

## **SABAF: RECORD RESULTS IN THE FIRST HALF OF 2021**

### ➤ **CONSOLIDATED RESULTS FOR THE FIRST HALF OF 2021**

**REVENUE:** € 137.7 million (€ 78.2 million in the first half of 2020), **+76%**

**EBITDA:** € 32.2 million (€13.3 million in the first half of 2020), **+142%**

**EBITDA/REVENUE:** **23.4%** (17 % in the first half of 2020)

**EBIT:** € 24 million (€ 4.8 million in the first half of 2020), **+397%**

**NET PROFIT:** € 16.7 million (€ 2.4 million in the first half of 2020), **+591%**

### ➤ **CONSOLIDATED RESULTS FOR Q2 2021**

**REVENUE:** € 72.8 million (€ 34.3 million in the first quarter of 2020), **+112%**

**EBITDA:** € 17.1 million (€5.6 million in the second quarter of 2020), **+205%**

**EBITDA/REVENUE:** **23.4%** (16.3 % in the second quarter of 2020)

**EBIT:** € 12.9 million (€ 1.5 million in the second quarter of 2020), **+788%**

**NET PROFIT:** € 8.2 million (€ 0.9 million in the second quarter of 2020), **+846%**

### ➤ **2021 ESTIMATES REVISED FURTHER UPWARDS**

**Sales expected between € 255 and € 260 million** (previous sales forecast over € 240 million)

**Operating profitability (EBITDA %) estimated to be over 22% of sales** (previous forecast EBITDA above 21%)

*"The absolute excellence of the results achieved in the first half of the year, a record for the Group, confirms the validity of our Business Plan and the strength of our organisation, which is able to fully grasp the opportunities offered by the current market phase," said Pietro Iotti, Chief Executive Officer. "The strength of the ongoing trend and the consolidation of the new projects under development justifies the fourth upward revision of estimates for the current year and sets the conditions for very positive results also in 2022."*

The Board of Directors of Sabaf S.p.A. met today in Ospitaletto to approve the Half-Yearly Report at 30 June 2021.

*Consolidated results for the first half of 2021*

The Sabaf Group closed the first half of 2021 with excellent results, reaching record levels in terms of sales and profitability, with growth rates definitely higher than those of the reference market.

The Group is successfully pursuing the organic growth strategy outlined in the 2021-2023 Business Plan, which focuses on strengthening technical and commercial relations with some of the major global players, increasing internationalisation and exploiting synergies with the most recently acquired companies.

During the period, the market confirmed a favourable situation. The Group has implemented solid actions to cope with rising raw material prices, logistical costs and difficulties in procuring certain components.

Revenue was €137.7 million in the first half-year, an increase of 76% versus the figure of €78.2 million in the corresponding period of the previous year, with consistent growth in all markets. In terms of products, it was once again electronic components that recorded the highest growth rates, with sales double that of the same period in 2020, which was already 20% higher than the first half of 2019. Gas components and hinges recorded growth rates of 76% and 69% respectively.

The high level of production capacity utilisation has led to a significant improvement in profitability: the EBITDA of the first half of 2021 came at €32.2 million (23.4% of turnover, 142% higher than €13.3 million of the same period of 2020, when it was 17% of sales). EBIT was €24 million (17.4% of sales), compared to the €4.8 million in the first half of 2020.

Pre-tax profit amounted to €22.1 million in the first half of 2021 (€3.7 million in the first half of 2020) and net profit was €16.7 million (€2.4 million in the first half of 2020).

### *Investments, working capital and net financial position*

In the first half of the year, investments of €16.2 million were made (€8.3 million in the first half of 2020), some of which were made earlier than initially planned to increase production capacity and, consequently, turnover potential.

Key investments during the period included:

- the increase in the production capacity of the Electronics Division, for which production started in a new plant in Manisa (Turkey);
- the increase in the production capacity of burners at the plants in Brazil and Turkey, also to support the increase in supplies under recent agreements with some strategic customers;
- the purchase of a plot of land in San Luis de Potosi (Mexico), where the Group intends to build a new production plant by 2022.

