



SABAF®

**INTERIM MANAGEMENT
STATEMENT**

AT 30 SEPTEMBER 2023

SABAF S.p.A.
Via dei Carpini, 1 – OSPITALETTO (BS), ITALY
Fully paid-in share capital: € 12,686,795
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%
Sabaf America Inc.	U.S.A.	100%
Mansfield Engineered Components LLC	U.S.A.	51%

Board of Directors

Chairman	Claudio Bulgarelli
Vice Chairman (*)	Nicla Picchi
Chief Executive Officer	Pietro Iotti
Director	Gianluca Beschi
Director	Alessandro Potestà
Director	Cinzia Saleri
Director (*)	Carlo Scarpa
Director (*)	Daniela Toscani
Director (*)	Stefania Triva

(*) independent directors

Board of Statutory Auditors

Chairman	Alessandra Tronconi
Statutory Auditor	Maria Alessandra Zunino de Pignier
Statutory Auditor	Mauro Vivenzi

Consolidated statement of financial position

	30/09/2023	31/12/2022	30/09/2022
<i>(€/000)</i>			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	110,158	99,605	97,090
Investment property	715	983	1,576
Intangible assets	56,812	54,168	49,198
Equity investments	97	97	83
Non-current receivables	1,559	2,752	1,397
Deferred tax assets	10,933	13,145	8,992
Total non-current assets	180,274	170,750	158,336
CURRENT ASSETS			
Inventories	67,394	64,426	68,093
Trade receivables	63,814	59,159	64,886
Tax receivables	9,459	8,214	6,195
Other current receivables	3,631	2,910	5,523
Financial assets	8,680	2,497	2,342
Cash and cash equivalents	25,576	20,923	34,516
Total current assets	178,554	158,129	181,555
ASSETS HELD FOR SALE	0	526	0
TOTAL ASSETS	358,828	329,405	339,891
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	12,687	11,533	11,533
Retained earnings, Other reserves	150,584	129,380	130,790
Net profit for the period	1,365	15,249	13,096
<i>Total equity interest pertaining to the Parent Company</i>	<i>164,636</i>	<i>156,162</i>	<i>155,419</i>
<i>Minority interests</i>	<i>7,912</i>	<i>-</i>	<i>-</i>
Total shareholders' equity	172,548	156,162	155,419
NON-CURRENT LIABILITIES			
Loans	82,420	78,336	85,988
Other financial payables	10,866	-	-
Post-employment benefit and retirement provisions	3,828	3,661	3,630
Provisions for risks and charges	811	639	763
Deferred tax liabilities	4,973	5,828	5,074
Total non-current liabilities	102,898	88,464	95,455
CURRENT LIABILITIES			
Loans	24,466	28,876	28,746
Other financial liabilities	175	574	920
Trade payables	40,257	39,628	43,821
Tax payables	3,690	2,545	3,519
Other payables	14,794	13,156	12,011
Total current liabilities	83,382	84,779	89,017
LIABILITIES HELD FOR SALE	0	0	0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	358,828	329,405	339,891

