



SABAF[®]

INTERIM MANAGEMENT STATEMENT

AT 31 MARCH 2022

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

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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 Tickaret A.S	Turkey	100%
Sabaf US Corp.	U.S.A.	100%
A.R.C. s.r.l.	Italy	100%
Sabaf India Private Limited	India	100%
Sabaf Mexico Appliance Components S.A. de c.v.	Mexico	100%
C.M.I. s.r.l.	Italy	100%
C.G.D. s.r.l.	Italy	100%

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

	31/03/2022	31/12/2021	31/03/2021
<i>(€/000)</i>			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	86,078	82,407	78,827
Investment property	2,194	2,311	3,048
Intangible assets	34,897	35,553	41,816
Equity investments	83	83	164
Non-current receivables	1,037	1,100	589
Deferred tax assets	8,125	8,639	7,800
Total non-current assets	132,414	130,093	132,244
CURRENT ASSETS			
Inventories	70,395	64,153	50,081
Trade receivables	78,780	68,040	73,020
Tax receivables	6,926	6,165	2,980
Other current receivables	4,396	3,136	2,865
Financial assets	999	1,172	1,243
Cash and cash equivalents	30,849	43,649	11,843
Total current assets	192,345	186,315	142,032
ASSETS HELD FOR SALE	0	0	0
TOTAL ASSETS	324,759	316,408	274,276
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	11,533	11,533	11,533
Retained earnings, Other reserves	112,476	86,089	98,791
Net profit for the period	7,454	23,903	8,456
<i>Total equity interest pertaining to the Parent Company</i>	<i>131,463</i>	<i>121,525</i>	<i>118,780</i>
<i>Minority interests</i>	<i>0</i>	<i>911</i>	<i>5,106</i>
Total shareholders' equity	131,463	122,436	123,886
NON-CURRENT LIABILITIES			
Loans	85,005	86,504	33,552
Post-employment benefit and retirement provisions	3,510	3,408	3,536
Provisions for risks and charges	851	1,334	1,138
Deferred tax liabilities	3,816	3,939	4,597
Total non-current liabilities	93,182	95,185	42,823
CURRENT LIABILITIES			
Loans	21,467	24,405	31,045
Other financial liabilities	830	1,519	8,122
Trade payables	58,765	54,837	51,883
Tax payables	6,559	4,951	4,487
Other payables	12,493	13,075	12,030
Total current liabilities	100,114	98,787	107,567
LIABILITIES HELD FOR SALE	0	0	0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	324,759	316,408	274,276

Consolidated Income Statement

	Q1 2022		Q1 2021		12M 2021	
<i>(€/000)</i>						
INCOME STATEMENT COMPONENTS						
OPERATING REVENUE AND INCOME						
Revenue	70,852	100.0%	64,825	100.0%	263,259	100.0%
Other income	2,585	3.6%	1,888	2.9%	8,661	3.3%
Total operating revenue and income	73,437	103.6%	66,713	102.9%	271,920	103.3%
OPERATING COSTS						
Materials	(39,336)	-55.5%	(36,947)	-57.0%	(142,355)	-54.1%
Change in inventories	5,943	8.4%	11,535	17.8%	29,922	11.4%
Services	(14,035)	-19.8%	(12,286)	-19.0%	(52,377)	-19.9%
Personnel costs	(13,462)	-19.0%	(13,886)	-21.4%	(53,964)	-20.5%
Other operating costs	(444)	-0.6%	(704)	-1.1%	(1,531)	-0.6%
Costs for capitalised in-house work	921	1.3%	683	1.1%	2,525	1.0%
Total operating costs	(60,413)	-85.3%	(51,605)	-79.6%	(217,780)	-82.7%
OPERATING PROFIT BEFORE DEPRECIATION & AMORTISATION, CAPITAL GAINS/LOSSES AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)						
	13,024	18.4%	15,108	23.3%	54,140	20.6%
Depreciations and amortisation	(4,068)	-5.7%	(4,132)	-6.4%	(16,869)	-6.4%
Capital gains/(losses) on disposals of non-current assets	129	0.2%	44	0.1%	237	0.1%
OPERATING PROFIT (EBIT)						
	9,085	12.8%	11,020	17.0%	37,508	14.2%
Financial income	529	0.7%	500	0.8%	750	0.3%
Financial expenses	(291)	-0.4%	(211)	-0.3%	(1,179)	-0.4%
Exchange rate gains and losses	(126)	-0.2%	(849)	-1.3%	(7,399)	-2.8%
Profits and losses from equity investments	(48)	-0.1%	(46)	-0.1%	0	0.0%
PROFIT BEFORE TAXES						
	9,149	12.9%	10,414	16.1%	29,680	11.3%
Income taxes	(1,695)	-2.4%	(1,646)	-2.5%	(4,997)	-1.9%
NET PROFIT FOR THE PERIOD						
	7,454	10.5%	8,768	13.5%	24,683	9.4%
of which:						
Profit attributable to minority interests	0	0%	312	0.5%	780	0.3%
PROFIT ATTRIBUTABLE TO THE GROUP	7,454	10.5%	8,456	13.0%	23,903	9.1%