At 30 June 2021, net working capital amounted to €70.4 million, compared with €52.2 million at the end of 2020: the increase is related both to the strong growth in business and to increases in the volume and value of inventories. With regard to stocks of raw materials, in addition to the inflationary effect of the significant increases in metal prices, the Group raised the level of safety stocks to ensure continuity of production in a particularly turbulent scenario. Moreover, stocks of finished products at the end of June include goods that are ready but not yet collected by customers due to current international logistical difficulties. At 30 June 2021, net working capital on sales is 25.6% (28.2% at the end of 2020).

In June 2021, Sabaf S.p.A. distributed dividends of €6.2 million (€0.55 per share), in execution of the shareholders' resolution of 6 May 2021 (€3.9 million dividends paid in 2020).

At 30 June 2021, the net financial debt was €71.1 million, compared with €56.3 million on 31 December 2020. Consolidated shareholders' equity attributable to the Group amounted to €121.2 million. The ratio between net financial debt and annualized EBITDA is equal to 1.1.

### *Consolidated results for q2 2021*

In the second quarter, the Group achieved a new sales record of €72.8 million. Significantly, sales increased by a further 12% compared to the first quarter of the year (€64.8 million); it is the fourth consecutive quarter of strong progressive growth.

Sales in the second quarter of 2021 were 112% higher than the €34.3 million in Q2 2020, the period most impacted by the pandemic. Second-quarter EBITDA was €17 million, equivalent to 23.4% of turnover (+205% versus €5.6 million in the second quarter of 2020, when it was 16.3% of turnover), and EBIT was €12.9 million, equivalent to 17.8% of turnover (+788% versus €1.5 million in the second quarter of 2020, when it was 4.2% of turnover). Net profit for the period was €8.3 million, compared to €0.9 million for the second quarter of 2020.

### *Forecasts for the rest of the year*

Demand remains strong in all major markets. For the entire 2021 financial year, the Sabaf Group further revised its estimates upwards and now expects revenues in the range of €255 to €260 million, some 38% to 40% higher than the €184.9 million in 2020 and 64% to 67% higher than the €155.9 million in 2019 (previous forecasts indicated revenues in excess of €240 million). In the second half of the year, the Group believes that it will be able to pass most of the increases in the cost of raw materials on to sales prices. Therefore, the expected full-year operating profitability (EBITDA %) is above 22%, compared to 20.1% in 2020 and 17.3% in 2019 (previous forecasts indicated an EBITDA above 21%).

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

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*The results will be presented to the financial community at **4.00 p.m.** today, 3 August 2021, during a conference call (call 02 805 88 11 a few minutes before the scheduled start).*

*The Half-Yearly Report at 30 June 2021 will be made available to the public in accordance with and within the time limits prescribed by the law.*