Consolidated Income Statement

	Q3 2023		Q3 2022		9M 2023		9M 2022	
<i>(€/000)</i>								
INCOME STATEMENT COMPONENTS								
OPERATING REVENUE AND INCOME								
Revenue	67,944	100.0%	55,939	100.0%	176,906	100.0%	201,623	100.0%
Other income	2,157	3.2%	1,810	3.2%	6,219	3.5%	6,473	3.2%
Total operating revenue and income	70,101	103.2%	57,749	103.2%	183,125	103.5%	208,096	103.2%
OPERATING COSTS								
Materials	(31,689)	-46.6%	(25,789)	-46.1%	(86,269)	-48.8%	(102,984)	-51.1%
Change in inventories	2	0.0%	(3,184)	-5.7%	(1,383)	-0.8%	4,164	2.1%
Services	(11,848)	-17.4%	(11,586)	-20.7%	(32,657)	-18.5%	(39,233)	-19.5%
Personnel costs	(16,122)	-23.7%	(11,170)	-20.0%	(42,059)	-23.8%	(38,316)	-19.0%
Other operating costs	(676)	-1.0%	(278)	-0.5%	(1,471)	-0.8%	(1,006)	-0.5%
Costs for capitalised in-house work	964	1.4%	828	1.5%	2,860	1.6%	2,735	1.4%
Total operating costs	(59,369)	-87.4%	(51,179)	-91.5%	(160,979)	-91.0%	(174,640)	-86.6%
OPERATING PROFIT BEFORE DEPRECIATION & AMORTISATION, CAPITAL GAINS/LOSSES AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)								
	10,732	15.8%	6,570	11.7%	22,146	12.5%	33,456	16.6%
Depreciations and amortisation	(5,300)	-7.8%	(4,611)	-8.2%	(14,847)	-8.4%	(13,674)	-6.8%
Capital gains/(losses) on disposals of non-current assets	1,499	2.2%	20	0.0%	1,487	0.8%	242	0.1%
OPERATING PROFIT (EBIT)								
	6,931	10.2%	1,979	3.5%	8,786	5.0%	20,024	9.9%
Financial income	678	1.0%	626	1.1%	1,210	0.7%	1,743	0.9%
Financial expenses	(1,089)	-1.6%	(406)	-0.7%	(2,956)	-1.7%	(1,192)	-0.6%
Net income/(expenses) from hyperinflation	(3,040)	-4.5%	(3,058)	-5.5%	(3,717)	-2.1%	(7,664)	-3.8%
Exchange rate gains and losses	325	0.5%	823	1.5%	(1,386)	-0.8%	1,170	0.6%
Profits and losses from equity investments	-	0.0%	-	0.0%	-	0.0%	(48)	0.0%
PROFIT BEFORE TAXES								
	3,805	5.6%	(36)	-0.1%	1,937	1.1%	14,033	7.0%
Income taxes	(682)	-1.0%	124	0.2%	(236)	-0.1%	(937)	-0.5%
NET PROFIT FOR THE PERIOD								
	3,123	4.6%	88	0.2%	1,701	1.0%	13,096	6.5%
of which:								
Profit attributable to minority interests	336	0.5%	-	0.0%	336	0.2%	-	0.0%
PROFIT ATTRIBUTABLE TO THE GROUP								
	2,787	4.1%	88	0.2%	1,365	0.8%	13,096	6.5%

Consolidated statement of comprehensive income

<i>(€/000)</i>	Q3 2023	Q3 2022	9M 2023	9M 2022
NET PROFIT FOR THE PERIOD	3,123	88	1,701	13,096
<i>Total profits/losses that will be subsequently reclassified under profit (loss) for the period:</i>				
Forex differences due to translation of financial statements in foreign currencies	(1,108)	(833)	(19,530)	(2,287)
Hedge accounting effect of derivative financial instruments	(22)	70	(3)	(103)
Total other profits/(losses) net of taxes for the year	(1,130)	(763)	(19,533)	(2,390)
TOTAL PROFIT	1,993	(675)	(17,832)	10,706
of which				
Minority interests	336	-	336	-
<i>Total profits/losses that will be subsequently reclassified under profit (loss) for the period –</i>				
Hedge accounting effect of derivative financial instruments	-	-	-	-
MINORITY INTERESTS	336	0	336	0
PROFIT ATTRIBUTABLE TO THE GROUP	1,657	(675)	(18,168)	10,706

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
Share capital increase	1,154	16,158							17,312		17,312
IFRS 2 measurement stock grant plan							490		490		490
Treasury share transactions				(462)					(462)		(462)
Monetary revaluation - hyperinflation (IAS 29)							20,169		20,169		20,169
Change in the scope of consolidation									0	7,576	7,576
Put option on minorities							(10,866)		(10,866)		(10,866)
Other changes							(1)		(1)		(1)
Total profit at 30 September 2023					(19,530)		(3)	1,365	(18,168)	336	(17,832)
Balance at 30 September 2023	12,687	26,160	2,307	(3,683)	(74,245)	(328)	200,373	1,365	164,636	7,912	172,548

