

SABAF: RESULTS APPROVED FOR Q1 2024

➤ **CONSOLIDATED RESULTS FOR THE PERIOD**

adj REVENUE¹: € 69 million (€ 58.1 million in Q1 2023 +18.7%; +7.2% on a like-for-like basis)
REVENUE: € 68.9 million (€ 58.1 million in Q1 2023 +18.6%; +7.1% on a like-for like basis)

adj EBITDA: € 10.6 million (€ 7.1 million in Q1 2023 +47.9%)
EBITDA: € 10.6 million (€ 6.5 million in Q1 2023 +61.9%)

adj EBITDA/REVENUE: 15.3% (12.3% in Q1 2023)
EBITDA/REVENUE: 15.3 % (11.2 % in Q1 2023)

adj EBIT: € 5.8 million (€ 2.9 million in Q1 2023 +101.9%)
EBIT: € 5 million (€ 1.5 million in Q1 2023 +232.2%)

adj Group NET RESULT: € 4.7 million (€ 1.4 million in Q1 2023)
Group NET RESULT: € 4.3 million (€ -0.8 million in Q1 2023)

➤ **OUTLOOK**

- The trend in order intake ensures in the coming months a further improvement in operating results
- A growing contribution is expected, specifically, from the Induction Division and the new plants in India and Mexico

Pietro Iotti, Chief Executive Officer of Sabaf, commented:

"In a still weak economic scenario, Sabaf recorded an excellent performance, sustainable over time thanks to the validity of the strategic choices we made. This makes us confident about our expectations for the whole of 2024.

The internationalisation of the industrial footprint (Mansfield acquisition and the new plants in Mexico and in India); the expansion and diversification of the product range (Induction and Electronics) and the enhancement of the relations with the major global appliance manufacturers, are our distinctive factors and the main levers for growth".

¹ Consolidated normalised (adj) economic results exclude the impact of applying IAS 29 Financial Reporting in Hyperinflationary Economies. The normalised financial results also exclude, for the first quarter of 2023 only, the start-up costs for Sabaf India, Sabaf Mexico and the Induction division, which is expected to become fully operational during 2024. This representation allows a better understanding of the Group's performance and of its comparison with previous periods.

The Board of Directors of Sabaf S.p.A. met today in Ospitaletto to approve the Interim Management Statement of the first quarter of 2024.

It should be noted that as from April 2022, Turkey - a country where Sabaf has production plants - is considered to be a "hyperinflationary" economy according to the criteria set out in "IAS 29 - Financial Reporting in Hyperinflationary Economies". The press release commented on the normalised consolidated economic results excluding the impact of the application of IAS 29. The normalised financial results also exclude, for the first quarter of 2023 only, the start-up costs for Sabaf India, Sabaf Mexico and the Induction division, which are expected to become fully operational during 2024. This representation allows a better understanding of the Group's performance and a more accurate comparison with previous periods.

Consolidated results for Q1 2024

	Q1 2024	Q1 2023	2024-2023 change	% change	12 MONTHS 2023
Sales revenue	68,861	58,063	10,798	+18.6	237,949
Hyperinflation – Turkey	137	84			1,160
Start-up revenue	-	-			(23)
Normalised revenue	68,998	58,147	10,851	+18.7%	239,086
EBITDA	10,568	6,529	4,039	+61.9%	29,612
<i>EBITDA %</i>	<i>15.3</i>	<i>11.2</i>			<i>12.4</i>
Start-up costs	-	354			2,649
Hyperinflation – Turkey	(15)	251			786
Normalised EBITDA	10,553	7,134	3,419	+47.9%	33,047
Normalised EBITDA%	15.3	12.3			13.8
EBIT	4,973	1,497	3,476	+232.2%	11,062
<i>EBIT %</i>	<i>7.2</i>	<i>2.6</i>			<i>4.6</i>
Start-up costs	-	483			3,724
Hyperinflation – Turkey	839	898			2,710
Normalised EBIT	5,812	2,878	2,934	+101.9%	17,496
Normalised EBIT%	8.4	4.9			7.3
Group net result	4,270	(791)	5,061	+639.8%	3,103
<i>Net result %</i>	<i>6.2</i>	<i>-1.4</i>			<i>1.3</i>
Start-up costs	-	438			3,530
Hyperinflation – Turkey	425	1,769			7,521
Normalised result of the Group	4,695	1,416	3,279	+231.7%	14,154
Normalised result %	6.8	2.4			5.9

