



SABAF®

**INTERIM MANAGEMENT
STATEMENT**

AT 30 SEPTEMBER 2022

SABAF S.p.A.

Via dei Carpini, 1 – OSPITALETTO (BS) ITALY

Fully paid-in share capital: € 11,533,450

www.sabafgroup.com

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Group structure and corporate officers

Parent company

SABAF S.p.A.

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 S.A. de c.v.	Mexico	100%
C.M.I. s.r.l.	Italy	100%
C.G.D. s.r.l.	Italy	100%

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 Vivenzi

Consolidated statement of financial position

	30/09/2022	31/12/2021	30/09/2021
<i>(€/000)</i>			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	97,090	82,407	84,607
Investment property	1,576	2,311	2,503
Intangible assets	49,198	35,553	40,596
Equity investments	83	83	175
Non-current receivables	1,397	1,100	871
Deferred tax assets	8,992	8,639	7,737
Total non-current assets	158,336	130,093	136,489
CURRENT ASSETS			
Inventories	68,093	64,153	63,404
Trade receivables	64,886	68,040	75,688
Tax receivables	6,195	6,165	3,821
Other current receivables	5,523	3,136	2,530
Financial assets	2,342	1,172	1,172
Cash and cash equivalents	34,516	43,649	15,313
Total current assets	181,555	186,315	161,928
ASSETS HELD FOR SALE	0	0	0
TOTAL ASSETS	339,891	316,408	298,417
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	11,533	11,533	11,533
Retained earnings, Other reserves	130,790	86,089	92,191
Net profit for the period	13,096	23,903	23,263
<i>Total equity interest attributable to the Parent Company</i>	<i>155,419</i>	<i>121,525</i>	<i>126,987</i>
<i>Minority interests</i>	<i>-</i>	<i>911</i>	<i>5,585</i>
Total shareholders' equity	155,419	122,436	132,572
NON-CURRENT LIABILITIES			
Loans	85,988	86,504	36,999
Post-employment benefit and retirement provisions	3,630	3,408	3,496
Provisions for risks and charges	763	1,334	884
Deferred tax liabilities	5,074	3,939	4,353
Total non-current liabilities	95,455	95,185	45,732
CURRENT LIABILITIES			
Loans	28,746	24,405	45,092
Other financial liabilities	920	1,519	7,935
Trade payables	43,821	54,837	49,104
Tax payables	3,519	4,951	5,504
Other payables	12,011	13,075	12,478
Total current liabilities	89,017	98,787	120,113
LIABILITIES HELD FOR SALE	0	0	0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	339,891	316,408	298,417

