



SABAF[®]

**HALF-YEARLY REPORT
AT 30 JUNE 2022**

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GROUP STRUCTURE AND CORPORATE BODIES

Group structure

Parent company

SABAF S.p.A.

Registered and administrative office: Via dei Carpini 1 - 25035 Ospitaletto (Brescia)
REA.: Brescia 347512
Tax Code: 03244470179
Share capital: €11,533,450 fully paid in
Web site: www.sabafgroup.com

Subsidiaries and equity interest attributable 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 Ticaret A.S.	Turkey	100%
Sabaf US Corp.	U.S.A.	100%
A.R.C. s.r.l.	Italy	100%
Sabaf India Private Limited	India	100%
Sabaf Mexico Appliance Components	Mexico	100%
C.M.I. s.r.l.	Italy	100%
C.G.D. s.r.l.	Italy	100%

Corporate bodies

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
Statutory Auditor	Maria Alessandra Zunino de Pignier
Statutory Auditor	Mauro Giorgio Vivenzi

Independent Auditors EY S.p.A.

INTERIM MANAGEMENT STATEMENT

Introduction

This Half-Yearly Report at 30 June 2022 has been prepared in accordance with Art. 154-ter of Legislative Decree 58/1998 and in compliance with the applicable international accounting standards recognised in the European Community and, in particular, IAS 34 - *Interim Financial Reporting*. The half-year figures at 30 June 2022 and 30 June 2021 and for the six-month period ended on the same dates were audited by EY S.p.A., the financial figures at 31 December 2021, shown for comparative purposes, were audited by EY S.p.A.

The business

The Sabaf Group is active in the production of components for household appliances and is one of the world's leading manufacturers of components for gas cooking appliances. Its reference market therefore consists of manufacturers of household appliances.

Sabaf's product range focuses on the following main lines:

- Gas components, made up of:
 - Valves and thermostats, with or without thermoelectric safety devices: the components that regulate the flow of gas to the burner;
 - Burners: these are the components that, via the mixing of gas with air and combustion of the gas used, produce one or more rings of flame;
 - Accessories: other components that complete the range, aimed particularly at making it possible to light and control the flame.
- Hinges: these components enable the smooth and balanced movement of appliance doors when they are opened or closed.
- Electronic components for household appliances, such as electronic control boards, timers and display and power units for ovens, refrigerators, freezers, hoods and other products.

In May 2022, the Group presented its plan to enter the field of electromagnetic induction cooking to the public. The expansion of the product range, made possible by this strategically important initiative, will soon enable Sabaf to be present in all cooking technologies: gas, traditional electric and induction. The first prototypes will be presented in the coming months, while production will start by the first half of 2023.

The Sabaf Group currently has twelve production plants: Ospitaletto (Brescia), Bareggio (Milan), Campodarsego (Padua), Crespellano (Bologna - two plants), Jundiaí (Brazil), Manisa (Turkey), Istanbul (Turkey – two plants), Kunshan (China), Myszkow (Poland) and Hosur (India), where production started in June 2022.

Economic performance

Financial highlights

<i>(€/000)</i>	Q2 2022 (*)	Q2 2021 (*)	% change	H1 2022	H1 2021	% change	2021 FY
Sales revenue	74,832	72,840	+2.7%	145,684	137,665	+5.8%	263,259
EBITDA	13,862	17,076	-18.8%	26,886	32,184	-16.5%	54,140
EBITDA %	18.5	23.4		18.5	23.4		20.6
EBIT	8,960	12,940	-30.8%	18,045	23,960	-24.7%	37,508
EBIT %	12.0	17.8		12.4	17.4		14.2
Pre-tax profit	4,920	11,667	-57.8%	14,069	22,081	-36.3%	29,680
Group net profit	5,554	8,293	-33.0%	13,008	16,749	-22.3%	23,903

(*) unaudited figures

Consolidated income statement

	Q2 2022 (*)	Q2 2021 (*)	H1 2022	H1 2021
<i>(€/000)</i>				
OPERATING REVENUE AND INCOME				
Revenue	74,832	72,840	145,684	137,665
Other income	2,078	2,597	4,663	4,485
Total operating revenue and income	76,910	75,437	150,347	142,150
OPERATING COSTS				
Materials	(37,859)	(39,199)	(77,195)	(76,146)
Change in inventories	1,405	8,810	7,348	20,345
Services	(13,612)	(14,231)	(27,647)	(26,517)
Personnel costs	(13,684)	(14,250)	(27,146)	(28,136)
Other operating costs	(284)	(111)	(728)	(815)
Costs for capitalised in-house work	986	620	1,907	1,303
Total operating costs	(63,048)	(58,361)	(123,461)	(109,966)
OPERATING PROFIT BEFORE DEPRECIATION & AMORTISATION, CAPITAL GAINS/LOSSES AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)	13,862	17,076	26,886	32,184
Depreciations and amortisation	(4,995)	(4,209)	(9,063)	(8,341)
Capital gains/(losses) on disposals of non-current assets	93	73	222	117
Write-downs/write-backs of non-current assets	0	0	0	0
OPERATING PROFIT (EBIT)	8,960	12,940	18,045	23,960
Financial income	588	51	1,117	551
Financial expenses	(495)	(317)	(786)	(528)
Net income/(expenses) from hyperinflation	(4,606)	0	(4,606)	0
Exchange rate gains and losses	473	(1,004)	347	(1,853)
Profits and losses from equity investments	0	(3)	(48)	(49)
PROFIT BEFORE TAXES	4,920	11,667	14,069	22,081
Income taxes	634	(3,122)	(1,061)	(4,768)
NET PROFIT FOR THE PERIOD	5,554	8,545	13,008	17,313
of which:				
Minority interests	0	252	0	564
PROFIT ATTRIBUTABLE TO THE GROUP	5,554	8,293	13,008	16,749

(*) unaudited figures

Sales by geographical area

<i>(€/000)</i>	Q2 2022 (*)	Q2 2021 (*)	% change	H1 2022	H1 2021	% change	2021 FY
Europe (excluding Turkey)	24,349	24,852	-2.0%	50,816	48,904	+3.9%	92,935
Turkey	18,978	17,354	+9.4%	36,725	33,630	+9.2%	65,526
North America	13,712	8,277	+65.7%	23,857	15,578	+53.1%	30,472
South America	9,310	11,531	-19.3%	18,053	21,421	-15.7%	39,589
Africa and Middle East	5,092	6,066	-16.1%	10,178	9,974	+2.0%	19,614
Asia and Oceania	3,391	4,760	-28.8%	6,055	8,158	-25.8%	15,123
Total	74,832	72,840	+2.7%	145,684	137,665	+5.8%	263,259

(*) unaudited figures

Sales by product line

<i>(€/000)</i>	Q2 2022 (*)	Q2 2021 (*)	% change	H1 2022	H1 2021	% change	2021 FY
Gas parts	46,331	52,452	-11.7%	91,363	97,041	-5.9%	182,468
Hinges	21,202	14,795	+43.3%	40,698	29,114	+39.8%	58,375
Electronic components	7,299	5,593	+30.5%	13,623	11,510	+18.4%	22,416
Total	74,832	72,840	+2.7%	145,684	137,665	+5.8%	263,259

(*) unaudited figures

First half of 2022

In a macroeconomic scenario that gradually deteriorated - also due to the continuing conflict between Russia and Ukraine - and characterised by strong inflationary tensions, the Sabaf Group recorded further growth in sales compared to the record levels of the first half of 2021. Profitability, despite the strong impact of rising costs of energy and raw materials, remained at historically excellent levels.

The implementation of the Business Plan continued and an increasing diversification of the business was confirmed: in the first half-year, the revenues of the Gas, Hinges and Electronics divisions accounted for 63%, 28% and 9% of the total. International projects also continue apace: in June, production of gas components started in India, while the new plant in Mexico will be completed by the end of the year

Revenue was €145.7 million in the first half-year, an increase of 5.8% versus the figure of €137.7 million in the corresponding period of the previous year. The best results were achieved in North America, up by 53% to €23.9 million, thanks to the start of new hinge supplies and to the increase in market share in gas components. On the other hand, there was a decrease in sales in South America (€18.1 million, -15.7%) and in Asia (€6.1 million, -25.8%) related to the negative economic situation in the main countries (Brazil and China). The European market (€50.8 million, +3.9%) and the Turkish market (€36.7 million, +9.2%) confirmed a positive trend. In terms of products, Hinges (€40.7 million, +39.8%) and Electronics (€13.6 million, +18.4%) showed significant growth rates, while Gas Components recorded a decline (€91.4 million, -5.9%).

Increases in sales prices (+9.3%) largely offset the increase in raw materials and energy costs. The production volumes normalized compared to the exceptional peaks registered in the first half of 2021. EBITDA for the first half of 2022 was €26.9 million (18.5% of turnover, -18.8% compared to €32.2 million in the same period of 2021, equal to 23.4% of sales, a half-year in which the effects of increased costs of materials and energy were still limited). EBIT was €18 million (12.4% of sales) compared to €24 million in the first half of 2021.

Profit before taxes amounted to €14.1 million in the first half of 2022 (€22.1 million in the first half of 2021) and net profit was €13 million (€16.7 million in the first half of 2021).

