



**SABAF<sup>®</sup>**

**INTERIM MANAGEMENT  
STATEMENT**

**AT 31 MARCH 2021**

**SABAF S.p.A.**  
Via dei Carpini, 1 – OSPITALETTO (BS) ITALY  
Fully paid-in share capital: € 11,533,450  
[www.sabafgroup.com](http://www.sabafgroup.com)

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# Group structure and corporate officers

## ***Parent company***

SABAF S.p.A.

## ***Subsidiaries and equity interest pertaining to the Group***

### Companies consolidated on a line-by-line basis

Faringosi Hinges s.r.l.	Italy	100%
Sabaf do Brasil Ltda.	Brazil	100%
Sabaf Beyaz Esya Parcalari Sanayi Ve Ticaret Limited Sirteki (Sabaf Turkey)	Turkey	100%
Sabaf Appliance Components (Kunshan) Co., Ltd.	China	100%
Okida Elektronik Sanayi ve Tickaret A.S.	Turkey	100%
Sabaf US Corp.	U.S.A.	100%
A.R.C. s.r.l.	Italy	70%
Sabaf India Private Limited	India	100%
C.M.I. s.r.l.	Italy	84.25%
C.G.D. s.r.l.	Italy	84.25%
C.M.I. Polska Sp. zoo.	Poland	84.25%

### Companies consolidated using the equity method

Handan A.R.C. Burners Co., Ltd.	China	35.7%
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**Honorary Chairman** Giuseppe Saleri

## **Board of Directors**

Chairman	Claudio Bulgarelli
Vice Chairman (*)	Nicla Picchi
Chief Executive Officer	Pietro Iotti
Director	Gianluca Beschi
Director	Alessandro Potestà
Director	Cinzia Saleri
Director (*)	Carlo Scarpa
Director (*)	Daniela Toscani
Director (*)	Stefania Triva

(\*) independent directors

## **Board of Statutory Auditors**

Chairman	Alessandra Tronconi
Standing Auditor	Maria Alessandra Zunino de Pignier
Standing Auditor	Mauro Vivenzi

# Consolidated statement of financial position

31/03/2021 31/12/2020 31/03/2020

(€/000)

ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	78,827	76,507	73,803
Investment property	3,048	3,253	3,869
Intangible assets	41,816	43,017	49,324
Equity investments	164	173	185
Non-current financial assets	0	0	60
Non-current receivables	589	518	284
Deferred tax assets	7,800	8,075	6,583
<b>Total non-current assets</b>	<b>132,244</b>	<b>131,543</b>	<b>134,108</b>
CURRENT ASSETS			
Inventories	50,081	39,224	34,080
Trade receivables	73,020	63,436	53,136
Tax receivables	2,980	2,419	3,067
Other current receivables	2,865	3,167	2,694
Current financial assets	1,243	1,495	1,233
Cash and cash equivalents	11,843	13,318	12,956
<b>Total current assets</b>	<b>142,032</b>	<b>123,059</b>	<b>107,166</b>
ASSETS HELD FOR SALE	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL ASSETS</b>	<b>274,276</b>	<b>254,602</b>	<b>241,274</b>
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	11,533	11,533	11,533
Retained earnings, Other reserves	98,791	87,504	97,284
Net profit for the period	8,456	13,961	1,547
<i>Total equity interest pertaining to the Parent Company</i>	<i>118,780</i>	<i>112,998</i>	<i>110,364</i>
<i>Minority interests</i>	<i>5,106</i>	<i>4,809</i>	<i>7,181</i>
<b>Total shareholders' equity</b>	<b>123,886</b>	<b>117,807</b>	<b>117,545</b>
NON-CURRENT LIABILITIES			
Loans	33,552	32,153	42,979
Other financial liabilities	0	0	7,383
Post-employment benefit and retirement provisions	3,536	3,513	3,718
Provisions for risks and charges	1,138	1,433	988
Deferred tax liabilities	4,597	4,697	6,977
Non-current payables	0	0	68
<b>Total non-current liabilities</b>	<b>42,823</b>	<b>41,796</b>	<b>62,113</b>
CURRENT LIABILITIES			
Loans	31,045	30,493	19,562
Other financial liabilities	8,122	8,489	4,803
Trade payables	51,883	41,773	26,558
Tax payables	4,487	3,287	1,617
Other payables	12,030	10,957	9,076
<b>Total current liabilities</b>	<b>107,567</b>	<b>94,999</b>	<b>61,616</b>
LIABILITIES HELD FOR SALE	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>274,276</b>	<b>254,602</b>	<b>241,274</b>

