

SABAF: RESULTS AT 31 DECEMBER 2021 APPROVED
IN 2021, BEST RESULTS EVER IN TERMS OF SALES AND MARGINS
FOURTH QUARTER IMPACTED BY EXTRAORDINARY ENERGY COSTS AND EXCHANGE RATE
FLUCTUATIONS

➤ **FIGURES FOR 2021**

REVENUE: €263.3 million (€ 184.9 million in 2020) +42.4%

EBITDA: €54.1 million (€ 37.1 million in 2020) +45.9%

EBITDA/REVENUE: 20.6% (20.1 % in 2020)

EBIT: €37.5 million (€ 20.1 million in 2020) +86.7%

NET PROFIT: €23.9 million (€ 14 million in 2020) +71.2%

➤ **FIGURES FOR Q4 2021**

REVENUE: €62.5 million (€ 59.5 million in the fourth quarter of 2020) +5.1%

EBITDA: €10 million (€ 14.2 million in the fourth quarter of 2020) -29.9%

EBITDA/REVENUE: 16% (23.9 % in the fourth quarter of 2020)

EBIT: €5.9 million (€ 9.9 million in the fourth quarter of 2020) -39.9%

NET PROFIT: €0.6 million (€ 9.7 million in the fourth quarter of 2020) -93.4%

Higher energy costs of €2.1 million and negative exchange rate differences of €6.1 million in the quarter

➤ **SALES OF €275-280 MILLION (+5% / 6%) ARE EXPECTED IN 2022**

Ospitaletto (BS), 10 February 2022 - The Board of Directors of Sabaf S.p.A. met today in Ospitaletto to approve the Interim Management Statement at 31 December 2021.

Consolidated results for 2021

The Sabaf Group ended the 2021 financial year with sales revenue that reached a record high of €263.3 million, up 42.4% from €184.9 million in 2020. The most recent guidance, which was revised upwards several times during the year, indicated expected revenues between €255 million and €260 million. EBITDA was €54.1 million (20.6% of turnover), up 45.9% compared to €37.1 million in 2020 (20.1% of turnover) and EBIT was €37.5 million (14.2% of turnover) with an 86.7% increase compared to €20.1 million in 2020. Net profit was €23.9 million (9.1% of sales), 71.2% higher than €14 million in 2020.

Consolidated results for Q4 2021

In Q4 2021, the Sabaf Group recognised revenue of €62.5 million, an increase of 5.1% versus the figure of €59.5 million in the corresponding period of the previous year.

Market demand remained solid, although with uneven variations in various geographical areas: double-digit growth rates were still recorded in Turkey, Africa and the Middle East and in Asia, while in Europe and South America, after five quarters of constant increase in sales, there was a slight drop.

In the fourth quarter, the Group had to deal with an extraordinary and sudden price increase of electricity and gas, which led to higher expenses of €2.1 million and which added to the increase in commodity prices already evident since the beginning of 2021, affecting profitability in the period. The increase in sales prices during 2021 largely offset the increases in commodity costs but doesn't offset the increase of energy costs, which required further adjustments to price lists as from January 2022.

EBITDA for the fourth quarter of 2021 reached €10 million, or 16% of sales (€14.2 million in the fourth quarter of 2020, 23.9% of sales). EBIT was €5.9 million (9.5% of turnover), 39.9% lower than the €9.9 million recorded in the same quarter of 2020 (16.6% of sales).

Net of the impact of higher energy costs, EBITDA for the quarter would have been €12.1 million, or 19.3% of sales, and EBIT was €8 million, or 12.9% of sales.

As a result of the sudden devaluation of the Turkish lira, exchange rate losses of €6.1 million were recognised in the fourth quarter arising from the translation into lira (the currency in which the financial statements of the Group's Turkish companies are prepared) of trade and financial payables denominated in euro. As a result, net profit for the period was €0.6 million (€9.7% million in the fourth quarter of 2020).