Consolidated Income Statement

	Q3 2022		Q3 2021		9M 2022		9M 2021	
(€/000)								
INCOME STATEMENT COMPONENTS								
OPERATING REVENUE AND INCOME								
Revenue	55,939	100.0%	63,107	100.0%	201,623	100.0%	200,772	100.0%
Other income	1,810	3.2%	1,494	2.4%	6,473	3.2%	5,979	3.0%
Total operating revenue and income	57,749	103.2%	64,601	102.4%	208,096	103.2%	206,751	103.0%
OPERATING COSTS								
Materials	(25,789)	-46.1%	(33,041)	-52.4%	(102,984)	-51.1%	(109,187)	-54.4%
Change in inventories	(3,184)	-5.7%	4,783	7.6%	4,164	2.1%	25,128	12.5%
Services	(11,586)	-20.7%	(11,726)	-18.6%	(39,233)	-19.5%	(38,243)	-19.0%
Personnel costs	(11,170)	-20.0%	(12,786)	-20.3%	(38,316)	-19.0%	(40,922)	-20.4%
Other operating costs	(278)	-0.5%	(359)	-0.6%	(1,006)	-0.5%	(1,174)	-0.6%
Costs for capitalised in-house work	828	1.5%	513	0.8%	2,735	1.4%	1,816	0.9%
Total operating costs	(51,179)	-91.5%	(52,616)	-83.4%	(174,640)	-86.6%	(162,582)	-81.0%
OPERATING PROFIT BEFORE DEPRECIATION & AMORTISATION, CAPITAL GAINS/LOSSES AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)								
	6,570	11.7%	11,985	19.0%	33,456	16.6%	44,169	22.0%
Depreciations and amortisation	(4,611)	-8.2%	(4,377)	-6.9%	(13,674)	-6.8%	(12,718)	-6.3%
Capital gains/(losses) on disposals of non-current assets	20	0.0%	9	0.0%	242	0.1%	126	0.1%
OPERATING PROFIT (EBIT)								
	1,979	3.5%	7,617	12.1%	20,024	9.9%	31,577	15.7%
Financial income	626	1.1%	151	0.2%	1,743	0.9%	702	0.3%
Financial expenses	(406)	-0.7%	(263)	-0.4%	(1,192)	-0.6%	(791)	-0.4%
Net income/(expenses) from hyperinflation	(3,058)	-5.5%	-	0.0%	(7,664)	-3.8%	-	0.0%
Exchange rate gains and losses	823	1.5%	586	0.9%	1,170	0.6%	(1,267)	-0.6%
Profits and losses from equity investments	-	0.0%	11	0.0%	(48)	0.0%	(38)	0.0%
PROFIT BEFORE TAXES								
	(36)	-0.1%	8,102	12.8%	14,033	7.0%	30,183	15.0%
Income taxes	124	0.2%	(1,358)	-2.2%	(937)	-0.5%	(6,126)	-3.0%
NET PROFIT FOR THE PERIOD								
	88	0.2%	6,744	10.7%	13,096	6.5%	24,057	12.0%
of which:								
Profit attributable to minority interests	-	0.0%	230	0.4%	-	0.0%	794	0.4%
PROFIT ATTRIBUTABLE TO THE GROUP	88	0.2%	6,514	10.3%	13,096	6.5%	23,263	11.6%

Consolidated statement of comprehensive income

<i>(€/000)</i>	Q3 2022	Q3 2021	9M 2022	9M 2021
NET PROFIT FOR THE PERIOD	88	6,744	13,096	24,057
<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	(833)	(998)	(2,287)	(3,208)
Hedge accounting effect of derivative financial instruments	70	(83)	(103)	(349)
Total other profits/(losses) net of taxes for the year	(763)	(1,081)	(2,390)	(3,557)
TOTAL PROFIT	(675)	5,663	10,706	20,500
of which				
Minority interests	-	230	-	794
<i>Total profits/losses that will be subsequently reclassified under profit (loss) for the period –</i>				
Hedge accounting effect of derivative financial instruments	-	(3)	-	(12)
MINORITY INTERESTS	0	227	0	782
PROFIT ATTRIBUTABLE TO THE GROUP	(675)	5,436	10,706	19,718

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							805		805		805
Treasury share transactions				438			(438)				
Change in the scope of consolidation							4,909		4,909	(4,678)	231
Other changes							12		12		12
Total profit at 31 December 2021					(14,552)	20	(398)	23,903	8,973	780	9,753
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							1,137		1,137		1,137
Treasury share transactions				(708)			(1,066)		(1,774)		(1,774)
Change in the scope of consolidation							784		784	(911)	(127)
Monetary revaluation - hyperinflation (IAS 29)							18,404		18,404		18,404
Other changes							(7)		(7)		(7)
Total profit at 30 September 2022					(2,287)		(103)	13,096	10,706		10,706
Balance at 30 September 2022	11,533	10,002	2,307	(4,611)	(48,342)	(521)	171,955	13,096	155,419	0	155,419