Consolidated statement of cash flows

<i>(€/000)</i>	Q3 2023	Q3 2022	9M 2023	9M 2022
<i>Cash and cash equivalents at beginning of period</i>	27,405	12,343	20,923	43,649
Net profit/(loss) for the period	3,123	88	1,701	13,096
Adjustments for:				
- Depreciation and amortisation for the period	5,300	4,611	14,847	13,674
- Realised gains/losses	(1,500)	(20)	(1,488)	(242)
- Monetary revaluation IAS 29	1,353	2,465	4,639	3,918
- Financial income and expenses	(141)	(1,064)	1,234	(186)
- Profits and losses from equity investments	-	-	-	48
- IFRS 2 measurement stock grant plan	252	348	490	1,137
- Income tax	682	(124)	236	937
Payment of post-employment benefit provision	115	40	167	222
Change in risk provisions	371	(50)	254	(571)
<i>Change in trade receivables</i>	<i>(3,291)</i>	<i>25,303</i>	<i>107</i>	<i>3,152</i>
<i>Change in inventories</i>	<i>1,175</i>	<i>3,724</i>	<i>1,720</i>	<i>(2,313)</i>
<i>Change in trade payables</i>	<i>(6,913)</i>	<i>(12,046)</i>	<i>(16)</i>	<i>(10,999)</i>
Change in net working capital	(9,029)	16,981	1,811	(10,160)
Change in other receivables and payables, deferred taxes	237	(720)	3,032	59
Payment of taxes	(2,925)	(291)	(3,691)	(7,042)
Payment of financial expenses	(906)	(412)	(2,566)	(1,400)
Collection of financial income	634	5	1,239	158
Cash flows from operations	(2,434)	21,857	21,905	13,648
Net investments	(1,937)	(5,085)	(13,064)	(16,103)
Repayment of loans	(2,638)	(9,110)	(23,495)	(23,717)
New loans	480	16,011	17,670	25,632
Change in financial assets	(4,033)	(265)	(6,627)	407
Purchase/sale of treasury shares	-	(585)	(462)	(1,774)
Payment of dividends	-	-	-	(6,690)
Cash flows from financing activities	(6,191)	6,051	(12,914)	(6,142)
Acquisition of P.G.A. S.r.l.	-	-	(783)	-
Acquisition of Mansfield Engineered Components LLC	(8,324)	-	(8,324)	-
ARC Handan deconsolidation	-	-	-	(97)
Share capital increase	17,312	-	17,312	-
Foreign exchange differences	(255)	(650)	521	(439)
Net cash flows for the period	(1,829)	22,173	4,653	(9,133)
<i>Cash and cash equivalents at end of period</i>	<i>25,576</i>	<i>34,516</i>	<i>25,576</i>	<i>34,516</i>

Total financial debt

<i>(€/000)</i>	30/09/2023	31/12/2022	30/09/2022
A. Cash	25,576	20,832	33,870
B. Cash equivalents	-	91	646
C. Other current financial assets	8,680	2,497	2,342
D. Liquidity (A+B+C)	34,256	23,420	36,858
E. Current financial payable	1,098	8,098	7,033
F. Current portion of non-current debt	23,543	21,352	22,633
G. Current financial debt (E+F)	24,641	29,450	29,666
H. Net current financial debt (G-D)	(9,615)	6,030	(7,192)
I. Non-current financial payable	63,575	48,651	56,312
J. Debt instruments	29,711	29,685	29,676
K. Trade payables and other non-current payables	-	-	-
L. Non-current financial debt (I+J+K)	93,286	78,336	85,988
M. Total financial debt (H+L)	83,671	84,366	78,796

Financial debt at 30 September 2023 includes:

- €10.9 million for the accounting, pursuant to IAS 32, of the put option granted to minority shareholders for the 49% stake in Mansfield Engineered Components LLC (MEC), which is described in detail in the following paragraphs;
- €6.2 million of operating leases and €0.7 million of finance leases, all of which are recognised in accordance with IFRS 16.

