



SABAF[®]

HALF-YEARLY REPORT

AT 30 JUNE 2024

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GROUP STRUCTURE AND CORPORATE BODIES

Group structure

Parent company

SABAF S.p.A.

Registered and administrative office:	Via dei Carpini 1 - 25035 Ospitaletto (Brescia)
REA.:	Brescia 347512
Tax Code:	03244470179
Share capital at 30 June 2024:	€12,686,795 fully paid in
Web site:	www.sabafgroup.com

Subsidiaries and equity interest attributable to the Group

Companies consolidated on a line-by-line basis

Faringosi Hinges s.r.l.	Italy	100%
Sabaf do Brasil Ltda. (Sabaf Brazil)	Brazil	100%
Sabaf Beyaz Esya Parcalari Sanayi Ve Ticaret Limited Sirteki (Sabaf Turkey)	Turkey	100%
Sabaf Appliance Components (Kunshan) Co., Ltd. (Sabaf China)	China	100%
Sabaf US Corp. (Sabaf US)	U.S.A.	100%
A.R.C. s.r.l.	Italy	100%
Sabaf India Private Limited (Sabaf India)	India	100%
Sabaf Mexico Appliance Components S.A. de c.v. (Sabaf Mexico)	Mexico	100%
C.M.I. s.r.l.	Italy	100%
C.G.D. s.r.l.	Italy	100%
P.G.A. s.r.l.	Italy	100%
Sabaf America Inc. (Sabaf America)	U.S.A.	100%
Mansfield Engineered Components LLC (MEC)	U.S.A.	51%

Corporate bodies

Board of Directors

Chairman	Claudio Bulgarelli
Chief Executive Officer	Pietro Iotti
Director	Gianluca Beschi
Director	Alessandro Potestà
Director	Cinzia Saleri
Director (*)	Laura Ciambellotti
Director (*)	Michela Maurelli
Director (*)	Federica Menichetti
Director (*)	Daniela Toscani

(*) independent directors

Board of Statutory Auditors

Chairman	Alessandra Tronconi
Statutory Auditor	Maria Alessandra Zunino de Pignier
Statutory Auditor	Mauro Giorgio Vivenzi

Independent Auditors

EY S.p.A.

INTERIM MANAGEMENT STATEMENT

INTERIM MANAGEMENT STATEMENT

Introduction

This Half-Yearly Report at 30 June 2024 has been prepared in accordance with Art. 154-ter of Legislative Decree 58/1998 and in compliance with the applicable international accounting standards recognised in the European Community and, in particular, IAS 34 - *Interim Financial Reporting*. The half-year figures at 30 June 2024 and 30 June 2023 and for the six-month period ended on the same dates were audited by EY S.p.A., the financial figures at 31 December 2023, shown for comparative purposes, were audited by EY S.p.A.

The business

The Sabaf Group is active in the production of components for household appliances and is one of the world's leading manufacturers of components for gas cooking appliances. Its reference market therefore consists of manufacturers of household appliances.

Sabaf's product range focuses on the following main lines:

- Gas components, made up of:
 - Valves and thermostats, with or without thermoelectric safety devices: the components that regulate the flow of gas to the burner;
 - Burners: these are the components that, via the mixing of gas with air and combustion of the gas used, produce one or more rings of flame;
 - Accessories: other components that complete the range, aimed particularly at making it possible to light and control the flame.
- Hinges: these components enable the smooth and balanced movement of appliance doors when they are opened or closed.
- Electronic components for household appliances, such as electronic control boards, timers and display and power units for ovens, refrigerators, freezers, hoods and other products.
- Electromagnetic induction cooking components: complete kits including all components for hob operation.

The Sabaf Group currently has fifteen production plants: Ospitaletto (Brescia), Bareggio (Milan), Campodarsego (Padua), Crespellano (Bologna - two plants), Fabriano (Ancona), Jundiai (Brazil), Manisa (Turkey), Istanbul (Turkey – two plants), Kunshan (China), Myszkow (Poland), Hosur (India), San Luis Potosi (Mexico), where series production started at the beginning of 2024, and Mansfield (USA), home to Mansfield Engineered Components LLC (MEC), a US company that the Sabaf Group acquired control of in July 2023 and consolidated as from 1 July 2023.

