



SABAF[®]

**INTERIM MANAGEMENT
STATEMENT**

AT 31 DECEMBER 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 Tickaret 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%
P.G.A. s.r.l.	Italy	100%
PGA2.0 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

	31/12/2022	30/09/2022	31/12/2021
<i>(€/000)</i>			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	99,728	97,090	82,407
Investment property	983	1,576	2,311
Intangible assets	54,963	49,198	35,553
Equity investments	97	83	83
Non-current receivables	2,892	1,397	1,100
Deferred tax assets	12,650	8,992	8,639
Total non-current assets	171,313	158,336	130,093
CURRENT ASSETS			
Inventories	64,426	68,093	64,153
Trade receivables	59,218	64,886	68,040
Tax receivables	8,214	6,195	6,165
Other current receivables	2,910	5,523	3,136
Financial assets	2,497	2,342	1,172
Cash and cash equivalents	20,923	34,516	43,649
Total current assets	158,188	181,555	186,315
ASSETS HELD FOR SALE	526	0	0
TOTAL ASSETS	330,027	339,891	316,408
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	11,533	11,533	11,533
Retained earnings, Other reserves	129,486	130,790	86,089
Net profit for the period	15,673	13,096	23,903
<i>Total equity interest of the Parent Company</i>	<i>156,692</i>	<i>155,419</i>	<i>121,525</i>
<i>Minority interests</i>	<i>-</i>	<i>-</i>	<i>911</i>
Total shareholders' equity	156,692	155,419	122,436
NON-CURRENT LIABILITIES			
Loans	79,629	85,988	86,504
Post-employment benefit and retirement provisions	3,661	3,630	3,408
Provisions for risks and charges	639	763	1,334
Deferred tax liabilities	5,828	5,074	3,939
Total non-current liabilities	89,757	95,455	95,185
CURRENT LIABILITIES			
Loans	27,583	28,746	24,405
Other financial liabilities	574	920	1,519
Trade payables	39,627	43,821	54,837
Tax payables	2,639	3,519	4,951
Other payables	13,155	12,011	13,075
Total current liabilities	83,578	89,017	98,787
LIABILITIES HELD FOR SALE	0	0	0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	330,027	339,891	316,408

Consolidated Income Statement

	Q4 2022		Q4 2021		12M 2022		12M 2021	
(€/000)								
INCOME STATEMENT COMPONENTS								
OPERATING REVENUE AND INCOME								
Revenue	51,430	100.0%	62,487	100.0%	253,053	100.0%	263,259	100.0%
Other income	3,715	7.2%	2,682	4.3%	10,188	4.0%	8,661	3.3%
Total operating revenue and income	55,145	107.2%	65,169	104.3%	263,241	104.0%	271,920	103.3%
OPERATING COSTS								
Materials	(21,347)	-41.5%	(33,168)	-53.1%	(124,331)	-49.1%	(142,355)	-54.1%
Change in inventories	(4,677)	-9.1%	4,794	7.7%	(513)	-0.2%	29,922	11.4%
Services	(10,947)	-21.3%	(14,134)	-22.6%	(50,180)	-19.8%	(52,377)	-19.9%
Personnel costs	(11,610)	-22.6%	(13,042)	-20.9%	(49,926)	-19.7%	(53,964)	-20.5%
Other operating costs	(625)	-1.2%	(357)	-0.6%	(1,631)	-0.6%	(1,531)	-0.6%
Costs for capitalised in-house work	697	1.4%	709	1.1%	3,432	1.4%	2,525	1.0%
Total operating costs	(48,509)	-94.3%	(55,198)	-88.3%	(223,149)	-88.2%	(217,780)	-82.7%
OPERATING PROFIT BEFORE DEPRECIATION & AMORTISATION, CAPITAL GAINS/LOSSES AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)								
	6,636	12.9%	9,971	16.0%	40,092	15.8%	54,140	20.6%
Depreciations and amortisation	(4,592)	-8.9%	(4,151)	-6.6%	(18,266)	-7.2%	(16,869)	-6.4%
Capital gains/(losses) on disposals of non-current assets	9	0.0%	111	0.2%	251	0.1%	237	0.1%
Write-downs/write-backs of non-current assets	(189)	-0.4%	0	0.0%	(189)	-0.1%	0	0.0%
OPERATING PROFIT (EBIT)								
	1,864	3.6%	5,931	9.5%	21,888	8.6%	37,508	14.2%
Financial income	140	0.3%	48	0.1%	1,883	0.7%	750	0.3%
Financial expenses	(643)	-1.3%	(388)	-0.6%	(1,835)	-0.7%	(1,179)	-0.4%
Net income (expenses) from hyperinflation	(548)	-1.1%	0	0.0%	(8,212)	-3.2%	0	0.0%
Exchange rate gains and losses	(1,625)	-3.2%	(6,132)	-9.8%	(455)	-0.2%	(7,399)	-2.8%
Profits and losses from equity investments	0	0.0%	38	0.1%	(48)	0.0%	0	0.0%
PROFIT BEFORE TAXES								
	(812)	-1.6%	(503)	-0.8%	13,221	5.2%	29,680	11.3%
Income taxes	3,389	6.6%	1,129	1.8%	2,452	1.0%	(4,997)	-1.9%
NET PROFIT FOR THE PERIOD								
	2,577	5.0%	626	1.0%	15,673	6.2%	24,683	9.4%
of which:								
Profit attributable to minority interests	0	0.0%	(14)	0.0%	0	0.0%	780	0.3%
PROFIT ATTRIBUTABLE TO THE GROUP	2,577	5.0%	640	1.0%	15,673	6.2%	23,903	9.1%