Consolidated statement of cash flows

<i>(€/000)</i>	Q3 2022	Q3 2021	9M 2022	9M 2021
<i>Cash and cash equivalents at beginning of period</i>	12,343	12,920	43,649	13,318
Net profit/(loss) for the period	88	6,744	13,096	24,057
Adjustments for:				
- Depreciation and amortisation for the period	4,611	4,377	13,674	12,718
- Realised gains/losses	(20)	(9)	(242)	(126)
- Monetary revaluation IAS 29	2,465	-	3,918	-
- Financial income and expenses	(1,064)	112	(186)	89
- Profits and losses from equity investments	-	(11)	48	38
- IFRS 2 measurement stock grant plan	348	295	1,137	450
- Income tax	(124)	1,358	937	6,126
Payment of post-employment benefit provision	40	(40)	222	(17)
Change in risk provisions	(50)	(4)	(571)	(549)
<i>Change in trade receivables</i>	<i>25,303</i>	<i>5,978</i>	<i>3,152</i>	<i>(12,252)</i>
<i>Change in inventories</i>	<i>3,724</i>	<i>(4,669)</i>	<i>(2,313)</i>	<i>(24,180)</i>
<i>Change in trade payables</i>	<i>(12,046)</i>	<i>(7,390)</i>	<i>(10,999)</i>	<i>7,331</i>
Change in net working capital	16,981	(6,081)	(10,160)	(29,101)
Change in other receivables and payables, deferred taxes	(720)	(719)	59	384
Payment of taxes	(291)	(3,013)	(7,042)	(3,936)
Payment of financial expenses	(412)	(217)	(1,400)	(623)
Collection of financial income	5	166	158	277
Cash flows from operations	21,857	2,958	13,648	9,787
Net investments	(5,085)	(4,339)	(16,103)	(19,501)
Repayment of loans	(9,110)	(4,585)	(23,717)	(16,506)
New loans	16,011	9,335	25,632	34,684
Change in financial assets	(265)	(157)	407	(40)
Purchase/sale of treasury shares	(585)	-	(1,774)	-
Payment of dividends	-	-	(6,690)	(6,172)
Cash flows from financing activities	6,051	4,593	(6,142)	11,966
Change in the scope of consolidation	-	-	(97)	-
Foreign exchange differences	(650)	(819)	(439)	(257)
Net cash flows for the period	22,173	2,393	(9,133)	1,995
<i>Cash and cash equivalents at end of period</i>	<i>34,516</i>	<i>15,313</i>	<i>34,516</i>	<i>15,313</i>

Total financial debt

<i>(€/000)</i>	30/09/202	31/12/202	30/09/202
	2	1	1
A. Cash	33,870	43,217	15,043
B. Cash equivalents	646	432	270
C. Other current financial assets	2,342	1,172	1,172
D. Liquidity (A+B+C)	36,858	44,821	16,485
E. Current financial payable	7,033	5,551	33,526
F. Current portion of non-current financial debt	22,633	20,373	18,328
G. Current financial debt (E+F)	29,666	25,924	51,854
H. Net current financial debt (G-D)	(7,192)	(18,897)	35,369
I. Non-current financial payable	56,312	56,855	38,172
J. Debt instruments	29,676	29,649	-
K. Trade payables and other non-current payables	-	-	-
L. Non-current financial debt (I+J+K)	85,988	86,504	38,172
M. Total financial debt (H+L)	78,796	67,607	73,541

Explanatory notes

Accounting standards and scope of consolidation

The Interim Management Statement of the Sabaf Group at 30 September 2022 was prepared in pursuance of the Italian Stock-Exchange regulations that establish the publication of interim management statements as one of the requirements for maintaining a listing in the STAR segment of the MTA (Electronic Stock Market).

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 2021, which should be consulted for reference, with the exception of those relating to the application of IAS 29 with reference to the financial statements of the Turkish subsidiaries. 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 30 September 2022, 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, the companies of the C.M.I. Group (C.M.I. and C.G.D.), and Sabaf Mexico Appliance Components, established in the current financial year, were consolidated on a line-by-line basis;
- compared to 30 September 2021, in pursuance of the agreements that had been signed with the sellers, Sabaf completed the purchase of the remaining 30% of A.R.C. and the remaining 15.75% of C.M.I., thereby holding 100% of both companies;

- compared to 30 September 2021 and 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 Interim Management Statement at 30 September 2022 has not been independently audited.

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.

