
Brembo N.V.
"First Quarter 2026 Results Conference Call"
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OPERATOR: Good afternoon, this is the Chorus Call conference operator. Welcome and thank you for joining the Presentation of Brembo First Quarter 2026 Results. As a reminder, all participants are in listen-only mode. After the presentation, there will be an opportunity to ask questions. Should anyone need assistance during the conference call, they may signal an operator by pressing "*" and "0" on their telephone.

At this time, I would like to turn the conference over to Ms. Laura Panseri, Investor Relations, Senior Manager. Please, go ahead madam.

LAURA PANSERI: Good afternoon or good morning, everyone and thank you for joining us today to discuss Brembo Group's first quarter 2026 financial results. Today, Brembo's Executive Chairman Matteo Tiraboschi will begin the call with his opening remarks. After his speech, Brembo's management team will be available to answer questions from analysts.

As always, all relevant materials are available in the Investor Relations section of Brembo's corporate website www.brembogroup.com. During this call, we will discuss our business outlook and make forward-looking statements based on our predictions and expectations. These comments are subject to risks and uncertainties that could cause the actual results to be materially different. Lastly, I would like to remind you that this call is being recorded.

And with that, I will now turn the call over to Matteo Tiraboschi.

MATTEO TIRABOSCHI: Thank you, Laura. Good afternoon, everyone and thank you for joining us for our first quarter results call. The start of 2026 has been marked by elevated global uncertainty. The geopolitical backdrop has deteriorated further due to the escalation of the conflict in the Middle East which continues to affect markets day-to-day. As a result, volatility has increased and visibility has declined making it harder for companies across the automotive industry to plan and forecast with confidence.

Against this backdrop, the automotive market remains under pressure. Vehicle production declined across most major regions in the quarter with China recording the largest drop, almost 10% year-on-year. For 2026, current expectations point to a contraction versus last year confirming that the industry is still in a phase of instability rather than a clear recovery. Even in this challenging context, Brembo delivered a solid first quarter performance confirming the resilience of our business model.

First quarter revenues exceeded €937 million. On a reported basis, revenues were impacted by negative foreign exchange effects mainly from the US dollar. At constant exchange rates, revenues grew by 1.9% year-on-year. We saw positive contributions from the aftermarket and motorcycle segments.

Geographically, the US grew by more than 6% on a like-for-like exchange rate basis, while India, an important market for 2-wheelers, grew by more than 25% at constant exchange rates.

Thanks to operating efficiency and financial discipline, profitability improved. Margins expanded across all levels in the quarter. EBITDA reached €155 million, equal to 16.5% of revenues, higher than in the same period last year. Net profit also grew at a double-digit rate year-on-year.

Cash flow in the first quarter reduced net debt versus the end of last year, in line with our 2026 target of staying below €700 million. Strategically, we remain firmly focused on Brembo's long-term development and 2026 is a

particularly important year in this journey. This week, we announced important updates on Sensify, our flagship intelligent braking platform, further strengthening our positioning and supporting our growth over the coming years.

Sensify has now entered series production with a leading global vehicle manufacturer. The solution is fitted as standard on all vehicles in the program, conforming the industrial readiness of our software-defined braking architecture. In addition, we have recently signed further Sensify supply contracts with new customers. As a result, we expect to equip hundreds of thousands of vehicles per year, paving the way for large-scale deployment of the platform.

Looking ahead to 2026, in March we adopted a cautious outlook given the escalation of the conflict in the Middle East. Volatility remains high and the environment makes forecasting difficult. However, following a solid start to the year, we believe revenues could grow by 3% year-on-year in 2026 at constant exchange rates. Despite a highly turbulent global environment, our priorities are clear. Disciplined execution and steadily generating value from our strategic investments.

Sensify entering series production is a tangible example of this approach as it represents an important step towards the first vehicle applications of our next generation technologies.

Thank you for your attention. We will now be happy to take your questions. I'll hand it back to Laura.

LAURA PANSERI: Thank you, Matteo. We are now ready to answer your questions. Please.