In a sector that continues to show marked economic weakness, especially in mature markets (Western Europe and the United States), the Sabaf Group recorded significantly improved results, confirming the validity of the strategic choices aimed at greater internationalisation of the business and expansion of the product range.

In the first quarter of 2024, the Sabaf Group achieved normalised sales revenue of € 69 million, 18.7% higher than the € 58.1 million of Q1 2023 (+7.2% on a like-for-like basis).

Normalised EBITDA in Q1 2024 was € 10.6 million, or 15.3% of sales and up 47.9% from € 7.1 million (12.3% of sales) in Q1 2023. The Group benefited from a significant recovery in business volumes and from an increase in capacity utilisation in its main plants.

Normalised operating income (EBIT) was € 5.8 million (8.4%), 101.9% higher than the € 2.9 million (4.9%) in Q1 2023.

Normalised net profit for the period was € 4.7 million (€ 1.4 million in Q1 2023).

Balance sheet, cash flows and financial debt at 31 March 2024

<i>(€/000)</i>	31.03.2024	31.12.2023	31.03.2023
<i>Non-current assets</i>	<i>181,170</i>	<i>181,167</i>	<i>176,217</i>
Short-term assets ²	145,556	133,401	139,337
Short-term liabilities ³	(63,507)	(61,553)	(60,081)
<i>Working capital⁴</i>	<i>82,049</i>	<i>71,848</i>	<i>79,256</i>
<i>Provisions for risks and charges, Post-employment benefits, deferred taxes</i>	<i>(9,417)</i>	<i>(9,477)</i>	<i>(9,478)</i>
Net invested capital	253,802	243,538	245,995
Short-term net financial position	13,497	20,118	(5,336)
Medium/long-term net financial position	(90,633)	(93,268)	(81,016)
Net financial debt	(77,136)	(73,150)	(86,352)
Shareholders' equity	176,666	170,388	159,643
	31.03.2024	31.12.2023	31.03.2023
Opening liquidity	36,353	20,923	20,923
<i>Operating cash flow</i>	<i>(150)</i>	<i>39,852</i>	<i>5,603</i>
<i>Cash flow from investments</i>	<i>(2,711)</i>	<i>(16,942)</i>	<i>(5,426)</i>
Free cash flow	(2,861)	22,910	177
Cash flow from financing activities	(2,144)	(14,670)	1,815
Share capital increase	-	17,312	-
Acquisitions	-	(9,108)	-
Foreign exchange differences	(182)	(1,014)	(1,050)
Cash flow for the period	(5,187)	15,430	942
Closing liquidity	31,166	36,353	21,865

As at 31 March 2024, the ratio of net working capital⁴ to revenue was 29.8%, compared to 34.1% as at 31 March 2023 and to 30.2% at the end of 2023.

Net investments for the quarter came to € 2.7 million (€ 5.4 million in Q1 2023 and € 16.9 million for the whole of 2023).

² Sum of Inventories, Trade receivables, Tax receivables and Other current receivables

³ Sum of Trade payables, Tax payables and Other liabilities

⁴ Difference between short-term assets and short-term liabilities



We burn for technology and safety.

