:

Transaction type	Currency	Currency amount	Currency value	average spot exchange rate	average forward exchange rate	Maturity date / Fair value at the date			
						<3m	>3m; <6m	>6m; <9m	>9m
forward sales	CNY	15,000,000	EUR	8.2496	8.2390	0	0	0	(18)
forward sales	GBP	625,000	EUR	0.8760	0.8792	(4)	0	0	0
Totale						**(4)**	-	-	**(18)**

The currency contracts at December 31, 2024 were as follows:

Transaction type	Currency	Currency amount	Currency value	average spot exchange rate	average forward exchange rate	Maturity date / Fair value at the date		
						<3m	>3m; <6m	>6m; <9m
forward sales	CNY	15,000,000	EUR	7.8800	7.8220			(46)
forward sales	GBP	430,000	EUR	0.8293	0.8308	(1)		
forward sales	USD	2,850,000	EUR	1.0394	1.0411	(12)		
Total						**(13)**	**-**	**(46)**

As required by IAS 7, the necessary disclosure is provided to permit the reader of the financial statements to assess the changes to liabilities deriving from financial liabilities, where such relates to cash flows or non-monetary changes. These include:

(Euro,000)	Dec 31, 24	Disbursements	Acquisitions	Reimbursements /settlements	Reclass.	Fair value and other non-cash changes	Dec 31, 25
Bank payables - non-current portion of loans	75,950	-	-	-	(18,929)	-	57,021
Bank payables - non-current portion amortised cost	660	-	-	-	(336)	(1)	323
Total bank payables - non-current portion loans	**76,610**	**-**	**-**	**-**	**(19,265)**	**(1)**	**57,344**
Shareholder loans - non-current portion of loans	5,000	-	-	-		-	5,000
Shareholder loan - amortised cost	-	-	-	-	-	-	-
Shareholder loan – accrued interest	173	-	-	-	-	250	423
Bond loan - non-current portion	40,000	-	-	-	-	-	40,000
Bond loan - amortised cost, non-current portion	(21)	-	-	-	(3)	-	(24)
Derivative financial instruments - non-current portion	611	-	-	-	-	(379)	232
IFRS16	8,780	-	-	-	(2,360)	391	6,811
Payables to other financiers	18	58		(33)	(25)	-	18
Total other non-current financial liabilities and derivative financial instruments	**54,561**	**58**	**-**	**(33)**	**(2,388)**	**262**	**52,460**
Total non-current financial liabilities	**131,171**	**58**	**-**	**(33)**	**(21,653)**	**261**	**109,804**
Bank payables - current portion of loans	9,547	913	-	(10,493)	18,929	33	18,929
Bank payables - current portion amortised cost	371	-	-	-	336	(371)	336
Current account and accrued interest expense	9,439	9,944	-	(9,439)	-	-	9,944
Total bank payables - current portion of loans	**19,357**	**10,857**	**-**	**(19,932)**	**19,265**	**(338)**	**29,209**
Shareholder loan - current portion of loans	-						-
Bond loan - current portion	-						-
Bond loan - amortised cost current portion	3					-	3
Bond loan - accrued interest expense	178					4	182
Derivative financial instruments - current portion	273			(273)		280	280
Factoring payables	9,638	10,883		(9,638)			10,883
IFRS16	2,935			(3,172)	2,360	351	2,474
Payables to other financiers	1,840			(697)	25		1,168
Total other current financial liabilities and derivative financial instruments	**14,867**	**10,883**	**0**	**(13,780)**	**2,385**	**635**	**14,991**
Total current financial liabilities	**34,224**	**21,740**		**(33,712)**	**21,650**	**297**	**44,200**

In relation to the hierarchical positioning of the fair value of the derivative instruments in place (IRS, currencies and commodities) those described above are classified as level 2. There were no transfers between Level 1 and Level 2 during the year.

CURRENT FINANCIAL LEASE PAYABLES - IFRS 16

The amount concerns the current financial payable for future charges from the existing lease contracts, recognised in application of IFRS 16. For further information, reference should be made to Note 36.

Note n. 21: Trade payables

At December 31, 2024, trade payables were broken down as follows:

(Euro,000)	Dec 31, 25	Dec 31, 24
Trade payables	64,753	65,786
Trade payables from companies of the Group	1,144	1,148
Trade payables to holding company	-	-
Trade payables	**65,898**	**66,934**

The table below summarises the financial liabilities maturity of the Group on the basis of the contractual payments not discounted.

(Euro,000)

Trade payables	Current	<30 days	30-60 days	>60 days	Total
December 31, 2025					
Trade payables	46,463	7,692	6,607	5,136	65,898
December 31, 2024					
Trade payables	39,145	7,724	6,962	13,093	66,934

SUPPLIER PAYABLES

These include payables in foreign currency and are therefore stated in the financial statements and in the above table net of the relative unrealised exchange differences, which correspond to exchange gain of Euro 235 thousand.

Note n. 22: Other current liabilities

A breakdown follows:

(Euro,000)	Dec 31, 25	Dec 31, 24
Other payables	4,403	7,008
Customer advances	577	842
Current remuneration payables	2,421	2,129
Deferred remuneration payables	3,836	3,804
Payables to social security institutions	2,878	3,100
Result bonuses	1,006	1,045
Accrued expenses	1,441	1,624
Substitute tax payables	2,963	2,836
VAT payables	185	569
Other current liabilities	**19,711**	**22,957**

OTHER PAYABLES

These principally includes the employee portions (canteen contribution, trade union contributions etc,) for subsequent payment to various entities and institutes.
The item as at 31 December 2024 included Euro 3,904 thousand, recognised following the signing of an agreement for compensation for the removal of defective meters from two of the main customers of the subsidiary Metersit S.r.l..

CURRENT REMUNERATION PAYABLES

Current remuneration payables principally include employee payables for December 2025 salaries, paid in January 2026.

DEFERRED REMUNERATION PAYABLES

Deferred remuneration refers to holidays and leaves matured but not taken, including the relative contributions.

RESULT BONUSES

The item relates to the estimate of premiums for 2025, which are expected to be paid in 2026.

SUBSTITUTE TAX PAYABLES

The account concerns payables for tax withholdings on salaries and wages and payables for withholdings overseas on royalties invoiced by the Parent Company to productive subsidiaries against the use of technical-productive and non-patented know-how, in addition to those of the SIT trademark, all held by the Parent Company.

Note n. 23: Tax payables

The amount of Euro 2,182 thousand is attributable, for Euro 1,758 thousand, to the payable for income taxes of foreign subsidiaries, and for Euro 424 thousand, to the IRAP payable relating to the Parent Company and the Italian subsidiaries.

COMMENTS ON THE MAIN ITEMS OF THE CONSOLIDATED STATEMENT OF INCOME

Note n. 24: Revenue from sales and services

Revenue from sales and services breaks down as follows:

(Euro,000)	2025	2024
Revenues from product sales	317,754	295,059
Revenues from services	1,342	4,479
Revenues from sales and services	**319,096**	**299,538**

Group Revenues from product sales by segment and region are broken down as follows:

(Euro,000)	2025	2024
Heating & Ventilation	224,058	209,299
Smart Gas Metering	60,324	59,072
Water Metering	34,714	31,167
Total revenues from sales and services	**319,096**	**299,538**

Group revenues by region were as follows:

(Euro,000)	2025	2024
Italy	99,209	94,750
Foreign EU	131,188	124,747
Foreign Non-EU	88,699	80,042
Total revenues from sales and services	**319,096**	**299,538**

Note n. 25: Raw materials, ancillaries, consumables and goods

The breakdown of the account in 2025 and 2024 was as follows:

(Euro,000)	2025	2024
Purchases of ancillary materials	2,921	3,014
Purchases of raw materials, semi-finished & packaging	141,158	125,311
Finished products purchases	16,833	15,155
Purchases of consumable materials	24	28
Purchases of goods	379	0
Maintenance and repair materials	1,490	1,544
Other purchases	1,589	1,606
Duties on purchases	1,626	2,100
Raw materials, ancillaries, consumables and goods	**166,020**	**148,759**
Changes in inventories of raw materials, ancillaries, consumables and goods	(1,148)	3,817
Change in inventories of finished & semi-finished products and goods	(2,906)	5,438
Change in inventories	**(4,054)**	**9,255**
Total cost of raw materials, ancillaries, consumables and goods	**161,966**	**158,015**

Raw materials, ancillaries, consumables and goods, including changes in inventories, amounted to Euro 161,966 thousand, accounting for 50.8% of revenues, decreasing on 2024 (52.8%) due to the contraction in turnover during the year.

Note n. 26: Services

The composition of the account is as follows:

(Euro,000)	2025	2024
Rent, hire and leases	447	469
Outsourcing	7,615	6,390
Transport	8,394	7,670
Commissions	186	171
Legal, administrative and other	5,647	5,506
Insurance	933	998
Management services	620	480
Maintenance & repair expenses	4,562	4,829
Utilities	6,820	6,661
Personnel expense	1,721	1,838
Cleaning and security	1,392	1,506
Advertising, marketing, and sponsorship	619	731
Directors, statutory & independent auditor fees	2,246	1,854
Travel and accommodation	920	993
Bank charges & commissions	1,321	1,098
Other services	2,921	1,162
Listing charges	206	214
Royalties	70	35
Service costs	**46,639**	**42,604**

OUTSOURCING

The cost of external processing stood at Euro 7,615 thousand, recording an increase of Euro 1,225 thousand equal to 19.2%, compared to the previous financial year following the recovery in turnover.

OTHER SERVICES

In the 2025 financial year, costs for other services amounted to Euro 2,921 thousand, marking an increase of Euro 1,759 thousand compared to the 2024 financial year; this increase is mainly attributable to the recovery in sales volumes of the Group's Mexican company in the U.S. market, which also resulted in higher sales-related duties compared to the previous year.

TRANSPORT

Following the increase in revenue levels, transport-related costs also rose compared to the previous year. Transport costs for the 2025 financial year amounted to Euro 8,394 thousand, compared to Euro 7,670 thousand in the previous year, representing an increase of 9.4%.

Note n. 27: Personnel expense

Personnel expenses are shown below:

(Euro,000)		
Personnel expense	**2025**	**2024**
Wages and salaries	48,508	49,066
Social security charges	12,329	13,151
Temporary personnel	4,794	5,385
Post-employment benefits	2,302	2,547
Other costs	1,597	2,080
Personnel expense	**69,531**	**72,229**

The average number of personnel in 2025 and 2024 was as follows:

Employees	**2025**	**2024**
Executives	29	33
White-collar	625	621
Blue-collar	1,310	1,232
Temporary	145	99
Total employees	**2,109**	**1,986**

WAGES AND SALARIES

In 2025, the cost of wages and salaries amounted to Euro 48,508 thousand, representing a decrease of Euro 557 thousand compared to the previous financial year.

TEMPORARY PERSONNEL

The change in the cost of temporary agency work amounts to Euro 590 thousand, representing a decrease compared to the same period of the previous financial year, reflecting a better alignment of production needs with operational

OTHER COSTS

The item Other Costs for the year 2025 is equal to Euro 1,597 thousand, with a reduction of Euro 483 thousand compared to the previous year. The main change is due to lower provisions to other risk funds for reorganization costs in 2025 compared to the previous year.

Note n. 28: Depreciation, amortisation and write-down

The breakdown is as follows:

Depreciation, amortisation and write-downs	2025	2024
Amortisation of intangible assets	8,749	8,598
Depreciation of property, plant and equipment	14,559	16,640
Depreciation of operating leases - IFRS 16	3,063	3,257
Total amortisation & depreciation	**26,371**	**28,494**
Write-down of goodwill	-	7,668
Write-down of property, plant and equipment	210	89
Total write-downs of fixed assets	**210**	**7,757**
Write-down of current receivables	326	(20)
Total write-downs	**326**	**(20)**
Depreciation, amortisation and write-downs	**26,907**	**36,231**

For further details on depreciation, amortisation and write-downs, reference should be made to the notes 1 and 2 on tangible and intangible assets.

Note n. 29: Provisions

The voice is composed as follows:

(Euro,000)	2025	2024
Provision for disputes	2,586	1,454
Others	(35)	(72)
Uses/releases provisions	(779)	(387)
Provisions for risks	**1,773**	**995**

As of December 31, 2025, provisions amounted to Euro 1,773 thousand, net of uses and releases of Euro 814 thousand. The main movements of the exercise refer to:

- Euro 670 thousand relating to provisions made for technical issues that may arise on certain supplies of the Parent Company;
- Euro 295 thousand of provisions for future charges which the subsidiary Metersit S.r.l. may incur for the dismantling of the batteries inserted in meters;
- Euro 1,182 thousand relating to provisions made for product warranties to cover potential defects that may arise in products sold, entirely attributable to the subsidiary Metersit S.r.l.;
- Euro 50 thousand for an additional provision for technical problems that could arise on certain supplies, entirely referring to the subsidiary Metersit S.r.l.;
- Euro 133 thousand of provisions for the costs of environmental remediation activities of land owned by the Company, recorded in the Parent Company

The main utilizations during the year relate to Euro 79 thousand concerning the use of the provision for risks and future charges following the recognition of contractual indemnities by the subsidiary Metersit S.r.l.
The main releases relate to the Parent Company for Euro 395 thousand due to the extinguishment of the obligation to compensate customers for specific claims, as well as Euro 144 thousand and Euro 118 thousand relating to the Tunisian companies (Sit Controls Tunisia S.u.a.r.l. and Plast Alfin S.u.a.r.l., respectively) in connection with seconded personnel of the companies.

Note n. 30: Other charges (income)

The account is broken down as follows:

(Euro,000)		
Other charges (income)	**2025**	**2024**
Miscellaneous recoveries	133	204
Prior year income	754	788
Gains on fixed assets	353	2,847
Grants	466	265
Other revenues	17	17
Other income	**1,723**	**4,121**
Misc. taxes & non-deductible costs	432	752
Losses on fixed assets	24	8
Associations	252	272
Prior year charges	83	152
Impairment on receivables	6	-
IMU Property tax	219	217
Misc. reimbursements	636	2,820
Other charges	1,042	897
Other charges	**2,694**	**4,119**
Other charges (income)	**970**	**998**

MISCELLANEOUS RECOVERIES

The item as at 31 December 2025 amounts to Euro 636 thousand, representing a decrease of Euro 2,184 thousand compared to the same period in 2024. In both years, the item mainly relates to commercial transactions entered into by Metersit S.r.l. with one of its main customers. For further information, please refer to Note 15.

Note n. 31: Gains/(Losses) from valuations of minority option liabilities

It refers to the fair value delta calculated on the liability deriving from the valuation of the put/call option on the minority share of Sit MBT S.r.l.. This difference is attributable to the change in the underlying hypotheses which leads to an increase in the recorded liability and the consequent recognition of an expense of Euro 626 thousand; as at 31 December 2024, the Group had instead recognized income of Euro 1,471 thousand compared to the grant date.

Note n. 32: Financial income

At December 31, 2025, Financial income amount to Euro 259 thousand and are composed as follows:

(Euro,000)	2025	2024
Interest income on bank accounts	49	38
Other interest income	134	89
Profits on derivative financial instruments	76	262
Financial income	**259**	**388**

PROFITS ON DERIVATIVE FINANCIAL INSTRUMENTS

As of December 31, 2025, the amount equal to Euro 76 thousand relates to the mark to market of the derivative contracts on foreign currencies, which do not comply with the company's formal hedging policy.

Note n. 33: Financial charges

Financial charges consist of:

(Euro,000)	2025	2024
Interest charges to holding company	250	173
Interest and other bank charges	3,700	7,021
Interest charges to third parties	359	609
Interest on bond loans	1,562	2,329
Other financial charges	-	36
Fair value of financial instruments	109	59
Financial charges for operating leases - IFRS 16	370	428
Financial charges	**6,350**	**10,655**

INTEREST CHARGES TO HOLDING COMPANY

The item equal to Euro 250 thousand relates to the interest accrued on the loan provided by the parent company Technologies S.A.P.A. of F.D.S S.S. equal to Euro 5 million, bearing interest at an annual rate of 5%, with capitalization of the related financial charges, subordinated to the financial debt of the Company as well as convertible into capital and/or equity of the Company.

INTEREST AND OTHER BANK CHARGES

The value of Euro 3,700 thousand includes Euro 2,778 thousand relating to charges on existing loans as indicated in the following table:

	Interest (*)	Amortized cost and debt renegotiation	Hedges renegotiation	Total
Bper Loan	2			2
CDP Loan	468	(102)		366
Pool SFA Loan	3,434	(214)	(1,006)	2,214
UCI/BEI Loan	251	(56)		195
	4,156	**(371)**	**(1,006)**	**2,778**

(*) The value also includes the effect of hedges

The item includes a further Euro 922 thousand, mainly relating to interest on short-term credit facilities.

INTEREST ON BOND LOANS

The amount of Euro 1,562 thousand entirely concerns the interest charges accruing in the period on the bond loan. For further information, reference should be made to the Directors' Report and to Note 14.

FINANCIAL CHARGES FOR OPERATING LEASES - IFRS 16

These are financial charges due to the discounting of liabilities relating to right of use of assets on operating lease, as defined in IFRS 16. For further information, reference should be made to Note 36.

Note n. 34: Net exchange gains (losses)

At December 31, 2025, net foreign exchange gains amounted to Euro 281 thousand and are composed as follows:

(Euro,000)	2025	2024
Realised exchange gains	4.618	3.700
Realised exchange losses	(4,285)	(3,768)
Unrealised exchange gains	692	566
Unrealised exchange losses	(744)	(800)
Net exchange gains and losses	**281**	**(302)**

Unrealised exchange gains refer to the positive differences on the conversion of the receivables and payables in foreign currencies at the period-end exchange rates. Unrealised exchange losses refer to the negative differences on the conversion of the receivables and payables in foreign currencies at the period-end exchange rates.
Net exchange gains and losses in 2025 amounted to a gain of Euro 281 thousand compared to a loss of Euro 302 thousand in the previous year due to the unfavourable trend in the exchange of invoicing to the Group's functional currency.

Note n. 35: Income taxes

The breakdown of Income taxes in 2025 and 2024 was as follows:

(Euro,000)	2025	2024
Current income taxes	4,438	2,795
Deferred tax charges	(1,783)	(2,042)
Deferred tax income	732	6,940
Income from tax consolidation	(1,599)	-
Taxes from previous year	123	(899)
Other	1,564	4,070
Income taxes	**3,475**	**10,865**

The tax item, compared to the previous period, is mainly affected by the partial write-down carried out in 2024 of deferred tax assets recognized by the Parent Company and some Italian subsidiaries participating

in the national tax consolidation. Following the update of the economic and financial projections over the plan horizon (2026–2030), Directors decided not to recognize deferred tax assets relating to deductible temporary differences arising during the year.
In addition, receivables for withholding taxes paid abroad deemed unrecoverable were written down for Euro 1,308 thousand. The Company will continue to periodically monitor the evolution of expected taxable results and the related forecasts, adjusting the recognition of deferred tax assets in line with any changes in the underlying assumptions and applicable regulations.
The IRES and IRAP tax rates applied by the Company to the estimated taxable income for the year are 24% and 4.08%, respectively, both for current taxation and for the determination of deferred taxation.

Reconciliation of theoretical and actual tax rates

Pre-tax profit	**31/12/2025**	**31/12/2024**
Adjustments for items not subject to taxation		
Pre-tax profit	**4,821**	**(20,707)**
Theoretical IRES in Italy 24.0%	**(1,157)**	**4,970**
Tax effect non-deductible costs	(785)	(1,914)
Tax effect on higher deductible costs	663	1,048
Tax effect on non-assessable income	-	(106)
Adjustments for prior period taxes	(88)	333
Tax Receivables	-	5
Other	(342)	161
Write-down of credits for withholdings paid abroad	(1,308)	(3,981)
Impairment losses imposed on prior year losses, ACE and timing	-	(4,688)
Deferred tax assets not accrued on Losses and timing for the year	(481)	(6,666)
Recovery of deferred tax assets from prior years not previously recognized	327	-
Difference the tax rate on foreign entities	144	(55)
IRAP	**(510)**	**(4)**
IRAP deferred tax charge	77	100
IRAP deferred tax income	145	(68)
Tax risk provisions	(161)	-
Tax at effective rate	**(3,475)**	**(10,865)**
Effective tax rate	**72.09%**	**-52.47%**

Note n. 36: Leasing contracts

The tables below summarise the effects on the Group financial statements at December 31, 2025 concerning the valuation of the “Right-of-use” (“ROU”) of assets from operating lease contracts, as required by IFRS 16 – Leases. For the indication of the balance sheet accounts which include these assets, reference should be made to Note 2.
Economic effects from assets consisting of the right-of-use (ROU) on the income statement for the period:

(Euro,000)	
Economic effect from ROU assets	**2025**
Operating lease contract charges	3,459
Contracts classified as short-term leases	30
Contracts classified as low-value assets	9
Total costs for services	**3,499**
Land & buildings	(1,380)
Industrial & commercial equipment	(589)
Other tangible assets	(1,094)
Total depreciation	**(3,063)**
Income from sub-leasing contracts	-
Sales and leaseback transaction	-
Total other charges/(income)	**-**
Interest charges on financial liabilities	(364)
Total financial charges	**(364)**

Effects on the balance sheet from right-of-use assets:

(Euro,000)	31/12/2025
Net investments accounted as ROU as at 1.1.2024	10,945
Increases in the year	980
Asset write-downs	(226)
Depreciation and amortisation of the year	(3,063)
Exch. diff.	(18)
Net investments accounted as ROU as at 31.12.2024	**8,618**
Payable for financial liabilities from ROU assets at 1.1.2024	11,716
Commitments in the year	980
Early settlements in the year	(226)
Cash outflows	(3,122)
Exch. diff.	(62)
Gross value of liabilities from ROU assets at 31.12.2024	**9,286**
Obligations for short-term lease contracts	3
Obligations for low-value asset contracts	11
Total obligations for lease contracts with recognition to costs of payments due	**14**

Effects on future cash flows from right-of-use assets:

(Euro,000)	31/12/2025
Within the year	2,474
Between 1 and 5 years	5,915
Over 5 years	896
Total liabilities deriving from operating lease contracts	**9,286**

Note n. 37: Earnings per share

The basic earnings per share is calculated by dividing the profit (loss) attributable to the ordinary shareholders of the Parent Company by the average weighted number of ordinary shares outstanding during the year.
The diluted earnings per share is calculated by dividing the profit (loss) attributable to the ordinary shareholders of the Parent Company by the average weighted number of ordinary shares outstanding during the year and the potential shares deriving from the exercise of all convertible bonds.
Information is shown below for the calculation of the basic and diluted earnings per share:

(Euro,000)

	31/12/2025	31/12/2024
Profit (loss) attributed to the ordinary shareholders of the Parent Company	1,345	(31,573)
Total profit/(loss) attributed to the ordinary shareholders of the Parent Company	**1,345**	**(31,573)**

(Euro,000)

Earnings per share	**31/12/2025**	**31/12/2024**
Weighted average number of ordinary shares, excluding treasury shares, to calculate basic earnings per share	24,467,419	24,396,560
Weighted average number of ordinary shares due to dilution effect	24,467,419	24,396,560
Basic earnings per share	**0.0550**	**(1.2942)**
Diluted earnings per share	**0.0550**	**(1.2942)**

Note n. 38: Share-based payments

At December 31, 2025, the company holds 636,813 treasury shares in order to service the long-term incentive plan for employees and/or collaborators of the company and/or subsidiary companies, in order to incentivise achievement of the medium-term plan, as further described in Note 12.
The table below shows the economic effects deriving from these instruments:

Costs deriving from share-based payment transactions	**2025**	**2024**
Costs from equity-settled share-based payment transactions	(376)	(196)
Costs from cash-settled share-based payment transactions	388	224
Total costs deriving from share-based payment transactions	**13**	**28**

EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS

On April 2021, the Shareholders' Meeting approved 3 new incentive plans, with the following characteristics:

- 2021-2025 Performance Shares Plan: provides for the identification and nomination by the Board of Directors of executives and employees of the company and/or of the subsidiaries, with the objective of:
    - better aligning the interests of management and the creation of shareholder value with a view to medium to long-term sustainability;
    - strengthening the motivation of management to pursue objectives that are not only profitable/business-related but that also create value for shareholders;
    - ensuring a high level of attraction and retention of key personnel, offering remuneration packages in line with market practice.

The Plan has a multi-year duration and is divided into 3 cycles ("rolling"), each of three years:

- The first cycle was completed during the 2024 financial year, with 72.5% of the targets achieved, resulting in the conversion of the units in the same proportion;
- The second cycle was completed in the first half of 2025, with 11.2% of the targets achieved, resulting in the conversion of the units in the same proportion;
- The third cycle will be completed in the 2026 financial year.

Restricted Shares Plan 2021–2023: completed during the 2024 financial year, with 100% of the targets achieved, resulting in the full conversion of the units granted.

Share-based compensation plan for the Advisory Board 2021–2023: completed in the 2024 financial year.

The following tables illustrate the number and weighted average exercise prices (PMPE) of options during the exercise:

	1H 2025	
2022-2024 Performance Shares Plan 2nd Cycle	**No. options**	**Weighted average price**
Outstanding at January 1	116,153	4,41
Assigned during the year	-	-
Cancelled during the year	(4,852)	4,41
Exercised during the year	(13,514)	4,41
Change in the year	(97,788)	4,41
Expired during the year	-	-
Outstanding at June 30	**-**	**-**
Exercisable at June 30	**-**	**-**

The fair value of the options granted is measured at the grant date, taking into account the terms and conditions under which the options were awarded. Specifically, for the performance shares plan, the model estimates the present value based on expected dividends and the discount rate over the vesting period.
The tables below set out the inputs used in the model applied to the plan adopted for the financial year ended 31 December 2021, which are also valid for the current financial year:

2022-2025 Performance Shares Plan Assumptions for the measurement of the plan fair value 2nd Cycle	2022
Weighted fair value at the measurement date	4.41
Dividend yield (%)	5.00
Interest free risk rate (%)	(2.45)
Expected useful life of the options (in years)	2.6

2023-2026 Performance Shares Plan Assumptions for the measurement of the plan fair value 3rd Cycle	2023
Weighted fair value at the measurement date	1.71
Dividend yield (%)	0.00
Interest free risk rate (%)	(3.10)
Expected useful life of the options (in years)	2.42

The expected volatility reflects the assumptions that the historical volatility is indicative of future trends which may not coincide with the actual outcome.
The expected useful life of the options is based on historical data and is not necessarily indicative of possible exercise profiles.

CASH-SETTLED SHARE-BASED PAYMENTS

Following the signing of the agreements relating to SIT Motors & Blowers Technology S.r.l., the instruments granted to the two minority quotaholders, who provide working activities to the subsidiary, are recorded as "Cash-settled share-based payment" instruments in accordance with the definition of IFRS 2 (for further information on the transaction, please refer to Note 17). The cost is recognised in the income statement pro rata temporis over the vesting period.
The following table lists the information with which the model used was fed:

Assumptions for the measurement of the plan fair value	2025
Discount factor	5.660%
Expected useful life of the options (in years)	3.42

OTHER INFORMATION

Disclosures by operating segment

Income Statement

2025

(Euro,000)	Heating & Ventilation	Gas Metering	Water Metering	Not allocated	Eliminations	Consolidated
Revenue from sales and services	227,425	61,820	34,894	182	-5,225	319,096
Operating costs	224,315	57,568	31,070	58	-5,225	307,786
EBIT	3,109	4,252	3,825	124	0	11,310

2024

(Euro,000)	Heating & Ventilation	Gas Metering	Water Metering	Not allocated	Eliminations	Consolidated
Revenue from sales and services	212,871	59,345	31,306	170	-4,154	299,538
Operating costs	229,563	57,866	27,738	60	-4,154	311,072
EBIT	(16,692)	1,479	3,568	111	0	(11,534)

Balance Sheet

2025

(Euro,000)	Heating & Ventilation	Gas Metering	Water Metering	Not allocated	Eliminations	Consolidated
Assets	271,704	80,495	46,424	59,362	-87,444	370,540
Liabilities	210,864	41,776	40,963	33,265	-58,504	268,365
Shareholders' Equity	60,839	38,719	5,461	26,097	-28,941	102,175

2024

(Euro,000)	Heating & Ventilation	Gas Metering	Water Metering	Not allocated	Eliminations	Consolidated
Assets	282,640	78,138	46,334	59,142	-79,489	386,765
Liabilities	226,664	33,378	43,506	32,176	-50,382	285,342
Shareholders' Equity	55,976	44,760	2,828	26,965	-29,107	101,422

Related party transactions

SIT has prepared procedures for related party transactions in accordance with Article 4 of the CONSOB Regulation concerning related party transactions. This Regulation was adopted by Consob with Resolution No. 17221 of March 12, 2010, as subsequently amended and updated and, most recently, with Consob Resolution No. 21623 and 21624 of December 10, 2020. The Procedures for Transactions with Related Parties was published on the Company's website www.sitcorporate.it (Corporate Governance, Governance Documents section). Reference should be made to the Directors' Report for further information.

Transactions with the parent company and other related parties
In addition to intra-group transactions, SIT's main transactions were with the parent company, Technologies SAPA of F.D.S. S.S. and with other related parties, such as Findest S.p.A., Aquametric Solutions S.A. and Hybitat S.r.l., a company over which Sit S.p.A. exercises significant influence in exchange for the commitment to subscribe to participatory financial instruments. As of December 31, 2025 SIT subscribed 20,909 SFPs for a total value of Euro1,648 thousand; such subscriptions include 6,409 PFIs that SIT acquired from E-NOVIA for Euro 198 thousand.
At the balance sheet date, the balances of transactions with the parent company and other related parties are shown in the following table:

31-dic-25	Revenues	Costs	Financial income	Financial charges	Financial receivables	Financial payables	Other receivables	Other payables
Technologies SAPA di F.D.S. S.S.	14	-	-	250	-	5,423	53	-
Holding company	**14**	**-**	**-**	**250**	**-**	**5,423**	**53**	**-**
Findest S.p.A.	19	-	-	-	-	-	2,184	1,065-
Hybitat S.r.l	41	77	-	-	1,648	-	158	-
Aquametric Solutions S.A.	228	-	100	-	-	-	670	
Transactions with other related parties	**288**	**77**	**100**	**-**	**1,648**	**-**	**3,012**	**1,065**

The following table shows the transactions with related parties in the previous financial year and reflects the control structure in place as at 31 December 2024:

31-dic-24	Revenues	Costs	Financial income	Financial charges	Financial receivables	Financial payables	Other receivables	Other payables
Technologies SAPA di F.D.S. S.S.	14	-	-	173	-	5,173	33	-
Holding company	**14**	**-**	**-**	**173**	**-**	**5,173**	**33**	**-**
Findest S.p.A.	34	4	-	71	-	-	2,968	-
Hybitat S.r.l	64	-	-	-	550	-	103	-
Aquametric Solutions S.A.	-	-	59				285	
Transactions with other related parties	**98**	**4**	**59**	**71**	**550**	**-**	**3,356**	**-**

The SIT Group's operating revenues towards Technologies SAPA di F.D.S. S.S., Findest S.p.A. and Hybitat S.r.l. relate to consulting and assistance services in the financial, administrative, tax and management control areas provided by the Company under service agreements.
With regard to the Group's transactions with Aquametric Solutions S.A., these mainly concern revenues from the design, production and sale of domestic water meters. Financial interest was also charged to

the company on the aforementioned loan, and production assets for water meters were sold to it.
It should be noted that SIT S.p.A., Findest S.p.A. and Metersit S.r.l. have opted, for the three-year period 2025–2027, for the National Tax Consolidation regime governed by Legislative Decree No. 344 of 12 December 2003, and in particular by Articles 117 to 129 of the Italian Income Tax Code (TUIR), with Findest S.p.A. acting as the consolidating entity and the other companies as consolidated entities, as resolved by their respective management bodies.
The subsidiary SIT Metering S.r.l. has joined the National Tax Consolidation regime for the three-year period 2023–2025, and the parent company Technologies SAPA di F.D.S. S.S. for the three-year period 2024–2026, both acting as consolidated entities.
Finally, it should be noted that since the 2020 tax year, Findest S.p.A., as the parent company, and SIT S.p.A. and Metersit S.r.l., as subsidiaries, have opted for the Group VAT settlement procedure pursuant to Article 73, last paragraph, of Presidential Decree No. 633/1972, as resolved by their respective management bodies. The subsidiary SIT Metering S.r.l. and the parent company Technologies SAPA di F.D.S. S.S. joined the Group VAT procedure starting from the 2021 and 2023 financial years, respectively. Starting from the 2025 financial year, SIT MBT S.r.l. has also joined both the National Tax Consolidation and the Group VAT settlement procedure as a consolidated entity.
As at 31 December 2025, the Group reports a receivable balance of Euro 1,119 thousand from the parent company Findest S.p.A..

Information on remuneration of Directors, Statutory Auditors and Independent Auditors

The remuneration of the administrative and control bodies and the independent auditors for the activities carried out by the Group during the year is as follows:

(Euro,000)	2025	2024
Director fees	937	937
Statutory auditor fees	166	161
Total	**1,103**	**1,098**

The Group paid the independent auditors and its network a fee of Euro 668 thousand, divided as follows:

(Euro,000)	2025	2024
Fees received by Deloitte & Touche S.p.A. for audit services	356	328
Limited examination of the Group's Sustainability Report	115	105
Fees received from other companies belonging to the Deloitte network for audit services on foreign investee companies	162	140
Fees received by the Deloitte network for audit services	**633**	**573**

(Euro,000)	2025	2024
Fees received by Deloitte & Touche S.p.A. for verification services for the issue of a statement	35	31
Fees received by other Deloitte network companies for verification services for the issue of a statement	-	-
Fees received by Deloitte network companies for verification services for the issue of a statement	**35**	**31**

Guarantees, commitments and off-balance sheet contingent liabilities

The off-balance sheet commitments of the Parent Company at December 31, 2025 were as follows.

	2025	2024
Other unsecured guarantees	41,629	45,610
Secured guarantees	-	-
Total guarantees	**41,629**	**45,610**

Other unsecured guarantees

Other unsecured guarantees issued by the Parent Company to third parties were as follows:

	2025	2024
In the interest of subsidiaries	41,448	45,374
In own interest	181	236
Total other guarantees	**41,629**	**45,610**

With regard to the personal guarantees issued in the interest of subsidiaries, these are guarantees issued in the interest of Metersit S.r.l. for Euro 41,448 thousand, in favour of the latter's customers in the context of tenders for the installation of Smart Gas Meters, it should be noted that Euro 6,382 thousand are co-bonds with the same subsidiary Metersit S.r.l.
The guarantees issued in the own interest mainly refer to the surety granted as a deposit following the signing of the lease agreement for the Rovigo property for Euro 60 thousand and to the surety granted as a guarantee for the reclamation works in the Padua area for Euro 121 thousand.