Second quarter of 2022

In the second quarter, the Group recorded sales of €74.8 million, up by 2.7% compared to the second quarter of 2021. EBITDA was €13.9 million, equal to 18.5% of turnover (-18.8% versus €17 million in the second quarter of 2021, when it was 23.4% of turnover), and EBIT was €9 million, equivalent to 12% of turnover (-30.8% versus €12.9 million in the second quarter of 2021, when it was 17.8% of turnover). Net profit for the period was €5.6 million, compared to €8.3 million for the second quarter of 2021.

Financial position

<i>(€/000)</i>	30/06/2022	31/12/2021	30/06/2021
<i>Non-current assets</i>	<i>154,593</i>	<i>130,093</i>	<i>136,192</i>
Short-term assets ¹	173,159	141,494	147,018
Short-term liabilities ²	(70,517)	(72,863)	(76,586)
<i>Working capital³</i>	<i>102,642</i>	<i>68,631</i>	<i>70,432</i>
<i>Provisions for risks and charges, deferred taxes, post-employment benefit and non-current payables</i>	<i>(8,982)</i>	<i>(8,681)</i>	<i>(8,883)</i>
Net invested capital	248,253	190,043	197,741
Short-term net financial debt	(17,858)	18,897	(33,239)
Medium/long-term net financial debt	(76,935)	(86,504)	(37,887)
Total Net financial debt	(94,793)	(67,607)	(71,126)
Group shareholders' equity	153,460	121,525	121,250
Third-party shareholders' equity	0	911	5,365

At 30 June 2022, net working capital amounted to €102.6 million, compared to €68.6 million at the end of 2021. The factors that generated the increase in working capital are as follows:

- the increase in trade receivables of €22.1 million due to the different seasonal trend of sales (revenues of €74.8 million in the second quarter of 2022 compared to €62.5 million in the fourth quarter of 2021) and the temporary deferral of some collections;
- an increase in inventories of €8.8 million due to the inflationary effect of the increase in the raw materials prices and the opportunity to maintain a high safety stock in a period characterised by uncertainty in the availability of critical materials;
- the payment, at 30 June 2022, of income taxes of €4.4 million.

At 30 June 2022, the impact of the net working capital on sales is 35.2% (26.1% at the end of 2021); in the second half of the year, the figure is expected to normalise to values in line with the historical average of less than 30% of sales.

In the first half-year, investments of €12 million were made (€16.2 million in the first half of 2022), including those for:

- entering into the electromagnetic induction cooking sector;
- increasing the production capacity of the Electronics Division in Manisa (Turkey);
- producing hinges in Turkey;
- starting the production of gas components in India;
- constructing a new production plant in San Luis de Potosi (Mexico).

In June 2022, Sabaf S.p.A. distributed dividends of €6.7 million (€0.60 per share), in implementation of the shareholders' resolution of 28 April 2022 (€6.2 million dividends

¹ Sum of Inventories, Trade receivables, Tax receivables and Other current receivables

² Sum of Trade payables, Tax payables and Other liabilities

³ Difference between short-term assets and short-term liabilities

paid in 2021). During the first half-year, 48,852 treasury shares were purchased for a value of €1.2 million.

At 30 June 2022, the net financial debt was €94.8 million, compared with €67.6 million on 31 December 2021. Consolidated shareholders' equity attributable to the Group amounted to €153.5 million. The ratio of net financial debt to annualised EBITDA is 1.8.

Intra-group and related party transactions

Transactions with related parties, including intra-group transactions, have not been qualified as atypical or unusual, as they fall under the normal course of Group operations. These transactions are regulated at arm's length conditions.

Related party transactions other than intra-group transactions are described in the Explanatory Notes to the half-yearly condensed consolidated financial statements, which also show to what extent related-party transactions affected financial statement items.

Risk factors related to the segment in which the Group operates and main risks and uncertainties for the remainder of 2022

Risks related to the conflict between Russia and Ukraine

In relation to the conflict between Ukraine and Russia, note that the Group has an insignificant direct exposure to the markets of Russia, Belarus and Ukraine. However, these are markets supplied by some of the Sabaf Group's customers, who are exposed to varying degrees in terms of market access and changes in consumer behaviour.

The outbreak of the conflict generated strong tensions on the prices of electricity, gas and raw materials used and required further revisions of sales lists to limit the impact on the Group's profitability. Moreover, high levels of inflation are likely to significantly affect demand and, more generally, the performance of the sector. The overall repercussions on the macroeconomic system are not quantifiable in that they are related to future developments of the conflict, which are currently unpredictable.

The Group also considered the risk of a possible rationing of methane gas supplies in the coming months, for the Ospitaletto plant in particular, which uses methane as an energy source for some production processes. In case of a possible reduction in the availability of methane gas, the Group can count on production capacity at other plants, in particular in Turkey, where any production that cannot be carried out in Italy can be temporarily allocated.

Risks related to the COVID-19 pandemic

The coronavirus pandemic presented all organisations with new challenges. The following risks have emerged or become more significant:

- risks related to the health of people
- the risk arising from possible local or national lockdowns, with the consequent impossibility of guaranteeing the continuity of the company's activities
- the risk arising from a temporary reduction in personnel availability
- risks related to the availability of raw materials and price volatility
- risks related to violent fluctuations in demand and failure to comply with contractual agreements with customers.

The Group maintains active counteracting and mitigating actions to minimise the impact on the business and continues to monitor any element that may modify the risk factors related to the development of the pandemic and its direct and indirect effects on business activities.

The Sabaf Group is also exposed to various risk factors, attributable to the macro-categories described below:

Risks of external context

Risks deriving from the external context in which Sabaf operates, which could have a negative impact on the economic and financial sustainability of the business in the medium/long-term. The most significant risks in this category are related to general economic conditions, trend in demand and product competition, in addition to the risks related to the possible instability in the emerging countries in which the Group operates.

Strategic risks

Strategic risks that could negatively impact Sabaf's medium-term performance, including, for example, risks related to low profitability of certain product lines, the risks arising from the mismatch between market needs and product innovation and the loss of business opportunities in the Chinese market.

Operational risks

Risks of suffering losses due to inadequate or malfunctioning processes, human resources and information systems. This category includes financial risks (e.g. losses deriving from the volatility of the price of raw materials and from fluctuations in exchange rates), risks related to production processes (e.g. product liability, saturation level of production capacity), organisational risks (e.g. loss of key staff and expertise and/or the difficulty of replacing them) and Information Technology risks.

Legal and compliance risks

Risks related to Sabaf's contractual liabilities and compliance with the regulations applicable to the Group, including: Legislative Decree 231/2001, Law 262/2005, HSE regulations, regulations applicable to listed companies, tax regulations, labour regulations, international trade regulations and intellectual property regulations.

The Report on Operations at 31 December 2021, to which reference should be made, describes in detail these risks and the related risk management actions that are currently being implemented.

Environmental risks

Environmental issues are also managed through a risk-based approach. Environmental sustainability is considered from the product design stage, through the different stages of its implementation and from a perspective that considers the whole life cycle of the product. With regard to physical risks related to climate change, such as the increase in global temperatures, sea level and the increase in extreme weather events, the Group has not identified any significant risks to date. On the other hand, transitional risks, such as the increase in energy costs, changes in consumer choices or those related to the

introduction of new technologies, which the Group manages at a strategic level, are of significant impact and probability.

Outlook for the current year

The recently concluded supply agreements on a global scale with some of the main players in the sector will continue to support the growth trend in sales in the coming months and lead to confirm the forecasts for the full year 2022 previously released.

However, the climate of uncertainty fuelled by inflationary pressures, less accommodative monetary policies and the continuing conflict between Russia and Ukraine is weakening the reference market and limiting visibility into the second half of the year.

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

For the Board of Directors
The Chairman
Claudio Bulgarelli

Ospitaletto, 4 August 2022

**HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT
30 JUNE 2022**

Consolidated statement of financial position

<i>(€/000)</i>	Notes	30/06/2022	31/12/2021
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	1	95,015	82,407
Investment property	2	1,713	2,311
Intangible assets	3	48,563	35,553
Equity investments	4	83	83
Non-current financial assets	10	0	0
Non-current receivables	5	1,215	1,100
Deferred tax assets	22	8,004	8,639
Total non-current assets		154,593	130,093
CURRENT ASSETS			
Inventories	6	72,962	64,153
Trade receivables	7	90,189	68,040
Tax receivables	8	4,452	6,165
Other current receivables	9	5,556	3,136
Current financial assets	10	1,461	1,172
Cash and cash equivalents	11	12,343	43,649
Total current assets		186,963	186,315
ASSETS HELD FOR SALE		0	0
TOTAL ASSETS		341,556	316,408
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	12	11,533	11,533
Retained earnings, Other reserves	13	128,919	86,089
Profit for the year		13,008	23,903
<i>Total equity interest of the Parent Company</i>		<i>153,460</i>	<i>121,525</i>
<i>Minority interests</i>		<i>0</i>	<i>911</i>
Total shareholders' equity		153,460	122,436
NON-CURRENT LIABILITIES			
Loans	14	76,935	86,504
Post-employment benefit and retirement provisions	16	3,590	3,408
Provisions for risks and charges	17	813	1,334
Deferred tax liabilities	22	4,579	3,939
Total non-current liabilities		85,917	95,185
CURRENT LIABILITIES			
Loans	14	30,694	24,405
Other financial liabilities	15	968	1,519
Trade payables	18	55,867	54,837
Tax payables	19	1,678	4,951
Other payables	20	12,972	13,075
Total current liabilities		102,179	98,787
LIABILITIES HELD FOR SALE		0	0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		341,556	316,408