# Consolidated Income Statement

	Q1 2021		Q1 2020		12M 2020	
<i>(€/000)</i>						
<b>INCOME STATEMENT COMPONENTS</b>						
OPERATING REVENUE AND INCOME						
Revenue	64,825	100.0%	43,852	100.0%	184,906	100.0%
Other income	1,888	2.9%	1,049	2.4%	7,194	3.9%
<b>Total operating revenue and income</b>	<b>66,713</b>	<b>102.9%</b>	<b>44,901</b>	<b>102.4%</b>	<b>192,100</b>	<b>103.9%</b>
OPERATING COSTS						
Materials	(36,947)	-57.0%	(19,138)	-43.6%	(82,966)	-44.9%
Change in inventories	11,535	17.8%	(304)	-0.7%	6,406	3.5%
Services	(12,286)	-19.0%	(7,570)	-17.3%	(34,264)	-18.5%
Personnel costs	(13,886)	-21.4%	(10,253)	-23.4%	(43,700)	-23.6%
Other operating costs	(704)	-1.1%	(379)	-0.9%	(1,981)	-1.1%
Costs for capitalised in-house work	683	1.1%	432	1.0%	1,502	0.8%
<b>Total operating costs</b>	<b>(51,605)</b>	<b>-79.6%</b>	<b>(37,212)</b>	<b>-84.9%</b>	<b>(155,003)</b>	<b>-83.8%</b>
<b>OPERATING PROFIT BEFORE DEPRECIATION &amp; AMORTISATION, CAPITAL GAINS/LOSSES AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)</b>						
	<b>15,108</b>	<b>23.3%</b>	<b>7,689</b>	<b>17.5%</b>	<b>37,097</b>	<b>20.1%</b>
Depreciations and amortisation	(4,132)	-6.4%	(4,337)	-9.9%	(16,968)	-9.2%
Capital gains/(losses) on disposals of non-current assets	44	0.1%	8	0.0%	105	0.1%
Write-downs/write-backs of non-current assets	0	0.0%	0	0.0%	(141)	-0.1%
<b>OPERATING PROFIT (EBIT)</b>						
	<b>11,020</b>	<b>17.0%</b>	<b>3,360</b>	<b>7.7%</b>	<b>20,093</b>	<b>10.9%</b>
Financial income	500	0.8%	72	0.2%	1,366	0.7%
Financial expenses	(211)	-0.3%	(424)	-1.0%	(2,146)	-1.2%
Exchange rate gains and losses	(849)	-1.3%	(816)	-1.9%	(4,812)	-2.6%
Profits and losses from equity investments	(46)	-0.1%	0	0.0%	8	0.0%
<b>PROFIT BEFORE TAXES</b>						
	<b>10,414</b>	<b>16.1%</b>	<b>2,192</b>	<b>5.0%</b>	<b>14,509</b>	<b>7.8%</b>
Income taxes	(1,646)	-2.5%	(512)	-1.2%	(149)	-0.1%
<b>NET PROFIT FOR THE PERIOD</b>						
	<b>8,768</b>	<b>13.5%</b>	<b>1,680</b>	<b>3.8%</b>	<b>14,360</b>	<b>7.8%</b>
of which						
Minority interests	312	0.5%	133	0.3%	399	0.2%
<b>PROFIT ATTRIBUTABLE TO THE GROUP</b>						
	<b>8,456</b>	<b>13.0%</b>	<b>1,547</b>	<b>3.5%</b>	<b>13,961</b>	<b>7.6%</b>

## Consolidated statement of comprehensive income

<i>(€/000)</i>	Q1 2021	Q1 2020	12M 2020
<b>NET PROFIT FOR THE PERIOD</b>	<b>8,768</b>	<b>1,680</b>	<b>14,360</b>
<i>Total profits/losses that will not be subsequently restated under profit (loss) for the period:</i>			
Actuarial evaluation of post-employment benefit	0	0	16
Tax effect	0	0	(3)
	<b>0</b>	<b>0</b>	<b>13</b>
<i>Total profits/losses that will be subsequently reclassified under profit (loss) for the period:</i>			
Forex differences due to translation of financial statements in foreign currencies	(2,367)	(4,836)	(12,564)
<b>Total other profits/(losses) net of taxes for the year</b>	<b>(2,367)</b>	<b>(4,836)</b>	<b>(12,551)</b>
<b>TOTAL PROFIT</b>	<b>6,401</b>	<b>(3,156)</b>	<b>1,809</b>
of which			
Minority interests	312	133	407
<b>TOTAL PROFIT ATTRIBUTABLE TO THE GROUP</b>	<b>6,089</b>	<b>(3,289)</b>	<b>1,402</b>