Secured guarantees

At the reporting date the company did not provide any secured guarantees.

Off-balance sheet transactions

SIT S.p.A. has in place with its customers, suppliers, workers and trade associations, other commercial and financial partners numerous contractual agreements that provide for reciprocal commitments of various types and of various durations, whose effects are recognised to the balance sheet to the extent of their compliance with the accounting standards applied, particularly with regards with the accruals principle,

while future effects are obviously not recorded to the balance sheet where complying with that established by the accounting standards.
However, the aforementioned agreements are all part of what can be defined as "normal industrial, commercial and financial management", considering the size and organizational complexity of SIT S.p.A..
By way of example and not limited to, we can mention: multi-year framework agreements with customers and suppliers, agreements with customers for the joint development of new products, consignment stock contracts both for purchase and sale, agency and distribution agreements, outsourcing agreements for assembly, warehousing, logistics management and other services.

Financial instruments recognised at Fair Value

The Group is exposed to financial risks relating to the following cases:

- Market risks: (i) exchange rate risk deriving from operations in currencies other than the functional currency of the companies and the Group; (ii) interest rate risk deriving from fluctuations in market interest rates; (iii) price risk deriving from changes in the market prices of certain raw materials used by the Group in its production processes;
- Credit risk deriving from commercial relationships with its customers;
- Liquidity risk relating to the availability of financial resources and access to the credit market.

SIT Group has in place corporate exchange rate risk management, interest rate risk management and liquidity management policies approved by the Board of Directors.
The purpose of these policies is to regulate, within a shared framework, the management approach, objectives, roles, responsibilities and operational limits in financial risk management activities.
Consistent with what is defined in the policies, the Group has centralized its operations in the parent company SIT S.p.A. the management of the financial risks of the subsidiaries by assuming the role of coordination of the processes, operational mechanisms and related organizational procedures at Group level.

Exchange rate risk

The Group is subject to the risk deriving from exchange rate fluctuations as it operates in an international context in which transactions are conducted in currencies other than the functional currency of the individual investee companies and the functional currency of the Group. The Group's exposure to exchange rate risk therefore derives from the geographical distribution of the markets in which it sells its products, the location of its production sites and the use of sources of supply denominated in different currencies.
During the 2025 financial year, in line with company policies, the Company carried out financial hedging transactions limited to the ordinary management of the Group's currency treasury, operating in this regard in the main currencies.
Foreign exchange risk hedging transactions outstanding at the balance sheet date and their fair value at the same date are shown in Notes 4 and 19.

Interest rate risk

The Group is exposed to the risk arising from fluctuations in market interest rates, as it holds assets and liabilities that are sensitive to changes in such rates.
SIT regularly assesses its exposure to interest rate risk and manages these risks also through the use of derivative financial instruments, in accordance with its internal policies. These policies define the financial instruments that may be used and prohibit speculative activities.
Notwithstanding the existence of such policies and compliance with interest rate risk management practices and procedures, sudden fluctuations in market rates could have adverse effects on the Group's business, financial position, results of operations and future prospects.
As at the reporting date, the Group has outstanding term loans and bonds with a nominal principal amount of Euro 116 million. These borrowings are currently hedged through Interest Rate Swap transactions or by fixing the interest rate, for a total amount of Euro 73.5 million, equivalent to 63.4% of the underlying exposure. The average fixed hedging rate is 3.46%.
The hedging transactions in place at the reporting date and their fair value at that date are disclosed in the Explanatory Notes; for the sensitivity analysis, reference should be made to the Directors' Report.

Risk of fluctuations in commodity prices

The SIT Group's production costs are influenced by the prices of some raw materials, such as copper, aluminium and lithium, as well as by the costs of electronic components, both as a result of direct purchases and due to price fluctuations affecting the purchase cost of components and semi-finished products that contain a significant proportion of these materials.
In order to mitigate these risks, SIT continuously monitors the availability of raw materials on the market, as well as price trends, in order to promptly identify any potential shortages and implement appropriate actions to ensure the necessary production continuity and maintain a competitive cost structure. Furthermore, when deemed appropriate in light of expected trends, the Group enters into financial hedging contracts to mitigate the risk of raw material price fluctuations.
The 2025 financial year did not record any significant disruptions in supply markets that would have caused price shocks or affected planning and delivery timelines. Inflationary pressures, although still higher than in recent years, have partially subsided. Volatility in transportation costs has persisted, often linked to localized geopolitical tensions, which have nonetheless had an impact on global supply chains. Energy prices have also declined compared to the previous year, although they remain exposed to sudden fluctuations due to exogenous and unpredictable factors.
However, in the latter part of the year, some raw materials with significant underlying financial markets (namely copper and aluminium) experienced a sharp increase in prices, a trend that has continued into the first months of 2026. This risk has been addressed by partially incorporating its impact into the 2026 budget forecasts, in order to assess overall implications and define appropriate mitigation actions. Nevertheless, it cannot be ruled out that, should the upward trend persist, the Group may face a negative economic impact, also considering the time lag required to pass such cost increases on to customers. In 2025, the market for electronic components largely returned to normal, although some part numbers used by the Group continue to be subject to very long delivery lead times.

Credit risk

The credit risk deriving from the normal operations of the Group companies with commercial counterparties is managed and controlled as part of the procedures for entrusting and monitoring the credit standing of customers with the aim of ensuring that sales are made to reliable and solvent customers. Credit management activities are coordinated by the Parent Company for all Group companies through periodic reporting and meetings and are based on the information available on the solvency of customers considering historical data and associating exposure limits for individual customers. In addition, the schedule of trade receivables is constantly monitored during the year in order to anticipate and promptly intervene on credit positions that present a greater degree of risk.
At the balance sheet date, there were no significant credit risk positions.
For further details on the breakdown of trade receivables, please refer to Note 7.

Liquidity risk

Liquidity risk may arise from the difficulty of finding the financial resources necessary to guarantee the Company's operations at economic conditions and within the required timeframe. With this in mind, SIT has adopted a series of policies aimed at optimizing the management of financial resources by reducing liquidity risk through:

- maintaining an adequate level of available liquidity;
- obtaining adequate credit lines;
- monitoring of prospective liquidity conditions with the support of internal business planning processes.

The Company's cash flows, financial requirements and temporary liquidity are closely monitored and managed centrally by the Parent Company, which carries out the Group's treasury and financial coordination activities with the aim of ensuring effective and efficient management of financial resources in relation to changes in the macroeconomic conditions of reference.

As described in greater detail in the section on Going Concern, starting from the Budget 2026 approved on 18 December 2025, the Directors prepared a new business plan for the period 2026–2030, which was subject to an Independent Business Review (“IBR”) carried out by an independent expert and approved by the Board of Directors on 7 April 2026 (the “Plan”).
These multi-year planning exercises formed the basis for the monthly cash flow forecasting over the 2026 and 2027 horizon, carried out to assess liquidity risk.
It should be noted that, for this purpose, taking into account significant financial maturities expected at the end of the first and second halves of 2027, the observation period was extended up to the end of 2027. This was done by referring, for 2026, to the forecasts used in the preparation of the monthly budget, and projecting into 2027 the historical seasonality trends and the effects of the actions set out in the Plan, taking into account operational details—both recurring and non-recurring—as well as financial aspects.
Starting from this base scenario, which does not include any interventions on the current financial structure, the financial cash flow planning was subjected to a series of stress tests on certain key assumptions, such as a reduction in revenues and a deterioration in margins, in order to also consider the potential short-term impact of any effects related to the conflict in Iran.

The cash flow profile resulting from the planning described above highlighted, in 2027, a funding requirement related to debt servicing—both interest and principal repayments—that is not fully covered by the cash flows expected from operating activities, even when combined with the resources available under the Group's current credit facilities. These shortfall indications, in conjunction with the repayment schedule of existing loans, had already emerged in last year's business plan, allowing the Group to take timely mitigating actions.
Starting from the last quarter of 2025, the Group has in fact initiated discussions with its main lending banks to carry out a transaction aimed at redefining its financial structure (the "Transaction"), with the objective of securing new resources to support the Plan and, at the same time, reshaping the repayment profile in line with expected operating cash flows.
Discussions with the banking pool have continued, led by a lead bank acting as global coordinator, and the Group is currently finalizing the supporting financial documentation and negotiating a term sheet for the Transaction. The completion of the Transaction is expected within the first half of 2026, thereby substantially mitigating the liquidity risks highlighted by the aforementioned financial planning and related stress tests.

The financial covenants were complied with during 2025, and the base-case scenarios included in the Budget and the Plan do not indicate any issues with compliance with contractual parameters. However, in order to assess the headroom related to these parameters, several stress scenarios were simulated—based on the base-case assumptions—at the semi-annual testing dates in 2026 and 2027.
The values of the contractual covenants in place as at 31 December 2025 and at the aforementioned dates are as follows:

	December 31, 2025	June 30, 2026	December 31, 2026	June 30, 2027	December 31, 2027
Leverage ratio (NFP/Ebitda adj)	3.9x	3.9x	2.9x	2.9x	2.8x
Interest cover (Ebitda adj/ Net financial charges)	4.0x	5.0x	5.0x	5.0x	5.0x
Debt / Equity (NFP/Equity)	1.5x	1.5x	1.5x	1.5x	1.5x
Liquidity Covenant (Minimum amount of liquidity and short-term lines available)	€5 million €7 million	n/a	n/a	n/a	n/a
Capex Covenant (Maximum annual level of investment)	€23.5 million	n/a	€19.3 million	n/a	€17.1 million

It should be noted that financial covenants are defined on the basis of the definitions contained in the loan agreements.

In particular, the stress test was aimed at assessing the impact on covenants relating to the Leverage ratio and the Interest Cover ratio of a reduction in the Group's revenues and/or margins, and showed that reasonable variations in the above base assumptions can be managed through the ordinary operational and financial levers available to the Group without breaching the contractual limits.
In light of the analyses performed, after having assessed the uncertainty factors related to the achievement of the objectives set out in the Plan—including revenue growth and operating income targets, the realization of the assumptions underlying the cash flow plan, and the completion of the

Transaction—and also taking into account the performance in the first months of the current financial year, the forecasts prepared, the actions that may be implemented to manage liquidity, as well as the progress of discussions with the banking pool regarding the Transaction, it is considered that the Group's financial commitments are consistent, in terms of both amount and timing, with current and prospective available resources, and that the existing financial covenants can be reasonably complied with.
It should also be noted that, in the event of completion of the Transaction, the type and level of financial covenants will be subject to renegotiation, in line with the expected profitability levels and the financial profile outlined in the Plan.

Financial instruments recognised at Fair Value

IFRS 13 defines the following three hierarchical fair value levels to which reference should be made for the measurement of financial instruments recorded in the balance sheet:

- Level 1: listed prices on active markets for identical assets or liabilities;
- Level 2: technical valuations (based on direct and indirect observable market data)
- Level 3: technical valuations (not based on observable market data)

With regards to the financial instruments recognised to the financial statements at *Fair Value* at December 31, 2024, the following table outlines the type of instrument, its value at the reporting date and the fair value hierarchy utilised:

Transaction type	Value at Dec 31, 25	Valuation criterion	Level 1	Level 2	Level 3
Interest Rate Swap	(450)	*Fair Value*		(450)	
Forex Forward	(5)	*Fair Value*		(5)	
Commodity Swap	-	*Fair Value*		-	

During the 2025 financial year, there were no transfers between the three fair value levels indicated in IFRS 13.
A similar table is shown for the financial instruments recorded at fair value as at December 31, 2024:

Transaction type	Value at Dec 31, 24	Valuation criterion	Level 1	Level 2	Level 3
Interest Rate Swap	(716)	*Fair Value*		(716)	
Forex Forward	(59)	*Fair Value*		(59)	
Commodity Swap	-	*Fair Value*		-	

For further details on the risks identified, please refer to the Directors' Report.

Market and competition law - Law No. 124 of August 4, 2017, paragraph 125

In compliance with the disclosure obligation referred to in paragraph 125 of art. 1 of Law 124/2017, replaced by Article 35 of Legislative Decree 34/2019, the contributions and subsidies received by the public administration are summarized below:

Agency	Grants received in accordance with Law 124/2017 Sec. 125	Title
4.Manager – Rome	6,000	Contribution provided for by Article 9, paragraph of the CCNL for executives
Simest S.p.A. – Rome	58,125	Subsidised loan for the Digital and Green Transition
SMACT s.c.p.a	1,500	Grant for technological innovation in processes and products
Fondimpresa - Rome	27,756	Reimbursement of the portion funded by Fondimpresa, training plan identified by code 389400
Total	**93,381**	

Events subsequent to the end of the financial year

With reference to events occurring after the end of the year, reference should be made to the section “Significant events after the reporting period” and "Outlook for the year".

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For the proposals to the Shareholders' Meeting on the allocation of the 2024 result, please refer to the specific part of the Directors’ Report.

Padua, April 15, 2026

The Chairman of the Board of Directors
(Mr. Federico de’ Stefani)

DECLARATION ON THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ART. 81-TER OF CONSOB REGULATION NO. 11971

Declaration on the Consolidated Financial Statements pursuant to Article 81-ter of Consob Regulation No. 11971 of May 14, 1999 and subsequent amendments and supplements

The undersigned Federico de' Stefani, Chairman and Chief Executive Officer, and Paul Fogolin, Executive Officer for Financial Reporting, of Sit S.p.A., declare, and also in consideration of Article 154-bis, paragraphs 3 and 4 of Legislative Decree No. 58 of February 24, 1998:

- The adequacy considering the company`s characteristics and
- The application of the administrative and accounting procedures for the compilation of the consolidated financial statements for the period January - December 2025.

In addition, we declare that the consolidated financial statements:

- corresponds to the underlying accounting documents and records;
- were prepared in accordance with International Financial Reporting Standards adopted by the European Union through Regulation (EC) No. 1606/2002 of the European Parliament and the Council of July 19, 2002 and also in accordance with Article 9 of Legislative Decree 38/2005 and provide a true and fair representation of the balance sheet, financial position and results of the company and of the consolidated companies;
- the Directors' Report includes a reliable analysis on the performance and operating result, as well as the situation of the issuer and of the companies included in the consolidation, together with a description of the principal risks and uncertainties to which they are exposed.

The English version of the consolidated financial statements of SIT Group constitutes a non-official version with regard to the provisions of the Commission Delegated Regulation (EU) 2019/815.

Padua, April, 15 2026

The Chief Executive Officer
Federico de' Stefani

The Executive Officer for Financial Reporting
Paul Fogolin

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
SIT S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of SIT S.p.A. and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as at December 31, 2025, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and explanatory notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of SIT S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona
Sede Legale: Via Santa Sofia, 28 - 20122 Milano | Capitale Sociale: Euro 10.688.930,00 i.v.
Codice Fiscale/Registro delle Imprese di Milano Monza Brianza Lodi n. 03049560166 - R.E.A. n. MI-1720239 | Partita IVA: IT 03049560166

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Impairment test of goodwill relating to Heating & Ventilation, Smart Gas Metering and Water Metering CGUs	
Description of the key audit matter	The consolidated financial statements as of December 31, 2025 include goodwill equal to Euro 63.3 million, allocated to Heating & Ventilation cash generating unit ("CGU") for Euro 37.5 million, to Smart Gas Metering CGU for Euro 17.2 million and to Water Metering for Euro 8.6 million. Goodwill, as required by "IAS 36 Impairment of Assets", is not amortized, but is subjected to impairment test at least annually by comparing the recoverable amount of the CGUs - determined as the value in use according to the "Discounted Cash Flows" methodology – with its carrying amount, which comprises goodwill and other tangible and intangible assets allocated to the CGUs. The impairment test related to the consolidated financial statements as of December 31, 2025 was approved by the Board of Directors on April 15, 2026. As a result of the impairment tests, no impairment losses were identified. The Directors' evaluation process is complex and based on assumptions regarding, among other things, the expected cash flows of the CGUs and the determination of appropriate discount rates (WACC) and long-term growth rate (g-rate). These assumptions are influenced by expectations about future performance and market conditions, which introduce elements of inherent uncertainty on the estimates. Given the relevance of the goodwill amount recorded in the financial statements, the subjectivity of the estimates related to the determination of the expected cash flows of the CGUs and the key variables of the impairment model, as well as the multitude factors that can influence the markets in which the Group operate, we considered the impairment test of goodwill attributable to the mentioned CGUs a key audit matter of the Group financial statements. The explanatory notes, with particular reference to Note 1 "Goodwill and Other intangible assets" provide information on goodwill, on impairment tests and on sensitivity analysis prepared by the Directors concerning the main parameters of the tests.
Audit procedures performed	As part of our audit, among other things, we performed the following procedures, also with the support of Deloitte network experts: • understanding of the relevant controls implemented for the preparation and approval of the impairment tests;

- examination of the methods used to determine the value in use of the Heating & Ventilation, Smart Gas Metering and Smart Water Metering CGUs, analyzing the methods and assumptions used, in preparing the impairment test;
- analysis of reasonableness of the main assumptions adopted to formulate the expected cash flows, also through sector data analysis and obtaining information from Management;
- analysis of actual data compared to the original plans to assess the nature of the deviations and the reliability of the business plan preparation process;
- evaluation of the reasonableness of discount rate (WACC) and long-term growth rate (g-rate);
- verification of the mathematical accuracy of the model used to determine the value in use of the CGUs;
- verification of the correct determination of the carrying amount of the CGUs;
- verification of the sensitivity analysis prepared by the Directors in terms of the relevance of the variations considered as well as of the mathematical accuracy;
- analysis of the adequacy and compliance of the disclosure provided in the financial statements on impairment test with respect to the requirements of IAS 36.

Going concern assessment

Description of the key audit matter

The consolidated financial statements as of December 31, 2025 report a profit of Euro 1.3 million (loss of Euro 31.6 million in 2024 and Euro 23.4 million in 2023), equity of Euro 102.2 million and net financial position of Euro 139.3 million (Euro 145.9 million in the previous year).

Directors considered it appropriate to use the going concern assumption in preparing the consolidated financial statements as of 31 December 2025 based on the improvements achieved during the year, the performance of operations in the first months of 2026, the economic and financial forecasts prepared for the years 2026 and 2027, the actions that can be taken to address any potential liquidity management pressures, as well as the status of ongoing discussions with banks regarding a proposed redefinition of the financial structure aimed at obtaining new resources to support the Group Business Plan related to the period 2026-2030 ("Business Plan"), approved by the Board of Directors on 7 April 2026 and subject to an Independent Business Review by an independent expert, and at the same time to redefine the repayment profile consistently with the expected operating cash flows.

Given the contraction in the results of the Group in 2023 and 2024, the financial needs that arise in the forecast cash flows in 2027, as well as the dynamics of the markets in which the Group operate, we considered

	the assessment of the appropriateness of the going concern assumption a key audit matter of the Group's financial statements. The "Going concern" paragraph of the explanatory notes contains the information provided by Directors regarding the considerations performed about the assessment of the appropriateness of the going concern assumption in the preparation of the consolidated financial statements considering the uncertainties associated with achieving the objectives set out in the Business Plan, the realization of the assumptions underlying the cash flows plan for the period 2026-2027 and the completion of the proposed redefinition of the financial structure of the Group.
Audit procedures performed	As part of our audit, among other things, we performed the following procedures: • understanding of the analyses performed by Directors regarding the assessment of the appropriateness of the going concern assumption; • examination of the agreements in place with banks; • examination of the new 2026-2030 Group's Business Plan and of the monthly cash flows prepared by Directors based on the business plan for the years 2026 and 2027 and analysis of the reasonableness of the related assumptions, also through the review of the Independent Business Review prepared by an independent expert appointed by the Company; • examination of the stress tests prepared by Directors based on the monthly cash flows plan; • meetings and discussion with Management of SIT S.p.A. on the relevant elements of the Directors' going concern assessment; • review of the minutes of the corporate bodies meetings of SIT S.p.A.; • analysis of the subsequent events that may have an impact on the going concern assessment; • examination of the appropriateness of the disclosures provided by Directors in the consolidated financial statements related to the going concern assumption.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of SIT S.p.A. has appointed us on April 26, 2018 as auditors of the Company for the years from December 31, 2018 to December 31, 2026.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of SIT S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the "Delegated Regulation") to the consolidated financial statements as at December 31, 2025, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements as at December 31, 2025 have been prepared in XHTML format and have been marked up, in all material respects, in accordance with the provisions of the Delegated Regulation.

Due to certain technical limitations, some information contained in the explanatory notes to the consolidated financial statements, when extracted from XHTML format in an XBRL instance, may not be reproduced in the same way as the corresponding information displayed in the consolidated financial statements in XHTML format.

Opinions and statement pursuant to art. 14 paragraph 2, sub-paragraphs e), e-bis) and e-ter) of Legislative Decree 39/10 and pursuant to art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of SIT S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of SIT Group as at December 31, 2025, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to:

- express an opinion on the consistency of the report on operations and of some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the consolidated financial statements;

- express an opinion on the compliance with the law of the report on operations, excluding the section related to the consolidated corporate sustainability reporting, and of some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98;

- make a statement about any material misstatement in the report on operations and in some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98.

In our opinion, the report on operations and the specific information contained in the report on corporate governance and ownership structure are consistent with the consolidated financial statements of SIT Group as at December 31, 2025.

In addition, in our opinion, the report on operations, excluding the section related to the consolidated corporate sustainability reporting, and the specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 are prepared in accordance with the law.

Deloitte.

With reference to the statement referred to in art. 14, paragraph 2, sub-paragraph e-ter), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

Our opinion on the compliance with the law does not extend to the section related to the consolidated corporate sustainability reporting. The conclusions on the compliance of that section with the law governing criteria of preparation and with the disclosure requirements outlined in art. 8 of the EU Regulation 2020/852 are expressed by us in the assurance report pursuant to art. 14-bis of Legislative Decree 39/10.

DELOITTE & TOUCHE S.p.A.

Signed by
Filippo Fabris
Partner

Padova, Italy
April 29, 2026

As disclosed by the Directors on page 304, the accompanying consolidated financial statements of SIT S.p.A. constitute a non-official version which has not been prepared in accordance with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

COMPANY'S FINANCIAL STATEMENTS AS AT DECEMBER 31, 2025

FINANCIAL STATEMENTS

BALANCE SHEET

(in Euro)	Note	December 31, 25	December 31, 24
Goodwill	1	48,715,912	48,715,912
Other intangible assets	1	18,715,283	20,977,410
Property, plant and equipment	2	58,248,639	64,732,676
Investments	3	84,366,098	82,487,529
Non-current financial assets	4	28,469,133	27,106,505
Deferred tax assets	18	4,872,425	4,914,139
Non-current assets		**243,387,490**	**248,934,171**
Inventories	5	29,002,125	26,650,581
Trade receivables	6	52,287,341	63,077,426
Other current assets	7	2,059,209	2,231,252
Tax receivables	8	1,468,266	99,498
Other current assets	9	15,298,758	15,571,801
Cash and Cash Equivalents	10	1,734,918	6,275,548
Current assets		**101,850,616**	**113,906,106**
Total assets		**345,238,106**	**362,840,277**
Share capital	11	96,162,195	96,162,195
Total Reserves	12	(1,769,278)	37,797,849
Net Profit		(7,477,861)	(38,662,289)
Shareholders' Equity		**86,915,056**	**95,297,755**
Medium/long-term loans and borrowings	13	57,343,746	76,609,704
Other non-current financial liabilities and derivative financial instruments	14	48,844,341	50,257,414
Provisions for risks and charges	15	2,667,975	2,542,277
Post-employment benefit provision	16	2,917,108	3,456,815
Other non-current liabilities	17	591,793	223,942
Deferred tax liabilities	18	3,764,190	4,720,611
Non-current liabilities		**116,129,153**	**137,810,763**
Short-term loans and borrowings	19	28,494,535	18,894,142
Other current financial liabilities and derivative financial instruments	20	47,552,124	37,333,081
Trade payables	21	57,081,769	63,835,710
Other current liabilities	22	8,889,917	9,668,826
Tax payables	23	175,552	0
Current liabilities		**142,193,897**	**129,731,759**
Total Liabilities		**258,323,050**	**267,542,522**
Total Shareholders' Equity and Liabilities		**345,238,106**	**362,840,277**

STATEMENT OF INCOME

(in Euro)	Note	2025	2024
Revenues from sales and services	**24**	**220,157,466**	**209,056,906**
Raw materials, ancillaries, consumables and goods	25	138,240,048	130,342,982
Change in inventories	25	(2,205,551)	2,811,613
Service costs	26	34,640,463	30,197,189
Personnel expense	27	36,570,136	39,607,696
Depreciation, amortisation and write-downs	28	14,830,522	35,439,217
Provisions for risks	29	408,554	122,300
Other charges (income)	30	1,158,387	2,588,717
EBIT		**(3,485,093)**	**(32,052,808)**
Investment income/(charges)	31	-	8,800,000
Financial income	32	1,801,565	2,769,469
Financial charges	33	(6,541,803)	(10,745,532)
Net exchange gains (losses)	34	269,611	(207,892)
Impairments on financial assets		-	-
Profit before taxes		**(7,955,720)**	**(31,436,763)**
Income taxes	35	(477,858)	7,225,526
Net Profit		**(7,477,861)**	**(38,662,289)**

STATEMENT OF COMPREHENSIVE INCOME

(Euro)	**2025**	**2024**
Net Profit	**(7,477,861)**	**(38,662,289)**
Other comprehensive income statement items which may be subsequently reclassified to the profit/(loss) for the year, net of taxes:		
Change in Cash Flow Hedge reserve	(754,690)	(2,344,410)
Income taxes	181,126	562,658
Taxes (rate adjustment)	-	-
Total other comprehensive income statement items which may be subsequently reclassified to the profit/(loss) for the year, net of taxes	**(573,565)**	**(1,781,752)**
Other comprehensive income statement items which may not be subsequently reclassified to the profit/(loss) for the year, net of taxes:		
Unrealised actuarial gains	53,475	(23,993)
Income taxes	(12,834)	5,758
Total other comprehensive income statement items which may not be subsequently reclassified to the profit/(loss) for the year, net of taxes	**40,641**	**(18,234)**
Total other comprehensive income/(expense) for the year, net of taxes:	**(532,924)**	**(1,799,986)**
Total comprehensive income/(expense)	**(8,010,785)**	**(40,462,275)**

STATEMENT OF CASH FLOWS

(Euro)	Note	2025	2024
Net profit		(7,477,861)	(38,662,289)
Amortisation, depreciation & write-downs	28	14,790,522	35,439,217
Provisions		1,047,698	561,344
(Capital gains)/losses on disposal of assets		(123,030)	(28,396)
Other non-cash adjustments		(182,633)	(250,255)
Non-cash adjustments		742,035	282,694
Income taxes	35	(477,858)	7,225,526
Net financial charges	32 - 33	4,740,237	7,976,063
(Dividends)	31	-	(8,800,000)
CASH FLOW FROM CURRENT ACTIVITIES (A)		**12,317,075**	**3,461,212**
Changes in assets and liabilities:			
Inventories	5	(2,351,544)	(1,713,291)
Trade receivables	6	10,750,085	(6,276,903)
Trade payables	21	(5,181,202)	6,634,071
Decrease/(increase) in prepayments and accrued income		228,653	(138,776)
Increase/(decrease) in accrued expenses and deferred income		256,300	95,045
Other changes in net working capital		(4,011,410)	(1,619,710)
Other assets and liabilities		(3,526,456)	(1,663,441)
CASH FLOW GENERATED (ABSORBED) FROM CHANGES IN WORKING CAPITAL (B)		**(309,117)**	**(3,019,564)**
CASH FLOW FROM OPERATING ACTIVITIES (A + B)		**12,007,958**	**441,648**
Investing activities:			
Investments in property, plant & equipment		(6,168,804)	(7,927,784)
Other changes in property, plant & equipment		2,384,302	3,004,200
Investments in intangible assets	1	(1,750,867)	(6,548,168)
Other changes in intangible assets		2	8,518
Investment in financial assets		(2,618,000)	(2,080,000)
Investments in non-current financial assets		521,283	(1,244)
CASH FLOW FROM INVESTING ACTIVITIES (C)		**(7,632,084)**	**(13,544,478)**
CASH FLOW FROM OPERATING & INVESTING ACTIVITIES (A + B + C)		**4,375,874**	**(13,102,830)**
Financing activities:			
Interest paid		(5,823,323)	(4,558,320)
Repayment of non-current financial payables	13 - 14	(10,459,823)	(11,693,230)
Increase (decrease) in short-term bank payables		304,671	(1,315,702)
New loans	13 - 14	913,619	2,882,825
Increase/(decrease) in loans from parent company		-	5,000,000
(Increase)/decrease in loans to subsidiaries		(565,726)	5,148,193
Change in current accounts with subsidiaries		10,086,984	13,500,153
(Increase)/decrease in other financial payables		(3,372,907)	(1,177,246)
Dividends received		-	8,800,000
CASH FLOW FROM FINANCING ACTIVITIES (D)		**(8,916,504)**	**16,586,673**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C + D)		**(4,540,630)**	**3,483,843**
Cash & cash equivalents at beginning of the year		**6,275,548**	**2,791,705**
Increase (decrease) in cash and cash equivalents		(4,540,630)	3,483,843
Cash & cash equivalents at end of the year		**1,734,918**	**6,275,548**

STATEMENT OF CHANGES IN EQUITY

(Euro)

IFRS standards	Share capital	Share premium reserve	Legal reserve	Share capital increase	Treasury shares reserve	OTHER RESERVES: Cash Flow Hedge reserve	OTHER RESERVES: Actuarial reserve	OTHER RESERVES: Extra, reserve	OTHER RESERVES: L,T,I, reserve	OTHER RESERVES: Total other reserve	Retained earnings/accum. losses	Net profit (loss)	Shareholders' Equity
December 31, 2023	**96,162,195**	**10,359,557**	**19,232,439**	**16,615,618**	**(6,732,904)**	**2,206,741**	**(69,097)**	**24,726,475**	**2,046,445**	**28,910,564**	**-**	**(29,318,833)**	**135,954,382**
Allocation of 2023 Result	-	-	-	-	-	-	-	(24,726,475)		(24,726,475)	(3,866,613)	29,318,833	-
Dividend Approval										-			-
2024 Result	-	-	-	-	-	-	-	-	-	-	-	(38,662,289)	(38,662,289)
Other comprehensive profits (losses):													
Cash flow hedges	-	-	-	-	-	(1,781,752)				(1,781,752)	-	-	(1,781,752)
Adjustment post-em, bens,							(18,234)			(18,234)	-	-	(18,234)
Comprehensive profit/(loss)	-	-	-	-	-	**(1,781,752)**	**(18,234)**	-	-	**(1,799,986)**	-	**(38,662,289)**	**(40,462,275)**
Employee L.T.I. movements	-	(314,870)	-	-	1,404,991	-	-	103,281	(1,387,753)	(1,284,472)	-	-	(194,352)
December 31, 2024	**96,162,195**	**10,044,687**	**19,232,439**	**16,615,618**	**(5,327,913)**	**424,989**	**(87,331)**	**103,281**	**658,692**	**1,099,630**	**(3,866,613)**	**(38,662,289)**	**95,297,755**
Allocation of 2024 Result	-	-	-	-	-	-	-	-		-	(38,662,289)	38,662,289	-
Dividend Approval										-			-
2025 Result	-	-	-	-	-	-	-	-	-	-	-	(7,477,861)	(7,477,861)
Other comprehensive profits (losses):													
Cash flow hedges	-	-	-	-	-	(573,565)	-	-	-	(573,565)	-	-	(573,565)
Adjustment post-em, bens,							40,641			40,641	-	-	40,641
Comprehensive profit/(loss)	-	-	-	-	-	**(573,565)**	**40,641**	-	-	**(532,924)**	-	**(7,477,861)**	**(8,010,785)**
Employee L.T.I. movements	-	(83,256)	-	-	142,823	-	-	4,068	(435,549)	(431,481)	-	-	(371,914)
December 31, 2025	**96,162,195**	**9,961,431**	**19,232,439**	**16,615,618**	**(5,185,090)**	**(148,575)**	**(46,690)**	**107,349**	**223,143**	**135,226**	**(42,528,901)**	**(7,477,861)**	**86,915,056**

For further details on the breakdown of shareholders' equity, reference should be made to Notes 11 and 12 of the Explanatory Notes.

EXPLANATORY NOTES

GENERAL INFORMATION

SIT S.p.A. (hereinafter, the Parent Company, SIT or the Company), based in Padua and whose shares are listed on the MTA market managed by the Italian Stock Exchange. The company is entered in the Companies Register of Padua at No. 04805520287 with registered office in Viale dell'Industria No. 34, Padua (PD).
The Company develops and manufactures high-precision devices for measuring consumption and safety, control and comfort systems and high efficiency of heating and ventilation appliances. These financial statements were approved by the Board of Directors on April 15, 2026 and authorised for publication on the website www.sitgroup.it by April 30, 2026.
The financial statements are subject to the approval of the Shareholders' Meeting.
It is noted that on November 28, 2018 trading began of SIT's ordinary shares and warrants on the main index of the Italian Stock Exchange (Mercato Telematico Azionario) ("MTA") organised and managed by Borsa Italiana. Trading began following communication No. 0485808/18 of November 22, 2018 in which the Stock Market regulator - CONSOB approved the information prospectus and the provisions issued by the Italian Stock Exchange on November 20 and 26, 2018 with which it approved respectively the admission for trading of the shares and of the warrants of the Company and the commencement date of trading.
SIT S.p.A. decided that it would apply the option as per Article 70, paragraph 8 and Article 71, paragraph 1-bis of Consob Regulation No. 11971/99 (and thereafter) and, therefore, that it would employ the exemption from publication of a disclosure document concerning significant merger, spin-off, and share capital increase operations through conferment of assets in kind, acquisitions and sales.

