HALF-YEARLY REPORT

AT 30 JUNE 2023

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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 at 30 June 2023:	€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. (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. (Okida)	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 (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%
Sabaf America Inc.	U.S.A.	100%

Corporate bodies

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

INTERIM MANAGEMENT STATEMENT

Introduction

This Half-Yearly Report at 30 June 2023 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 2023 and 30 June 2022 and for the six-month period ended on the same dates were audited by EY S.p.A., the financial figures at 31 December 2022, 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 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 have already been presented, while production and sales will begin in the second half of 2023.

The Sabaf Group currently has thirteen production plants: Ospitaletto (Brescia), Bareggio (Milan), Campodarsego (Padua), Crespellano (Bologna - two plants), Fabriano (Ancona), Jundiaì (Brazil), Manisa (Turkey – two plants), Istanbul (Turkey), Kunshan (China), Myszkow (Poland) and Hosur (India), where production started in June 2022. Production is also starting up in San Luis Potosi (Mexico).

Economic performance - Financial highlights (€/000)

The economic results for the first half of 2023 and the second quarter of 2023 are presented below normalised, i.e. adjusted for the effects of:

- application of IAS 29 - the hyperinflation accounting standard - with reference to the financial statements of the subsidiaries Sabaf Turkey and Okida: the results were presented without considering the effect of the re-measurement of non-monetary assets and liabilities, equity items and income statement components in accordance with IAS 29;
- start-up costs: the results have been restated to exclude the costs incurred by the Sabaf Group for the start-up of the Indian plant, the Mexican plant and the entry into induction cooking.

This representation allows a better understanding of the Group's performance and a more accurate comparison with previous periods.

First half of 2023

Half-year results	**Sequential**			**YoY**			**12M 2022**
	H1 2023	**H2 2022**	**Δ%**	**H1 2023**	**H1 2022**	**Δ%**	
Sales revenue	108,962	107,369		108,962	145,684		253,053
Hyperinflation – Turkey	5,983	376		5,983	(1,467)		(1,091)
Normalised revenue	**114,945**	**107,745**	***+6.7%***	**114,945**	**144,217**	***-20.3%***	**251,962**
EBITDA	11,414	13,206		11,414	26,886		40,092
EBITDA %	*10.5*	*12.3*		*10.5*	*18.5*		*15.8*
Start-up costs	1,154	438		1,154	266		704
Hyperinflation – Turkey	3,029	(2,348)		3,029	(2,121)		(4,469)
Normalised EBITDA	***15,597***	**11,296**	***+38.1%***	***15,597***	**25,031**	***-37.7%***	**36,327**
Normalised EBITDA %	***13.6***	***10.5***		***13.6***	***17.4***		***14.4***
EBIT	1,855	3,842		1,855	18,045		21,887
EBIT %	*1.7*	*3.6*		*1.7*	*12.4*		*8.6*
Start-up costs	1,466	509		1,466	311		820
Hyperinflation – Turkey	3,795	(1,527)		3,795	(1,311)		(2,838)
Normalised EBIT	***7,116***	**2,824**	***+152%***	***7,116***	**17,045**	***-58.3%***	**19,869**
Normalised EBIT %	**6.2**	**2.6**		**6.2**	**11.8**		**7.9**
Net result	(1,422)	2,241		(1,422)	13,008		15,249
Net result %	*-1.3*	*2.1*		*-1.3*	*8.9*		*6.0*
Start-up costs	1,373	457		1,373	298		756
Hyperinflation – Turkey	3,286	4,624		3,286	1,453		6,077
Normalised result	**3,237**	**7,322**	***-55.8%***	**3,237**	**14,759**	***-78.1%***	**22,082**
Normalised result %	***2.8***	***6.8***		***2.8***	***10.2***		***8.8***

The global market for household appliances continues to experience the economic weakness that has been evident since the second half of 2022. Sales in the first half of 2023 still show a recovery compared to the figure at the end of 2022, also due to the gradual reduction of destocking.

In the first half of 2023, the Sabaf Group achieved normalised sales revenue of €114.9 million, up 6.7% compared to €107.7 million in the second half of 2022 (-20.3% compared to €144.2 million in the first half of 2022; -22.8% on a like-for-like basis).

Normalised EBITDA for the first half of 2023 was €15.6 million, or 13.6% of sales and up by 38.1% compared to the figure of €11.3 million (10.5%) in the second half of 2022 (€25 million in the first half of 2022, 17.4%). The result benefited from the measures taken to manage operations more efficiently and from lower energy and raw material costs compared to the previous half-year. However, the still lower than normal levels of activity did not allow a return to the usual levels of profitability.

Normalised EBIT was €7.1 million (6.2%), up 152% compared to €2.8 million (2.6%) in the second half of 2022 (€17 million in the first half of 2022, 11.8%).

Normalised net profit for the period was €3.2 million (€7.3 million in the second half of 2022 – when positive income taxes of €5.3 million were recognised - and €14.8 million in the first half of 2022).

Second quarter of 2023

Quarterly results	**Sequential**			**YoY**			**12M 2022**
	Q2 2023 (*)	**Q1 2023** (*)	**Δ%**	**Q2 2023** (*)	**Q2 2022** (*)	**Δ%**	
Sales revenue	50,899	58,063		50,899	74,832		253,053
Hyperinflation – Turkey	5,899	84		5,899	(1,467)		(1,091)
Normalised revenue	**56,798**	**58,147**	***-2.3%***	**56,798**	**73,365**	***-22.6%***	**251,962**
EBITDA	4,885	6,529		4,885	13,862		40,092
EBITDA %	*9.6*	*11.2*		*9.6*	*18.5*		*15.8*
Start-up costs	800	354		800	210		704
Hyperinflation – Turkey	2,778	251		2,778	(2,121)		(4,469)
Normalised EBITDA	**8,463**	**7,134**	***+18.6%***	**8,463**	**11,951**	***-29.2%***	**36,327**
Normalised EBITDA %	***14.9***	***12.3***		***14.9***	***16.3***		***14.4***
EBIT	358	1,497		358	8,960		21,887
EBIT %	*0.7*	*2.6*		*0.7*	*12.0*		*8.6*
Start-up costs	*983*	483		*983*	232		820
Hyperinflation – Turkey	2,897	898		2,897	(1,311)		(2,838)
Normalised EBIT	***4,238***	**2,878**	***+47.3%***	***4,238***	**7,881**	***-46.2%***	**19,869**
Normalised EBIT %	***7.5***	***4.9***		***7.5***	***10.7***		***7.9***
Net result	(631)	(791)		(631)	5,554		15,249
Net result %	*-1.2*	*-1.4*		*-1.2*	*7.4*		*6.0*
Start-up costs	936	438		936	225		756
Hyperinflation – Turkey	1,517	1,769		1,517	1,453		6,077
Normalised result	**1,822**	**1,416**	***+28.7%***	**1,822**	**7,232**	***-74.8%***	**22,082**
Normalised result %	***3.2***	***2.4***		***3.2***	***9.9***		***8.8***

(*) unaudited figures

In the second quarter, the Group recorded normalised sales of €56.8 million, down by 2.3% compared to the first quarter of 2023 (-22.6% compared to €73.4 million in the second quarter of 2022).

Normalised EBITDA for the second quarter was €8.5 million, or 14.9% of turnover and up by 18.6% compared to the figure of €7.1 million (12.3%) in the first quarter of 2023 (€12 million in the second quarter of 2022, 16.3%).

Normalised EBIT was €4.2 million (7.5%), up 47.3% compared to €2.9 million in the first quarter of 2023 (4.9%) (€7.9 million in the second quarter of 2022, 10.7%).