Consolidated statement of comprehensive income

(€/000)	Q4 2022	Q4 2021	12M 2022	12M 2021
NET PROFIT FOR THE PERIOD	2,577	626	15,673	24,683
<i>Total profits/losses that will not be subsequently restated under profit (loss) for the period:</i>				
Actuarial evaluation of post-employment benefit	254	26	254	26
Tax effect	(61)	(6)	(61)	(6)
	193	20	193	20
<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	(6,373)	(11,344)	(8,660)	(14,552)
Hedge accounting for derivative financial instruments	254	(49)	151	(398)
Total other profits/(losses) net of taxes for the year	(5,926)	(11,373)	(8,316)	(14,930)
TOTAL PROFIT	(3,349)	(10,747)	7,357	9,753
of which				
Net profit for the period attributable to minority interests	0	(14)	0	780
<i>Total profits/losses that will not be subsequently restated under profit (loss) for the period</i>				
	0	12	0	0
Total profit attributable to minority interests	0	(2)	0	780
TOTAL PROFIT ATTRIBUTABLE TO THE GROUP	(3,349)	(10,745)	7,357	8,973

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							1,134		1,134		1,134
Treasury share transactions				682			(875)		(193)		(193)
Change in the scope of consolidation							784		784	(911)	(127)
Monetary revaluation - hyperinflation (IAS 29)							21,452		21,452		21,452
Other changes							(11)		(11)		(11)
Total profit at 31 December 2022					(8,660)	193	151	15,673	7,357		7,357
Balance at 31 December 2022	11,533	10,002	2,307	(3,221)	(54,715)	(328)	175,441	15,673	156,692	0	156,692