BASIS OF PREPARATION

SIT S.p.A. financial statements at December 31, 2025 were prepared in accordance with the international accounting standards (IFRS/IAS) issued by the International Accounting Standards Board (IASB) and adopted by the European Union, including all interpretations of the International Financial Reporting Interpretations Committee (IFRIC).
The financial statements of the company comprise:

- the balance sheet classified by current and non-current assets and liabilities based on their realisation or settlement within the normal operating cycle, not more than 12 months subsequent to the reporting date;
- the statement of income which classifies costs and revenues by type, which is considered more representative than a breakdown by operating segment; The presentation reflects the internal reporting systems of the Group's business;
- the statement of comprehensive income;
- the statement of cash flows drawn up according to the indirect method;
- the statement of changes in equity;
- corresponding explanatory Notes containing the disclosure required by applicable legislation and by the reference international accounting standards.

The financial statements have been prepared based on the historical cost principle, except for derivative financial instruments which have been recognised at fair value.
The Company's financial statements are denominated in Euro, the company's functional currency in accordance with Article 5, paragraph 2 of Legislative Decree No. 38 of February 28, 2005 and in compliance with IAS 1.
The accounting standards and policies applied for the preparation of the Company's financial statements at December 31, 2025 are the same as those adopted for the separate financial statements at December 31, 2024.
The Company's financial statements were audited by the company Deloitte & Touche S.p.A..

Going concern

In 2025, the Group, of which the Company is the operating holding and main entity of the Heating & Ventilation division, recorded a growth in consolidated revenues of 6.5% compared to 2024, with a significant improvement in operating performance benefiting from increases in volumes and consolidating the effects of the reorganization and efficiency actions launched during 2024. Sales growth was recorded in all three divisions, with particular significance for the performance of Heating & Ventilation, which had suffered the sharpest reductions in recent years. In fact, in this division, the 2025 financial year marks a phase of recovery and normalization of the market compared to the discontinuity manifested in 2023 and 2024 due to the lack of incentives for final demand and regulatory uncertainty in terms of energy transition and consequently regarding the phase-out times of traditional technologies related to combustion.
This context of disruption in the sector has gradually become normalised and the technological and market guidelines – certainly characterised by a progressive growth in the electrification of domestic heating appliances – are now accompanied by policies of technological neutrality that make it possible to adopt, over medium and long-term horizons, appliances that comply with certain emission levels regardless of the type of technology/fuel used.
These prospects - specific to the European market in particular - together with the implementation by the Heating & Ventilation Division of product development strategy aimed at favouring geographical diversification and the application segment - less residential and more commercial and industrial - have laid the foundations for the growth achieved in 2025 and positive prospects for the future.
The 2025 financial year saw sales growth of 5.8% year-on-year for the Heating & Ventilation division (+7.6% on a like-for-like exchange rate basis), with the Italy and America geographical areas growing by 9.8% and 24.3% respectively.
As far as Metering is concerned, the Smart Gas Metering Division achieved sales growth of 3.1% in 2025; In the residential meter segment, growth was 16.4% and it should be considered that 2024 was a challenging comparison since it had seen the significant contribution of the design and development project for the new meter of a leading Italian operator, whose production is scheduled for 2027.
Water Metering recorded robust growth, with sales up 12.3%, confirming the fundamentals of the sector and the effectiveness of the product portfolio expansion policy.
The described sales trend made it possible to achieve positive operating results (EBITDA up 53.3% to Euro 37.9 million) thanks to the reorganization and efficiency actions launched in particular during 2024 and having a tail end also in 2025. The result was a financial profile in line with the forecasts made during the year, which made it possible to comply with the covenants set out in the loan agreements and close the year with a net financial position of Euro 139.3 million and liquidity of Euro 14.7 million.

The budget for the 2026 financial year, approved by the Board of Directors on 18 December 2025, (hereinafter, the "2026 Budget" or "Budget") envisages a "low single digit" growth in consolidated revenues thanks to the contribution of the Heating & Ventilation and Water Metering divisions, while Smart Gas Metering marks a reduction, especially on the Italian market, due to the timing of sales of the aforementioned meter, now scheduled for 2027.

As regards Heating & Ventilation, the fundamental trends recorded in 2025 were also confirmed in Budget, with "high single digit" growth in the American market, despite a negative impact of exchange rates, due to progressive growth in the Storage Water Heating segment. The trend expected for components for Cooker Hoods is significant thanks to the acquisition of new customers and market shares, confirming the success of the SIT MBT initiative in the particular context of a market affected by consolidation through M&A transactions, which offers structural opportunities to the SIT Group.

As far as Water Metering is concerned, growth is expected in kits for the OEM customer segment but above all in Smartio, the new smart meter launched at the end of 2024. Turnover in this sector is expected to grow "low double digit", confirming the development path undertaken since the acquisition of Janz by the Group.

The 2026 Budget envisages an improvement in the operating result thanks to the effects of the reorganisation and efficiency measures implemented in recent years, which will allow for greater flexibility and better operating leverage. The Budget projections confirm, also in the monthly details, compliance with covenants and all financial commitments for the period with a net financial position in reduction at the end of the year.

It should be noted that, at the moment, the Budget does not include impacts deriving from the conflict in Iran. In this regard, the Group does not have any activities or operations in the geographies affected by the conflict and the share of indirect turnover linked to that market is not significant. The impact deriving from the conflict obviously concerns the costs of materials – in particular those related to the petrochemical sector, such as plastics and rubbers – as well as some electronic components and the cost of transport and energy. At the moment, there have been no critical issues related to the availability of freight or transport, although the knock-on effect linked to the blocking of commercial traffic in some geographical areas could occur a few months later. The Group has already taken an informative action towards customers, reserving the right to review prices to mitigate the impact of any higher costs encountered.

During the first months of 2026, on the basis of the Budget, the Group updated its business plan with reference to the period 2026 – 2030, which was subjected to an Independent Business Review ("IBR") by an independent expert and approved by the Board of Directors on 7 April 2026 (hereinafter, the "Plan").

The Plan confirms the Group's fundamental development guidelines in the changed context and objectives in terms of revenues, and therefore results, which take into account what has been achieved in 2025 and envisaged in the 2026 Budget.

In the Heating & Ventilation sector, the forecasts for the evolution of the European residential heating market - the Division's traditional market, based on components for hydronic appliances that manage both heating and domestic hot water - have been updated to take into account the recent final trend and also the downsizing of the sales forecasts for electric heat pumps, one of the main technological threats as an alternative product to boilers, due to the high purchase and management costs, redefining, for the benefit of the Group, the phase-out times of traditional technologies related to combustion.

The Plan, on the other hand, provides for a strengthened direction of development in the field of commercial applications or dedicated to sectors such as HoReCa both for components related to combustion (methane, biogas or hydrogen), also with new products specific to the US market, and for

components in the heat pump sector. Also in the USA, after the slowdown in the construction of new homes due to inflation in recent years, growth is expected over the period of the Plan for fireplace components, where the Group holds a high market share, and a return to the water heating sector, with growth in sales of the new electronic valve. Growth is confirmed in sectors not related to heating such as ventilation for kitchen hoods and CMV - Controlled Mechanical Ventilation. The contribution expected from the Cooker Hoods segment is significant, validated, as described above, by customer acquisition and market share during 2025.
The development lines of the Metering segments, both Smart Gas Metering and Water Metering, are defined and based on the important investments that utilities in the sector are planning and making for the digitization and modernization of distribution networks. In the context of Smart Gas Metering, the Plan's forecasts are also supported by the tenders acquired in the meantime during the year both in Italy, as part of Italgas' strategy to install the Nimbus meter, and abroad, thanks to the tender won in the Netherlands and the contract signed in the UK. Water Metering is expected to grow thanks to the introduction of Smartio – the smart meter introduced at the end of 2024 whose product range is being expanded – and the growing switch to hybrid products from traditional mechanics.
The IBR carried out by the independent expert analysed the main market assumptions for the various product segments and for the main geographies of interest, also in light of the regulatory context of the EU, USA and China macro-areas and the competitive scenario in which the Group operates.
The main growth assumptions assumed by the Group were analysed, verifying the actions underway or envisaged in the Plan to support revenue forecasts.
Overall, the expert's assessment was positive, confirming the underlying strategic rationales and the feasibility of the Plan, while highlighting the most ambitious growth assumptions in certain market segments. These reports were the basis for carrying out some sensitivity analyses on the economic and financial profiles, which mainly concerned the expected timing of growth, with the development of alternative simulations that consider, in some segments/markets, a slowdown or a distribution over more diluted horizons.
The set of sensitivities carried out on the Plan and the simulations developed confirmed the reasonableness of the assumptions underlying it.
The Directors point out, however, that the Plan is based on a set of assumptions, which also include assumptions relating to future events that may not necessarily occur in the time and manner envisaged.
Coming to short-term planning, taking into account significant financial deadlines expected at the end of the first and second half of 2027, the observation period has been extended until the end of 2027, referring for 2026 to the forecasts used for the preparation of the monthly budget and projecting the trend of historical seasonality and the effect of the actions envisaged in the Plan to 2027, taking into account the operational details, current and non-recurring, as well as financial.
Starting from this base scenario without interventions on the current financial structure, the planning of cash flows was subjected to a series of stress tests on some key assumptions such as the reduction in turnover and the worsening of margins, also useful for considering the short-term impact of any effects related to the war in Iran.
The cash profile resulting from the planning described showed in 2027 a financial requirement related to debt service – both for interest and repayments – which is not fully covered by the cash flows expected from operations integrated by the resources available from the current credit lines currently available to the Group. This evidence of shortfall, in conjunction with the deadlines of the amortization plan of existing loans, had already emerged in last year's business plan, allowing the Group to start appropriate mitigation actions in time.

Starting from the last quarter of 2025, in fact, the Group has started the necessary discussions with the main banks with which it operates to carry out an operation to redefine the financial structure of the same (the "Transaction") aimed at obtaining new resources to support the Plan and at the same time remodulate the repayment profile in line with the expected operating flows.
The dialogue with banks continued, led by a bank with the role of global coordinator and, at the moment, the Group is completing the financial documentation supporting and negotiating a term sheet of the Transaction. The timing for the closing of the Transaction is expected by the first half of 2026, thus making it possible to substantially mitigate the liquidity risks that emerge from the aforementioned financial planning and related stress tests.
The Directors then assessed the uncertainty profiles related to (i) the achievement of the objectives set out in the Plan, including the revenue and operating income growth targets, (ii) the realisation of the assumptions underlying the cash flows plan and (iii) the completion of the Transaction.
In consideration of the performance of the first months of the current year, the forecasts made, the actions that may be taken for liquidity management, as well as the progress of discussions with banks regarding the Transaction, the Directors believe that the Group will be able to fulfil its obligations in the foreseeable future and have therefore deemed it appropriate to use the going concern assumption in the preparation of the consolidated financial statements as at 31 December 2025.

IFRS Accounting Standards, Amendments and Interpretations applied from January 1, 2025

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Company from January 1, 2025:

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability.

The amendment, issued by IASB on 15 August, requires an entity to identify a methodology to be applied consistently in order to determine whether a currency can be converted into another and, when this is not possible, how to determine the exchange rate to be used and the disclosures to be provided in the notes to the financial statements. The adoption of this amendment has had no impact on the Company's Financial Statements.

Accounting standards, amendments and IFRS interpretations approved by the European Union as of December 31, 2025, not yet mandatory and not adopted in advance by the Group as of December 31, 2025

As of the reference date of this document, the competent bodies of the European Union have still completed the approval process necessary for the adoption of the amendments and principles described below, but these standards are not necessarily applicable and have not been adopted in advance by the Group as of 31 December 2025:

Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7

On May 30, 2024, IASB published the document "Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7". The document clarifies certain issues that emerged from the post-implementation review of IFRS 9, including the accounting treatment of financial assets whose returns vary upon the achievement of ESG targets (i.e. green bonds). In particular, the amendments aim to:

- clarify the classification of financial assets with variable returns linked to environmental, social and corporate governance (ESG) objectives, and the criteria to be used for the SPPI test assessment;
- determine that the settlement date of liabilities through electronic payment systems is the date on which the liability is extinguished. However, an entity is allowed to adopt an accounting policy to derecognize a financial liability before the cash is delivered on the settlement date, subject to the presence of specific conditions.

With these amendments, IASB has also introduced additional disclosure requirements, particularly regarding investments in equity instruments designated at FVOCI. The amendments will apply from financial statements for periods beginning on or after January 1, 2026. The directors do not expect a significant impact on the Company's Financial Statements from the adoption of this amendment.

Contracts Referencing Nature-dependent Electricity – Amendment to IFRS 9 and IFRS 7

On December 18, 2024, IASB issued an amendment titled "Contracts Referencing Nature-dependent Electricity – Amendment to IFRS 9 and IFRS 7". The document aims to support entities in reporting the financial effects of contracts for the purchase of electricity generated from renewable sources (often structured as Power Purchase Agreements). Under these contracts, the quantity of electricity generated and purchased may vary depending on uncontrollable factors such as weather conditions. IASB introduced targeted amendments to IFRS 9 and IFRS 7. The amendments include:

- a clarification regarding the application of the "own use" requirements to this type of contracts;
- criteria to allow these contracts to be accounted for as hedging instruments; and
- new disclosure requirements to enable financial statement users to understand the effect of these contracts on an entity's financial performance and cash flows.

The amendment will apply from January 1, 2026, although early adoption is permitted. The directors are currently assessing the potential effects of the introduction of this amendment on the Company's Financial Statements.

Annual Improvements Volume 11

On July 18, 2024, IASB published a document titled "Annual Improvements Volume 11". The document includes clarifications, simplifications, corrections and changes aimed at improving the consistency of various IFRS Accounting Standards. The standards amended are:

- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures and the related implementation guidance of IFRS 7;
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements; and
- IAS 7 Statement of Cash Flows.

The amendments will apply from January 1, 2026, although early adoption is permitted. The directors are currently assessing the potential effects of the introduction of these amendments on the Company's Financial Statements.

Accounting standards, amendments and interpretations of IFRS not yet adopted by the European Union as at December 31, 2025

As of the reference date of this document, the competent bodies of the European Union have not yet completed the approval process necessary for the adoption of the amendments and principles described below.

IFRS 18 Presentation and Disclosure in Financial Statements

On April 9, 2024, IASB published a new IFRS 18 standard Presentation and Disclosure in Financial Statements which will replace IAS 1 Presentation of Financial Statements. The new standard aims to improve the presentation of the main financial statements and introduces important changes with reference to the income statement. In particular, the new standard requires to:

- Classify revenues and expenses into three new categories (operating section, investment section and financial section), in addition to the categories taxes and discontinued operations already present in the income statement;
- Introduce two new sub-totals, operating income and earnings before interest and taxes (i.e. EBIT).

The new standard also:

- Requests more information on the performance indicators defined by management;
- introduces new criteria for the aggregation and disaggregation of information; and,
- introduces some changes to the cash flow statement format, including the requirement to use the operating result as a starting point for the presentation of the cash flow statement prepared using the indirect method and the elimination of some classification options for some currently existing items (such as interest paid, interest received, dividends paid and dividends received).

The new standard will come into force from January 1, 2027, but early application is allowed. The directors are currently assessing the possible effects of the introduction of this new standard on the Company's Financial Statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

On May 9, 2024, IASB published a new standard IFRS 19 "Subsidiaries without Public Accountability: Disclosures" (together with the Amendments to IFRS 19 Subsidiaries without Public Accountability: Disclosures issued on August 21, 2025). The new standard introduces some simplifications with reference to the disclosures required by the other IAS-IFRS standards. This principle can be applied by an entity that meets the following main criteria:

- It has not issued equity or debt instruments listed on a market and is not in the process of issuing them;
- It has its own parent company that prepares consolidated financial statements in accordance with IFRS

The new standard will come into force from 1 January 2027, but early application is allowed. The directors do not expect the adoption of this amendment to have a material effect on the Company's Financial Statements.

Translation to a Hyperinflationary Presentation Currency – Amendment to IAS 21

On November 13, 2025 IASB published a document titled "Translation to a Hyperinflationary Presentation Currency – Amendment to IAS 21" that clarify the translation procedures for an entity whose presentation currency is that of a hyperinflationary economy. An entity applies the amendments if:

- its functional currency is that of a non-hyperinflationary economy and it is translating its results of operations and financial position into the currency of a hyperinflationary economy; or,
- it is converting the results of operations and financial position of a foreign operation whose functional currency is that of a non-hyperinflationary economy into the currency of a hyperinflationary economy.

The new standard will come into force from 1 January 2027, but early application is allowed. The directors do not expect the adoption of this amendment to have a material effect on the Company's Financial Statements.

IFRS 14 – Regulatory Deferral Accounts

On 30 January 2014, IASB published the standard IFRS 14 – Regulatory Deferral Accounts that allows only those who adopt IFRS for the first time to continue to recognize amounts relating to activities subject to regulated rates ("Rate Regulation Activities") according to the previous accounting standards adopted. Since the Company is not a first-time adopter, this principle is not applicable.

DISCRETIONARY VALUATIONS AND SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the financial statements and Explanatory Notes in application of international accounting standards (IAS/IFRS) requires Directors to make estimates and assumptions which, in certain circumstances, are based on historic data and may affect the values expressed in the financial statements. Assumptions deriving from estimates are revised periodically and the relative effects are reflected in the income statement in the period in which they occur.
The principal assumptions utilised in the estimation processes and the sources of uncertainty, for which significant adjustments to the carrying amount of the assets and liabilities may emerge in the future, are summarised below.
In this regard, the estimates made at December 31, 2025 reflect the considerations made by the directors regarding the measures put in place by the public authorities of the countries concerned, as well as the Russia–Ukraine conflict and the tensions in the Middle East.

Doubtful debt provision

Inventories of raw materials, semi-finished and finished products are valued at the lower of cost and market value, applying the weighted average cost criterion in determining the cost. The valuation of inventories includes direct material and labor costs and indirect costs (variable and fixed). Provisions for impairment losses are calculated for materials and finished products, considered obsolete or slow-moving, taking into account their expected future use and their realisable value.

Impairment of non-financial assets

The Company reviews, at each year-end, if indicators highlight a long-term impairment for all of the non-financial assets. If there is an impairment loss, the accounting value is aligned to its recoverable amount. Goodwill and the other intangible assets with indefinite useful life annually undergo an impairment test. The recoverable value of non-current assets is normally based on the value in use, considering the present value of expected financial cash flows from continuous use of the asset. The review therefore involves also the choice of an adequate discounting rate for the calculation of the present value of expected cash flows. Any change in the main estimates and assumptions made when preparing the plan and, therefore, the impairment test, could affect value in use and the result that is actually reached in relation to the realisable amount of the assets recognised.
Refer to Note 1 of these Explanatory Notes regarding the sensitivity analyses performed.

Development costs

Development costs are capitalised in accordance with the accounting policy outlined in the section below. The initial capitalisation of costs in strictly related to the project's technical and economic feasibility opinion. The Directors are therefore required to draw up the assumptions relating to the expected future cash flows from the assets, the discount rate to be applied and the periods of the expected benefits, Further details are reported at Note 1.

Deferred tax assets

Deferred tax assets are recognised in accordance with IAS 12. A discretionary valuation is required by the Directors to establish the amount of the deferred tax assets which may be recorded. They must estimate the probable timeframe and amount of future assessable income, in addition to a planning strategy for future taxes. The carrying amount of deferred tax assets is reported at Note 18.

Provisions for risks and charges

The Directors make estimates regarding other risks and charges. In particular, against the various disputes involving the Company, the Directors have made estimates and assumptions in determining the level of probability of a liability arising within the Company and, where the risk is considered probable, in determining the amount of the provision against the risks identified. Further details are reported at Note 15.

Guarantee provisions

The Company makes provisions for the expected cost of product guarantees. Management establishes these provisions based on historic information concerning the frequency and the average cost of guarantees.

Share-based payments

Estimating the fair value of the share-based payments requires the utilisation of the most appropriate valuation model, based on the terms and conditions on which these instruments were granted. Also required to be identified are the data used in the valuation technique amongst which the assumed estimated exercise period of the options, volatility and share return.
For cash-settled share-based payments, the liability must be remeasured at the end of each reporting period and up to the settlement date, recognising any change in fair value in the income statement. This requires a review of the estimates used at the end of each reporting period.
The assumptions for estimating the fair value of share-based payments are presented in Note 37.

IFRS 16 – Estimation of the marginal lending rate

In order to determine the implied contract interest rate, the Company uses the marginal interest rate, i.e. the interest rate which the lessee should pay for a loan with similar duration and guarantees, in order to acquire the leased asset. Where there are no observable data (such as in the case of investees that are not direct counterparties to financial transactions) or when rates must be adjusted to reflect the terms and conditions of the lease (for example, when the lease is not in the investee's functional currency), the Company estimates the rate to be applied using observable data (such as market interest rates) if available, and making specific considerations about the terms and conditions of the investee.

ACCOUNTING PRINCIPLES AND VALUATION CRITERIA

The main accounting policies adopted in the preparation of the Company's financial statements at December 31, 2025 are disclosed below.

Translation of accounts in foreign currencies: transactions and balances

Foreign currency transactions are initially recorded in the functional currency, applying the exchange rate at the transaction date.
Monetary assets and liabilities in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.
Exchange rate differences realised or arising on the translation of monetary items are recorded in the income statement, with the exception of monetary items which hedge a net investment in a foreign operation. These differences are recorded in the comprehensive income statement until the sale of the net investment, and only then is the total amount reclassified to the income statement. The income taxes attributable to the exchange differences on the monetary items are also recorded in the comprehensive income statement.
Non-monetary items, measured at historical cost in foreign currency, are translated using the exchange rates on the date the transaction was first recorded.

Fair value measurement

The Company measures financial instruments such as derivatives and warrants at their fair value at each reporting date.

According to applicable accounting standards (IAS/IFRS) "a contract that will be settled through a variable number of the entity's own shares, whose value is equal to a fixed amount or an amount based on changes in an underlying variable, is a financial asset or a financial liability. When a financial asset or financial liability is initially recognised, an entity shall measure it at its Fair Value. The profit (or loss) arising from a change in the Fair Value of a financial asset or financial liability that is not part of a hedging relationship must be recognised to the income statement".

Fair value is the price that would be received for the sale of an asset, or that would be paid to transfer a liability in an arm's length transaction at the measurement date under the following conditions:

- there exists a principal market of the asset or liability and it is accessible for the group;
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or liability is measured adopting the assumptions which market operators would utilise in the determination of the price of the asset or liability, assuming they act to best satisfy their economic interests.

All the assets and liabilities for which the fair value is measured or stated in the financial statements are categorised based on the fair value hierarchy, as described below:

- Level 1 - listed prices (not adjusted) on active markets for identical assets or liabilities which the entity can access at the measurement date;
- Level 2 - inputs other than listed prices included in Level 1, directly or indirectly observable for the asset or the liability;
- Level 3 - measurement techniques for which the input data are not observable for the asset or for the liability.

The fair value measurement is classified entirely in the same fair value hierarchical level in which the lowest hierarchical input level utilised for the measurement is classified.

For the assets and liabilities recognised in the financial statements at fair value on a recurring basis, the Company assesses whether there have been transfers between the hierarchy levels, reviewing the classification (based on the lowest input level, which is significant for the fair value measurement in its entirety) at each reporting date.

Business combinations and Goodwill

The business combinations, in which the control of a company/entity is acquired, are recorded applying the purchase method, whereby the assets and liabilities acquired are initially measured at their market value at the acquisition date. The difference between the acquisition cost and the Group share of equity is allocated to specific statement of financial position items to the extent of their present value at that date; any residual excess, if positive, is allocated to goodwill and if negative is recognised to the income statement. The acquisition cost is based on the fair value, at the purchase date, of assets sold, of liabilities incurred and of capital instruments issued, and any other accessory charges.
Goodwill represents the surplus of the acquisition cost compared to the purchaser's share of the identifiable fair value of the current and potential assets and liabilities of the entity acquired.
After initial recognition, goodwill is measured at cost less any loss in value. Subsequent to acquisition, goodwill is subject to a recoverability (impairment) analysis conducted annually or at shorter intervals in the case of events or changes occurring that could result in possible impairments. Any goodwill at the acquisition date is allocated to each cash generating unit (hereafter CGU) expected to benefit from the synergies deriving from the combination. Any loss in value is identified by means of valuations based on the ability of each CGU to produce cash flows for the purposes of recovering the part of goodwill allocated, with the methods described in the "impairments" section.
If, at the end of the period in which the combination takes place, the initial accounting for a business combination is incomplete, the provisional amounts of the items whose accounting is incomplete are recognised in the financial statements. During the valuation period, the provisional amounts recognised at the acquisition date are retroactively adjusted to reflect new information obtained regarding facts and circumstances that existed at the acquisition date which, if known, would have affected the valuation of the amounts recognised at that date. The valuation period shall not extend for more than one year from the date of acquisition.
If the recoverable value of the cash generating unit is less than the attributed carrying amount, the loss in value is recorded. This loss is not restated if the elements that generated it no longer exist. Where the goodwill is allocated to a CGU and the Group disposes of a part of the assets of this unit, account must be taken of goodwill for the calculation of the disposal gain or loss.

Research and Development Costs

Research costs are recognised profit or loss in the year in which they are incurred. Development costs incurred in relation to a specific project are only capitalised when the technical feasibility of completing the intangible asset exists to make it available for use or sale, in addition to the ability and intention to use or sell the asset to generate future benefits demonstrating the existence of a market for the output of the intangible asset or the intangible asset itself or a utility to be used internally and the availability of technical, financial and other types of resources suitable to complete the intangible asset's development

and use or sale and the ability to reliably measure the cost attributable to its development. Capitalised development costs include only those costs that are directly attributable to development.
Subsequent to the initial recording, the development costs are valued at cost less amortisation or accumulated losses. Any capitalised development costs are amortised in the period in which the expected revenue from the project is generated. The carrying amount of development costs is reviewed annually to identify any impairment, when the asset is not yet in use, or more frequently if there are indicators of possible impairment. Any impairments identified are recognized to the income statement.

Other intangible assets

Other intangible assets, acquired separately and held by the company, are recognised to assets at acquisition cost where the cost may be reliably established and it is probable that usage will generate future economic benefits. The useful life is valued as indefinite or definite.
Other intangible assets with indefinite useful life are not subject to amortisation and a review is carried out each year to establish whether circumstances supporting their classification as having indefinite useful life exist. In accordance with IAS 36, these assets are subject to impairment tests for any permanent value reductions.
Other intangible assets with definite useful life are recorded at acquisition or production cost, net of the relative accumulated amortisation and any impairments established according to the means indicated in the "Impairments" section below. Amortisation, which begins when the intangible asset is available for use, is calculated on a straight-line basis over the estimated useful life, which is reviewed on an annual basis. Any changes, where necessary, are reflected prospectively.
The rates used for amortisation (by category) are as follows:

Intangible assets with definite useful life	Amortisation rate
Patents	10.00
Licenses	33.33
Brands	5.6 – 10.00
Other deferred costs	20.00 - on the basis of the contractual duration

Property, plant and equipment

Property, plant & equipment are recognised at historic acquisition or production cost, including directly allocated accessory costs and those necessary for bringing the asset to the condition for which it was acquired, and recorded net of the relative accumulated depreciation provisions and any cumulative loss in value. If major components of tangible fixed assets have different useful lives, they are accounted for separately.
Financial charges directly attributable to the acquisition or construction of a qualifying asset shall be capitalised as part of the cost of that asset. All other financial charges are recorded in the income statement when incurred.
The expenses incurred for the maintenance and repairs of an ordinary and/or cyclical nature are directly charged to the income statement when they are incurred.
Depreciation is calculated on a straight-line basis from the moment the asset is available for use according to the estimated useful life of the asset; the useful life is reviewed annually and any changes, where necessary, are applied prospectively.
The depreciation rates applied are as follows:

Property, plant & equipment	Rate %
Buildings	3
Light constructions	10
General plant	10
Specific plant	15.5
Kilns and accessories, production machinery	15
Various equipment and moulds	25 - 40
Motor and transport vehicles	20 – 25
Internal transport and lifting machinery	20
Furniture and fittings	12
EDP	20

The carrying amount of tangible fixed assets is tested for impairment when events or changes indicate that the carrying amount can no longer be recovered based on the current depreciation schedules. If there is an indication of this type and in the case where the carrying amount exceeds the realisable value, the assets must be written down to their recoverable value.
The impairments are recognised to the income statement. Such losses are restated when the reasons for their write-down no longer exist.
Upon sale or when there are no expected future economic benefits from the use of an asset, it is eliminated from the financial statements and any loss or profit (calculated as the difference between sale's price and book value) is charged to the income statement in the year of its elimination.

Leasing

Finance lease contracts are capitalized under property, plant and equipment starting from the lease start date and measured at the fair value of the leased asset or, if lower, at the present value of the lease payments. A financial debt of the same amount is recognised as liabilities, the value of which is equal to the present value of future rents, discounted at the implied lease interest rate or at the marginal financing rate. This value is progressively reduced on the basis of the repayment plan of the capital portions included in the contractually stipulated rents.
The lease payments are divided between the principal and the interest portion, so that a constant interest rate is applied to the remaining balance of the debt (principal portion). Financial charges are charged to the income statement.
The assets are depreciated over the term of the lease contract.
Leases in which the lessor retains substantially all the risks and rewards of ownership are classified as operating leases and are recognised as tangible assets under Right of Use from the lease commencement date. The recognised value is equal to the present value of future lease payments, discounted at the implicit interest rate of the lease or the incremental borrowing rate. Lease payments are allocated between principal and interest, ensuring the application of a constant interest rate on the remaining balance of the liability (principal). A financial liability of an equal amount is recognised in the liabilities, which is progressively reduced according to the repayment plan.
Finance charges are expensed to the income statement. The assets are depreciated over the contractual term of the operating lease.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised at acquisition or subscription cost, including accessory charges, adjusted for any impairments. Any positive difference, arising on purchase, between the acquisition cost and the fair value of the share of net equity of the investment is included in the carrying value of the investment.
Investments are subject to impairment tests where indicators of such are identified. Where an impairment loss exists, it is recognised through the income statement. Where the share of losses pertaining to the company in the investment exceeds the carrying value of the investment, and the company has an obligation to cover such losses, the investment is written down and the share of further losses is recorded as a provision under liabilities. Where an impairment loss is subsequently reversed, this is recognised through the income statement within the limit of the original recognition value.

Investments in other companies

The investments in other companies are measured at fair value through equity. In such cases, the amounts previously taken to other comprehensive income are not recycled to the income statement upon disposal. When the fair value cannot be reliably determined, these investments are measured at cost, adjusted for impairment, which is taken to the income statement. If the reasons for the recognition of the impairment loss no longer exist, the previously recognised impairment loss shall be reversed. The amount of the reversal shall be recognised in the income statement.

Impairment of non-financial assets

IAS 36 requires the assessment at each reporting date of impairments to tangible and intangible fixed assets amid indicators that such a loss may exist. In assessing whether there are any indicators that an asset with definite useful life may be impaired, an entity shall consider internal and external information sources. Relating to internal sources, consideration is made of whether there have been significant changes in the use of the asset and whether the economic performance of the asset is different than expected. For external sources, consideration is taken of technological or market or regulation discontinuation which may reduce the value of the asset.
Independently of whether there are internal or external reductions in value, intangible assets with indefinite useful life and goodwill are subject at least annually to an impairment test, as required by IAS 36. In both cases of a verification of the carrying amount of intangible assets with definite useful life or of the carrying amount of intangible assets with indefinite useful life and goodwill, the Group makes an estimate of the recoverable value.
The impairment of goodwill is determined through a valuation of the recoverable value of the cash generating unit (or group of units) to which the goodwill is allocated.
The recoverable value is the higher between the fair value of an asset or a CGU less costs to sell and its value in use and is determined for each asset, except when the asset does not generate cash flows which are sufficiently independent from those generated from other assets or groups of assets; in this case the recoverable value of the cash generating unit to which the asset belongs is estimated. When the carrying amount of an asset or cash-generating unit is higher than its recoverable value, this asset has incurred a loss in value and is consequently written down to the recoverable value. In the determination of the value in use, the estimated future cash flows are discounted at a rate that reflects the market assessment of the time value of money and the specific risks of the asset.

For the purposes of estimating the value in use, future revenue streams are obtained from the Group's business plans, which constitute the best estimate on the forecast economic conditions over the period of the plan. The long-term growth rate used to estimate the terminal value of the asset or unit is normally lower than the average long-term growth rate for the sector, country or market and, if appropriate, may amount to zero or may even be negative. Future cash flows are estimated taking account of current conditions: the estimates therefore do not consider the benefits deriving from future restructurings for which the Company has not committed or future investments or optimisation of the assets or of the unit. Impairment losses incurred by operating assets are recorded in the income statement in the category of costs relating to those assets.
At each reporting date, an evaluation is made of any indicators of a recovery in the loss in value previously recorded and, where these indicators exist, an estimate is made of the recoverable value. The value of an asset previously written down, except for goodwill, may be restated only if there have been changes in the estimates used to determine the recoverable value of the asset after the last recording of a loss in value. In this case, the carrying amount following a restatement shall not exceed the carrying amount that would have been determined (net of write-downs or amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A restated amount is recorded as income in the income statement, except when the asset is recorded as a revalued amount, in which case the restatement is treated as an increase of the revaluation. After the recording of the amount restated, the depreciation of the asset is adjusted in future years, in order to record the adjusted book value of the asset, net of any residual value, on a straight line basis over the useful life of the asset.

Financial assets

The financial assets are classified as follows:

- financial assets at amortised cost;
- financial assets at fair value through profit or loss;
- financial assets at fair value through other comprehensive income.

The classification depends on the business model within which the Group holds the financial assets and the characteristics of the contractual cash flows arising from them. The Company classifies financial assets on initial recognition, with subsequent verification at each reporting date. Financial assets are initially measured at fair value, plus accessory costs, for assets not measured at fair value.

Financial assets at amortised cost

Financial assets that meet both of the following conditions are measured at amortised cost:

- the financial asset is held within a business model whose objective is the holding of financial assets for the collection of the contractual cash flows;
- the contractual terms of the financial assets establish, at certain dates, cash flows represented entirely by the payment of capital and of interest on the amount of capital to be repaid.

The amortised cost is calculated as the initial value recorded less the repayment of the capital portion, plus or less the accumulated amortisation using the effective interest rate method of any difference between the initial value recorded and the amount at maturity. This calculation includes all the commissions or points paid between the parties which are an integral part of the effective interest rate, transaction costs and other premiums or discounts. For investments measured at amortised cost, the gains and losses are recognised in the income statement when the investment is eliminated or if there is an impairment, in addition to the amortisation process.