Normalised net profit for the period was €1.8 million (€1.4 million in the first quarter of 2023 and €7.2 million in the second quarter of 2022).

Balance sheet, cash flows and financial debt at 30 June 2023

(€/000)	**30/06/2023**	**31/12/2022**	**30/06/2022**
Non-current assets	*166,788*	*171,276*	*154,593*
Short-term assets[1]	124,256	134,709	173,159
Short-term liabilities[2]	(63,810)	(55,329)	(70,517)
Net working capital[3]	*60,446*	*79,380*	*102,642*
Provisions for risks and charges, Post-employment benefits, deferred taxes	*(9,087)*	*(10,128)*	*(8,982)*
Net invested capital	**218,147**	**240,528**	**248,253**
Short-term net financial position	7,757	(6,030)	(17,858)
Medium/long-term net financial position	(81,588)	(78.336)	(76.935)
Net financial debt	**(73.831)**	**(84.366)**	**(94.793)**
Shareholders' equity	**144,316**	**156,162**	**153,460**

(€/000)	**30/06/2023**	**31/12/2022**	**30/06/2022**
Cash and cash equivalents at beginning of period	**20,923**	**43,649**	**43,649**
Net profit/(loss) for the period	(1,422)	15,249	13,008
Amortisation and adjustments to cost and revenue items	13,947	20,152	12,731
Change in net working capital	10,840	(2,954)	(27,114)
Other changes from operations	974	(8,154)	(6.807)
Cash flows from operations	**24,339**	**24,293**	**(8,209)**
Cash flows from investment activities (net of disposals)	(11,127)	(20,856)	(11,018)
Free cash flow	**13,212**	**3,437**	**(19,227)**
Change in financial assets and liabilities	(6,261)	(8,334)	(4,314)
Purchase of treasury shares	(462)	(1,862)	(1,189)
Payment of dividends	-	(6,690)	(6,690)
Cash flows from financing activities	**(6,723)**	**(16,886)**	**(12,193)**
Changes in the scope of consolidation	(783)	(5,045)	(97)
Foreign exchange differences	776	(4,232)	211
Net cash flows for the period	**6,482**	**(22,726)**	**(31,306)**
Cash and cash equivalents at end of period	**27,405**	**20,923**	**12,343**

[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

In the first half of 2023, operations generated cash flows of €24.3 million, partly due to the significant reduction in working capital.

Net investments for the half-year came to €11.1 million (11 million in the first half of 2022 and €20.9 million for the whole of 2022), with the largest share going to the new Mexican plant, where the production of burners was recently started.

Generated free cash flow in the first half of 2023 is positive for €13.2 million (€3.4 million in the whole of 2022 and -€19.2 million in the first half of 2022).

At 30 June 2023, net financial debt was €73.8 million, of which €3.5 million related to operating leases and €0.8 million related to financial leases, all recognised in accordance with IFRS 16 (€84.4 million at 31 December 2022 and €94.8 million at 30 June 2022), against a shareholders' equity of €144.3 million.

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 2023

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 these markets to varying degrees. The conflict led to an increase in the cost of raw materials and energy, which had a significant impact on the global economy and on the recovery of inflation, which prompted Western central banks to raise interest rates. The economic recovery that characterised the early post-pandemic period has slowed rapidly and the short to medium term outlook remains very uncertain and difficult to assess, with the possibility of a continuation of a very weak macroeconomic situation. The Group continuously monitors the macroeconomic environment and its impact on the business.

Climate change and energy transition

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. In line with its energy transition plans, the Group launched a major investment plan to enter the market for electromagnetic induction cooking components, which will complement the other cooking technologies already in the Sabaf range: gas and traditional electric.

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 2022, to which reference should be made, describes in detail these risks and the related risk management actions that are currently being implemented.

Significant events after first half of 2023

On 14 July 2023, Sabaf acquired 51% of Mansfield Engineered Components LLC ("MEC"), a US company based in Mansfield (Ohio) and the leading North American manufacturer of hinges for household appliances, designed and manufactured to meet the high quality levels and demanding standards required by the US market. The acquisition was based on an evaluation of MEC of USD 21 million (Enterprise Value). In the first half of 2023, MEC recorded revenues of USD 17.9 million.

In connection with the acquisition transaction, the Board of Directors approved a 10% share capital increase, reserved for Montinvest s.r.l., a company controlled by Fulvio Montipò, for a total consideration of € 17.3 million, executed on 20 July 2023.

Outlook for the current year

For the second half of the year, the Group expects demand in the household appliances market to remain broadly stable compared to the first half of the year, affected by the general macroeconomic situation (high interest rates, slow decline in inflation).

The consolidation of the results of the newly-acquired MEC, the start of sales of induction cooking components and the contribution of the production plants in India and Mexico, however, will allow for a significant growth in revenues compared to the second half of 2022.

Profitability in the second half of the year is expected to improve further.

For the Board of Directors
The Chairman
Claudio Bulgarelli

Ospitaletto, 5 September 2023

Annexes to the Interim Management Statement

Normalised turnover by geographical area (€/000)

Normalised half-year results	Sequential			YoY			2022 FY
	H1 2023	H2 2022 (*)	% change	H1 2023	H1 2022	% change	
Europe (excluding Turkey)	38,953	36,489	+6.8%	38,953	50,653	-23.1%	87,142
Turkey	31,357	30,412	+3.1%	31,357	35,582	-11.9%	65,994
North America	17,458	16,005	+9.1%	17,458	23,744	-26.5%	39,749
South America	12,916	10,446	+23.6%	12,916	18,035	-28.4%	28,481
Africa and Middle East	10,134	8,919	+13.6%	10,134	10,159	-0.2%	19,078
Asia and Oceania	4,127	5,474	-24.6%	4,127	6,044	-31.7%	11,518
Total	**114,945**	**107,745**	***+6.7%***	**114,945**	**144,217**	***-20.3%***	**251,962**

Normalised quarterly results	Sequential			YoY			2022 FY
	Q2 2023 (*)	Q1 2023 (*)	% change	Q2 2023 (*)	Q2 2022 (*)	% change	
Europe (excluding Turkey)	19,188	19,765	-2.9%	19,188	24,186	-20.7%	87,142
Turkey	14,441	16,916	-14.6%	14,441	17,835	-19.0%	65,994
North America	9,735	7,723	+26.0%	9,735	13,599	-28.4%	39,749
South America	6,187	6,729	-8.1%	6,187	9,292	-33.4%	28,481
Africa and Middle East	4,814	5,320	-9.5%	4,814	5,073	-5.1%	19,078
Asia and Oceania	2,433	1,694	+43.6%	2,433	3,380	-28.0%	11,518
Total	**56,798**	**58,147**	***-2.3%***	**56,798**	**73,365**	***-22.6%***	**251,962**

(*) unaudited figures

Normalised turnover by product line (€/000)

Normalised half-year results	Sequential			YoY			2022 FY
	H1 2023	H2 2022 (*)	% change	H1 2023	H1 2022	% change	
Gas parts	72,556	67,206	*+8.0%*	72,556	90,777	*-20.1%*	157,983
Hinges	29,021	27,942	*+3.9%*	29,021	40,662	*-28.6%*	68,604
Electronic components	13,368	12,597	*+6.1%*	13,368	12,778	*+4.6%*	25,375
Total	**114,945**	**107,745**	***+6.7%***	**114,945**	**144,217**	***-20.3%***	**251,962**

