

SABAF: RESULTS AT 31 DECEMBER 2022 APPROVED

➤ **FIGURES FOR 2022**

REVENUE: €253.1 million (€263.3 million in 2021), -3.9%

EBITDA: € 40.1 million (€ 54.1 million in 2021), -25.9%

EBITDA/REVENUE: 15.8% (20.6 % in 2021)

EBIT: € 21.9 million (€ 37.5 million in 2021), -41.6%

NET PROFIT: € 15.7 million (€ 23.9 million in 2021), -34.4%

Positive FREE CASH FLOW of € 3.4 million (€ -0.5 million in 2021)

➤ **FIGURES FOR Q4 2022**

REVENUE: € 51.4 million (€ 62.5 million in the fourth quarter of 2021), -17.7%

EBITDA: € 6.6 million (€ 10 million in the fourth quarter of 2021), -33.4%

EBITDA/REVENUE: 12.9% (16 % in the fourth quarter of 2021)

EBIT: € 1.9 million (€ 5.9 million in the fourth quarter of 2021), -68.6%

NET PROFIT: € 2.6 million (€ 0.6 million in the fourth quarter of 2021), +302.7%

Positive FREE CASH FLOW of € 5.8 million (€ 9.2 million in the fourth quarter of 2021)

➤ **OUTLOOK**

- After a very weak second half of 2022, demand in the household appliances market has been showing signs of stabilisation at volumes higher than they were prior to Covid-19 since the beginning of 2023
- Sabaf expects a continuous improvement in the company's results for the current year, which will benefit from the strategic projects to diversify the product range and internationalise production

Chief Executive Officer Pietro Iotti commented:

“After two years of strong growth, in the last half of 2022 the household appliances market recorded a drop in demand and a consequent sharp reduction in our customers’ stocks. The coincidence of these trends with the steep rise in energy and raw material costs inevitably impacted the Group's results.

Since the beginning of 2023, demand has been showing signs of normalisation; energy costs have fallen sharply and commodity prices are expected to be at average levels lower than in 2022. These factors, together with the extremely positive market feedback for e induction cooking components, the contribution of the new production plants in India and Mexico, and the integration of P.G.A. (acquired in 2022) into the Electronics Division, make us look forward to a year of progressive and substantial recovery.

Continues with determination the path of growth, also through acquisitions.”

The Board of Directors of Sabaf S.p.A. met today in Ospitaletto (BS) to approve the Interim Management Statement of the fourth quarter of 2022 and the preliminary figures of 2022.

Consolidated results for 2022

The Sabaf Group ended the financial year 2022 with sales revenue of €253.1 million, down 3.9% (-4.9% on a like-for-like basis) compared to €263.3 million in 2021, year which represented the historical record for the company and for the market. North America is the area which recorded the best performance, with an increase of 30.6% to €39.8 million and where the Group aims to further expand its presence.

EBITDA was €40.1 million (15.8% of turnover), down 25.9% from €54.1 million in 2021 (20.6% of turnover), and EBIT was €21.9 million (8.6% of turnover) compared to €37.5 million in 2021. Net profit was €15.7 million (6.2% of sales) compared to €23.9 million in 2021.

Consolidated results for Q4 2022

In the fourth quarter of 2022, the Sabaf Group recognised revenue of €51.4 million, a decrease of 17.7% compared to €62.5 million in the corresponding period of the previous year (-22.1% on like-for-like basis).

As was already the case in the third quarter, the reference market showed a marked slowdown in demand, and the consequent destocking along the entire chain (running out towards the end of the year) accentuated the drop in sales.

EBITDA for the fourth quarter of 2022 was €6.6 million, or 12.9% of sales (€10 million in the fourth quarter of 2021, 16% of sales). EBIT was €1.9 million (3.6% of turnover), compared to €9.9 million (16.6% of sales) recorded in the same quarter of 2021. Net profit for the period was €2.6 million (€0.6 million in the fourth quarter of 2021).

Investments, working capital and financial debt

In 2022, in line with the Business Plan, the Group invested €20.9 million (€23.8 million in 2021). It mainly relates to non-recurring investments, aimed to the expansion of the international manufacturing footprint:

- in Turkey, where an integrated production line of hinges for dishwashers was started;
- in India, where the production of gas components (valves and burners) was started;
- in Mexico, where works on the construction of the plant in San Luis de Potosi continued.

Investments in the fourth quarter of 2022 amounted to €4.8 million (€4.3 million in the fourth quarter of 2021).

On 3 October 2022, Sabaf S.p.A. completed the acquisition of 100% of P.G.A. S.r.l., a company based in Fabriano (AN) and operating for over 25 years in the field of design and assembly of electronic control boards for the household appliances sector, for an Enterprise Value of €9.76 million.