## Statement of changes in consolidated shareholders' equity

<i>(€/000)</i>	Share capital	Share premium reserve	Legal reserve	Treasury shares	Translation reserve	Post-employment benefit discounting reserve	Other reserves	Profit for the year	Total Group shareholders' equity	Minority interests	Total shareholders' equity
<b>Balance at 31 December 2019</b>	<b>11,533</b>	<b>10,002</b>	<b>2,307</b>	<b>(2,268)</b>	<b>(18,939)</b>	<b>(546)</b>	<b>102,024</b>	<b>9,915</b>	<b>114,028</b>	<b>7,077</b>	<b>121,105</b>
Allocation of 2019 profit - carried forward							9,915	(9,915)			
IFRS 2 measurement stock grant plan							658		658		658
Hedge accounting for derivatives							240		240	7	247
Purchase of treasury shares				(2,073)					(2,073)		(2,073)
Change in the scope of consolidation							2,657		2,657	(2,657)	
Dividends paid out							(3,924)		(3,924)		(3,924)
Other changes							10		10	(25)	(15)
Total profit at 31 December 2020					(12,564)	5		13,961	1,402	407	1,809
<b>Balance at 31 December 2020</b>	<b>11,533</b>	<b>10,002</b>	<b>2,307</b>	<b>(4,341)</b>	<b>(31,503)</b>	<b>(541)</b>	<b>111,580</b>	<b>13,961</b>	<b>112,998</b>	<b>4,809</b>	<b>117,807</b>
Retained earnings FY 2020							13,961	(13,961)	0		0
Hedge accounting for derivatives							(297)		(297)	(7)	(304)
Other changes							(10)		(10)	(8)	(18)
Total profit at 31 March 2021					(2,367)			8,456	6,089	312	6,401
<b>Balance at 31 March 2021</b>	<b>11,533</b>	<b>10,002</b>	<b>2,307</b>	<b>(4,341)</b>	<b>(33,870)</b>	<b>(541)</b>	<b>125,234</b>	<b>8,456</b>	<b>118,780</b>	<b>5,106</b>	<b>123,886</b>

# Consolidated statement of cash flows

<i>(€/000)</i>	Q1 2021	Q1 2020	12M 2020
<b><i>Cash and cash equivalents at beginning of period</i></b>	<b>13,318</b>	<b>18,687</b>	<b>18,687</b>
Net profit/(loss) for the period	8,768	1,680	14,360
Adjustments for:			
- Depreciation and amortisation for the period	4,132	4,337	16,968
- Write-downs of non-current assets	0	0	141
- Realised gains/losses	(44)	(8)	(105)
- Valuation of the stock grant plan	0	247	658
- Profits and losses from equity investments	46	0	(8)
- Net financial income and expenses	(289)	352	780
- Income tax	1,646	512	149
Change in post-employment benefit	23	20	(180)
Change in risk provisions	(295)	(7)	438
<i>Change in trade receivables</i>	<i>(9,584)</i>	<i>(6,207)</i>	<i>(16,507)</i>
<i>Change in inventories</i>	<i>(10,857)</i>	<i>1,263</i>	<i>(3,881)</i>
<i>Change in trade payables</i>	<i>10,110</i>	<i>(902)</i>	<i>14,213</i>
Change in net working capital	(10,331)	(5,846)	(6,175)
Change in other receivables and payables, deferred taxes	778	371	2,115
Payment of taxes	(345)	(1,293)	(2,999)
Payment of financial expenses	(190)	(191)	(1,235)
Collection of financial income	81	72	160
<b>Cash flows from operations</b>	<b>3,980</b>	<b>246</b>	<b>25,067</b>
<b>Net investments</b>	<b>(6,718)</b>	<b>(3,339)</b>	<b>(17,296)</b>
<b>Free cash flow</b>	<b>(2,738)</b>	<b>(3,093)</b>	<b>7,771</b>
Repayment of loans	(5,568)	(2,376)	(18,413)
Raising of loans	7,205	1,385	16,216
Current financial assets	0	0	60
Purchase/sale of treasury shares	0	(722)	(2,073)
Payment of dividends	0	0	(3,924)
<b>Cash flow absorbed by financing activities</b>	<b>1,637</b>	<b>(1,713)</b>	<b>(8,133)</b>
C.M.I. acquisition	0	0	(3,063)
Foreign exchange differences	(374)	(925)	(1,944)
<b>Net cash flows for the period</b>	<b>(1,475)</b>	<b>(5,731)</b>	<b>(5,369)</b>
<b><i>Cash and cash equivalents at end of period</i></b>	<b>11,843</b>	<b>12,956</b>	<b>13,318</b>