Financial assets at fair value through other comprehensive income

Financial assets that satisfy the following conditions are measured at fair value through other comprehensive income:

- the financial asset is held within a business model whose objective is achieved both through the collection of contractual cash flows and the sale of the financial assets;
- the contractual terms of the financial assets establish, at certain dates, cash flows represented entirely by the payment of capital and of interest on the amount of capital to be repaid.

When the financial asset is disposed of, the amounts previously taken to other comprehensive income are recycled to the income statement.

Financial assets at fair value through profit or loss

A financial asset that is not measured at amortised cost or at fair value through other comprehensive income is measured at fair value with changes in value taken to profit or loss in the year in which they occur.

Derecognition of financial assets

A financial asset is eliminated from the financial statements when:

- the right to receive the cash flows of the asset terminate;
- The company retains the right to receive cash flows from the asset, but has a contractual obligation to pay them fully and without delay to a third party;
- The company has transferred its right to receive the cash flows from the asset and (i) has transferred substantially all of the risks and rewards of ownership of the financial asset or (ii) has not transferred or retained substantially all of the risks and rewards of the asset, but has transferred control.

When the Company has transferred all the contractual rights to receive the cash flows from an asset and has not transferred or withheld substantially all of the risks and rewards or has not lost control, the asset is recorded in the Financial Statements of the Company up to the amount of its residual holding in the asset. Residual involvement that takes the form of a guarantee on the transferred asset is valued at the asset's initial book value or the maximum consideration that the company could be required to pay, whichever is less.

Inventories

Raw materials, ancillary and consumables and semi-finished products are measured at the lower of acquisition cost, including accessory charges, and the net realisable market value. The cost of inventories includes purchase costs and other costs incurred in bringing the inventories to their present location and condition, excluding financial charges.
The method utilised for the determination of the cost of inventories is the weighted average cost method for raw materials and consumables and finished products acquired for resale, and from the cost of materials and other direct costs incurred, taking into account the stage of completion of the production process, for the products in work-in-progress/semi-finished and finished products from production.
The net realisable value is represented by the estimated normal sales price less the estimated costs for completion and estimated costs to sell. Obsolete and/or slow-moving inventories are written down in

relation to their presumed utilisation or realisable value. Write-downs are restored in future years should the reason for the write-down no longer exist.

Trade receivables and other current assets

Receivables under current assets are recorded initially at fair value, identified as the nominal value. Trade receivables which mature within the normal commercial terms are not discounted since the effect of discounting the related cash flows is deemed immaterial.
Receivables due beyond one year, non-interest bearing or which mature interest below market rates are discounted using market rates. Trade receivables are discounted wherever payment terms are greater than the average payment term granted.
When there is an indication of a reduction in value, the asset is reduced to the value of the discounted future cash flows obtainable. Impairments are recognised to the income statement. When, in subsequent periods, the reasons for the write-down no longer exist, the value of the assets is restated up to the value deriving from the application of the amortised cost. In addition to the assessment discussed in the previous paragraph with regard to impairment, the estimated credit losses are complemented by an analysis of expected losses.

Trade payables and other liabilities

Trade payables, which mature within the normal commercial terms, are not discounted and are recognised at cost (identified by their nominal value). They are not discounted as the effect of the discounting of cash flows is insignificant.
Other liabilities included among current and non-current liabilities are substantially recognised at cost, corresponding to the fair value of the liabilities, net of settlement costs which may be associated with the issue of the liability. After initial recognition, the financial liabilities shall be measured at amortised cost using the original effective interest rate.

Cash and cash equivalents

Cash and cash equivalents include those values which are available on demand at short notice, certain in nature and with no payment expenses.

Financial liabilities

The company does not have financial liabilities for trading purposes. All financial liabilities other than derivative instruments are initially recorded at the fair value received net of transaction costs (commissions or loan charges).
Financial liabilities are measured at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

A financial liability is derecognised from the financial statements when the underlying liability is settled, cancelled or fulfilled. Where an existing financial liability is replaced by another by the same lender but under substantially different conditions, or if the conditions of an existing financial liability are substantially changed, such a swap or change is treated as an elimination of the original liability and the opening of a new liability, with any differences in accounting values recorded in the income statement.

Derivative financial instruments

Derivative financial instruments, as per the company policies approved by the Board of Directors, are exclusively used for hedging purposes, in order to reduce the foreign currency or interest rate risk. In accordance with IFRS 9, financial derivatives may be accounted for under hedge accounting only when, at the beginning of the hedge, the following conditions are met:

- the formal allocation of the hedging instrument exists;
- documentation is available demonstrating the hedging and a high degree of efficacy;
- such efficacy can be reliably measured;
- the hedge is highly effective during the various accounting periods for which it is designated. All derivative financial instruments are measured at fair value, in accordance with IFRS 9.

Derivative financial instruments are initially recognised at Fair Value.
When the hedged derivatives cover the risk of a change in the fair value of the instruments hedged (fair value hedge), these are recorded at fair value through the income statement; therefore, the hedged instruments are adjusted to reflect the changes in fair value associated with the risk covered. Where hedging derivatives relate to cash flow changes of the hedged instruments (Cash flow hedges), the changes to the fair value are recognised as a comprehensive income statement component.
If the derivative instruments do not qualify as accounting hedges, the changes in the fair values are directly recorded to the income statement.

Treasury shares

Treasury shares acquired are recorded at cost and as a reduction of shareholders' equity. The purchase, sale or cancellation of treasury shares does not give rise to any profit or loss in the income statement. The difference between the purchase price and the payment received, in the case of reissue, is recorded in the share premium reserve.

Provisions for risks and charges

Provisions for risks and charges relate to costs and charges of a defined nature and of certain or probable existence whose amount or date of occurrence are uncertain at the reporting date. The provisions for risks and charges are recorded when a legal or implicit current obligation exists that derives from a past event and a payment of resources is probable to satisfy the obligation and the amount of this payment can be reliably estimated.
Where the expected use of resources extends beyond the subsequent year, the obligation is recognised at the present value established through discounting the expected future cash flows at a rate which takes into account the cost of money and the risk of the liability.
For the risks for which the recognition of a liability is considered possible, relative disclosure is made and no provision is recorded.

Post-employment benefit provision

Post-employment benefits issued at the time of or subsequent to employment are divided between defined contribution plans and defined benefit plans. For the defined contribution plans, the legal or implied obligation of an enterprise is limited to the amount of contributions to be paid. For the defined

benefit plans, the obligation of the entity concerns the granting and assurance of the agreed employee plans: consequently, the actuarial and investment risks are borne by the company.
Until December 31, 2006, the Post-employment benefits were classified as "defined benefit" type plans, with independent actuaries utilising the unitary projection method for valuing the receivable. This calculation involves an estimate of the amount of the benefit to be received by an employee at the expected employment conclusion date, utilising demographic assumptions (e.g. mortality rates and personnel rotation rates) and financial assumptions (e.g. the discount rate and future salary increase rates). This amount is discounted and reproportioned on the basis of the years of services matured compared to the total years of service.
Following the reform introduced through Law No. 296 of December 27, 2006, the Post-employment benefit, for the portion matured from January 1, 2007, was substantially considered as classifiable as a "defined contribution plan". In particular, these amendments introduced the option for the worker to choose the allocation of their maturing Post-employment benefit as follows: new Post-employment benefits accruing may, in companies with more than 50 employees, be channelled by the worker to pre-chosen pension forms or transferred to the INPS Treasury Fund.
In relation to the presentation in the income statement of the various cost items relating to the post-employment benefit it was decided to apply the accounting method permitted by IAS 19 which requires the separate recognition in the income statement of the cost items relating to employment services (classified under personnel expense) and net financial charges (classified under financial items), with recording of the actuarial gains and losses deriving from the measurement each year of the assets and liabilities in the comprehensive income statement. The gains and losses deriving from the actuarial calculation of the defined benefit plans (Post-employment provision) was entirely recorded to the comprehensive income statement.

Share-based payments

Equity-settled share-based payment transactions

A number of strategic Group employees receive part of their remuneration in the form of share-based payments, with these employees therefore providing services in exchange for shares ("capital instrument regulated transactions").
The cost of the equity-based transactions is determined by the fair value at the assignment date utilising an appropriate valuation method, as illustrated in greater detail at Note 36.
This cost, together with the corresponding increase in shareholders' equity, is recorded under personnel expense over the period in which the performance and/or service conditions are satisfied. The cumulative costs relating to these operations at each balance sheet date until the maturity date are compared to the maturity date and to the best estimates available of the number of participating instruments which will effectively mature. The cost or revenue recorded in the income statement for the year represents the change of the cumulative cost recorded at the beginning and at the end of the year.
The service or performance conditions are not taken into consideration when the fair value of the plan is defined at the assignment date. However, the probability of these conditions being met is considered in estimating the number of equity instruments that will vest. The service conditions are reflected in the fair value at the assignment date. Any other condition related to the plan, which is not a service obligation, is not considered as a maturation condition. The non-maturation conditions are reflected in the fair value

of the plan and result in the immediate recording of the plan cost, unless there are also service or performance conditions.
No cost is recorded for the rights which do not mature as the performance and/or service conditions are not satisfied. When the rights include a market condition or a non-maturation condition, these are treated as if they independently mature from the fact that the market conditions or the other non-maturation conditions to which they are subject are complied with or otherwise, provided that all the other performance and/or service conditions are satisfied.
If the conditions of the plan are modified, the minimum cost to be recorded is the fair value at the allocation date in the absence of changes to the plan, in the presumption that the original conditions of the plan were satisfied. In addition, a cost will be recorded for all changes which result in an increase in the total fair value of the payment plan, or which is in any case favourable for employees; this cost is measured with reference to the date of the change. When a plan is cancelled by the entity or by the counterparty, any remaining element of the fair value of the plan is expensed immediately in the income statement.

Revenue recognition

Core business revenues refer to sales of safety, comfort and high performance systems for heating and air treatment equipment, primarily intended for the residential market, for both gas-powered and electric appliances. These revenues – in addition to those from the provision by SIT S.p.A., as parent company, of services relating to strategic guidance, oversight and coordination of group companies – include a single performance obligation relating to the sale of the product or the provision of a service, which does not include ancillary services or products that might qualify as separate performance obligations under the Standard.
Sales are recognised at the fair value of the consideration received for the sale of products and services, when the following conditions are met:

- control over the promised goods or services is transferred;
- it is probable that the economic benefits associated with the sale will flow to the enterprise and they may be determined reliably;
- the costs incurred, or to be incurred, have been reliably measured.

They are recorded net of returns, discounts, rebates and taxes directly associated with the sale of the product or the provision of the service. When defining the amount of the variable consideration that may be included in the transaction price, at each reporting date the company calculates the amount of the variable consideration that still cannot be regarded as earned.
The terms of sales warranties are in line with the law and/or consistent with commercial practice in the sector. The company therefore accounts for warranties in accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets.

Dividends

Dividends are recognised when the right of the company to receive payment arises, typically when the Shareholders' Meeting approves distribution.

Financial income and charges

This includes all the accounts of a financial nature recorded in the income statement in the period, including interest expense matured on financial debt (mainly on bank overdrafts, medium/long-term loans), the changes in the fair value of financial liabilities (Performance Shares and Warrants), the currency gains and losses, gains and losses from derivative financial instruments (in accordance with the accounting criteria previously defined) and the interest expense deriving from the accounting treatment of the employee provisions (IAS 19).
Interest income and charges are recorded in the income statement in the period when incurred/ matured.

Current income taxes

Income taxes include all the taxes calculated on the assessable income of the Company. They are recognised to the income statement, except where they relate to items charged or credited directly to equity, in which case the tax effect is also recognised directly in equity.
Tax receivables and payables for the year are valued at the amount expected to be paid to / received from the tax authorities. The tax rates and regulations used to calculate such amounts are those in force at the reporting date.

Deferred tax liabilities

Deferred tax assets/liabilities are calculated on all temporary differences between the values recorded in the financial statements and the corresponding values recognised for tax purposes.
Deferred tax liabilities are recorded on all temporary assessable differences, with the following exceptions:

- when the deferred tax liabilities derive from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, has no effects on the result in the financial statements or on the fiscal result;
- the reversal of the temporary differences, related to investments in subsidiaries, associates and joint ventures, can be controlled and it is probable that such will not occur in the foreseeable future.

Deferred tax assets are recognised on all temporary deductible differences, credits and unused fiscal losses carried forward, to the extent of the probable existence of adequate future tax profits, that can justify the use of the temporary deductible differences, credits and fiscal loses carried forward, with the following exceptions:

- when the deferred tax assets related to the temporary deductible differences derives from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, has no effects on the result in the financial statements or on the fiscal result;
- in the case of temporary differences related to investments in subsidiaries, associates and joint ventures, the deferred tax assets are only recognised to the probable extent that the temporary differences will reverse in the foreseeable future and there are sufficient assessable amounts to utilise such temporary differences.

Deferred tax assets are recorded when their recovery is considered probable, based on expected availability of future taxable income for recovery. The carrying amount of deferred tax assets is reviewed

at each reporting date and reduced to the extent it is unlikely that sufficient tax profits will be generated in the future for the utilisation of all or part of the asset. Unrecognised deferred tax assets are reviewed at each reporting date and are recognised to the extent of the probability that the taxable income is sufficient to permit such deferred tax assets to be recovered.
Deferred tax assets and liabilities are calculated on the basis of the tax rates expected to be applied in the year in which the assets are realised or the liabilities are paid, considering the rates in force and those already issued or substantially issued as of the reporting date of the financial statements.
Deferred taxes concerning items recognised outside of the income statement are also recognised outside of the income statement and therefore to equity or to the comprehensive income statement, in line with the item to which they refer.
The company offsets deferred tax assets and deferred tax liabilities if, and only if, there is a legal right to offset current tax assets and current tax liabilities and if deferred tax assets and liabilities relate to income taxes due to the same tax authority by the same taxpayer or other taxpayers who intend to settle the current tax assets and liabilities on a net basis, or realise the asset and settle the liability simultaneously, with reference to each future period in which the assets and liabilities for deferred taxes are expected to be settled or recovered.

Earnings per share and diluted earnings per share

As per IAS 33, as the company belongs to a Group which prepares the consolidated financial statements and therefore provides disclosure upon the earnings per share and the diluted earnings per share in the notes to the consolidated financial statements, the company does not provide disclosure regarding such in the notes to the separate financial statements.

Grants

Grants from public bodies are recorded at fair value when there is a reasonable certainty that the conditions required to obtain them will be satisfied and they will be received.
Grants received against specific assets or development activities whose value is recorded under fixed assets are recognised as a direct reduction of the fixed assets and credited to the Income Statement in relation to the residual depreciation period to which the asset refers. Operating grants are fully recognised to the income statement at the moment in which they satisfy the conditions for their recognition.

COMMENTS ON THE MAIN ITEMS OF THE BALANCE SHEET

Non-current assets

Note 1: Goodwill and Other intangible assets

(in Euro)	Balance at Dec. 31, 24	Balance at Jan. 1, 25	Increases	Amortisation	Other movements	Balance at Dec. 31, 25
Goodwill	**48,715,912**	**48,715,912**	-	-	-	**48,715,912**
Development Costs	-	-	-	(202,343)	1,011,717	**809,373**
Patent rights	2,792,862	2,792,862	111,619	(1,710,013)	-	1,194,469
Concessions, licences and trademarks	9,468,166	9,468,166	-	(1,013,331)	-	8,454,835
Other intangible assets	3,609,425	3,609,425	151,820	(1,087,306)	251,170	2,925,109
Intangible assets in progress and advances	5,106,956	5,106,956	1,487,428	-	(1,262,886)	5,331,498
Total other intangible assets	**20,977,410**	**20,977,410**	**1,750,867**	**(4,012,994)**	-	**18,715,283**
Total goodwill and other intangible assets	**69,693,322**	**69,693,322**	**1,750,867**	**(4,012,994)**	-	**67,431,195**

GOODWILL

These amount to Euro 48,716 thousand at December 31, 2025, it was recorded for Euro 85,088 thousand following the merger by incorporation into SIT S.p.A. of SIT La Precisa S.p.A. and the Italian companies operating in the Heating Division controlled by it, Gasco S.r.l., Imer S.p.A., LN 2 S.r.l., SIT Sensori S.r.l. and Estate S.p.A. in December 2014, as part of a corporate restructuring. During the year 2023 a write-down of Euro 17,000 thousand was made in the Company's financial statements following an impairment test on the Heating & Ventilation CGU carried out at June 30, 2023 during the preparation of the Group's half-year financial statements. The outcome of the impairment test on the financial statements as at December 31, 2024 revealed further impairment losses for an amount of Euro 19,372 thousand. As of December 31, 2025, the amount has not changed compared to the previous financial year, please refer to the dedicated section for further details.

DEVELOPMENT COSTS

As of December 31, 2025, development costs amount to Euro 809 thousand. This item consists of the capitalization by the Company of internal personnel costs, external consultancy fees, and prototypes related to the EF90/150 project for the development of an innovative platform of new fans, totalling Euro 1,012 thousand, and the annual amortization charge amounting to Euro 202 thousand.

PATENTS AND INTELLECTUAL PROPERTY RIGHTS

These include the technical-productive know-how concerning the Heating&Ventilation Division identified and valued, as part of the 2014 merger, for an original amount of Euro 17,114 thousand, to which a portion of the merger deficit was allocated on the basis of an independent expert's estimate. The residual value of technical-productive know-how at December 31, 2025 was Euro 503 thousand. The account in addition includes software licenses and new industrial trademark registration costs or those for the registration in new countries of existing industrial trademarks.
Changes in the financial year are mainly related to amortisation.

CONCESSIONS, LICENSES AND TRADEMARKS

The amount of Euro 8,455 thousand mainly concerns the allocation to the brand of an original amount of Euro 19,520 thousand, corresponding to a portion of the merger deficit from the 2014 merger, on the basis of an independent expert's opinion.
Changes in the financial year are related to amortisation.

OTHER INTANGIBLE ASSETS

This account includes other long-term charges which were capitalised. In particular, this principally includes costs incurred for the introduction of the SAP operating system. This project had already been initiated in previous years at SIT La Precisa S.p.A., before its incorporation through the December 2014 merger.
The item also includes non-patented technology identified as part of the acquisition of a set of assets and liabilities from SIT Controls BV (Netherlands), for an amount of Euro 3,020 thousand. At December 31, 2025, the net book value was Euro 2,014 thousand, depreciated over 4 and a half years.

ASSETS IN PROGRESS AND ADVANCES

This item mainly includes increases due the development costs which were capitalized during the year in relation to seven projects, of which 3 new ones, relating to the Heating & Ventilation segment for Euro 5,208 thousand not yet completed at December 31, 2025.
Development costs subject to capitalization are related to internal personnel costs, external consultancy and prototypes.

IMPAIRMENT TEST

As of December 31, 2025, the impairment test carried out concerned the net invested capital (CIN) resulting from the separate financial statements of SIT S.p.A. relating to the Heating & Ventilation division. The value of the CIN (i.e., carrying amount), including goodwill and other intangible assets, was compared with its recoverable amount (i.e., recoverable amount), equal to the value in use determined using the discounted cash flow (DCF) method.
In performing the impairment testing activities, the Company engaged the support of a leading independent accounting advisory firm, which reviewed the methodology applied and the analyses performed, issuing a positive opinion on the results obtained.
The impairment test was submitted for approval by the Board of Directors on April 15, 2026, following an analysis by the Control, Risk & Sustainability Committee on April 13, 2026.

In Heating & Ventilation the 2025 financial year marks a phase of recovery and normalization of the market compared to the discontinuity manifested in 2023 and 2024 due to the lack of incentives for final demand and regulatory uncertainty in terms of energy transition and consequently regarding the phase-out times of traditional technologies related to combustion.
This context of disruption in the sector has gradually become normalized and the technological and market guidelines – certainly characterized by a progressive growth in the electrification of domestic heating appliances – are now accompanied by policies of technological neutrality that allow the adoption on medium and long-term horizons, of appliances that comply with certain emission levels regardless of the type of technology/fuel used.
These prospects - specific to the European market in particular - together with the implementation by the Heating & Ventilation Division of product development policies aimed at favouring geographical diversification and the application segment - less residential and more commercial and industrial - have laid the foundations for the growth achieved in 2025 and positive prospects for the future.
In fact, the 2025 financial year recorded sales growth compared to the previous year of 5.8% (+7.6% on a like-for-like exchange rate basis), with some geographical areas, Italy and America, growing by 9.8% and 24.3% respectively.
During the first months of 2026, on the basis of the Budget, the Group updated its business plan with reference to the period 2026 – 2030, which was subjected to an *Independent Business Review* ("IBR") by an independent expert and approved by the Board of Directors on 7 April 2026 (hereinafter, the "Plan").
The Plan confirms the Group's fundamental development guidelines in the changed context and objectives in terms of revenues, and therefore results, which take into account what has been achieved in 2025 and envisaged in the 2026 Budget. In the Heating & Ventilation sector, the forecasts for the evolution of the European residential heating market - the Division's traditional market, based on components for hydronic appliances that manage both heating and domestic hot water - have been updated to take into account the recent trend and also the downsizing of the forecasts for sales of electric heat pumps. one of the main technological threats as an alternative product to boilers, due to the high purchase and management costs, redefining, for the benefit of the Group, the phase-out times of traditional technologies related to combustion.
The Plan, on the other hand, provides for a strengthened direction of development in the field of commercial applications or dedicated to sectors such as HoReCa both for components related to combustion (methane, biogas or hydrogen), also with new products specific to the US market, and for components in the heat pump sector. Also in the USA, after the slowdown in the construction of new homes due to inflation in recent years, growth is expected over the period of the Plan for fireplace components, where the Group holds a high market share, and a return to the water heating sector, with growth in sales of the new electronic valve. Growth is confirmed in sectors not related to heating such as ventilation for kitchen hoods and CMV - Controlled Mechanical Ventilation. The contribution expected from the Cooker Hoods segment is remarkable, validated by customer acquisition and market share during 2025.
In fact, the Group has long considered the possible evolution of demand for its products and solutions and is investing in the redefinition of its business portfolio as a response to the technological and environmental transition risks present in the sector.
The IBR carried out by the independent expert analysed the main market assumptions for the various product segments and for the main geographies of interest, also in light of the regulatory context of the EU, USA and China macro-areas and the competitive scenario in which the Group operates.

The main growth assumptions assumed by the Group were analysed, verifying the actions underway or envisaged in the Plan to support revenue forecasts.
Overall, the expert's assessment was positive, confirming the underlying strategic rationales and the feasibility of the Plan, while highlighting the most ambitious growth assumptions in certain market segments. These reports were the basis for carrying out some *sensitivity analyses* on the economic and financial profiles, which mainly concerned the expected timing of growth, with the development of alternative simulations that consider a slowdown or a distribution over more diluted horizons in some segments/markets.
In light of the above, the Group acted as follows: the cash flows deriving from the Plan, once adjusted for the implementation of the provisions of IAS 36 and adopting the techniques described in the methodology below, were the basis of the impairment test which revealed the recoverability of the carrying amount of the invested capital and the level of headroom or coverage of this indicator. At the same time, a *sensitivity analysis was carried out* based on the cash flows of the Plan adjusted by the results of the IBR carried out by the independent expert (so-called *Sensitivity Case*). No impairment losses were also found in this valuation and the carrying value of the invested capital was recoverable from its value in use.
The parameters used to carry out impairment tests are shown below. There have been no significant changes compared to the methodology applied last year.

In carrying out the impairment test, the discount rate ("WACC") was estimated by assuming:

- Risk free rate: calculated on the average value of the 6 months prior to 31.12.2025 of the 10-year government bonds of the main countries where the CGU operates;
- Premium for market equity risk: assumed to be 5.50% on the basis of the latest surveys by the independent consulting firm Kroll and the latest studies by broker reports;
- Unlevered beta: calculated as the average value of a panel of listed companies deemed comparable with respect to the CGU's business on the basis of weekly observations over a 2-year horizon;
- Additional risk premium: in line with the impairment test carried out in 2024, it was deemed appropriate to include execution risk by confirming 1.5% as the additional premium;
- Rate for the calculation of the cost of debt: assumed to be equal to the average, on a six-monthly basis, of the interbank Euribor rate with a ten-year maturity;
- Estimated spread: calculated on the average value of the market credit spreads of the panel of comparable companies used for the estimation of the Beta;
- Financial structure: calculated on the average value of the financial structures of the panel of comparable companies used for the estimation of the Beta.

The resulting discount rate (WACC) is 9.7% and reflects market valuation estimates, the cost of money and takes into account the specific risk of the CGU, as well as the sector.
In calculating the Terminal Value, reference was made to the average revenues of the last three years of the Plan, to which a long-term growth rate (g-rate) of 2.0% was applied, in line with the medium- to long-term inflation estimates provided by the International Monetary Fund for the Eurozone.
The estimated recoverable amount is equal to Euro 240,429 thousand and has been compared with the related carrying amount of the net invested capital of the CGU as of 31.12.2025, equal to Euro 170,812 thousand.

Considering the assumptions described, as at the date of preparation of the Financial Statements, the recoverable amount of the net invested capital of the Heating & Ventilation CGU is higher than its net carrying amounts and, therefore, there are no indications that goodwill or other intangible assets may have suffered impairment losses.
The results obtained were subjected to sensitivity analysis in order to assess how the outcome of this valuation process could change as a function of key assumptions such as the discount rate used to determine the present value of cash flows and the g-rate. A summary of this sensitivity analysis is presented in the table below.

		WACC		
		9.7%	10.2%	10.7%
g rate	2.0%	69,617	56,117	44,153
	1.5%	60,312	48,067	37,139
	1.0%	52,078	40,893	30,849

It should be noted that the break-even WACC, i.e. the discount rate at which the Headroom reduces to zero, is equal to 13.2%.
Furthermore, the percentage reduction in expected revenues for each year of the Plan, as well as in the terminal value, which—holding all other parameters used in performing the test constant—would reduce the Headroom to zero, is equal to 9.9%.

Note 2: Property, plant and equipment

The movements in property, plant and equipment in 2025 are summarised below.

(in Euro)	Historical cost at Dec. 31, 24	Accumulated depreciation at Dec. 31, 24	Balance at Dec. 31, 24	"Right-of-use" IFRS16 at Dec. 31, 24	Historical cost at Dec. 31, 25	Acc. Deprec. at Dec 31, 25	Balance at Dec. 31, 25	Of which "Right-of-use" IFRS 16
Land & buildings	64,126,274	(21,064,499)	43,061,776	3,066,723	64,174,496	(23,308,023)	40,866,474	2,575,195
Plant and machinery	115,769,282	(106,899,267)	8,870,015	-	115,791,218	(109,371,845)	6,419,373	-
Industrial and commercial equipment	83,166,439	(78,062,068)	5,104,371	955,103	82,911,766	(78,643,596)	4,268,170	641,016
Other assets	11,754,131	(7,782,338)	3,971,793	2,054,088	7,928,441	(5,039,332)	2,889,109	1,237,959
Assets in progress and advances	3,724,721	-	3,724,721	-	3,805,513	-	3,805,513	-
Total property, plant and equipment	**278,540,848**	**(213,808,172)**	**64,732,676**	**6,075,915**	**274,611,434**	**(216,362,796)**	**58,248,639**	**4,454,169**

The account includes the effect from the application of IFRS 16 regarding lease contracts in place within the company. For further information, reference should be made to Note 36.
The following tables outline the changes in the historic cost and accumulated depreciation in 2025 by category.

HISTORICAL COST

(in Euro)	Historical cost at Dec. 31, 24	Application IFRS 16	Historical cost Jan 1, 25	Increases	Disposals	Other movements	Write-downs	Historical cost at Dec. 31, 25	Of which "Right-of-use" IFRS 16
Land & buildings	59,863,525	4,262,749	64,126,274	176,166	(127,944)	-	-	64,174,496	4,139,606
Plant and machinery	115,769,282	-	115,769,282	2,363,914	(2,437,848)	95,870	-	115,791,218	-
Industrial and commercial equipment	81,126,937	2,039,502	83,166,439	1,677,380	(3,815,467)	1,883,414	-	82,911,766	1,741,220
Other assets	6,049,653	5,704,478	11,754,131	129,495	(3,964,086)	8,900	-	7,928,441	1,831,391
Assets in progress and advances	3,724,721	-	3,724,721	2,207,810	-	(1,988,185)	(138,833)	3,805,513	-
Total property, plant and equipment	**266,534,118**	**12,006,729**	**278,540,848**	**6,554,765**	**(10,345,345)**	**-**	**(138,833)**	**274,611,434**	**7,712,217**

The increases in the year include the purchases of property, plant and equipment in the year. In particular, acquisitions refer principally to plant, machinery and moulds for the development and manufacturing of new products, in addition to refurbishment and efficiency and production technology improvements.
Decreases in plant and equipment during the year are attributable for Euro 1,065 thousand to the sale of a production line to subsidiary SIT Controls Tunisia, previously purchased by subsidiary SIT Romania. This transaction was carried out at the net book value of recognition. The other decreases relating to the sale and disposal of tangible fixed assets, most of which have already been depreciated. Disposals of industrial and commercial equipment largely refer to the sale of obsolete equipment and moulds that are no longer usable.
"Other movements" include investments which at December 31, 2024 were in progress and which in 2025 became fixed assets to be depreciated. "Write-downs" refer to the write-off of advances from prior years in relation to projects that have been definitively discontinued.
"Assets in progress and advances" mainly includes production benches and moulds in the approval phase and awaiting approval to produce from all the company's entities.

ACCUMULATED DEPRECIATION

(in Euro)	Provision at Dec. 31, 24	Application IFRS 16	Provision at Jan 1, 25	Depreciation	Disposals	Balance at Dec. 31, 25	Of which "Right of use" IFRS 16
Acc. Depr. Land and buildings	(19,868,473)	(1,196,026)	(21,064,499)	(2,367,896)	124,372	(23,308,023)	(1,564,411)
Acc. Depr. Plant and machinery	(106,899,267)	-	(106,899,267)	(3,304,822)	832,244	(109,371,845)	-
Acc. Depr. Industrial and commercial equipment	(76,977,670)	(1,084,399)	(78,062,068)	(3,755,045)	3,173,517	(78,643,596)	(1,100,204)
Acc. Depr. Other assets	(4,131,948)	(3,650,390)	(7,782,338)	(1,210,932)	3,953,937	(5,039,332)	(593,432)
Total accumulated depreciation Property, plant and equipment	**(207,877,357)**	**(5,930,814)**	**(213,808,172)**	**(10,638,695)**	**8,084,071**	**(216,362,796)**	**(3,258,048)**

The revaluations included in the values of tangible assets recognised to the present Company's financial statements are presented below.

	L.72/83	L,413/91	Merger revaluation 1989	Reval. from 2008 merger	L.2/2009	Total
Land and buildings	504,587	427,918	1,986,325	3,313,100	1,304,735	7,536,665
Plant, machinery & equipment	200,377	-	5,569,926	-	-	5,770,303
Other assets	-	-	54,378	-	-	54,378
Total	**704,964**	**427,918**	**7,610,629**	**3,313,100**	**1,304,735**	**13,361,347**

Property, plant and equipment were depreciated at December 31, 2025 at the following rates:

	Rate
Land & buildings	36.22%
Plant and machinery	94.46%
Industrial and commercial equipment	95.53%
Other assets	72.92%
Leasing	42.25%

Note 3: Investments

The following table reports the movements in 2025 in investments.

	Balance at Dec 31, 24	Increases for the year	Decreases for the year	Other changes	Balance at Dec 31, 25
INVESTMENTS:					
IN SUBSIDIARIES					
SIT Gas Controls Pty Ltd (Australia)	1,277,162	-	-	(10,604)	1,266,558
SIT Controls U.S.A. Inc. (USA)	4,571,576	-	-	2,856	4,574,433
SIT Controls BV - (Netherlands)	35,636,316	-	-	(43,218)	35,593,098
SIT Controls Deutschland GmbH (Germany)	6,028	-	-	(1,569)	4,459
SIT Controls CR, sro (Czech Republic)	3,638	-	-	(428)	3,210
SIT Romania S.r.l. - (Romania)	2,695,468	-	-	904	2,696,371
SIT Manufacturing (SUZHOU) Co.Ltd (China)	2,649,206	-	-	(12,976)	2,636,230
Plast Alfin S.A.R.L. (Tunisia)	1,245,579	-	-	(3,937)	1,241,642
SIT Controls Tunisia S.U.A.R.L. (Tunisia)	1,568,326	1,700,000	-	-	3,268,326
SIT Metering S.r.l. (Italy)	30,368,909	-	-	(120,310)	30,248,599
SIT MBT S.r.l. (Italy)	2,113,343	-	-	367,851	2,481,194
Total investments in subsidiaries	**82,135,552**	**1,700,000**	**-**	**178,569**	**84,014,121**
IN ASSOCIATED COMPANIES					
Hybitat srl	2,000	-	-	-	2,000
Total investments in associated companies	**2,000**	**-**	**-**	**-**	**2,000**
IN OTHER COMPANIES					
Consorzio CONAI	146	-	-	-	146
Società Garanzia Marche	129	-	-	-	129
Consorzio regionale garanzia	129	-	-	-	129
Confidi	77	-	-	-	77
Immobiliare Golf Montecchia	28,405	-	-	-	28,405
Fondazione ABO in liquidation	6,000	-	-	-	6,000
Italmed Llc.	378,025	-	-	-	378,025
Cyrus Intersoft Inc.	365,677	-	-	-	365,677
Infracom S.p.A.	521,420	-	-	-	521,420
Immobiliare Polesana (ex IMER)	1,034	-	-	-	1,034
Upsens srl	299,980	-	-	-	299,980
Fondazione ABO in liq. write-down prov.	(6,000)	-	-	-	(6,000)
Italmed Llc. . write-down prov.	(378,025)	-	-	-	(378,025)
Cyrus Intersoft Inc. write-down prov.	(365,677)	-	-	-	(365,677)
Infracom S.p.A. write-down prov.	(501,343)	-	-	-	(501,343)
Total investments in other companies	**349,977**	**-**	**-**	**-**	**349,977**
TOTAL INVESTMENTS	**82,487,529**	**1,700,000**	**-**	**178,569**	**84,366,098**

The item increases in investments in subsidiaries for the year amounting to Euro 1,700 thousand refers to an increase in the share capital of SIT Controls Tunisia S.u.a.r.l..
While the item other changes in investments in subsidiaries amounting to Euro 179 thousand refers to the employee incentive plan (L.T.I) for Euro -189 thousand and Euro 368 thousand to the accounting for instruments to shareholders who are also employees of SIT MBT s.r.l. as defined for cash-settled share-based payment instruments by IFRS 2.
The figures for subsidiaries (result and net equity) refer wholly to the financial statements at December 31, 2025, prepared by the respective Boards of Directors and not yet approved.