Economic performance

The economic results for the first half of 2024 and the second quarter of 2024 are presented and commented on below on a normalised basis, i.e. adjusted for the effects of the application of IAS 29 - the hyperinflation accounting standard - with reference to the financial statements of the subsidiary Sabaf Turkey. The comparative normalised consolidated economic results for the first half of 2023 and the second quarter of 2023 also exclude the start-up costs of Sabaf India, Sabaf Mexico and the Induction division, whose operations are included in the normalised consolidated results for the first half of 2024. This representation allows a better understanding of the Group's performance and a more accurate comparison with previous periods.

First half of 2024

Half-year results <i>Data in thousands of €</i>	H1 2024	H1 2023	2024-2023 change	% change	12M 2023
Sales revenue	144,677	108,962	35,715	+32.8%	237,949
Hyperinflation – Turkey	(1,566)	5,983			1,160
Start-up revenue	-	-			(23)
Normalised revenue	143,111	114,945	28,166	+24.5%	239,086
EBITDA	23,674	11,414	12,260	+107.4%	29,612
<i>EBTIDA %</i>	<i>16.4</i>	<i>10.5</i>			<i>12.4</i>
Start-up costs	-	1,154			2,649
Hyperinflation – Turkey	(734)	3,029			786
Normalised EBITDA	22,940	15,597	7,343	+47.1%	33,047
Normalised EBITDA%	16.0	13.6			13.8
EBIT	12,394	1,855	10,539	+568.1%	11,062
<i>EBIT %</i>	<i>8.6</i>	<i>1.7</i>			<i>4.6</i>
Start-up costs	-	1,466			3,724
Hyperinflation – Turkey	1,099	3,795			2,710
Normalised EBIT	13,493	7,116	6,377	+89.6%	17,496
Normalised EBIT%	9.4	6.2			7.3
Net result	8,363	(1,422)	9,785	n/a	3,103
<i>Net result %</i>	<i>5.8</i>	<i>-1.3</i>			<i>1.3</i>
Start-up costs	-	1,373			3,530
Hyperinflation – Turkey	1,779	3,286			7,521
Normalised result of the Group	10,142	3,237	6,905	+213.3%	14,154
Normalised result %	7.1	2.8			5.9

In a market that is still struggling to recover from the lows of 2023, Sabaf performed very well thanks to its increasing internationalisation, the expansion and diversification of its product range and its increased production potential.

In the first half of 2024, the Sabaf Group achieved normalised sales revenue of €143.1 million, up 24.5% compared to €114.9 million in the first half of 2023 (+12.6% on a like-for-like basis).

Normalised EBITDA for the first half of 2024 was €22.9 million (16% of sales), up by 47.1% compared to the figure of €15.6 million (13.6%) in the first half of 2023.

Normalised EBIT was €13.5 million (9.4%), up 89.6% compared to €7.1 million (6.2%) in the first half of 2023.

Normalised net profit for the period was €10.1 million (€3.2 million in the first half of 2023).

Second quarter of 2024

Quarterly results <i>Data in thousands of €</i>	Q2 2024 (*)	Q2 2023 (*)	Change 2024 – 2023	% change	12M 2023
Sales revenue	75,816	50,899	24,917	+49.0%	237,949
Hyperinflation – Turkey	(1,703)	5,899			1,160
Start-up revenue	-	-			(23)
Normalised revenue	74,113	56,798	17,315	+30.5%	239,086
EBITDA	13,106	4,885	8,221	+168.3%	29,612
<i>EBTIDA %</i>	<i>17.3</i>	<i>9.6</i>			<i>12.4</i>
Start-up costs	-	800			2,649
Hyperinflation – Turkey	(719)	2,778			786
Normalised EBITDA	12,387	8,463	3,924	+46.4%	33,047
Normalised EBITDA%	16.7	14.9			13.8
EBIT	7,421	358	7,063	n/a	11,062
<i>EBIT %</i>	<i>9.8</i>	<i>0.7</i>			<i>4.6</i>
Start-up costs	-	983			3,724
Hyperinflation – Turkey	260	2,897			2,710
Normalised EBIT	7,681	4,238	3,443	+81.2%	17,496
Normalised EBIT%	10.4	7.5			7.3
Net result	4,093	(631)	4,724	n/a	3,103
<i>Net result %</i>	<i>5.4</i>	<i>-1.2</i>			<i>1.3</i>
Start-up costs	-	936			3,530
Hyperinflation – Turkey	1,354	1,517			7,521
Normalised result of the Group	5,447	1,822	3,625	+199.0%	14,154
Normalised result %	7.3	3.2			5.9