Consolidated income statement

	Notes	H1 2022	H1 2021
<i>(€/000)</i>			
OPERATING REVENUE AND INCOME			
Revenue	23	145,684	137,665
Other income	24	4,663	4,485
Total operating revenue and income		150,347	142,150
OPERATING COSTS			
Materials	25	(77,195)	(76,146)
Change in inventories		7,348	20,345
Services	26	(27,647)	(26,517)
Personnel costs	27	(27,146)	(28,136)
Other operating costs	28	(728)	(815)
Costs for capitalised in-house work		1,907	1,303
Total operating costs		(123,461)	(109,966)
OPERATING PROFIT BEFORE DEPRECIATION & AMORTISATION, CAPITAL GAINS/LOSSES AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)		26,886	32,184
Depreciations and amortisation		(9,063)	(8,341)
Capital gains/(losses) on disposals of non-current assets		222	117
Write-downs/write-backs of non-current assets		0	0
OPERATING PROFIT (EBIT)		18,045	23,960
Financial income	29	1,117	551
Financial expenses	30	(786)	(528)
Net income/(expenses) from hyperinflation	30	(4,606)	0
Exchange rate gains and losses	31	347	(1,853)
Profits and losses from equity investments		(48)	(49)
PROFIT BEFORE TAXES		14,069	22,081
Income taxes	32	(1,061)	(4,768)
PROFIT FOR THE YEAR		13,008	17,313
of which			
Minority interests		0	564
PROFIT ATTRIBUTABLE TO THE GROUP		13,008	16,749
<i>(in €)</i>			
Basic earnings per share	33	1.158	1.496
Diluted earnings per share	33	1.158	1.496

Consolidated statement of comprehensive income

	H1 2022	H1 2021
<i>(€/000)</i>		
NET PROFIT FOR THE PERIOD	13,008	17,313
<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	(1,454)	(2,210)
Hedge accounting effect of derivative financial instruments	(173)	(266)
Tax effect	0	0
Total other profits/(losses) net of taxes for the year	(1,627)	(2,476)
TOTAL RESULTS	11,381	14,837
of which		
Minority interests for the period	0	564
<i>Total profits/losses that will be subsequently reclassified under profit (loss) for the period – Hedge accounting effect of derivative financial instruments</i>	0	(9)
MINORITY INTERESTS	11,381	555
PROFIT ATTRIBUTABLE TO THE GROUP	11,381	14,282

Consolidated statement of cash flows

	H1 2022	H1 2021
<i>Cash and cash equivalents at beginning of period</i>	43,649	13,318
Net profit/(loss) for the period	13,008	17,313
Adjustments for:		
- Depreciation and amortisation for the period	9,063	8,341
- Realised gains/losses	(222)	(117)
- Profits and losses from equity investments	48	49
- Monetary revaluation IAS 29	1,453	
- Financial income and expenses	878	(23)
- IFRS 2 measurement stock grant plan	789	155
- Income tax	1,061	4,768
Change in post-employment benefit	182	23
Change in risk provisions	(521)	(545)
<i>Change in trade receivables</i>	<i>(22,151)</i>	<i>(18,230)</i>
<i>Change in inventories</i>	<i>(6,037)</i>	<i>(19,511)</i>
<i>Change in trade payables</i>	<i>1,047</i>	<i>14,721</i>
Change in net working capital	(27,141)	(23,020)
Change in other receivables and payables, deferred taxes	779	1,103
Payment of taxes	(6,751)	(923)
Payment of financial expenses	(988)	(406)
Collection of financial income	153	111
Cash flows from operations	(8,209)	6,829
Investments in non-current assets		
- intangible	(1,475)	(1,004)
- tangible	(10,739)	(15,215)
- financial	0	0
Disposal of non-current assets	1,196	1,057
Cash flows from investment activities	(11,018)	(15,162)
Repayment of loans	(14,607)	(11,921)
New loans	9,621	25,349
Change in financial assets	672	117
Purchase of treasury shares	(1,189)	0
Payment of dividends	(6,690)	(6,172)
Cash flows from financing activities	(12,193)	7,373
Change in the scope of consolidation	(97)	0
Foreign exchange differences	211	562
Net cash flows for the period	(31,306)	(398)
<i>Cash and cash equivalents at end of period</i>	12,343	12,920

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
Balance at 31 December 2020	11,533	10,002	2,307	(4,341)	(31,503)	(541)	111,580	13,961	112,998	4,809	117,807
Allocation of 2020 profit											
- carried forward							7,789	(7,789)			
- dividends paid out								(6,172)	(6,172)		(6,172)
IFRS 2 measurement stock grant plan							155		155		155
Treasury share transactions				438			(438)				
Other changes							(13)		(13)	1	(12)
Components of the total result					(2,210)		(257)		(2,467)	(9)	(2,476)
Result for the first half of 2021								16,749	16,749	564	17,313
Balance at 30 June 2021	11,533	10,002	2,307	(3,903)	(33,713)	(541)	118,816	16,749	121,250	5,365	126,615
IFRS 2 measurement stock grant plan							650		650		650
Change in the scope of consolidation							4,909		4,909	(4,678)	231
Other changes							25		25	(1)	24
Total profit at 31 December 2021					(12,342)	20	(141)	7,154	(5,309)	225	(5,084)
Balance at 31 December 2021	11,533	10,002	2,307	(3,903)	(46,055)	(521)	124,259	23,903	121,525	911	122,436
Monetary revaluation - hyperinflation (IAS 29)							11,402		11,402		11,402
Balance at 1 January 2022 restated	11,533	10,002	2,307	(3,903)	(46,055)	(521)	135,661	23,903	132,927	911	133,838
Allocation of 2021 profit											
- carried forward							17,145	(17,145)			
- dividends paid out								(6,758)	(6,758)		(6,758)
IFRS 2 measurement stock grant plan							789		789		789
Treasury share transactions				(123)			(1,066)		(1,189)		(1,189)
Change in the scope of consolidation							784		784	(911)	(127)
Monetary revaluation - hyperinflation (IAS 29)							15,531		15,531		15,531
Other changes							(5)		(5)		(5)
Total profit at 30 June 2022					(1,454)		(173)	13,008	11,381		11,381
Balance at 30 June 2022	11,533	10,002	2,307	(4,026)	(47,509)	(521)	168,666	13,008	153,460	0	153,460

EXPLANATORY NOTES

Basis of presentation and accounting policies used

The half-yearly condensed consolidated financial statements at 30 June 2022 were prepared in accordance with IAS 34 on interim reports. These condensed half-year consolidated financial statements do not include all the information required for the annual financial report and must be read together with the financial statements for the year ended 31 December 2021. Reference to IFRS also includes all current International Accounting Standards (IAS). They have been prepared in euro, rounding amounts to the nearest thousand, and are compared with the half-yearly and annual consolidated financial statements of the previous year, prepared according to the same standards, with the exception of those relating to the application of IAS 29 with reference to the financial statements of the Turkish subsidiaries. They consist of the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in consolidated shareholders' equity, the consolidated statement of cash flows and these explanatory notes.

The half-yearly consolidated financial statements have been prepared on a going concern basis with reference to which the Group assessed that it is a going concern in accordance with paragraphs 25 and 26 of IAS 1 and Art. 2423 bis of the Italian Civil Code, also due to the strong competitive position, high profitability and solidity of the financial structure.

The consolidation policies, criteria for converting items in foreign currencies, the accounting principles and policies are the same as those used for preparing the financial statements at 31 December 2021, to which reference should be made for additional information, with the exception of the application of IAS 29 with reference to the financial statements of Turkish subsidiaries starting from the current financial year (for further details, please refer to the specific paragraph Hyperinflation - Turkey: application of IAS 29) and for the adoption of the new standards and amendments effective from 1 January 2022 described below. The Group has not early adopted any new standards, interpretations or amendments issued but not yet in force.

New accounting standards

Amendments to IAS 37 *“Provisions, Contingent Liabilities and Contingent Assets”*

The amendment clarifies that all costs directly attributable to the contract must be taken into account when estimating the possible onerousness of a contract. Accordingly, the assessment of whether a contract is onerous includes not only incremental costs (such as the cost of direct material used in processing), but also all costs that the enterprise cannot avoid because it has entered into the contract (such as, for example, the share of depreciation of machinery used for the performance of the contract).

These changes had no impact on the Group's half-yearly condensed consolidated financial statements.

Amendments to IAS 16 *“Property, Plant and Equipment”*

The purpose of the amendments is not to allow the deduction from the cost of property, plant and equipment of the amount received from the sale of goods produced in the test phase of the asset. These sales revenues and related production costs will therefore be

recognised in the income statement. These changes had no impact on the Group's half-yearly condensed consolidated financial statements.