Normalised quarterly results	Sequential			YoY			2022 FY
	Q2 2023 (*)	Q1 2023 (*)	% change	Q2 2023	Q2 2022 **(*)**	% change	
Gas parts	36,334	36,222	*+0.3%*	36,334	45,745	*-20.6%*	157,983
Hinges	13,707	15,314	*-10.5%*	13,707	21,166	*-35.2%*	68,604
Electronic components	6,757	6,611	*+2.2%*	6,757	6,454	*+4.7%*	25,375
Total	**56,798**	**58,147**	***-2.3%***	**56,798**	**73,365**	***-22.6%***	**251,962**

(*) unaudited figures

Consolidated statement of financial position

(€/000)	30/06/2023	31/03/2023	31/12/2022	30/06/2022
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	101,998	102,855	99,605	95,015
Investment property	862	898	983	1,713
Intangible assets	50,887	55,717	54,168	48,563
Equity investments	97	97	97	83
Non-current receivables	1,690	2,901	2,752	1,215
Deferred tax assets	10,728	13,223	13,145	8,004
Total non-current assets	**166,262**	**175,691**	**170,750**	**154,593**
CURRENT ASSETS				
Inventories	59,524	65,826	64,426	72,962
Trade receivables	52,801	62,799	59,159	90,189
Tax receivables	8,994	7,166	8,214	4,452
Other current receivables	2,937	3,546	2,910	5,556
Current financial assets	4,758	2,531	2,497	1,461
Cash and cash equivalents	27,405	21,865	20,923	12,343
Total current assets	**156,419**	**163,733**	**158,129**	**186,963**
ASSETS HELD FOR SALE	**526**	**526**	**526**	**0**
TOTAL ASSETS	**323,207**	**339,950**	**329,405**	**341,556**
SHAREHOLDERS' EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY				
Share capital	11,533	11,533	11,533	11,533
Retained earnings, Other reserves	134,205	148,901	129,380	128,919
Profit for the year	(1,422)	(791)	15,249	13,008
Total equity interest pertaining to the Parent Company	144,316	*159,643*	156,162	153,460
Minority interests	-	-	-	-
Total shareholders' equity	**144,316**	**159,643**	**156,162**	**153,460**
NON-CURRENT LIABILITIES				
Loans	81,588	81,016	78,336	76,935
Post-employment benefit and retirement provisions	3,713	3,810	3,661	3,590
Provisions for risks and charges	440	453	639	813
Deferred tax liabilities	4,934	5,215	5,828	4,579
Total non-current liabilities	**90,675**	**90,494**	**88,464**	**85,917**
CURRENT LIABILITIES				
Loans	24,231	29,344	28,876	30,694
Other financial liabilities	175	388	574	968
Trade payables	45,766	43,932	39,628	55,867
Tax payables	3,036	2,823	2,545	1,678
Other payables	15,008	13,326	13,156	12,972
Total current liabilities	**88,216**	**89,813**	**84,779**	**102,179**
LIABILITIES HELD FOR SALE	**0**	**0**	**0**	**0**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**323,207**	**339,950**	**329,405**	**341,556**

Consolidated income statement

(€/000)	**Q2 2023** (*)	**Q2 2022** (*)	**H1 2023**	**H1 2022**
OPERATING REVENUE AND INCOME				
Revenue	50,899	74,832	108,962	145,684
Other income	1,714	2,078	4,062	4,663
Total operating revenue and income	**52,613**	**76,910**	**113,024**	**150,347**
OPERATING COSTS				
Materials	(23,514)	(37,859)	(54,580)	(77,195)
Change in inventories	(2,735)	1,405	(1,385)	7,348
Services	(9,589)	(13,612)	(20,809)	(27,647)
Personnel costs	(12,767)	(13,684)	(25,937)	(27,146)
Other operating costs	(253)	(284)	(795)	(728)
Costs for capitalised in-house work	1,130	986	1,896	1,907
Total operating costs	**(47,728)**	**(63,048)**	**(101,610)**	**(123,461)**
OPERATING PROFIT BEFORE DEPRECIATION & AMORTISATION, CAPITAL GAINS/LOSSES AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)	**4,885**	**13,862**	**11,414**	**26,886**
Depreciations and amortisation	(4,515)	(4,995)	(9,547)	(9,063)
Capital gains/(losses) on disposals of non-current assets	(12)	93	(12)	222
Write-downs/write-backs of non-current assets	0	0	0	0
OPERATING PROFIT (EBIT)	**358**	**8,960**	**1,855**	**18,045**
Financial income	442	588	532	1,117
Financial expenses	(1,081)	(495)	(1,867)	(786)
Net income/(expenses) from hyperinflation	730	(4,606)	(677)	(4,606)
Exchange rate gains and losses	(1,180)	473	(1.711)	347
Profits and losses from equity investments	0	0	0	(48)
PROFIT BEFORE TAXES	**(731)**	**4,920**	**(1,868)**	**14,069**
Income taxes	100	634	446	(1.061)
PROFIT FOR THE YEAR	**(631)**	**5,554**	**(1,422)**	**13,008**
of which				
Minority interests	0	0	0	0
PROFIT ATTRIBUTABLE TO THE GROUP	**(631)**	**5,554**	**(1,422)**	**13,008**

(*) unaudited figures

HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2023

Consolidated statement of financial position

(€/000)	Notes	30/06/2023	31/12/2022
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	**1**	101,998	99,605
Investment property	**2**	862	983
Intangible assets	**4**	50,887	54,168
Equity investments	**5**	97	97
Non-current receivables	**6**	1,690	2,752
Deferred tax assets	**23**	10,728	13,145
Total non-current assets		**166,262**	**170,750**
CURRENT ASSETS			
Inventories	**7**	59,524	64,426
Trade receivables	**8**	52,801	59,159
Tax receivables	**9**	8,994	8,214
Other current receivables	**10**	2,937	2,910
Current financial assets	**11**	4,758	2,497
Cash and cash equivalents	**12**	27,405	20,923
Total current assets		**156,419**	**158,129**
ASSETS HELD FOR SALE	**3**	**526**	**526**
TOTAL ASSETS		**323,207**	**329,405**
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	**13**	11,533	11,533
Retained earnings, Other reserves	**14**	134,205	129,380
Profit for the year		(1,422)	15,249
Total equity interest pertaining to the Parent Company		144,316	156,162
Minority interests		-	-
Total shareholders' equity		**144,316**	**156,162**
NON-CURRENT LIABILITIES			
Loans	**15**	81,588	78,336
Post-employment benefit and retirement provisions	**17**	3,713	3,661
Provisions for risks and charges	**18**	440	639
Deferred tax liabilities	**23**	4,934	5,828
Total non-current liabilities		**90,675**	**88,464**
CURRENT LIABILITIES			
Loans	**15**	24,231	28,876
Other financial liabilities	**16**	175	574
Trade payables	**19**	45,766	39,628
Tax payables	**20**	3,036	2,545
Other payables	**21**	15,008	13,156
Total current liabilities		**88,216**	**84,779**
LIABILITIES HELD FOR SALE		**0**	**0**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**323,207**	**329,405**