Company	City or State	Share Capital in euro	Last year profit (loss) in Euro	Shareholders' equity in Euro	Holding in Euro	% Holding	Book value or corresponding receivable	Differential
SIT Gas Controls Pty Ltd (Australia)	Melbourne (Australia)	100,000	(16,907)	4,770,710	4,770,710	100%	**1,266,558**	**3,504,151**
SIT Controls U.S.A. Inc. (USA)	Charlotte (USA)	2,164,000	910,000	3,082,000	3,082,000	100%	**4,574,433**	**(1,492,433)**
SIT Controls BV - (Netherlands)	Hoogeveen (Olanda)	46,000	899,507	41,014,435	41,014,435	100%	**35,593,098**	**5,421,337**
SIT Controls Deutschland GmbH (Germany)	Arnsbert (Germania)	51,129	159,345	1,753,631	87,682	5%	**4,459**	**83,222**
SIT Controls CR, sro (Czech Republic)	Brno (Rep. Ceca)	41,627	278,850	4,146,246	207,312	5%	**3,210**	**204,102**
SIT Romania Srl - Romania	Brasov (Romania)	9,297,950	5,847,648	80,472,947	68,506,619	85.13%	**2,696,371**	**65,810,248**
SIT Manufacturing (SUZHOU) Co.Ltd (China)	Suzhou (Cina)	20,900,610	2,877,592	25,121,236	25,121,236	100%	**2,636,230**	**22,485,006**
Plast Alfin S.A.R.L. (Tunisia)	Tunis (Tunisia)	10,454	86,634	1,184,272	1,125,058	95%	**1,241,642**	**(116,584)**
SIT Controls Tunisia S.U.A.R.L. (Tunisia)	Tunis (Tunisia)	3,261,303	996,041	9,696,710	9,696,710	100%	**3,268,326**	**6,428,384**
SIT Metering S.r.l. (Italy)	Italia	1,500,000	(867,957)	26,097,433	26,097,433	100%	30,248,599	**(4,151,167)**
SIT Motors & Blowers Technology S.r.l. (Italy)	Italia	1,192,143	782,570	4,705,458	3,293,820	70%	**2,481,194**	**812,626**
Total							**84,014,121**	

Following the merger at the end of 2014, on the basis of an independent expert's opinion, part of the positive merger difference was allocated to increase the value of the Investments held.
The deficit at December 31, 2025 of Euro 1,050 thousand is allocated as follows and is unchanged compared to December 31, 2024:

	December 31, 25	December 31, 24
SIT Gas Controls Pty Ltd (Australia)	178,000	178,000
SIT Romania Srl – Romania	872,000	872,000
Total	**1,050,000**	**1,050,000**

In addition, in the financial statements at December 31, 2025, the value of some investments acquired by SIT S.p.A. through the incorporation of SIT La Precisa S.p.A. in December 2014 is inclusive of the allocation of a portion of the positive merger difference from a merger executed in 2008 by SIT La Precisa S.p.A. with the then holding company Findest Technologies S.p.A.:

	December 31, 25
SIT Gas Controls Pty Ltd (Australia)	825,300
SIT Controls U.S.A. Inc. (USA)	4,508,700
SIT Controls BV - (Netherlands)	6,641,600
Total	**11,975,600**

With reference to the negative spread of some equity investments, the following should be noted:

- for the investment in SIT Controls USA, it should be noted that an assessment was carried out on the prospects of the investee which highlighted the full recoverability of the differential over the period of the 2026-2030 business plan;
- for the investment in Plast Alfin (Tunisia), a company acquired in 2020, it should be noted that it is recording positive economic results, confirming the favorable outlook and the sustainability of the book value.
- for the interest in SIT Metering S.r.l., a holding company, the valuation took into consideration the Smart Gas Metering and Water Metering CGUs, the operating areas of the investee companies, from which results with positive differentials emerge. The valuation of the investments in SIT Metering has shown a largely adequate coverage of the negative differential that emerges from the same in SIT S.p.A..

In the light of the analyses carried out, the directors do not believe that there are any impairment losses such as to require a reduction in the carrying amount of the investments.

Note 4: Non-current financial assets

The breakdown of non-current financial assets at December 31, 2025 is as follows:

(in Euro)	December 31, 2025	December 31, 2024
Guarantee deposits	125,592	172,539
Receivables from subsidiaries	26,690,541	26,190,541
Derivative financial instruments	-	13,425
Financial receivables from other parties	5,000	-
Participatory financial instruments	1,648,000	730,000
Non-current financial assets	**28,469,133**	**27,106,505**

The main accounts are commented upon below.

RECEIVABLES FROM SUBSIDIARIES

This item refers to the loan granted to the subsidiary SIT Metering S.r.l. for the acquisition of JANZ. During 2025 this loan was extended and repayment is scheduled for a single instalment on conclusion (December 31, 2030). The loan provides for an interest rate parameterized to the 6-month Euribor with the addition of a margin of 130 bps. At December 31, 2025 this rate is 3.337%.

PARTICIPATORY FINANCIAL INSTRUMENTS

The item, equal to Euro 1.648 thousand, refers to the equity financial instruments issued by Hybitat S.r.l. and subscribed by the Company. During the year the Company purchased from E-NOVIA S.p.A. n. 6,409 Participatory Financial Instruments (PFIs) issued by Hybitat S.r.l., for the total amount of Euro 198,000, as evidenced by the notarial deed executed on July 24, 2025. Furthermore, 7,200 instruments were subscribed for a value of Euro 720 thousand.
These financial instruments grant shareholders an option right to subscribe to a capital increase, with the objective of implementing the business plan and achieving the related milestones.
As of December 31, 2025, the Company had subscribed a total of 20,909 Participating Financial Instruments (PFIs) for an aggregate amount of Euro 1,648 thousand, including 6,409 PFIs acquired from E-Novia.
Lastly, it should be noted that the Company has committed to subscribing at least 7,000 PFIs during each calendar year through and including fiscal year 2027.
With reference to the participating financial instruments subscribed by the Company, it should be noted that, as of December 31, 2025, they were measured at fair value in accordance with the applicable accounting standards. This assessment did not identify any impairment losses to be recognized compared with the carrying amount recorded in the financial statements as of the same date, thereby confirming the appropriateness of the reported value.

Current assets

Note 5: Inventories

Inventories, presented in the financial statements net of the obsolescence provision, are comprised as follows:

(in Euro)	December 31, 2025	December 31, 2024
Raw materials, ancillary and consumables	12,648,758	12,668,920
Work-in-progress and semi-finished goods	8,050,533	7,790,754
Finished products and goods	8,091,428	6,125,494
Advances to suppliers	211,406	65,413
Inventories	**29,002,125**	**26,650,581**

The increase in finished goods inventories is mainly attributable to operational and commercial factors, including production scheduling in line with expected demand for the following period, as well as the deferral of shipments resulting from contractual or administrative arrangements with certain customers.

The movements in the inventory obsolescence provision were as follows:

	December 31, 2025
Obsolescence provision 31/12/2024	1,660,757
Utilisation in the year	(24,756)
Allocation in the year	446,978
Obsolescence provision 31/12/2025	**2,082,979**

The provision reflects the reduced value of inventories due to obsolescence, slow movement or as a result of market values below acquisition or production cost.

Note 6: Trade receivables

Trade receivables and the relative doubtful debt provisions are summarised below.

(in Euro)	December 31, 2025	December 31, 2024
Trade receivables	24,201,029	21,040,841
Trade receivables - subsidiaries	28,443,327	42,413,626
Receivables from associates	162,778	103,235
Current trade receivables	**52,807,135**	**63,557,702**
Doubtful debt provision	(519,794)	(480,276)
Trade receivables	**52,287,341**	**63,077,426**

TRADE RECEIVABLES

These concern direct commercial transactions undertaken by the company with clients. The amount is stated net of the doubtful debt provision which expresses reasonably expected losses both on the basis of prior non-collection and amounts overdue.

The doubtful debt provision amounts to Euro 520 thousand, with the movements in 2025 reported in the following table:

	December 31, 2025
Doubtful debt provision 31/12/2024	480,276
Utilisation in the year	(482)
Allocation in the year	40,000
Doubtful debt provision 31/12/2025	**519,794**

Trade receivables include receivables in foreign currency and are therefore stated in the financial statements and in the above table net of the relative unrealised exchange differences, which amount overall to Euro 34 thousand (exchange losses).

TRADE RECEIVABLES - SUBSIDIARIES

The breakdown by investee is presented below:

	Opening balance	Changes in the year	Closing balance
SIT Gas Controls Pty Ltd (Australia)	393,768	(393,554)	214
SIT Controls U.S.A. Inc. (USA)	64,682	(32,770)	31,912
SIT Controls BV - (Netherlands)	3,828,211	(3,559,722)	268,489
SIT Controls Deutschland GmbH (Germany)	19,806	1,910	21,715
SIT Controls CR, sro (Czech Republic)	18,988	(3,586)	15,402
SIT Romania S.r.l. (Romania)	6,816,763	(3,350,862)	3,465,901
SIT Motors & Blowers Technology S.r.l (Italy)	1,331,864	190,263	1,522,127
SIT Manufacturing (SUZHOU) Co.Ltd (China)	7,880,635	(2,006,069)	5,874,567
Sit Manufacturing N.A. SA de CV (Mexico)	2,906,928	2,032,471	4,939,400
MeteRSit S.r.l. (Italy)	3,283,507	234,664	3,518,171
SIT Metering S.r.l. (Italy)	1,591,907	(364,388)	1,227,519
Plast Alfin S.A.R.L. (Tunisia)	698,222	(106,439)	591,783
SIT Controls Tunisia S.U.A.R.L. (Tunisia)	12,625,934	(6,366,359)	6,259,575
Janz - Contagem e Gestao De Fluidos, SA (Portogallo)	872,663	(298,267)	574,397
Metersit UK Limited (United Kingdom)	79,748	52,407	132,155
Total receivables from subsidiaries	**42,413,626**	**(13,970,299)**	**28,443,327**

Trade receivables from subsidiaries concern the sale of semi-finished products and components to the industrial subsidiaries and finished products to commercial subsidiaries, in addition to royalties and other services, with all transactions carried out on an arm's length basis.
These include in addition payables in foreign currency, which are therefore stated in the financial statements and in the above table net of the relative unrealised exchange differences, which overall amount to Euro 111 thousand (exchange losses).

Note 7: Other current assets

The account is broken down as follows:

(in Euro)	December 31, 2025	December 31, 2024
Receivables from Parent Company for Group VAT	556,409	298,717
Withholding taxes	6,350	4,177
Income tax receivables	489,902	605,411
Advances	240,966	229,694
Prepayments and accrued income	479,843	708,496
Other receivables	222,748	345,856
Receivables from employees	-	1,219
Social security institution receivables	62,990	37,682
Other current assets	**2,059,209**	**2,231,252**

GROUP VAT RECEIVABLES

Starting from fiscal year 2020, Findest S.p.A., as the tax parent company, and SIT S.p.A. and Metersit S.r.l., as subsidiaries, joined the Group VAT settlement scheme pursuant to Article 73, final paragraph, of Presidential Decree No. 633/1972, as approved by their respective Boards of Directors in 2019.
Subsequently, SIT Metering S.r.l. and Technologies SAPA di F.D.S. S.S. joined the same scheme in 2021 and 2023, respectively, while SIT MBT S.r.l. also joined the aforementioned scheme starting from 2025.
The amount of EUR 556 thousand represents the net receivable due from tax parent company.

WITHHOLDING TAXES

Based on the forecasts included in the 2026–2030 business plan, an impairment of EUR 1,262 thousand was recognized on tax credits relating to foreign withholding taxes, which are not expected to be recoverable.

TAX RECEIVABLES

The item refers for Euro 468 thousand to the tax credit accrued for research, development and technological innovation activities (Budget Law 2020 No. 160/2019 and Law No. 234/2021, art. 1, c. 45), for Euro 5 thousand to the tax credit accrued for expenses incurred on investment in new capital goods and for Euro 1 thousand the "Art-Bonus" tax credit (Law No. 106 of July 29, 2014) and for Euro 16 thousand the acquisition of a "Superbonus 110%" tax credit.

ADVANCES TO SUPPLIERS

Advances to suppliers refer to payments on account for services provided.

PREPAYMENTS AND ACCRUED INCOME

At December 31, 2025, accruals and prepayments were composed as follows:

	Balance at December 31, 2025				Balance at December 31, 2024
	Within one year	Beyond one year	Duration beyond 5 years	Total	Total
Accrued financial income	77	-	-	77	-
Total accrued income	**77**	**-**	**-**	**77**	**-**
Prepaid financial charges	18,658	-	-	18,658	49,887
Prepayments on fees, rental & insurance premiums	212,622	21,737	-	234,359	398,532
Other prepayments	223,754	2,994	-	226,748	260,077
Total prepayments	**455,035**	**24,731**	**-**	**479,766**	**708,496**
Total accrued income and prepayments	**455,112**	**24,731**	**-**	**479,843**	**708,496**

Note 8: Income tax receivables

Income tax receivables were as follows:

(in Euro)	December 31, 2025	December 31, 2024
Tax consolidation receivables from parent company	1,468,266	99,498
Tax receivables	**1,468,266**	**99,498**

The amount of Euro 1,468 thousand concerns the net receivable from the company's involvement in the tax consolidation with the holding company Findest S.p.A.. The company in fact took part in the National Tax Consolidation governed by Legislative Decree No. 344 of December 12, 2003 and in particular Articles 117 to 129 of the Income Tax Law, as the consolidated company and as expressly approved by its Board of Directors for the 2016-2018 three-year period and as per the tax consolidation agreement signed by the interested companies, the agreement has been extended for the three year period 2025 – 2027.

Note 9 Other current financial assets

A breakdown of other current financial assets follows:

(in Euro)	December 31, 2025	December 31, 2024
Short-term financial receivables from subsidiaries	13,128,292	11,270,695
Guarantee deposits	1,133,226	2,709,842
Escrow deposit	1,000,122	1,496,330
Derivative financial instruments	37,118	94,934
Other current financial assets	**15,298,758**	**15,571,801**

FINANCIAL ASSETS FROM SUBSIDIARIES

The company carries out financial coordination for the subsidiaries and Group treasury services. This account concerns funding operations through credit lines agreed in the undertaking of these activities and those of a financial nature concerning current accounts of the subsidiaries of SIT S.p.A., as per the table below. The interest matured until December 31, 2025 is recognised on an accruals basis to the income statement for the year.

Company	credit line	utilisations	intercompany acc.
SIT Manufacturing (Suzhou) Co.Ltd.	1,823,442	1,823,442	
SIT Controls Tunisia s.u.a.r.l.	4,000,000	4,000,000	
SIT Controls Tunisia s.u.a.r.l.	3,000,000		2,229,731
SIT Metering s.r.l.	1,000,000		4,215,618
MeterSit UK Ltd	1,146,000	859,500	
Total	**10,969,443**	**6,682,943**	**6,445,349**

GUARANTEE DEPOSITS

Guarantee deposits includes Euro 1,127 thousand related to the payment of a security deposit to a supplier to guarantee supplies of electronic components having particularly long lead times and whose delivery has been particularly unpredictable in past years. This deposit constitutes the Company's commitment to maintain the orders to which these components refer in support of the supplier's activity in the current context of destocking of the production chain of the Heating & Ventilation sector. It should be noted that this deposit decreased by Euro 1,573 thousand during the year.

ESCROW DEPOSIT

During the fourth quarter of 2020, the Company paid Euro 3,000 thousand on behalf of its subsidiary Sit Metering S.r.l. as a guarantee in connection with the acquisition of JANZ Contagem e Gestão de Fluidos S.A.. In accordance with the contractual agreements, as of December 31, 2025 this item amounts to Euro 1,000 thousand.

DERIVATIVE FINANCIAL INSTRUMENTS

The account, amounting to Euro 37 thousand, includes:

- Euro 20 thousand concerning the current portion of the IRS contract on the loan agreed with Cassa Depositi e Prestiti S.p.A. The following table provides a breakdown by individual contract:

Transaction type	Currency	Beginning date	Maturity	Fixed rate	Notional Dec 31, 25	Fair value Dec 31, 25
IRS su fin.CDP	Euro	30/06/2022	31/12/2026	1.41%	3,750,000	20,246
Total					**3,750,000**	**20,246**

- For the remaining portion, the Company has outstanding foreign exchange derivative contracts that were executed in accordance with the Group's foreign exchange risk management policy. However, such contracts have not been formally designated as hedging instruments for accounting purposes under the applicable accounting standards.

Note 10: Cash and Cash Equivalents

(in Euro)	December 31, 2025	December 31, 2024
Cash in hand and similar	2,184	2,312
Bank and postal deposits	1,732,734	6,273,236
Cash and cash equivalents	**1,734,918**	**6,275,548**

Cash and cash equivalents relate to current accounts and cash in hand and similar at December 31, 2025.

Shareholders' Equity

Shareholders' equity at December 31, 2025 amounts to Euro 86,915,056 with a decrease of Euro 8,382,699 compared to the amount of Euro 95,297,755 at December 31, 2024. The changes are reported in the statement of changes in shareholders' equity, to which reference should be made.
The following comments relate to the principal accounts and changes.

Note 11: Share capital

The share capital, subscribed and paid-in, amounted at December 31, 2025 to Euro 96,162,195, comprising 25,110,209 shares without express nominal value.
The classes of shares issued by the company are reported below:

Shares	No. Shares	% of share capital	Listing
Ordinary Shares	25,110,209	100.00%	Euronext – Milan

Note 12: Reserves

The availability and distributability of shareholders' equity is outlined in the following table:

(in Euro)	Amount	Possibility of use	Quota available	Quota distributable	Summary of utilisations made in the three previous years		Note	Composition of reserves
Nature/description					**To cover losses**	**For other reasons**		
SHARE CAPITAL	96,162,195							
CAPITAL RESERVES								
Share premium reserve	9,961,431	(1)(2)(3)	9,961,431	9,961,431				(a)
Capital payments reserve	16,615,618	(1)(2)(3)	16,615,618	16,615,618				(a)
TOTAL CAPITAL RESERVES								

Legal reserve	19,232,439	(2)	19,232,439				(b)
Treasury shares reserve	(5,185,091)		-	-			(a)/(b)
First time application IAS/IFRS reserve	-	(2)	-	-	(564,566)	(63,362)	(b)
Reserve for currency differences	-	(1)(2)	-	-	(161,178)		(b)
Cash Flow Hedge Reserve	(148,575)		-	-			(b)
Actuarial Reserve - Employee benefits	(46,690)		(46,690)	-			
Extraordinary reserve	107,349	(1)(2)(3)	107,349	107,349	(24,726,475)		(b)
LTI Reserve	223,143		223,143				(b)
TOTAL	136,921,819		46,093,290	26,684,398			
NON-DISTRIBUTABLE AMOUNT				6,071,663		I	
RESIDUAL DISTRIBUTABLE AMOUNT				20,612,735			

(1) For share capital increase

(2) To cover losses

(3) For distribution to shareholders

(a) capital reserves

(b) retained earnings

(I) In accordance with Article 2426, first paragraph, number 5) of the Civil Code, it should be noted that, since the Company has capitalized development costs for an amount equal to Euro Euro 6,017,051, net of amortization, until the amortization process is completed, dividends may be distributed only if sufficient available reserves remain to cover the amount of unamortized costs,
Furthermore, it should be noted that, pursuant to Article 2426, paragraph 1, no, 11-bis of the Italian Civil Code, profits arising from the fair value measurement of derivative financial instruments that are not designated as hedging instruments or are not necessary for hedging purposes are not distributable, in an amount equal to Euro 54,611,

SHARE PREMIUM RESERVE

The share premium reserve of Euro 9,961,431 decreased during the period by Euro 83,256 due to the assignment of shares to employees following the closure of the first cycle of L.T.I. completed in June 2025.

CAPITAL PAYMENTS RESERVE

The shareholders' capital payments reserve of Euro 16,615,618 did not change during the year.

LEGAL RESERVE

The legal reserve of Euro 19,232,439 did not change during the year.

TREASURY SHARES RESERVE

The treasury shares reserve amounted to Euro 5,185,091 and decreased by Euro 142,823 due to the assignment of shares to employees following the closure of the first cycle of L.T.I. completed in June 2025. This reserve is for the purpose of the new share-based compensation plans for executives and employees of the Company and/or its subsidiaries, as approved by the Shareholders' Meeting of April 29, 2021.

LONG TERM INCENTIVE PLAN RESERVE

At December 31, 2025 the reserve for long-term incentive plans (L.T.I.) includes the value of share-based payments to key employees and executives, settled with equity securities. It should be noted that on April

29, 2021 the Shareholders' Meeting approved 3 incentive plans (Performance Shares Plan, Restricted Shares Plan, Share Compensation Plan for the Advisory Board) where one of which provides for three different assignment cycles scheduled for the financial years 2021, 2022 and 2023. During the period, the second cycle ended with the conversion of units into shares, therefore the reserve moved as follows:

- A decrease of Euro 486 thousand against the partial achievement of the objectives set in the plan for the second assignment cycle;
- A decrease of Euro 64 thousand due to the conversion of the units into shares, with the consequent allocation of the same to key employees and managers;
- A decrease of Euro 31 thousand against the cost previously set aside for employees and managers, due to the failure to meet the requirements (so-called bad leavers)
- An increase of Euro 145 thousand against the allocation of the cost for the period, mainly referring to the second and third cycles;

For further details on these plans, reference should be made to Note 37.

CASH FLOW HEDGE RESERVE

The *cash flow hedge* reserve at December 31, 2024 was recorded as a positive amount of Euro 424,989, net of the tax effect of Euro 134,207. During the year, the reserve mainly changed as a result of hedging contracts relating to the so called SFA financing agreement (Senior Financial Agreement 2021), which was renegotiated based on the agreements reached with the banking syndicate on April, 22 and 23.
At December 31, 2025 the reserve was recognized at a negative amount of Euro 148,575, net of the tax effect of Euro 46,919.

ACTUARIAL RESERVE

At December 31, 2025 the actuarial reserve had a positive value of Euro 46,690 and derives from the effects of the discounting post-employment benefits.

EXTRAORDINARY RESERVE

The extraordinary reserve at December 31, 2025 amounts to Euro 107,349 and during the year it increased by Euro 4,068 as a result of the voluntary renunciation of an employee of the shares assigned following the closure of the first cycle of L.T.I..

Non current liabilities

Note 13: Medium/long-term loans and borrowings

The breakdown of the account is illustrated below:

(in Euro)	December 31, 2025	December 31, 2024
Non-current loans	57,021,214	75,950,000
Non-current loans - amortized cost	322,532	659,704
Medium/long-term loans and borrowings	**57,343,746**	**76,609,704**

As of December 31, 2025, Medium/long-term loans and borrowings represent the value of the non-current portion of the loan agreements entered into by the Company with certain financial institutions.
These contracts - which are not secured by collateral and allow early repayment without penalty - provide for the borrower to comply with a series of annual financial covenants to be calculated semi-annually at the consolidated level. In addition, as usual in similar transactions, they provide for a series of commitments and limitations such as the prohibition of taking on further debt beyond a certain amount and providing guarantees relating to it, as well as limits on the distribution of dividends and asset sales or business disposals. The extent of these limitations, as well as the pricing grid of net interest income, vary according to the level of consolidated financial leverage.
Below is a list of existing bank loans:

Denomination Initial date	Maturity	Nominal amount	Cov	Residual debt			Current rate (*)	Fair value		
				Total	Non Current	Current		Total	Non Current	Current
Pool SFA (1) 06/08/21	30/6/28	90,000	(**)	59,400	45,088	14,312	4.69%	59,800	45,290	14,510
CDP 11/03/21	31/12/28	15,000	(**)	11,550	8,767	2,783	4.04%	11,751	8,874	2,877
UCI / BEI 31/05/22	31/5/28	10,000	(**)	5,000	3,166	1,834	4.67%	5,058	3,180	1,878
Total				**75,950**	**57,021**	**18,929**		**76,609**	**57,344**	**19,265**

(amounts in Euro,000)

(1) Banking Pool composed of BNL, Unicredit, Banco BPM, Credit Agricole and, as of April 2025, Illimity SGR, which took over from Deutsch Bank.
(*) Interest rate given by market parameter plus contractual spread existing on the date
(**) Financial covenants to be calculated at the level of the consolidated financial statements on a half-yearly basis: (i) the ratio of net financial position to EBITDA (ii) the ratio of EBITDA to net financial expenses (iii) the ratio of net debt to equity, all quantities to be calculated on the basis of the last 12 months and according to the definitions provided for in the relevant contracts. There are also other contractual commitments and limitations on operations, such as the maximum level of annual investments and constraints on the possibility of distributing dividends in relation to the ratio between net financial position and EBITDA. As of December 31, 2025, the financial covenants of 3.9x, 4.0x and 1.5x respectively and the Capex Covenant of Euro 23.5 million were respected.

Please note that the SFA Pool loan starting from 2025 includes an ESG interest rate indexation clause based on a sustainability rating issued by the international corporate social responsibility rating agency EcoVadis. As of 23 June 2025, net interest income has been reduced by 10 bps pursuant to this clause.
The following table summarizes the maturity profile of the principal portions of the main financial liabilities based on contractual commitments (for the description of the Bond Loans, please refer to the paragraph "Bond loan – non-current portion):

(amounts in Euro,000)

Years	Bank Loans	Bonds	Others (*)	Total
2026	18,929		58	18,987
2027	23,323	8,000	0	31,323
2028	33,698	8,000	0	41,698
2029		8,000	0	8,000
2030		8,000	0	8,000
2031		8,000	0	8,000
Totale	**75,950**	**40,000**	**58**	**116,008**

(*) The item Others refers to specific projects financed by Simest.

Note 14: Other non-current financial liabilities and derivative financial instruments

Details are provided in the following table:

(in Euro)	December 31, 2025	December 31, 2024
Non-current loans from Parent company	5,422,603	5,172,603
Medium and long-term lease liabilities (IFRS 16)	3,213,943	4,495,064
Derivatives financial instruments (non-current portion)	232,178	611,109
Bond loan	39,975,617	39,978,638
Other non-current financial liabilities and derivative financial instruments	**48,844,341**	**50,257,414**

NON-CURRENT LOANS FROM PARENT COMPANY

As part of the broader banking renegotiation carried out on April, 22-23 2024, with the aim of ensuring greater cash availability for the Group, the Company signed a new financing agreement with its parent company, Technologies S.a.p.a., for an amount of Euro 5,000 thousand. The loan is subordinated and junior to the claims of all existing financial creditors.
The financing is expected to be repaid no earlier than May, 19 2031.
As of 31 December 2025, the balance amounted to Euro 5,423 thousand, including Euro 423 thousand of interest accrued as of that date.

MEDIUM AND LONG-TERM LEASE LIABILITIES (IFRS 16)

The amount concerns the non-current financial payable for future charges from the existing lease contracts, recognised in application of IFRS 16. For further details, please refer to Note 36.

DERIVATIVES FINANCIAL INSTRUMENTS (NON-CURRENT PORTION)

The value of derivative financial instruments at December 31, 2025 amounted to Euro 232 thousand and relates to IRS (Interest Rate Swap) derivative contracts entered into to hedge the medium- to long-term portion of the outstanding loans. The table below provides a breakdown by contract:

Transaction type	Currency	Beginning date	Maturity	Fixed rate	Notional Dec 31, 25	Fair value Dec 31, 25
IRS su SFA 2021	Euro	28/06/2024	30/06/2028	3.14%	29,700,000	(232,178)
Total					**29,700,000**	**(232,178)**

BOND LOAN

The item refers to the bond loan subscribed by Pricoa in May 2021 for the nominal value of EUR 40,000 thousand. The debt was valued using the amortised cost method over the duration of the contract, equal to 10 years with 6 years of pre-amortization. The fixed semi-annual coupon is indexed from the fifth year onwards to a sustainability ("ESG") rating provided by the international agency EcoVadis.

Desciption	Maturity Date	Notional amount	Hedging	Outstanding debt			Current interest rate (*)	Fair value		
Effective Date				Total	Non-current portion	Current portion		Total	Non-current portion	Current portion
Pricoa 19/05/21 (Euro/000)	31/05/2031	40,000	(**)	40,000	40,000	-	3.9%	40,161	39,976	185
Total				**40,000**	**40,000**	**-**		**40,161**	**39,976**	**185**

(*) Interest rate based on the relevant market benchmark plus the contractual spread in effect at the reporting date.
(**) The financial covenants provided for in the contract are: (i) the ratio of net financial position to EBITDA, (ii) the ratio of EBITDA to net finance expenses, (iii) the ratio of debt to equity and (iv) until December 31, 2025 , a certain level of cash and cash equivalents and available credit facilities.
The agreement also includes other contractual commitments and operational restrictions, such as a maximum annual capital expenditure limit, restrictions on the disposal of business units, and limitations on dividend distributions in relation to the ratio of net financial position to EBITDA.
At December 31, 2025, the threshold values for the financial covenants were 3.9x, 4.0x and 1.5x, respectively, and all such covenants were complied with. The Liquidity Covenant (requiring cash and cash equivalents of Euro 5 million and available credit facilities of Euro 7 million) was also complied with.

Note 15: Provisions for risks and charges

The changes to the account were as follows:

	December 31, 2024	Provisions	Utilisations/Releases	December 31, 2025
Agents indemnity provision	154,133	-	-	154,133
Product warranty provision	140,253	-	-	140,253
Provision for tax disputes	-	156,000	-	156,000
Other risks provision	2,247,891	1,018,664	(1,048,966)	2,217,588
Total provisions for risks and charges	**2,542,277**	**1,174,664**	**(1,048,966)**	**2,667,975**

AGENTS INDEMNITY PROVISION

The account exclusively includes the potential liability for any indemnities due to agents in the event of end of service or for the termination of the contract not attributable to the agent, as established by Article 1751 of Civil Code and the Collective Economic Agreements.

PRODUCT WARRANTY PROVISION

The product warranty provision reflects a reasonable estimate of the charges which the company may incur to comply with contractual guarantees on products sold until the reporting date. The value of the provision is in line with the previous year.

PROVISION FOR TAX DISPUTES

The Company is currently subject to an ongoing tax audit relating to specific tax periods, which resulted in the issuance of a Tax Audit Report. Based on the assessments performed, considering the information currently available and the expected developments of the proceedings, at December 31, 2025 the Company recorded a provision of Euro 156 thousand.

OTHER PROVISIONS

Other provisions include:

- Risks provision for Euro 904 which concerns for risks associated with ongoing disputes with customers and suppliers, where the risk of loss is considered probable. During the year, the provision increased by Euro 670 thousand as a result of claims raised by customers regarding product non-conformities. The decrease recorded during the year, amounting to Euro 431 thousand, relates to Euro 36 thousand for specific claims recognized to a customer following the confirmed defectiveness of a product and to Euro 395 thousand for releases resulting from the expiry of obligations towards customers in respect of potential contractual indemnities;

- The future charges provision of Euro 1,098 thousand relates to the costs of the reclamation of a plot of land owned by the Company; the use in the year of Euro 181 thousand concerned the costs incurred for the reclamation activity; during the year, Euro 133 thousand was in addition allocated

and increased by Euro 2 thousand as a result of the discounting of the provisions for the previous year; this increase was necessary on the basis of the results of the analyses carried out during the year and the comparison with the body in charge of control.

- The provision for risks of Euro 216 thousand refers to severance pay of certain personnel scheduled for next year. During the year, the provision was utilized for Euro 428 thousand, released for Euro 11 thousand and increased by Euro 216 thousand;

Note 16: Post-employment benefit provision

The movements in the account in the year to December 31, 2025 and to December 31, 2024 were as follows:

	December 31, 2025	December 31, 2024
Net liabilities for employee benefits	2,786,873	3,130,765
Liabilities for retention or other	130,235	326,050
Net liabilities for defined employee benefits	**2,917,108**	**3,456,815**

The movement in the account Net liabilities for employee benefits is presented below:

	December 31, 2025	December 31, 2024
Post-employment benefit at beginning of year	3,130,765	3,805,446
Payments in the year	(383,207)	(794,791)
Interest cost	93,465	103,777
Actuarial gains/(losses) recognised	(54,151)	16,333
Post-employment benefit at end of year	**2,786,873**	**3,130,765**

The economic/demographic assumptions utilised for the measurement for IAS of post-employment benefits were as follows:

Defined benefit plans	December 31, 2025	December 31, 2024
Annual discount rate	3.37%	3.18%
Annual inflation rate	2.00%	2.00%
Annual increase in post-employment benefit	3.00%	3.00%
Annual increase in real salaries	1	1
Death	ISTAT 2022	ISTAT 2022
Disability	INPS tables by age and gender	
Retirement	100% on satisfying AGO requirements	

The annual frequency of advance payments and company turnover were taken from the historical experience of the company and from the frequencies of the experience of the actuarial consultant on a significant number of similar businesses.

Note 17: Other non-current liabilities

The amount of Euro 592 thousand refers to the accounting of instruments due from minority shareholders of SIT MBT S.r.l. who are also employees of the investee, as defined for "Cash-settled share-based payment" instruments by IFRS 2.