Q&A

OPERATOR: This is the Chorus Call conference operator. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press "*" and "1" on their touchtone telephone. To remove your question, please press "*" and "2." Please pick up the receiver when asking questions. Anyone who has a question may press "*" and "1" at this time. We will pause for a moment while participants are joining the queue.

The first question is from Martino De Ambroggi of Equita. Please, go ahead.

MARTINO DE AMBROGGI: Thank you. Good afternoon, everybody. The first question is on the full year guidance for the top line. So the plus 3%, #1, where does it come from in terms of sector?

Second, should we assume a 50:50 volume mix and price, or maybe price after the positive increase in Q1 should be flat-ish or I don't know, for the rest of the year?

And third, just a comment, because in the previous call you mentioned that before the start of the Gulf War, you had a plus 3%, plus 5% growth, and now you are moving from 0% to 3%, just to understand what is the level of prudence you are applying. And later on I have a question on Sensify, inevitably?

DANIELE SCHILLACI: Hello, Martino. This is Daniele. Good afternoon to you and to everyone on the call. On the full-year top line, the +3% assumption is driven primarily by volume/mix rather than by price. From a segment perspective, we continue to see supportive trends in Motorbike and Aftermarket, in addition to Auto.

Regarding your second point, you are right: when we last spoke, based on market conditions, and if the geopolitical problems had not occurred, we would have guided for growth in the range of 3% to 5%. Today, the conflict is still ongoing and visibility remains limited. In this context, we believe targeting +3% while preserving margins is already a meaningful and demanding objective.

MARTINO DE AMBROGGI: Okay, thank you Daniele. And on Sensify, so knowing you will not disclose the number of customers you have in your portfolio right now, but you are mentioning hundreds of thousands of volumes, just to have an idea, the time span is in 3, 4, 5 years or maybe longer. And the first adoption is a dry-dry solution or is dry-wet? So just a curiosity.

DANIELE SCHILLACI: On the timeline, we expect an initial contribution already towards the end of this year, with the main ramp-up starting next year. As a result, in terms of revenue contribution from Sensify, we see an interesting upside already visible in 2027—so it is not a 3-to-5-year story from now. You should already see tangible numbers in 2027, which will then build up progressively over time. That's the first point.

As for the system architecture, Sensify has been conceived natively as a fluid-free solution—i.e., dry-dry—and this remains our core focus.

MARTINO DE AMBROGGI: Okay. And next year, to become visible, you need a second client to start in production or one is enough?

DANIELE SCHILLACI: Honestly speaking, the key driver is not so much the number of customers, but the platform volumes. As mentioned, we have several contracts in place, and you should also expect additional SOPs (start of production) from other customers next year.

The key point is that we are talking about a platform in the order of 100,000 units. That is, in our view, the most relevant metric, regardless of the number of customers, which is also important, of course.

MARTINO DE AMBROGGI: Okay. So, just very, very last, when we talk about hundreds of thousands, could be achieved with just the first client? That's the point?

DANIELE SCHILLACI: Hundreds of thousands units will be achieved with the contracts that we have signed.

MARTINO DE AMBROGGI: Okay. Thank you.

OPERATOR: The next question is from Monica Bosio of Intesa SanPaolo. Please, go ahead.

MONICA BOSIO: Yes. Thank you for taking my question. Just some clarification on the previous one. So just to summarize, despite an ongoing conflict, the company is targeting a 3% growth. Is it correct? So this would mean that without the conflict, it would have been even more. Just a clarification? And the second is still on the Sensify. Maybe it didn't get well. Are you saying that the first contract that you've signed time ago, is already

generating high volumes or the second or the third contract, the ones that will come later, are expected to generate...to be high volumes platforms? And the third question is about M&A. I was wondering whether you can comment on the recent rumor on a potential interest of Brembo on Monroe Ride Solutions in the Suspension business. I was wondering if Monroe is the only player, you are looking at, and what could be the rationale at industrial level, but also at the financial level. I'm trying to explain, are you willing to acquire assets that could be dilutive and how much dilutive if you can, and in this case, do you have a threshold in terms of multiples acquisition? Thank you very much.