Consolidated income statement

(€/000)	Notes	H1 2023	H1 2022
OPERATING REVENUE AND INCOME			
Revenue	**24**	108,962	145,684
Other income	**25**	4,062	4,663
Total operating revenue and income		**113,024**	**150,347**
OPERATING COSTS			
Materials	**26**	(54,580)	(77,195)
Change in inventories		(1,385)	7,348
Services	**27**	(20,809)	(27,647)
Personnel costs	**28**	(25,937)	(27,146)
Other operating costs	**29**	(795)	(728)
Costs for capitalised in-house work		1,896	1,907
Total operating costs		**(101,610)**	**(123,461)**
OPERATING PROFIT BEFORE DEPRECIATION & AMORTISATION, CAPITAL GAINS/LOSSES AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)		**11,414**	**26,886**
Depreciations and amortisation		(9,547)	(9,063)
Capital gains/(losses) on disposals of non-current assets		(12)	222
Write-downs/write-backs of non-current assets		0	0
OPERATING PROFIT (EBIT)		**1,855**	**18,045**
Financial income	**30**	532	1,117
Financial expenses	**31**	(1,867)	(786)
Net income/(expenses) from hyperinflation	**31**	(677)	(4,606)
Exchange rate gains and losses	**32**	(1,711)	347
Profits and losses from equity investments		0	(48)
PROFIT BEFORE TAXES		**(1.868)**	**14,069**
Income taxes	**33**	446	(1.061)
PROFIT FOR THE YEAR		**(1.422)**	**13,008**
of which			
Minority interests		0	0
PROFIT ATTRIBUTABLE TO THE GROUP		**(1,422)**	**13,008**
(in €)			
Basic earnings per share	**34**	**(0.126)**	**1.158**
Diluted earnings per share	**34**	**(0.126)**	**1.158**

Consolidated statement of comprehensive income

(€/000)	H1 2023	H1 2022
NET PROFIT FOR THE PERIOD	**(1,422)**	**13,008**
Total profits/losses that will be subsequently reclassified under profit (loss) for the period:		
Forex differences due to translation of financial statements in foreign currencies	(18,422)	(1,454)
Hedge accounting effect of derivative financial instruments	19	(173)
Tax effect	0	0
Total other profits/(losses) net of taxes for the year	**(18,403)**	**(1,627)**
TOTAL RESULTS	**(19,825)**	**11,381**
of which		
Minority interests for the period	0	0
Total profits/losses that will be subsequently reclassified under profit (loss) for the period – Hedge accounting effect of derivative financial instruments	0	0
MINORITY INTERESTS	**0**	**0**
PROFIT ATTRIBUTABLE TO THE GROUP	**(19,825)**	**11,381**

Consolidated statement of cash flows

	H1 2023	H1 2022
Cash and cash equivalents at beginning of period	***20,923***	***43,649***
Net profit/(loss) for the period	(1,422)	13,008
Adjustments for:		
- Depreciation and amortisation for the period	9,547	9,063
- Realised gains/losses	12	(222)
- Profits and losses from equity investments	-	48
- Revaluation IAS 29	3,286	1,453
- Financial income and expenses	1,375	878
- IFRS 2 measurement stock grant plan	238	789
- Income taxes	(446)	1,061
Change in post-employment benefit	52	182
Change in risk provisions	(117)	(521)
Change in trade receivables	*3,398*	*(22,151)*
Change in inventories	*545*	*(6,037)*
Change in trade payables	*6,897*	*1,047*
Change in net working capital	10,840	(27,141)
Change in other receivables and payables, deferred taxes	2,795	779
Payment of taxes	(766)	(6.751)
Payment of financial expenses	(1.660)	(988)
Collection of financial income	605	153
Cash flows from operations	**24,339**	**(8,209)**
Investments in non-current assets		
- intangible	(1,409)	(1,475)
- tangible	(10,130)	(10,739)
- financial	0	0
Disposal of non-current assets	412	1,196
Cash flows from investment activities	**(11,127)**	**(11,018)**
Free cash flow	**13,212**	**(19,227)**
Repayment of loans	(20,857)	(14,607)
New loans	17,190	9,621
Change in financial assets	(2,594)	672
Purchase of treasury shares	(462)	(1,189)
Payment of dividends	0	(6,690)
Cash flows from financing activities	**(6,723)**	**(12,193)**
Acquisitions and other changes in the scope of consolidation	(783)	(97)
Foreign exchange differences	776	211
Net cash flows for the period	**6,482**	**(31,306)**
Cash and cash equivalents at end of period	***27,405***	***12,343***

Statement of changes in consolidated shareholders' equity

(€/000)	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							238		238		238
Purchase of treasury shares				(462)					(462)		(462)
Monetary revaluation - hyperinflation (IAS 29)							8,206		8,206		8,206
Other changes							(3)		(3)		(3)
Total profit at 30 June 2023					(18,422)		19	(1,422)	(19,825)		(19,825)
Balance at 30 June 2023	**11,533**	**10,002**	**2,307**	**(3,683)**	**(73,137)**	**(328)**	**199,044**	**(1,422)**	**144,316**	**0**	**144,316**

EXPLANATORY NOTES

Basis of presentation and accounting policies used

The half-yearly condensed consolidated financial statements at 30 June 2023 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 2022. 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. 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, positive 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 2022, to which reference should be made for additional information, with the exception of the adoption as of 1 January 2023 of the new standards and amendments described below. The Group has not early adopted any new standards, interpretations or amendments issued but not yet in force.

New accounting standards

IFRS 17 "Insurance Contracts"

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a new accounting standard on insurance contracts regulating recognition and measurement, presentation and disclosure. IFRS 17 applies to all types of insurance contracts regardless of the type of entity that issues them, and to certain guarantees and financial instruments with discretionary participation features; there are some exceptions to the scope of application.
The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements of IFRS 4, which are largely based on the maintenance of previous local accounting standards, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.
IFRS 17, effective for financial years beginning on or after 1 January 2023, requires the presentation of comparative balances. early application is permitted, if the entity also adopted IFRS 9 and IFRS 15 on or before the date of first-time application of IFRS 17. These changes had no impact on the Group's half-yearly condensed consolidated financial statements.

Amendments to IAS 1 "Presentation of Financial Statements" and IFRS Practice Statement 2

Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, provide guidance to help entities apply significant judgements to the disclosure of accounting standards. the requirement for entities to disclose their "significant" accounting standards is replaced by a requirement to disclose their "material" accounting standards. The amendments had no impact on the Group's half-yearly condensed consolidated financial statements.

Amendments to IAS 8 "Definition of accounting estimates"

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of "accounting estimates". The amendments clarify the distinction between changes in accounting standards and changes in accounting policies and corrections of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for financial years beginning on or after 1 January 2023 and apply to changes in accounting standards and changes in accounting estimates that occur on or after the beginning of that period. Early application is permitted provided that this fact is disclosed. The amendments had no impact on the Group's half-yearly condensed consolidated financial statements.

Amendments to IAS 12 "Deferred Taxes on Assets and Liabilities Arising from a Single Transaction"

The amendments to IAS 12 Income Taxes narrow the scope of the exception to initial recognition so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning liabilities. The amendments had no impact on the Group's half-yearly condensed consolidated financial statements.

Amendments to IAS 12 "International Tax Reform - Pillar Two Model Rules"

On 23 May 2023, the IASB published an amendment called "Amendments to IAS 12 Income taxes: International Tax Reform - Pillar Two Model Rules". The document introduces a temporary exception from recognition and disclosure requirements for deferred tax assets and liabilities related to Pillar Two Model Rules and provides for specific disclosure requirements for entities affected by the related International Tax Reform. The document provides for the immediate application of the temporary exception, while the disclosure requirements will only apply to annual financial statements beginning on or after 1 January 2023, but not to interim financial statements ending before 31 December 2023. The adoption of this amendment is not expected to have a significant impact on the consolidated financial statements of the Sabaf Group.

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 2023 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.
- P.G.A s.r.l.
- PGA2.0 s.r.l.
- Sabaf America Inc.

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.