Consolidated statement of comprehensive income

(€/000)	Q1 2022	Q1 2021	12M 2021
NET PROFIT FOR THE PERIOD	7,454	8,768	24,683
<i>Total profits/losses that will not be subsequently restated under profit (loss) for the period:</i>			
Actuarial evaluation of post-employment benefit	0	0	26
Tax effect	0	0	(6)
	0	0	20
<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	1,424	(2,367)	(14,552)
Hedge accounting for derivative financial instruments	(20)	0	(398)
Total other profits/(losses) net of taxes for the year	1,404	(2,367)	(14,930)
TOTAL PROFIT	8,858	6,401	9,753
of which			
Net profit for the period attributable to minority interests	0	312	780
<i>Total profits/losses that will not be subsequently restated under profit (loss) for the period</i>			
Total profit attributable to minority interests	0	312	780
TOTAL PROFIT ATTRIBUTABLE TO THE GROUP	8,858	6,089	8,973

Statement of changes in consolidated shareholders' equity

<i>(€/000)</i>	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 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											
- carried forward							7,789	(7,789)			
- dividends								(6,172)	(6,172)		(6,172)
IFRS 2 measurement stock grant plan							805		805		805
Purchase of treasury shares				438			(438)				
Change in the scope of consolidation							4,909		4,909	(4,678)	231
Other changes							12		12		12
Total profit at 31 December 2021					(14,552)	20	(398)	23,903	8,973	780	9,753
Balance at 31 December 2021	11,533	10,002	2,307	(3,903)	(46,055)	(521)	124,259	23,903	121,525	911	122,436
Retained earnings FY 2021							23,903	(23,903)			
IFRS 2 measurement stock grant plan							312		312		312
Change in the scope of consolidation							784		784	(911)	(127)
Other changes							(16)		(16)		(16)
Total profit at 31 March 2022					1,424		(20)	7,454	8,858		8,858
Balance at 31 March 2022	11,533	10,002	2,307	(3,903)	(44,631)	(521)	149,222	7,454	131,463	0	131,463