Note 18: Deferred tax income & charges

A breakdown of temporary differences and the consequent deferred tax assets/liabilities at December 31, 2025 and at December 31, 2024, is reported below, based on the type of temporary differences, applying respectively a tax rate of 24% for IRES and 4,08% for IRAP:

DEFERRED TAX ASSET/(LIABILITY)	December 31, 2024				December 31, 2025			
	Amount of temp. diff. IRES	Amount of temp. diff. IRAP	Tax effect IRES	Tax effect IRAP	Amount of temp. diff. IRES	Amount of temp. diff. IRAP	Tax effect IRES	Tax effect IRAP
Rate			24.00%	3.90%			24.00%	4.08%
DEFERRED TAX ASSETS								
Provisions for risks and charges and employee provisions	-	310,403	-	12,106	-	345,799	-	14,109
Other provisions for risks and charges	-	1,826,800	-	71,245	-	2,142,278	-	87,405
Write-down of inventories	-	1,642,411	-	64,054	-	2,082,979	-	84,986
Deprec. suspended on prop. Revaluations	-	171,004	-	6,669	-	171,004	-	6,977
Impairment of property, plant and equipmen	-	1,002,195	-	39,086	-	1,002,195	-	40,890
Deferred taxes concerning previous years tax losses	12,086,571	-	2,900,777	-	12,086,571	-	2,900,777	-
ACE	6,748,318	-	1,619,596	-	6,748,318	-	1,619,596	-
Employee benefits	11,154	-	2,677		-	-	-	-
Derivative financial instruments	824,706	-	197,929	-	490,360	-	117,686	-
TOTAL DEFERRED TAX ASSETS	**19,670,750**	**4,952,813**	**4,720,980**	**193,160**	**19,325,250**	**5,744,255**	**4,638,060**	**234,365**
DEFERRED TAX LIABILITIES								
Accelerated depreciation	(374,909)	-	(89,978)	-	(374,909)	-	(89,978)	-
Revaluation land & buildings from merger	(3,132,092)	(3,132,092)	(751,702)	(122,152)	(3,122,036)	(3,122,036)	(749,289)	(127,379)
Reval. Investments for positive cancellation diff.	(52,500)	-	(12,600)	-	(52,500)	-	(12,600)	-
Valuation brands and Technologies for consolidation diff.	(11,436,846)	(11,436,846)	(2,744,843)	(446,037)	(8,917,112)	(8,917,112)	(2,140,107)	(363,818)
Finance Leases	(792,699)	(792,699)	(190,248)	(30,915)	(748,759)	(748,759)	(179,702)	(30,549)
Derivative financial instruments	(1,383,902)	-	(332,136)	-	(294,866)	-	(70,768)	-
TOTAL DEFERRED TAXE LIABILITIES	**(17,172,947)**	**(15,361,636)**	**(4,121,507)**	**(599,104)**	**(13,510,182)**	**(12,787,907)**	**(3,242,444)**	**(521,747)**
TAX: DEFERRED TAX ASSETS/(LIABILITIES) TO BALANCE SHEET TOTAL	**2,497,802**	**(10,408,823)**	**599,473**	**(405,944)**	**5,815,068**	**(7,043,652)**	**1,395,616**	**(287,382)**

Deferred tax assets are recognised in the financial statements on the basis of their recoverability through future taxable income, in accordance with IAS 12 – Income taxes. The assessment of the recoverability of deferred tax assets was performed based on projected future taxable income, in line with the 2026-2030 business plan approved by the Company's Board of Directors on April 7, 2026. Based on the outcome of these assessments, deferred tax assets relating to temporary differences have not been recognized.
The Company will continue to periodically monitor the evolution of the expected tax results and the related projections, adjusting the recognition of deferred tax assets according to any changes in the forecasting and regulatory framework.

Current liabilities

Note 19: Short-term loans and borrowings

The breakdown is as follows:

(in Euro)	December 31, 2025	December 31, 2024
Utilisation short-term lines	9,188,353	8,946,564
Current portion of loans	19,264,562	9,916,825
Current financial charges	41,620	30,753
Short-term loans and borrowings	**28,494,535**	**18,894,142**

UTILISATION SHORT-TERM LINES

The item includes advances on commercial flows received from various banks totalling Euro 8,964 thousand, in addition to accrued and outstanding bank interest payable of Euro 224 thousand.

CURRENT PORTION OF BANK LOANS

This item includes the current portion of the 2021 Senior Financial Agreement loan for Euro 14,510 thousand, the current portion of the Unicredit loan for Euro 1,878 thousand, the Cassa Depositi e Prestiti loan for Euro 2,877 thousand. These loans are represented in accordance with the amending agreements signed on Aprill, 23 and 24 2024.

CURRENT FINANCIAL LIABILITIES

This item represents accrued interest at December 31, 2025 on the Unicredit loan for Euro 20 thousand and for Euro 22 thousand relates to accrued interest at December 31, 2025 on bank advances.

Note 20: Other current financial liabilities and derivative financial instruments

A breakdown follows:

(in Euro)	December 31, 2025	December 31, 2024
Current financial payables – subsidiaries	45,364,742	33,485,887
Other current payables	243,145	253,184
Factoring payables	274,762	1,570,150
Derivative financial instruments - current portion	280,521	273,083
Current financial lease payables - IFRS 16	1,388,954	1,750,777
Other current financial liabilities and derivative financial instruments	**47,552,124**	**37,333,081**

CURRENT FINANCIAL PAYABLES - SUBSIDIARIES

The balances at December 31, 2025 mainly concern financial transactions relating to the current accounts held by the subsidiaries with SIT S.p.A. as part of the centralised treasury services provided by SIT S.p.A. to the Group companies.
Current financial payables to subsidiaries by investee company are presented below:

	December 31, 2025	December 31, 2024
SIT Gas Controls Pty Ltd (Australia)	493,226	1,055,638
SIT Romania S.r.l. (Romania)	7,484,923	4,189,322
Plast Alfin s.a.r.l. (Tunisia)	954,108	389,913
SIT Controls BV (Netherlands)	10,232,648	10,736,469
SIT Controls Deutschland GmbH (Germany)	1,359,671	1,154,120
SIT Controls U.S.A. Inc. (USA)	484,402	-
SIT Controls CR, sro (Czech Republic)	3,647,552	3,180,960
Sit Manufacturing N.A. SA de CV (Mexico)	458,984	284,729
MeteRSit S.r.l. (Italy)	12,321,575	6,124,787
SIT Motors & Blowers Technology S.r.l (Italy)	1,404,820	-
Janz (Portugal)	6,522,833	6,369,949
Total current financial payables - subsidiaries	**45,364,742**	**33,485,887**

OTHER CURRENT FINANCIAL PAYABLES

The item of Euro 243 thousand relates for Euro 185 thousand to interest accrued on the bond loan and to the current portion of the related transaction costs.
For Euro 58 thousand to an amount disbursed by SIMEST in March 2025 under a financing arrangement supporting Digital and Green Transition projects. This financing arrangement bore a subsidized interest rate of 0.511% and was repayable in eight semi-annual instalments commencing in July 2027 and maturing in January 2031.
During December 2025, the Company submitted a request to waive this financing arrangement, resulting in the obligation to repay the amount disbursed and its consequent classification among current financial liabilities.

DERIVATIVE FINANCIAL INSTRUMENTS - CURRENT PORTION

The balance at December 31,2025 of Euro 281 thousand includes for Euro 258 thousand the mark-to-market at December 31, 2025 of interest rate hedging derivatives entered into in connection with the Senior Financial Agreement 2021 (SFA 2021) bank loan, hedged at 50% of the residual nominal value of 59,400 thousand, while Euro 23 thousand is attributable to contracts for the management of exchange rate risk.
During 2025, the Company entered into foreign exchange hedging contracts that do not meet the hedge accounting requirements set out in IFRS 9.
The features and the fair value of the current portion of the derivative financial instruments at December 31, 2025 are summarised below.

Transaction type	Currency	Currency amount	Currency value	average spot exchange rate	average forward exchange rate	Maturity date / Fair value at the date			
						<3m	>3m; <6m	>6m; <9m	>9m
forward sales	CNY	15,000,000	EUR	8.2496	8.2390	-	-	-	(17,837)
forward sales	GBP	625,000	EUR	0.8760	0.8792	(3,821)	-	-	-
Total						**(3,821)**	**-**	**-**	**(17,837)**

The breakdown is provided below of changes to liabilities deriving from financial activities, where such relates to cash flows or non-monetary changes:

(in Euro)	Dec 31, 24	Disbursements	Reimbursements /settlements	Reclass.	Fair value and other non-cash changes	Change in amortised cost	Dec 31, 25
Bank payables - non-current portion of loans	75,950,000			(18,928,786)			57,021,214
Bank payables - non-current portion amortised cost	659,704			(336,319)		(853)	322,532
Total bank payables - non-current portion loans	**76,609,704**	**-**	**-**	**(19,265,105)**	**-**	**(853)**	**57,343,746**
Shareholder loans - non-current portion of loans	5,000,000						5,000,000
Shareholder loan - amortised cost	-						-
Shareholders' loan - accrued interest	172,603				250,000		422,603
Bond loan - non-current portion	40,000,000						40,000,000
Bond loan - amortised cost, non-current portion	(21,362)			(3,021)			(24,383)
Derivative financial instruments - non-current portion	611,109				(378,931)		232,178
IFRS16	4,495,064			(1,335,002)	53,881		3,213,943
Payables to other lenders	-	58,125		(58,125)			-
Total other non-current financial liabilities and derivative financial instruments	**50,257,414**	**58,125**	**-**	**(1,396,148)**	**(75,050)**	**-**	**48,844,341**
Total non-current financial liabilities	**126,867,118**	**58,125**	**-**	**(20,661,253)**	**(75,050)**	**(853)**	**106,188,087**
Bank payables - current portion of loans	9,546,204	913,619	(10,459,823)	18,928,786			18,928,786
Bank payables - current portion amortised cost	370,621		(370,621)	336,319			336,319
Current account and accrued interest expense	8,977,317	9,229,430	(8,977,317)				9,229,430
Total bank payables - current portion of loans	**18,894,142**	**10,143,049**	**(19,807,761)**	**19,265,105**	**-**	**-**	**28,494,535**
Shareholder loan - current portion of loans	-						-
Bond loan - current portion	-						-
Bond loan - amortised cost current portion	2,907		(2,907)	3,021			3,021
Bond loan - accrued interest expense	177,667		(177,667)		182,000		182,000
Derivative financial instruments - current portion	273,083		(273,083)		280,521		280,521
Financial liabilities to subsidiaries	33,485,886	12,977,765	(1,098,910)				45,364,741
Factoring payables	1,570,150	274,762	(1,570,150)				274,762
IFRS16	1,750,777		(1,873,705)	1,335,002	176,880		1,388,954
Payables to other lenders	72,611		(72,611)	58,125			58,125
Total other current financial liabilities and derivative financial instruments	**37,333,081**	**13,252,527**	**(5,069,033)**	**1,396,148**	**639,401**	**-**	**47,552,124**
Total current financial liabilities	**56,227,223**	**23,395,576**	**(24,876,794)**	**20,661,253**	**639,401**	**-**	**76,046,659**

In relation to the hierarchical positioning of the fair value of the derivative instruments in place (IRS and currencies) those described above are classified as level 2. There were no transfers between Level 1 and Level 2 during the year.

CURRENT FINANCIAL PAYABLES FOR LEASING – IFRS16

The amount concerns the current financial payable for future charges from the existing lease contracts, recognised in application of IFRS 16. For further information, reference should be made to Note 36.

Note 21: Trade payables

At December 31, 2025, trade payables were broken down as follows:

(in Euro)	December 31, 2025	December 31, 2024
Trade payables	34,466,896	39,778,840
Trade Payables to affiliated companies	72	-
Trade payables to subsidiaries	22,614,801	24,056,870
Trade payables	**57,081,769**	**63,835,710**

TRADE PAYABLES

Trade payables represent the Company's obligations arising from the purchase of goods, raw materials, semi-finished products, services and professional services required for the conduct of its business activities. Such payables are recognized in the financial statements at their nominal value and relate to commercial transactions carried out at market conditions, with payment terms defined by the agreements entered with suppliers.
These include payables in foreign currency and are therefore stated in the financial statements and in the above table net of the relative unrealised exchange differences, equating to exchange gains of Euro 62 thousand.

TRADE PAYABLES TO SUBSIDIARIES

Trade payables to subsidiaries concern the purchase of semi-finished products and components, in addition to finished products, and royalties and other services, with all transactions carried out on an arm's length basis.
The value of trade payables to subsidiaries includes payables in foreign currency and are therefore stated in the financial statements and in the above table net of the relative unrealised exchange differences, equating to exchange gain for Euro 150 thousand.
Trade payables to subsidiaries by individual subsidiary are presented below:

	December 31, 2025	December 31, 2024
SIT Gas Controls Pty Ltd (Australia)	272,898	29,204
SIT Controls U.S.A. Inc. (USA)	243,171	84,737
SIT Controls BV (Netherlands)	3,738,194	2,897,476
SIT Controls Deutschland GmbH (Germany)	293,251	265,373
SIT Controls CR, sro (Czech Republic)	339,537	412,839
SIT Romania S.r.l. (Romania)	5,505,649	9,005,115
Sit Manufacturing (SUZHOU) Co Ltd (China)	4,655,603	5,719,073
MeteRSit S.r.l. (Italy)	185,860	176,863
SIT Metering S.r.l. (Italy)	182,355	170,456
SIT Motors & Blowers Technology S.r.l (Italy)	594,303	1,552,399
Sit Manufacturing N.A. SA de CV (Mexico)	330,650	249,221
SIT Controls Tunisia SUARL. (Tunisia)	5,972,607	3,050,454
Plast Alfin S.A.R.L. (Tunisia)	165,254	320,923
Janz (Portugal)	135,470	122,738
Total trade payables to subsidiaries	**22,614,801**	**24,056,870**

Note 22: Other current liabilities

A breakdown follows:

(in Euro)	December 31, 2025	December 31, 2024
Other payables	308,443	292,892
Customer advances	368,121	638,393
Current remuneration payables	1,490,235	1,442,657
Deferred remuneration payables	1,716,667	1,935,602
Payables to social security institutions	1,674,338	1,941,048
Result bonuses	954,306	892,942
Deferred income	956,997	700,697
Substitute tax payables	1,420,810	1,824,595
Other current liabilities	**8,889,917**	**9,668,826**

OTHER PAYABLES

These principally includes the employee portions (canteen contribution, trade union contributions etc.) for subsequent payment to various entities and institutes and payables to directors and other corporate boards for amounts yet to be settled.

CURRENT REMUNERATION PAYABLES

Current remuneration payables principally include employee payables for December 2025 salaries, paid in January 2026.

DEFERRED REMUNERATION PAYABLES

Deferred remuneration refers to holidays and leave matured but not taken, including the relative contributions, as well as debts allocated against agreements for the voluntary termination of the employment relationship with certain employees.

PAYABLES TO SOCIAL SECURITY INSTITUTIONS

These include employee social security and pension deductions.

RESULT BONUSES

The account relates to the estimate of 2025 bonuses, principally to be paid in 2026.

DEFERRED INCOME

Deferred income amounted to Euro 957 thousand and includes: Euro 128 thousand relating to the residual balance of the tax credit for new capital goods (pursuant to Laws No. 160/2019 and No. 178/2020), Euro 471 thousand relating to the Research & Development tax credit associated with capitalized costs, and Euro 357 thousand relating to a contribution received from a customer in respect of property, plant and equipment. These amounts are recognized in the income statement over the useful lives of the related assets by applying the depreciation rates prescribed for the respective asset categories to which they refer.

SUBSTITUTE TAX PAYABLES

The account concerns payables for withholding taxes on wages and salaries accrued in 2025.

Note 23: Tax Payables

The amount of Euro 176 thousand is attributable to the IRAP payable.

COMMENTS ON THE MAIN ITEMS OF THE INCOME STATEMENT

Note 24: Revenue from sales and services

Revenues from sales and services are comprised as follows:

(in Euro)	2025	2024
Revenues from product sales	203,557,737	194,376,815
Revenues from services	16,599,729	14,680,091
Revenues from sales and services	220,157,466	209,056,906

REVENUES FROM PRODUCT SALES

Revenues from product sales by region and segment are broken down as follows:

Category of activity	2025	2024
Mechanical controls	111,684,791	114,321,289
Electronic controls	40,642,790	33,198,104
Fans	26,764,598	22,889,895
Flue systems	19,213,064	19,819,516
Other products	5,252,494	4,148,011
Total	**203,557,737**	**194,376,815**

	2025	2024
Italy	39,084,282	32,237,318
European Union	67,810,726	66,345,494
Other countries	96,662,728	95,794,003
Total revenues	**203,557,737**	**194,376,815**

REVENUES FROM SERVICES

This account is comprised as follows:

	2025	2024
Provision of other services	5,143,778	5,244,159
Recovery of misc. expenses	1,797,364	1,870,072
Seconded personnel recharges	1,453,200	2,113,813
Royalties & TP Compensation	8,205,387	5,452,047
Total revenue from services	**16,599,729**	**14,680,091**

PROVISION OF OTHER SERVICES

These mainly concern support services to the manufacturing companies provided by SIT S.p.A. for centralised functions carried out in the areas of quality, procurement, logistics and production planning, in addition to process engineering. They in addition concern general services such as centralised treasury, IT services and in certain cases administrative support.

RECOVERY OF MISC. EXPENSES

They mainly include recharges to third parties and other Group companies of costs incurred on their behalf.

ROYALTIES

The amount refers to royalties invoiced to the subsidiaries SIT Manufacturing Na. Sa. de CV for Euro 8,034 thousand and SIT MBT S.r.l. for Euro 172 thousand, against the use by these of technical-productive know-how of non-patented technology and the SIT brand, all owned by the Company.

Note 25: Raw materials, ancillaries, consumables and goods

The breakdown of the account in 2025 and 2024 was as follows:

(in Euro)	2025	2024
Purchases of ancillary materials	2,042,779	2,124,613
Purchases of raw materials, semi-finished & packaging	73,167,023	68,234,644
Finished products purchases	36,370,812	35,916,613
Purchases of goods	24,383,698	22,182,680
Maintenance and repair materials	699,350	692,802
Other purchases	979,314	874,006
Duties on purchases	597,072	317,626
Raw materials, ancillaries, consumables and goods	**138,240,048**	**130,342,982**
Changes in inventories of raw materials, ancillaries, consumables and goods	(4,594)	881,666
Change in inventories of finished & semi-finished products and goods	(2,200,957)	1,929,947
Change in inventories	**(2,205,551)**	**2,811,613**
Total cost of raw materials, ancillaries, consumables and goods	**136,034,497**	**133,154,596**

Raw materials, ancillaries, consumables and goods, including changes in inventories, amounted to Euro 136,034 thousand accounting for 62% of revenues, an increase of Euro 2,879 thousand compared to 2024 where the incidence was 64%.

Note 26: Service costs

The composition of the account is as follows:

(in Euro)	2025	2024
Rent, hire and leases	99,609	206,945
Outsourcing	5,944,946	5,493,177
Transport	3,487,842	3,226,359
Commissions	1,901,084	1,618,793
Legal, administrative and other	4,306,286	3,327,500
Insurance	685,118	694,637
Management services	239,502	171,001
Maintenance & repair expenses	3,479,172	3,656,659
Utilities	5,016,818	4,823,502

Personnel expense	857,605	874,719
Cleaning and security	700,164	759,527
Advertising, marketing, and sponsorship	214,633	223,319
Directors, statutory & independent auditor fees	1,626,959	1,257,554
Travel and accommodation	362,179	402,665
Bank charges & commissions	697,196	496,631
Other services	368,857	343,706
Listing charges	206,321	214,336
Royalties charges	4,446,174	2,406,161
Service costs	**34,640,463**	**30,197,189**

The item shows an increase in costs incurred of approximately Euro 4,443 thousand compared to 2024, also attributable to the effect of higher turnover compared to the previous year. The largest changes mainly concern the increase in royalties payable (Euro +2 million), consultancy costs (Euro +1 million), external work (Euro +0.5 million), utilities (Euro +0.2 million), commissions (Euro +0.3 million) and transport (Euro +0.3 million).

Note 27: Personnel expenses

Personnel expenses are shown below:

(in Euro)	2025	2024
Wages and salaries	23,964,386	25,809,201
Social security charges	7,705,116	8,569,047
Temporary personnel	2,814,355	2,785,748
Post-employment benefits	1,797,309	1,995,810
Other costs	288,970	447,890
Personnel expense	36,570,136	**39,607,696**

The item shows a decrease of Euro 3,038 thousand, the change is mainly attributable to the decrease in the number of employees during the year.

Average personnel over the last two years are broken down as follows:

Employees	2025	2024
Executives	18	26
White-collar	235	266
Blue-collar	308	337
Temporary	64	69
Total employees	**625**	**697**

The national collective work contract applied is that for the mechanical engineering sector and for executives that applicable to industrial enterprise executives.

Note 28: Depreciation, amortisation and write-downs

The breakdown is as follows:

(in Euro)	2025	2024
Amortisation of intangible assets	4,012,994	3,511,370
Depreciation of property, plant and equipment	8,783,640	10,670,542
Depreciation of operating lease IFRS 16	1,855,055	1,885,305
Total depreciation and amortisation	14,651,689	**16,067,217**
Write-down of current receivables	40,000	-
Write-down of intangible assets	138,833	19,372,000
Total write-downs	**178,833**	**19,372,000**
Depreciation, amortisation and write-downs	**14,830,522**	**35,439,217**

For further details on depreciation and amortisation, reference should be made to the notes to intangible assets and property, plant and equipment.

Note 29: Provisions for risks

The breakdown is as follows:

(in Euro)	2025	2024
Provisions	803,100	122,300
Uses/releases provisions	(394,546)	-
Provisions for risks	**408,554**	**122,300**

For further details on provisions, please refer to what has already been commented on in Note 15 for provisions.

Note 30: Other charges (income)

The account is broken down as follows:

(in Euro)	2025	2024
Misc. recoveries	88,563	167,644
Prior year income	472,448	329,492
Gains on fixed assets	126,464	118,875
Grants	176,678	123,949
Other revenues	361,725	306,026
Other income	**1,225,878**	**1,045,986**
Misc. taxes & non-deductible costs	200,716	188,035
Losses on fixed assets	3,434	90,479
Associations	137,926	157,517
Prior year charges	57,884	35,715
IMU Property tax	218,691	217,242
Misc. reimbursements	1,399,810	2,561,304
Other charges	365,804	384,410
Other charges	**2,384,265**	**3,634,702**
Other charges (income)	**1,158,387**	**2,588,717**

CONTRIBUTIONS

The item refers to tax credits accrued during the year, mainly referring to tax credits for research and development and technological innovation activities (Budget Law 2020 no. 160/2019 and art.1, c.45, law no. 234/2021), to the tax credit for new capital goods 4.0 (Law 160/2019 and Law No. 178/2020) and to the tax credit accrued for expenses incurred as an investment in new ordinary capital goods.

Note 31: Investment charges and (income)

This item relates to dividends approved and accounted by subsidiaries. In 2025, no dividends were approved or accounted; therefore, the item is zero.

(in Euro)	2025	2024
Dividends	-	8,800,000
Total charges and (income) from investments	**-**	**8,800,000**

Note 32: Financial income

In 2025 this amounted to Euro 1,802 thousand and was broken down as follows:

(in Euro)	2025	2024
Interest income on bank accounts	23,502	16,064
Other interest income	24,721	28,448
Interest income from Group companies	1,676,984	2,463,097
Profits on derivative financial instruments	76,358	261,860
Financial income	**1,801,565**	**2,769,469**

INTEREST INCOME FROM GROUP COMPANIES

They concern current loans to SIT Metering S.r.l. (Italy), SIT Manufacturing (Suzhou) Co. Ltd. (China), SIT Controls Tunisia S.u.a.r.l. (Tunisia) and Metersit UK Ltd. (United Kingdom) for a total of Euro 1,360 thousand; while including for Euro 317 thousand matured on current accounts with the subsidiaries held by the company as part of the centralised treasury management services.

PROFITS ON DERIVATIVE FINANCIAL INSTRUMENTS

The item of Euro 76 thousand relates, for Euro 59 thousand, to the reversal of the mark-to-market recorded at December 31, 2024 for currency derivative contracts that expired during the year 2025; for Euro 17 thousand relates to the differentials accrued as of December 31, 2025 for currency derivative contracts.

Note 33: Financial charges

Financial charges consist of:

(in Euro)	2025	2024
Interest expense from subsidiaries	-	8,963
Interest expense from parent company	250,000	172,603
Interest and other bank charges	3,316,376	6,580,751
Interest charges to third parties	361,214	490,713
Interest expenses on current accounts subsidiaries	918,718	928,477
Other financial charges	21,747	95,640
Financial charges for operating leases - IFRS 16	112,099	139,799
Interest on bond loans	1,561,649	2,328,587
Financial charges	**6,541,803**	**10,745,532**

INTEREST EXPENSE FROM PARENT COMPANY

The item amounting to Euro 250 thousand relates to interest accrued on the loan granted by the parent company Technologies S.A.P.A. of F.D.S S.S. amounting to Euro 5 million, bearing interest at an annual rate of 5%, with capitalization of the related financial charges, subordinated and subordinated to the Company's financial debt as well as convertible into the Company's capital and/or equity.

INTEREST AND OTHER BANK CHARGES

The breakdown of the item amounts to Euro 3,316 thousand:

	Interest (*)	Amortized cost	Hedging renegotiation	Total
Bper Financing	2,470	-	-	2,470
CDP financing	468,322	(102,064)	-	366,258
SFA Pool Funding	3,433,809	(213,611)	(1,006,366)	2,213,832
UCI/EIB financing	251,227	(55,799)	-	195,428
Interest expense from banks on current accounts	56,256	-	-	56,256
Interest payable from banks on short-term advances	359,215	-	-	359,215
Commissions on loans/credit lines	122,917	-	-	122,917
	4,694,216	(371,474)	(1,006,366)	3,316,376

(*) The value also includes the effect of hedging

CHARGES ON DIFFERENT FINANCIAL INSTRUMENTS

The amount relates for Euro 22 thousand to the differentials accrued on derivative contracts on currencies at December 31, 2025.

FINANCIAL CHARGES ON OPERATING LEASES – IFRS 16

These are financial charges due to the discounting of liabilities relating to rights of use of assets on operating lease, as defined in IFRS 16. For further information, reference should be made to Note 36.

INTEREST ON BOND LOANS

The amount of Euro 1,562 thousand concerns the interest charges and transaction costs in the period on the bond loan signed in May 2021.

Note 34: Net exchange gains (losses)

Net foreign exchange gains of Euro 270 thousand break down as follows:

(in Euro)	2025	2024
Realised exchange gains	(2,088,343)	(1,310,773)
Realised exchange losses	1,778,299	1,549,781
Unrealized exchange gains	(286,299)	(398,730)
Unrealised exchange losses	326,732	367,614
Net exchange gains and losses	(269,611)	207,892

Unrealised exchange gains refer to the positive differences on the conversion of the receivables and payables in foreign currencies at the year-end exchange rates. Unrealised exchange losses refer to the negative differences on the conversion of the receivables and payables in foreign currencies at the year-end exchange rates. There are no significant effects on the financial statements of changes in the market exchange rates subsequent to the year-end.

Note 35: Income taxes

The breakdown of Income taxes in 2025 and 2024 was as follows:

(in Euro)	2025	2024
Current income taxes	175,552	-
Deferred tax income	(695,052)	(731,648)
Deferred tax charges	(51,363)	4,735,706
Income from tax consolidation	(1,364,473)	-
Taxes from previous year	(6,506)	(759,567)
Other	1,307,984	3,981,035
Provisions for tax risks	156,000	-
Total income taxes	**(477,858)**	**7,225,526**

The IRES and IRAP rates applied by the company on estimated assessable income in the year are respectively 24% and 4.8%, for current taxes and for the calculation of deferred taxes.
For further information, please refers to Note 18.

The reconciliation of the tax charge is reported in the table below:

	Dec 31, 25	Dec 31, 24
Income before taxes	(7,955,719)	(31,436,762)
Theoretical IRES charge	(1,909,373)	(7,544,823)
Lower taxes:		
- dividends from investments	-	(2,006,400)
- super & hyper depreciation	(255,320)	(721,983)
- 4% Post-employment benefit provisions	(15,941)	(17,708)
- Plant & R&D grants	(33,941)	(29,028)
Higher taxes:		
- goodwill write-down	-	4,649,280
- other non-deductible costs	494,365	214,101
Total income taxes (IRES)	(1,720,210)	(5,456,560)
Taxes for previous financial years	(6,506)	22,785
Write-down of receivables for withholding taxes paid abroad	1,307,984	3,981,035
Imposed write-downs on losses carried forward, ACE and timing of previous years	-	3,619,809
Recovery of int. liabilities indeduct.previous years not set aside in advance	(345,967)	-
Deferred tax assets not accrued on 2024 losses and timing	73,852	5,121,756
TOTAL INCOME TAXES (IRES)	(690,847)	7,288,825
IRAP	175,552	-
IRAP deferred tax charge	(77,357)	(100,375)
IRAP deferred tax income	(41,206)	37,077
Provisions for tax risks	156,000	-
Total taxes recognised to the Income statement	(477,858)	7,225,526

Nota 36: Leasing contracts

The tables below summarise the effects on the Company financial statements at December 31, 2025 concerning the valuation of the "Right-of-use" ("ROU") of assets from operating lease contracts, as required by IFRS 16 - Leases. For the indication of the balance sheet accounts which include these assets, reference should be made to Note 2.

Economic effects from assets consisting of the right-of-use (ROU) on the income statement for the period:

(Euro,000)	
Economic effect from ROU assets	**2025**
Operating lease contract charges	1,986
Contracts classified as short-term leases	2.9
Contracts classified as low-value assets	-
Total service costs	**1,988**
Land & buildings	(449)
Industrial & commercial equipment	(525)
Other tangible assets	(882)
Total depreciation	**(1.855)**
Income from sub-leasing contracts	-
Sales and leaseback transaction	-
Total other charges/(income)	-
Interest charges on financial liabilities	112
Total financial charges	**112**

Effects on the balance sheet from right-of-use assets:

(Euro,000)	December 31, 2025
Net investments accounted as ROU as at 1.1.2025	6,076
Increases in the year	386
Early settlements in the year	(153)
Depreciation and amortisation of the year	(1,855)
Exch. diff.	-
Net investments from ROU assets at 31.12.2025	**4,454**
Payable for financial liabilities from ROU assets at 1.1.2025	6,246
Commitments in the year	386
Early settlements in the year	(155)
Cash outflows	(1,874)
Exch. diff.	-
Gross value of liabilities from ROU assets at 31.12.2025	**4,603**
Obligations for short-term lease contracts	-
Obligations for low-value asset contracts	4
Total obligations for lease contracts with recognition to costs of payments due	**4**

Effects on future cash flows from right-of-use assets:

(Euro,000)	December 31, 2025
Within the year	1,389
Between 1 and 5 years	2,537
Over 5 years	677
Total liabilities deriving from operating lease contracts	**4,603**

Note 37: Share-based payments

At December 31, 2025, the company holds 636,813 own shares, with no new purchases during the 2024 financial year. Treasury shares are put at the service of the long-term incentive plan reserved for employees and/or collaborators of the company and/or subsidiaries companies, in order to incentivise achievement of the medium-term plan.
At the date of the present financial statements, there are stock-option plans which provide for payments to identified parties, based on the value of the share price. The table below shows the economic effects deriving from these instruments:

Costs deriving from share-based payment transactions	2025	2024
Costs from equity-settled share-based payment transactions	(182,633)	(250,253)
Total costs deriving from share-based payment transactions	**(182,633)**	**(250,253)**

EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS

In April 2021, the Shareholders' Meeting approved 3 new incentive plans, with the following characteristics:

- 2021-2025 Performance Shares Plan: provides for the identification and nomination by the Board of Directors of executives and employees of the company and/or of the subsidiaries, with the objective of:
    - better aligning the interests of management and the creation of shareholder value with a view to medium to long-term sustainability;

- strengthening the motivation of management to pursue objectives that are not only profitable/business-related but that also create value for shareholders;
- ensuring a high level of attraction and retention of key personnel, offering remuneration packages in line with market practice.

The Plan has a multi-year duration and is divided into 3 cycles ("rolling"), each of three years.

- 2021-2023 Restricted Shares Plan: was completed during the 2024 financial year.
- 2021-2024 Advisory Board Share Remuneration Plan: 2021-2024 Advisory Board Share Remuneration Plan.

The Board of Directors identified by name the beneficiaries of the plans described above. The following table illustrates the number and average weighed exercise price (PMPE) of the options during the year:

	2025	
2022-2024 Performance Shares Plan 2nd Cycle	**No. options**	**Weighted average price**
Outstanding at January 1	116,152	4.41
Assigned during the year	-	-
Cancelled during the year	(4,852)	4.41
Exercised during the year	(13,514)	-
Change in the year	(97,786)	-
Expired during the year	-	-
Outstanding at December 31	**-**	**4.41**
Exercisable at December 31	**-**	**-**

The second cycle of Performance Shares ended in the first half of 2025 with the achievement of 11.2% of the targets set, resulting in the conversion of units into the same percentage. The effect on the income statement relating to the release of the cost previously allocated is equal to Euro 266 thousand.

The details related to the incentive plan cycle currently in progress are below:

	2025	
2023-2025 Performance Shares Plan 3rd Cycle	**No. options**	**Weighted average price**
Outstanding at January 1	159,105	1.71
Assigned during the year	-	-
Cancelled during the year	(49,453)	1.71
Exercised during the year	-	-
Change in the year	-	-
Expired during the year	-	-
Outstanding at December 31	**109,652**	**1.71**
Exercisable at December 31	**-**	**-**

The fair value of the options allocated is measured at the allocation date, taking into account the terms and conditions on which the options were granted.
For the performance shares the model estimated the actual value based on expected dividends and the discount rate for the vesting period.
The table below provides information utilised in the model for the plan adopted for the year 2022, 2023 e 2024, which remains valid for the current year:

2022-2024 Performance Shares Plan Assumptions for the measurement of the plan fair value 2nd Cycle	2022
Weighted fair value at the measurement date	4.41
Dividend yield (%)	5
Interest free risk rate (%)	2.45
Expected useful life of the options (in years)	2.6

2023-2025 Performance Shares Plan Assumptions for the measurement of the plan fair value 3rd Cycle	2023
Weighted fair value at the measurement date	1.71
Dividend yield (%)	0
Interest free risk rate (%)	3.10
Expected useful life of the options (in years)	2.5

The calculation of the expected volatility reflects the assumptions that the historical volatility is indicative of future trends which may not coincide with the actual outcome.
The expected useful life of the options is based on historical data and is not necessarily indicative of possible exercise profiles.

