



SABAF[®]

INTERIM MANAGEMENT STATEMENT

AT 30 SEPTEMBER 2021

SABAF S.p.A.
Via dei Carpini, 1 - OSPITALETTO (BS) ITALY
Fully paid-in share capital: € 11,533,450
www.sabaf.it

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Group structure and corporate officers

Parent company

SABAF S.p.A.

Subsidiaries and equity interest pertaining to the Group

Companies consolidated on a line-by-line basis

Faringosi Hinges s.r.l.	Italy	100%
Sabaf do Brasil Ltda.	Brazil	100%
Sabaf Beyaz Esya Parcalari Sanayi Ve Ticaret Limited Sirteki (Sabaf Turkey)	Turkey	100%
Sabaf Appliance Components (Kunshan) Co., Ltd.	China	100%
Okida Elektronik Sanayi Ve Ticaret A.S.	Turkey	100%
Sabaf US Corp.	U.S.A.	100%
A.R.C. s.r.l.	Italy	70%
Sabaf India Private Limited	India	100%
Sabaf Mexico Appliance Components S.A. de c.v.	Mexico	100%
C.M.I. s.r.l.	Italy	84.25%
C.G.D. s.r.l.	Italy	84.25%
C.M.I. Polska Sp. zoo.	Italy	84.25%

Companies measured at equity

Handan A.R.C. Burners Co., Ltd.	China	35.7%
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Honorary Chairman Giuseppe Saleri

Board of Directors

Chairman	Claudio Bulgarelli
Vice Chairman (*)	Nicla Picchi
Chief Executive Officer	Pietro Iotti
Director	Gianluca Beschi
Director	Alessandro Potestà
Director	Cinzia Saleri
Director (*)	Carlo Scarpa
Director (*)	Daniela Toscani
Director (*)	Stefania Triva

(*) independent directors

Board of Statutory Auditors

Chairman	Alessandra Tronconi
Standing Auditor	Maria Alessandra Zunino de Pignier
Standing Auditor	Mauro Vivenzi

Consolidated statement of financial position

<i>(€/000)</i>	30/09/2021	31/12/2020	30/09/2020
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	84,607	76,507	74,482
Investment property	2,503	3,253	3,458
Intangible assets	40,596	43,017	43,817
Equity investments	175	173	161
Non-current receivables	871	518	444
Deferred tax assets	7,737	8,075	7,079
Total non-current assets	136,489	131,543	129,441
CURRENT ASSETS			
Inventories	63,404	39,224	36,585
Trade receivables	75,688	63,436	54,431
Tax receivables	3,821	2,419	2,095
Other current receivables	2,530	3,167	2,258
Financial assets	1,172	1,495	1,337
Cash and cash equivalents	15,313	13,318	9,144
Total current assets	161,928	123,059	105,850
ASSETS HELD FOR SALE	0	0	0
TOTAL ASSETS	298,417	254,602	235,291
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	11,533	11,533	11,533
Retained earnings, Other reserves	92,191	87,504	87,220
Net profit for the period	23,263	13,961	4,245
<i>Total equity interest of the Parent Company</i>	<i>126,987</i>	<i>112,998</i>	<i>102,998</i>
<i>Minority interests</i>	<i>5,585</i>	<i>4,809</i>	<i>4,620</i>
Total shareholders' equity	132,572	117,807	107,618
NON-CURRENT LIABILITIES			
Loans	36,999	32,153	37,598
Other financial liabilities	00	0	0
Post-employment benefit and retirement provisions	3,496	3,513	3,581
Provisions for risks and charges	884	1,433	914
Deferred tax liabilities	4,353	4,697	6,269
Total non-current liabilities	45,732	41,796	48,362
CURRENT LIABILITIES			
Loans	45,092	30,493	24,949
Other financial liabilities	7,935	8,489	11,535
Trade payables	49,104	41,773	29,900
Tax payables	5,504	3,287	2,053
Other payables	12,478	10,957	10,874
Total current liabilities	120,113	94,999	79,311
LIABILITIES HELD FOR SALE	0	0	0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	298,417	254,602	235,291