At 31 December 2022, the impact of the net working capital on revenue was 31.4% compared to 31.7% at 30 September 2022 and 26.1% at 31 December 2021. In absolute terms, net working capital¹ amounted to €79.3 million compared to €85.3 million at 30 September 2022 and € 68.6 million at 31 December 2021.

In 2022, the Group generated a positive free cash flow² of €3.4 million (€ -0.5 million in 2021).

At 31 December 2022, net financial debt, including the acquisition of P.G.A., was €84.4 million (€78.8 million at 30 September 2022 and €67.6 million at 31 December 2021), against a shareholders' equity of €156.7 million.

Hyperinflation – Turkey: application of IAS 29

As from 1 April 2022, the Turkish economy is considered hyperinflationary in accordance with the criteria set out in "IAS 29 - Financial Reporting in Hyperinflationary Economies", i.e. following the assessment of qualitative and quantitative elements including the presence of a cumulative inflation rate greater than 100% over the previous three years. The impacts of hyperinflation on the Statement of Financial Position at 31 December 2022 and the Income Statement for the full year 2022 are enclosed herewith.

Outlook

The first weeks of 2023 show an improving trend in sales and orders. The destocking that characterised the second half of 2022 now is over, although sales in the first half of the year will remain lower than the record levels of early 2022. The Group expects a recovery of profitability made possible by the recovery of production volumes, lower energy and raw material prices, and actions taken to contain energy consumption.

Initiatives for product diversification and internationalisation are advancing according to the plans. These will contribute to improving economic performance and ensuring the sustainable growth of the Group in the medium and long term. Specifically:

- efforts were further intensified in the development of induction cooking components (the first deliveries are forthcoming);
- the technical and commercial integration of P.G.A. continues with the aim of strengthening its presence in the smart appliances and IoT sector for household appliances;
- the ramp-up of the production of gas components in India continues;
- construction of the plant in Mexico is nearing completion, where the production of burners, highly anticipated by the North American market, will begin;

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

² Free cash flow is the difference between Cash flows from operations and Net Investments



- works for the production of a 2 MW photovoltaic plant are about to start at the Ospitaletto factory which will be able to cover a significant portion of the facility's energy needs.

Today at **4.00** p.m. CET there will be a conference call to illustrate the results of the fourth quarter of 2022 to financial analysts and institutional investors (please call the number 02 36213011).

Interim Management Statement for Q4 2022, 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 financial debt.

For further information:

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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

<i>(€/000)</i>	31/12/2022	30/09/2022	31/12/2021
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	99,728	97,090	82,407
Investment property	983	1,576	2,311
Intangible assets	54,963	49,198	35,553
Equity investments	97	83	83
Non-current receivables	2,892	1,397	1,100
Deferred tax assets	12,650	8,992	8,639
Total non-current assets	171,313	158,336	130,093
CURRENT ASSETS			
Inventories	64,426	68,093	64,153
Trade receivables	59,218	64,886	68,040
Tax receivables	8,214	6,195	6,165
Other current receivables	2,910	5,523	3,136
Financial assets	2,497	2,342	1,172
Cash and cash equivalents	20,923	34,516	43,649
Total current assets	158,188	181,555	186,315
ASSETS HELD FOR SALE	526	0	0
TOTAL ASSETS	330,027	339,891	316,408
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	11,533	11,533	11,533
Retained earnings, Other reserves	129,486	130,790	86,089
Net profit for the period	15,673	13,096	23,903
<i>Total equity interest of the Parent Company</i>	<i>156,692</i>	<i>155,419</i>	<i>121,525</i>
<i>Minority interests</i>	<i>-</i>	<i>-</i>	<i>911</i>
Total shareholders' equity	156,692	155,419	122,436
NON-CURRENT LIABILITIES			
Loans	79,629	85,988	86,504
Post-employment benefit and retirement provisions	3,661	3,630	3,408
Provisions for risks and charges	639	763	1,334
Deferred tax liabilities	5,828	5,074	3,939
Total non-current liabilities	89,757	95,455	95,185
CURRENT LIABILITIES			
Loans	27,583	28,746	24,405
Other financial liabilities	574	920	1,519
Trade payables	39,627	43,821	54,837
Tax payables	2,639	3,519	4,951
Other payables	13,155	12,011	13,075
Total current liabilities	83,578	89,017	98,787
LIABILITIES HELD FOR SALE	0	0	0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	330,027	339,891	316,408

