



SABAF[®]

**INTERIM MANAGEMENT
STATEMENT**

AT 31 MARCH 2023

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. (Sabaf Brazil)	Brazil	100%
Sabaf Beyaz Esya Parcalari Sanayi Ve Ticaret Limited Sirteki (Sabaf Turkey)	Turkey	100%
Sabaf Appliance Components (Kunshan) Co., Ltd. (Sabaf China)	China	100%
Okida Elektronik Sanayi ve Ticaret A.S	Turkey	100%
Sabaf US Corp. (Sabaf US)	U.S.A.	100%
A.R.C. s.r.l.	Italy	100%
Sabaf India Private Limited (Sabaf India)	India	100%
Sabaf Mexico Appliance Components S.A. de c.v. (Sabaf Mexico)	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

31/03/2023 31/12/2022 31/03/2022

(€/000)

ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	102,855	99,605	86,078
Investment property	898	983	2,194
Intangible assets	55,717	54,168	34,897
Equity investments	97	97	83
Non-current receivables	2,901	2,752	1,037
Deferred tax assets	13,223	13,145	8,125
Total non-current assets	175,691	170,750	132,414
CURRENT ASSETS			
Inventories	65,826	64,426	70,395
Trade receivables	62,799	59,159	78,780
Tax receivables	7,166	8,214	6,926
Other current receivables	3,546	2,910	4,396
Financial assets	2,531	2,497	999
Cash and cash equivalents	21,865	20,923	30,849
Total current assets	163,733	158,129	192,345
ASSETS HELD FOR SALE	526	526	0
TOTAL ASSETS	339,950	329,405	324,759
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	11,533	11,533	11,533
Retained earnings, Other reserves	148,901	129,380	112,476
Net profit/(loss) for the period	(791)	15,249	7,454
<i>Total equity interest pertaining to the Parent Company</i>	<i>159,643</i>	<i>156,162</i>	<i>131,463</i>
<i>Minority interests</i>	<i>-</i>	<i>-</i>	<i>-</i>
Total shareholders' equity	159,643	156,162	131,463
NON-CURRENT LIABILITIES			
Loans	81,016	78,336	85,005
Post-employment benefit and retirement provisions	3,810	3,661	3,510
Provisions for risks and charges	453	639	851
Deferred tax liabilities	5,215	5,828	3,816
Total non-current liabilities	90,494	88,464	93,182
CURRENT LIABILITIES			
Loans	29,344	28,876	21,467
Other financial liabilities	388	574	830
Trade payables	43,932	39,628	58,765
Tax payables	2,823	2,545	6,559
Other payables	13,326	13,156	12,493
Total current liabilities	89,813	84,779	100,114
LIABILITIES HELD FOR SALE	0	0	0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	339,950	329,405	324,759