Investments and financial position

At 31 December 2021, the impact of the net working capital on revenue was 26.1% compared to 29.3% at 30 September 2021 and 28.2% at 31 December 2020. In absolute terms, net working capital¹ amounted to €68.6 million compared with €78.4 million at 30 September 2021 and € 52.2 million at 31 December 2020. The growth in working capital reflects higher levels of activity; average days for collection from customers and for payment to suppliers remained substantially unchanged.

Investments in the fourth quarter of 2021 amounted to €4.3 million, reaching the planned level after the strong acceleration in the first half of the year, which was necessary to adapt production capacity to higher-than-expected demand. Total investments in 2021 were €23.8 million (€17.3 million in 2020). During the period, key investments were made:

- in Turkey, where the production capacity of the Electronics Division was doubled and production lines for gas valves and hinges for dishwashers were set up;
- in India, where the production of gas components (valves and burners) is about to start;
- in Mexico, where work began on the construction of a new plant in San Luis de Potosi.

At 31 December 2021, net financial debt was €67.6 million (€73.5 million at 30 September 2021 and €56.3 million at 31 December 2020), against a shareholders' equity of €122.4 million.

During the fourth quarter of 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. This issue enabled Sabaf to diversify its sources of financing, improve financial flexibility and significantly lengthen the average duration of its debt.

Outlook

In the first weeks of 2022, demand remained strong in many of the Group's major markets and sales order flow was good. This trend is expected to continue in the coming months, also supported by the gradual increase in supplies related to new orders. For the whole of 2022, the Sabaf Group estimates to achieve revenues ranging from €275 to €280 million, up by 5% / 6% on 2021.

The Group acted promptly to counteract the effects of the increases in prices of energy and raw materials: further increases in sales prices were negotiated and actions were taken to contain energy consumption, also by increasing the efficiency of the most energy-consuming plants. Strategies to mitigate the exchange rate risk have been defined. In this way, the Group believes it will be able to maintain excellent profitability in line with historical averages.

These forecasts assume a macroeconomic scenario not affected by unpredictable events. If the scenario were to change significantly, actual figures might diverge from forecasts.

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



We burn for technology and safety.

Today at **16.00** p.m. CET there will be a conference call to illustrate the results of the fourth quarter of 2021 to financial analysts and institutional investors (please call the number 02 805 88 11 a few minutes before it begins).

Interim Management Statement for Q4 2020, which has not been independently audited, is available in the Investor Relations section of the website www.sabaf.it. Pursuant to article 154-bis, paragraph 2 of the Italian Consolidated Finance Act (Testo Unico della Finanza), the Company's Financial Reporting Officer Gianluca Beschi declares that the financial disclosure contained in this press release corresponds to the Company's records, books and accounting entries.

Attachments include the statement of financial position, income statement, statement of cash flows and net financial position.

For further information:

| | |
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| Investor Relations Gianluca Beschi tel. +39 030 6843236 gianluca.beschi@sabaf.it www.sabaf.it | Media relations Federica Basso + 39 333 9345478 fbasso@twistergroup.it Arnaldo Ragozzino + 39 335 6978581 aragozzino@twistergroup.it |
|--|---|

Founded in the early fifties, SABAF has grown consistently over the years to become the key manufacturer in Italy – and one of the leading producers in the world – of components for household appliances. The production is broken down into three main lines: gas cooking components (valves and burners), hinges and electronic components. Technological expertise, manufacturing flexibility, and the ability to offer a vast range of components – tailor-made to meet the requirements of individual manufacturers of cookers and built-in hobs and ovens and in line with the specific characteristics of its core markets – are Sabaf's key strengths in a sector featuring major specialisation, constantly evolving demand and an ever-increasing orientation towards products assuring total reliability and safety. The Sabaf Group has more than 1,500 employees. It operates through its parent company SABAF S.p.A. and the subsidiaries Sabaf do Brasil, Sabaf Turkey and Sabaf China, active in the production of domestic burners, A.R.C., which produces burners for professional cooking, and Faringosi Hinges and C.M.I., leader in the production of oven and dishwasher hinges, and Okida, operating in the field of electronic components for household appliances.

