

## **SABAF: FIRST-QUARTER 2023 RESULTS APPROVED**

### ➤ **CONSOLIDATED RESULTS FOR THE PERIOD**

**REVENUE:** €58.1 million (€51.4 million in Q4 2022 +12.9%; € 70.9 million in Q1 2022 -18.1%)

**adj EBITDA<sup>1</sup>:** € 7.1 million (€ 6.1 million in Q4 2022 +16.8%; € 13.1 million in Q1 2022 -45.5%)

**EBITDA:** € 6.5 million (€ 6.6 million in Q4 2022 -1.6%; € 13 million in Q1 2022 -49.9%)

**adj EBITDA/REVENUE:** 12.3% (11.9% in Q4 2022 and 18.5% in Q1 2022)

**EBITDA/REVENUE:** 11.2% (12.9% in Q4 2022 and 18.4% in Q1 2022)

**adj EBIT<sup>1</sup>:** € 2.9 million (€ 1.7 million in Q4 2022 +69.6%; € 9.2 million in Q1 2022 -68.6%)

**EBIT:** € 1.5 million (€ 1.9 million in Q4 2022 -19.7%; € 9.1 million in Q1 2022 -83.5%)

**adj NET PROFIT<sup>1</sup>:** € 1.4 million (€ 4.6 million in Q4 2022; € 7.5 million in Q1 2022)

**NET PROFIT:** € -0.8 million (€ 2.2 million in Q4 2022; € 7.5 million in Q1 2022)

### ➤ **OUTLOOK**

- In a market still characterised by a weak end-demand, the Sabaf Group expects sales in the second quarter to be slightly higher than in the first quarter of 2023.
- A further improvement is expected in the second half of the year, thanks also to the contribution from the first sales of induction cooking components and production at the new Mexican plant.

Pietro Iotti, Chief Executive Officer, commented:

*"In a still challenging market environment, Sabaf reported in the first quarter of the year a double-digits growth compared to the last quarter of 2022. We remain focused on implementing the strategic projects of the Business Plan, which will ensure a sustainable growth in the medium to long term.*

*The very positive market response from customers for induction cooking components, the contribution from the new production plants in India and Mexico and the integration into the Electronics Division of P.G.A. (acquired in October 2022), will allow us to pursue our growth path.*

*We are also continuing with determination the activity aimed at identifying growth opportunities through acquisitions".*

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<sup>1</sup> The value shown was normalised by taking into account the effects of hyperinflation on the financial statements of the Turkish subsidiaries and the start-up costs of Sabaf India, Sabaf Mexico and the Induction division.

The Board of Directors of Sabaf S.p.A. met today in Ospitaletto to approve the Interim Management Statement of the first quarter of 2023.

### **Consolidated results for Q1 2023**

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

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

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

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

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

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

(€/000)	31/03/2023	31/12/2022	31/03/2022
<i>Non-current assets</i>	176,217	171,276	132,414
Short-term assets <sup>2</sup>	139,337	134,709	160,497
Short-term liabilities <sup>3</sup>	(60,081)	(55,329)	(77,817)
<i>Working capital</i> <sup>4</sup>	79,256	79,380	82,680
<i>Provisions for risks and charges, post-employment benefits, deferred taxes</i>	(9,478)	(10,128)	(8,177)
<b>Net invested capital</b>	<b>245,995</b>	<b>240,528</b>	<b>206,917</b>
Short-term net financial position	5,336	6,030	(9,551)
Medium/long-term net financial position	81,016	78,336	85,005
<b>Net financial debt</b>	<b>86,352</b>	<b>84,366</b>	<b>75,454</b>
<b>Shareholders' equity</b>	<b>159,643</b>	<b>156,162</b>	<b>131,463</b>

At 31 March 2023, net working capital<sup>4</sup> was €79.3 million, unchanged from the end of 2022, despite a 12.9% growth in turnover in the quarter, and €3.3 million lower than at 31 March 2022.

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

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

## **Outlook**

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

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

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

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*Today at 16.00 p.m. CET, there will be a conference call to illustrate the results of the first quarter of 2023 to financial analysts and institutional investors (please call the number +39 02 362 13 011 a few minutes before it begins).*

*The Interim Management Statement for the first quarter of 2023, which has not been independently audited, is available in the Investor Relations section of the website [www.sabafgroup.com](http://www.sabafgroup.com).*

*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, net financial position and statement of cash flows.*

For further information:

<sup>2</sup> Sum of Inventories, Trade receivables, Tax receivables and Other current receivables

<sup>3</sup> Sum of Trade payables, Tax payables and Other liabilities

<sup>4</sup> Difference between short-term assets and short-term liabilities



*We burn* for technology and safety.