DANIELE SCHILLACI: Hello Monica. Regarding the +3%, you understood well, it is the growth that we foresee now, based on the solid performance in Q1 and the visibility we have on the order book in Q2.

And I hope we will not see a further deterioration on the geopolitical side; this remains, as I said, a quite important challenge for us, but we are confident. Yes, growth could have been higher, and there is always the possibility to do more; however, in this context, to stay at +3% we believe it is already quite a bold approach. In any case, we will grasp all the opportunities that the market will present.

The second point about Sensify: what I can say is that we have several contracts, and in each contract we are talking about around hundred thousand car units per year over the life of the program. So this is the order of magnitude we are referring to, and the contracts are broadly homogeneous in this respect, which I think is an important point to underline.

Regarding M&A, allow me not to comment on market speculation. As you know, we continuously review potential opportunities, but at this stage we have nothing to update or share.

MONICA BOSIO: Okay. But if I may, would it make sense with the Sensify ramping up to be a system integrator with Suspension, Sensify and Discs, maybe on a larger scale? Is it this a way to develop and expand the company, or no?

DANIELE SCHILLACI: Today, we are really focused on the ramp-up of Sensify. We already have strong know-how in managing the corner, and Sensify will further strengthen that. This is really the company's focus.

MONICA BOSIO: Thank you very much. Thank you.

DANIELE SCHILLACI: Thank you.

OPERATOR: The next question is from Andrea Balloni of Mediobanca. Please go ahead.

ANDREA BALLONI: Yes, good afternoon, everybody and thanks for taking my question. My first one is about the main geographical trends you see over the second quarter this year, if you can give us some color on that.

And my second question is about your guidance for margin. Since you are now targeting an organic top-line growth, why didn't you raise your EBITDA margin target?

And my last question is about China. I remember in your previous call you mentioned about some recovery on volumes for the premium European carmakers. Is that confirmed? Are you still experiencing this reversal trend? Thank you.

DANIELE SCHILLACI: Hello Andrea. Regarding the second quarter trends, China is showing a different pattern. As Matteo mentioned, Q1 in China was a negative surprise for the automotive industry, down around 10%. It was partly expected, as the change in incentive schemes in January 2026 led to some pull-forward of demand into Q4 2025. As a result, we saw a sharp drop in Q1 that we are not seeing in Q2. Q2 is showing a recovery, and this is also reflected in our order book, both overall and in China.

Regarding market trends, based on IHS data and on what we are seeing in our own order book, the decline currently expected for H2 is forecast to be less pronounced than what we are experiencing in H1. Of course, this remains a forecast and it is highly dependent on the timing and outcome of any resolution of the situation in the Middle East. That said, based on the information available today, this is our current view.

Regarding our European customers in China, Q1 was mixed: some European OEMs performed better, while others were softer. In Q2, we are seeing an improvement, with stronger order intake from European OEMs. Overall, we are observing a more positive trend versus Q1.

Regarding the question on margins, we are confirming the solid performance delivered in Q1. Given the uncertainty and the market volatility we are facing, we believe that maintaining this level of margin is already a meaningful and demanding objective. That said, as usual, we will continue to capture any opportunities the market may offer.

OPERATOR: The next question is from Nikita Papaccio of Deutsche Bank. Please go ahead.

NIKITA PAPACCIO: Yes, hi, thanks for taking my questions. I would have 3. The first one on your strong price impact in Q1, could you explain where this derived from?

And you mentioned that for the next quarters, we should expect more coming from volume and mix and less from price. Why will this normalize? My second question is on Sensify, I understood the timeline and also the contracts. Can you remind us of any comments regarding profitability and revenue contribution of this product?

And third, on your guidance on net debt, you already reached your guidance for full year, right, with the below €700 million. Should we expect a stable figure from here towards year end or are there more puts and takes over the next quarters? Thank you.