Consolidated Income Statement

	Q3 2021		Q3 2020		9M 2021		9M 2020	
(€/000)								
INCOME STATEMENT COMPONENTS								
OPERATING REVENUE AND INCOME								
Revenue	63,107	100.0%	47,281	100.0%	200,772	100.0%	125,445	100.0%
Other income	1,494	2.4%	1,067	2.3%	5,979	3.0%	3,036	2.4%
Total operating revenue and income	64,601	102.4%	48,348	102.3%	206,751	103.0%	128,481	102.4%
OPERATING COSTS								
Materials	(33,041)	-52.4%	(21,057)	-44.5%	(109,187)	-54.4%	(56,438)	-45.0%
Change in inventories	4,783	7.6%	17	0.0%	25,128	12.5%	3,694	2.9%
Services	(11,726)	-18.6%	(7,207)	-15.2%	(38,243)	-19.0%	(22,721)	-18.1%
Personnel costs	(12,786)	-20.3%	(10,584)	-22.4%	(40,922)	-20.4%	(30,485)	-24.3%
Other operating costs	(359)	-0.6%	(278)	-0.6%	(1,174)	-0.6%	(1,086)	-0.9%
Costs for capitalised in-house work	513	0.8%	349	0.7%	1,816	0.9%	1,427	1.1%
Total operating costs	(52,616)	-83.4%	(38,760)	-82.0%	(162,582)	-81.0%	(105,609)	-84.2%
OPERATING PROFIT BEFORE DEPRECIATION & AMORTISATION, CAPITAL GAINS/LOSSES AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)	11,985	19.0%	9,588	20.3%	44,169	22.0%	22,872	18.2%
Depreciations and amortisation	(4,377)	-6.9%	(4,197)	-8.9%	(12,718)	-6.3%	(12,705)	-10.1%
Capital gains/(losses) on disposals of non-current assets	9	0.0%	19	0.0%	126	0.1%	60	0.0%
OPERATING PROFIT (EBIT)	7,617	12.1%	5,410	11.4%	31,577	15.7%	10,227	8.2%
Financial income	151	0.2%	38	0.1%	702	0.3%	1,601	1.3%
Financial expenses	(263)	-0.4%	(340)	-0.7%	(791)	-0.4%	(1,142)	-0.9%
Exchange rate gains and losses	586	0.9%	(3,004)	-6.4%	(1,267)	-0.6%	(4,841)	-3.9%
Profits and losses from equity investments	11	0.0%	(31)	-0.1%	(38)	0.0%	(31)	0.0%
PROFIT BEFORE TAXES	8,102	12.8%	2,073	4.4%	30,183	15.0%	5,814	4.6%
Income taxes	(1,358)	-2.1%	(124)	-0.3%	(6,126)	-3.0%	(1,349)	-1.1%
NET PROFIT FOR THE PERIOD	6,744	10.7%	1,949	4.1%	24,057	12.0%	4,465	3.6%
of which:								
Profit attributable to minority interests	230	0.4%	128	0.3%	794	0.4%	220	0.2%
PROFIT ATTRIBUTABLE TO THE GROUP	6,514	10.3%	1,821	3.9%	23,263	11.6%	4,245	3.4%

Consolidated statement of comprehensive income

(€/000)	Q3 2021	Q3 2020	9M 2021	9M 2020
NET PROFIT FOR THE PERIOD	6,744	1,949	24,057	4,465
<i>Total profits/losses that will be subsequently reclassified under profit (loss) for the period:</i>				
Forex differences due to translation of financial statements in foreign currencies	(998)	(5,087)	(3,208)	(12,234)
Hedge accounting for derivative financial instruments	(83)	0	(349)	0
Total other profits/(losses) net of taxes for the year	(1,081)	(5,087)	(3,557)	(12,234)
TOTAL PROFIT	5,663	(3,138)	20,500	(7,769)
of which				
Minority interests	230	128	794	220
<i>Total profits/losses that will be subsequently reclassified under profit (loss) for the period –</i>				
Hedge accounting effect of derivative financial instruments	(3)		(12)	
MINORITY INTERESTS	227	(3,138)	782	(7,769)
PROFIT ATTRIBUTABLE TO THE GROUP	5,436	(3,266)	19,718	(7,989)