OTHER INFORMATION

Information on transactions with related parties

At its meeting on June 11, 2021, the Board of Directors of SIT approved the update to the procedure for transactions with related parties, pursuant to art. 4 of the Consob Regulation containing provisions on transactions with related parties, adopted by Consob with resolution no. 17221 of March 12, 2010 as subsequently amended, most recently, with Consob resolutions no. 21623 and 21624 of December 10, 2020, and published on the website www.sitcorporate.it in the Corporate Governance, Governance Documents section.
Transactions with the parent company and other related parties
SIT's transactions with related parties are those with the parent company Technologies SAPA of F.D.S. S.S., with the company Findest S.p.A., the company Hybitat S.r.l. and the company Aquametric Solutions S.A., the balances of which at the balance sheet date are shown in the following table (in thousands of Euro):

	Revenues	Costs	Financial income	Financial charges	Financial receivables	Financial payables	Other receivables	Other payables
Technologies SAPA di F.D.S. S.S.	14	-	-	250	-	5,423	53	-
With parent company	**14**	**-**	**-**	**250**	**-**	**5,423**	**53**	**-**
Hybitat S.r.l	41	77	-	-	1,648	-	158	-
Aquametric Solutions, S.A.	5	-	-	-	-	-	5	-
With associated company	**46**	**77**	**-**	**-**	**1,648**	**-**	**163**	**-**
Findest S.p.a.	19	-	-	-	-	-	2,161	-
Transactions with other related parties	**19**	**-**	**-**	**-**	**-**	**-**	**2,161**	**-**
	79	**77**	**-**	**250**	**1,648**	**5,423**	**2,376**	**-**

The following table shows the transactions with related parties in the previous year:

Dec 31, 24	Revenues	Costs	Financial income	Financial charges	Financial receivables	Financial payables	Other receivables	Other payables
Technologies SAPA di F.D.S. S.S.	14	-	-	173	-	5,173	33	-
With parentk company	**14**	**-**	**-**	**173**	**-**	**5,173**	**33**	**-**
Hybitat S.r.l	64	0	-	-	550	-	103	-
With associated company	**64**	**0**	**-**	**-**	**550**	**-**	**103**	**-**
Findest S.p.a.	34	2	-	49	-	-	211	-
Transactions with other related parties	**34**	**2**	**-**	**49**	**-**	**-**	**211**	**-**

SIT's operating revenues towards Technologies SAPA, F.D.S. S.S., Findest S.p.A., Hybitat S.r.l. and Aquametric Solutions S.A., refer to consultancy and assistance services in the financial, administrative and tax sectors, in addition to the back-charge of insurance expenses. For Hybitat S.r.l., rental fees are also included. It should be noted that SIT S.p.A., Findest S.p.A., Technologies S.A.P.A., Metersit S.r.l., SIT Metering, and from 2025 also SIT MBT S.r.l. have adhered to the National Tax Consolidation procedure, an institution governed by Legislative Decree no. 344 of December 12, 2003 and in particular by articles 117 to 129 of the T.U.I.R., with Findest S.p.A. as consolidating company and the other companies as consolidated. Finally, we would like to point out that Findest S.p.A., as parent company, SIT S.p.A., Metersit S.r.l., SIT Metering, Technologies S.A.P.A. di F.D.S. S.S., and from 2025 also SIT MBT s.r.l., as subsidiaries, have adhered to the Group VAT settlement procedure, provided for by art. 73 last paragraph of Presidential Decree 633/1972. As of December 31, 2025, the Company's credit balance towards the Parent Company Findest S.p.A. amounted to Euro 2,161 thousand.

Intercompany transactions

The transactions carried out by the Parent Company with subsidiaries essentially concern the sale and purchase of finished products, raw materials, components and semi-finished products used in production or distributed for sale, the provision of industrial and general services, royalties against the use of particular intangible assets and the obtaining and use of funding with direct or indirect investees.

They are undertaken as part of ordinary operations and the volumes traded reflect the process underway for the ongoing improvement of operational and organisational standards, in addition to the optimisation of synergies.

In terms of the financial aspects, the subsidiaries operate independently, although the Parent Company provides centralised treasury and financial coordination for the Group companies.

For these treasury services, the Parent Company operates with Group companies through one or more current accounts.

During 2025, the Company carried out the following transactions with subsidiaries and at the 2024 reporting date the outstanding balances are shown in the following table (in thousands of Euro):

Dec 31, 25	Revenues	Costs	Financial income	Financial charges	Financial receivables	Financial payables	Other receivables	Other payables
SIT Gas Controls Pty Ltd (Australia)	424	598	0	18	-	493	0	273
SIT Manufacturing (Suzhou) Co.Ltd (China)	10,174	2,957	85	-	1,823	-	5,967	4,828
SIT Controls CR, sro (Czech Republic)	16	574	-	71	-	3,648	15	340
SIT Controls Deutschland GmbH (Germany)	87	625	-	25	-	1,360	22	293
Sit Manufacturing N.A. SA de CV (Mexico)	19,307	1,288	-	123	-	459	4,956	333
SIT Controls BV - (Netherlands)	4,045	3,214	-	245	-	10,233	268	3,738
SIT Romania Srl (Romania)	26,871	41,810	-	84	-	7,485	3,466	5,506
SIT Controls U.S.A. Inc. (USA)	34	546	5	3	-	484	32	257
MeteRSit S.r.l. (Italy)	4,091	6	-	180	-	12,322	3,518	186
Plast Alfin S.a.r.l (Tunisia)	17	182	1,208	-	30,906	-	1,228	182
SIT Controls Tunisia S.u.a.r.l (Tunisia)	476	-	-	135	-	6,523	574	135
SIT Metering S.r.l (Italy)	12,461	19,430	326	-	6,230	-	6,260	5,973
JANZ - Contagem e Gestao de Fluidos, S.A. (Portugal)	850	2,348	0	4	-	954	592	165
Metersit UK (UK)	-	18	52	-	860	-	134	-
SIT Motors & Blowers Tech (Italy)	8,512	2,048	-	29	-	1,405	1,522	594
With subsidiaries	**87,364**	**75,645**	**1,677**	**919**	**39,819**	**45,365**	**28,554**	**22,804**

The following table shows the transactions carried out in 2024:

Dec 31, 24	Revenues	Costs	Financial income	Financial charges	Financial receivables	Financial payables	Other receivables	Other payables
SIT Gas Controls Pty Ltd (Australia)	1,590	16	1	29	0	1,086	406	29
SIT Manufacturing (Suzhou) Co,Ltd (China)	13,660	2,581	82	0	1,978	0	7,752	5,719
SIT Controls CR, sro (Czech Republic)	20	731	0	101	0	3,181	19	413
SIT Controls Deutschland GmbH (Germany)	95	560	0	36	0	1,154	20	265
Sit Manufacturing N.A. SA de CV (Mexico)	15,890	2,344	294	118	0	274	2,900	249
SIT Controls BV - (Netherlands)	8,371	7,658	8,800	354	0	10,736	3,828	2,897
SIT Romania Srl (Romania)	27,237	42,688	11	36	0	4,189	6,817	9,005
SIT Controls U.S.A. Inc. (USA)	33	184	33	0	123	0	65	85
MeteRSit S.r.l. (Italy)	4,907	6	13	143	0	6,125	3,284	177
SIT Metering S.r.l (Italy)	17	170	1,576	0	28,753	0	1,592	170
JANZ - Contagem e Gestao de Fluidos, S.A. (Portugal)	777	0	0	110	0	6,370	873	123
SIT Controls Tunisia S.u.a.r.l (Tunisia)	17,290	9,487	413	0	5,965	0	12,626	3,050
Plast Alfin S.a.r.l (Tunisia)	890	2,269	0	9	0	390	698	321
Metersit UK (UK)	28	0	40	0	639	0	78	0
SIT Motors & Blowers Tech (Italy)	1,972	1,769	0	0	0	47	1,332	1,552
With subsidiaries	**92,777**	**70,463**	**11,263**	**937**	**37,458**	**33,553**	**42,289**	**24,056**

All transactions are carried out at arm's length at normal market conditions.

Remuneration of directors and statutory auditors and independent auditors

The remuneration of directors and statutory auditors for their activities during the year is as follows:

	2025	2024
Director fees	901,600	901,600
Statutory auditor fees	108,123	108,283
Total directors' and statutory auditors' fees	**1,009,723**	**1,009,883**

The Company paid the independent auditors a fee of Euro 444 thousand, as well as reimbursement of expenses and supervisory fees, broken down as follows:

	2025	2024
Fees paid to the audit firm for audit services	303,943	276,781
Limited review of the consolidated non-financial report	115,000	105,000
Other verification services for the issue of a statement	25,000	24,000
Total	**443,943**	**405,781**

Guarantees, commitments and off-balance sheet contingent liabilities

The off-balance sheet commitments at December 31, 2025 were as follows.

	2025	2024
Other personal guarantees	41,629,095	45,609,551
Collateral	-	-
Total guarantees	**41,629,095**	**45,609,551**

Other unsecured guarantees

The breakdown of the Other unsecured guarantees given by the company to third parties is as follows:

	2025	2024
In the interest of subsidiaries	41,447,626	45,374,082
In your own interest	181,469	235,469
Total other guarantees	**41,629,095**	**45,609,551**

With regard to the personal guarantees issued in the interest of subsidiaries, these are guarantees issued in the interest of Metersit S.r.l. for Euro 41,448 thousand, in favour of the latter's customers in the context of tenders for the installation of Smart Gas Meters, it should be noted that Euro 6,382 thousand are co-bonds with the same subsidiary Metersit S.r.l..
The guarantees issued in the company's own interest refer to: (i) the guarantee granted as a guarantee for the remediation works in the Padua area for Euro 121 thousand; (ii) the guarantee issued to the Province of Rovigo for an application for a building permit for Euro 38 thousand; (iii) the guarantee issued to the Municipality of Rovigo to guarantee the management of waste at the Rovigo plant for Euro 22 thousand.

Secured guarantees

At the reporting date, the company did not have any secured guarantees in place.

Information on off-balance sheet agreements

SIT S.p.A. has undertaken with its clients, suppliers, workers and sector associations and other commercial and financial partners a number of contractual agreements which establish various types of reciprocal commitments of differing durations, whose effects are recognised to the balance sheet to the extent of their compliance with the accounting standards applied, particularly with regards with the accruals

principle, while future effects are obviously not recorded to the balance sheet where complying with that established by the accounting standards.
The above-stated agreements may entirely be classified as part of "normal industrial, commercial and financial transactions", considering the size and the organisational complexity of SIT S.p.A. For example purposes and not to be considered exhaustive, we cite: long-term framework contracts with clients and suppliers, agreements with clients for the joint development of new products, consignment stock contracts both for purchases and sales, agency and distribution contracts and outsourcing agreements for assembly, storage, logistical management and other services, as well as licensing agreements concerning the use by Group companies of technical production know-how, non-patented technology, as well as the SIT trademark, all owned by the Company.

Financial risk management and disclosure of fair value valuation

The Group is exposed to financial risks relating to the following cases:

- Market risks: (i) exchange rate risk deriving from transactions in currencies other than the functional currency of the companies and the Group; (ii) interest rate risk arising from fluctuations in market interest rates; (iii) price risk deriving from changes in the market prices of certain raw materials used by the Group in its production processes;
- Credit risk deriving from commercial relationships with its customers;
- Liquidity risk related to the availability of financial resources and access to the credit market.

The SIT Group has in place corporate policies for exchange rate risk management, interest rate risk management and liquidity management approved by the Board of Directors.
The purpose of these policies is to regulate within a shared framework the management approach, objectives, roles, responsibilities and operational limits in financial risk management activities.
In line with the terms of the policies, the Group has centralised the management of the financial risks of its subsidiaries in the parent company SIT S.p.A., taking on the role of coordinating processes, operating mechanisms and related organisational procedures at Group level.

Exchange rate risk

The Group is subject to the risk deriving from exchange rate fluctuations as it operates in an international context in which transactions are conducted in currencies other than the functional currency of the individual investee companies and the functional currency of the Group. The Group's exposure to exchange rate risk therefore derives from the geographical distribution of the markets in which it sells its products, the location of its production sites and the use of sources of supply denominated in different currencies.
In order to reduce exchange rate risk, it is a general policy to offset between exposures of opposite signs with correlated risk profiles (so-called Natural hedging).
In the Group's operations, exposure to exchange rate risk usually arises annually at the time of definition of the sales and purchase lists during the setting of the budget change.
The Group regularly assesses its exposure and manages the exchange rate risk on the net exposure, including through the use of derivative financial instruments. Speculative activities are not permitted.

Notwithstanding the validity of the aforementioned policies and compliance with the practices and procedures for managing exchange rate risk, sudden fluctuations in market rates could have negative effects on the Group's business, financial position, financial position, results of operations and prospects. The following tables show the value in thousands of Euro, at average exchange rate, of revenues and purchase costs of raw materials, consumables and goods, broken down by currency, respectively. There were no significant changes compared to the previous year.

Total revenues by currency:

(Euro,000)	2024	% Revenues	2025	% Revenues
EUR	171,818	82.0%	174,354	79.2%
USD	22,172	10.6%	34,211	15.5%
CNY	13,324	6.4%	9,821	4.5%
AUD	1,560	0.7%	971	0.4%
GBP	578	0.3%	801	0.4%
Total	**209,452**	**100%**	**220,158**	**100%**

Total purchase costs of raw materials, consumables and goods broken down by currency:

(Euro,000)	2024	% Purchasing	2025	% Purchasing
EUR	107,887	82.8%	113,196	83.2%
USD	22,281	17.1%	22,250	16.4%
AUD	-	0.0%	313	0.2%
CNY	164,2	0.1%	270	0.2%
CHF	10,3	0.0%	6	0.0%
Total	**130,343**	**100%**	**136,035**	**100%**

During the 2025 financial year, in line with company policies, the Company carried out financial hedging transactions limited to the ordinary management of the Group's currency treasury, operating in this sense in the main currencies.
Exchange rate risk hedging transactions outstanding at the balance sheet date and their fair value at the same date are shown in the Explanatory Notes.
The Group's financial debt is denominated entirely in Euro, while the breakdown by currency of the balances of unrestricted bank accounts is shown in the following table:

(Euro)	31.12.2025
Currency	
Euro	1,673,336
USD	29,594
Other	29,804
Total	**1,732,734**

With reference to these items in the financial statements, the potential loss deriving from a hypothetical unfavourable change in the exchange rate of the Euro equal to 10% would have a negative impact of Euro 6 thousand without considering the effect of the existing hedges in this sensitivity analysis.

Interest rate risk

Group is subject to the risk arising from fluctuations in market interest rates as it holds assets and liabilities that are sensitive to changes in market interest rates.
SIT regularly assesses the exposure to the risk of changes in interest rates and manages these risks also through the use of derivative financial instruments in accordance with the provisions of the company policies. These policies define the financial instruments that can be used and the prohibition of speculative activities.
Notwithstanding the validity of the aforementioned policies and compliance with the practices and procedures for managing interest risk, sudden fluctuations in market rates could have negative effects on the Group's business, financial position and financial position.
At the end of the year, the Group had term loans and bonds for a principal amount of Euro 116.0 million. These loans are currently covered through Interest Rate Swaps or through the setting of a fixed-rate interest for an amount of Euro 73.5 million, equivalent to 63.4% of the underlying value. The average fixed coverage rate is 3.46%.
Hedging transactions outstanding at the balance sheet date and their fair value at the same date are disclosed in the Explanatory Notes.

SENSITIVITY ANALYSIS

All other things being equal, the effects deriving from a hypothetical increase of 100 basis points in the floating interest rate would have led to an increase in financial charges for SIT for the year 2025 of Euro 1,043 thousand, taking into account the hedges in place during the period. The same simulation carried out for the previous year, again taking into account the existing hedges, would have resulted in an increase in financial charges of Euro 742 thousand.

Commodity risk

The production costs of the SIT Group are influenced by the prices of certain raw materials, such as copper, aluminium and lithium, as well as by the costs of electronic components, both as a result of direct purchase and by the effect of fluctuations in their price on the purchase cost of components and semi-finished products containing a significant quantity.
In order to mitigate these risks, SIT constantly monitors the availability of raw materials on the market, as well as the trend in the relative price, in order to promptly identify any shortage situations and then to activate suitable actions to ensure the necessary production autonomy and to keep its production cost competitive. In addition, the Group, when it deems it appropriate, in relation to the expected trends, enters into financial contracts to hedge the risk of fluctuations in raw material prices.
The 2025 financial year did not record any particular disruption events in the supply markets such to cause shocks on prices or on planning and delivery times. Inflationary phenomena, although higher than in recent history, have partially receded. Volatility in transport costs has remained in place, often linked to localized geopolitical problems or tensions which have had some effect on global supply networks. Energy also recorded a downward trend compared to the previous year but remains exposed to sudden fluctuations for exogenous reasons that are difficult to predict.

However, in the final part of the year, some commodities with a significant underlying financial market (copper and aluminum) showed a high price increase that is also being maintained in the first months of 2026. The risk has been addressed by partially including this impact in the budget forecast for 2026 in order to assess its overall implications and related remedial actions; however, it cannot be ruled out that if the upward trend continues, the Group may suffer a negative economic impact, also in consideration of the time delay necessary to transfer the impact to customers.
In 2025, the electronic components market has substantially normalized, even if some codes used by the Group continue to be subject to very long delivery lead times.

Credit risk

The credit risk deriving from the normal operations of the Group companies with commercial counterparties is managed and controlled as part of the procedures for entrusting and monitoring the credit standing of customers with the aim of ensuring that sales are made to reliable and solvent customers. Credit management activities are coordinated by the Parent Company for all Group companies through periodic reporting and meetings and are based on the information available on the solvency of customers considering historical data and associating exposure limits for individual customers. In addition, the schedule of trade receivables is constantly monitored during the year in order to anticipate and promptly intervene on credit positions that present a greater degree of risk.
At the balance sheet date, there were no significant credit risk positions. For further details on the breakdown of trade receivables, please refer to the Explanatory Notes.

Working capital

In the Heating & Ventilation sector, SIT is an integral part of its customers' value chain. In fact, SIT works with OEM customers, manufacturers of the end market appliance, which are the main global operators in the sector. One of the conditions of SIT's competitive advantage is its ability to integrate and coordinate its operations with those of customers, in order to respond promptly to changes in market demand both in terms of mix and volumes. This integration, in addition to involving physical proximity to customers' plants – think of the continental platforms of SIT's production footprint – requires production planning and forecasting processes that are highly coordinated with those of major customers. Also at the contractual level, logistical conditions and service levels are in line with this structure.
It follows that market fluctuations and the variability of demand can be reflected in SIT's working capital, which in this capacity is an integral part of the customers' production chain.
Over the last few years, the sector has been affected by significant fluctuations in market demand resulting from changes in the regulations on sector incentives and the impact of inflation on household spending. During 2025, the stock level of the supply chain seems to have been at normal levels and the Group was able to reduce its average inventory level also thanks to the management policies implemented:

- with reference to raw materials, applying a conservative approach towards suppliers, adapting the supply schedule to the slowdown in production;
- with reference to finished products, applying stricter conditions to customers regarding the management of orders in the portfolio, providing for the possibility of cancellation only with adequate notice consistent with production and delivery times.

These management policies have made it possible to reduce the average level of stocks compared to years of great volatility in demand, while still guaranteeing service levels in the presence of a seasonality that manifests itself in the central part of the year.

Liquidity risk

Liquidity risk may arise from the difficulty of finding the financial resources necessary to guarantee the operations of the Company and the Group at economic conditions and within the required timeframe.
With this in mind, SIT has adopted a series of policies aimed at optimising the management of financial resources to reduce liquidity risk by:

- maintaining an adequate level of available liquidity;
- obtaining adequate credit lines;
- monitoring of prospective liquidity conditions with the support of internal business planning processes;

The Group's cash flows, financial requirements and temporary cash and cash equivalents are closely monitored and managed centrally by the Parent Company, which carries out the Group's treasury activities and financial coordination with the aim of ensuring effective and efficient management of financial resources in relation to changes in the macroeconomic conditions of reference.

As illustrated in more detail in the section relating to Going Concern, the Directors have drawn up, starting from the 2026 Budget approved on 18 December 2025, a new business plan with reference to the period 2026 – 2030, which has been submitted to an Independent Business Review ("IBR") by an independent expert and approved by the Board of Directors on 7 April 2026 (hereinafter, the "Plan"). These multi-year planning exercises were the basis of the monthly financial planning over the 2026 and 2027 horizons carried out for the purpose of assessing Liquidity Risk.
It should be noted that to this end, taking into account significant debt service deadlines expected at the end of the first and second half of 2027, the observation period has been extended until the end of 2027 by referring for 2026 to the forecasts used for the preparation of the monthly Budget and projecting the trend of historical seasonality and the effect of the actions envisaged in the Plan to 2027, taking into account the operational details, current and non-recurring, as well as financial items. Starting from this base scenario without interventions on the current financial structure, the planning of cash flows has been subjected to a series of stress tests on some key hypotheses such as the reduction in turnover and the worsening of margins, useful to also consider the short-term impact of any effects related to the war in Iran.
The cash profile resulting from the planning described showed in 2027 a financial requirement related to debt service – both for interest and repayments – which is not fully covered by the cash flows expected from operations integrated by the resources available from the current credit lines currently available to the Group. This evidence of shortfall, in conjunction with the deadlines of the amortization plan of existing loans, had already emerged in last year's business plan, allowing the Group to start appropriate mitigation actions in time.
In fact, starting from the last quarter of 2025, the Group has started the necessary discussions with the main financial institutions with which it operates to carry out an operation to redefine the financial structure (the "Transaction") with the aim of obtaining new resources to be dedicated to the Plan and at the same time remodulate the repayment profile in line with the expected operating cashflows.
The dialogue with banks continued, led by a bank with the role of global coordinator and, at the moment, the Group is completing the financial documentation supporting and negotiating a term sheet of the

Transaction. The timing for the closing of the Transaction is expected by the first half of 2026, thus making it possible to substantially mitigate the liquidity risks that emerge from the aforementioned financial planning and related stress tests.
The financial covenants were respected during 2025 and the baseline scenarios contained in the Budget and the Plan do not highlight any critical issues regarding compliance with contractual parameters. However, in order to assess headroom on these parameters, different stress scenarios on the half-year maturities of 2026 and 2027 were simulated starting from the base assumption.
The values of the contractual covenants in place as of December 31, 2025 and on the dates mentioned are as follows:

	31 december 2025	30 june 2026	31 december 2026	30 june 2027	31 december 2027
Leverage ratio (Net debt/Ebitda adj)	3,9x	3,9x	2,9x	2,9x	2,8x
Interest cover ratio (Ebitda adj/Net financial charges)	4.0x	5.0x	5.0x	5.0x	5.0x
Debt / Equity (Net debt/Equity)	1.5x	1.5x	1.5x	1.5x	1.5x
Liquidity Covenant (Cash available and undrawn short term facilities)	€5 million €7 million	n/a	n/a	n/a	n/a
Capex Covenant (Capex cap)	€23.5 million	n/a	€19.3 million	n/a	€17-1 million

It should be noted that financial covenants are defined on the basis of the definitions contained in the loan agreements.

In particular, the stress test was aimed at measuring the effect on the covenants relating to the Leverage ratio and Interest Cover ratio of a reduction in the Group's revenues and/or margins and showed that reasonable changes in the aforementioned basic assumptions can be managed with the ordinary operating and financial levers available to the Group without exceeding the contractual limits.
In the light of the analyses carried out, after assessing the uncertainty profiles related to the achievement of the objectives set out in the Plan, including the objectives of growth in revenues and operating income, the realization of the assumptions underlying the cash plan, the finalization of the Transaction and also taking into account the performance of the first months of the current year, the forecasts drawn up, of any actions that may be taken for liquidity management, as well as the progress of discussions with banks regarding the Transaction, it is believed that the Group's financial commitments are consistent, in terms of amount and timing, with current and prospective availability and that the financial covenants in place can be reasonably respected.
It should also be noted that, in the hypothetical conclusion of the Transaction, the type and level of financial covenants will be redefined, in line with the projected levels of profitability and the financial profile of the Plan.

Financial instruments recognised at Fair Value

IFRS 13 defines the following three hierarchical fair value levels to which reference should be made for the measurement of financial instruments recorded in the balance sheet:

- Level 1: listed prices on active markets for identical assets or liabilities
- Level 2: technical valuations (based on direct and indirect observable market data)

- Level 3: technical valuations not based on observable market data.

With regards to the financial instruments recognised to the financial statements at Fair Value at December 31, 2025, the following table outlines the type of instrument, its value at the reporting date and the fair value hierarchy utilised:

(In euro)

Operation Type	Value at Dec 31, 25	Criterion of evaluation	Level 1	Level 2	Level 3
Interest Rate Swap	(470,114)	*Fair Value*	-	(470,114)	-
Forex Forward	(4,786)	*Fair Value*	-	(4,786)	-
Commodity Swap	-	*Fair Value*	-	-	-
Participatory financial instruments	1,648,000	*Fair Value*	-	-	1,648,000

During the 2025 financial year, there were no transfers between the three fair value levels indicated in IFRS 13.
A similar table is shown for the financial instruments recorded at fair value as at December 31, 2024:

(In euro)

Operation Type	Value at Dec 31, 24	Criterion of evaluation	Level 1	Level 2	Level 3
Interest Rate Swap	(716,347)	*Fair Value*	-	(716,347)	-
Forex Forward	(59,486)	*Fair Value*	-	(59,486)	-
Commodity Swap	-	*Fair Value*	-	-	-
Participatory financial instruments	730,000	*Fair Value*	-	-	730,000

For further details on the risks identified, please refer to the Directors' Report.

Market and competition law - Law No. 124 of August 4, 2017, paragraph 125

In accordance with the disclosure obligation as per paragraph 125 of Article 1 of Law 124/2017, replaced by Article 35 of Leg. Decree 34/2019, the grants and subventions received from the public sector are showed in the table below:

Entity	Contributions received pursuant to Law 124/2017 C.125	by way of
4.Manager - Roma	6,000	Contribution provided for by Article 9 paragraph of the CCNL for executives
Simest S.p.A.	58,125	referential-rate financing for the Digital and Green Transition
SMACT s.c.p.a.	1,500	Grant for process and product technological innovation
Fondimpresa - Roma	27,756	Reimbursement of the portion attributable to Fondimpresa, training plan identified by code 389400
Total	**93,381**	

Events reported after the end of the year

With reference to events occurring after the end of the year, please refer to the section "Significant events after the reporting period".

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For proposals to the Shareholders' Meeting on the allocation of the 2025 result, please refer to the specific report on the management of the Directors.

Padua, April 15, 2026

Chairman of the Board of Directors
(Dott. Federico de' Stefani)

DECLARATION ON THE COMPANY'S FINANCIAL STATEMENTS PURSUANT TO ART. 81-TER OF CONSOB REGULATION NO. 11971

Declaration on the Company's Financial Statements pursuant to Article 81-ter of Consob Regulation No. 11971 of May 14, 1999 and subsequent amendments and supplements

The undersigned Federico de' Stefani, Chairman and Chief Executive Officer, and Paul Fogolin, Executive Officer for Financial Reporting, of Sit S.p.A., declare, and also in consideration of Article 154-bis, paragraphs 3 and 4 of Legislative Decree No. 58 of February 24, 1998:

- The adequacy considering the company`s characteristics and
- The application of the administrative and accounting procedures for the compilation of the Company's financial statements for the period January - December 2025.

In addition, we declare that the financial statements:

- corresponds to the underlying accounting documents and records;
- were prepared in accordance with International Financial Reporting Standards adopted by the European Union through Regulation (EC) No. 1606/2002 of the European Parliament and the Council of July 19, 2002 and also in accordance with Article 9 of Legislative Decree 38/2005 and provide a true and fair representation of the balance sheet, financial position and results of the company;
- the Directors' Report includes a reliable analysis on the performance and operating result, as well as the situation of the issuer and of the companies included in the consolidation, together with a description of the principal risks and uncertainties to which they are exposed.

The English version of the financial statements of SIT S.p.A. constitutes a non-official version which has not been prepared in accordance with the provisions of the Commission Delegated Regulation (EU) 2019/815.

Padua, April, 15 2026

The Chief Executive Officer
Federico de' Stefani

The Executive Officer for Financial Reporting
Paul Fogolin

INDEPENDENT AUDITORS' REPORT ON THE SEPARATE FINANCIAL STATEMENTS

Deloitte & Touche S.p.A.
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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
SIT S.p.A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of SIT S.p.A. (the "Company"), which comprise the balance sheet as at December 31, 2025, and the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and explanatory notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2025, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona
Sede Legale: Via Santa Sofia, 28 - 20122 Milano | Capitale Sociale: Euro 10.688.930,00 i.v.
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Impairment test of goodwill relating to Heating & Ventilation CGU	
Description of the key audit matter	The financial statements as of December 31, 2025 include goodwill of Euro 48.7 million allocated to the Heating & Ventilation cash generating unit ("CGU"). Goodwill, as required by "IAS 36 Impairment of Assets", is not amortized, but is subjected to impairment test at least annually, by comparing the recoverable amount of the CGU - determined as value in use according to the "Discounted Cash Flows" methodology – with its carrying amount, which comprises both goodwill and other tangible and intangible assets allocated to the CGU. The impairment test, related to the financial statements as of December 31, 2025, was approved by the Board of Directors on April 15, 2026. As a result of the impairment test, no impairment losses were identified. The Directors' evaluation process is complex and based on assumptions regarding, among other things, the expected cash flows of the CGU and the determination of appropriate discount rates (WACC) and long-term growth rate (g-rate). These assumptions are influenced by expectations about future performance and market conditions, which introduce elements of inherent uncertainty in the estimates. Given the relevance of the goodwill amount recorded in the financial statements, the subjectivity of the estimates related to the determination of the expected cash flows of the Heating & Ventilation CGU and the key variables of the impairment model, as well as the multitude of factors that can influence the market in which the Company operates, we considered the impairment test of goodwill attributable to the mentioned CGU a key audit matter of the Company's financial statements. The explanatory notes, with particular reference to Note 1 "Goodwill and Other intangible assets", provide information on goodwill, on impairment test and on sensitivity analysis prepared by the Directors concerning the main parameters of the test.
Audit procedures performed	As part of our audit, among other things, we performed the following procedures, also with the support of Deloitte network experts: • understanding of the relevant controls implemented for the preparation and approval of the impairment test; • examination of the methods used to determine the value in use of the Heating & Ventilation CGU, analyzing the methods and assumptions used, in preparing the impairment test;

- analysis of reasonableness of the main assumptions adopted to formulate the expected cash flows, also through sector data analysis and obtaining information from Management;
- analysis of actual data compared to the original plans to assess the nature of the deviations and the reliability of the business plan preparation process;
- evaluation of the reasonableness of discount rate (WACC) and long-term growth rate (g-rate);
- verification of the mathematical accuracy of the model used to determine the value in use of the CGU;
- verification of the correct determination of the carrying amount of the CGU;
- verification of the sensitivity analysis prepared by the Directors in terms of the relevance of the variations considered as well as mathematical accuracy;
- analysis of the adequacy and compliance of the disclosure provided by the Company on impairment test with respect to the requirements of IAS 36.

Going Concern assessment

Description of thekey audit matter	The financial statements as of December 31, 2025 report a loss of Euro 7.5 million (loss of Euro 38.7 million in 2024 and Euro 29.3 million in 2023), equity of Euro 86.9 million and a net financial position of Euro 165.2 million (Euro 161.3 million in the previous year). Directors considered it appropriate to use the going concern assumption in preparing the financial statements as of 31 December 2025 based on the improvements achieved during the year, the performance of operations in the first months of 2026, the economic and financial forecasts prepared for the years 2026 and 2027, the actions that can be taken to address any potential liquidity management pressures, as well as the status of ongoing discussions with banks regarding a proposed redefinition of the financial structure aimed at obtaining new resources to support the Group Business Plan related to the period 2026-2030 ("Business Plan"), approved by the Board of Directors on 7 April 2026 and subject to an Independent Business Review by an independent expert, and at the same time to redefine the repayment profile consistently with the expected operating cash flows. Given the contraction in the results of the Company and the Group in 2023 and 2024, the financial needs that arise in the forecast cash flows in 2027, as well as the dynamics of the markets in which the Company and the Group operate, we considered the assessment of the appropriateness of the going concern assumption a key audit matter of the Company's financial statements.

	The "Going concern" paragraph of the explanatory notes contains the information provided by Directors regarding the considerations performed about the assessment of the appropriateness of the going concern assumption in the preparation of the financial statements considering the uncertainties associated with achieving of the objectives set out in the Business Plan, the realization of the assumptions underlying the cash flows plan for the period 2026-2027 and the completion of the proposed redefinition of the financial structure of the Company and the Group.
Audit procedures performed	As part of our audit, among other things, we performed the following procedures: • understanding of the analyses performed by Directors regarding the assessment of the appropriateness of the going concern assumption; • examination of the agreements in place with banks; • examination of the new 2026-2030 Group's Business Plan and of the monthly cash flows prepared by Directors based on the business plan for the years 2026 and 2027 and analysis of the reasonableness of the related assumptions, also through the review of the Independent Business Review prepared by an independent expert appointed by the Company; • examination of the stress test prepared by Directors based on the monthly cash flows plan; • meetings and discussion with Company's Management on the relevant elements of the Directors' going concern assessment; • review of the minutes of the Company's corporate bodies meetings; • analysis of the subsequent events that may have an impact on the going concern assessment; • examination of the appropriateness of the disclosures provided by Directors in the financial statements related to the going concern assumption.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of SIT S.p.A. has appointed us on April 26, 2018 as auditors of the Company for the years from December 31, 2018 to December 31, 2026.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of SIT S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the "Delegated Regulation") to the financial statements as at December 31, 2025, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the financial statements with the provisions of the Delegated Regulation.

In our opinion, the financial statements as at December 31, 2025 have been prepared in XHTML format in accordance with the provisions of the Delegated Regulation.

Opinions and statement pursuant to art. 14, paragraph 2, sub-paragraphs e), e-bis) and e-ter), of Legislative Decree 39/10 and pursuant to art. 123-bis, paragraph 4, of Legislative Decree 58/98.

The Directors of SIT S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure of SIT S.p.A. as at December 31, 2025, including their consistency with the related financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to:

- express an opinion on the consistency of the report on operations and of some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the financial statements;

- express an opinion on the compliance with the law of the report on operations, excluding the section related to the consolidated corporate sustainability reporting, and of some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98;

- make a statement about any material misstatement in the report on operations and in some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98.

In our opinion, the report on operations and the specific information contained in the report on corporate governance and ownership structure are consistent with the financial statements of SIT S.p.A. as at December 31, 2025.

In addition, in our opinion, the report on operations, excluding the section related to the consolidated corporate sustainability reporting, and the specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2, sub-paragraph e-ter), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

Deloitte.

Our opinion on the compliance with the law does not extend to the section related to the consolidated corporate sustainability reporting. The conclusions on the compliance of that section with the law governing criteria of preparation and with the disclosure requirements outlined in art. 8 of the EU Regulation 2020/852 are expressed by us in the assurance report pursuant to art. 14-bis of Legislative Decree 39/10.