DANIELE SCHILLACI: Regarding your first question on pricing in Q1, we benefited from a favorable timing between sales price adjustments and the evolution of purchasing costs. As a result, we do not expect this same effect to repeat in the coming quarters, and we anticipate a more balanced contribution between price and costs.

On Sensify, we do not disclose profitability figures, as you can appreciate, given the sensitivity of the information.

ANDREA PAZZI: Net debt is already below €700 million, albeit only marginally. We expect to follow our usual seasonality over the course of the year; Q1 was particularly strong in terms of cash generation, supported by lower Capex compared with last year and versus our full-year expectations. We therefore confirm our target of remaining below €700 million. As usual, the evolution over the remainder of the year will be mainly driven by working capital dynamics

NIKITA PAPACCIO: Okay, understood. And maybe a follow-up regarding your aftermarket business, in the last call, if I remember correctly, you mentioned that the contribution of aftermarket should be towards 20% for 2026. Q1 was below

15%, so what are the key drivers to increase this share over the next quarters?

DANIELE SCHILLACI: In Q1, including all activities, the aftermarket contribution was around 15%, as you correctly mentioned. We expect this to increase over the course of the year, reaching closer to 20% driven by two main factors.

First, the underlying aftermarket business continues to grow across all regions, with particularly strong trends in Asia and the US. Second, the racing kits we are selling in the aftermarket are contributing more than initially expected for 2026.

The combination of these effects supports our expectation of a progressive increase in the aftermarket mix, and we are fully on track to achieve this target by year-end.

NIKITA PAPACCIO: Thank you.

OPERATOR: The next question is from Anthony Dick of Oddo BHF. Please go ahead.

ANTHONY DICK: Yes, good afternoon, a couple of questions on my side. I'll ask them 1 at a time if that's okay. So the first question is on Sensify, just a clarification, because you talk about several contracts, but I was just wondering if you've also signed several different customers, clients, also on top of being several contracts?

DANIELE SCHILLACI: On Sensify, we are already engaged in ongoing discussions with additional customers. Based on current progress, we expect to further expand our customer portfolio by year-end, and we remain confident in our ability to achieve this.

ANTHONY DICK: I see. But then the contracts are currently with one customer, then I guess.

DANIELE SCHILLACI: No—these contracts are with several customers, not a single one.

ANTHONY DICK: Okay, but so when you say several contracts, it's contracts that you already signed, that's with already several customers.

DANIELE SCHILLACI: Exactly, we have signed several contracts with multiple customers and currently have a pipeline of additional opportunities under negotiation.

ANTHONY DICK: Okay, alright, that's clear. And then in terms of the unit sales that you expect for these platforms. I am just wondering, are those you know the estimates made by the own customer, or are they also collaborated and validated by sort of external forecasts, maybe like S&P or others?

DANIELE SCHILLACI: The volume estimation reflects the aggregation of the contracts we have signed with our customers. Each contract includes committed volumes on a year-by-year basis over the life of the program, along with the respective pricing.

Of course, while contractual volumes are defined over a multi-year period—typically four to five years—the actual production levels will remain influenced by underlying automotive market conditions. In a stable market environment, we would expect to achieve the contracted volumes; in a stronger market, production could be higher.

Overall, however, the visibility is high, as these estimates are based on detailed, contract-by-contract assumptions.

ANTHONY DICK: Okay. No, it's just I was asking because I mean, obviously over the last years, there's been quite some discrepancy between forecasts made by some

OEMs, especially on some product lines, especially new technology product lines or new product lines.

I mean, I was kind of wondering if that was purely the company, the client's internal estimates or also kind of your own estimates or even external estimates that could validate that because I guess there's no firm volume commitment from the customer, right?

DANIELE SCHILLACI: We fully understand your point, particularly in the context of electrification, where we have indeed seen significant gaps between initial estimates and actual market performance.

In our case, however, the visibility is supported by the quality of our customer base and by a contract-by-contract approach. The volumes we have signed are, in our view, robust and underpinned by solid contractual commitments.

The main source of variability remains the underlying market environment: in the event of a significant downturn, volumes could be negatively impacted, while a stronger market would result in upside.