Explanatory notes

Accounting standards and scope of consolidation

The Interim Management Statement of the Sabaf Group at 30 September 2023 is prepared in compliance with the Stock Exchange Regulations that establish, 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 30 September 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., Sabaf Mexico, the companies of the P.G.A. Group (P.G.A. and PGA2.0), Sabaf America Inc. and Mansfield Engineered Components LLC (MEC) were consolidated on a line-by-line basis;
- compared to 30 September 2022, the companies of the P.G.A. Group - P.G.A. and PGA2.0 - acquired on 3 October 2022, were consolidated;
- compared to 30 September 2022 and 30 June 2023, the financial data of Mansfield Engineered Components LLC (MEC), a US company acquired on 14 July 2023 through the subsidiary Sabaf America Inc., company established on 28 June 2023,

were consolidated. MEC's results of operations were consolidated for the third quarter of 2023 only¹.

The Interim Management Statement at 30 September 2023 has not been independently audited.

Hyperinflation – Turkey: application of IAS 29

In the Interim Management Statement at 30 September 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 nine months 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 30/09/2023	Change
TURKSTAT	1,128.45	1,691.04	+49.86%
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 30/09/2022	Change
TURKSTAT	686.95	1,046.86	+52.40%
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>	30/09/2023	Hyperinflation effect	30/09/2023 with Hyperinflation effect
Total non-current assets	149,547	30,727	180,274
Total current assets	174,889	3,665	178,554
Total assets	324,436	34,392	358,828
Total shareholders' equity	138,241	34,307	172,548
Total non-current liabilities	102,813	85	102,898
Total current liabilities	83,382	-	83,382
Total liabilities and shareholders' equity	324,436	34,392	358,828

¹ For the purposes of the first consolidation of MEC, the statement of financial position at 1 July 2023 - end of the reporting period closest to the acquisition date (14 July 2023) - was used.

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

<i>(€/000)</i>	9M 2023	Hyperinflation Effect	9m 2023 with Hyperinflation effect
Operating revenue and income	182,494	631	183,125
Operating costs	(160,032)	(947)	(160,979)
EBITDA	22,462	(316)	22,146
EBIT	10,610	(1,824)	8,786
Profit before taxes	7,609	(5,672)	1,937
Income taxes	(1,269)	1,033	(236)
Minority interests	336	-	336
Net profit for the year	6,004	(4,639)	1,365

Acquisition of Mansfield Engineered Components LLC - Information related to IFRS 3

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 (mainly ovens, washing machines and refrigerators), designed and manufactured to meet the high-quality levels and demanding standards required by the US market. The allocation of the price paid for the acquisition of MEC on the net assets acquired (Purchase Price Allocation), pursuant to IFRS 3 revised, will be completed during 2023. The provisional effects of this operation are shown in the following table:

	Provisional Fair value of assets and liabilities acquired
Assets	
Property, plant and equipment and intangible assets	4,395
Inventories	6,579
Trade receivables	7,910
Other receivables	201
Cash and cash equivalents	801
Total Assets	19,886
Liabilities	
Financial payables	(2,330)
Trade payables	(1,446)
Other payables	(1,531)
Total liabilities	(5,307)
Value of net assets acquired (a)	14,579
% pertaining to Sabaf (a)	7,435
Total cost of acquisition (b)	(9,125)
Goodwill deriving from acquisition (c = b-a)	1,690
Acquired cash and cash equivalents (d)	801
Net cash outlay deriving from acquisition (b-d)	(8,324)

As part of the acquisition, a call option in favour of Sabaf for the remaining 49% of the share capital and a put option in favour of the minority shareholders, exercisable from 2025 to 2028, were subscribed. The valuation of the residual share will be based on an Enterprise Value equal to 8 times MEC's average EBITDA of the two financial statements preceding the date of exercise of the relevant option, adjusted for the net financial position at that date.

Pursuant to the provisions of IAS 32, the assignment of an option to sell (put option) in the terms described above required the initial recognition of a liability corresponding to the estimated redemption value, expected at the time of any exercise of the option: to this end, a non-current financial liability of €10.9 million was recognised in this interim management statement.

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 offered for subscription as part of a reserved placement.

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 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.

Management Statement

Economic performance - Financial highlights (€/000)

The economic results for the third quarter of 2023 and the first nine months of 2023 are presented and commented on below on a normalised basis, i.e. adjusted for the effects of:

- the application of IAS 29 - the hyperinflation accounting standard - with reference to the financial statements of the subsidiaries Sabaf Turkey and Okida;
- start-up costs: the results have been restated to exclude the costs incurred by the Sabaf Group for the start-up of the Indian and Mexican plants 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.

