

SABAF: RESULTS AT 31 DECEMBER 2022 APPROVED

➤ **2022 CONSOLIDATED RESULTS**

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: €15.2 million (€23.9 million in 2021) -38.2%

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

Comments on the performance of the 2022 financial year and outlook for 2023

2022 was characterised by a two-speed trend: in the first half of the year, the intense and abnormal growth that followed the pandemic continued, while the market settled down in the second six-month period. In the second half of the year in particular, demand started to decline and corporate customers reduced their inventories sharply, coinciding with a significant increase in energy and commodity prices. The 2022 results, which were satisfactory in terms of revenue and margins but lower than in 2021 (a record year for the Group), reflect these factors.

In the first quarter of 2023, demand has normalised, energy prices have fallen sharply and commodity prices are gradually trending towards lower average levels than in 2022. The destocking that characterised the second half of last year is now over; sales in the first half of 2023, while not reaching the records of early 2022, are expected to be higher in the second half of 2022. These factors, combined with a very positive market response for 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, lead us to expect a year of progressive and substantial recovery. The implementation of the Business Plan, including the acceleration of growth through acquisitions, continues as planned.

The Board of Directors of Sabaf S.p.A., which met today in Ospitaletto (BS), approved the 2022 Annual Financial Report.

The 2022 annual financial report includes the report on operations at 31 December 2022, the consolidated financial statements at 31 December 2022, the draft separate financial statements at 31 December 2022 and the certifications of the Financial Reporting Officer pursuant to Article 154-bis of the TUF.

The Board also approved the consolidated disclosure of non-financial information pursuant to Legislative Decree No. 254/2016, the report on corporate governance and ownership structure and the 2022 report on remuneration.

Group consolidated results

The Sabaf Group ended the 2022 financial year 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, the company's historic record year. The household appliance market continued its positive trend in the first half of 2022, but then experienced a marked downturn in the second half of the year, accentuated by a sharp decline in customer inventories.

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 €15.2 million (6% of sales) compared to €23.9 million in 2021¹.

In 2022, the Group generated operating cash flow² of €24.3 million (€23.2 million in 2021). At 31 December 2022, the impact of the net working capital³ on revenue was 31.4% compared to 26.1% at 31 December 2021.

In line with the Business Plan, the Group invested €20.9 million in 2022 (€23.8 million in 2021), mainly for non-recurring activities aimed at expanding the international production 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 work on the construction of the plant in San Luis de Potosi continued.

In 2022, the Group announced its entry into the induction cooking components market, a strategic initiative supported by a major research and development investment plan, for which a dedicated project team has been set up in Italy. The first prototypes were presented in the second half of 2022, while production will start no later than the first half of 2023.

On 3 October 2022, Sabaf S.p.A. signed an agreement to acquire 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. The acquisition of P.G.A. reflects the objective of diversifying and broadening the offer set out in the Business Plan, which assigns a fundamental role to the Electronics Division. P.G.A., which has an excellent development capacity

¹The consolidated net profit for the year, which was preliminarily announced on 14 February 2023 when the results for the fourth quarter of 2022 were approved, amounted to €15.7 million. The deviation from the actual results is due solely to the more accurate restatement of the hyperinflation expenses and income taxes. These adjustments did not result in any adjustments to revenue, operating profit and the consolidated net financial position.

²The operating cash flow consists of cash flows from operations shown in the Statement of Cash Flows.

³ Net working capital is the sum of Inventories, Trade receivables, Tax receivables, Other current receivables, Trade payables, Tax payables and Other payables.

and is at the forefront of quality production processes, is integrated with Okida, the Turkish company acquired in 2018, which is increasingly contributing to the Group's results.

Among the synergies expected from the acquisition of P.G.A., with a strong prospective impact on growth, are those for the production of induction cooking components, which will be realised at the factories in Ospitaletto, Fabriano (P.G.A.) and Istanbul (Okida).

In 2022, the positive free cash flow⁴ generated by the Sabaf Group was €3.4 million (negative €0.5 million in 2021).