That said, in a stable market scenario, we believe our estimates to be reliable and well supported.

ANTHONY DICK: Okay. That's helpful. So I mean, should we assume that this car that the Sensify system is going to be on is a sort of conventional car? It's not a kind of new technology car, if I can put it that way?

DANIELE SCHILLACI: On that question, I would prefer not to comment. What I can say is that it's a beautiful car.

ANTHONY DICK: Okay, fair enough. Okay, great. And then in terms of...yes, just another question. I mean, we discussed the pricing effect in Q1. I am just

wondering how the raw materials played into this. Obviously, we have seen big movements on the aluminum prices. So just wondering if that already had an impact in Q1 and how you would expect that to impact your financials for the rest of the year?

DANIELE SCHILLACI: On raw materials, aluminum is fully indexed to customers, which may result in a timing (hysteresis) effect, but the impact so far is manageable. More broadly, our current assessment is that raw material and energy cost dynamics remain manageable, as these mechanisms are largely embedded in our contracts. We have established a clear and structured framework with our customers to manage increases in raw material and energy costs, with formalized pass-through mechanisms. As far as aluminum is concerned, given the full indexation, we do not see any material impact.

ANTHONY DICK: Yes. Okay. I was just wondering if it already has a significant contribution to your top line in Q1 and also in 2026.

DANIELE SCHILLACI: In Q1, the impact was not significant. We expect this to become more visible in the next quarters.

ANTHONY DICK: Okay. Perfect. Thanks very much.

OPERATOR: The next question is from Davide Zappa of Banca Akros. Please, go ahead.

DAVIDE ZAPPA: Hello, everyone. Just a follow-up on the guidance. Should we imagine geopolitical tension to ease in the second half of 2025? Is this 3% to 5% range still achievable for 2026 based on what made you confident in raising the guidance to 3% as you did?

And maybe my second question is, cost of sales reached 62% in first quarter. Could you give us a little color on what were the drivers for such improvements year-over-year? And would it be sustainable for the remaining part of 2026, or no? Thank you.

DANIELE SCHILLACI: Regarding your first question, there are a number of possible scenarios depending on how the geopolitical situation evolves—whether the conflict is resolved quickly or remains in a prolonged status quo. In this context, it is very difficult to define a stable outlook.

What is important for us is to identify a degree of stability within an otherwise highly volatile environment driven by geopolitics. Against this backdrop, we believe that a +3% growth target already represents a meaningful and demanding objective. As previously mentioned, should conditions improve in the second half, we would of course look to capture any upside opportunities.

On your second point, you are correct. We improved our cost of sales by approximately 1.2% to 1.3%, mainly driven by increased efficiency in our operations, particularly in Europe, as well as improvements in material costs.

DAVIDE ZAPPA: Thank you.

OPERATOR: The next question is from Alexandre Raverdy, Kepler Cheuvreux. Please, go ahead.

ALEXANDRE RAVERDY: Yes, good afternoon. Thanks for taking the question. I have 3 quick ones, please. The first one is just on the phasing of revenue growth, because you achieved close to 2% organic sales growth in Q1. Can you please say

a word about Q2 so far, whether you see any change in the colors for customers? And could you please confirm that there will be an acceleration in that growth in the second half, given the new launches? That's what I would think.

The second question is on Sensify, a very quick one. You have been highlighting the modularity of the system. So I just wanted to check whether all your contracts so far have been with automotive clients, or whether you have discussions or even contracts that have been signed with light commercial vehicles or motorbikes.

And the final one is on IM&A. I have to try as well. You have been favoring, I think, historically, bottom and marginal creative deals. And I remember that a few years ago, you clearly ruled out any large deals. So is there any reason that this could change? Thank you.

DANIELE SCHILLACI: On your first question regarding Q2, if we look at current call-offs and compare both with last year and with Q1, we can say that Q2 has started on a solid footing. This is consistent with what we are seeing in our order intake, despite the broader context of a highly volatile environment. At this stage, we can confirm that Q2 trends appear solid.