Amendments to IFRS 1 “First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter”

The amendment allows a subsidiary that chooses to apply paragraph D16(a) of IFRS 1 to account for cumulative translation differences on the basis of the amounts recognised by the parent company, taking into account the parent's date of transition to IFRSs. This amendment had no impact on the Group's half-yearly condensed consolidated financial statements as the Group is not a first-time adopter.

Amendments to IFRS 3 “Reference to the Conceptual Framework”

The amendments are intended to replace references to the Framework for the Preparation and Presentation of Financial Statements with the references to the Conceptual Framework for Financial Reporting published in March 2018 without a significant change to the requirements of the standard. The Board also added an exception to the measurement principles of IFRS 3 to avoid the risk of potential "day-after" losses or gains arising from liabilities and contingent liabilities that would fall within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. The exemption requires entities to apply the requirements of IAS 37 or IFRIC 21, rather than the Conceptual Framework, to determine whether an obligation exists at the date of acquisition. The amendment also added a new paragraph to IFRS 3 to clarify that contingent assets do not qualify as recognisable assets at the date of acquisition. These amendments had no impact on the Group's half-yearly condensed consolidated financial statements in that no contingent assets, liabilities or contingent liabilities were recognised in the half-year for the purpose of these amendments.

Amendments to IFRS 9 “Financial Instruments”

the amendments clarify what fees can be included in measuring whether the terms of a new financial liability (or changes to an existing financial liability) are materially different from the terms of the original financial liability. This amendment had no impact on the Group's half-yearly condensed consolidated financial statements in that there were no changes in the Group's financial liabilities during the half-year.

Amendments to IAS 41 “Agriculture”

The amendment removes the requirement to exclude cash flows arising from taxation when measuring the fair value of assets within the scope of IAS 41. This amendment had no impact on the Group's half-yearly condensed consolidated financial statements in that the Group does not have any assets to which IAS 41 applies.

Financial statements

The Group has adopted the following formats:

- current and non-current assets and current and non-current liabilities are stated separately in the statement of the financial position;
- an income statement that expresses costs using a classification based on the nature of each item;
- a comprehensive income statement, which records all changes in Other overall earnings (losses) during the year, generated by transactions other than those conducted with shareholders and based on specific IAS/IFRS standards;

- a statement of cash flows that presents cash flows originating from operating activity, using the indirect method.

Use of these formats permits the most meaningful representation of the Group's operating results, financial position and cash flows.

Scope of consolidation

The scope of consolidation at 30 June 2022 comprises the parent company Sabaf S.p.A. and the following companies controlled by Sabaf S.p.A., consolidated on a line-by-line basis:

- Faringosi Hinges s.r.l.
- Sabaf do Brasil Ltda
- Sabaf Beyaz Esya Parcalari Sanayi Ve Ticaret Limited Sirteki (Sabaf Turkey)
- Sabaf Appliance Components (Kunshan) Co., Ltd.
- A.R.C. s.r.l.
- Okida Elektronik Sanayi Ve Ticaret A.S.
- Sabaf U.S. corp.
- Sabaf India Private Limited
- Sabaf Mexico Appliance Components
- C.M.I. s.r.l.
- C.G.D. s.r.l.

Control is the power to determine, directly or indirectly, the financial and management policies of an entity so as to obtain benefits from its activities. Subsidiaries are consolidated from the date on which control begins until the date on which control ceases.

Compared to the consolidated financial statements at 31 December 2021, Handan ARC Burners Co. Ltd. is no longer consolidated. The 51% stake, which was held indirectly through A.R.C. s.r.l., was sold to a third party during the first quarter of 2022. The plant, equipment and inventories of Handan ARC Burners Co. Ltd. were simultaneously acquired by Sabaf Appliance Components Kunshan Co., Ltd. (Sabaf China). This operation did not have a significant impact on the Group's shareholders' equity.

The companies in which Sabaf S.p.A. simultaneously possess the following three elements are considered subsidiaries: (a) power over the company; (b) exposure or rights to variable returns resulting from involvement therein; (c) ability to affect the size of these returns by exercising power. If these subsidiaries exercise a significant influence, they are consolidated as from the date in which control begins until the date in which control ends so as to provide a correct representation of the Group's operating results, financial position and cash flows.

Consolidation criteria

The criteria applied for consolidation are as follows:

a) Assets and liabilities, income and costs in the financial statements consolidated on a line-by-line basis are incorporated into the Group financial statements, regardless of the

entity of the equity interest concerned. In addition, the carrying value of equity interests is eliminated against the shareholders' equity relating to investee companies.

b) Positive differences arising from elimination of equity investments against the carrying value of shareholders' equity at the date of first-time consolidation are attributed to the higher values of assets and liabilities when possible and, for the remainder, to goodwill.

c) Payable/receivable and cost/revenue items between consolidated companies and profits/losses arising from intra-group transactions are eliminated.

d) If minority shareholders exist, the portion of shareholders' equity and net profit for the period pertaining to them is posted in specific items of the consolidated statement of financial position and income statement.

Conversion into euro of foreign-currency income statements and statements of financial position

Separate financial statements of each company belonging to the Group are prepared in the currency of the country in which that company operates (functional currency). For the purposes of the consolidated financial statements, the financial statement of each foreign entity is expressed in euro, which is the Group's functional currency and the reporting currency for the consolidated financial statements.

The balance sheet items in accounts expressed in currencies other than euro are converted by applying current end-of-year exchange rates. Income statement items are converted at average exchange rates for the period, with the exception of the financial statements of companies operating in hyperinflationary economies whose income statements are converted by applying the end-of-year exchange rate as required by IAS 21 paragraph 42.b.

Foreign exchange differences arising from the comparison between opening shareholders' equity converted at current exchange rates and at historical exchange rates, together with the difference between the net result expressed at average and current exchange rates, are allocated to "Other Reserves" in shareholders' equity.

The exchange rates used for conversion into euro of the statements of financial position of the foreign subsidiaries, prepared in local currency, are shown in the following table:

Description of currency	Exchange rate in effect at 30/06/2022	Average exchange rate 01/01/2022 - 30/06/2022	Exchange rate in effect at 31/12/2021	Average exchange rate 01/01/2021 - 30/06/2021
Brazilian real	5.4229	5.5565	6.3101	6.4901
Turkish lira	17.322	n/a	15.233	9.5195
Chinese renminbi	6.9624	7.0823	7.1947	7.7938
Polish Zloty	n/a	n/a	4.5969	4.5373
Indian Rupee	82.113	83.318	84.229	88.413
Mexican peso	20.964	22.165	23.143	24.327
US Dollar	1.0387	1.0934	1.1884	1.2054

Segment reporting

The Group's operating segments in accordance with IFRS 8 - Operating Segment are identified in the business segments that generate revenue and costs, whose results are periodically reassessed by top management in order to assess performance and decisions regarding resource allocation. The Group operating segments are the following:

- gas parts (household and professional);
- hinges;
- electronic components.

Use of estimates

The preparation of the half-yearly financial statements and notes in accordance with IFRS requires the Directors to make estimates and assumptions that affect the values of revenue, costs, assets and liabilities of the half-yearly financial statements and the disclosures on contingent assets and liabilities at 30 June 2022. In the event that in future these estimates and assumptions, which are based on the Directors' best assessments, should deviate from actual circumstances, they will be amended appropriately at the time the circumstances change. Estimates and assumptions are regularly reviewed and the effects of each change immediately reflected in the income statement.

It should also be noted that certain valuation processes, particularly the more complex ones such as the determination of any impairment losses of non-current assets, are generally carried out in full only for the preparation of the annual financial statements, when all information that could be necessary is available, except in cases in which impairment indicators require an immediate valuation of any impairment losses.

Hyperinflation – Turkey: application of IAS 29

As from 1 April 2022, the Turkish economy is considered and hyperinflationary economy in accordance with the criteria set out in "IAS 29 - Financial Reporting in Hyperinflationary Economies", i.e. following the assessment of qualitative and quantitative elements including the presence of a cumulative inflation rate greater than 100% over the previous three years.

Therefore, as from these financial statements, IAS 29 is concretely applied with reference to the parent company's subsidiaries in Turkey: Sabaf Turkey (Sabaf Beyaz Esya Parcalari Sanayi Ve Ticaret Limited Sirketi) and Okida (Okida Elektronik Sanayi Ve Ticaret A.S.). In order to reflect the changes in the purchasing power of the Turkish lira at the end of this reporting period, the Group restated the value of non-monetary items, shareholders' equity and income statement account items of the investee companies in Turkey to the extent of their recoverable amount, applying the change in the general consumer price index to historical data.

The value of the general consumer price index at the end of the reporting period and the changes in the index during the current and previous financial year are shown below:

Consumer price index	Value at 31/12/2021	Value at 30/06/2022	Change
TURKSTAT	686.95	977.90	+42.35%

Consumer price index	Value at 01/01/2003	Value at 31/12/2021	Change
TURKSTAT	100	686.95	+586.95%

Accounting effects

The accounting effects of the restatement were recognised as follows.

- 1) The financial statements of the Turkish subsidiaries were restated before being included in the consolidated financial statements of the Group:
 - the effect of the inflation adjustment until 31 December 2021 of non-monetary assets and liabilities and of shareholders' equity, net of the related tax effect, was recognised as a balancing entry to Other Reserves in shareholders' equity;
 - the effect related to the re-measurement of the same non-monetary items, shareholders' equity items and income statement items recognised in 2022 was recognised in a separate item in the income statement under financial income and expenses. The related tax effect was recognised in taxes for the period.
- 2) On consolidation, as required by IAS 21, these restated financial statements were converted using the final exchange rate in order to restore the amounts to current values.