*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 financial statements*

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

**Consolidated statement of financial position**

| <i>(€/000)</i>                                     | <b>30/06/2021</b> | <b>31/12/2020</b> |
|--|-------------------|-------------------|
| <b>ASSETS</b>                                      |                   |                   |
| NON-CURRENT ASSETS                                 |                   |                   |
| Property, plant and equipment                      | 84,499            | 76,507            |
| Investment property                                | 2,666             | 3,253             |
| Intangible assets                                  | 40,682            | 43,017            |
| Equity investments                                 | 162               | 173               |
| Financial assets                                   | 0                 | 0                 |
| Non-current receivables                            | 697               | 518               |
| Deferred tax assets                                | 7,486             | 8,075             |
| <b>Total non-current assets</b>                    | <b>136,192</b>    | <b>131,543</b>    |
| CURRENT ASSETS                                     |                   |                   |
| Inventories  | 58,735            | 39,224            |
| Trade receivables                                  | 81,666            | 63,436            |
| Tax receivables                                    | 3,531             | 2,419             |
| Other current receivables                          | 3,086             | 3,167             |
| Financial assets                                   | 1,175             | 1,495             |
| Cash and cash equivalents                          | 12,920            | 13,318            |
| <b>Total current assets</b>                        | <b>161,113</b>    | <b>123,059</b>    |
| ASSETS HELD FOR SALE                               | <b>0</b>          | <b>0</b>          |
| <b>TOTAL ASSETS</b>                                | <b>297,305</b>    | <b>254,602</b>    |
| <b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>        |                   |                   |
| SHAREHOLDERS' EQUITY                               |                   |                   |
| Share capital                                      | 11,533            | 11,533            |
| Retained earnings, Other reserves                  | 92,968            | 87,504            |
| Profit (loss) for the year                         | 16,749            | 13,961            |
| <i>Total equity interest of the Parent Company</i> | <i>121,250</i>    | <i>112,998</i>    |
| <i>Minority interests</i>                          | <i>5,365</i>      | <i>4,809</i>      |
| <b>Total shareholders' equity</b>                  | <b>126,615</b>    | <b>117,807</b>    |
| NON-CURRENT LIABILITIES                            |                   |                   |
| Loans  | 37,887            | 32,153            |
| Other financial liabilities                        | 0                 | 0                 |
| Post-employment benefit and retirement provisions  | 3,536             | 3,513             |
| Provisions for risks and charges                   | 888               | 1,433             |
| Deferred tax liabilities                           | 4,459             | 4,697             |
| Non-current payables                               | 0                 | 0                 |
| <b>Total non-current liabilities</b>               | <b>46,770</b>     | <b>41,796</b>     |
| CURRENT LIABILITIES                                |                   |                   |
| Loans  | 39,367            | 30,493            |
| Other financial liabilities                        | 7,967             | 8,489             |
| Trade payables                                     | 56,494            | 41,773            |
| Tax payables                                       | 6,629             | 3,287             |
| Other payables                                     | 13,463            | 10,957            |
| <b>Total current liabilities</b>                   | <b>123,920</b>    | <b>94,999</b>     |
| LIABILITIES HELD FOR SALE                          | <b>0</b>          | <b>0</b>          |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>  | <b>297,305</b>    | <b>254,602</b>    |

### Consolidated Income Statement

|   | Q2<br>2021 (*)  | Q2<br>2020 (*)  | H1 2021          | H1 2020         |
|---|-----------------|-----------------|------------------|-----------------|
| <i>(€/000)</i>  |                 |                 |                  |                 |
| <b>OPERATING REVENUE AND INCOME</b>   |                 |                 |                  |                 |
| Revenue   | 72,840          | 34,312          | 137,665          | 78,164          |
| Other income  | 2,597           | 920             | 4,485            | 1,969           |
| <b>Total operating revenue and income</b>   | <b>75,437</b>   | <b>35,232</b>   | <b>142,150</b>   | <b>80,133</b>   |
| <b>OPERATING COSTS</b>  |                 |                 |                  |                 |
| Materials   | (39,199)        | (16,243)        | (76,146)         | (35,381)        |
| Change in inventories   | 8,810           | 3,981           | 20,345           | 3,677           |
| Services  | (14,231)        | (7,944)         | (26,517)         | (15,514)        |
| Personnel costs   | (14,250)        | (9,648)         | (28,136)         | (19,901)        |
| Other operating costs   | (111)           | (429)           | (815)            | (808)           |
| Costs for capitalised in-house work   | 620             | 646             | 1,303            | 1,078           |
| <b>Total operating costs</b>  | <b>(58.361)</b> | <b>(29.637)</b> | <b>(109.966)</b> | <b>(66.849)</b> |
| <b>OPERATING PROFIT BEFORE DEPRECIATION &amp; AMORTISATION, CAPITAL GAINS/LOSSES AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)</b> | <b>17,076</b>   | <b>5,595</b>    | <b>32,184</b>    | <b>13,284</b>   |
| Depreciations and amortisation  | (4,209)         | (4,171)         | (8,341)          | (8,508)         |
| Capital gains/(losses) on disposals of non-current assets   | 73              | 33              | 117              | 41              |
| Write-downs/write-backs of non-current assets   | 0               | 0               | 0                | 0               |
| <b>OPERATING PROFIT (EBIT)</b>  | <b>12,940</b>   | <b>1,457</b>    | <b>23,960</b>    | <b>4,817</b>    |
| Financial income  | 51              | 1,491           | 551              | 1,563           |
| Financial expenses  | (317)           | (378)           | (528)            | (802)           |
| Exchange rate gains and losses  | (1,004)         | (1,021)         | (1,853)          | (1,837)         |
| Profits and losses from equity investments  | (3)             | 0               | (49)             | 0               |
| <b>PROFIT BEFORE TAXES</b>  | <b>11,667</b>   | <b>1,549</b>    | <b>22,081</b>    | <b>3,741</b>    |
| Income taxes  | (3,122)         | (713)           | (4,768)          | (1,225)         |
| <b>NET PROFIT FOR THE PERIOD</b>  | <b>8,545</b>    | <b>836</b>      | <b>17,313</b>    | <b>2,516</b>    |
| of which:   |                 |                 |                  |                 |
| Minority interests  | 252             | (41)            | 564              | 92              |
| <b>PROFIT ATTRIBUTABLE TO THE GROUP</b>   | <b>8,293</b>    | <b>877</b>      | <b>16,749</b>    | <b>2,424</b>    |