On Sensify, our current contracts relate to the automotive passenger car segment. That said, the technology is fully scalable and can also be applied to other segments, including LCVs and motorbikes, which represent additional opportunities for the future. To clarify your question, however, the contracts signed to date are focused on passenger cars.

Regarding M&A, as previously mentioned, we have no specific update to share at this stage. We continue to monitor potential opportunities on an ongoing basis, with a focus on those that are consistent with our strategic priorities.

In this context, the key consideration is not the size of the transaction, but rather its strategic fit with Brembo's long-term development. This remains the primary criterion guiding our approach to M&A.

As usual, should there be any relevant developments, we will be happy to update the market in due course.

OPERATOR: The next question is from Michele Baldelli of BNP Paribas. Please go ahead.

MICHELE BALDELLI: Hi. Good afternoon to everybody. I have a couple of questions. The first one relates to the increase, let's say, of employees for this year. If you can share with us, if you are targeting to go to 17,000 employees, what is the target on this metric?

The other question is about CAPEX. I thought it was €72 million in the first quarter. I was just wondering, because of the timing of certain CAPEX, or anyway, the year can have, let's say, some potentially lower CAPEX than the €350 million, just a sort of feeling. I know that your guidance is €350 million, but compared to the guidance, just understand if you feel that, let's say, this could happen with a few million euros. Thank you.

DANIELE SCHILLACI: Yes, good afternoon. Regarding Capex, the €72 million reported in Q1 is in line with our full-year guidance of €350 million. As a result, you should expect a moderate acceleration in spending over the coming quarters. Regarding your first question, can you kindly repeat it, please?

MICHELE BALDELLI: Yes. So basically, the number of employees have employed, I saw in the first quarter going up in a single by roughly 3.6%, so kind of, let's say, 700 people more in the group. So given that is not related to the M&A, so you hired a lot of people. I was wondering, because probably this is just a wave

of new hirings, shall we see also in the coming quarter this kind of trends of expansion of the number of employees, and if you can share certain targets with us?

DANIELE SCHILLACI: No, we believe this slight increase is primarily driven by the strong momentum in India, where the motorbike business has had a very good start to the year—an encouraging trend that we also continue to see in Q2. In addition, a smaller portion of the increase is related to new projects currently under development. These are the main drivers behind the change.

OPERATOR: The next question is from Anthony Dick of Oddo BHF. Please, go ahead.

ANTHONY DICK: Hi, yes, thanks for letting me back in. I just had a follow-up on the ramp-ups of the different lines and additional capacity that you've added in recent years. Wondering if you could update us on the ramping up of these capacities and if this is expected to have some temporary effects on profitability in one quarter or the other, like we saw sometimes in previous years. Thank you.

DANIELE SCHILLACI: Looking at the three main investments we have communicated in recent years, we are currently seeing a ramp-up in North America, particularly in Mexico. We expect some impact from this in the second half of the year, provided the geopolitical environment remains stable with our customers. In China, the ramp-up is ongoing, and the investment is already at a solid level of production, supported by new local customers. In Poland, the investment is also related to coated discs. We expect the benefits to become more visible from next year, with only a limited contribution towards the end of this year.

Finally, we also have operations in Thailand. While the scale is smaller compared to Poland, China and Mexico, production is already at a good level, particularly in the motorbike segment.

ANTHONY DICK: Thank you. And you also mentioned the ramp-up on Sensify. I mean is that going to have an impact on profitability during the time that it ramps up or not really?

DANIELE SCHILLACI: As I said, the main contribution from Sensify, both in terms of revenues and profitability, is expected to become visible in 2027.

ANTHONY DICK: I see. But is there a negative impact to expect before it ramps up or is that not significant?

DANIELE SCHILLACI: As with any ramp-up phase, initial profitability is typically below the average level. However, we are confident that this gap will close relatively quickly, as we expect volumes to ramp up to a solid level by 2027.

OPERATOR: Once again, if you wish to ask a question, please press "*" and "1" on your telephone. The next question is from Martino De Ambroggi of Equita. Please go ahead.