In accordance with IAS 21 (paragraph 42.b), it was not necessary to restate the financial and economic data for the year 2021 for comparative purposes only, as the Group's functional currency does not belong to a hyperinflationary economy.

The first-time adoption of IAS 29 generated a positive adjustment (net of the related tax effect) recognised in shareholders' equity reserves in the consolidated financial statements at 1 January 2022 of €11,402 thousand. Moreover, during the first half of 2022, the application of IAS 29 resulted in the recognition of a net financial expense (before tax) of €4,606 thousand.

The effects of the application of hyperinflation on the Consolidated Statement of Financial Position and Consolidated Income Statement are shown below.

Consolidated statement of financial position	30/06/2022	Hyperinflation effect	30/06/2022 with Hyperinflation effect
Total non-current assets	132,129	22,464	154,593
Total current assets	184,179	2,784	186,963
Total Assets	316,308	25,248	341,556
Total shareholders' equity	128,742	24,718	153,460
Total non-current liabilities	85,387	530	85,917
Total current liabilities	102,179	-	102,179
Total liabilities and shareholders' equity	316,308	25,248	341,556

Consolidated income statement	First half of 2022	Hyperinflation effect	First half of 2022 with Hyperinflation effect
Operating revenue and income	148,809	1,538	150,347
Operating costs	(124,044)	583	(123,461)
Operating profit before depreciation & amortisation, capital gains/losses and write-downs/write-backs of non-current assets (EBITDA)	24,765	2,121	26,886
EBIT	16,734	1,311	18,045
Result before taxes	17,526	(3,457)	14,069
Income taxes	(3,065)	2,004	(1,061)
Profit for the year	14,461	(1,453)	13,008

Comments on the main items of the statement of financial position

1. PROPERTY, PLANT AND EQUIPMENT

	Property	Plant and equipment	Other assets	Assets under construction	Total
Cost					
At 31 December 2021	59,430	228,297	58,829	6,636	353,192
Increases	165	3,959	2,400	4,192	10,716
Reclassifications	12	2,695	308	(3,050)	(35)
Disposals	-	(1,138)	(436)	-	(1,574)
Change in the scope of consolidation	-	(623)	(133)	728	(28)
Monetary revaluation (IAS 29)	4,251	9,577	3,271	-	17,099
Forex differences	245	1,001	392	46	1,684
At 30 June 2022	64,103	243,768	64,631	8,552	381,054
Accumulated depreciations					
At 31 December 2021	26,203	194,530	50,052	-	270,785
Increases	1,159	4,543	1,930	-	7,632
Reclassifications	-	(99)	99	-	-
Disposals	-	(1,023)	(78)	-	(1,101)
Monetary revaluation (IAS 29)	1,677	4,387	1,830	-	7,894
Forex differences	32	477	321	-	830
At 30 June 2022	29,071	202,815	54,153	-	286,039
Carrying value					
At 31 December 2021	33,227	33,767	8,777	6,636	82,407
At 30 June 2022	35,032	40,953	10,478	8,552	95,015

The carrying value of the item "Property" is made up as follows:

	30/06/2022	31/12/2021	Change
Land	9,225	8,613	612
Industrial buildings	25,807	24,614	1,193
Total	35,032	33,227	1,805

Changes in property, plant and equipment resulting from the application of IFRS 16 are shown below:

	Property	Plant and equipment	Other assets	Total
At 31 December 2021	2,221	203	932	3,356
Increases	144	6	159	310
Decreases	-	-	-	-
Depreciations	(371)	(92)	(169)	(633)
Foreign exchange differences	(61)	-	6	(55)
At 30 June 2022	1,933	117	928	2,978

During the half-year, the most significant investments were made:

- increasing the production capacity of the Electronics Division in Manisa (Turkey);
- producing hinges in Turkey;
- starting the production of gas components in India;
- constructing a new production plant in San Luis de Potosi (Mexico).

Internal and external indicators which would necessitate an impairment test on property, plant and equipment, with reference to these half-yearly financial statements were not identified.

2. INVESTMENT PROPERTY

Cost	
At 31 December 2021	10,177
Increases	144
Disposals	(1,236)
At 30 June 2022	9,085
Cumulative depreciations and write-downs	
At 31 December 2021	7,866
Depreciations for the period	162
Derecognition due to disposal	(656)
At 30 June 2022	7,372
Carrying value	
At 31 December 2021	2,311
At 30 June 2022	1,713

Disposals during the period resulted in capital gains totalling €226 thousand.

Changes in investment property resulting from the application of IFRS 16 are shown below:

	Investment property
At 31 December 2021	3
Increases	144
Depreciations	(21)
At 30 June 2022	126

This item includes non-operating buildings owned by the Group: these are mainly properties for residential use, located in Ospitaletto near Sabaf S.p.A.'s headquarters, held for rental or sale. The carrying value is considered to be in line with the presumed realisable value.

3. INTANGIBLE ASSETS

	Goodwill	Patents, software and know-how	Development costs	Other intangible assets	Total
Cost					
At 31 December 2021	22,136	9,585	8,298	18,701	58,720
Increases	-	271	1,021	183	1,475
Decreases	-	(142)	-	-	(142)
Reclassifications	-	235	(242)	63	56
Monetary revaluation (IAS 29)	9,789	350	-	5,782	15,921
Forex differences	(893)	(17)	-	(525)	(1,435)
At 30 June 2022	31,032	10,282	9,077	24,204	74,595
Accumulated amortisation					
At 31 December 2021	4,546	8,787	4,800	5,034	23,167
Increases	-	239	182	848	1,269
Decreases	-	-	-	-	-
Reclassifications	-	13	(13)	23	23
Monetary revaluation (IAS 29)	-	276	-	1,436	1,712
Forex differences	-	(11)	-	(128)	(139)
At 30 June 2022	4,546	9,304	4,969	7,213	26,032
Carrying value					
At 31 December 2021	17,590	798	3,498	13,667	35,553
At 30 June 2022	26,486	978	4,108	16,991	48,563

The Group verifies the ability to recover goodwill at least once a year or more frequently if there are indications of impairment. Recoverable amount is determined through value of use, by discounting expected cash flows.

The goodwill booked in the financial statements is allocated:

- to the “Hinges” (CGU) cash generating units of €4,414 thousand;
- to the “Professional burners” CGU of €1,770 thousand;
- to the “Electronic components” CGU of €16,622 thousand;
- to the “C.M.I. hinges” CGU of €3,680 thousand.

An analysis of impairment indicators was carried out by assessing both external and internal factors. The Group did not identify signs that tangible and intangible assets including goodwill relating to the “Hinges”, “Professional burners”, “Electronic components” and “C.M.I. Hinges” CGUs may have suffered an impairment loss. All CGUs achieved largely positive results and in line with expectations in the first half of 2022.

In consideration of the margins emerging from the impairment tests and sensitivity analysis carried out at 31 December 2021, no impairment test was required at 30 June 2022.

Other intangible fixed assets have a finite useful life and, as a result, are amortised throughout their life. The useful life of projects for which development costs are capitalised is estimated to be 10 years.

4. EQUITY INVESTMENTS

	30/06/2022	31/12/2021	Change
Other equity investments	83	83	-
Total	83	83	-

5. NON-CURRENT RECEIVABLES

	30/06/2022	31/12/2021	Change
Tax receivables	1,098	985	113
Guarantee deposits	115	115	-
Other	2	-	2
Total	1,215	1,100	115

Tax receivables relate to indirect taxes expected to be recovered after 30 June 2023.

6. INVENTORIES

	30/06/2022	31/12/2021	Change
Raw Materials	32,962	26,771	6,191
Semi-processed goods	18,126	15,133	2,993
Finished products	26,725	25,646	1,079
Provision for inventory write-downs	(4,851)	(3,397)	(1,454)
Total	72,962	64,153	8,809

The value of inventories at 30 June 2022 increased due to the inflationary effect caused by the increase in the prices of raw materials (estimated at approximately €8 million) and as a result of the monetary revaluation carried out in application of IAS 29 for hyperinflation in Turkey (of €2,784 thousand). On the other hand, the volumes of products in stock showed a moderate decline.

At 30 June 2022, the value of inventories was adjusted based on an improved estimate of the idle capacity and obsolescence risk, measured by analysing slow and non-moving inventory.

7. TRADE RECEIVABLES

	30/06/2022	31/12/2021	Change
Total trade receivables	91,275	69,139	22,136
Bad debt provision	(1,086)	(1,099)	13
Net total	90,189	68,040	22,149

The amount of trade receivables at 30 June 2022 increased significantly compared to the balance at the end of 2021 due to the different seasonal trend of sales (revenues of €74.8 million in the second quarter of 2022 compared to €62.5 million in the fourth quarter of 2021) and the temporary deferral of some collections.

The amount of trade receivables recognised in the financial statements includes approximately €33.9 million in insured receivables (€24.3 million at 31 December 2021).