As at 31 March 2024, the net financial debt was € 77.1 million (€ 73.2 million as at 31 December 2023 and € 86.4 million as at 31 March 2023), against a consolidated equity of € 176.7 million. The net financial debt as of 31 March 2024 includes € 11.7 million for the financial liability related to the accounting of the put option granted to MEC's minority shareholders and € 5.7 million for financial liabilities recognised in accordance with IFRS 16.

Outlook

The sales and order book trend for the coming months are projecting a further improvement of the results achieved in the first quarter. Moreover, throughout the year is expected an increasing contribution from sales of induction cooking components and from the new plants in India and Mexico.

Today at **16.00 CET**, there will be a conference call to illustrate the results of the first quarter of 2024 to financial analysts and institutional investors (please call the number +39 02 80 20 11 a few minutes before it begins). The Interim Management Statement for Q1 2024, which has not been independently audited, is available in the Investor Relations section of the website 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:

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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. In recent years, through a policy of organic investments and through acquisitions, the Group expanded its product range and is now active in the following segments of the household appliance market: hinges and electronic components. In 2022, the Group announced its entry into the induction cooking components market. 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 approximately 1,700 employees in Italy, Turkey, Poland, Brazil, China, India, USA and Mexico. In addition to the Sabaf brand, the Group operates under the brands ARC (professional burners), Faringosi Hinges, C.M.I. and Mansfield (hinges), Okida and P.G.A. (electronic components).

Consolidated statement of financial position

(€/000)	31.03.2024	31.12.2023	31.03.2023
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	107,316	108,741	102,855
Investment property	668	691	898
Intangible assets	59,616	57,231	55,717
Equity investments	95	95	97
Non-current receivables	1,415	1,094	2,901
Deferred tax assets	12,060	13,315	13,223
Total non-current assets	181,170	181,167	175,691
CURRENT ASSETS			
Inventories	63,429	61,985	65,826
Trade receivables	66,466	55,826	62,799
Tax receivables	11,274	11,722	7,166
Other current receivables	4,387	3,868	3,546
Financial assets	6,601	7,257	2,531
Cash and cash equivalents	31,166	36,353	21,865
Total current assets	183,323	177,011	163,733
ASSETS HELD FOR SALE		-	526
TOTAL ASSETS	364,493	358,178	339,950
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	12,687	12,687	11,533
Retained earnings, Other reserves	104,456	97,656	115,176
IAS 29 reserve	47,031	48,649	33,725
Net result for the period	4,270	3,103	(791)
<i>Total equity interest pertaining to the Parent Company</i>	<i>168,444</i>	<i>162,095</i>	<i>159,643</i>
<i>Minority interests</i>	<i>8,222</i>	<i>8,293</i>	-
Total shareholders' equity	176,666	170,388	159,643
NON-CURRENT LIABILITIES			
Loans	78,912	81,547	81,016
Other financial liabilities	11,721	11,721	-
Post-employment benefit and retirement provisions	3,767	3,805	3,810
Provisions for risks and charges	334	353	453
Deferred tax liabilities	5,098	5,136	5,215
Other non-current payables	218	183	-
Total non-current liabilities	100,050	102,745	90,494
CURRENT LIABILITIES			
Loans	24,003	23,317	29,344
Other financial liabilities	267	175	388
Trade payables	44,541	42,521	43,932
Tax payables	3,615	3,025	2,823
Other payables	15,351	16,007	13,326
Total current liabilities	87,777	85,045	89,813
LIABILITIES HELD FOR SALE		-	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	364,493	358,178	339,950