Consolidated statement of cash flows

(€/000)	Q1 2022	Q1 2021	12M 2021
<i>Cash and cash equivalents at beginning of period</i>	43,649	13,318	13,318
Net profit/(loss) for the period	7,454	8,768	24,683
Adjustments for:			
- Depreciation and amortisation for the period	4,068	4,132	16,869
- Realised gains/losses	(129)	0	(237)
- Write-downs/write-backs of non-current assets	0	(44)	0
- Profits and losses from equity investments	49	0	0
- Financial income and expenses	(238)	46	429
- IFRS 2 measurement stock grant plan	312	(289)	805
- Income tax	1,695	1,646	4,997
Payment of post-employment benefit	102	23	(85)
Change in risk provisions	17	(295)	(99)
<i>Change in trade receivables</i>	<i>(10,742)</i>	<i>(9,584)</i>	<i>(4,604)</i>
<i>Change in inventories</i>	<i>(6,254)</i>	<i>(10,857)</i>	<i>(24,929)</i>
<i>Change in trade payables</i>	<i>3,945</i>	<i>10,110</i>	<i>13,064</i>
Change in net working capital	(13,051)	(10,331)	(16,469)
Change in other receivables and payables, deferred taxes	(2,123)	778	(1,515)
Payment of taxes	(713)	(345)	(5,296)
Payment of financial expenses	(304)	(190)	(1,167)
Collection of financial income	30	81	301
Cash flows from operations	(2,831)	3,980	23,216
Net investments	(5,812)	(6,718)	(23,752)
Free cash flow	(8,643)	(2,738)	(536)
Repayment of loans	(5,843)	(5,568)	(47,381)
New loans	295	7,205	94,726
Change in financial assets	672	0	60
Purchase/sale of treasury shares	0	0	0
Payment of dividends	0	0	(6,172)
Cash flows from financing activities	(4,876)	1,637	41,233
A.R.C. acquisition	0	0	(1,650)
C.M.I. acquisition	0	0	(4,743)
ARC Handan consolidation/deconsolidation	(97)	0	97
Foreign exchange differences	816	(374)	(4,070)
Net cash flows for the period	(12,800)	(1,475)	30,331
<i>Cash and cash equivalents at end of period</i>	30,849	11,843	43,649

Total financial debt

<i>(€/000)</i>	31/03/2022	31/12/2021	31/03/2021
A. Cash	30,429	43,217	11,370
B. Cash and cash equivalents	420	432	473
C. Other current financial assets	999	1,172	1,243
D. Liquidity (A+B+C)	31,848	44,821	13,086
E. Current financial payable	2,199	5,551	14,202
F. Current portion of non-current debt	20,098	20,373	24,965
G. Current financial debt (E+F)	22,297	25,924	39,167
H. Net current financial debt (G-D)	(9,551)	(18,897)	26,081
I. Non-current financial payable	55,324	56,855	33,552
J. Debt instruments	29,681	29,649	0
K. Trade payables and other non-current payables	0	0	0
L. Non-current financial debt (I+J+K)	85,005	86,504	33,552
M. Total financial debt (H+L)	75,454	67,607	59,633

Explanatory notes

Accounting standards and scope of consolidation

The Interim Management Statement of the Sabaf Group at 31 March 2022 is prepared in compliance with the Stock Exchange (Borsa) Regulation that establishes, among the requirements for maintaining the listing on the STAR segment of the MTA, the publication of interim management reports.

This report does not contain the information required in accordance with IAS 34.

Accounting standards and policies are the same as those adopted for preparation of the consolidated financial statements at 31 December 2021, 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 31 March 2022, 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, C.M.I., C.G.D. and Sabaf Mexico Appliance Components;
- compared to the consolidated financial statements at 31 December 2021, Handan ARC Burners Co. Ltd. is no longer consolidated. The 51% investment, which was held indirectly through A.R.C. s.r.l., was sold to a third party during the first quarter of 2022. The plant, equipment and inventories of Handan ARC Burners Co. Ltd. were simultaneously acquired by Sabaf Appliance Components Kunshan Co., Ltd. (Sabaf China). This operation did not have a significant impact on the Group's shareholders' equity.

The Interim Management Statement at 31 March 2022 has not been independently audited.