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 the two Turkish subsidiaries operating in an hyperinflationary economy 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 30/06/2023	Average exchange rate 01/01/2023 - 30/06/2023	Exchange rate in effect at 30/06/2022	Average exchange rate 01/01/2022 - 30/06/2022
Brazilian real	5.2788	5.4827	5.4229	5.5565
Turkish lira	28.3193	21.5662	17.322	16.2579
Chinese renminbi	7.8930	7.4894	6.9624	7.0823
Indian Rupee	89.2065	88.8443	82.113	83.318
Mexican peso	18.5614	19.6457	20.964	22.165
US Dollar	1.0866	1.0807	1.0387	1.0934

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 2023. 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

In the Half-Yearly Condensed Consolidated Financial Statements at 30 June 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 half 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 30/06/2023	Change
TURKSTAT	1,128.45	1,351.59	+19.77%

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 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%

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

(€/000)	30/06/2023	Hyperinflation effect	30/06/2023 with Hyperinflation effect
Total non-current assets	143,542	22,720	166,262
Total current assets	155,409	1,010	156,419
Available-for-sale non-current assets	526	-	526
Total Assets	299,477	23,730	323,207
Total shareholders’ equity	120,670	23,646	144,316
Total non-current liabilities	90,591	84	90,675
Total current liabilities	88,216	-	88,216
Total liabilities and shareholders' equity	299,477	23,730	323,207

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

(€/000)	6M 2023	Hyperinflation effect	6M 2023 with Hyperinflation effect
Operating revenue and income	119,169	(6,145)	113,024
Operating costs	(104,726)	3,116	(101,610)
EBITDA	14,443	(3,029)	11,414
EBIT	5,650	(3,795)	1,855
Result before taxes	2,301	(4,169)	(1,868)
Income taxes	(437)	883	446
Profit for the year	1,864	(3,286)	(1,422)

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 2022	**66,676**	**251,610**	**66,658**	**9,229**	**394,173**
Increases	2,161	3,028	1,740	5,679	**12,608**
Reclassifications	339	2,113	637	(3,143)	**(54)**
Disposals	(450)	(1,512)	(228)	-	**(2,190)**
Monetary revaluation (IAS 29)	858	2,800	970	-	**4,628**
Forex differences	(1,599)	(4,806)	(1,659)	149	**(7,915)**
At 30 June 2023	**67,985**	**253,233**	**68,118**	**11,914**	**401,250**
Accumulated depreciations					
At 31 December 2022	**30,430**	**207,786**	**56,352**	**-**	**294,568**
Increases	1,187	4,769	2,050	-	**8,006**
Reclassifications	-	(30)	(12)	-	**(42)**
Disposals	(295)	(1,349)	(58)	-	**(1,702)**
Monetary revaluation (IAS 29)	339	1,162	501	-	**2,002**
Forex differences	(712)	(2,046)	(822)	-	**(3,580)**
At 30 June 2023	**30,949**	**210,292**	**58,011**	**-**	**299,252**
Carrying value					
At 31 December 2022	**36,246**	**43,824**	**10,306**	**9,229**	**99,605**
At 30 June 2023	**37,036**	**42,941**	**10,107**	**11,914**	**101,998**

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

	30/06/2023	**31/12/2022**	**Change**
Land	9,526	9,465	61
Industrial buildings	27,510	26,781	729
Total	**37,036**	**36,246**	**790**

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 2022	**1,444**	**163**	**799**	**2,406**
Increases	1,869	-	209	2,078
Monetary revaluation (IAS 29)	85	-	-	85
Decreases	(154)	-	-	(154)
Depreciations	(371)	(76)	(188)	(635)
Foreign exchange differences	(176)	-	2	(174)
At 30 June 2023	**2,697**	**87**	**822**	**3,606**

During the half-year period, the largest investments were made in the new Mexican plant, where the production of burners was recently started.

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 2022	**2,265**
Increases	117
Disposals	(321)
At 30 June 2023	**2,061**
Cumulative depreciations and write-downs	
At 31 December 2022	**1,282**
Depreciations for the period	58
Derecognition due to disposal	(141)
At 30 June 2023	**1,199**
Carrying value	
At 31 December 2022	**983**
At 30 June 2023	**862**

Disposals during the period resulted in capital gains totalling €25 thousand.

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

	Investment property
At 31 December 2022	**108**
Increases	117
Decreases	(102)
Depreciations	(23)
At 30 June 2023	**100**

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. ASSETS HELD FOR SALE

This item includes the net carrying value of the Parent Company's former production plant located in Lumezzane (Brescia) amounting to €526 thousand. In July 2023, the property was sold to a third party for a consideration of €1,950 thousand.

4. INTANGIBLE ASSETS

	Goodwill	Patents, software and know-how	Development costs	Other intangible assets	Total
Cost					
At 31 December 2022	**32,178**	**10,848**	**10,234**	**28,749**	**82,009**
Increases	783	130	1,004	107	2,024
Decreases	-	-	-	-	-
Reclassifications	-	184	(156)	(192)	(164)
Monetary revaluation (IAS 29)	2,276	89	-	1,344	3,709
Forex differences	(4,815)	(181)	-	(2,843)	(7,839)
At 30 June 2023	**30,422**	**11,070**	**11,082**	**27,165**	**79,739**
Accumulated amortisation					
At 31 December 2022	**4,546**	**9,772**	**5,350**	**8,173**	**27,841**
Increases	-	235	323	1,000	1,558
Decreases	-	-	-	-	-
Reclassifications	-	-	-	-	-
Monetary revaluation (IAS 29)	-	76	-	420	496
Forex differences	-	(156)	-	(887)	(1,043)
At 30 June 2023	**4,546**	**9,927**	**5,673**	**8,706**	**28,852**
Carrying value					
At 31 December 2022	**27,632**	**1,076**	**4,884**	**20,576**	**54,168**
At 30 June 2023	**25,876**	**1,143**	**5,409**	**18,459**	**50,887**

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 €14,102 thousand;
- to the “C.M.I. hinges” CGU of €3,680 thousand;
- to the “P.G.A. Electronic components” CGU of €1,910 thousand. The value of goodwill allocated to this CGU during the half-year increased by €783 thousand compared to 31 December 2022, when it amounted to €1,127 thousand, as a result of price adjustments following the completion of the acquisition and determined in accordance with the contractual provisions during the first half of 2023.

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”, “C.M.I. Hinges” and “P.G.A. Electronic components” CGUs may have suffered an impairment loss.
In particular, in consideration:

- of the confirmation of the expected results for future years, estimated in the forecast plan prepared by management during the impairment test carried out when preparing the Consolidated Financial Statements at 31 December 2022;

- of the results of the sensitivity analysis carried out at 31 December 2022,

it was not necessary to perform an impairment test at 30 June 2023.

At 30 June, development costs included €2,986 thousand for investments made to extend the product range to induction cooking components (of which €784 thousand borne in the first half of 2023). To this end, a dedicated project team was set up at the beginning of 2021, which is developing the project know-how in-house, with patents, proprietary software and hardware. The first prototypes were presented during 2022 whereas the start of production and sales is expected for the beginning of 2023. Amortisation of these costs began in 2023, based on an estimated useful life of 10 years.

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.

5. EQUITY INVESTMENTS

	30/06/2023	31/12/2022	Change
Other equity investments	97	97	-
Total	**97**	**97**	**-**

6. NON-CURRENT RECEIVABLES

	30/06/2023	31/12/2022	Change
Tax receivables	830	1,831	(1,001)
Guarantee deposits	167	98	69
Receivables from former P.G.A. shareholders	693	823	(130)
Total	**1,690**	**2,752**	**(1,062)**

Tax receivables relate to indirect taxes expected to be recovered after 30 June 2024.
Receivables from former P.G.A. shareholders to Sabaf S.p.A. refer to compensation obligations envisaged upon the occurrence of certain events (liabilities incurred by P.G.A.) regulated by the acquisition agreement.