Consolidated statement of financial position

| | 31/12/2021 | 30/09/2021 | 31/12/2020 |
|--|----------------|----------------|----------------|
| <i>(€/000)</i> | | | |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 82,407 | 84,607 | 76,507 |
| Investment property | 2,311 | 2,503 | 3,253 |
| Intangible assets | 35,553 | 40,596 | 43,017 |
| Equity investments | 83 | 175 | 173 |
| Non-current receivables | 1,100 | 871 | 518 |
| Deferred tax assets | 8,639 | 7,737 | 8,075 |
| Total non-current assets | 130,093 | 136,489 | 131,543 |
| CURRENT ASSETS | | | |
| Inventories | 64,153 | 63,404 | 39,224 |
| Trade receivables | 68,040 | 75,688 | 63,436 |
| Tax receivables | 6,165 | 3,821 | 2,419 |
| Other current receivables | 3,136 | 2,530 | 3,167 |
| Financial assets | 1,172 | 1,172 | 1,495 |
| Cash and cash equivalents | 43,649 | 15,313 | 13,318 |
| Total current assets | 186,315 | 161,928 | 123,059 |
| ASSETS HELD FOR SALE | 0 | 0 | 0 |
| TOTAL ASSETS | 316,408 | 298,417 | 254,602 |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | | |
| SHAREHOLDERS' EQUITY | | | |
| Share capital | 11,533 | 11,533 | 11,533 |
| Retained earnings, Other reserves | 86,089 | 92,191 | 87,504 |
| Net profit for the period | 23,903 | 23,263 | 13,961 |
| <i>Total equity interest of the Parent Company</i> | <i>121,525</i> | <i>126,987</i> | <i>112,998</i> |
| <i>Minority interests</i> | <i>911</i> | <i>5,585</i> | <i>4,809</i> |
| Total shareholders' equity | 122,436 | 132,572 | 117,807 |
| NON-CURRENT LIABILITIES | | | |
| Loans | 86,504 | 36,999 | 32,153 |
| Post-employment benefit and retirement provisions | 3,408 | 3,496 | 3,513 |
| Provisions for risks and charges | 1,334 | 884 | 1,433 |
| Deferred tax liabilities | 3,939 | 4,353 | 4,697 |
| Total non-current liabilities | 95,185 | 45,732 | 41,796 |
| CURRENT LIABILITIES | | | |
| Loans | 24,405 | 45,092 | 29,098 |
| Other financial liabilities | 1,519 | 7,935 | 9,884 |
| Trade payables | 54,837 | 49,104 | 41,773 |
| Tax payables | 4,951 | 5,504 | 3,287 |
| Other payables | 13,075 | 12,478 | 10,957 |
| Total current liabilities | 98,787 | 120,113 | 94,999 |
| LIABILITIES HELD FOR SALE | 0 | 0 | 0 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 316,408 | 298,417 | 254,602 |