### Consolidated statement of cash flows

|  | <b>H1 2021</b>  | <b>H1 2020</b> |
|--|-----------------|----------------|
| <b><i>Cash and cash equivalents at beginning of period</i></b> | <b>13,318</b>   | <b>18,687</b>  |
| Net profit/(loss) for the period                               | 17,313          | 2,516          |
| Adjustments for:   |                 |                |
| - Depreciation and amortisation for the period                 | 8,341           | 8,508          |
| - Realised gains/losses  | (117)           | (40)           |
| - Profits and losses from equity investments                   | 49              | 0              |
| - Financial income and expenses                                | (23)            | (761)          |
| - IFRS 2 measurement stock grant plan                          | 155             | (251)          |
| - Income tax   | 4,768           | 1,225          |
| Change in post-employment benefit                              | 23              | (46)           |
| Change in risk provisions                                      | (545)           | 13             |
| <i>Change in trade receivables</i>                             | <i>(18,230)</i> | <i>(2,035)</i> |
| <i>Change in inventories</i>                                   | <i>(19,511)</i> | <i>(2,256)</i> |
| <i>Change in trade payables</i>                                | <i>14,721</i>   | <i>(1,141)</i> |
| Change in net working capital                                  | (23,020)        | (5,432)        |
| Change in other receivables and payables, deferred taxes       | 1,103           | 1,360          |
| Payment of taxes   | (923)           | (1,616)        |
| Payment of financial expenses                                  | (406)           | (704)          |
| Collection of financial income                                 | 111             | 115            |
| <b>Cash flows from operations</b>                              | <b>6,829</b>    | <b>4,887</b>   |
| Investments in non-current assets                              |                 |                |
| - intangible   | (1,004)         | (711)          |
| - tangible   | (15,215)        | (7,733)        |
| - financial  | 0               | (50)           |
| Disposal of non-current assets                                 | 1,057           | 149            |
| <b>Cash flows from investment activities</b>                   | <b>(15,162)</b> | <b>(8,345)</b> |
| Repayment of loans   | (11,921)        | (8,341)        |
| New loans  | 25,349          | 5,664          |
| Change in financial assets                                     | 117             | 0              |
| Purchase of treasury shares                                    | 0               | (1,264)        |
| Payment of dividends   | (6,172)         | 0              |
| <b>Cash flows from financing activities</b>                    | <b>7,373</b>    | <b>(3,941)</b> |
| Foreign exchange differences                                   | 562             | (986)          |
| <b>Net cash flows for the period</b>                           | <b>(398)</b>    | <b>(8,385)</b> |
| <b><i>Cash and cash equivalents at end of period</i></b>       | <b>12,920</b>   | <b>10,302</b>  |