Receivables assigned to factors without recourse (€9,683 thousand at 30 June 2022, €8,398 thousand at 31 December 2021) are derecognised from the Statement of Financial Position in that the reference contract provides for the assignment of ownership of the receivables, together with ownership of the cash flows generated by the receivable, as well as of all risks and benefits, to the assignee.

The breakdown of trade receivables by past due period is shown below:

	30/06/2022	31/12/2021	Change
Current receivables (not past due)	79,756	60,358	19,398
Outstanding up to 30 days	7,495	4,132	3,363
Outstanding from 30 to 60 days	1,513	1,290	223
Outstanding from 60 to 90 days	1,298	794	504
Outstanding for more than 90 days	1,213	2,565	(1,352)
Total	91,275	69,139	22,136

The bad debt provision was adjusted to the better estimate of the credit risk and expected losses at the end of the reporting period. Changes during the year were as follows:

31/12/2021	1,099
Provisions	-
Utilisation	-
Forex differences	(13)
30/06/2022	1,086

8. TAX RECEIVABLES

	30/06/2022	31/12/2021	Change
For income tax	1,341	1,395	(54)
For VAT and other sales taxes	3,111	4,751	(1,640)
Other tax credits	-	19	(19)
Total	4,452	6,165	(1,713)

At 30 June 2022, income tax receivables include, in addition to advances paid during the period:

- €350 thousand relating to the tax credit for investments in capital goods referred to in Law Decree 160/2019;
- €155 thousand relating to the tax credit for research and development referred to in Law Decree 160/2019.

9. OTHER CURRENT RECEIVABLES

	30/06/2022	31/12/2021	Change
Advances to suppliers	2,737	859	1,878
Accrued income and prepaid expenses	1,207	476	731
Credits to be received from suppliers	794	1,267	(473)
Other	818	534	284
Total	5,556	3,136	2,420

Credits to be received from suppliers mainly refer to bonuses paid to the Group for the attainment of purchasing objectives.

The higher value of accrued income and prepaid expenses at 30 June 2022 compared to 31 December 2021 is due to the recognition of costs or revenues whose collection or payment occurs annually at the beginning or end of year, such as insurance premiums.

10. FINANCIAL ASSETS

	30/06/2022		31/12/2021	
	Current	Non-current	Current	Non-current
Restricted bank accounts	500	-	1,172	-
Derivative instruments on interest rates	961	-	-	-
Total	1,461	-	1,172	0

At 30 June 2022, a term deposit of €500 thousand, due by 2022, for the portion of the price not yet paid to the sellers of the C.M.I. equity investment and deposited as collateral in accordance with the terms of the C.M.I. acquisition agreement (Note 15).

At 30 June 2022, the Group has in place six interest rate swap (IRS) contracts for amounts and maturities coinciding with six unsecured loans that are being amortised, whose residual value at 30 June 2022 is €32,315 thousand. The contracts have not been designated as capital flow hedges and are therefore at their fair value through profit and loss, and recognised in the items “Financial assets” or “Other financial liabilities”.

11. CASH AND CASH EQUIVALENTS

Cash and cash equivalents, which amounted to €12,343 thousand at 30 June 2022 (€43,649 thousand at 31 December 2021) consisted of bank current account balances of €12,261 thousand (€43,217 thousand at 31 December 2021) and investments in liquidity of €82 thousand (€432 thousand at 31 December 2021). Changes in the cash and cash equivalents are analysed in the statement cash flows.

12. SHARE CAPITAL

Sabaf S.p.A.’s share capital at 30 June 2022 consists of 11,533,450 shares with a par value of €1.00 each and has not changed compared with 31 December 2021.

13. TREASURY SHARES AND OTHER RESERVES

With regard to the 2018 - 2020 Stock Grant Plan, following the expiry of the three-year vesting period, during the first half of 2022, 79,128 ordinary shares of the Company were allocated and transferred to the beneficiaries of Cluster 2, through the use of shares already available to the issuer.

In the course of the first half year of 48,852 treasury shares were acquired at an average unit price of €24.32, while they have not been sold.

At 30 June 2022, Sabaf S.p.A. held 281,526 treasury shares (2.466% of the share capital), reported in the financial statements as an adjustment to shareholders' equity at a weighted average unit value of €14.16 (the closing stock market price of the Share at 30 June 2022 was €23.45). There were 11,251,924 outstanding shares at 30 June 2022.

Stock grant reserve

Items "Retained earnings, other reserves" of €127,213 thousand included, at 30 June 2022, the stock grant reserve of €1,593 thousand, which included the measurement at 30 June 2022 of the fair value of rights assigned to receive shares of the Parent Company relating to the 2021 – 2023 Stock Grant Plan, medium- and long-term incentive plan for directors and employees of the Sabaf Group, for the details of which reference is made to Note 37.

Cash Flow Hedge reserve

The following table shows the change in the Cash Flow Hedge reserve related to the application of IFRS 9 on derivative contracts and referring to the recognition in net equity of the effective part of the derivative contracts signed to hedge the foreign exchange rate risk for which the Group applies hedge accounting.

Value at 31 December 2021	(151)
Change during the period	(173)
Value at 30 June 2022	(324)

14. LOANS

	30/06/2022			31/12/2021		
	Current	Non-current	Total	Current	Non-current	Total
Bond issue	-	29,667	29,667	-	29,649	29,649
Unsecured loans	19,600	44,733	64,333	19,044	53,913	72,957
Short-term bank loans	2,000	-	2,000	1,769	-	1,769
Advances on bank receipts or invoices	7,694	-	7,694	2,263	-	2,263
Leases	1,290	2,535	3,825	1,329	2,942	4,271
Interest payable	110	-	110	-	-	-
Total	30,694	76,935	107,629	24,405	86,504	110,909

Changes in loans over the half-year are shown in the statement of cash flows.

In December 2021, Sabaf S.p.A. issued a €30 million bond fully subscribed by PRICOA with a maturity of 10 years, an average life of 8 years and a fixed coupon of 1.85% per year. The loan described has some financial covenants widely complied with at 30 June 2022 and for which, according to the Group's business plan, compliance is also expected in subsequent years.

Some of the outstanding unsecured loans have financial covenants, which at 30 June 2022 had been fully complied with and for which compliance is also expected at 31 December 2022.

To manage interest rate risk, unsecured loans are either fixed-rate or hedged by IRS.

The following table shows the changes in lease liabilities during the first half of 2022:

Lease liabilities at 31 December 2021	4,271
New agreements signed during the first half of 2022	310
Repayments during the first half of 2022	(764)
Forex differences	7
Lease liabilities at 30 June 2022	3,824

15. OTHER FINANCIAL LIABILITIES

	30/06/2022		31/12/2021	
	Current	Non-current	Current	Non-current
Payables to C.M.I. shareholders	500	-	1,173	-
Derivative instruments on interest rates	-	-	190	-
Currency derivatives	468	-	156	-
Total	968	-	1,519	-

The payable to the C.M.I. shareholders of €0.5 thousand due by 2022 is related to the part of the price still to be paid to the sellers, which was deposited on a non-interest-bearing restricted account and will be released in favour of the sellers in accordance with contractual agreements and guarantees issued by the sellers.

Currency derivatives refer to forward sales contracts recognised using hedge accounting.

16. POST-EMPLOYMENT BENEFIT AND RETIREMENT PROVISIONS

	30/06/2022	31/12/2021	Change
Post-employment benefit	3,590	3,408	182
Total	3,590	3,408	182

17. PROVISIONS FOR RISKS AND CHARGES

	31/12/2021	Provisions	Utilisation	Exchange rate differences	30/06/2022
Provision for agents' indemnities	249	16	(5)	-	260
Product guarantee fund	60	-	(11)	-	49
Provision for legal risks	416	6	(21)	7	408
Other provisions for risks and charges	609	-	(500)	(13)	96
Total	1,334	22	(537)	(6)	813

The provision for agents' indemnities covers amounts payable to agents if the Group terminates the agency relationship.

The product guarantee fund covers the risk of returns or charges by customers for products already sold.

Following the process of allocating the price paid for the acquisition of the C.M.I. Group on the net assets acquired (Purchase Price Allocation), completed during 2019, a provision for legal risks with a residual value of €348 thousand was recognised.

Following the settlement of a tax dispute, in the first half of 2022, the provision for risks and charges in which a specific provision of the same amount was recognised, was used in the amount of €500 thousand.

Other provisions for risks and charges, recognised as part of the Purchase Price Allocation following the acquisition of Okida Elektronik, reflect the fair value of the potential liabilities of the acquired entity.

The provisions for risks, which represent the estimate of future payments made based on historical experience, have not been discounted because the effect is considered negligible.

18. TRADE PAYABLES

	30/06/2022	31/12/2021	Change
Total	55,867	54,837	1,030

At 30 June 2022, there were no overdue payables of a significant amount and the Group did not receive any injunctions for overdue payables.

19. TAX PAYABLES

	30/06/2022	31/12/2021	Change
Income tax payables	622	3,450	(2,828)
Withholding taxes	618	954	(336)
Other tax payables	438	547	(109)
Total	1,678	4,951	(3,273)

The income tax payables refer to the taxes for the year, for the portion exceeding the advances paid.