Consolidated Income Statement

	Q1 2024		Q1 2023		12 MONTHS 2023	
(€/000)						
INCOME STATEMENT COMPONENTS						
OPERATING REVENUE AND INCOME						
Turnover	68,861	100.0%	58,063	100.0%	237,949	100.0%
Other income	2,138	3.1%	2,348	4.0%	9,056	3.8%
Total operating revenue and income	70,999	103.1%	60,411	104.0%	247,005	103.8%
OPERATING COSTS						
Materials	(33,311)	-48.4%	(31,066)	-53.5%	(112,684)	-47.4%
Change in inventories	1,718	2.5%	1,350	2.3%	(3,433)	-1.4%
Services	(12,048)	-17.5%	(11,220)	-19.3%	(44,923)	-18.9%
Personnel costs	(17,102)	-24.8%	(13,170)	-22.7%	(58,160)	-24.4%
Other operating costs	(417)	-0.6%	(542)	-0.9%	(1,735)	-0.7%
Costs for capitalised in-house work	729	1.1%	766	1.3%	3,542	1.5%
Total operating costs	(60,431)	-87.8%	(53,882)	-92.8%	(217,393)	-91.4%
OPERATING PROFIT BEFORE DEPRECIATION & AMORTISATION, CAPITAL GAINS/LOSSES AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)						
	10,568	15.3%	6,529	11.2%	29,612	12.4%
Amortisation	(5,638)	-8.2%	(5,032)	-8.7%	(20,066)	-8.4%
Capital gains/(losses) on disposals of non-current assets	43	0.1%	-	0.0%	1,516	0.6%
Value adjustments of non-current assets	-	0.0%	-	0.0%	-	0.0%
OPERATING PROFIT (EBIT)						
	4,973	7.2%	1,497	2.6%	11,062	4.6%
Financial income	651	0.9%	90	0.2%	1,815	0.8%
Financial expenses	(1,071)	-1.6%	(786)	-1.4%	(5,248)	-2.2%
Net income/(charges) from hyperinflation	341	0.5%	(1,407)	-2.4%	(5,276)	-2.2%
Exchange rate gains and losses	754	1.1%	(531)	-0.9%	(2,359)	-1.0%
Profits and losses from equity investments	-	0.0%	-	0.0%	-	0.0%
PROFIT BEFORE TAXES						
	5,648	8.2%	(1,137)	-2.0%	(6)	0.0%
Income taxes	(1,180)	-1.7%	346	0.6%	3,386	1.4%
NET RESULT FOR THE PERIOD						
	4,468	6.5%	(791)	-1.4%	3,380	1.4%
Of which:						
Minority interests	198	0.3%	-	-	277	0.1%
NET RESULT ATTRIBUTABLE TO THE GROUP						
	4,270	6.2%	(791)	-1.4%	3,103	1.3%

Consolidated statement of cash flows

(€/000)	Q1 2024	Q1 2023	12 MONTHS 2023
<i>Cash and cash equivalents at beginning of period</i>	36,353	20,923	20,923
Net result for the period	4,468	(791)	3,380
Adjustments for:			
- Depreciations and amortisation	5,638	5,032	20,066
- Write-downs of non-current assets	-	-	-
- Realised gains/losses	(43)	-	(1,516)
- Valuation of the stock grant plan	235	(14)	543
- Profits and losses from equity investments	-	-	-
- Monetary revaluation IAS 29	425	1,769	7,521
- Net financial income and expenses	(360)	581	2,164
- Non-monetary foreign exchange differences	260	-	-
- Income tax	1,180	(346)	(3,386)
Change in post-employment benefit	(38)	149	107
Change in risk provisions	(19)	(186)	(204)
<i>Change in trade receivables</i>	<i>(10,807)</i>	<i>(3,640)</i>	<i>7,375</i>
<i>Change in inventories</i>	<i>(1,582)</i>	<i>(949)</i>	<i>4,079</i>
<i>Change in trade payables</i>	<i>2,144</i>	<i>4,304</i>	<i>2,438</i>
Change in net working capital	(10,245)	(285)	13,892
Change in other receivables and payables, deferred taxes	(724)	421	2,528
Payment of taxes	(303)	(127)	(3,763)
Payment of financial expenses	(999)	(690)	(3,405)
Collection of financial income	375	90	1,925
Cash flows from operations	(150)	5,603	39,852
Net investments	(2,711)	(5,426)	(16,942)
Free cash flow	(2,861)	177	22,910
Repayment of loans	(2,461)	(5,260)	(33,671)
Raising of loans	495	7,610	25,552
Change in financial assets	274	(90)	(6,089)
Purchase/sale of treasury shares	-	(445)	(462)
Payment of dividends	(453)	-	-
Cash flow absorbed by financing activities	(2,144)	1,815	(14,670)
Mansfield (MEC) acquisition	-	-	(8,325)
Acquisition of P.G.A.	-	-	(783)
Share capital increase	-	-	17,312
Foreign exchange differences	(182)	(1,050)	(1,014)
Net cash flows for the year	(5,187)	942	15,430
<i>Cash and cash equivalents at beginning of year</i>	31,166	21,865	36,353