### Total Financial Debt

|  | 30/06/2021    | 31/12/2020    | Change        |
|--|---------------|---------------|---------------|
| A. Cash and cash equivalents                     | 12,359        | 12,802        | (443)         |
| B. Cash equivalents                              | 561           | 516           | 45            |
| C. Other current financial assets                | 1,175         | 1,495         | (320)         |
| <b>D. Liquidity (A+B+C)</b>                      | <b>14,095</b> | <b>14,813</b> | <b>(718)</b>  |
| E. Current financial debt                        | 30,142        | 23,181        | 6,961         |
| F. Current portion of non-current financial debt | 17,192        | 15,801        | 1,391         |
| <b>G. Current financial debt (E+F)</b>           | <b>47,334</b> | <b>38,982</b> | <b>8,352</b>  |
| <b>H. Net current financial debt (G-D)</b>       | <b>33,239</b> | <b>24,169</b> | <b>9,070</b>  |
| I. Non-current financial debt                    | 37,887        | 32,153        | 5,734         |
| J. Debt instruments                              | 0             | 0             | 0             |
| K. Trade payables and other non-current payables | 0             | 0             | 0             |
| <b>L. Non-current financial debt (I+J+K)</b>     | <b>37,887</b> | <b>32,153</b> | <b>5,734</b>  |
| <b>M. Total financial debt (H+L)</b>             | <b>71,126</b> | <b>56,322</b> | <b>14,804</b> |



### Sales by geographical area

| <i>(€/000)</i>            | <b>Q2<br/>2021</b> | <b>Q2<br/>2020</b> | % change       | <b>H1 2021</b> | <b>H1 2020</b> | % change      | <b>2020 FY</b> |
|---------------------------|--------------------|--------------------|----------------|----------------|----------------|---------------|----------------|
| Europe (excluding Turkey) | 24,852             | 11,738             | +111.7%        | 48,904         | 28,325         | +72.7%        | 69,618         |
| Turkey                    | 17,354             | 7,873              | +120.4%        | 33,630         | 18,972         | +77.3%        | 44,806         |
| North America             | 8,277              | 4,283              | +93.2%         | 15,578         | 9,826          | +58.5%        | 22,700         |
| South America             | 11,531             | 5,622              | +105.1%        | 21,421         | 12,400         | +72.8%        | 27,639         |
| Africa and Middle East    | 6,066              | 3,222              | +88.3%         | 9,974          | 5,551          | +79.7%        | 12,177         |
| Asia and Oceania          | 4,760              | 1,574              | +202.4%        | 8,158          | 3,090          | +164.0%       | 7,966          |
| <b>Total</b>              | <b>72,840</b>      | <b>34,312</b>      | <b>+112.3%</b> | <b>137,665</b> | <b>78,164</b>  | <b>+76.1%</b> | <b>184,906</b> |

### Sales by product line

| <i>(€/000)</i>        | <b>Q2<br/>2021</b> | <b>Q2<br/>2020</b> | % change       | <b>H1 2021</b> | <b>H1 2020</b> | % change      | <b>2020 FY</b> |
|-----------------------|--------------------|--------------------|----------------|----------------|----------------|---------------|----------------|
| Gas parts             | 52,452             | 24,402             | +115.0%        | 97,041         | 55,124         | +76.0%        | 129,834        |
| Hinges                | 14,795             | 7,331              | +101.8%        | 29,114         | 17,262         | +68.7%        | 41,326         |
| Electronic components | 5,593              | 2,579              | +116.8%        | 11,510         | 5,778          | +99.2%        | 13,746         |
| <b>Total</b>          | <b>72,840</b>      | <b>34,312</b>      | <b>+112.3%</b> | <b>137,665</b> | <b>78,164</b>  | <b>+76.1%</b> | <b>184,906</b> |