20. OTHER CURRENT PAYABLES

	30/06/2022	31/12/2021	Change
To employees	7,352	6,706	646
To social security institutions	2,690	2,844	(154)
To agents	336	283	53
Advances from customers	1,092	1,694	(602)
Other current payables, accrued and deferred	1,502	1,548	(46)
Total	12,972	13,075	(103)

At 30 June 2022, payables due to employees included amounts for the thirteenth month's pay and for holidays accrued but not taken.

21. TOTAL FINANCIAL DEBT

	30/06/2022	31/12/2021	Change
A. Cash	12,261	43,217	(30,956)
B. Cash equivalents	82	432	(350)
C. Other current financial assets	1,461	1,172	289
D. Liquidity (A+B+C)	13,804	44,821	(31,017)
E. Current financial payable	10,773	5,551	5,222
F. Current portion of non-current financial debt	20,889	20,373	516
G. Current financial debt (E+F)	31,662	25,924	5,738
H. Net current financial debt (G-D)	17,858	(18,897)	36,755
I. Non-current financial payable	47,268	56,855	(9,587)
J. Debt instruments	29,667	29,649	18
K. Trade payables and other non-current payables	-	-	-
L. Non-current financial debt (I+J+K)	76,935	86,504	(9,569)
M. Total financial debt (H+L)	94,793	67,607	27,186

The consolidated statement of cash flows, which shows the changes in cash and cash equivalents (sum of letters A. and B. of this statement), describes in detail the cash flows that led to the change in the net financial debt. In particular, as can be seen from the Consolidated Statement of Cash Flows, the increase in net financial debt in the period is mainly attributable to:

- the change in net working capital
- the investments made
- profits distributed to shareholders.

22. DEFERRED TAX ASSETS AND LIABILITIES

	30/06/2022	31/12/2021	Change
Deferred tax assets	8,005	8,639	(634)
Deferred tax liabilities	(4,579)	(3,939)	(640)
Net position	3,426	4,700	(1,274)

The table below shows the main elements forming deferred tax assets and liabilities and their changes during the half year:

	Non-current tangible and intangible assets	Provisions, value adjustments	Fair value of derivative instruments	Good will	Tax incentives	Tax losses	Actuarial evaluation of post-employment benefit	Hyperinflation effect Turkey IAS29	Other temporary differences	Total
31/12/2021	(1,912)	1,278	35	1,063	2,586	744	192	0	714	4,700
Through profit or loss	19	305	(258)	(89)	243	(527)	-	2,093	(53)	1,733
To shareholders' equity	-	-	-	-	-	-	-	(2,622)	-	(2,622)
Forex differences	(5)	-	-	-	(312)	(65)	-	-	(3)	(385)
30/06/2022	(1,898)	1,583	(223)	974	2,517	152	192	(529)	658	3,426

Deferred tax assets relating to goodwill refer to the exemption, in 2011, of the value of goodwill recognised following the acquisition of Faringosi Hinges s.r.l., whose tax benefit is achieved in ten annual instalments starting in 2018.

Deferred tax assets relating to tax incentives are commensurate to investments made in Turkey, for which the Group benefited from reduced taxation recognised on income generated.

Comments on key income statement items

23. REVENUE

In the first half of 2022, revenue from sales and services totalled €145.684 million, up by 5.8% versus €137.665 million in the same period.

For comments on changes in revenues and a detailed analysis of revenues by product family and geographical area, please see the Report on Operations.

24. OTHER INCOME

	H1 2022	H1 2021	Change
Sale of trimmings and raw materials	2,142	2,486	(344)
Rental income	60	62	(2)
Contingent income	223	226	(3)
Release of risk provisions	6	2	4
Other income	2,232	1,709	523
Total	4,663	4,485	178

Other income includes income from the sale of moulds to customers for customised products, various charges to customers and government grants received by Group companies.

25. MATERIALS

	H1 2022	H1 2021	Change
Commodities and outsourced components	72,616	70,895	1,721
Consumables	4,579	5,251	(672)
Total	77,195	76,143	1,052

The purchase volumes being equal, the effective average prices of the main raw materials (aluminium, steel and brass) had a negative effect of approximately €12.5 million, equal to 8.7% of sales, which the Group was able to offset by adjusting sales prices.

26. COSTS FOR SERVICES

	H1 2022	H1 2021	Change
Outsourced processing	8,616	10,354	(1,738)
Natural gas and electricity	6,122	3,321	2,801
Maintenance	3,614	4,218	(604)
Advisory services	1,412	1,167	245
Transport and export expenses	2,395	2,668	(273)
Travel expenses and allowances	275	84	191
Directors' fees	411	398	13
Commissions	570	602	(32)
Insurance	477	395	82
Waste disposal	280	314	(34)
Canteen	430	400	30
Use of temporary agency workers	301	275	26
Other costs	2,744	2,321	423
Total	27,647	26,517	1,130

During the first half-year, the Group reduced its subcontracting activities compared to the same period in 2021, when the support of external suppliers had been used extensively to meet peaks in market demand.

The very significant increases in the costs of electricity and methane gas (which the Group uses as an energy source for aluminium die-casting and for the enamelling of burner covers) led to higher charges of €2.8 million. Energy consumption being equal, the higher energy costs led to a 2.5% higher impact on sales, negatively impacting the Group's profitability.

27. PERSONNEL COSTS

	H1 2022	H1 2021	Change
Salaries and wages	16,249	17,373	(1,124)
Social Security costs	5,150	5,398	(248)
Post-employment benefit and supplementary pension	1,160	932	228
Temporary agency workers	3,497	3,905	(408)
Stock grant plan	789	154	635
Other costs	301	373	(72)
Total	27,146	28,135	(989)

The Group headcount at 30 June 2022 was 1,454 employees compared to 1,502 at 30 June 2021.

The item "Stock Grant Plan" of €789 thousand, included the measurement at 30 June 2022 of the fair value of rights assigned to receive shares of the Parent Company relating to the 2021 – 2023 Stock grant plan. For details of this Plan, refer to Note 37.

28. OTHER OPERATING COSTS

	H1 2022	H1 2021	Change
Non-income related taxes and duties	359	347	12
Contingent liabilities	128	45	83
Provisions for risks	22	0	22
Bad debt provision	-	83	(83)
Other operating costs	219	340	(121)
Total	728	815	(87)

29. FINANCIAL INCOME

Financial income of €1,117 thousand refers for €1,061 thousand to the recognition of the fair value of interest rate derivatives (IRSs hedging rate risks of unsecured loans pending).

30. EXPENSES FROM HYPERINFLATION/FINANCIAL EXPENSES

	H1 2022	H1 2021	Change
Expenses from hyperinflation	4,606	-	4,606
Interest paid to banks	532	243	289
Interest paid on leases and rents	57	56	1
Financial expenses on derivative financial instruments	-	33	(33)
Banking expenses	118	126	(8)
Other financial expense	79	70	9
Financial expenses	786	528	258

As from 2022, the effect of inflation accounting on the Turkish subsidiaries, which impacted some financial statement items and resulted in total expenses of €4,606 thousand, was reflected in the financial statements. For an appropriate and detailed analysis, please refer to the specific paragraph in the Explanatory Notes to these Financial Statements.

31. EXCHANGE RATE GAINS AND LOSSES

In the first half of 2022, the Group reported net foreign exchange gains of €347 thousand (net losses of €1,853 thousand in the same period of 2021).

32. INCOME TAXES

	H1 2022	H1 2021	Change
Current taxes	2,795	4,945	(2,150)
Deferred tax liabilities	(1,734)	(177)	(1,557)
Total	1,061	4,768	(3,707)

Income tax is calculated in the same way as taxes are calculated when drafting the annual financial statements.

In the first half of 2022, the impact of taxes as a share of the pre-tax profit (tax-rate) is 18.1%, compared with 21.6% in the first half of 2021.

In these consolidated financial statements, the Group recognised lower taxes for tax benefits related to the "Super-amortisation" and "Hyper-amortisation" related to investments made in Italy of €322 thousand and tax benefits for incentives on investments made in Turkey of €669 thousand.

33. EARNINGS PER SHARE

Basic and diluted EPS are calculated based on the following data:

Earnings

	H1 2022	H1 2021
	<i>(€/000)</i>	<i>(€/000)</i>
Net profit for the period	13,008	16,749

Number of shares

	H1 2022	H1 2021
Weighted average number of ordinary shares for determining basic earnings per share	11,232,408	11,196,132
Dilutive effect from potential ordinary shares	0	0
Weighted average number of ordinary shares for determining diluted earnings per share	11,232,408	11,196,132

	H1 2022	H1 2021
	<i>Euro</i>	<i>Euro</i>
Basic earnings per share	1.158	1.496
Diluted earnings per share	1.158	1.496

The number of shares for measuring the earnings per share was calculated net of the average number of shares in the portfolio.

34. DIVIDENDS

On 1 June 2022, a dividend of €0.60 per share was paid to shareholders (total dividends of €6,616 thousand), to implement the resolution to allocate the 2021 profit approved by the Sabaf S.p.A. shareholders' meeting on 28 April 2022.

35. INFORMATION BY BUSINESS SEGMENT

Below is the information by business segment for the first half of 2022 and 2021.