Consolidated Income Statement

	Q1 2023		Q1 2022		12M 2022	
(€/000)						
INCOME STATEMENT COMPONENTS						
OPERATING REVENUE AND INCOME						
Revenue	58,063	100.0%	70,852	100.0%	253,053	100.0%
Other income	2,348	4.0%	2,585	3.6%	10,188	4.0%
Total operating revenue and income	60,411	104.0%	73,437	103.6%	263,241	104.0%
OPERATING COSTS						
Materials	(31,066)	-53.5%	(39,336)	-55.5%	(124,331)	-49.1%
Change in inventories	1,350	2.3%	5,943	8.4%	(513)	-0.2%
Services	(11,220)	-19.3%	(14,035)	-19.8%	(50,180)	-19.8%
Personnel costs	(13,170)	-22.7%	(13,462)	-19.0%	(49,926)	-19.7%
Other operating costs	(542)	-0.9%	(444)	-0.6%	(1,631)	-0.6%
Costs for capitalised in-house work	766	1.3%	921	1.3%	3,432	1.4%
Total operating costs	(53,882)	-92.8%	(60,413)	-85.3%	(223,149)	-88.2%
OPERATING PROFIT BEFORE DEPRECIATION & AMORTISATION, CAPITAL GAINS/LOSSES AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)						
	6,529	11.2%	13,024	18.4%	40,092	15.8%
Depreciations and amortisation	(5,032)	-8.7%	(4,068)	-5.7%	(18,267)	-7.2%
Capital gains/(losses) on disposals of non-current assets	-	0.0%	129	0.2%	251	0.1%
Value adjustments of non-current assets	-	0.0%	-	0.0%	(189)	-0.1%
OPERATING PROFIT (EBIT)						
	1,497	2.6%	9,085	12.8%	21,887	8.6%
Financial income	90	0.2%	529	0.7%	1,917	0.8%
Financial expenses	(786)	-1.4%	(291)	-0.4%	(2,009)	-0.8%
Net income/(expenses) from hyperinflation	(1,407)	-2.4%	-	0.0%	(9,023)	-3.6%
Exchange rate gains and losses	(531)	-0.9%	(126)	-0.2%	(515)	-0.2%
Profits and losses from equity investments	-	0.0%	(48)	-0.1%	(48)	0.0%
PROFIT BEFORE TAXES						
	(1,137)	-2.0%	9,149	12.9%	12,209	4.8%
Income taxes	346	0.6%	(1,695)	-2.4%	3,040	1.2%
NET PROFIT/(LOSS) FOR THE PERIOD						
	(791)	-1.4%	7,454	10.5%	15,249	6.0%

Consolidated statement of comprehensive income

<i>(€/000)</i>	Q1 2023	Q1 2022	12M 2022
NET PROFIT/(LOSS) FOR THE PERIOD	(791)	7,454	15,249
<i>Total profits/losses that will not be subsequently restated under profit (loss) for the period:</i>			
Actuarial evaluation of post-employment benefit	-	-	254
Tax effect	-	-	(61)
	0	0	193
<i>Total profits/losses that will be subsequently reclassified under profit (loss) for the period:</i>			
Forex differences due to translation of financial statements in foreign currencies	(2,338)	1,424	(8,660)
Hedge accounting for derivative financial instruments	19	(20)	151
Total other profits/(losses) net of taxes for the year	(2,319)	1,404	(8,316)
TOTAL NET PROFIT	(3,110)	8,858	6,933

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 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)	0		0
- dividends								(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)							21,346		21,346		21,346
Other changes							(11)		(11)		(11)
Total profit at 31 December 2022					(8,660)	193	151	15,249	6,933		6,933
Balance at 31 December 2022	11,533	10,002	2,307	(3,221)	(54,715)	(328)	175,335	15,249	156,162	0	156,162
Allocation of 2022 profit											
- carried forward							15,249	(15,249)	0		0
IFRS 2 measurement stock grant plan							(14)		(14)		(14)
Treasury share transactions				(445)					(445)		(445)
Monetary revaluation - hyperinflation (IAS 29)							7,054		7,054		7,054
Other changes							(4)		(4)		(4)
Total profit at 31 March 2023					(2,338)		19	(791)	(3,110)		(3,110)
Balance at 31 March 2023	11,533	10,002	2,307	(3,666)	(57,053)	(328)	197,639	(791)	159,643		159,643