(*) unaudited figures

The strong improvement in the Group's economic results continued also in the second quarter.

The Group recorded normalised sales of €74.1 million, up by 30.5% compared to the second quarter of 2023 (+18.2% on a like-for-like basis).

Normalised EBITDA for the second quarter was €12.4 million (16.7% of turnover), up by 46.4% compared to the figure of €8.5 million (14.9%) in the second quarter of 2023. The return to excellent profitability levels is a direct consequence of the significant recovery in business volumes and the adequate use of production capacity at the main plants.

Normalised EBIT was €7.7 million (10.4%), up 81.2% compared to €4.2 million in the second quarter of 2023 (7.5%).

Normalised net profit for the period was €5.4 million (€1.8 million in the second quarter of 2023).

Balance sheet, cash flows and financial debt at 30 June 2024

<i>Data in thousands of €</i>	30/06/2024	31/12/2023	30/06/2023
<i>Non-current assets</i>	181,619	181,167	166,788
Short-term assets ¹	149,925	133,401	124,256
Short-term liabilities ²	(73,213)	(61,553)	(63,810)
<i>Net working capital³</i>	76,712	71,848	60,446
<i>Provisions for risks and charges, Post-employment benefits, deferred taxes, other non-current payables</i>	(9,278)	(9,477)	(9,087)
Net invested capital	249,053	243,538	218,147
Short-term net financial position	8,160	20,118	7,757
Medium/long-term net financial position	(82,923)	(93,268)	(81,588)
Net financial debt	(74,763)	(73,150)	(73,831)
Shareholders' equity	174,290	170,388	144,316

Cash flows for the financial year are summarised in the table below:

<i>(€/000)</i>	30/06/2024	31/12/2023	30/06/2023
Opening liquidity	36,353	20,923	20,923
<i>Operating cash flow</i>	13,693	39,852	24,339
<i>Cash flow from investments</i>	(6,152)	(16,942)	(11,127)
Free cash flow	7,541	22,910	13,212
Cash flow from financing activities	(10,545)	(14,670)	(6,261)
Acquisitions	-	(9,108)	(783)
Payment of dividends	(7,229)	-	-
Treasury share transactions	-	-	(462)
Share capital increase	-	17,312	-
Foreign exchange differences	(575)	(1,014)	776
Cash flow for the period	(10,808)	15,430	6,482
Closing liquidity	25,545	36,353	27,405

¹ Sum of Inventories, Trade receivables, Tax receivables and Other current receivables

² Sum of Trade payables, Tax payables and Other liabilities

³ Difference between short-term assets and short-term liabilities

In the first half of 2024, operations generated cash flows of €13.7 million. At 30 June 2024, the impact of the net working capital³ on revenue was 26.5% compared to 34.1% at 30 June 2023 and 30.2% at the end of 2023.

Net investments for the half-year came to €6.2 million (€11.1 million in the first half of 2023 and €16.9 million for the whole of 2023).

At 30 June 2024, net financial debt was €74.8 million (€73.2 million at 31 December 2023 and €73.8 million at 30 June 2023), against a shareholders' equity of €174.3 million. The net financial debt at 30 June 2024 includes the financial liability of €11.5 million related to the recognition of the put option granted to the minority shareholders of MEC (US company in which Sabaf acquired 51% in July 2023) and the financial liabilities of €6.7 million recognised in accordance with IFRS 16 (€6.1 million related to operating leases and €0.6 million related to finance leases).