First half of 2022

	Gas parts (household and professional)	Hinges	Electronic components	Total
Sales	90,899	41,326	13,459	145,684
Ebit	8,055	4,772	5,218	18,045

First half of 2021

	Gas parts (household and professional)	Hinges	Electronic components	Total
Sales	97,041	29,114	11,510	137,665
Ebit	15,848	4,310	3,802	23,960

36. RELATED PARTY TRANSACTIONS

Transactions between Sabaf S.p.A. and its consolidated subsidiaries have been eliminated from the consolidated financial statements and are not addressed in these notes. The table below illustrates the impact of all transactions between the Group and other related parties on the statement of financial position and income statement.

Impact of related party transactions or positions on items in the statement of financial position at 30 June 2022.

	Total financial statement item	Of which with related parties	Impact on the total
Trade payables	55,867	2	0.00%

Impact of related party transactions or positions on items in the statement of financial position at 30 June 2021.

	Total financial statement item	Of which with related parties	Impact on the total
Trade payables	56,493	2	0.00%

Impact of related party transactions or positions on income statement items at 30 June 2022

	Total financial statement item	Of which with related parties	Impact on the total
Services	27,647	11	0.04%

Impact of related party transactions or positions on income statement items at 30 June 2021

	Total financial statement item	Of which with related parties	Impact on the total
Services	26,517	9	0.03%

All transactions are regulated by specific contracts regulated at arm's length conditions.

37. SHARE-BASED PAYMENTS

A plan for the free allocation of shares, approved by the Shareholders' Meeting of 6 May 2021, is in place; the related Regulations were approved by the Board of Directors on 13 May 2021.

Purpose

The Plan aims to promote and pursue the involvement of the beneficiaries whose activities are considered relevant for the implementation of the contents and the achievement of the objectives set out in the Business Plan, foster loyalty development and motivation of managers, by increasing their entrepreneurial approach as well as align the interests of management with those of the Company's shareholders more closely, with a view to encouraging the achievement of significant results in the economic and asset growth and sustainability of the Company and of the Group.

Subject matter

The subject-matter of the Plan is the free allocation to the Beneficiaries of a maximum of 260,000 Options, each of which entitles them to receive free of charge, under the terms and conditions provided for by the Regulations of the relevant Plan, 1 Sabaf S.p.A. Share. The free allocation of Sabaf S.p.A. shares is conditional on the achievement, in whole or in part, with progressiveness, of the business targets related to the ROI and EBITDA and social and environmental targets.

Beneficiaries

The Plan is intended for persons who hold or will hold key positions in the Company and/or its Subsidiaries, with reference to the implementation of the contents and the achievement of the objectives of the 2021 - 2023 Business Plan. A total of 226,000 Rights were allocated to the Beneficiaries already identified.

Deadline

The 2021 - 2023 Plan expires on 31 December 2024.

Accounting impacts and *Fair Value measurement methods*

In connection with this Plan, €789 (Note 27) were recognised in personnel costs during this half-year, an equity reserve of the same amount (Note 13) was recognised as a balancing entry.

In line with the date on which the beneficiaries became aware of the assignment of the rights and terms of the plan, the grant date was set at 13 May 2021.

The main assumptions made at the beginning of the vesting period and the methods for determining the fair value at the end of the reporting period are illustrated below. The following economic and financial parameters were taken into account in determining the fair value per share at the start of the vesting period:

Share price on grant date adjusted for dividends	23.09
Dividend yield	2.60%
Expected volatility per year	28%
Interest rate per year	-0.40%

Based on the exercise right at the different dates established by the Plan Regulations and on the estimate of the expected probability of achieving the objectives for each reference period, the unitary fair value at 30 June 2022 was determined as follows:

Rights relating to objectives measured on ROI	Total value on ROI	18.54	Fair Value	6.49
	Rights on ROI	35%		

Rights relating to objectives measured on EBITDA	Total value on EBITDA	18.80	Fair Value	7.52
	Rights on EBITDA	40%		

Rights relating to ESG objectives measured on personnel training	Total value on "Personnel training"	20.41	Fair Value	1.02
	Rights on "Personnel training"	5%		

Rights relating to ESG objectives measured on safety indicator	Total value on "Safety indicator"	7.82	Fair Value	0.39
	Rights on "Safety indicator"	5%		

Rights relating to ESG objectives measured on reduction of emissions	Total value on "Reduction of Emissions"	20.41	Fair Value	3.06
	Rights on "Reduction of Emissions"	15%		

Fair Value per share				18.48
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38. SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

Pursuant to Consob communication of 28 July 2006, the Group declares that no significant non-recurring transactions as defined by the Consob communication itself were carried out during the first half of 2022.

39. ATYPICAL AND/OR UNUSUAL TRANSACTIONS

Pursuant to Consob communication of 28 July 2006, the Group declares that no atypical and/or unusual transactions as defined by the Consob communication itself were carried out during the first half of 2022.

40. COMMITMENTS

Guarantees issued

The Sabaf Group issued sureties to guarantee consumer and mortgage loans granted by BPER (ex Ubi Banca) to Group employees for a total of €3,235 thousand (€3,443 thousand at 31 December 2021).

SCOPE OF CONSOLIDATION AT 30 JUNE 2022

COMPANIES CONSOLIDATED USING THE FULL LINE-BY-LINE CONSOLIDATION METHOD

Company name	Registered offices	Share capital	Participating company	ownership %
Parent company				
Sabaf S.p.A.	Ospitaletto (BS) Via dei Carpini, 1	€ 11,533,450		
Subsidiary companies				
Faringosi-Hinges s.r.l.	Ospitaletto (BS) Via Martiri della Libertà, 66	EUR 90,000	Sabaf S.p.A.	100%
Sabaf do Brasil Ltda.	Jundiaí - São Paulo (Brazil)	BRL 53,348,061	Sabaf S.p.A.	100%
Sabaf Beyaz Esya Parcalari Sanayi Ve Ticaret Limited Sirketi (Sabaf Turkey)	Manisa (Turkey)	TRY 160,000,000	Sabaf S.p.A.	100%
Okida Elektronik Sanayi Ve Ticaret A.S.	Istanbul (Turkey)	TRY 5,000,000	Sabaf S.p.A. Sabaf Turkey	30% 70%
Sabaf Appliance Components (Kunshan) Co., Ltd.	Kunshan (China)	EUR 9,900,000	Sabaf S.p.A.	100%
Sabaf US Corp.	Plainfield (USA)	USD 200,000	Sabaf S.p.A.	100%
Sabaf India Private Limited	Bangalore (India)	INR 153,833,140	Sabaf S.p.A.	100%
A.R.C. s.r.l.	Campodarsego (PD)	EUR 45,000	Sabaf S.p.A.	100%
Sabaf Mexico Appliance Components	San Louis Potosi (Mexico)	MXN 106,772,225	Sabaf S.p.A.	100%
C.M.I. Cerniere Meccaniche Industriali s.r.l.	Valsamoggia (BO)	€1,000,000	Sabaf S.p.A.	100%
C.G.D. s.r.l.	Valsamoggia (BO)	EUR 26,000	C.M.I. s.r.l.	100%

**Certification of the Half-Yearly Condensed Consolidated Financial
Statements
pursuant to Art. 154-bis of Legislative Decree 58/98**

Gianluca Beschi, the Financial Reporting Officer of Sabaf S.p.A., has taken into account the requirements of Art. 154-bis, paragraphs 3 and 4, of Legislative Decree 58 of 24 February 1998 and can certify

- the adequacy, in relation to the business characteristics and
- the actual application

of the administrative and accounting procedures to draft the half-yearly condensed consolidated financial statements in the first half of 2022.

They also certify that:

- the half-yearly condensed consolidated financial statements:
 - have been prepared in accordance with the international accounting standards recognised in the European Community in accordance with EC regulation 1606/2002 of the European Parliament and Council, of 19 July 2002;
 - are consistent with accounting books and records;
 - provide a true and fair view of the operating results, financial position and cash flows of the issuer and of the companies included in the consolidation;
- the interim management statement includes a reliable analysis of the important events that occurred in the first six months of the year and their impact on the condensed consolidated interim financial statements, along with a description of the main risks and uncertainties for the six remaining months of the year. The interim management statement also contains a reliable analysis of the information on significant transactions with related parties.

Ospitaletto, 4 August 2022

Chief Executive Officer
Pietro Iotti

**The Financial Reporting
Officer**
Gianluca Beschi



Sabaf S.p.A.

Half-yearly condensed consolidated financial statements
as of 30 June 2022

Review report on the half-yearly condensed consolidated
financial statements

(Translation from the original Italian text)

Review report on the half-yearly condensed consolidated financial statements (Translation from the original Italian text)

To the Shareholders of
Sabaf S.p.A.

Introduction

We have reviewed the half-yearly condensed consolidated financial statements, comprising the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in consolidated shareholders' equity, the consolidated statement of cash flows and the related explanatory notes of Sabaf S.p.A. and its subsidiaries (the "Sabaf Group") as of 30 June 2022. The Directors of Sabaf S.p.A. are responsible for the preparation of the half-yearly condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these half-yearly condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of 31 July 1997. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the half-yearly condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the half-yearly condensed consolidated financial statements of Sabaf Group as of 30 June 2022 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Brescia, 5 August 2022

EY S.p.A.
Signed by: Marco Malaguti, Auditor

This report has been translated into the English language solely for the convenience of international readers