Quarterly results	Sequential			YoY			12M 2022
	Q3 2023 (*)	Q2 2023 (*)	Δ%	Q3 2023 (*)	Q3 2022 (*)	Δ%	
Sales revenue	67,944	50,899	+33.5%	67,944	55,939	+21.5%	253,053
Hyperinflation – Turkey	(6,603)	5,899		(6,603)	(1,273)		(1,091)
Start-up revenue	(15)	-		(15)	-		
Normalised revenue	61,326	56,798	+8.0%	61,326	54,666	+12.2%	251,962
EBITDA	10,732	4,885	+119.7%	10,732	6,570	+63.3%	40,092
<i>EBITDA %</i>	<i>15.8</i>	<i>9.6</i>		<i>15.8</i>	<i>11.7</i>		<i>15.8</i>
Start-up costs	751	800		751	164		704
Hyperinflation – Turkey	(2,713)	2,778		(2,713)	(1,546)		(4,469)
Normalised EBITDA	8,770	8,463	+3.6%	8,770	5,188	+69.0%	36,327
Normalised EBITDA%	14.3	14.9		14.3	9.5		14.4
EBIT	6,931	358	n/a	6,931	1,979	+250.2%	21,887
<i>EBIT %</i>	<i>10.2</i>	<i>0.7</i>		<i>10.2</i>	<i>3.5</i>		<i>8.6</i>
Start-up costs	1,057	983		1,057	188		820
Hyperinflation – Turkey	(1,971)	2,897		(1,971)	(1,039)		(2,838)
Normalised EBIT	6,017	4,238	+42.0%	6,017	1,128	+433%	19,869
Normalised EBIT%	9.8	7.5		9.8	2.1		7.9
Group net result	2,787	(631)	n/a	2,787	88	n/a	15,249
<i>Net result %</i>	<i>4.1</i>	<i>-1.2</i>		<i>4.1</i>	<i>0.2</i>		<i>6.0</i>
Start-up costs	1,022	936		1,022	163		756
Hyperinflation – Turkey	1,353	1,517		1,353	3,918		6,077
Normalised result of the Group	5,162	1,822	+183%	5,162	4,169	+23.8%	22,082
Normalised result %	8.4	3.2		8.4	7.6		8.8

(*) unaudited figures

In the third quarter of 2023, the Sabaf Group achieved normalised sales revenue of €61.3 million, up 8% compared to the second quarter of 2023 (+12.2% compared to €54.7 million in the third quarter of 2022; -6% on a like-for-like basis).

Normalised EBITDA for the third quarter was €8.8 million, or 14.3% of turnover and up by 3.6% compared to the figure of €8.5 million (14.9%) in the second quarter of 2023 (€5.2 million in the third quarter of 2022, 9.5%). Although activity levels remained lower than normal, the result benefited from measures taken to make operations more efficient, from lower energy costs and raw material costs compared to the same period of 2022.

Normalised EBIT was €6 million (9.8%), up 42% compared to €4.2 million in the second quarter of 2023 (7.5%) (€1.1 million in the third quarter of 2022, 2.1%) and includes a capital gain of €1.5 million from the disposal of non-current assets. Normalised net profit for the period attributable to the Group was €5.2 million (€1.8 million in the second quarter of 2023 and €4.2 million in the third quarter of 2022).

9 months 2023	9M 2023	9M 2022	Δ%	12M 2022
Sales revenue	176,906	201,623	-12.3%	253,053
Hyperinflation – Turkey	(620)	(2,740)		(1,091)
Start-up revenue	(15)	-		
Normalised revenue	176,271	198,883	-11.4%	251,962
EBITDA	22,146	33,456	-33.8%	40,092
<i>EBITDA %</i>	<i>12.5</i>	<i>16.6</i>		<i>15.8</i>
Start-up costs	1,905	430		704
Hyperinflation – Turkey	316	(3,667)		(4,469)
Normalised EBITDA	24,367	30,219	-19.4%	36,327
Normalised EBITDA%	13.8	15.2		14.4
EBIT	8,786	20,024	-56.1%	21,887
<i>EBIT %</i>	<i>5.0</i>	<i>9.9</i>		<i>8.6</i>
Start-up costs	2,523	499		820
Hyperinflation – Turkey	1,824	(2,350)		(2,838)
Normalised EBIT	13,133	18,173	-27.7%	19,869
Normalised EBIT%	7.5	9.1		7.9
Group net result	1,365	13,096	-89.6%	15,249
<i>Net result %</i>	<i>0.8</i>	<i>6.5</i>		<i>6.0</i>
Start-up costs	2,395	461		756
Hyperinflation – Turkey	4,639	3,918		6,077
Normalised result of the Group	8,399	17,475	-51.9%	22,082
Normalised result %	4.8	8.8		8.8