Intra-group and related party transactions

Transactions with related parties, including intra-group transactions, have not been qualified as atypical or unusual, as they fall under the normal course of Group operations. These transactions are regulated at arm's length conditions.

Related-party transactions other than intra-group transactions are described in the Explanatory Notes to the half-yearly condensed consolidated financial statements, which also show to what extent related-party transactions affected financial statement items.

Risk factors related to the segment in which the Group operates and main risks and uncertainties for the remainder of 2024

Risks related to the conflicts in Ukraine and in the Middle East

In relation to the conflict between Ukraine and Russia, note that the Group has an insignificant direct exposure to the markets of Russia, Belarus and Ukraine. However, these are markets supplied by some of the Sabaf Group's customers, who are exposed to these markets to varying degrees. The conflict led to an increase in the cost of raw materials and energy, which had a significant impact on the global economy and on the recovery of inflation, which prompted Western central banks to raise interest rates. Inflationary tensions have partially eased from the second half of 2023; at the same time, interest rates initially stabilised and then began a slower and less pronounced decline than the market had expected.

In October 2023, the war that broke out between Israel and Hamas led to a further increase in global geopolitical tensions. The Group has not identified any significant risks related to this conflict as it does not operate in the affected areas; however, transit difficulties in the Red Sea have resulted in increased costs and longer intercontinental transport times, although these are not currently having a significant impact on the Group's business.

In general, the economic recovery that characterised the early post-pandemic period has faded and the short to medium term outlook remains very uncertain and difficult to assess, with the possibility of continued macroeconomic weakness in mature markets (Europe and the US). The Group continuously monitors the macroeconomic environment and its impact on the business.

Climate change and energy transition

The Sabaf Group is carrying out a structured analysis (Climate Risk Assessment) to identify all relevant physical and transition risks, the possibility of taking advantage of climate-related opportunities and to assess the potential economic impact.

With regard to physical risks related to climate change, such as the increase in global temperatures, sea level and the increase in extreme weather events, the Group has not identified any significant risks to date.

On the other hand, transitional risks, such as the increase in energy costs, changes in consumer choices or those related to the introduction of new technologies, which the Group manages at a strategic level, are of significant impact and probability.

The Group is aware of the ongoing trend at European level to reduce the use of gas as part of a general decarbonisation strategy, which also has an impact on the market in which it operates. In particular, the increase in demand in Europe is related to certain elements that consumers perceive as rewarding: the high efficiency of induction cooking, the speed of cooking, the ease of cleaning, and the perceived greater safety. There is a widespread perception that the environmental impact of induction cooking is lower than that of gas cooking. Actually, the measurement of environmental impact cannot be separated from the consideration of the electricity production mix. Authoritative studies show that, given the current electricity production mix, the total CO₂ emissions over the life cycle of an induction hob are more than 50% higher than the total emissions of a gas hob. On the other hand, in the medium to long term, energy transition policies aimed at reducing fossil fuel production and promoting renewable energy will change the energy mix, reducing the environmental footprint of induction cooking appliances.

In this context, the Sabaf Group has for some time now been pursuing a policy of organic investments and through acquisitions, aimed at:

- at expanding the product range, reducing the proportion of sales revenue from gas components from over 90% to less than 60%;
- expanding its production presence and share in non-European markets, particularly in those areas where the demand for gas cooking appliances is expected to grow in the long term.

Moreover, the Group launched a major investment plan to enter the market for electromagnetic induction cooking components, which complement the other cooking technologies already in the Sabaf range, enabling the Group to cover all cooking technologies: gas, traditional electric and induction.

Finally, the Sabaf Group is involved in various experimental projects to test the feasibility of using hydrogen to replace or mix with natural gas (methane) in gas appliances. Sabaf has already produced burners that can work properly on 100% hydrogen-powered cookers and hobs.