Consolidated statement of cash flows

(€/000)	Q4 2022	Q4 2021	12M 2022	12M 2021
Cash and cash equivalents at beginning of period	34,516	15,313	43,649	13,318
Net profit/(loss) for the period	2,577	626	15,673	24,683
Adjustments for:				
- Depreciation and amortisation for the period	4,592	4,151	18,266	16,869
- Realised gains/losses	(9)	(111)	(251)	(237)
- Write-downs/write-backs of non-current assets	189	-	189	-
Monetary revaluation IAS 29	1,529	-	5,447	-
- Financial income and expenses	(1,563)	340	(1,749)	429
- Profits and losses from equity investments	-	(38)	48	-
- IFRS 2 measurement stock grant plan	(3)	355	1,134	805
- Income tax	(3,167)	(1,129)	(2,230)	4,997
Payment of post-employment benefit provision	(419)	(68)	(197)	(85)
Change in risk provisions	(289)	450	(860)	(99)
<i>Change in trade receivables</i>	<i>7,101</i>	<i>7,648</i>	<i>10,253</i>	<i>(4,604)</i>
<i>Change in inventories</i>	<i>6,203</i>	<i>(749)</i>	<i>3,890</i>	<i>(24,929)</i>
<i>Change in trade payables</i>	<i>(6,158)</i>	<i>5,733</i>	<i>(17,157)</i>	<i>13,064</i>
Change in net working capital	7,146	12,632	(3,014)	(16,469)
Change in other receivables and payables, deferred taxes	1,317	(1,899)	1,376	(1,515)
Payment of taxes	(691)	(1,360)	(7,733)	(5,296)
Payment of financial expenses	(663)	(544)	(2,063)	(1,167)
Collection of financial income	54	24	212	301
Cash flows from operations	10,600	13,429	24,248	23,216
Net investments	(4,753)	(4,251)	(20,856)	(23,752)
Repayment of loans	(14,238)	(30,875)	(37,955)	(47,381)
New loans	3,604	60,042	29,236	94,726
Change in financial assets	(22)	100	385	60
Purchase/sale of treasury shares	(88)	-	(1,862)	-
Payment of dividends	-	-	(6,690)	(6,172)
Cash flows from financing activities	(10,744)	29,267	(16,886)	41,233
A.R.C. acquisition	-	(1,650)	-	(1,650)
C.M.I. acquisition	-	(4,743)	-	(4,743)
P.G.A. acquisition	(4,948)	-	(4,948)	-
ARC Handan consolidation/deconsolidation	-	97	(97)	97
Foreign exchange differences	(3,748)	(3,813)	(4,187)	(4,070)
Net cash flows for the period	(13,593)	28,336	(22,726)	30,331
Cash and cash equivalents at end of period	20,923	43,649	20,923	43,649

Total financial debt

<i>(€/000)</i>	31/12/2022	30/09/2022	31/12/2021
A. Cash	20,832	33,870	43,217
B. Cash and cash equivalents	91	646	432
C. Other current financial assets	2,497	2,342	1,172
D. Liquidity (A+B+C)	23,420	36,858	44,821
E. Current financial payable	6,805	7,033	5,551
F. Current portion of non-current debt	21,352	22,633	20,373
G. Current financial debt (E+F)	28,157	29,666	25,924
H. Net current financial debt (G-D)	4,737	(7,192)	(18,897)
I. Non-current financial payable	49,944	56,312	56,855
J. Debt instruments	29,685	29,676	29,649
K. Trade payables and other non-current payables	-	-	-
L. Non-current financial debt (I+J+K)	79,629	85,988	86,504
M. Total financial debt (H+L)	84,366	78,796	67,607

Explanatory notes

Accounting standards and scope of consolidation

The Interim Management Statement of the Sabaf Group at 31 December 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 report does not contain the information required in accordance with 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 31 December 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, C.M.I., C.G.D., Sabaf Mexico Appliance Components and the companies of the P.G.A. Group (P.G.A. and PGA2.0), which were acquired during the current quarter, were consolidated on a line-by-line basis;

- at 31 December 2022, the financial data of the P.G.A. Group and the results of operations only for the period for which the Sabaf Group held control (3 October - 31 December 2022) were consolidated;
- compared to 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 31 December 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 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 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 31/12/2022	Change
TURKSTAT	686.95	1,128.45	+64.27%

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 2022, the application of IAS 29 resulted in the recognition of a net financial expense (before tax) of €8,212 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 (€/000)	31/12/2022	Hyperinflation effect	31/12/2022 with Hyperinflation effect
Total non-current assets	145,803	25,510	171,313
Total current assets	156,772	1,416	158,188
Available-for-sale non-current assets	526	-	526
Total Assets	303,101	26,926	330,027
Total shareholders' equity	130,273	26,419	156,692
Total non-current liabilities	89,250	507	89,757
Total current liabilities	83,578	-	83,578
Total liabilities and shareholders' equity	303,101	26,926	330,027