## Consolidated net financial position

<i>(€/000)</i>	31/03/2021	31/12/2020	31/03/2020
A. Cash	17	13	26
B. Positive balances of unrestricted bank accounts	11,353	12,789	12,628
C. Other cash equivalents	473	516	302
<b>D. Liquidity (A+B+C)</b>	<b>11,843</b>	<b>13,318</b>	<b>12,956</b>
<b>E. Current financial receivables</b>	<b>1,243</b>	<b>1,495</b>	<b>1,233</b>
F. Current bank payables	14,202	13,297	3,596
G. Current portion of non-current debt	15,364	15,801	14,779
H. Other current financial payables	9,601	9,884	5,990
<b>I. Current financial debt (F+G+H)</b>	<b>39,167</b>	<b>38,982</b>	<b>24,365</b>
<b>J. Net current financial debt (I-E-D)</b>	<b>26,081</b>	<b>24,169</b>	<b>10,176</b>
K. Non-current bank payables	30,136	28,647	39,575
L. Other non-current financial payables	3,416	3,506	10,787
<b>M. Non-current financial debt (K+L)</b>	<b>33,552</b>	<b>32,153</b>	<b>50,362</b>
<b>N. Net financial debt (J+M)</b>	<b>59,633</b>	<b>56,322</b>	<b>60,538</b>

# Explanatory notes

## Accounting standards and scope of consolidation

The Interim Management Statement of the Sabaf Group at 31 March 2021 is prepared in compliance with the Stock Exchange (Borsa) Regulation that establishes, among the requirements for maintaining the listing on the STAR segment of the MTA, the publication of interim management reports.

This statement, prepared in continuity with the past, does not contain the information required under IAS 34.

Accounting standards and policies are the same as those adopted for preparation of the consolidated financial statements at 31 December 2020, which should be consulted for reference. All the amounts contained in the statements included in this Interim Management Statement are expressed in thousands of euro.

We also draw attention to the following points:

- The Interim Management Statement was prepared according to the “discrete method of accounting” whereby the quarter in question is treated as a separate financial period. In this respect, the quarterly income statement reflects the income statement components pertaining to the period on an accrual basis;
- the financial statements used in the consolidation process are those prepared by the subsidiaries for the period ended 31 March 2021, adjusted to comply with Group accounting policies, where necessary;
- the parent company Sabaf S.p.A., the subsidiaries Faringosi Hinges, Sabaf Brazil, Sabaf Turkey, Sabaf China, A.R.C., Okida Elektronik, Sabaf U.S., Sabaf India and the companies of the C.M.I. Group (C.M.I., C.G.D. and C.M.I. Poland), were consolidated on a line-by-line basis;
- the subsidiary Handan A.R.C. Burners Co. was consolidated using the equity method;
- the scope of consolidation did not change compared to 31 December 2020.

The Interim Management Statement at 31 March 2021 has not been independently audited.

*Sales breakdown by geographical area (Euro x 1000)*

<i>(amounts in €000)</i>	<b>Q1 2021</b>	<b>%</b>	<b>Q1 2020</b>	<b>%</b>	<b>Change %</b>	<b>12M 2020</b>	<b>%</b>
Europe (excluding Turkey)	24,052	37.1%	16,587	37.8%	+45.0%	69,618	37.7%
Turkey	16,276	25.1%	11,099	25.3%	+46.6%	44,806	24.2%
North America	7,301	11.3%	5,543	12.6%	+31.7%	22,700	12.3%
South America	9,890	15.3%	6,778	15.5%	+45.9%	27,639	14.9%
Africa and Middle East	3,908	6.0%	2,329	5.3%	+67.8%	12,177	6.6%
Asia and Oceania	3,398	5.2%	1,516	3.5%	+124.1%	7,966	4.3%
<b>Total</b>	<b>64,825</b>	<b>100.0%</b>	<b>43,852</b>	<b>100.0%</b>	<b>+47.8%</b>	<b>184,906</b>	<b>100.0%</b>

*Sales breakdown by product category (Euro x 1000)*

<i>(amounts in €000)</i>	<b>Q1 2021</b>	<b>%</b>	<b>Q1 2020</b>	<b>%</b>	<b>Change %</b>	<b>12M 2020</b>	<b>%</b>
Gas parts	44,589	68.8%	30,722	70.1%	+45.1%	129,834	70.2%
Hinges	14,319	22.1%	9,931	22.6%	+44.2%	41,326	22.3%
Electronic components	5,917	9.1%	3,199	7.3%	+85.0%	13,746	7.4%
<b>Total</b>	<b>64,825</b>	<b>100.0%</b>	<b>43,852</b>	<b>100.0%</b>	<b>+47.8%</b>	<b>184,906</b>	<b>100.0%</b>