During the financial year, the Group paid dividends for €6.7 million and purchased treasury shares for €1.9 million. At 31 December 2022, net financial debt, including the acquisition of P.G.A., was €84.4 million (€67.6 million at 31 December 2021 and €94.8 million at 30 June 2022). At 31 December 2022, shareholders' equity amounted to €156.2 million; the ratio between the net financial debt and the shareholders' equity was 0.54 versus 0.55 in 2021.

Parent Company Sabaf S.p.A. results

In 2022, the Parent Company Sabaf S.p.A.'s sales revenue totalled €119.1 million (-17.3% compared to €144 million in 2021), EBITDA was €8.5 million (down 63.1% from €23.1 million in 2021), EBIT was €0.8 million (down 94.3% from €13.8 million in 2021) and net profit was €2 million (down 77.6% from €10 million in 2021).

Proposal for the allocation of 2022 profit

The Board of Directors will propose to the shareholders to allocate the profit for the year of €2,246,997 entirely to the Extraordinary Reserve, in order to keep within the Group the financial resources needed to accelerate the path of growth and to be able to take advantage of opportunities even in the short term, consistently with the goals of the Business Plan.

Proposal for authorisation to buy-back

The Board of Directors also resolved to submit to the Shareholders' Meeting for approval the renewal of the authorisation to purchase and dispose of treasury shares in accordance with the terms and conditions determined by the Shareholders' Meeting.

The above authorisation includes the following purposes: (i) use, in line with the Company's strategic lines, the treasury shares as part of operations related to industrial projects and agreements with strategic partners, or as part of investment operations, also through exchange, conferral, transfer or other acts of disposal of the treasury shares for the acquisition of stakes or shareholding packages, or other operations of extraordinary finance that involve assigning or disposing of treasury shares; (ii) disposing of treasury shares to be used for equity-based incentive plans, reserved for directors and/or employees of the Company or of subsidiary companies and, in particular, the stock grant plan approved by the Shareholders' meeting of 6 May 2021; (iii) offer shareholders an additional instrument to monetise their investment; (iv) carry out activities in support of market liquidity. The proposal envisages the authorisation to purchase, on one or more operations, 1,153,345 shares, or the different number that will represent the maximum limit of 10% of the share capital.

The proposal also envisages that: (i) the authorisation to make the purchases is granted for a maximum period of 18 months from the date of the Shareholders' Meeting, while the authorisation to dispose of the shares purchased is granted without time limits; (ii) purchase operations can be carried out on the basis of the decisions taken at the discretion of the Board of Directors in accordance with the procedures allowed by current regulations and practices; (iii) the unit payment for the purchase of shares is established from time to time for each individual operation, it being

⁴ Free cash flow is the difference between Cash Flows from operations and Net investments.

understood that it may not exceed 10% of the average of the official prices recorded on the screen-based market in the five sessions prior to each individual purchase operation.

The number of treasury shares held as at today's date is 239,763, corresponding to 2.079% of the share capital.

Call of the Ordinary Shareholders' Meeting

The Board of Directors resolved to convene the Ordinary Shareholders' Meeting on a single date on 28 April 2023 at 10.30 a.m. at the registered office of Ospitaletto (BS), with on the agenda the presentation of the 2022 Annual Report, the approval of the Financial Report at 31 December 2022, the proposal for the allocation of 2022 profit, the resolution on the second section of the Report on remuneration policy and remuneration paid pursuant to paragraph 6 of Article 123-ter of Italian Legislative Decree 58/1998 and the authorisation to purchase and dispose of treasury shares.

The Annual Financial Report at 31 December 2022, the Independent Auditors' Report and the Board of Statutory Auditors' Report, the Report on Corporate Governance and Ownership Structure, the consolidated disclosure of non-financial information and the 2022 Report on Remuneration will be published on the website www.sabafgroup.com and on the centralised storage system "eMarket Storage", available on the website www.emarketstorage.com, no later than 7 April 2023.

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. Annexes: consolidated and Sabaf S.p.a. financial statements not yet audited.