Consolidated Income Statement

	Q4 2022		Q4 2021		12M 2022		12M 2021	
(€/000)								
INCOME STATEMENT COMPONENTS								
OPERATING REVENUE AND INCOME								
Revenue	51,430	100.0%	62,487	100.0%	253,053	100.0%	263,259	100.0%
Other income	3,715	7.2%	2,682	4.3%	10,188	4.0%	8,661	3.3%
Total operating revenue and income	55,145	107.2%	65,169	104.3%	263,241	104.0%	271,920	103.3%
OPERATING COSTS								
Materials	(21,347)	-41.5%	(33,168)	-53.1%	(124,331)	-49.1%	(142,355)	-54.1%
Change in inventories	(4,677)	-9.1%	4,794	7.7%	(513)	-0.2%	29,922	11.4%
Services	(10,947)	-21.3%	(14,134)	-22.6%	(50,180)	-19.8%	(52,377)	-19.9%
Personnel costs	(11,610)	-22.6%	(13,042)	-20.9%	(49,926)	-19.7%	(53,964)	-20.5%
Other operating costs	(625)	-1.2%	(357)	-0.6%	(1,631)	-0.6%	(1,531)	-0.6%
Costs for capitalised in-house work	697	1.4%	709	1.1%	3,432	1.4%	2,525	1.0%
Total operating costs	(48,509)	-94.3%	(55,198)	-88.3%	(223,149)	-88.2%	(217,780)	-82.7%
OPERATING PROFIT BEFORE DEPRECIATION & AMORTISATION, CAPITAL GAINS/LOSSES AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)								
	6,636	12.9%	9,971	16.0%	40,092	15.8%	54,140	20.6%
Depreciations and amortisation	(4,592)	-8.9%	(4,151)	-6.6%	(18,266)	-7.2%	(16,869)	-6.4%
Capital gains/(losses) on disposals of non-current assets	9	0.0%	111	0.2%	251	0.1%	237	0.1%
Write-downs/write-backs of non-current assets	(189)	-0.4%	0	0.0%	(189)	-0.1%	0	0.0%
OPERATING PROFIT (EBIT)	1,864	3.6%	5,931	9.5%	21,888	8.6%	37,508	14.2%
Financial income	140	0.3%	48	0.1%	1,883	0.7%	750	0.3%
Financial expenses	(643)	-1.3%	(388)	-0.6%	(1,835)	-0.7%	(1,179)	-0.4%
Net income (expenses) from hyperinflation	(548)	-1.1%	0	0.0%	(8,212)	-3.2%	0	0.0%
Exchange rate gains and losses	(1,625)	-3.2%	(6,132)	-9.8%	(455)	-0.2%	(7,399)	-2.8%
Profits and losses from equity investments	0	0.0%	38	0.1%	(48)	0.0%	0	0.0%
PROFIT BEFORE TAXES	(812)	-1.6%	(503)	-0.8%	13,221	5.2%	29,680	11.3%
Income taxes	3,389	6.6%	1,129	1.8%	2,452	1.0%	(4,997)	-1.9%
NET PROFIT FOR THE PERIOD	2,577	5.0%	626	1.0%	15,673	6.2%	24,683	9.4%
of which:								
Profit attributable to minority interests	0	0.0%	(14)	0.0%	0	0.0%	780	0.3%
PROFIT ATTRIBUTABLE TO THE GROUP	2,577	5.0%	640	1.0%	15,673	6.2%	23,903	9.1%