7. INVENTORIES

	30/06/2023	31/12/2022	Change
Raw Materials	29,126	31,068	(1,942)
Semi-processed goods	14,264	16,403	(2,139)
Finished products	20,804	23,771	(2,967)
Provision for inventory write-downs	(4,670)	(6,816)	2,146
Total	**59,524**	**64,426**	**(4,902)**

The value of inventories at 30 June 2023 decreased compared to 31 December 2022 as a result of the decrease in average costs and the decrease in the volume of products in stock.

At 30 June 2023, 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.

8. TRADE RECEIVABLES

	30/06/2023	31/12/2022	Change
Total trade receivables	53,612	59,999	(6,387)
Bad debt provision	(811)	(840)	29
Net total	**52,801**	**59,159**	**(6,358)**

The amount of trade receivables at 30 June 2023 decreased compared to the balance at the end of 2022 as a result of the reduction in the average collection period, which was also achieved due to an increased assignment without recourse of receivables to factors.
The amount of trade receivables recognised in the financial statements includes approximately €18.5 million in insured receivables (€25.7 million at 31 December 2022).

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

	30/06/2023	31/12/2022	Change
Current receivables (not past due)	42,227	45,199	(2,972)
Outstanding up to 30 days	7,316	6,947	369
Outstanding from 30 to 60 days	1,479	4,020	(2,541)
Outstanding from 60 to 90 days	830	1,416	(586)
Outstanding for more than 90 days	1,760	2,417	(657)
Total	**53,612**	**59,999**	**(6,387)**

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:

31/12/2022	**840**
Provisions	5
Utilisation	(30)
Forex differences	(4)
30/06/2023	**811**

9. TAX RECEIVABLES

	30/06/2023	31/12/2022	Change
For income tax	4,926	5,061	(135)
For VAT and other sales taxes	4,062	3,144	918
Other tax credits	6	9	(3)
Total	**8,994**	**8,214**	**780**

At 30 June 2023, income tax receivables include:

- €1,170 thousand relating to the tax credit for investments in capital goods;
- €271 thousand relating to the tax credit for research and development;
- €163 thousand relating to the unused tax credit for contributions related to the increase in gas and electricity costs;
- payments on account paid: IRES for €2,159 thousand and IRAP for €356 thousand.

10. OTHER CURRENT RECEIVABLES

	30/06/2023	31/12/2022	Change
Accrued income and prepaid expenses	1,331	660	671
Advances to suppliers	1,140	1,376	(236)
Credits to be received from suppliers	146	706	(560)
Other	320	168	152
Total	**2,937**	**2,910**	**27**

Credits to be received from suppliers mainly refer to bonuses paid to the Group for the attainment of purchasing objectives.
Other receivables refer to receivables from Inail of €152 thousand for the payment of advances for 2023.
The higher value of accrued income and prepaid expenses at 30 June 2023 compared to 31 December 2022 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.

11. FINANCIAL ASSETS

	30/06/2023	31/12/2022	Change
Time deposit accounts	3,265	786	2,479
Derivative instruments on interest rates	1,493	1,711	(218)
Total	**4,758**	**2,497**	**2,261**

The increase in time deposit accounts in the half-year refers to the opening of time deposits by some foreign subsidiaries; these are temporary investments of liquidity in excess of normal operations at better yields than ordinary deposits.
At 30 June 2023, 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 2023 is €16,545 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 “Fair Value through profit or loss”, with "Financial income" as a balancing entry.

12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents, which amounted to €27,405 thousand at 30 June 2023 (€20,923 thousand at 31 December 2022), consisted of cash and bank current account balances. Changes in the cash and cash equivalents are analysed in the statement cash flows.

13. SHARE CAPITAL

Sabaf S.p.A.'s share capital at 30 June 2023 consists of 11,533,450 shares with a par value of €1.00 each and has not changed compared with 31 December 2022.

14. TREASURY SHARES AND OTHER RESERVES

In the course of the first half year of 27,100 treasury shares were acquired at an average unit price of €17.05, while they have not been sold.
At 30 June 2023, Sabaf S.p.A. held 241,963 treasury shares (2.098% of the share capital), reported in the financial statements as an adjustment to shareholders' equity at a weighted average unit value of €15.22 (the closing stock market price of the Share at 30 June 2023 was €14.28). There were 11,291,487 outstanding shares at 30 June 2023.

Stock grant reserve
Items "Retained earnings, other reserves" of €134,205 thousand included, at 30 June 2023, the stock grant reserve of €1,939 thousand, which included the measurement at 30 June 2023 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 2022	**(2)**
Change during the period	19
Value at 30 June 2023	**17**

15. LOANS

	30/06/2023			**31/12/2022**		
	Current	Non-current	Total	Current	Non-current	Total
Bond issue	-	29,702	29,702	-	29,685	29,685
Unsecured loans	22,599	48,814	71,413	21,613	46,595	68,208
Short-term bank loans	120	-	120	5,308	-	5,308
Advances on bank receipts or invoices	220	-	220	921	-	921
Leases	1,185	3,072	4,257	1,032	2,056	3,088
Interest payable	107	-	107	2	-	2
Total	**24,231**	**81,588**	**105,819**	**28,876**	**78,336**	**107,212**

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 bond issue envisages some covenants, defined with reference to the consolidated financial statements at the end of each reporting period and at 30 June of each financial year, all widely complied with at 30 June 2023 and for which, according to the Group's business plan, compliance is also expected in subsequent years.

Some of the outstanding unsecured loans envisage financial covenants, which at 30 June 2023 had been fully complied with and for which compliance is also expected at 31 December 2023.

To manage interest rate risk, the bond issue and some unsecured loans were either fixed-rate or hedged by IRS, with a total residual value of €75,995 million at 30 June 2023. On the other hand, the residual value of unsecured loans taken out at a variable rate and not covered by the IRS was €25,120 thousand.

The following table shows the changes in lease liabilities during the first half of 2023:

Lease liabilities at 31 December 2022	**3,088**
New agreements signed during the first half of 2023	2,195
Repayments during the first half of 2023	(958)
Forex differences	(68)
Lease liabilities at 30 June 2023	**4,257**

The value of lease liabilities at 30 June 2023 includes €3,462 thousand in operating leases and €795 thousand in finance leases, all recognised in accordance with IFRS16.

16. OTHER FINANCIAL LIABILITIES

	30/06/2023	31/12/2022	Change
Payables to former P.G.A. shareholders	175	546	(371)
Currency derivatives	-	28	(28)
Total	**175**	**574**	**(399)**

The payable to former P.G.A. shareholders refers to price adjustments following the completion of the acquisition, determined in accordance with contractual provisions and partially paid during the half-year.

17. POST-EMPLOYMENT BENEFIT AND RETIREMENT PROVISIONS

	30/06/2023	31/12/2022	Change
Post-employment benefit	3,713	3,661	52
Total	**3,713**	**3,661**	**52**

18. PROVISIONS FOR RISKS AND CHARGES

	31/12/2022	Provisions	Utilisation	Exchange rate differences	30/06/2023
Provision for agents' indemnities	252	1	(13)	-	240
Product guarantee fund	60	60	(57)	-	63
Provision for legal risks	77	10	-	(3)	84
Other provisions for risks and charges	250	-	(197)	-	53
Total	**639**	**71**	**(267)**	**(3)**	**440**

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.
Other provisions for risks and charges, recognised as part of the Purchase Price Allocation following the acquisition of P.G.A., reflect the fair value of the potential liabilities of the acquired entities.
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.