Consolidated Income Statement

| | Q4 2021 | | Q4 2020 | | 12M 2021 | | 12M 2020 | |
|---|-----------------|---------------|-----------------|---------------|------------------|---------------|------------------|---------------|
| (€/000) | | | | | | | | |
| INCOME STATEMENT COMPONENTS | | | | | | | | |
| OPERATING REVENUE AND INCOME | | | | | | | | |
| Revenue | 62,487 | 100.0% | 59,461 | 100.0% | 263,259 | 100.0% | 184,906 | 100.0% |
| Other income | 2,682 | 4.3% | 4,158 | 7.0% | 8,661 | 3.3% | 7,194 | 3.9% |
| Total operating revenue and income | 65,169 | 104.3% | 63,619 | 107.0% | 271,920 | 103.3% | 192,100 | 103.9% |
| OPERATING COSTS | | | | | | | | |
| Materials | (33,168) | -53.1% | (26,528) | -44.6% | (142,355) | -54.1% | (82,966) | -44.9% |
| Change in inventories | 4,794 | 7.7% | 2,712 | 4.6% | 29,922 | 11.4% | 6,406 | 3.5% |
| Services | (14,134) | -22.6% | (11,543) | -19.4% | (52,377) | -19.9% | (34,264) | -18.5% |
| Personnel costs | (13,042) | -20.9% | (13,215) | -22.2% | (53,964) | -20.5% | (43,700) | -23.6% |
| Other operating costs | (357) | -0.6% | (895) | -1.5% | (1,531) | -0.6% | (1,981) | -1.1% |
| Costs for capitalised in-house work | 709 | 1.1% | 75 | 0.1% | 2,525 | 1.0% | 1,502 | 0.8% |
| Total operating costs | (55,198) | -88.3% | (49,394) | -83.1% | (217,780) | -82.7% | (155,003) | -83.8% |
| OPERATING PROFIT BEFORE DEPRECIATION & AMORTISATION, CAPITAL GAINS/LOSSES AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA) | | | | | | | | |
| | 9,971 | 16.0% | 14,225 | 23.9% | 54,140 | 20.6% | 37,097 | 20.1% |
| Depreciations and amortisation | (4,151) | -6.6% | (4,263) | -7.2% | (16,869) | -6.4% | (16,968) | -9.2% |
| Capital gains/(losses) on disposals of non-current assets | 111 | 0.2% | 45 | 0.1% | 237 | 0.1% | 105 | 0.1% |
| Write-downs/write-backs of non-current assets | 0 | 0.0% | (141) | -0.2% | 0 | 0.0% | (141) | -0.1% |
| OPERATING PROFIT (EBIT) | | | | | | | | |
| | 5,931 | 9.5% | 9,866 | 16.6% | 37,508 | 14.2% | 20,093 | 10.9% |
| Financial income | 48 | 0.1% | (235) | -0.4% | 750 | 0.3% | 1,366 | 0.7% |
| Financial expenses | (388) | -0.6% | (1,004) | -1.7% | (1,179) | -0.4% | (2,146) | -1.2% |
| Exchange rate gains and losses | (6,132) | -9.8% | 29 | 0.0% | (7,399) | -2.8% | (4,812) | -2.6% |
| Profits and losses from equity investments | 38 | 0.1% | 39 | 0.1% | 0 | 0.0% | 8 | 0.0% |
| PROFIT BEFORE TAXES | | | | | | | | |
| | (503) | -0.8% | 8,695 | 14.6% | 29,680 | 11.3% | 14,509 | 7.8% |
| Income taxes | 1,129 | 1.8% | 1,200 | 2.0% | (4,997) | -1.9% | (149) | -0.1% |
| NET PROFIT FOR THE PERIOD | | | | | | | | |
| | 626 | 1.0% | 9,895 | 16.6% | 24,683 | 9.4% | 14,360 | 7.8% |
| of which: | | | | | | | | |
| Profit attributable to minority interests | (14) | 0.0% | 179 | 0.3% | 780 | 0.3% | 399 | 0.2% |
| PROFIT ATTRIBUTABLE TO THE GROUP | | | | | | | | |
| | 640 | 1.0% | 9,716 | 16.3% | 23,903 | 9.1% | 13,961 | 7.6% |