<p>Investor Relations Gianluca Beschi tel. +39 030 6843236 gianluca.beschi@sabaf.it www.sabafgroup.com</p>	<p>Media relations Maria Giardini +39 340 5104775 mgiardini@twistergroup.it Arnaldo Ragozzino + 39 335 6978581 aragozzino@twistergroup.it</p>
---	---

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.

Sabaf Group - Consolidated statement of financial position

<i>(€/000)</i>	31/12/2022	31/12/2021
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	99,605	82,407
Investment property	983	2,311
Intangible assets	54,168	35,553
Equity investments	97	83
Non-current receivables	2,752	1,100
Deferred tax assets	13,145	8,639
Total non-current assets	170,750	130,093
CURRENT ASSETS		
Inventories	64,426	64,153
Trade receivables	59,159	68,040
Tax receivables	8,214	6,165
Other current receivables	2,910	3,136
Current financial assets	2,497	1,172
Cash and cash equivalents	20,923	43,649
Total current assets	158,129	186,315
ASSETS HELD FOR SALE	526	0
TOTAL ASSETS	329,405	316,408
SHAREHOLDERS' EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Share capital	11,533	11,533
Retained earnings, Other reserves	129,380	86,089
Profit for the year	15,249	23,903
<i>Total equity interest of the Group</i>	156,162	121,525
<i>Minority interests</i>	-	911
Total shareholders' equity	156,162	122,436
NON-CURRENT LIABILITIES		
Loans	78,336	86,504
Post-employment benefit and retirement provisions	3,661	3,408
Provisions for risks and charges	639	1,334
Deferred tax liabilities	5,828	3,939
Total non-current liabilities	88,464	95,185
CURRENT LIABILITIES		
Loans	28,876	24,405
Other financial liabilities	574	1,519
Trade payables	39,628	54,837
Tax payables	2,545	4,951
Other payables	13,156	13,075
Total current liabilities	84,779	98,787
LIABILITIES HELD FOR SALE	0	0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	329,405	316,408

Sabaf Group - Consolidated Income Statement

	2022	2021
<i>(€/000)</i>		
INCOME STATEMENT COMPONENTS		
OPERATING REVENUE AND INCOME		
Revenue	253,053	263,259
Other income	10,188	8,661
Total operating revenue and income	263,241	271,920
OPERATING COSTS		
Materials	(124,331)	(142,355)
Change in inventories	(513)	29,922
Services	(50,180)	(52,377)
Personnel costs	(49,926)	(53,964)
Other operating costs	(1,631)	(1,531)
Costs for capitalised in-house work	3,432	2,525
Total operating costs	(223,149)	(217,780)
OPERATING PROFIT BEFORE DEPRECIATION AND AMORTISATION, CAPITAL GAINS/LOSSES, AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS		
	40,092	54,140
Depreciations and amortisation	(18,267)	(16,869)
Capital gains on disposals of non-current assets	251	237
Value adjustments of non-current assets	(189)	-
EBIT		
	21,887	37,508
Financial income	1,917	750
Financial expenses	(2,009)	(1,179)
Net income/(expenses) from hyperinflation	(9,023)	-
Exchange rate gains and losses	(515)	(7,399)
Profits and losses from equity investments	(48)	-
PROFIT BEFORE TAXES		
	12,209	29,680
Income taxes	3,040	(4,997)
PROFIT FOR THE YEAR		
	15,249	24,683
of which:		
Minority interests	-	780
PROFIT ATTRIBUTABLE TO THE GROUP		
	15,249	23,903
EARNINGS PER SHARE (EPS)		
Base (€)	1,355	2.132
Diluted (€)	1,355	2.132