Consolidated income statement (€/000)	12M 2022	Hyperinflation effect	12m 2022 with Hyperinflation effect
Operating revenue and income	262,092	1,149	263,241
Operating costs	(226,469)	3,320	(223,149)
Operating profit before depreciation & amortisation, capital gains/losses and write-downs/write-backs of non-current assets (EBITDA)	35,623	4,469	40,092
EBIT	19,049	2,839	21,888
Result before taxes	18,779	(5,558)	13,221
Income taxes	2,341	111	2,452
Profit for the year	21,120	(5,447)	15,673

P.G.A. s.r.l. acquisition - Information related to IFRS 3

At 3 October 2022, the P.G.A. Group, which has been active for more than 25 years in the field of design and assembly of electronic control boards for the household appliances sector and the design and prototyping of innovative solutions based on interconnection and the Internet of Things (IoT), was consolidated. The allocation of the price paid for the acquisition of the P.G.A. Group on the net assets acquired (Purchase Price Allocation) was completed during 2022. Specifically, in accordance with IFRS 3 revised, the fair value of assets, liabilities and contingent liabilities was recognised at the acquisition date, the effects of which are shown in the table below:

	Original values at 03/10/2022	Purchase Price Allocation	Fair value of assets and liabilities acquired
Assets			
Property, plant and equipment and intangible assets	3,808	4,541	8,349
Inventories	2,909	(150)	2,759
Trade receivables	1,433	-	1,433
Other receivables	773	848	1,621
Cash and cash equivalents	1,378	-	1,378
Total Assets	10,301	5,239	15,540
Liabilities			
Post-employment benefit provision	(643)	-	(643)
Provisions for risks and charges	-	(165)	(165)
Deferred tax liabilities	(18)	(1,290)	(1,308)
Financial payables	(2,350)	-	(2,350)
Trade payables	(1,964)	-	(1,964)
Other payables	(1,194)	(616)	(1,810)
Total liabilities	(6,169)	(2,071)	(8,240)
Value of net assets acquired (a)	4,132	3,168	7,300
Total cost of acquisition (b)	8,427		8,427
Goodwill deriving from acquisition (c = b-a)	4,295		1,127
Price adjustments (d)	433		
Acquired cash and cash equivalents (e)	1,378		
Sale of treasury shares in exchange (f)	1,668		
Net cash outlay (b-d-e-f)	4,948		

Sales breakdown by geographical area (Euro x 1000)

<i>(€/000)</i>	Q4 2022	Q4 2021	% change	12m 2022	12m 2021	% change
Europe (excluding Turkey)	18,995	21,720	-12.5%	87,282	92,935	-6.1%
Turkey	15,226	16,197	-6.0%	66,845	65,526	+2.0%
North America	7,070	7,338	-3.7%	39,800	30,472	+30.6%
South America	4,266	9,137	-53.3%	28,503	39,589	-28.0%
Africa and Middle East	3,689	4,508	-18.2%	19,098	19,614	-2.6%
Asia and Oceania	2,184	3,587	-39.1%	11,525	15,123	-23.8%
Total	51,430	62,487	-17.7%	253,053	263,259	-3.9%

Sales breakdown by product category (Euro x 1000)

<i>(€/000)</i>	Q4 2022	Q4 2021	% change	12m 2022	12m 2021	% change
Gas parts	31,670	41,454	-23.6%	158,340	182,468	-13.2%
Hinges	12,876	15,373	-16.2%	68,627	58,375	+17.6%
Electronic components	6,884	5,660	+21.6%	26,086	22,416	+16.4%
Total	51,430	62,487	-17.7%	253,053	263,259	-3.9%

Management Statement

Results of operations

In the fourth quarter of 2022, the Sabaf Group recognised revenue of €51.4 million, a decrease of 17.7% compared to €62.5 million in the corresponding period of the previous year (-22.1% on like-for-like basis). As was already the case in the third quarter, the reference market showed a marked slowdown in demand, and the consequent destocking along the entire chain (running out towards the end of the year) accentuated the drop in sales.