For the purposes of preparing this Interim Management Statement, 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 Sirteki) 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 these companies 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 30/09/2022	Change
TURKSTAT	686.95	1,046.89	+52.40%

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 nine months of 2022, the application of IAS 29 resulted in the recognition of a net financial expense (before tax) of €7,664 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 <i>(€/000)</i>	30/09/2022	Hyperinflation effect	30/09/2022 with Hyperinflation effect
Total non-current assets	134,423	23,913	158,336
Total current assets	179,916	1,639	181,555
Total Assets	314,339	25,552	339,891
Total shareholders' equity	130,718	24,701	155,419
Total non-current liabilities	94,604	851	95,455
Total current liabilities	89,017	-	89,017
Total liabilities and shareholders' equity	314,339	25,552	339,891

Consolidated income statement <i>(€/000)</i>	First nine months of 2022	Hyperinflation effect	First nine months of 2022 with Hyperinflation effect
Operating revenue and income	205,268	2,828	208,096
Operating costs	(175,479)	839	(174,640)
Operating profit before depreciation & amortisation, capital gains/losses and write-downs/write-backs of non-current assets (EBITDA)	29,789	3,667	33,456
EBIT	17,674	2,350	20,024
Result before taxes	19,607	(5,574)	14,033
Income taxes	(2,593)	1,656	(937)
Profit for the year	17,014	(3,918)	13,096

Sales breakdown by geographical area (Euro x 1000)

<i>(€/000)</i>	Q3 2022	Q3 2021	% change	9m 2022	9m 2021	% change	2021 FY
Europe (excluding Turkey)	17,471	22,311	-21.7%	68,287	71,215	-4.1%	92,935
Turkey	14,894	15,699	-5.1%	51,619	49,329	4.6%	65,526
North America	8,873	7,556	17.4%	32,730	23,134	41.5%	30,472
South America	6,184	9,031	-31.5%	24,237	30,452	-20.4%	39,589
Africa and Middle East	5,231	5,132	1.9%	15,409	15,106	2.0%	19,614
Asia and Oceania	3,286	3,378	-2.7%	9,341	11,536	-19.0%	15,123
Total	55,939	63,107	-11.4%	201,623	200,772	+0.4%	263,259

Sales breakdown by product category (Euro x 1000)

<i>(€/000)</i>	Q3 2022	Q3 2021	% change	9m 2022	9m 2021	% change	2021 FY
Gas parts	35,307	43,973	-19.7%	126,670	141,014	-10.2%	182,468
Hinges	15,053	13,888	+8.4%	55,751	43,002	+29.6%	58,375
Electronic components	5,579	5,246	+6.3%	19,202	16,756	+14.6%	22,416
Total	55,939	63,107	-11.4%	201,623	200,772	+0.4%	263,259

Management Statement

Results of operations

In the third quarter of 2022, the Sabaf Group reported sales revenue of €55.9 million, a decrease of 11.4% versus the figure of €63.1 million in the third quarter of 2021.

During the quarter, unfavourable macroeconomic conditions led to a marked slowdown in demand in the reference market, accentuated by destocking phenomenon along the entire production and distribution chain. The most impacted geographical area was Europe (with sales of €17.5 million, -21.7%) where the conflict between Russia and Ukraine generates the greatest economic tensions for companies and households. On the other hand, the positive trend of sales in North America - where the Group recorded revenues of €8.9 million (+17.4%) - was confirmed thanks to the growing contribution of projects recently started with some primary customers and for which a further progress is expected in the near future. Demand remained stable in Africa and the Middle East, while the phase of extremely weakness in South American market continues.

The exceptional energy costs increase (+78% of electric energy costs vs. -23% of consumption; +81% of gas costs vs. -30% of consumption), the costs of raw materials at a very high level (also due to the consumption of stocks purchased in the first half-year) and the drop in production volumes affected profitability in the period. EBITDA for the third quarter of 2022 was €6.6 million (or 11.7% of sales) down by 45.2% compared to €12 million (19% of sales) of the third quarter of 2021. EBIT was €2 million (3.5% of turnover), 74% lower than the €7.6 million recorded in the same quarter of 2021 (12.1% of turnover). Net profit for the period was €0.1 million (€6.5 million in the third quarter of 2021).

In the first nine months of 2022, sales revenue totalled €201.6 million, up by 0.4% over the same period of 2021. EBITDA was €33.5 million (16.6% of turnover), down 24.3% compared to €44.2 million in 2021 (22% of turnover) and EBIT was €20 million (9.9% of turnover) with a 36.6% decrease. Net profit was €13.1 million (6.5% of sales), 43.7% lower than in the first nine months of 2021.