Total financial debt

<i>(€/000)</i>	31.03.2024	31.12.2023	31.03.2023
A. Cash	31,166	36,353	21,865
B. Cash and cash equivalents	-	-	-
C. Other current financial assets	6,601	7,257	2,531
D. Liquidity (A+B+C)	37,767	43,610	24,396
E. Current financial payable	2,658	1,799	6,638
F. Current portion of non-current debt	21,612	21,693	23,094
G. Current financial debt (E+F)	24,270	23,492	29,732
H. Net current financial debt (G-D)	(13,497)	(20,118)	5,336
I. Non-current financial payable	60,904	63,548	51,323
J. Debt instruments	29,729	29,720	29,693
K. Trade payables and other non-current payables	-	-	-
L. Non-current financial debt (I+J+K)	90,633	93,268	81,016
M. Total financial debt (H+L)	77,136	73,150	86,352

Hyperinflation - Turkey: application of IAS 29

In the Interim Management Statement at 31 March 2024, IAS 29 was applied with reference to the subsidiary Sabaf Turkey. The effect related to the re-measurement of non-monetary assets and liabilities, equity items and income statement items in the first quarter of 2024 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 31.12.2023	Value at 31.03.2024	Change
TURKSTAT	1,859.38	2,1349,47	+115.06%
Consumer price index	Value at 31.12.2022	Value at 31.12.2023	Change
TURKSTAT	1,128.45	1,859.38	+64.77%
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

(€/000)	31.03.2024	Hyperinflation effect	31.03.2024 with Hyperinflation effect
Total non-current assets	147,156	34,014	181,170
Total current assets	181,137	2,186	183,323
Total assets	328,293	36,200	364,493
Total shareholders' equity	140,549	36,117	176,666
Total non-current liabilities	99,967	83	100,050
Total current liabilities	87,777	-	87,777
Total liabilities and shareholders' equity	328,293	36,200	364,493

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

(€/000)	3 months 2024	Hyperinflation effect	3 months 2024 with Hyperinflation effect
Operating revenue and income	71,143	(144)	70,999
Operating costs	(60,590)	159	(60,431)
EBITDA	10,553	15	10,568
EBIT	5,812	(839)	4,973
Profit before taxes	6,148	(500)	5,648
Income taxes	(1,255)	75	(1,180)
Net profit for the year	4,695	(425)	4,270