Consolidated statement of cash flows

| <i>(€/000)</i> | Q4 2021 | Q4 2020 | 12M 2021 | 12M 2020 |
|--|----------------|----------------|-----------------|-----------------|
| <i>Cash and cash equivalents at beginning of period</i> | 15,313 | 9,144 | 13,318 | 18,687 |
| Net profit/(loss) for the period | 626 | 9,895 | 24,683 | 14,360 |
| Adjustments for: | | | | |
| - Depreciation and amortisation for the period | 4,151 | 4,263 | 16,869 | 16,968 |
| - Realised gains/losses | (111) | (45) | (237) | (105) |
| - Write-downs/write-backs of non-current assets | 0 | 141 | 0 | 141 |
| - Profits and losses from equity investments | (38) | (12) | 0 | (8) |
| - Financial income and expenses | 340 | 1,239 | 429 | 780 |
| - IFRS 2 measurement stock grant plan | 355 | 713 | 805 | 658 |
| - Income tax | (1,129) | (1,200) | 4,997 | 149 |
| Payment of post-employment benefit provision | (68) | (63) | (85) | (180) |
| Change in risk provisions | 450 | 519 | (99) | 438 |
| <i>Change in trade receivables</i> | <i>7,648</i> | <i>(9,005)</i> | <i>(4,604)</i> | <i>(16,507)</i> |
| <i>Change in inventories</i> | <i>(749)</i> | <i>(2,639)</i> | <i>(24,929)</i> | <i>(3,881)</i> |
| <i>Change in trade payables</i> | <i>5,733</i> | <i>11,873</i> | <i>13,064</i> | <i>14,213</i> |
| Change in net working capital | 12,632 | 229 | (16,469) | (6,175) |
| Change in other receivables and payables, deferred tax liabilities | (1,899) | (1,114) | (1,515) | 2,072 |
| Payment of taxes | (1,360) | (252) | (5,296) | (2,956) |
| Payment of financial expenses | (544) | (316) | (1,167) | (1,235) |
| Collection of financial income | 24 | 67 | 301 | 160 |
| Cash flows from operations | 13,429 | 14,064 | 23,216 | 25,067 |
| Net investments | (4,251) | (4,942) | (23,752) | (17,296) |
| Repayment of loans | (30,875) | (8,536) | (47,381) | (18,413) |
| New loans | 60,042 | 8,313 | 94,726 | 16,216 |
| Change in financial assets | 100 | 0 | 60 | 60 |
| Purchase/sale of treasury shares | 0 | (336) | 0 | (2,073) |
| Payment of dividends | 0 | (3,924) | (6,172) | (3,924) |
| Cash flows from financing activities | 29,267 | (4,482) | 41,233 | (8,133) |
| A.R.C. acquisition | (1,650) | 0 | (1,650) | 0 |
| C.M.I. acquisition | (4,743) | 0 | (4,743) | (3,063) |
| ARC Handan line-by-line consolidation | 97 | 0 | 97 | 0 |
| Foreign exchange differences | (3,813) | (466) | (4,070) | (1,944) |
| Net cash flows for the period | 28,336 | 4,174 | 30,331 | (5,369) |
| <i>Cash and cash equivalents at end of period</i> | 43,649 | 13,318 | 43,649 | 13,318 |

Total financial debt

| <i>(€/000)</i> | 31/12/2021 | 30/09/2021 | 31/12/2020 |
|--|-------------------|-------------------|-------------------|
| A. Cash | 43,217 | 15,043 | 12,802 |
| B. Cash and cash equivalents | 432 | 270 | 516 |
| C. Other current financial assets | 1,172 | 1,172 | 1,495 |
| D. Liquidity (A+B+C) | 44,821 | 16,485 | 14,813 |
| E. Current financial payable | 5,551 | 33,526 | 23,181 |
| F. Current portion of non-current debt | 20,373 | 18,328 | 15,801 |
| G. Current financial debt (E+F) | 25,924 | 51,854 | 38,982 |
| H. Net current financial debt (G-D) | (18,897) | 35,369 | 24,169 |
| I. Non-current financial payable | 56,855 | 38,172 | 32,153 |
| J. Debt instruments | 29,649 | 0 | 0 |
| K. Trade payables and other non-current payables | 0 | 0 | 0 |
| L. Non-current financial debt (I+J+K) | 86,504 | 38,172 | 32,153 |
| M. Total financial debt (H+L) | 67,607 | 73,541 | 56,322 |