Statement of changes in consolidated shareholders' equity

(€/000)	Share capital	Share premium reserve	Legal reserve	Treasury shares	Translation reserve	Post-employment benefit discounting reserve	Other reserves	Profit for the year	Total Group shareholders' equity	Minority interests	Total shareholders' equity
Balance at 31 December 2019	11,533	10,002	2,307	(2,268)	(18,939)	(546)	102,024	9,915	114,028	7,077	121,105
Allocation of 2019 profit											
- carried forward							9,915	(9,915)			
IFRS 2 measurement stock grant plan							658		658		658
Purchase of treasury shares				(2,073)					(2,073)		(2,073)
Change in the scope of consolidation							2,657		2,657	(2,657)	
Dividends paid out							(3,924)		(3,924)		(3,924)
Other changes							10		10	(25)	(15)
Components of the total result					(12,564)	5	240		(12,319)	7	(12,312)
Profit for the year at 31 December								13,961	13,961	407	14,368
Balance at 31 December 2020	11,533	10,002	2,307	(4,341)	(31,503)	(541)	111,580	13,961	112,998	4,809	117,807
Allocation of 2020 profit											
- dividends paid out								(6,172)	(6,172)		(6,172)
- carried forward							7,789	(7,789)			
IFRS 2 measurement stock grant plan							450		450		450
Change in treasury shares				438			(438)				
Other changes							(7)		(7)	(6)	(13)
Components of the total result					(3,208)		(337)		(3,545)	(12)	(3,557)
Profit for the year at 30 September								23,263	23,263	794	24,057
Balance at 30 September 2021	11,533	10,002	2,307	(3,903)	(34,711)	(541)	119,037	23,263	126,987	5,585	132,572

Consolidated statement of cash flows

(€/000)	Q3 2021	Q3 2020	9M 2021	9M 2020
Cash and cash equivalents at beginning of period	12,920	10,302	13,318	18,687
Net profit/(loss) for the period	6,744	1,949	24,057	4,465
Adjustments for:				
- Depreciation and amortisation for the period	4,377	4,197	12,718	12,705
- Realised gains/losses	(9)	(19)	(126)	(60)
- Financial income and expenses	112	302	89	(459)
- Profits and losses from equity investments	(11)	4	38	4
- IFRS 2 measurement stock grant plan	295	196	450	(55)
- Income tax	1,358	124	6,126	1,349
Payment of post-employment benefit provision	(40)	(71)	(17)	(117)
Change in risk provisions	(4)	(94)	(549)	(81)
<i>Change in trade receivables</i>	<i>5,978</i>	<i>(5,467)</i>	<i>(12,252)</i>	<i>(7,502)</i>
<i>Change in inventories</i>	<i>(4,669)</i>	<i>1,014</i>	<i>(24,180)</i>	<i>(1,242)</i>
<i>Change in trade payables</i>	<i>(7,390)</i>	<i>3,481</i>	<i>7,331</i>	<i>2,340</i>
Change in net working capital	(6,081)	(972)	(29,101)	(6,404)
Change in other receivables and payables, deferred taxes	(719)	1,825	384	3,186
Payment of taxes	(3,013)	(1,088)	(3,936)	(2,704)
Payment of financial expenses	(217)	(215)	(623)	(919)
Collection of financial income	166	(22)	277	93
Cash flows from operations	2,958	6,116	9,787	11,003
Net investments	(4,339)	(4,010)	(19,501)	(12,354)
Repayment of loans	(4,585)	(1,536)	(16,506)	(9,877)
New loans	9,335	2,239	34,684	7,903
Change in financial assets	(157)	60	(40)	60
Purchase/sale of treasury shares	0	(473)	0	(1,737)
Payment of dividends	0	0	(6,172)	0
Cash flows from financing activities	4,593	290	11,966	(3,651)
Acquisition of C.M.I. share	0	(3,063)	0	(3,063)
Foreign exchange differences	(819)	(491)	(257)	(1,478)
Net cash flows for the period	2,393	(1,158)	1,995	(9,543)
Cash and cash equivalents at end of period	15,313	9,144	15,313	9,144