DELOITTE & TOUCHE S.p.A.

Signed by
Filippo Fabris
Partner

Padova, Italy
April 29, 2026

As disclosed by the Directors on page 403, the accompanying financial statements of SIT S.p.A. constitute a non-official version which has not been prepared in accordance with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

BOARD OF STATUTORY AUDITORS' REPORT

SIT S.P.A.
Registered office in Padua - Via dell'Industria no. 31.
Share capital euro 96,162,195 fully paid-in.
Registered with the Companies' Register of Padua, tax code 04805520287,
REA of Padua no. 419813

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Report of the Board of Statutory Auditors to the Shareholders' Meeting pursuant to Article 153 of Legislative Decree No. 58/1998 and Article 2429 of the Italian Civil Code

Dear Shareholders,

this report, prepared pursuant to Article 153 of Legislative Decree No. 58/1998 (the Consolidated Law on Finance, "TUF") and Article 2429 of the Italian Civil Code, reports on the supervisory activity carried out by the Board of Statutory Auditors of SIT S.p.A. (the "Company") during the financial year ended 31 December 2025, in compliance with Article 149 of Legislative Decree 58/98 and in accordance with the "Standards of Conduct for the Board of Statutory Auditors of Listed Companies" issued by the National Council of Chartered Accountants and Accounting Experts, Consob's recommendations on corporate controls and the activity of the Board of Statutory Auditors, and the provisions of the Corporate Governance Code drawn up by the Corporate Governance Committee of Borsa Italiana and adopted by the Company.

The Board of Statutory Auditors carried out its supervisory activity also acting as the Internal Control and Audit Committee, which is responsible for further specific control and monitoring functions in relation to financial reporting and statutory audit, as provided for by Article 19 of Legislative Decree No. 39 of 27 January 2010, as amended by Legislative Decree No. 135 of 17 July 2016.

The Board of Statutory Auditors, composed of Matteo Tiezzi (Chairman), Loredana Anna Conidi and Saverio Bozzolan (Statutory Auditors), was appointed by the Shareholders' Meeting of 3 May 2023 and will end its term of office with the Shareholders' Meeting called to approve the financial statements as at 31 December 2025. The appointment took place in accordance with the law and the By-laws, on the basis of the lists submitted by the shareholders, also taking into account the provisions on gender balance.

At the time of accepting the appointment, and subsequently during the course thereof, the Board of Statutory Auditors verified that its members possessed the integrity and professionalism requirements set out in Ministerial Decree No. 162 of 30 March 2000, that there were no grounds for forfeiture or ineligibility, and that they possessed the independence requirements set out in Article 2399 of the Italian Civil Code and Article 148, paragraph 3, of Legislative Decree No. 58 of 24 February 1998, as well as those set out in the Corporate Governance Code.

All members further declare that they do not hold administration and control positions in numbers equal to or exceeding the limits set by applicable laws and regulations.

Accounting control and statutory audit activity has been entrusted to the auditing firm Deloitte & Touche S.p.A., which was appointed to carry out the statutory audit for financial years 2018-2026.

Pursuant to Article 18 of Legislative Decree 125/2024, the Board of Directors also engaged the same auditing firm to carry out a limited assurance engagement on the Consolidated Sustainability Statement.

In carrying out its activity, the Board of Statutory Auditors confirms that it has:

- overseen compliance with the law and the By-laws;
- overseen compliance with disclosure obligations regarding regulated and privileged information;
- participated, in its collegial composition, in all the Shareholders' Meetings, Board of Directors' meetings and meetings of the Board Committees established and operating within the Board of Directors, and received on an ongoing basis from the directors and company management information on the activities carried out, the general performance of operations and its foreseeable developments, the progress of strategic projects launched, as well as the most significant economic, equity and financial transactions carried out during the year;
- taken note of the statements made by the Directors and the assessments expressed by the Board of Directors, and verified the correct application of the assessment procedures adopted to evaluate the independence of the members of the Board of Directors, in relation to which the Board of Statutory Auditors has not identified any matters to be reported in this report;
- found the composition and functioning of the Board of Directors to be adequate, with particular reference to the setting of the Company's strategic guidelines, the preparation of the Industrial Plan, the assessment of results as they developed, the analysis of the Company's risk profile and the definition of the organisational structure;
- noted that management decisions were made on the basis of an articulated and informed decision-making process and therefore in accordance with a standard of reasonableness;
- gained knowledge of, and overseen, to the extent of its competence, the adequacy of the Company's organisational structure and compliance with principles of proper management, the adequacy of the administrative and accounting system and its reliability in correctly representing operating events, by gathering data and information from the heads of the main functions and from the auditing firm;
- assessed and overseen the adequacy of the instructions given to subsidiaries pursuant to Article 114, paragraph 2, of Legislative Decree 58/1998;
- maintained contact with the corresponding Boards of Statutory Auditors of Italian subsidiaries for the mutual exchange of relevant data and information; no critical issues emerged from such exchange;
- obtained information on the organisational and procedural activities carried out pursuant to Legislative Decree 231/2001, including through meetings with the Company's Supervisory Body, and exchanged information with the internal control functions, without identifying any matters to be reported in this report;

- overseen, in its capacity as Internal Control and Audit Committee pursuant to Article 19 of Legislative Decree 39/2010, (i) the financial reporting process, (ii) the effectiveness of the internal control and risk management system, (iii) the statutory audit of the separate and consolidated financial statements, and (iv) the independence of the statutory auditor;

- overseen compliance with the Related Party Transactions procedure adopted by the Company, noting no atypical and/or unusual intragroup transactions with related parties and/or transactions capable of significantly affecting the Company's economic, equity or financial position. No matters requiring disclosure in this report emerged with regard to the fairness and consistency with the Company's interest of Related Party Transactions; the disclosures on such transactions contained in the notes to the financial statements and in the directors' report were found to be adequate;

- verified that the "Report on Corporate Governance and Ownership Structure" was prepared pursuant to Article 123-bis of the TUF and sets out in detail the actual implementation of the corporate governance rules provided for by the Corporate Governance Code to which the Company adheres;

- verified the contents of the "Report on the 2026 Remuneration Policy and 2025 Compensation Paid" prepared pursuant to Article 123-ter of the TUF, which sets out in detail the actual implementation of the remuneration policies. The Board of Statutory Auditors verified the application of the Company's remuneration policies with particular reference, among others, to the Chief Executive Officer, the Key Management Personnel and the Head of Internal Audit. The Board of Directors, at its meeting of 15 April 2026, verified that the 2025 MBO plan targets had been achieved for the Head of Internal Audit. The Board also verified that the MBO plan targets had not been achieved for the Chief Executive Officer and the Key Management Personnel, who were therefore not awarded any short-term variable remuneration. The Board of Statutory Auditors issued its opinion on these matters in accordance with applicable legal provisions;

- met periodically with the auditing firm to exchange relevant information and data and to oversee the financial reporting process, its adequacy and integrity, as well as compliance with the legal provisions governing the preparation, structure and presentation of the financial statements;

- received from the auditing firm the "Additional Report to the Internal Control and Audit Committee" required by Article 11 of Regulation (EU) 537/2014, which (i) includes the auditing firm's declaration of independence, (ii) describes the scope and timing of the audit, describes the methodology used and indicates the quantitative level of overall materiality, (iii) indicates the valuation methods applied to the various items of the financial statements without identifying critical issues as to the appropriateness of the accounting principles adopted, (iv) does not raise doubts as to the Company's ability to continue as a going concern, (v) does not report significant deficiencies in the internal control system in relation to the financial reporting process, (vi) does not report instances of non-compliance with laws, regulations or statutory provisions, (vii) does not report limitations on the audit activity or significant difficulties encountered during the audit; (viii) does not report significant matters regarding the verification of compliance of the financial statements with the regulatory provisions on the European single electronic reporting format (ESEF); no critical issues considered significant by the auditing firm and company management, and therefore worthy of being brought to your attention, emerged from that report;

- overseen compliance with the provisions of Legislative Decree 125/2024, examining, among other things, the Consolidated Sustainability Statement, and also verifying compliance with the provisions governing its preparation under the aforementioned decree.

Having regard to the information obtained, the Board of Statutory Auditors believes that the Company's activities were carried out in compliance with the principles of proper management, and that both the organisational, administrative and accounting structure underlying the financial reporting process and the internal control and risk management system are, on the whole, adequate for the Company's current needs; the Board also believes that the organisational structure overseeing non-financial disclosure is adequate.

In accordance with the guidance provided by Consob in communication DEM/1025564 of 6 April 2001, as subsequently supplemented, the following information is provided below:

1. COMMENTS ON THE MOST SIGNIFICANT ECONOMIC, FINANCIAL AND EQUITY TRANSACTIONS CARRIED OUT BY THE COMPANY AND THEIR COMPLIANCE WITH THE LAW AND THE BY-LAWS

We obtained from the directors, at least on a quarterly basis, information on the activities carried out and on the most significant economic, financial and equity transactions carried out by the Company and its subsidiaries, as well as on the foreseeable development of operations and the progress of strategic projects launched, and we can reasonably assure you that the actions resolved upon and implemented by the Company comply with the law and the By-laws, are not manifestly imprudent or reckless, do not conflict with resolutions passed by the Shareholders' Meeting, and are not such as to compromise the integrity of the Company's assets.

The main initiatives undertaken during the year are discussed in full in the Annual Financial Report, to which reference is made, and were duly disclosed to the market in accordance with the law.

The most significant transactions carried out during the year that the Board of Statutory Auditors considers worth highlighting are described below.

In the early months of 2025 the Company began implementing a new corporate organisational structure aimed at simplification in order to achieve a greater degree of efficiency and flexibility while also reducing costs. To promote operational flexibility and ensure closer focus on market needs, new organisational units were established within the Heating & Ventilation division in order to strengthen the integration of technical and market expertise, respond more quickly to the market and improve value generation of the product line, monitoring its time-to-market progress and measuring the related economic margin and project return on investment. Within the new organisational structure, the function dedicated to new technologies continues to play an essential role: a cross-Group team dedicated to the design of advanced technological components to significantly differentiate the product portfolio, including with a view to technological discontinuity.

From March 2025 the "Smart Gas Metering" and "Water Metering" Business Units were merged into the new "Metering" Business Unit, with the aim of achieving greater operational efficiency through an integrated approach. The integration of operating

functions enabled the optimisation of resources, expertise and strategies, in order to respond more effectively and promptly to market needs.

At the beginning of 2025 a Medium-Term Plan for the five-year period 2025-2029 was approved, supported by an Independent Business Review prepared by a leading international consulting firm.

In January 2025, through its subsidiary Metersit, a multi-year contract worth over EUR 20 million was signed with one of the leading European energy companies for the supply of residential smart gas meters in the UK.

In the early months of 2025, for the second consecutive year, SIT obtained a Gold rating in the annual CSR (Corporate Social Responsibility) performance assessment carried out by EcoVadis, an international ESG rating agency.

At the ISH trade fair in Frankfurt, SIT presented Flexa PRO, the most advanced electronic combustion control system for residential and commercial applications, based on air and gas measurement sensors, designed to operate with any gas blend, representing an important step forward in offering solutions in support of the energy transition.

2. INDICATION OF THE EXISTENCE OF ANY ATYPICAL AND/OR UNUSUAL TRANSACTIONS, INCLUDING INTRAGROUP TRANSACTIONS OR TRANSACTIONS WITH RELATED PARTIES

Intragroup transactions or transactions with related parties comply with the law, the By-laws and the related party transactions procedure adopted by the Company; they are not such as to give rise to doubts as to the accuracy and completeness of the related financial disclosures, the existence of conflicts of interest, or the safeguarding of the Company's assets.

On the basis of the information available to the Board of Statutory Auditors, no atypical and/or unusual transactions emerged, as defined in note 2 of Consob Communication No. DEM/1025564 of 6 April 2001.

3. ASSESSMENT OF THE ADEQUACY OF THE INFORMATION PROVIDED IN THE DIRECTORS' REPORT ON OPERATIONS REGARDING ATYPICAL AND/OR UNUSUAL TRANSACTIONS, INCLUDING INTRAGROUP TRANSACTIONS AND TRANSACTIONS WITH RELATED PARTIES

The directors adequately reported and described, in the specific explanatory notes accompanying both the separate and the consolidated financial statements, the main intragroup transactions or transactions with related parties, describing their characteristics.

4. SUPERVISORY ACTIVITY ON THE STATUTORY AUDIT OF THE ACCOUNTS

In accordance with Article 19 of Legislative Decree No. 39/2010, the Board of Statutory Auditors carried out the required supervisory activity over the work of the auditing firm. In this regard, the Board of Statutory Auditors met with the auditing firm Deloitte & Touche S.p.A., also pursuant to Article 150 of the TUF, among other things, with reference to:

- the review of the Additional Report pursuant to Article 11 of Regulation (EU) 537/2014;
- the limited review of the Company's Half-Year Report as at 30 June 2025;
- the planning, progress and outcome of the audit of the financial statements as at 31 December 2025;
- the limited review carried out in relation to the Consolidated Sustainability Statement.

At these meetings, the auditing firm never reported any facts considered reprehensible or irregularities such as to require reporting under Article 155, paragraph 2, of the TUF.

5. COMMENTS AND PROPOSALS REGARDING THE FINDINGS AND EMPHASES OF MATTER CONTAINED IN THE AUDITING FIRM'S REPORT

On 29 April 2026 the auditing firm issued the Report on the audit of the financial statements as at 31 December 2025 and the Report on the audit of the consolidated financial statements as at 31 December 2025 of the Company, expressing the following opinions:

- (i) the financial statements of SIT S.p.A. give a true and fair view of the Company's financial position as at 31 December 2025, and of its financial performance and cash flows for the year then ended, in accordance with the IFRS accounting standards issued by the International Accounting Standards Board and adopted by the European Union;
- (ii) the consolidated financial statements of SIT S.p.A. give a true and fair view of the Group's financial position as at 31 December 2025, and of its financial performance and cash flows for the year then ended, in accordance with the IFRS accounting standards issued by the International Accounting Standards Board and adopted by the European Union;
- (iii) the Report on Operations and the specific information contained in the Report on Corporate Governance and Ownership Structure referred to in Article 123-bis, paragraph 4, of Legislative Decree 58/1998 are consistent with the financial statements of SIT S.p.A. as at 31 December 2025 and have been prepared in accordance with legal requirements;
- (iv) the Report on Operations, excluding the section relating to the Consolidated Sustainability Statement, and the specific information contained in the Report on Corporate Governance and Ownership Structure referred to in Article 123-bis, paragraph 4, of Legislative Decree 58/1998, have been prepared in accordance with legal requirements;
- (v) on the basis of the knowledge and understanding of the Company and its context acquired during the audit, no material misstatements were identified in the reports on operations accompanying either the separate or the consolidated financial statements;
- (vi) the separate financial statements of SIT S.p.A. and the consolidated financial statements of the Group were prepared in XHTML format in compliance with the provisions of Delegated Regulation (EU) 2019/815.

The aforementioned reports of the auditing firm contain no findings or emphases of matter pursuant to Article 14, paragraph 2, letter d), nor any declarations made pursuant to Article 14, paragraph 2, letters e) and f), of Legislative Decree 39/2010.

The opinion on compliance with legal requirements does not extend to the section of the Report on Operations relating to the Consolidated Sustainability Statement.

The conclusions on the compliance of that section with the rules governing its preparation and with the disclosure obligations set out in Article 8 of Regulation (EU) 2020/852 are set out in the report issued pursuant to Article 14-bis of Legislative Decree 39/2010.

On 29 April 2026 the auditing firm presented to the Board of Statutory Auditors, acting in its capacity as Internal Control and Audit Committee, the Additional Report required under Article 11 of Regulation (EU) 537/2014. On the same date, as required by Article 19 of Legislative Decree 39/2010, the Board examined the document and transmitted it to the Board of Directors together with its own comments.

6. SUPERVISORY ACTIVITY ON SUSTAINABILITY REPORTING

The Board recalls that Legislative Decree 125/2024 transposed into Italian law the provisions of European Directive 2022/2464 (the Corporate Sustainability Reporting Directive, "CSRD"), which reforms the rules on corporate sustainability reporting.

Starting from financial year 2024, therefore, the Sustainability Statement, prepared in accordance with the European Sustainability Reporting Standards (ESRS) and drawn up on a consolidated basis with the same scope as the financial statements, forms part of the Report on Operations.

Pursuant to Article 10, paragraph 1, of Legislative Decree 125/2024, the Board of Statutory Auditors oversaw the process of preparing the Group's Consolidated Sustainability Statement, which involved the various company functions.

The Board of Statutory Auditors notes that, within SIT S.p.A.'s governance model on sustainability matters, the integration of ESG management with the operating business structures is ensured by the following roles:

- Corporate Sustainability Director: an executive director with ESG responsibilities and responsibility for coordinating the Group's Sustainability Plan;
- Management Committee: committees consulted in the definition and implementation of the Sustainability Plan and responsible for allocating resources;
- Sustainability Corporate Team: a cross-functional team coordinated by the Corporate Sustainability Director and made up of representatives responsible for the execution of specific projects under the Sustainability Plan;
- Sustainability & Carbon Emissions Manager: responsible for promoting, coordinating and monitoring the actions set out in the Sustainability Plan and for reporting on the related results;
- Sustainability Local Units: units distributed across the Group's organisation, serving as a point of reference for sustainability reporting.

A governance structure is also in place to coordinate the various board and control bodies:

- the Board of Directors (i) defines the Company's overall vision and strategic direction, of which ESG strategy is an important pillar; (ii) establishes the nature and level of risk deemed compatible with the achievement of the objectives set, including those defined in the ESG strategy; (iii) approves the Sustainability Statement annually, which includes the impacts, risks and opportunities ("IROs") identified as material by the materiality analysis, the progress made towards achieving them, and the sustainability objectives;

- the Control, Risk and Sustainability Committee supports the Board of Directors on matters relating to risk management and in assessing the adequacy of the internal control system, including with regard to ESG matters. It also, prior to final approval by the Board of Directors, assesses the suitability of periodic information to accurately represent the business model, corporate strategies, and the impact of activities and performance achieved, and examines the content of non-financial information relevant to the internal control and risk management system;

- the Board of Statutory Auditors carries out its supervisory activity on ESG matters, including through regular attendance at Board of Directors' meetings and meetings of the Control, Risk and Sustainability Committee, and assesses the suitability of financial and non-financial information to correctly represent the Company's strategy and its sustainability, including with reference to ESG factors.

  The Board of Statutory Auditors oversaw the process of preparing the Sustainability Statement, which was carried out in several stages: (i) the double materiality analysis, which combines impact materiality (inside-out) with financial materiality (outside-in) to identify the main impacts, risks and opportunities (IROs) along the Company's value chain; (ii) the data-gathering process; (iii) the implementation of a reporting system, managed by the Sustainability Corporate Team.

  The Sustainability Statement was examined by the Control, Risk and Sustainability Committee, which verified, among other things, the correct use of the standards adopted for the preparation of the document.

  The Board of Directors approved the Report on Operations, including the Consolidated Sustainability Statement, on 15 April 2026.

  Under the limited assurance engagement conferred on it, on 29 April 2026 the auditing firm issued the Report on the limited assurance engagement on the Consolidated Sustainability Statement, prepared pursuant to Article 14-bis of Legislative Decree 39/2010, in which it stated that, on the basis of the work performed, nothing had come to its attention that caused it to believe that:

- the SIT Group's Consolidated Sustainability Statement for the year ended 31 December 2025 was not prepared, in all material respects, in accordance with the reporting standards adopted by the European Commission pursuant to Directive 2013/34/EU (the European Sustainability Reporting Standards, "ESRS");

- the information contained in the "Taxonomy - Disclosure pursuant to Article 8 of Regulation (EU) 2020/852" section of the Consolidated Sustainability Statement was not prepared, in all material respects, in accordance with Article 8 of Regulation (EU) No. 852 of 18 June 2020 (the "Taxonomy Regulation").

The Board of Statutory Auditors, on the basis of the verifications and information obtained and having examined the documentation made available to it, has:

- noted that the Sustainability Statement included in the Report on Operations was prepared in accordance with the reporting standards applied pursuant to Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 and Legislative Decree No. 125 of 6 September 2024, and with the specifications adopted pursuant to Article 8, paragraph 4, of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020;

- noted the contents of the auditing firm's report on the Sustainability Statement for the year ended 31 December 2025, as required by Legislative Decree No. 125 of 6 September 2024, and confirms that no instances of non-compliance and/or breach of regulatory provisions requiring disclosure have emerged.

7. INDICATION OF ANY COMPLAINTS FILED PURSUANT TO ARTICLE 2408 OF THE ITALIAN CIVIL CODE, ANY INITIATIVES UNDERTAKEN AND THE RELATED OUTCOMES

During the financial year ended 31 December 2025, the Board of Statutory Auditors did not receive any complaints pursuant to Article 2408 of the Italian Civil Code.

8. INDICATION OF ANY REPORTS FILED, ANY INITIATIVES UNDERTAKEN AND THE RELATED OUTCOMES

No reports were submitted to the Board of Statutory Auditors.

9. INDICATION OF ANY ADDITIONAL ENGAGEMENTS CONFERRED ON THE AUDITING FIRM AND THE RELATED COSTS

During the financial year ended 31 December 2025 the Company conferred on Deloitte & Touche S.p.A. the following non-audit engagements, none of which fall within those prohibited by Regulation (EU) 537/2014:

- preparation of a Compliance Certificate relating to the determination of the financial covenants for the period 2024-2026, as provided for under the Facility Agreement entered into between SIT S.p.A. and a pool of banks, for fees of EUR 5,000 (plus administrative expenses equal to 8% of fees);

- certification services for the recognition of the tax credit for research and development expenses and technological innovation, for fees of EUR 20,000 (plus administrative expenses equal to 8% of fees) in relation to work carried out for the Company, and EUR 10,000 (plus administrative expenses equal to 8% of fees) in relation to work carried out for the subsidiary Metersit Srl.

The permitted non-audit services were approved in advance by the Board of Statutory Auditors, which assessed their adequacy in light of the criteria set out in Regulation (EU) 537/2014.

The auditing firm Deloitte & Touche also carried out the limited assurance engagement on the SIT Group's Consolidated Sustainability Statement.

The fees for the audit work carried out by Deloitte & Touche were recognised in the income statement and are set out in the annex to the financial statements, as required by Article 149-duodecies of the Issuers' Regulation.

It is further noted that other companies belonging to the SIT Group conferred audit service engagements on Deloitte & Touche.

On 29 April 2026 the auditing firm issued the annual confirmation letter of independence, as required by Article 6, paragraph 2, letter a), of Regulation (EU) 537/2014, which did not identify any circumstances capable of compromising its independence. The Board of Statutory Auditors took note of the transparency report prepared by the auditing firm pursuant to Article 13 of Regulation (EU) 537/2014, published on its website (footnote 1: https://www2.deloitte.com/it/it/pages/audit/articles/relazione-trasparenza-italy-audit.html).

Having regard to the engagements conferred by SIT S.p.A. and by the companies belonging to the Group on Deloitte & Touche and its network, the Board of Statutory Auditors does not consider that there are any critical issues regarding the independence of Deloitte & Touche S.p.A.

10. INDICATION OF ANY ENGAGEMENTS CONFERRED ON PARTIES RELATED TO THE AUDITING FIRM AND THE RELATED COSTS

During financial year 2025 the Company did not confer any engagements on parties related to the auditing firm.

11. INDICATION OF ANY OPINIONS ISSUED PURSUANT TO LAW DURING THE FINANCIAL YEAR

During the financial year, the Board of Statutory Auditors issued, as required by applicable regulations, the Corporate Governance Code, and the policies and procedures adopted by the Company, the following opinions: (i) an opinion on the engagement conferred on Deloitte & Touche for the preparation of a Compliance Certificate relating to the determination of the financial covenants for the period 2024-2026, as provided for under the Facility Agreement entered into between SIT S.p.A. and a pool of banks; (ii) an opinion on the engagement conferred on Deloitte & Touche for certification services for the recognition of the tax credit for research and development expenses and technological innovation; (iii) an opinion on the remuneration policies contained in the Report on the 2026 Remuneration Policy and 2025 Compensation Paid.

12. INDICATION OF THE FREQUENCY AND NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS AND THE BOARD OF STATUTORY AUDITORS

During the financial year the following meetings were held, in which the Board of Statutory Auditors took part in its collegial composition:

- 1 Shareholders' Meeting,
- 11 meetings of the Board of Directors,
- 6 meetings of the Control, Risk and Sustainability Committee,

- 1 meeting of the Remuneration Committee,
- 0 meetings of the Related Parties Committee.

During the financial year the Board of Statutory Auditors met 20 times.

13. COMMENTS ON COMPLIANCE WITH THE PRINCIPLES OF PROPER MANAGEMENT

The Board of Statutory Auditors has no comments to raise regarding compliance with the principles of proper management, which appear to have been consistently observed.

14. COMMENTS ON THE ADEQUACY OF THE ORGANISATIONAL STRUCTURE

The Board of Statutory Auditors oversaw the adequacy of the organisational structure and has no comments to report to the Shareholders' Meeting in this regard.

15. COMMENTS ON THE ADEQUACY OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM, IN PARTICULAR ON THE ACTIVITY CARRIED OUT BY THOSE RESPONSIBLE FOR INTERNAL CONTROL, AND AN INDICATION OF ANY CORRECTIVE ACTION TAKEN AND/OR STILL TO BE TAKEN

The Board oversaw the adequacy of the Internal Control and Risk Management System, also carrying out its assessment through joint meetings with the Control, Risk and Sustainability Committee in order to have timely and up-to-date information flows in support of its activities, as well as through meetings with the Head of Internal Audit, including to receive information on the findings of audit activity.

The Board exchanged information with top management regarding the analysis and monitoring of the Company's main risks, including financial risks, covering the activities carried out, the identification of the countermeasures adopted and their implementation.

In addition, the Board of Statutory Auditors had periodic exchanges of information with representatives of the Compliance and Risk Management functions and with the Internal Audit function, as well as with the Supervisory Body, regarding the analysis and monitoring of the Company's main risks.

16. COMMENTS ON THE ADEQUACY OF THE ADMINISTRATIVE AND ACCOUNTING SYSTEM AND ITS RELIABILITY IN CORRECTLY REPRESENTING OPERATING EVENTS

The Board, in its capacity as Internal Control and Audit Committee and pursuant to Legislative Decree No. 39/2010, took note of the planning of the activities of the statutory audit firm, constantly monitored its progress and discussed the results.

The Board of Statutory Auditors oversaw the adequacy of the internal control system and the administrative and accounting system, as well as the reliability of the latter in correctly representing operating events, by obtaining information from the Manager Responsible for Preparing the Company's Financial Reports, from the heads of the respective functions, from the Head of Internal Audit, and by examining company

documents. In particular, the Manager Responsible for Preparing the Company's Financial Reports, relying on the relevant company structures and with the support of the Internal Audit function, carried out a monitoring plan covering the key controls of the processes relevant to financial reporting. The findings of the activities carried out did not reveal any critical issues with respect to compliance with Law 262/2005.

The Board paid attention to (i) the internal procedures relating to the main company cycles, as well as the verification activities carried out as part of the internal control system; (ii) the adoption of administrative procedures suitable for providing the necessary information on management and on economic, equity and financial data of companies incorporated and governed by the laws of non-EU states that are of significant relevance; (iii) the check that the information flows provided by non-EU subsidiaries were adequate to carry out the control of annual and interim accounts, as provided for by Article 15 of the Markets Regulation adopted by Consob resolution No. 20249 of 28 December 2017.

With regard to the preparation of the financial statements closed as at 31 December 2025, the Board of Statutory Auditors notes that the Board of Directors, after obtaining the opinion of the Control, Risk and Sustainability Committee, approved the compliance of the impairment test methodology with the requirements of the international accounting standard IAS 36.

The impairment test was carried out on the basis of the Medium-Term Plan approved by the Board of Directors on 7 April 2026 and submitted to an Independent Business Review (IBR) process by an independent expert.

The explanatory notes to the financial statements set out both the assumptions used to carry out the test and the results of the valuation process, including the results of the sensitivity tests carried out on the key assumptions. The Board of Statutory Auditors has no comments on the impairment test procedure adopted.

17. COMMENTS ON THE ADEQUACY OF THE INSTRUCTIONS GIVEN BY THE COMPANY TO SUBSIDIARIES PURSUANT TO ARTICLE 114, PARAGRAPH 2, OF LEGISLATIVE DECREE NO. 58/1998

We gained knowledge of, and oversaw, to the extent of our competence, the adequacy of the instructions given by the Company to its subsidiaries pursuant to Article 114, paragraph 2, of Legislative Decree No. 58/1998, among other things through: (i) information obtained from the Chief Financial Officer; (ii) obtaining information from the heads of company functions; (iii) meetings and exchanges of information with the Boards of Statutory Auditors of the subsidiaries; and (iv) meetings with the auditing firm.

The Board of Statutory Auditors has no comments to make on the adequacy of the information flows provided by the subsidiaries to the Parent Company aimed at ensuring timely compliance with the disclosure obligations required by law.

18. COMMENTS ON ANY SIGNIFICANT MATTERS EMERGING DURING MEETINGS HELD WITH THE AUDITORS PURSUANT TO ARTICLE 150, PARAGRAPH 2, OF LEGISLATIVE DECREE NO. 58/1998

In the course of the periodic exchanges of data and information between the Board of Statutory Auditors and the firm responsible for the statutory audit of the accounts, also pursuant to Article 150, paragraph 3, of Legislative Decree No. 58/1998, no matters emerged that need to be highlighted in this report.

19. INDICATION OF WHETHER THE COMPANY HAS ADOPTED THE CORPORATE GOVERNANCE CODE OF THE CORPORATE GOVERNANCE COMMITTEE FOR LISTED COMPANIES

The Company has adopted the Corporate Governance Code for Listed Companies promoted by Borsa Italiana.

To the extent of its specific competence, the Board of Statutory Auditors oversaw the manner in which the corporate governance rules that the Company has declared it will comply with were actually implemented; in particular, with regard to the Corporate Governance Code, the Board of Statutory Auditors oversaw (i) the manner in which the corporate governance rules were implemented, as reported in the Report on Corporate Governance and Ownership Structure, without raising any comments; and (ii) the correct application of the criteria and assessment procedures adopted by the Board of Directors to assess the independence of its members.

The recommendations set out in the letter of 18 December 2025 from the Chairman of the Corporate Governance Committee were brought to the attention of the Chairman of the Board of Directors and the Chairman of the Board of Statutory Auditors (the addressees of that letter) and were examined by the Board of Directors at its meeting of 7 April 2026. On that occasion, the Board of Directors was able to confirm that the Company is substantially in full compliance with the recommendations of the Corporate Governance Code for 2026.

The Board examined the letter of 18 December 2025 from the Chairman of the Corporate Governance Committee, as well as the assessments made by the Company regarding the recommendations contained therein, without any particular comments in this regard.

20. FINAL ASSESSMENTS REGARDING THE SUPERVISORY ACTIVITY CARRIED OUT AND ANY OMISSIONS, REPREHENSIBLE FACTS OR IRREGULARITIES IDENTIFIED IN THE COURSE THEREOF

The supervisory activity of the Board of Statutory Auditors was carried out during financial year 2025 in a manner consistent with normal practice, and it did not identify any omissions, reprehensible facts or irregularities to be reported.

21. INDICATION OF ANY PROPOSALS TO BE PUT TO THE SHAREHOLDERS' MEETING PURSUANT TO ARTICLE 153, PARAGRAPH 2, OF LEGISLATIVE DECREE 58/1998

In summary of the supervisory activity carried out during the year, the Board of Statutory Auditors has no proposals to make pursuant to Article 153, paragraph 2, of Legislative Decree No. 58/1998, with regard to the separate financial statements of SIT S.p.A. as at 31 December 2025, their approval, or matters within its competence.

22. CONCLUSIONS

The financial statements for the year ended 31 December 2025 of SIT S.p.A. and the consolidated financial statements of the SIT Group as at the same date were prepared in accordance with the international IFRS accounting standards issued by the International Accounting Standards Board (IASB), in compliance with the provisions of Legislative Decree No. 38 of 28 February 2005, implementing EC Regulation No. 1606/2002 of the European Parliament and of the Council of 19 July 2002.

The Board of Statutory Auditors took note of the considerations developed by the directors with regard to the continuing validity of the going concern assumption. After the directors confirmed in the previous financial year the Company's ability, in a context marked by uncertainty, to achieve the expected results set out in the Medium-Term Plan, 2025 marked a phase of recovery and normalisation, described in detail in the section of the Financial Report dedicated to going concern.

The results achieved in 2025 and the revision of the 2026-2030 multi-year industrial plan, which was submitted to an Independent Business Review and approved by the Board of Directors in April 2026, confirm, in the directors' prudent judgement, that the Company will be able to meet its obligations for the foreseeable future, and that it is therefore appropriate to apply the going concern assumption in preparing the financial statements as at 31 December 2025.

The Board of Statutory Auditors has not identified any obstacles to the continued applicability of the going concern assumption.

The Board of Statutory Auditors reviewed the criteria adopted in preparing the separate and consolidated financial statements, with particular reference to their content and structure, the scope of consolidation and the consistent application of accounting principles, the existence of adequate disclosure on the Company's performance and on the assessments made for the purposes of the impairment test, and the continuing applicability of the going concern requirement.

As detailed analysis of the merits of the content of the financial statements is not entrusted to us, we oversaw the overall approach taken in the separate and consolidated financial statements and their general compliance with the law as regards their preparation and structure, and in this regard we have no particular comments to report. The auditing firm raised no comments on the disclosures provided.

To the best of our knowledge, in preparing the financial statements the Directors did not depart from the provisions of the law pursuant to Article 2423, paragraph 4, of the Italian Civil Code.

We have verified the consistency of the financial statements and the report on operations with the facts and information of which we have become aware in the course of performing our duties, and we have no comments in this regard.

The statutory financial statements of SIT S.p.A. and the consolidated financial statements of the SIT Group are accompanied by the required report of the auditing firm, to which reference is made.

In light of all of the foregoing, the Board of Statutory Auditors has not identified any obstacles to the approval of the financial statements as at 31 December 2025 or to the resolutions proposed by the Board of Directors.

Modena, 29 April 2026

THE BOARD OF STATUTORY AUDITORS

Matteo Tiezzi (Chairman)

Loredana Anna Conidi (Statutory Auditor)

Saverio Bozzolan (Statutory Auditor)