Sales breakdown by geographical area (Euro x 1000)

<i>(€/000)</i>	Q1 2022	%	Q1 2021	%	% change	12m 2021	%
Europe (excluding Turkey)	26,467	37.4%	24,052	37.1%	+10.0%	92,935	35.3%
Turkey	17,747	25.0%	16,276	25.1%	+9.0%	65,526	24.9%
North America	10,145	14.3%	7,301	11.3%	+38.9%	30,472	11.6%
South America	8,743	12.3%	9,890	15.3%	-11.6%	39,589	15.0%
Africa and Middle East	5,086	7.2%	3,908	6.0%	+30.1%	19,614	7.5%
Asia and Oceania	2,664	3.8%	3,398	5.2%	-21.6%	15,123	5.7%
Total	70,852	100%	64,825	100%	+9.3%	263,259	100%

Sales breakdown by product category (Euro x 1000)

<i>(€/000)</i>	Q1 2022	%	Q1 2021	%	% change	12m 2021	%
Gas parts	45,032	63.6%	44,589	68.8%	+1.0%	182,468	69.3%
Hinges	19,496	27.5%	14,319	22.1%	+36.2%	58,375	22.2%
Electronic components	6,324	8.9%	5,917	9.1%	+6.9%	22,416	8.5%
Total	70,852	100%	64,825	100%	+9.3%	263,259	100%

Management Statement

Results of operations

In the first quarter of 2022, the Sabaf Group reported revenue of €70.9 million, an increase of 9.3% versus the figure of €64.8 million in the first quarter of 2021.

The increase in revenue is mainly attributable to the increase in sales prices, which were adjusted on several occasions during 2021 and in the first quarter of 2022 to compensate the ongoing increases in raw material and energy costs. Sales volumes were stable compared to the first quarter of 2021. The market demand remained at very satisfactory levels in Europe, North America, Africa and the Middle East, while South America and Asia showed a decline. The product family with the highest growth rates is Hinges, thanks to the start of deliveries to large customers on new household appliance platforms.

EBITDA for the first quarter of 2022 reached €13 million, or 18.4% of sales, down compared with the €15.1 million of the fourth quarter of 2021 (23.3% of sales), which benefited from an exceptionally high demand and raw material costs rises that were not yet significant. The most recent increases in sales price lists led to a marked improvement in profitability compared with the fourth quarter of 2021 (which closed with EBITDA of €10 million, or 16% of sales), despite the still high impact of energy costs (higher costs of €1.8 million compared with the first quarter of 2021).

EBIT was €9.1 million (12.8% of turnover), 17.6% lower than the €11 million recorded in the same quarter of 2021 (17% of sales). Net profit for the period was €7.5 million (€8.5 million in Q1 2021 and €0.6 million in Q4 2021).

Working capital, investments and financial debt

At 31 March 2022, the impact of the net working capital on revenue was 29.2% compared to 26.1% at 31 December 2021. In absolute terms, net working capital¹ amounted to €82.7 million compared to €68.6 million at the end of 2021. The growth in working capital reflects higher levels of activity compared to the fourth quarter of 2021 and the need to temporarily increase stock levels to ensure continuity of production and deliveries in a global logistics scenario that is still very turbulent and where procurement difficulties remain, especially for electronic components.

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

Net investments for the quarter came to €5.8 million (€6.7 million in Q1 2021 and €23.8 million for the whole of 2021).

At 31 March 2022, net financial debt was €75.5 million (€67.6 million at 31 December 2021 and €59.6 million at 31 March 2021), against a shareholders' equity of €131.5 million.

Significant non-recurring, atypical and/or unusual transactions

During the first quarter of 2022, 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.

Outlook

The increase in sales from new projects is continuing in line with forecasts, although the uncertainty caused by the prolongation of the conflict between Russia and Ukraine.

Based on the information available, the Sabaf Group confirms for 2022 its revenues ranging from €275 to €280 million, (up by +5 / +6% on 2021) and excellent profitability, in line with historical averages.

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

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 Legislative Decree 58/1998 (Consolidated Finance Act), the accounting information contained in the Interim Management Statement at 31 March 2022 of Sabaf S.p.A. corresponds to the Company's records, books and accounting entries.

Ospitaletto (BS), 12 May 2022

Financial Reporting Officer
Gianluca Beschi