## **Management Statement**

### *Consolidated results for the first quarter 2021*

In the first months of 2021, the Sabaf Group is continuing to increase its market share, thanks to the significant contribution of new projects with strategic customers and the industrial and commercial synergies created with the most recently acquired companies. At the same time, the household appliance market is confirming the decidedly positive trend that began in the second half of 2020, with consumers allocating a greater share of their budgets to household goods.

The Group's final figures for the first quarter of 2021 show for the third consecutive quarter record results and a progressive growth: revenue amounted to €64.8 million, up 47.8% from €43.9 million in the first quarter of 2020. The sales figure is significantly higher (+9%) also compared to €59.5 million of the last quarter of 2020, which had already represented an all-time high. In the first quarter of 2021, the electronics division recorded the most significant growth rate (+85% compared to the first quarter of 2020), thanks to the development of international sales and the launch of products for new applications, such as electric hob boards.

The EBITDA of the period was €15.1 million, equal to 23.3% of sales, up 96.5% compared to the €7.7 million (17.5% of sales) of the first quarter of 2020.

The full utilisation of production capacity made it possible to maintain a high level of profitability and to absorb the negative impact of the increase in raw material costs.

After depreciations and amortisation of €4.1 million (€4.3 million in the first quarter of 2020), EBIT was €11 million, corresponding to 17% of turnover, up 228% on the same period of 2020 (7.7% of turnover). During the quarter, the Group recorded negative exchange differences of €0.8 million (as in the first quarter 2020). Net profit for the period was €8.5 million, up 447% on the figure of €1.5 million for the first quarter of 2020.

At 31 March 2021, net working capital<sup>1</sup> amounted to €60.5 million, compared to €52.2 million at the end of 2020: the increase was mainly due to the increase in inventories, as a result of the need to ensure continuity of supplies and to limit the impact of changes in raw material prices. Average days for collection from customers and for payment to suppliers

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<sup>1</sup> Net working capital is the sum of Inventories, Trade receivables, Tax receivables, Other current receivables, Trade payables, Tax payables and Other payables.

remained substantially unchanged. At 31 March 2021, the impact of the net working capital on annualised revenue was 23.3% compared to 31.8% at 31 March 2020 and 28.2% at 31 December 2020.

Net investments for the quarter came to €6.7 million (€3.3 million in the first quarter of 2020 and €17.3 million for the whole of 2020). The high levels of activity led the Group to bring forward some investments originally planned for 2022, where growth is considered structural, in order to be able to guarantee continuity in supplies to customers and full production efficiency.

At 31 March 2021, net financial debt was €59.6 million (€56.3 million at 31 December 2020), of which €6.8 million related to the valuation of put options granted to minority shareholders of some subsidiaries.

#### *Significant non-recurring, atypical and/or unusual transactions*

During the first quarter of 2021, the Group did not engage in significant transactions qualifying as non-recurring, atypical and/or unusual, as envisaged by the Consob communication of 28 July 2006.

#### *Outlook*

Activity in the second quarter remained on the high side, in line with that of the first months of the year, with all markets continuing to show a very strong demand. This trend is expected to continue in the second half of the year.

Therefore, for the whole of 2021, the Sabaf Group expects to achieve revenues of more than €240 million, up at least 30% from €184.9 million in 2020 and from €155.9 million in 2019 (previous forecasts indicated revenues of more than €210 million). The Group also expects that offer diversification, the favourable trend in sales prices and the full utilisation of the production capacity will be able to balance the increase in the cost of raw materials and expects an operating profitability (EBITDA %) of more than 21% (previous forecasts indicated an EBITDA of at least 20%).

These forecasts assume a macroeconomic scenario not affected by unpredictable events. If the scenario were to change significantly, actual figures might diverge from forecasts.

## **Statement of the Financial Reporting Officer pursuant to Article 154-bis (2) TUF**

The Financial Reporting Officer, Gianluca Beschi, declares that, pursuant to paragraph 2, Article 154-bis of Legislative Decree 58/1998 (Consolidated Finance Act), the accounting information contained in the Interim Management Statement at 31 March 2021 of Sabaf S.p.A. corresponds to the Company's records, books and accounting entries.

*Ospitaletto (BS), 13 May 2021*

Financial Reporting Officer

Gianluca Beschi