

SABAF: AN AGREEMENT WAS SIGNED FOR THE ACQUISITION OF 100% OF P.G.A. s.r.l.

Sabaf S.p.A. announces the signing of a binding contract for the acquisition of 100% of the share capital of P.G.A. s.r.l. (P.G.A.), 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: hoods, refrigeration, air quality control and water supply. P.G.A. s.r.l. holds 100% of the share capital of PGA2.0 s.r.l., a business unit dedicated to the design and prototyping of innovative solutions based on interconnection and the Internet of Things (IoT).

In 2021, P.G.A. and PGA2.0 (jointly the P.G.A. Group) achieved consolidated sales of €11.5 million and a consolidated EBITDA of €2.2 million. At 30 June 2022, consolidated net financial debt was €1.3 million.¹ The P.G.A. Group currently employs 36 persons.

P.G.A. is currently controlled and managed by brothers Andrea and Paolo Cennimo, each of whom holds 50% of the capital.

The agreement reached provides for a preliminary valuation of P.G.A. amounting to €9.76 million (Enterprise Value), determined on the basis of a multiple of 5 times the average annual consolidated EBITDA over the three-year period from 2020 to 2022. 75% of the price will be paid in a single payment upon completion of the transaction (amount fully financed through available bank credit facilities), while the remaining 25% of the price will be paid through the sale of Sabaf shares in portfolio, for which a lock-up period until 31 December 2026 is envisaged.

The purchase price will be determined on the basis of the 2022 final EBITDA balance of the P.G.A. Group and of the net financial position at the date of completion of the transaction. The sellers will also be granted a possible further price adjustment ("earn-out"), linked to the achievement of objectives.

Andrea and Paolo Cennimo will remain at the head of P.G.A. as Chief Executive Officers.

The closing of the transaction, which is not subject to significant conditions precedent, is expected within the first week of October.

The Sabaf Group is already active in the electronics sector through its Turkish subsidiary Okida Elektronik, a company it acquired in 2018 and which is experiencing a fast business development, also thanks to the contribution of Sabaf's global sales network.

Pietro Iotti, CEO of Sabaf S.p.A., said: "*The acquisition of P.G.A. reflects the aim of diversification and expansion of the offer defined in our Business Plan. The Electronics Division plays a decisive role in Sabaf's strategic development into a group with a full-fledged presence in advanced technologies in the household appliance industry. P.G.A., which is excellent in terms of development capacity and at the forefront of quality production processes, integrates perfectly with Okida, which is increasingly contributing to the Group's results. In addition to this, there is the potential of electromagnetic induction cooking - a segment that Sabaf entered this year. We intend to continue on this path both with the development of products with proprietary technology and through further acquisitions of specialised manufacturers in order to ensure constant economic and social value generation for shareholders and stakeholders in the long term.*"

¹ The P.G.A. Group is not required to prepare the consolidated financial statements. The consolidated economic and financial data were prepared internally by the management of P.G.A. and subject to financial due diligence by Sabaf.

"The integration with SABAF - a major Italian industrial group - represents a great opportunity for P.G.A. and its employees, and lays the foundation to continue and accelerate the growth path that has characterised our 27 years of activity." Andrea and Paolo Cennimo, founders of P.G.A. commented: "Within the Sabaf Group, P.G.A. will pursue a development model based on offering proprietary and innovative solutions to meet the increasingly complex challenges of the global market.

Note that the acquisition is to be considered as not significant pursuant to Article 71 of the Issuers' Regulations and to the criteria set out in Annexe 3B of the Issuers' Regulations.

Sabaf S.p.A. was aided in the negotiation by Baldi Finance S.p.A. as financial and negotiation advisor and by Baldi & Partners Avvocati e Commercialisti for accounting, tax and legal due diligence and for contractual advice.

The sellers were advised by Azimut Group's investment banking team for negotiation and financial aspects, by Studio Commerciale Busco for tax and accounting aspects and by Studio Legale Portolano Cavallo for legal and contractual advice.

For further information:

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
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Founded in the early fifties, Sabaf has grown consistently over the years to become today, by means of the Group of the same name, the key manufacturer in Italy – and one of the leading producers in the world of components for household appliances.

Today, the Sabaf Group has more than 1,400 employees. It is active, through its parent company Sabaf S.p.A. and the subsidiaries Sabaf do Brasil, Sabaf Turkey and Sabaf China, in the production of valves, gas thermostats and domestic burners, A.R.C., in the production of burners for professional cooking, Faringosi Hinges and C.M.I., in the production of oven and dishwasher hinges, Okida, operating in the field of electronic components.

Technological expertise, manufacturing flexibility and the ability to offer a vast range of components – tailor-made to meet the requirements of individual customers and in line with the specific characteristics of its core markets – are the Group's key strengths in a sector featuring major specialisation, constantly evolving demand and an ever-increasing orientation towards products assuring total reliability and safety.