19. TRADE PAYABLES

	30/06/2023	31/12/2022	Change
Total	**45,766**	**39,628**	**6,138**

At 30 June 2023, there were no overdue payables of a significant amount and the Group did not receive any injunctions for overdue payables.

20. TAX PAYABLES

	30/06/2023	31/12/2022	Change
Income tax payables	551	235	316
Withholding taxes	795	1,059	(264)
Other tax payables	1,690	1,251	439
Total	**3,036**	**2,545**	**491**

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

21. OTHER CURRENT PAYABLES

	30/06/2023	31/12/2022	Change
To employees	6,729	5,553	1,176
To social security institutions	2,636	2,781	(145)
To agents	304	164	140
Advances from customers	1,235	522	713
Other current payables, accrued liabilities and deferred income	4,104	4,136	(32)
Total	**15,008**	**13,156**	**1,852**

At 30 June 2023, payables due to employees included amounts for the thirteenth month's pay and for holidays accrued but not taken.

22. TOTAL FINANCIAL DEBT

		30/06/2023	31/12/2022	Change
A.	Cash	27,405	20,832	6,573
B.	Cash equivalents	-	91	(91)
C.	Other current financial assets	4,758	2,497	2,261
D.	**Liquidity (A+B+C)**	**32,163**	**23,420**	**8,743**
E.	Current financial payable	621	8,098	(7,477)
F.	Current portion of non-current financial debt	23,785	21,352	2,433
G.	**Current financial debt (E+F)**	**24,406**	**29,450**	**(5,044)**
H.	**Net current financial debt (G-D)**	**(7,757)**	**6,030**	**(13,787)**
I.	Non-current financial payable	51,886	48,651	3,235
J.	Debt instruments	29,702	29,685	17
K.	Trade payables and other non-current payables	-	-	-
L.	**Non-current financial debt (I+J+K)**	**81,588**	**78,336**	**3,252**
M.	**Total financial debt (H+L)**	**73,831**	**84,366**	**(10,535)**

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 decrease in net financial debt in the period is mainly attributable to the change in net working capital.

23. DEFERRED TAX ASSETS AND LIABILITIES

	30/06/2023	31/12/2022	Change
Deferred tax assets	10,728	13,145	(2,417)
Deferred tax liabilities	(4,934)	(5,828)	894
Net position	**5,794**	**7,317**	**(1,523)**

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
31/12/2022	**(188)**	**1,590**	**(382)**	**886**	**3,432**	**1,260**	**111**	**23**	**585**	**7,317**
Through profit or loss	(34)	(30)	43	(89)	1	170	-	687	(102)	646
To shareholders' equity	-	-	(3)	-	-	-	-	-	-	(3)
Forex differences	(889)	8	-	-	(1.013)	(254)	-	(2)	(16)	(2.166)
30/06/2023	**(1.111)**	**1,568**	**(342)**	**797**	**2,420**	**1,176**	**111**	**708**	**467**	**5,794**

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

24. REVENUE

In the first half of 2023, revenue from sales and services totalled €108.962 million, down by 25.2% versus €145.684 million in the same period of the previous year (-27.6% on a like-for-like basis).
Normalised sales revenue in the first half of 2023, i.e. net of the effect of the application of hyperinflation on the results of Turkish subsidiaries (IAS 29), amounted to €114.945 million compared to €144.217 million in the first half of 2022 (-20.3%). For comments on changes in revenues and for a detailed analysis of revenues by product family and geographical area, please see the Report on Operations.

25. OTHER INCOME

	H1 2023	H1 2022	Change
Sale of trimmings and raw materials	2,581	2,142	439
Rental income	50	60	(10)
Contingent income	283	223	60
Release of risk provisions	75	6	69
Other income	1,073	2,232	(1,159)
Total	**4,062**	**4,663**	**(601)**

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.

26. MATERIALS

	H1 2023	H1 2022	Change
Commodities and outsourced components	50,098	72,616	(22,518)
Consumables	4,482	4,579	(97)
Total	**54,580**	**77,195**	**(22,615)**

In the first half of 2023, lower costs were recognised for the purchase of materials compared to the same period last year, mainly due to lower activity levels. Consumption being equal, the average costs of the main raw materials (aluminium, steel and brass) and other components were approximately €0.9 million lower, or 0.8% of sales.

27. COSTS FOR SERVICES

	H1 2023	H1 2022	Change
Outsourced processing	5,048	8,616	(3,568)
Natural gas and electricity	3,609	6,122	(2,513)
Maintenance	3,253	3,614	(361)
Advisory services	1,579	1,412	167
Transport and export expenses	1,804	2,395	(591)
Travel expenses and allowances	447	275	172
Directors' fees	565	411	154
Commissions	433	570	(137)
Insurance	544	477	67
Waste disposal	231	280	(49)
Canteen	446	430	16
Use of temporary agency workers	179	301	(122)
Other costs	2,671	2,744	(73)
Total	**20,809**	**27,647**	**(6,838)**

During the first half-year, the Group partially benefited from the reduction of energy costs and reduced its subcontracting activities compared to the same period in 2022, when the support of external suppliers had been used extensively to meet higher volumes in market demand.

28. PERSONNEL COSTS

	H1 2023	H1 2022	Change
Salaries and wages	16,809	16,249	560
Social Security costs	5,436	5,150	286
Post-employment benefit and supplementary pension	1,141	1,160	(19)
Temporary agency workers	2,024	3,497	(1,473)
Stock grant *plan*	238	789	(551)
Other costs	289	301	(12)
Total	**25,937**	**27,146**	**(1,209)**

The Group headcount at 30 June 2023 was 1,478 employees compared to 1,454 at 30 June 2022.
The item "Stock Grant Plan" of €238 thousand, included the measurement at 30 June 2023 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.

29. OTHER OPERATING COSTS

	H1 2023	H1 2022	Change
Non-income related taxes and duties	298	359	(61)
Contingent liabilities	112	128	(16)
Provisions for risks	71	22	49
Bad debt provision	4	-	4
Other operating costs	310	219	91
Total	**795**	**728**	**67**

30. FINANCIAL INCOME

Financial income of €532 thousand refers for €235 thousand to interest income accrued on time deposit accounts of some foreign subsidiaries and for €108 thousand to the recognition of the fair value of interest rate derivatives (IRSs hedging rate risks of unsecured loans pending).

31. EXPENSES FROM HYPERINFLATION/FINANCIAL EXPENSES

	H1 2023	H1 2022	Change
Expenses from hyperinflation	**677**	**4,606**	**(3,929)**
Interest paid to banks	1,333	532	801
Interest paid on leases and rents	55	57	(2)
Banking expenses	293	118	175
Other financial expense	186	79	107
Financial expenses	**1,867**	**786**	**1,081**

As from 2022, the effect of inflation accounting on the Turkish subsidiaries, which resulted in expenses from hyperinflation of €677 thousand during the half-year, was recognised in the financial statements. For an appropriate and detailed analysis, please refer to the specific paragraph in the Explanatory Notes to these Financial Statements.

32. EXCHANGE RATE GAINS AND LOSSES

In the first half of 2023, the Group reported net foreign exchange losses of €1,711 thousand (versus net profit of €347 thousand in the same period of 2022), mainly following the depreciation of the Turkish lira against the Euro.

33. INCOME TAXES

	H1 2023	H1 2022	Change
Current taxes	200	2,795	(2,595)
Deferred tax liabilities	(646)	(1,734)	1,088
Total	**(446)**	**1,061**	**(1,507)**

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

In these half-yearly 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 €284 thousand.