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*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, Okida and P.G.A., operating in the field of electronic components for household appliances.*

### Consolidated statement of financial position

(€/000)	31/03/2023	31/12/2022	31/03/2022
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	102,855	99,605	86,078
Investment property	898	983	2,194
Intangible assets	55,717	54,168	34,897
Equity investments	97	97	83
Non-current receivables	2,901	2,752	1,037
Deferred tax assets	13,223	13,145	8,125
<b>Total non-current assets</b>	<b>175,691</b>	<b>170,750</b>	<b>132,414</b>
<b>CURRENT ASSETS</b>			
Inventories	65,826	64,426	70,395
Trade receivables	62,799	59,159	78,780
Tax receivables	7,166	8,214	6,926
Other current receivables	3,546	2,910	4,396
Financial assets	2,531	2,497	999
Cash and cash equivalents	21,865	20,923	30,849
<b>Total current assets</b>	<b>163,733</b>	<b>158,129</b>	<b>192,345</b>
<b>ASSETS HELD FOR SALE</b>	<b>526</b>	<b>526</b>	<b>0</b>
<b>TOTAL ASSETS</b>	<b>339,950</b>	<b>329,405</b>	<b>324,759</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	11,533	11,533	11,533
Retained earnings, Other reserves	148,901	129,380	112,476
Net profit/(loss) for the period	(791)	15,249	7,454
<i>Total equity interest pertaining to the Parent Company</i>	<i>159,643</i>	<i>156,162</i>	<i>131,463</i>
<i>Minority interests</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>Total shareholders' equity</b>	<b>159,643</b>	<b>156,162</b>	<b>131,463</b>
<b>NON-CURRENT LIABILITIES</b>			
Loans	81,016	78,336	85,005
Post-employment benefit and retirement provisions	3,810	3,661	3,510
Provisions for risks and charges	453	639	851
Deferred tax liabilities	5,215	5,828	3,816
<b>Total non-current liabilities</b>	<b>90,494</b>	<b>88,464</b>	<b>93,182</b>
<b>CURRENT LIABILITIES</b>			
Loans	29,344	28,876	21,467
Other financial liabilities	388	574	830
Trade payables	43,932	39,628	58,765
Tax payables	2,823	2,545	6,559
Other payables	13,326	13,156	12,493
<b>Total current liabilities</b>	<b>89,813</b>	<b>84,779</b>	<b>100,114</b>
<b>LIABILITIES HELD FOR SALE</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>339,950</b>	<b>329,405</b>	<b>324,759</b>

## Consolidated Income Statement

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

### Consolidated statement of cash flows

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

### Total financial debt

<i>(€/000)</i>	<b>31/03/2023</b>	<b>31/12/2022</b>	<b>31/03/2022</b>
A. Cash	21,865	20,832	30,429
B. Cash and cash equivalents	-	91	420
C. Other current financial assets	2,531	2,497	999
<b>D. Liquidity (A+B+C)</b>	<b>24,396</b>	<b>23,420</b>	<b>31,848</b>
E. Current financial payable	6,638	8,098	2,199
F. Current portion of non-current debt	23,094	21,352	20,098
<b>G. Current financial debt (E+F)</b>	<b>29,732</b>	<b>29,450</b>	<b>22,297</b>
<b>H. Net current financial debt (G-D)</b>	<b>5,336</b>	<b>6,030</b>	<b>(9,551)</b>
I. Non-current financial payable	51,323	48,651	55,324
J. Debt instruments	29,693	29,685	29,681
K. Trade payables and other non-current payables	-	-	0
<b>L. Non-current financial debt (I+J+K)</b>	<b>81,016</b>	<b>78,336</b>	<b>85,005</b>
<b>M. Total financial debt (H+L)</b>	<b>86,352</b>	<b>84,366</b>	<b>75,454</b>



### Hyperinflation – Turkey: application of IAS 29

In the Interim Management Statement at 31 March 2023, IAS 29 was applied with reference to the subsidiaries Sabaf Turkey and Okida. The effect related to the re-measurement of non-monetary assets and liabilities, equity items and income statement items in the first quarter of 2023 was recognised in a separate item in the income statement under financial income and expenses. The related tax effect was recognised in taxes for the period.

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

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

  

Consumer price index	Value at 31/12/2021	Value at 31/12/2022	Change
TURKSTAT	686.95	1,128.45	+64.27%

  

Consumer price index	Value at 01/01/2003	Value at 31/12/2021	Change
TURKSTAT	100	686.95	+586.95%

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

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

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

Consolidated income statement (€/000)	3M 2023	Hyperinflation effect	3M 2023 with Hyperinflation effect
Operating revenue and income	60,498	(87)	60,411
Operating costs	(53,718)	(164)	(53,882)
Operating profit before depreciation & amortisation, capital gains/losses and write-downs/write-backs of non-current assets (EBITDA)	6,780	(251)	6,529
EBIT	2,395	(898)	1,497
Result before taxes	1,164	(2,301)	(1,137)
Income taxes	(186)	532	346
<b>Net profit for the year</b>	<b>978</b>	<b>(1,769)</b>	<b>(791)</b>