Consolidated statement of cash flows

<i>(€/000)</i>	Q1 2023	Q1 2022	12M 2022
<i>Cash and cash equivalents at beginning of period</i>	20,923	43,649	43,649
Net profit/(loss) for the period	(791)	7,454	15,249
Adjustments for:			
- Depreciations and amortisation	5,032	4,068	18,267
- Write-downs of non-current assets	-	-	189
- Realised gains/losses	-	(129)	(251)
- Valuation of the stock grant plan	(14)	312	1,134
- Profits and losses from equity investments	-	49	48
- Monetary revaluation IAS 29	1,769	-	6,077
- Net financial income and expenses	581	(238)	(1,783)
- Income tax	(346)	1,695	(2,472)
Change in post-employment benefit	149	102	(197)
Change in risk provisions	(186)	17	(860)
<i>Change in trade receivables</i>	<i>(3,640)</i>	<i>(10,742)</i>	<i>10,312</i>
<i>Change in inventories</i>	<i>(949)</i>	<i>(6,254)</i>	<i>3,890</i>
<i>Change in trade payables</i>	<i>4,304</i>	<i>3,945</i>	<i>(17,156)</i>
Change in net working capital	(285)	(13,051)	(2,954)
Change in other receivables and payables, deferred taxes	421	(2,123)	1,430
Payment of taxes	(127)	(713)	(7,733)
Payment of financial expenses	(690)	(304)	(2,097)
Collection of financial income	90	30	246
Cash flows from operations	5,603	(2,831)	24,293
Net investments	(5,426)	(5,812)	(20,856)
Free cash flow	177	(8,643)	3,437
Repayment of loans	(5,260)	(5,843)	(37,955)
Raising of loans	7,610	295	29,236
Change in financial assets	(90)	672	385
Purchase/sale of treasury shares	(445)	-	(1,862)
Payment of dividends	0	-	(6,690)
Cash flow absorbed by financing activities	1,815	(4,876)	(16,886)
P.G.A. acquisition	-	-	(4,948)
ARC Handan consolidation/deconsolidation	-	(97)	(97)
Foreign exchange differences	(1,050)	816	(4,232)
Net cash flows for the year	942	(12,800)	(22,726)
<i>Cash and cash equivalents at beginning of year</i>	21,865	30,849	20,923

Total financial debt

<i>(€/000)</i>	31/03/2023	31/12/2022	31/03/2022
A. Cash	21,865	20,832	30,429
B. Cash and cash equivalents	-	91	420
C. Other current financial assets	2,531	2,497	999
D. Liquidity (A+B+C)	24,396	23,420	31,848
E. Current financial payable	6,638	8,098	2,199
F. Current portion of non-current debt	23,094	21,352	20,098
G. Current financial debt (E+F)	29,732	29,450	22,297
H. Net current financial debt (G-D)	5,336	6,030	(9,551)
I. Non-current financial payable	51,323	48,651	55,324
J. Debt instruments	29,693	29,685	29,681
K. Trade payables and other non-current payables	-	-	-
L. Non-current financial debt (I+J+K)	81,016	78,336	85,005
M. Total financial debt (H+L)	86,352	84,366	75,454

Explanatory notes

Accounting standards and scope of consolidation

The Interim Management Statement of the Sabaf Group at 31 March 2023 is prepared in compliance with the Stock Exchange (Borsa) Regulation that establishes, among the requirements for maintaining the listing on the STAR segment of the MTA, the publication of interim management reports.

This 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 2022, which should be consulted for reference. All the amounts contained in the statements included in this Interim Management Statement are expressed in thousands of euro.

We also draw attention to the following points:

- The Interim Management Statement was prepared according to the “discrete method of accounting” whereby the quarter in question is treated as a separate financial period. In this respect, the quarterly income statement reflects the income statement components pertaining to the period on an accrual basis;
- the financial statements used in the consolidation process are those prepared by the subsidiaries for the period ended 31 March 2023, 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. and Sabaf Mexico and the companies of the P.G.A. Group (P.G.A. and PGA2.0) were consolidated on a line-by-line basis;

The Interim Management Statement at 31 March 2023 has not been independently audited.

Hyperinflation – Turkey: application of IAS 29

In the Interim Management Statement at 31 March 2023, IAS 29 was applied with reference to the subsidiaries Sabaf Turkey and Okida. The effect related to the re-measurement of non-monetary assets and liabilities, equity items and income statement items in the first quarter of 2023 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.