MARTINO DE AMBROGGI: Thank you. 2 more questions on Sensify. Specifically, are you planning or would you like to source some of the Sensify components apart from discs, calipers and software that you produce?

And second, on Sensify, I imagine you already arranged the supply chain, but is there any issue for the supply chain? I don't know if semiconductors and any bottleneck risks that you may see on this startup. Okay, not millions

of units like for discs, but you are starting with platforms for thousands...100,000 of units. So just understand if you perceive anything...something that has to be carefully monitored?

DANIELE SCHILLACI: At this stage, we do not see any risks in terms of business continuity for the Sensify supply chain.

Regarding your first point, it is important to underline that, for Sensify, we develop in-house all key components, including software. As such, it represents a highly integrated and innovative solution where we manage the full system architecture.

MARTINO DE AMBROGGI: Okay, so you are not planning and you wouldn't like to get additional components insourced?

DANIELE SCHILLACI: No, we don't see a need at this time.

MARTINO DE AMBROGGI: Okay. And on coated discs, is there any possible update you can share with us in terms of customers? I clearly understand the contribution will be more evident next year, but anything would be appreciated.

DANIELE SCHILLACI: On the coated discs, as previously communicated, we secured several contracts at an early stage. We have already achieved SOP with some customers, also in light of the November 2026 deadline to comply with the 7 milligram target.

Execution is progressing as planned, with no issues. At the same time, we are seeing additional interest from new customers for this technology and expect further potential contracts during 2026.

Overall, we already have a solid contracted base in place, which supports our outlook going forward.

MARTINO DE AMBROGGI: Okay, and also for coated discs, like for Sensify, you already started production this year, maybe with more than one client.

DANIELE SCHILLACI: Yes, and similarly for Sensify, the main contribution is expected to be visible in 2027.

MARTINO DE AMBROGGI: Okay, thank you, Daniele.

DANIELE SCHILLACI: Thank you.

OPERATOR: The next question is from Gianluca Bertuzzo of Intermonte. Please go ahead.

GIANLUCA BERTUZZO: Good afternoon, and thank you for taking my question. The first one is on the guidance. Maybe you said that, but I didn't get it. Where the confidence of the upgrade comes from? It was because you were too cautious at the beginning of the year, and you expected lower demand going forward, or what else?

And second is on Sensify. When you say a tangible contribution from 2027, this net contribution is more 2-digit million contribution or more, such as 3-digit million contribution?

And the last one is on M&A. What is the maximum leverage you want to go above and its related high power? Thank you.

DANIELE SCHILLACI: Regarding your first point, we were likely somewhat too cautious. As you rightly mentioned, when we first released our 2026 guidance in March, we have probably been too cautious.

On Sensify, the contribution is expected to become visible starting in 2027; it will be an interesting impact, this is what I can say so far.

ANDREA PAZZI: Regarding M&A, in terms of leverage, we are currently at around 1.1–1.2x and we have the capacity to increase this up to approximately 2.0–2.5x.

GIANLUCA BERTUZZO: Okay. Very clear. Thank you.

DANIELE SCHILLACI: Thank you.

OPERATOR: The next question is a follow-up of Monica Bosio of Intesa Sanpaolo. Please, go ahead.

MONICA BOSIO: Here I am again. Sorry, just an update on your capacity saturation rate. What is the level now and has it improved versus the previous months or is it stable?

DANIELE SCHILLACI: It's stable, we are always around 86%. It's pretty stable.

MONICA BOSIO: Perfect. Thank you very much.

DANIELE SCHILLACI: Thank you.

OPERATOR: Ms. Panseri, there are no more questions registered at this time.

LAURA PANSERI: Thank you, everyone, for joining us today for our call and we wish you a pleasant rest of the day. Bye-bye.

MATTEO TIRABOSCHI: Bye.

DANIELE SCHILLACI: Bye-bye.

OPERATOR: Ladies and gentlemen, thank you for joining. The conference is now over.
You may disconnect your telephones.