The Sabaf Group is also exposed to various risk factors, attributable to the macro-categories described below:

Risks of external context

Risks deriving from the external context in which Sabaf operates, which could have a negative impact on the economic and financial sustainability of the business in the medium/long-term. The most significant risks in this category are related to general economic conditions, trend in demand and product competition, in addition to the risks related to the possible instability in the emerging countries in which the Group operates.

Strategic risks

Strategic risks that could negatively impact Sabaf's medium-term performance, including, for example, risks related to low profitability of certain product lines, the risks arising from the mismatch between market needs and product innovation and the loss of business opportunities in the Chinese market.

Operational risks

Risks of suffering losses due to inadequate or malfunctioning processes, human resources and information systems. This category includes financial risks (e.g. losses deriving from the volatility of the price of raw materials and from fluctuations in exchange rates), risks related to production processes (e.g. product liability, saturation level of production capacity), organisational risks (e.g. loss of key staff and expertise and/or the difficulty of replacing them) and Information Technology risks.

Legal and compliance risks

Risks related to Sabaf's contractual liabilities and compliance with the regulations applicable to the Group, including: Legislative Decree 231/2001, Law 262/2005, HSE regulations, regulations applicable to listed companies, tax regulations, labour regulations, international trade regulations and intellectual property regulations.

The Report on Operations at 31 December 2023, to which reference should be made, describes in detail these risks and the related risk management actions that are currently being implemented.

Significant events after the end of the half-year

No significant events occurred after the end of the first half of 2024.

Outlook for the current year

The sales trend and the order portfolio for the coming months suggest that the performance in the second half of the year will be in line with the first half of the year and that the Group will achieve an all-time revenue record in 2024.

In the second half of the year, the contribution to sales from new production facilities in Mexico and India and from induction cooking components is increasing.

For the Board of Directors
The Chairman
Claudio Bulgarelli

Ospitaletto, 4 September 2024

Annexes to the Interim Management Statement

Normalised turnover by geographical area

Normalised half-year revenue (€/000)	H1 2024	%	H1 2023	%	% change	2023 FY
Europe (excluding Turkey)	41,492	29.0%	38,953	33.9%	+6.5%	71,734
Turkey	36,853	25.8%	31,357	27.3%	+17.5%	63,419
North America	30,437	21.3%	17,458	15.2%	+74.3%	47,697
South America	17,620	12.3%	12,916	11.2%	+36.4%	27,858
Africa and Middle East	9,236	6.5%	10,134	8.8%	-8.9%	17,762
Asia and Oceania	7,473	5.2%	4,127	3.6%	+81.1%	10,616
Total	143,111	100%	114,945	100%	+24.5%	239,086

Normalised quarterly revenue (€/000)	Q2 2024*	%	Q2 2023*	%	% change	2023 FY
Europe (excluding Turkey)	20,834	28.1%	19,188	33.8%	+8.6%	71,734
Turkey	18,467	24.9%	14,441	25.4%	+27.9%	63,419
North America	15,779	21.3%	9,735	17.1%	+62.1%	47,697
South America	10,660	14.4%	6,187	10.9%	+72.3%	27,858
Africa and Middle East	4,292	5.8%	4,814	8.5%	-10.8%	17,762
Asia and Oceania	4,081	5.5%	2,433	4.3%	+67.7%	10,616
Total	74,113	100%	56,798	100%	+30.5%	239,086

Normalised turnover by product line

Normalised half-year revenue (€/000)	H1 2024	%	H1 2023	%	% change	2023 FY
Gas parts	84,754	59.2%	72,556	63.2%	+16.8%	144,010
Hinges	43,932	30.7%	29,021	25.2%	+51.4%	70,410
Electronic components	14,194	9.9%	13,368	11.6%	+6.2%	24,666
Induction	231	0.2%	-	-	n/a	-
Total	143,111	100%	114,945	100%	+24.5%	239,086