The cumulative levels of general consumer price indices are shown below:

Consumer price index	Value at 31/12/2022	Value at 31/03/2023	Change
TURKSTAT	1,128.45	1,269.75	+12.52%
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%

Effects of the application of the hyperinflation on the Consolidated Statement of Financial Position

<i>(€/000)</i>	31/03/2023	Hyperinflation effect	31/03/2023 with Hyperinflation effect
Total non-current assets	147,530	28,161	175,691
Total current assets	161,866	1,867	163,733
Available-for-sale non-current assets	526	-	526
Total Assets	309,922	30,028	339,950
Total shareholders' equity	129,699	29,944	159,643
Total non-current liabilities	90,410	84	90,494
Total current liabilities	89,813	-	89,813
Total liabilities and shareholders' equity	309,922	30,028	339,950

Effects of the application of the hyperinflation on the Consolidated Income Statement

<i>(€/000)</i>	3M 2023	Hyperinflation effect	3M 2023 with Hyperinflation effect
Operating revenue and income	60,498	(87)	60,411
Operating costs	(53,718)	(164)	(53,882)
EBITDA	6,780	(251)	6,529
(EBIT)	2,395	(898)	1,497
Result before taxes	1,164	(2,301)	(1,137)
Income taxes	(186)	532	346
Net profit for the year	978	(1,769)	(791)

Sales breakdown by geographical area (Euro x 1000)

<i>(€/000)</i>	Q1 2023	%	Q4 2022	%	% change	Q1 2022	%	% change
Europe (excluding Turkey)	19,746	34.0%	18,994	36.9%	+4.0%	26,467	37.4%	-25.4%
Turkey	16,861	29.0%	15,226	29.6%	+10.7%	17,747	25.0%	-5.0%
North America	7,715	13.3%	7,070	13.7%	+9.1%	10,145	14.3%	-24.0%
South America	6,729	11.6%	4,266	8.3%	+57.7%	8,743	12.3%	-23.0%
Africa and Middle East	5,318	9.2%	3,689	7.2%	+44.2%	5,086	7.2%	+4.6%
Asia and Oceania	1,694	2.9%	2,184	4.2%	-22.4%	2,664	3.8%	-36.4%
Total	58,063	100%	51,430	100%	+12.9%	70,852	100%	-18.1%

Sales breakdown by product category (Euro x 1000)

<i>(€/000)</i>	Q1 2023	%	Q4 2022	%	% change	Q1 2022	%	% change
Gas parts	36,160	62.3%	31,670	61.6%	+14.2%	45,032	63.6%	-19.7%
Hinges	15,305	26.4%	12,876	25.0%	+18.9%	19,496	27.5%	-21.5%
Electronic components	6,598	11.4%	6,884	13.4%	-4.2%	6,324	8.9%	+4.3%
Total	58,063	100%	51,430	100%	+12.9%	70,852	100%	-18.1%

Management Statement

Consolidated economic results

(€/000)	Q1 2023	%	Q4 2022	%	Δ%	Q1 2022	%	Δ%
Sales revenue	58,063	100%	51,430	100%	+12.9%	70,852	100%	-18.1%
EBITDA	6,529	11.2%	6,636	12.9%	-1.6%	13,024	18.4%	-49.9%
Start-up costs	354		274			56		
Hyperinflation – Turkey	251		(802)			-		
Normalised EBITDA	7,134	12.3%	6,108	11.9%	+16.8%	13,080	18.5%	-45.5%
EBIT	1,497	2.6%	1,864	3.6%	-19.7%	9,085	12.8%	-83.5%
Start-up costs	483		321			79		
Hyperinflation – Turkey	898		(488)			-		
Normalised EBIT	2,878	5.0%	1,697	3.3%	+69.6%	9,164	12.9%	-68.6%
Net result	(791)	-1.4%	2,153	4.2%	n/a	7,454	10.5%	n/a
Start-up costs	438		294			73		
Hyperinflation – Turkey	1,769		2,159			-		
Normalised net result	1,416	2.4%	4,606	9.0%	-69.3%	7,527	10.6%	-81.2%

In the first quarter of 2023, the Sabaf Group achieved sales revenue of €58.1 million, up 12.9% compared to €51.4 million in the fourth quarter of 2022 (-18.1% compared to €70.9 million in the first quarter of 2022; -19.9% on a like-for-like basis).