Sabaf S.p.A. - Statement of Financial Position

<i>(in €)</i>	31/12/2022	31/12/2021
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	47,621,810	48,593,970
Investment property	983,333	2,311,476
Intangible assets	5,429,576	3,778,108
Equity investments	112,505,434	84,512,138
Non-current financial assets	10,375,117	10,707,311
- of which from related parties	<i>10,375,117</i>	<i>10,707,311</i>
Non-current receivables	634,348	31,853
Deferred tax assets	3,047,631	3,322,620
Total non-current assets	180,597,248	153,257,475
CURRENT ASSETS		
Inventories	26,911,220	33,985,939
Trade receivables	28,315,040	45,194,276
- of which from related parties	<i>8,108,979</i>	<i>15,210,599</i>
Tax receivables	5,060,805	1,462,789
- of which from related parties	<i>1,208,542</i>	<i>766,557</i>
Other current receivables	1,208,792	1,929,121
Current financial assets	2,901,374	1,172,947
- of which from related parties	<i>1,300,000</i>	<i>0</i>
Cash and cash equivalents	2,604,007	29,733,148
Total current assets	67,001,238	113,478,220
ASSETS HELD FOR SALE	525,660	0
TOTAL ASSETS	248,124,145	266,735,695
SHAREHOLDERS' EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Share capital	11,533,450	11,533,450
Retained earnings, Other reserves	97,244,927	92,831,829
Profit for the year	2,246,997	10,043,877
Total shareholders' equity	111,025,374	114,409,156
NON-CURRENT LIABILITIES		
Loans	76,336,237	82,515,298
Post-employment benefit and retirement provisions	1,587,836	1,779,634
Provisions for risks and charges	354,595	851,081
Deferred tax liabilities	721,195	323,942
Total non-current liabilities	78,999,863	85,469,955
CURRENT LIABILITIES		
Loans	27,241,978	19,010,029
- of which to related parties	<i>2,500,000</i>	<i>0</i>
Other financial liabilities	561,117	1,393,611
Trade payables	21,167,682	33,677,766
- of which to related parties	<i>1,056,744</i>	<i>1,533,149</i>
Tax payables	621,929	3,374,435
- of which to related parties	<i>24,397</i>	<i>54,720</i>
Other payables	8,506,203	9,400,743
Total current liabilities	58,098,908	66,856,584
LIABILITIES HELD FOR SALE	0	0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	248,124,145	266,735,695

Sabaf S.p.A. - Income Statement

	2022	2021
<i>(in €)</i>		
INCOME STATEMENT COMPONENTS		
OPERATING REVENUE AND INCOME		
Revenue	119,089,523	144,033,787
- of which from related parties	17,099,638	20,212,450
Other income	6,511,215	6,195,079
- of which from related parties	2,921,090	2,029,702
Total operating revenue and income	125,600,738	150,228,866
OPERATING COSTS		
Materials	(52,970,888)	(72,122,067)
- of which to related parties	(3,249,022)	(3,315,935)
Change in inventories	(7,074,719)	12,473,605
Services	(28,629,203)	(34,254,138)
- of which to related parties	(420,521)	(446,675)
Personnel costs	(30,575,199)	(34,780,110)
Other operating costs	(900,987)	(727,503)
Costs for capitalised in-house work	3,068,203	2,259,389
Total operating costs	(117,082,793)	(127,150,823)
OPERATING PROFIT BEFORE DEPRECIATION AND AMORTISATION		
CAPITAL GAINS/LOSSES, WRITE-DOWNS/WRITE-BACKS		
OF NON-CURRENT ASSETS		
	8,517,946	23,078,043
Depreciations and amortisation	(8,485,132)	(9,179,378)
Capital gains/(losses) on disposal of non-current assets	1,565,126	238,136
- of which by related parties	1,362,808	110,367
Write-downs/write-backs of non-current assets	(808,000)	(300,000)
- of which by related parties	(808,000)	(300,000)
EBIT	789,939	13,836,801
Financial income	1,973,664	318,425
- of which by related parties	309,025	255,441
Financial expenses	(1,573,474)	(530,464)
Exchange rate gains and losses	353,659	426,824
Profits and losses from equity investments	177,833	175,504
- of which by related parties		175,504
PROFIT BEFORE TAXES	1,721,620	14,227,088
Income taxes	525,377	(4,183,212)
PROFIT FOR THE YEAR	2,246,997	10,043,877