Normalised quarterly revenue (€/000)	Q2 2024*	%	Q2 2023*	%	% change	2023 FY
Gas parts	44,129	59.5%	36,334	64.0%	+21.5%	144,010
Hinges	23,001	31.0%	13,707	24.1%	+67.8%	70,410
Electronic components	6,832	9.3%	6,757	11.9%	+1.1%	24,666
Induction	151	0.2%	-	-	n/a	-
Total	74,113	100%	56,798	100%	+30.5%	239,086

(*) unaudited figures

Reconciliation of the consolidated income statement at 30 June 2024

<i>(€/000)</i>	H1 2024	IAS29 effect	H1 2024 Normalised
INCOME STATEMENT COMPONENTS			
OPERATING REVENUE AND INCOME			
Revenue	144,677	(1,566)	143,111
Other income	4,638	(39)	4,599
Total operating revenue and income	149,315	(1,605)	147,710
OPERATING COSTS			
Materials	(71,296)	652	(70,644)
Change in inventories	5,313	(170)	5,143
Services	(25,284)	160	(25,124)
Personnel costs	(34,735)	228	(34,507)
Other operating costs	(1,163)	1	(1,162)
Costs for capitalised in-house work	1,524	-	1,524
Total operating costs	(125,641)	871	(124,770)
OPERATING PROFIT BEFORE DEPRECIATION AND AMORTISATION, CAPITAL GAINS/LOSSES, AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS			
	23,674	(734)	22,940
Depreciations and amortisation	(11,327)	1,789	(9,538)
Capital gains on disposals of non-current assets	55	44	99
Value adjustments of non-current assets	(8)	-	(8)
EBIT	12,394	1,099	13,493
Financial income	1,648	(9)	1,639
Financial expenses	(2,334)	(3)	(2,337)
Net income/(expenses) from hyperinflation	(1,119)	1,119	-
Exchange rate gains and losses	864	(21)	843
Profits and losses from equity investments	-	-	-
PROFIT BEFORE TAXES	11,453	2,185	13,638
Income taxes	(2,625)	(406)	(3,031)
NET PROFIT FOR THE PERIOD	8,828	1,779	10,607
of which:			
Minority interests	465	-	465
PROFIT ATTRIBUTABLE TO THE GROUP	8,363	1,779	10,142

Reconciliation of the consolidated income statement at 30 June 2023

<i>(€/000)</i>	H1 2023	IAS29 effect	Start-up effect	H1 2023 Normalised
INCOME STATEMENT COMPONENTS				
OPERATING REVENUE AND INCOME				
Revenue	108,962	5,983	-	114,945
Other income	4,062	162	-	4,224
Total operating revenue and income	113,024	6,145	-	119,169
OPERATING COSTS				
Materials	(54,580)	(2,090)	44	(56,626)
Change in inventories	(1,385)	378	3	(1,004)
Services	(20,809)	(666)	894	(20,581)
Personnel costs	(25,937)	(729)	213	(26,453)
Other operating costs	(795)	(9)	-	(804)
Costs for capitalised in-house work	1,896	-	-	1,896
Total operating costs	(101,610)	(3,116)	1,154	(103,572)
OPERATING PROFIT BEFORE DEPRECIATION AND AMORTISATION, CAPITAL GAINS/LOSSES, AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS				
	11,414	3,029	1,154	15,597
Depreciations and amortisation	(9,547)	766	312	(8,469)
Capital gains on disposals of non-current assets	(12)	-	-	(12)
Value adjustments of non-current assets	-	-	-	-
EBIT	1,855	3,795	1,466	7,116
Financial income	532	73	-	605
Financial expenses	(1,867)	4	-	(1,863)
Net income/(expenses) from hyperinflation	(677)	677	-	-
Exchange rate gains and losses	(1,711)	(380)	-	(2,091)
Profits and losses from equity investments	-	-	-	-
PROFIT BEFORE TAXES	(1,868)	4,169	1,466	3,767
Income taxes	446	(883)	(93)	(530)
NET PROFIT FOR THE PERIOD	(1,422)	3,286	1,373	3,237
of which:				
Minority interests	-	-	-	-
PROFIT ATTRIBUTABLE TO THE GROUP	(1,422)	3,286	1,373	3,237