Reconciliation of the Consolidated Income Statement for the First Quarter 2024

<i>(€/000)</i>	Q1 2024	IAS29 effect	Q1 2024 Normalised
INCOME STATEMENT COMPONENTS			
OPERATING REVENUE AND INCOME			
Turnover	68,861	137	68,998
Other income	2,138	7	2,145
Total operating revenue and income	70,999	144	71,143
OPERATING COSTS			
Materials	(33,311)	(37)	(33,348)
Change in inventories	1,718	(92)	1,626
Services	(12,048)	(14)	(12,062)
Personnel costs	(17,102)	(13)	(17,115)
Other operating costs	(417)	(1)	(418)
Costs for capitalised in-house work	729	(2)	727
Total operating costs	(60,431)	(159)	(60,590)
OPERATING PROFIT BEFORE DEPRECIATION AND AMORTISATION, CAPITAL GAINS/LOSSES, AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS			
	10,568	(15)	10,553
Amortisation	(5,638)	848	(4,790)
Capital gains on disposals of non-current assets	43	6	49
Value adjustments of non-current assets	-	-	-
EBIT	4,973	839	5,812
Financial income	651	-	651
Financial expenses	(1,071)	1	(1,070)
Net income/(charges) from hyperinflation	341	(341)	-
Exchange rate gains and losses	754	1	755
Profits and losses from equity investments	-	-	-
PROFIT BEFORE TAXES	5,648	500	6,148
Income taxes	(1,180)	(75)	(1,255)
PROFIT FOR THE YEAR	4,468	425	4,893
of which:			
Minority interests	198	-	198
PROFIT ATTRIBUTABLE TO THE GROUP	4,270	425	4,695

Reconciliation of the Consolidated Income Statement for the First Quarter 2023

<i>(€/000)</i>	Q1 2023	IAS29 effect	Start-up effect	Q1 2023 Normalised
INCOME STATEMENT COMPONENTS				
OPERATING REVENUE AND INCOME				
Turnover	58,063	84	-	58,147
Other income	2,348	3	-	2,351
Total operating revenue and income	60,411	87	-	60,498
OPERATING COSTS				
Materials	(31,066)	-	22	(31,044)
Change in inventories	1,350	177	2	1,529
Services	(11,220)	(6)	200	(11,026)
Personnel costs	(13,170)	(8)	96	(13,082)
Other operating costs	(542)	1	34	(507)
Costs for capitalised in-house work	766	-	-	766
Total operating costs	(53,882)	164	354	(53,364)
OPERATING PROFIT BEFORE DEPRECIATION AND AMORTISATION, CAPITAL GAINS/LOSSES, AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS				
	6,529	251	354	7,134
Amortisation	(5,032)	647	129	(4,256)
Capital gains on disposals of non-current assets	-	-	-	-
Value adjustments of non-current assets	-	-	-	-
EBIT	1,497	898	483	2,878
Financial income	90	-	-	90
Financial expenses	(786)	-	-	(786)
Net income/(charges) from hyperinflation	(1,407)	1,407	-	-
Exchange rate gains and losses	(531)	(4)	-	(535)
Profits and losses from equity investments	-	-	-	-
PROFIT BEFORE TAXES	(1,137)	2,301	483	1,647
Income taxes	346	(532)	(45)	(231)
PROFIT FOR THE YEAR	(791)	1,769	438	1,416
of which:				
Minority interests	-			
PROFIT ATTRIBUTABLE TO THE GROUP	(791)	1,769	438	1,416

Normalised revenue by geographical area (€/000)

Normalised revenue	Q1 2024	%	Q1 2023	%	% change	2023 FY
Europe (excluding Turkey)	20,659	29.9%	19,765	34.0%	+4.5%	71,734
Turkey	18,386	26.6%	16,916	29.1%	+8.7%	63,419
North America	14,658	21.2%	7,723	13.3%	+89.8%	47,697
South America	6,960	10.1%	6,729	11.6%	+3.4%	27,858
Africa and Middle East	4,944	7.2%	5,320	9.1%	-7.1%	17,762
Asia and Oceania	3,391	4.9%	1,694	2.9%	+100.2%	10,616
Total	68,998	100%	58,147	100%	+18.7%	239,086

Normalised revenue by product line (€/000)

Normalised revenue	Q1 2024	%	Q1 2023	%	% change	2023 FY
Gas parts	40,625	58.9%	36,222	62.3%	+12.2%	144,010
Hinges	20,931	30.3%	15,314	26.3%	+36.7%	70,410
Electronic components	7,442	10.8%	6,611	11.4%	+12.6%	24,666
Total	68,998	100%	58,147	100%	+18.7%	239,086