Working capital, investments and financial debt

During the quarter, the Group acted to reduce working capital, which amounted to €85.2 million (31.7% of annualised revenue) at 30 September 2022, €17.4 million lower than

€102.6 million at 30 June 2022 (35.2% of annualised revenue). The increase in working capital is mainly attributable to the reduction in trade receivables and inventories, implemented through procurement and production policies that balanced the objectives of containing costs and invested capital, ensuring continuity of supply and having adequate safety stocks.

Investments in the third quarter of 2022 amounted to €5.1 million, mainly for new plants in India and Mexico and the development of induction cooking components. Total investments in the first 9 months of 2022 amounted to €16.1 million (€19.5 million in the same period of 2021).

At 30 September 2022, net financial debt was €78.8 million, €16 million lower than €94.8 million at 30 June 2022. The financial debt included the present value of the lease and rental payments recognised in accordance with IFRS 16 for €2.6 million. At 30 September, consolidated shareholders' equity attributable to the Group amounted to €155.4 million.

Significant non-recurring, atypical and/or unusual transactions

During the third quarter of 2022, 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.

Significant events after the end of the quarter

On 3 October 2022, Sabaf announced the acquisition of 100% of P.G.A. S.r.l. (P.G.A.), a company based in Fabriano (AN) and operating for over 25 years in the field of design and assembly of electronic control boards for the household appliances sector. P.G.A. s.r.l. holds 100% of the share capital of PGA 2.0 s.r.l., a business unit dedicated to the design and prototyping of innovative solutions based on interconnection and the Internet of Things (IoT).

In 2021, P.G.A. and PGA2.0 (jointly the P.G.A. Group) achieved consolidated sales of €11.5 million and a consolidated EBITDA of €2.2 million. At 30 June 2022, consolidated net financial debt was €1.3 million. The P.G.A. Group currently employs 36 persons.

The acquisition was carried out on the basis of a preliminary assessment of P.G.A. of €9.76 million (Enterprise Value), determined on the basis of a multiple of five times the average annual consolidated EBITDA over the three-year period from 2020 to 2022. 75% of the price was paid outright upon completion of the transaction (amount fully financed through available bank credit facilities), while the remaining 25% of the price was paid through the sale of Sabaf shares. The purchase price will be determined on the basis of the 2022 final EBITDA balance of the P.G.A. Group and of the net financial position at the date of completion of the transaction. The sellers will also be granted a possible further price adjustment ("earn-out"), linked to the achievement of targets of the Sabaf Group's Electronics Division for the years 2023 and 2024.

Outlook

In the current quarter, demand remains generally weak in the main markets in which the Group operates, although the impact of destocking seems to have worn off in recent weeks. Commodity and energy prices show a downward trend compared to recent peaks. For the whole of 2022, the Group expects to achieve sales of between €253 million and €256 million, including the consolidation of the fourth quarter results of the newly acquired P.G.A..

The Board of Directors confirms the worth of the internationalization and diversification path that the Group has undertaken and which has led, compared to the first 9 months of 2019, to an increase in turnover of 74.9% (from €115.3 million to €201.6 million) and in EBITDA of 63.6% (from €20.4 million to €33.5 million).

The Group is confident that the strategic projects launched in implementation of the Business Plan, aimed at diversifying the product range, increasing its international presence and at a substantial production processes efficiency, can significantly contribute to the growth and strengthening of its competitive position. Specifically, sales of induction cooking components (for which the Group has already signed some significant contracts) will start in 2023, and P.G.A. will be integrated into the Electronics Division. A few months after the successful start-up of the Indian plant, the production of gas components in Mexico will also be started and will contribute to further growth in the important North American market.

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 Italian Legislative Decree 58/1998 (TUF, or Consolidated Finance Act), the accounting information contained in the Interim Management Statement at 30 September 2022 of Sabaf S.p.A. corresponds to the Company's records, books and accounting entries.

Ospitaletto (BS), 10 November 2022

Financial Reporting Officer

Gianluca Beschi