EBITDA for the fourth quarter of 2022 was €6.6 million, or 12.9% of sales (€10 million in the fourth quarter of 2021, 16% of sales). EBIT was €1.9 million (3.6% of turnover), compared to €9.9 million (16.6% of sales) recorded in the same quarter of 2021. In the fourth quarter, the Group recognised positive income taxes of €3.4 million, mainly due to the recognition of deferred taxation on the revaluation of property, plant and equipment of the Turkish companies. Net profit for the period was €2.6 million (€0.6 million in the fourth quarter of 2021).

In the whole of 2022, sales revenue totalled €253.1 million, down 3.9% (-4.9% on a like-for-like basis) compared to €263.3 million in 2021, year which represented the historical record for the company and for the market. EBITDA was €40.1 million (15.8% of turnover), down 25.9% from €54.1 million in 2021 (20.6% of turnover), and EBIT was €21.9 million (8.6% of turnover) compared to €37.5 million in 2021. Net profit was €15.7 million (6.2% of sales) compared to €23.9 million in 2021.

Investments, working capital and financial debt

In 2022, in line with the Business Plan, the Group invested €20.9 million (€23.8 million in 2021). During the period, key investments were made:

- in Turkey, where an integrated production line of hinges for dishwashers was started;
- in India, where the production of gas components (valves and burners) was started;
- in Mexico, where works on the construction of the plant in San Luis de Potosi continued.

Investments in the fourth quarter of 2022 amounted to €4.8 million (€4.3 million in the fourth quarter of 2021).

On 3 October 2022, Sabaf S.p.A. completed the acquisition of 100% of P.G.A. S.r.l., 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, for an Enterprise Value of €9.76 million.

At 31 December 2022, the impact of the net working capital on revenue was 31.4% compared to 31.7% at 30 September 2022 and 26.1% at 31 December 2021. In absolute terms, net working capital¹ amounted to €79.3 million compared to €85.3 million at 30 September 2022 and € 68.6 million at 31 December 2021.

In 2022, the Group generated a positive free cash flow² of €3.4 million (€ -0.5 million in 2021).

At 31 December 2022, net financial debt, including the acquisition of P.G.A., was €84.4 million (€78.8 million at 30 September 2022 and €67.6 million at 31 December 2021), against a shareholders' equity of €156.7 million.

Significant non-recurring, atypical and/or unusual transactions

During the fourth 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.

Outlook

The first weeks of 2023 show an improving trend in sales and orders. The destocking that characterised the second half of 2022 now is over, although sales in the first half of the year will remain lower than the record levels of early 2022. The Group expects a recovery of profitability made possible by the recovery of production volumes, lower energy and raw material prices, and actions taken to contain energy consumption.

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

² Free cash flow is the difference between Cash flows from operations and Net Investments

Initiatives for product diversification and internationalisation are advancing according to the plans. These will contribute to improving economic performance and ensuring the sustainable growth of the Group in the medium and long term,. Specifically:

- efforts were further intensified in the development of induction cooking components (the first deliveries are forthcoming);
- the technical and commercial integration of P.G.A. continues with the aim of strengthening its presence in the smart appliances and IoT sector for household appliances;
- the ramp-up of the production of gas components in India continues;
- construction of the plant in Mexico is nearing completion, where production of burners, highly anticipated by the North American market, will begin;
- works for the production of a 2 MW photovoltaic plant are about to start at the Ospitaletto factory which will be able to cover a significant portion of the facility's energy needs.

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

The Financial Reporting Officer, Gianluca Beschi, declares that, pursuant to paragraph 2, Article 154-bis of Legislative Decree 58/1998 (TUF, Consolidated Finance Act), the accounting information contained in the Interim Management Statement at 31 December 2022 of Sabaf S.p.A. corresponds to the Company's records, books and accounting entries.

Ospitaletto (BS), 14 February 2023

Financial Reporting Officer
Gianluca Beschi