34. EARNINGS PER SHARE

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

Earnings

	H1 2023	H1 2022
	(€/000)	*(€/000)*
Net profit/(loss) for the period	(1,057)	13,008

Number of shares

	H1 2023	H1 2022
Weighted average number of ordinary shares for determining basic earnings per share	11,298,798	11,232,408
Dilutive effect from potential ordinary shares	0	0
Weighted average number of ordinary shares for determining diluted earnings per share	11,298,798	11,232,408

	H1 2023	H1 2022
	Euro	*Euro*
Basic earnings per share	(0.126)	1.158
Diluted earnings per share	(0.126)	1.158

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

35. DIVIDENDS

The Shareholders' Meeting of 28 April 2023, in accordance with the proposal made by the Board of Directors, resolved to allocate the entire 2022 net profit to reserves. Therefore, no dividends were distributed to shareholders during the first half of 2023.

36. INFORMATION BY BUSINESS SEGMENT

Below is the information by business segment for the first half of 2023 and 2022.

First half of 2023

	Gas parts (household and professional)	**Hinges**	**Electronic components**	**Unallocated Revenues and Costs**	**Total**
Sales	72,296	29,158	13,491	(5,983)	**108,962**
Ebit	3,286	2,768	2,330	(6,529)	**1,855**

First half of 2022

	Gas parts (household and professional)	**Hinges**	**Electronic components**	**Unallocated Revenues and Costs**	**Total**
Sales	89,663	40,836	12,762	2,423	**145,684**
Ebit	9,747	5,184	5,260	(2,146)	**18,045**

37. 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 2023.

	Total financial statement item	**Of which with related parties**	**Impact on the total**
Trade payables	45,766	2	0.00%

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 income statement items at 30 June 2023

	Total financial statement item	**Of which with related parties**	**Impact on the total**
Services	20,809	12	0.06%

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%

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

38. 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.

<u>Purpose</u>
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, €238 (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 2023 was determined as follows:

Rights relating to objectives measured on ROI	Total value on ROI	10.89	Fair Value	3.81
	Rights on ROI	35%		

Rights relating to objectives measured on EBITDA	Total value on EBITDA	12.75	Fair Value	5.10
	Rights on EBITDA	40%		

Rights relating to ESG objectives measured on personal training	Total value on "Personal training”	20.41	Fair Value	1.02
	Rights on "Personal 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	13.38

39. 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 2023.

40. 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 2023.

41. 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 €2,539 thousand (€2,855 thousand at 31 December 2022).

42. SIGNIFICANT EVENTS AFTER THE END OF THE FIRST HALF-YEAR

Acquisition of 51% of MEC

On 14 July 2023, Sabaf announced the signing of an agreement to purchase [4] 51% of Mansfield Engineered Components LLC ("MEC"), a US company based in Mansfield (Ohio) and the leading North American manufacturer of hinges for household appliances (mainly ovens, washing machines and refrigerators), designed and manufactured to meet the high quality levels and demanding standards required by the US market. The transaction (closing) took place at the same time as the acquisition agreement was signed.

In the period between January and May 2023, MEC recorded revenues of USD 14.3 million, pro-forma[5] EBITDA of USD 1.43 million and pre-tax profit of USD 0.80 million. In 2022, MEC generated revenues of USD 35.7 million, achieved a pro-forma EBITDA of USD 2.5 million and a pre-tax profit of USD 1 million.

The agreements reached envisage an evaluation of MEC of USD 21 million (Enterprise Value). The lump-sum payment of USD 10.5 million for the acquisition of 51% of the share capital was made at the same time as the transaction was completed. The agreements with the sellers also provide for a call option in favour of Sabaf for the remaining 49% of MEC's share capital (exercisable in 2028) and a put option in favour of the minority shareholders (exercisable from 2025 to 2028).

With the acquisition of a majority shareholding in MEC, the Sabaf Group, already present on the market for hinges for household appliances through its subsidiaries C.M.I. s.r.l. and Faringosi Hinges s.r.l., becomes the leading manufacturer of hinges for household appliances in the Western world.

Reserved capital increase to support the acquisition

In connection with the acquisition, on 14 July 2023, Sabaf's Board of Directors exercised the proxy granted by the Shareholders' Meeting on 4 May 2020, resolving on a reserved capital increase, partially subscribed and against payment, for a maximum nominal amount of €1,153,345.00, corresponding to 10% of the share capital, with the exclusion of the right of option pursuant to Article 2441, fourth paragraph, second sentence of the Italian Civil Code, through the issue of a maximum of 1,153,345 new ordinary shares of SABAF with a par value of €1.00.

Following the decision to exercise the proxy, the Board of Directors received an expression of will and commitment to fully subscribe the Capital Increase from Montinvest s.r.l., a company controlled by Fulvio Montipò, whose unquestionable entrepreneurial experience makes him the ideal partner for the Company. The newly issued shares were therefore offered for subscription as part of a reserved placement, without the publication of a public offering and/or listing prospectus for the newly issued shares.

The issue price of the new shares, including the share premium, was determined by the Board of Directors, with the support of Equita SIM S.p.A. as financial advisor, at €15.01 per share, equal

[4] Through its subsidiary Sabaf America Inc, a company set up on June 28, 2023
[5] The data was recalculated on a pro forma basis only to present the property lease in accordance with IFRS 16.

to the average stock market price of Sabaf share recorded in June, increased by a premium of €0.52 per share (and therefore for a total value of €17,311,708.45), based on the criteria illustrated in the special report approved today by the Board on 14 July 2023.

The Independent Auditors EY S.p.A. issued their report on the market value of the issue price of the shares pursuant to Article 2441, paragraph four, second sentence, of the Italian Civil Code and Article 158 of Italian Legislative Decree no. 58/1998.

The capital increase took place on 20 July 2023. Following the full subscription of the new shares, the post-Capital Increase share capital amounts to €12,686,795.00, represented by 12,686,795 shares, of which 6,703,123 are ordinary shares and 5,983,672 are ordinary shares with increased voting rights.

Update of the company income tax rate in Turkey

The new tax provisions of Law No. 7456, issued on 15 July 2023 in Turkey, provide for an update of the company income tax rate from 20% to 25%, with effect from 1 January 2023.
The rate update was considered to be a non-adjusting event after 30 June 2023 and was therefore not included in management's assessments.
It is estimated that the adjustment of current and deferred taxes with the application of this change at 30 June 2023, using the EUR/TRY exchange rate as of the same date (28.3193), would have had a positive impact on the result for the period of €282 thousand.

SCOPE OF CONSOLIDATION AT 30 JUNE 2023

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	EUR 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 Sirteki (Sabaf Turkey)	Manisa (Turkey)	TRY 340,000,000	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)	CNY 69,951,149	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 224,692,120	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 Potosì (Mexico)	MXN 141,003,832	Sabaf S.p.A.	100%
C.M.I. Cerniere Meccaniche Industriali s.r.l.	Valsamoggia (BO)	EUR 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%
P.G.A. s.r.l.	Fabriano (AN)	EUR 100,000	Sabaf S.p.A.	100%
PGA2.0 s.r.l.	Fabriano (AN)	EUR 10,000	P.G.A. s.r.l.	100%
Sabaf America Inc.	Delaware (USA)	-	Sabaf S.p.A.	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 2023.

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, 5 September 2023

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 2023

Review report on the half-yearly condensed consolidated financial statements

(Translation from the original Italian text)

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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 2023. 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 2023 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, 12 September 2023

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

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