The global market for household appliances continues to experience the economic weakness of the second half of 2022. Against this backdrop, the Sabaf Group sales of the quarter show a clear upward trend compared to the figure at the end of 2022, also due to the gradual reduction of destocking along the sector's supply chain.

Normalised EBITDA for the first quarter of 2023 was €7.1 million, 12.3% of sales and up by 16.8% compared to the figure of €6.1 million (11.9%) in the fourth quarter of 2022 (€13.1 million in the first quarter of 2022, 18.5%). The Group partially benefited from lower energy and raw material costs compared to the previous quarter, but the still significantly lower than normal activity levels did not allow a return to normal profitability levels.

Normalised EBIT was €2.9 million (4.9%), up 69.6% compared to €1.7 million (3.3%) in the fourth quarter of 2022 (€9.2 million in the first quarter of 2022, 12.9%).

Normalised net profit for the period was €1.4 million (€4.6 million in the fourth quarter of 2022 and €7.5 million in the first quarter of 2022).

Consolidated statement of financial position

<i>(€/000)</i>	31/03/2023	31/12/2022	31/03/2022
<i>Non-current assets</i>	<i>176,217</i>	<i>171,276</i>	<i>132,414</i>
Short-term assets ¹	139,337	134,709	160,497
Short-term liabilities ²	(60,081)	(55,329)	(77,817)
<i>Working capital</i> ³	<i>79,256</i>	<i>79,380</i>	<i>82,680</i>
<i>Provisions for risks and charges, post-employment benefits, deferred taxes</i>	<i>(9,478)</i>	<i>(10,128)</i>	<i>(8,177)</i>
Net invested capital	245,995	240,528	206,917
Short-term net financial position	5,336	6,030	(9,551)
Medium/long-term net financial position	81,016	78,336	85,005
Net financial debt	86,352	84,366	75,454
Shareholders' equity	159,643	156,162	131,463

At 31 March 2023, net working capital⁴ was €79.3 million, unchanged from the end of 2022, despite a 12.9% growth in turnover in the quarter, and €3.3 million lower than at 31 March 2022.

Net investments for the quarter came to €5.4 million (€5.8 million in the first quarter of 2022 and €20.9 million for the whole of 2022), with the largest share going to the start-up of the Mexican plant scheduled for June next year.

At 31 March 2023, net financial debt was €86.4 million, of which €2.6 million related to financial liabilities recognised in accordance with IFRS 16 (€84.4 million at 31 December 2022 and €75.5 million at 31 March 2022), against a shareholders' equity of €159.6 million.

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

Significant non-recurring, atypical and/or unusual transactions

During the first quarter of 2023, 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

Despite a weak market environment, a more favourable trend of sales and orders is expected in the second quarter of 2023.

The second half of the year will also be characterised by the contributions deriving from the start of the first sales of induction cooking components and from the production of the new plants in India and in Mexico.

The Group expects, along with the stabilization of sales volumes, a recovery in profitability as a result of the lower energy and raw material prices and efficiency measures on operating costs.

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

The Financial Reporting Officer, Gianluca Beschi, declares that, pursuant to paragraph 2, Article 154-bis of Legislative Decree 58/1998 (Consolidated Finance Act), the accounting information contained in the Interim Management Statement at 31 March 2023 of Sabaf S.p.A. corresponds to the Company's records, books and accounting entries.

Ospitaletto (BS), 11 May 2023

Financial Reporting Officer

Gianluca Beschi