(*) unaudited figures

In the first nine months of 2023, the Sabaf Group achieved sales revenue of €176.3 million, down 11.4% compared to €198.9 million in the first nine months of 2022 (-18.1% on a like-for-like basis).

Normalised EBITDA for the first nine months of 2023 was €24.4 million, or 13.8% of sales and down by 19.4% compared to the figure of €30.2 million (15.2% of turnover) of 2022.

Normalised EBIT was €13.1 million (7.5%), down 27.7% compared to €18.2 million (9.1%) of the same period of 2022. Normalised net profit for the period attributable to the Group was €8.4 million (€17.5 million in 2022).

Statement of Financial Position, cash flows and financial debt at 30 September 2023

<i>(€/000)</i>	30/09/2023	30/06/2023	31/12/2022	30/09/2022
<i>Non-current assets</i>	180,274	166,788	171,276	158,336
Short-term assets ²	144,298	124,256	134,709	144,697
Short-term liabilities ³	(58,741)	(63,810)	(55,329)	(59,351)
<i>Net working capital</i> ⁴	85,557	60,446	79,380	85,346
<i>Provisions for risks and charges, Post-employment benefits, deferred taxes</i>	(9,612)	(9,087)	(10,128)	(9,467)
Net invested capital	256,219	218,147	240,528	234,215
Short-term net financial position	9,615	7,757	(6,030)	7,192
Medium/long-term net financial position	(93,286)	(81,588)	(78,336)	(85,988)
Net financial debt	(83,671)	(73,831)	(84,366)	(78,796)
Shareholders' equity	172,548	144,316	156,162	155,419

<i>(€/000)</i>	30/09/2023	30/06/2023	31/12/2022	30/09/2022
Cash and cash equivalents at beginning of period	20,923	20,923	43,649	43,649
Net profit/(loss) for the period	1,701	(1,422)	15,249	13,096
Amortisation and adjustments to cost and revenue items	20,379	13,947	20,152	18,937
Change in net working capital	1,811	10,840	(2,954)	(10,160)
Other changes from operations	(1,986)	974	(8,154)	(8,225)
Cash flows from operations	21,905	24,339	24,293	13,648
Cash flows from investment activities (net of disposals)	(13,182)	(11,127)	(20,856)	(16,103)
Free cash flow	8,723	13,212	3,437	(2,455)
Change in financial assets and liabilities	(12,452)	(6,261)	(8,334)	2,322
Purchase of treasury shares	(462)	(462)	(1,862)	(1,774)
Payment of dividends	-	-	(6,690)	(6,690)
Cash flows from financing activities	(12,914)	(6,723)	(16,886)	(6,142)
Changes in the scope of consolidation	(9,107)	(783)	(5,045)	(97)
Share capital increase	17,312	-	-	-
Foreign exchange differences	639	776	(4,232)	(439)
Net cash flows for the period	4,653	6,482	(22,726)	(9,133)
Cash and cash equivalents at end of period	25,576	27,405	20,923	34,516

² Sum of Inventories, Trade receivables, Tax receivables and Other current receivables

³ Sum of Trade payables, Tax payables and Other liabilities

⁴ Difference between short-term assets and short-term liabilities

Working capital at 30 September 2023 was €85.6 million (€60.4 million at 30 June 2023 and €85.3 million at 30 September 2022). The change in the quarter includes the effect of the first-time consolidation of MEC for about €12 million.