Consolidated statement of cash flows

(€/000)	Q4 2022	Q4 2021	12M 2022	12M 2021
Cash and cash equivalents at beginning of period	34,516	15,313	43,649	13,318
Net profit/(loss) for the period	2,577	626	15,673	24,683
Adjustments for:				
- Depreciation and amortisation for the period	4,592	4,151	18,266	16,869
- Realised gains/losses	(9)	(111)	(251)	(237)
- Write-downs/write-backs of non-current assets	189	-	189	-
Monetary revaluation IAS 29	1,529	-	5,447	-
- Financial income and expenses	(1,563)	340	(1,749)	429
- Profits and losses from equity investments	-	(38)	48	-
- IFRS 2 measurement stock grant plan	(3)	355	1,134	805
- Income tax	(3,167)	(1,129)	(2,230)	4,997
Payment of post-employment benefit provision	(419)	(68)	(197)	(85)
Change in risk provisions	(289)	450	(860)	(99)
<i>Change in trade receivables</i>	<i>7,101</i>	<i>7,648</i>	<i>10,253</i>	<i>(4,604)</i>
<i>Change in inventories</i>	<i>6,203</i>	<i>(749)</i>	<i>3,890</i>	<i>(24,929)</i>
<i>Change in trade payables</i>	<i>(6,158)</i>	<i>5,733</i>	<i>(17,157)</i>	<i>13,064</i>
Change in net working capital	7,146	12,632	(3,014)	(16,469)
Change in other receivables and payables, deferred taxes	1,317	(1,899)	1,376	(1,515)
Payment of taxes	(691)	(1,360)	(7,733)	(5,296)
Payment of financial expenses	(663)	(544)	(2,063)	(1,167)
Collection of financial income	54	24	212	301
Cash flows from operations	10,600	13,429	24,248	23,216
Net investments	(4,753)	(4,251)	(20,856)	(23,752)
Repayment of loans	(14,238)	(30,875)	(37,955)	(47,381)
New loans	3,604	60,042	29,236	94,726
Change in financial assets	(22)	100	385	60
Purchase/sale of treasury shares	(88)	-	(1,862)	-
Payment of dividends	-	-	(6,690)	(6,172)
Cash flows from financing activities	(10,744)	29,267	(16,886)	41,233
A.R.C. acquisition	-	(1,650)	-	(1,650)
C.M.I. acquisition	-	(4,743)	-	(4,743)
P.G.A. acquisition	(4,948)	-	(4,948)	-
ARC Handan consolidation/deconsolidation	-	97	(97)	97
Foreign exchange differences	(3,748)	(3,813)	(4,187)	(4,070)
Net cash flows for the period	(13,593)	28,336	(22,726)	30,331
Cash and cash equivalents at end of period	20,923	43,649	20,923	43,649

Total financial debt

<i>(€/000)</i>	31/12/2022	30/09/2022	31/12/2021
A. Cash	20,832	33,870	43,217
B. Cash and cash equivalents	91	646	432
C. Other current financial assets	2,497	2,342	1,172
D. Liquidity (A+B+C)	23,420	36,858	44,821
E. Current financial payable	6,805	7,033	5,551
F. Current portion of non-current debt	21,352	22,633	20,373
G. Current financial debt (E+F)	28,157	29,666	25,924
H. Net current financial debt (G-D)	4,737	(7,192)	(18,897)
I. Non-current financial payable	49,944	56,312	56,855
J. Debt instruments	29,685	29,676	29,649
K. Trade payables and other non-current payables	-	-	-
L. Non-current financial debt (I+J+K)	79,629	85,988	86,504
M. Total financial debt (H+L)	84,366	78,796	67,607

Sales by geographical area

<i>(€/000)</i>	Q4 2022	Q4 2021	% change	12m 2022	12m 2021	% change
Europe (excluding Turkey)	18,995	21,720	-12.5%	87,282	92,935	-6.1%
Turkey	15,226	16,197	-6.0%	66,845	65,526	+2.0%
North America	7,070	7,338	-3.7%	39,800	30,472	+30.6%
South America	4,266	9,137	-53.3%	28,503	39,589	-28.0%
Africa and Middle East	3,689	4,508	-18.2%	19,098	19,614	-2.6%
Asia and Oceania	2,184	3,587	-39.1%	11,525	15,123	-23.8%
Total	51,430	62,487	-17.7%	253,053	263,259	-3.9%

Sales by product line

<i>(€/000)</i>	Q4 2022	Q4 2021	% change	12m 2022	12m 2021	% change
Gas parts	31,670	41,454	-23.6%	158,340	182,468	-13.2%
Hinges	12,876	15,373	-16.2%	68,627	58,375	+17.6%
Electronic components	6,884	5,660	+21.6%	26,086	22,416	+16.4%
Total	51,430	62,487	-17.7%	253,053	263,259	-3.9%

Hyperinflation – Turkey: application of IAS 29

In the Interim Management Statement at 31 December 2022, 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 2022 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 31/12/2021	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)	31/12/2022	Hyperinflation effect	31/12/2022 with Hyperinflation effect
Total non-current assets	145,803	25,510	171,313
Total current assets	156,772	1,416	158,188
Available-for-sale non-current assets	526	-	526
Total Assets	303,101	26,926	330,027
Total shareholders' equity	130,273	26,419	156,692
Total non-current liabilities	89,250	507	89,757
Total current liabilities	83,578	-	83,578
Total liabilities and shareholders' equity	303,101	26,926	330,027

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

Consolidated income statement (€/000)	12M 2022	Hyperinflation effect	12m 2022 with Hyperinflation effect
Operating revenue and income	262,092	1,149	263,241
Operating costs	(226,469)	3,320	(223,149)
Operating profit before depreciation & amortisation, capital gains/losses and write-downs/write-backs of non-current assets (EBITDA)	35,623	4,469	40,092
EBIT	19,049	2,839	21,888
Result before taxes	18,779	(5,558)	13,221
Income taxes	2,341	111	2,452
Profit for the year	21,120	(5,447)	15,673