Total financial debt

<i>(€/000)</i>	30/09/202	31/12/202	30/09/202
	1	0	0
A. Cash	15,043	12,802	13,112
B. Cash equivalents	270	516	206
C. Other current financial assets	1,172	1,495	1,337
D. Liquidity (A+B+C)	16,485	14,813	14,655
E. Current financial debt	33,526	23,181	12,693
F. Current portion of non-current financial debt	18,328	15,801	12,194
G. Current financial debt (E+F)	51,854	38,982	24,887
H. Net current financial debt (G-D)	35,369	24,169	10,232
I. Non-current financial debt	38,172	32,153	58,030
J. Debt instruments	0	0	0
K. Trade payables and other non-current payables	0	0	0
L. Non-current financial debt (I+J+K)	38,172	32,153	58,030
M. Total financial debt (H+L)	73,541	56,322	68,262

Explanatory notes

Accounting standards and scope of consolidation

The Interim Management Statement of the Sabaf Group at 30 September 2021 was prepared in pursuance of the Italian Stock-Exchange regulations that establish the publication of interim management statements as one of the requirements for maintaining a listing in the STAR segment of the MTA (Electronic Stock Market).

This statement, prepared in continuity with the past, does not contain the information required under IAS 34. Accounting standards and policies are the same as those adopted for preparation of the consolidated financial statements at 31 December 2020, which should be consulted for reference. All the amounts contained in the statements included in this Interim Management Statement are expressed in thousands of euro.

We also draw attention to the following points:

- The Interim Management Statement was prepared according to the “discrete method of accounting” whereby the quarter in question is treated as a separate financial period. In this respect, the quarterly income statement reflects the income statement components pertaining to the period on an accrual basis;
- the financial statements used in the consolidation process are those prepared by the subsidiaries for the period ended 30 September 2021, adjusted to comply with Group accounting policies, where necessary;
- the parent company Sabaf S.p.A., the subsidiaries Faringosi Hinges, Sabaf Brazil, Sabaf Turkey, Sabaf China, A.R.C., Okida Elektronik, Sabaf U.S., Sabaf India and the companies of the C.M.I. Group (C.M.I., C.G.D. and C.M.M.I. Poland), and Sabaf Mexico Appliance Components, established in the current financial year, were consolidated on a line-by-line basis;
- there were no changes in the scope of consolidation compared to 30 September 2020 and 31 December 2020

The Interim Management Statement at 30 September 2021 has not been independently audited.

Sales breakdown by geographical area (Euro x 1000)

<i>(€/000)</i>	Q3 2021	Q3 2020	% change	9m 2021	9m 2020	% change	2020 FY
Europe (excluding Turkey)	22,311	18,576	+20.1%	71,215	46,901	+51.8%	69,618
Turkey	15,699	11,924	+31.7%	49,329	30,896	+59.7%	44,806
North America	7,556	6,116	+23.5%	23,134	15,942	+45.1%	22,700
South America	9,031	5,770	+56.5%	30,452	18,170	+67.6%	27,639
Africa and Middle East	5,132	3,077	+66.8%	15,106	8,628	+75.1%	12,177
Asia and Oceania	3,378	1,818	+85.8%	11,536	4,908	+135.0%	7,966
Total	63,107	47,281	+33.5%	200,772	125,445	+60.0%	184,906

Sales breakdown by product category (Euro x 1000)

<i>(€/000)</i>	Q3 2021	Q3 2020	% change	9m 2021	9m 2020	% change	2020 FY
Gas parts	43,973	32,396	+35.7%	141,014	87,520	+61.1%	129,834
Hinges	13,888	11,475	+21.0%	43,002	28,737	+49.6%	41,326
Electronic components	5,246	3,410	+53.9%	16,756	9,188	+82.4%	13,746
Total	63,107	47,281	+33.5%	200,772	125,445	+60.0%	184,906

Management Statement

Results of operations

In Q3 2021, the Sabaf Group reported revenue of €63.1 million, an increase of 33.5% versus the figure of €47.3 million in the third quarter of 2020.