Net investments in the third quarter of 2023 amounted to €1.9 million (gross investments of €4 million and divestments of non-current assets of €2.1 million). Total investments in the first 9 months of 2023 amounted to €13.1 million (€16.1 million in the same period of 2022).

The free operating cash flow generated in the first nine months of 2023 is a positive €8.7 million (€3.4 million in 2022 as a whole and -€2.5 million in the first nine months of 2022).

At 30 September 2023, net financial debt was €83.7 million against a consolidated shareholders' equity of €172.5 million.

Significant non-recurring, atypical and/or unusual transactions

The preceding paragraphs "*Acquisition of Mansfield Engineered Components LLC - Information related to IFRS 3*" and "*Reserved capital increase to support the acquisition*" describe the characteristics and quantitative elements of these transactions.

During the third quarter of 2023, the Parent Company also completed the sale of the former production plant in Lumezzane (Brescia) for €1.95 million. The net carrying value of €526 thousand was recognised as "Assets held for sale" at 31 December 2022.

During the third quarter of 2023, the Group did not engage in significant transactions qualifying as atypical and/or unusual, as envisaged by the CONSOB communication of 28 July 2006.

Outlook

In an environment where visibility still remains limited, based on October sales and the order portfolio for the following months, the Board of Directors expects fourth quarter revenue to increase compared to both the third quarter of 2023 and - also on a like-for-like basis - the fourth quarter of 2022.

Normalised revenue by geographical area (€/000)

Normalised quarterly results	Sequential			YoY			2022 FY
	Q3 2023 (*)	Q2 2023 (*)	% change	Q3 2023 (*)	Q3 2022 (*)	% change	
Europe (excluding Turkey)	16,393	19,188	-14.6%	16,393	17,268	-5.1%	87,142
Turkey	14,221	14,441	-1.5%	14,221	14,093	+0.9%	65,994
North America	16,495	9,735	+69.4%	16,495	8,743	+88.7%	39,749
South America	8,135	6,187	+31.5%	8,135	6,134	+32.6%	28,481
Africa and Middle East	3,617	4,814	-24.9%	3,617	5,175	-30.1%	19,078
Asia and Oceania	2,465	2,433	+1.3%	2,465	3,253	-24.2%	11,518
Total	61,326	56,798	+8.0%	61,326	54,666	+12.2%	251,962

Normalised 9M 2023	YoY			2022 FY
	9M 2023	9M 2022	% change	
Europe (excluding Turkey)	55,346	67,921	-18.5%	87,142
Turkey	45,578	49,675	-8.2%	65,994
North America	33,953	32,487	+4.5%	39,749
South America	21,051	24,169	-12.9%	28,481
Africa and Middle East	13,751	15,334	-10.3%	19,078
Asia and Oceania	6,592	9,297	-29.1%	11,518
Total	176,271	198,883	-11.4%	251,962

Normalised revenue by product line (€/000)

Normalised quarterly results	Sequential			YoY			2022 FY
	Q3 2023 (*)	Q2 2023 (*)	% change	Q3 2023	Q3 2022 (*)	% change	
Gas parts	34,351	36,334	-5.5%	34,351	34,375	-0.1%	157,983
Hinges	21,159	13,707	+54.4%	21,159	15,053	+40.6%	68,604
Electronic components	5,816	6,757	-13.9%	5,816	5,238	+11.0%	25,375
Total	61,326	56,798	+8.0%	61,326	54,666	+12.2%	251,962

Normalised 9M 2023	YoY			2022 FY
	9M 2023	9M 2022	% change	
Gas parts	106,907	125,152	-14.6%	157,983
Hinges	50,180	55,715	-9.9%	68,604
Electronic components	19,184	18,016	+6.5%	25,375
Total	176,271	198,883	-11.4%	251,962

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

The Financial Reporting Officer, Gianluca Beschi, declares that, pursuant to paragraph 2, Article 154-bis of Italian Legislative Decree 58/1998 (TUF, or Consolidated Finance Act), the accounting information contained in the Interim Management Statement at 30 September 2023 of Sabaf S.p.A. corresponds to the Company's records, books and accounting entries.

Ospitaletto (BS), 14 November 2023

Financial Reporting Officer

Gianluca Beschi