New projects with strategic customers and industrial and commercial synergies within the Group resulted in significant growth for all product families, even when compared to a period in which there was already a strong recovery. Market demand remained solid and at higher levels than before the pandemic: all regions recorded growth rates of over 20%, with peaks of 56% in South America, 67% in Africa and the Middle East and 86% in Asia.

In the third quarter, the supply chain continued to cause problems, with high increases in raw material prices and energy costs, difficulties in sourcing certain components and turbulence in international logistics. The Group successfully addressed these critical issues and was able to ensure that it met its commitments to customers and continued production. The increase in sales prices partially offset the increases in purchase costs.

EBITDA for the third quarter of 2021 reached €12 million, or 19% of sales, up by 25% compared to the figure of €9.6 million (20.3% of sales) in the third quarter of 2020. EBIT was €7.6 million (12.1% of turnover), 40.8% higher than the €5.4 million recorded in the same quarter of 2020 (11.4% of sales). Net profit for the period was €6.5 million, up 258% on the figure of €1.8 million for the third quarter of 2020.

In the first nine months of 2021, sales revenue totalled €200.8 million, up by 60% over the same period of 2020. EBITDA was €44.2 million (22% of turnover), up 93% compared to €22.9 million in 2020 (18.2% of turnover) and EBIT was €31.6 million (15.7% of turnover) with a 209% increase. Net profit was €23.3 million (11.6% of sales), 448% higher than in the first nine months of 2020.

Working capital, investments and financial debt

At 30 September 2021, the impact of the net working capital on annualised revenue was 29.3% compared to 31.4% at 30 September 2020 and 28.2% at 31 December 2020. In absolute terms, net working capital¹ amounted to €78.4 million, compared to €70.4 million at 30 June 2021: the increase was mainly due to the further increase in inventories, as a result of higher material prices, the need to ensure continuity of supplies and the postponement of some shipments due to logistical difficulties. Average days for collection from customers and for payment to suppliers remained substantially unchanged.

Investments in the third quarter of 2021 amounted to €4.3 million, reaching the planned level after the strong acceleration in the first half of the year, which was necessary to adapt production capacity to higher-than-expected demand. Total investments in the first 9 months of 2021 amounted to €19.5 million (€12.4 million in the same period of 2020).

At 30 September 2021, net financial debt was €73.5 million (€71.1 million at 30 June 2021), against a shareholders' equity of €132.6 million. At 30 September 2021, financial debt included:

- financial liabilities of €6.4 million related to put options granted on minority interests in subsidiaries (A.R.C. s.r.l. and C.M.I. s.r.l.), which were then effectively acquired in October;
- the present value of the lease and rental payments recognised in accordance with IFRS 16 for €3.8 million.

Significant non-recurring, atypical and/or unusual transactions

During the third quarter of 2021, the Group did not engage in significant transactions qualifying as non-recurring, atypical and/or unusual, as envisaged by the CONSOB communication of 28 July 2006.

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

Outlook

In the current quarter, demand is maintaining high levels so that the Sabaf Group believes it will be able to end the year 2021 with sales in the high range of the previously indicated of 255 - 260 million euros, while confirming a gross operating margin (EBITDA) of approximately 55 million euros.

Statement of the Financial Reporting Officer pursuant to Article 154-bis (2) TUF

The Financial Reporting Officer, Gianluca Beschi, declares that, pursuant to paragraph 2, Article 154-bis of Italian Legislative Decree 58/1998 (TUF, or Consolidated Finance Act), the accounting information contained in the Interim Management Statement at 30 September 2021 of Sabaf S.p.A. corresponds to the Company's records, books and accounting entries.

Ospitaletto (BS), 11 November 2021

Financial Reporting Officer
Gianluca Beschi