Consolidated statement of financial position

(€/000)	30/06/2024	31/03/2024	31/12/2023	30/06/2023
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	106,712	107,316	108,741	101,998
Investment property	580	668	691	862
Intangible assets	60,427	59,616	57,231	50,887
Equity investments	86	95	95	97
Non-current receivables	1,133	1,415	1,094	1,690
Deferred tax assets	12,681	12,060	13,315	10,728
Total non-current assets	181,619	181,170	181,167	166,262
CURRENT ASSETS				
Inventories	65,624	63,429	61,985	59,524
Trade receivables	71,105	66,466	55,826	52,801
Tax receivables	8,663	11,274	11,722	8,994
Other current receivables	4,533	4,387	3,868	2,937
Current financial assets	9,370	6,601	7,257	4,758
Cash and cash equivalents	25,545	31,166	36,353	27,405
Total current assets	184,840	183,323	177,011	156,419
ASSETS HELD FOR SALE	-	-	-	526
TOTAL ASSETS	366,459	364,493	358,178	323,207
SHAREHOLDERS' EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY				
Share capital	12,687	12,687	12,687	11,533
Retained earnings, Other reserves	93,910	104,456	97,656	99,328
IAS 29 reserve	50,757	47,031	48,649	34,877
Net profit for the period	8,363	4,270	3,103	(1,422)
<i>Total equity interest pertaining to the Parent Company</i>	<i>165,717</i>	<i>168,444</i>	<i>162,095</i>	<i>144,316</i>
<i>Minority interests</i>	<i>8,573</i>	<i>8,222</i>	<i>8,293</i>	-
Total shareholders' equity	174,290	176,666	170,388	144,316
NON-CURRENT LIABILITIES				
Loans	71,396	78,912	81,547	81,588
Other financial liabilities	11,527	11,721	11,721	-
Post-employment benefit and retirement provisions	3,832	3,767	3,805	3,713
Provisions for risks and charges	327	334	353	440
Deferred tax liabilities	4,901	5,098	5,136	4,934
Other non-current payables	218	218	183	-
Total non-current liabilities	92,201	100,050	102,745	90,675
CURRENT LIABILITIES				
Loans	26,575	24,003	23,317	24,231
Other financial liabilities	180	267	175	175
Trade payables	51,034	44,541	42,521	45,766
Tax payables	3,497	3,615	3,025	3,036
Other payables	18,682	15,351	16,007	15,008
Total current liabilities	99,968	87,777	85,045	88,216
LIABILITIES HELD FOR SALE	-	-	-	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	366,459	364,493	358,178	323,207

Consolidated Income Statement

(€/000)	Q2 2024 (*)	Q2 2023 (*)	H1 2024	H1 2023
OPERATING REVENUE AND INCOME				
Revenue	75,816	50,899	144,677	108,962
Other income	2,500	1,714	4,638	4,062
Total operating revenue and income	78,316	52,613	149,315	113,024
OPERATING COSTS				
Materials	(37,985)	(23,514)	(71,296)	(54,580)
Change in inventories	3,595	(2,735)	5,313	(1,385)
Services	(13,236)	(9,589)	(25,284)	(20,809)
Personnel costs	(17,633)	(12,767)	(34,735)	(25,937)
Other operating costs	(746)	(253)	(1,163)	(795)
Costs for capitalised in-house work	795	1,130	1,524	1,896
Total operating costs	(65,210)	(47,728)	(125,641)	(101,610)
OPERATING PROFIT BEFORE DEPRECIATION & AMORTISATION, CAPITAL GAINS/LOSSES AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)				
	13,106	4,885	23,674	11,414
Depreciations and amortisation	(5,689)	(4,515)	(11,327)	(9,547)
Capital gains/(losses) on disposals of non-current assets	12	(12)	55	(12)
Write-downs/write-backs of non-current assets	(8)	-	(8)	-
OPERATING PROFIT (EBIT)				
	7,421	358	12,394	1,855
Financial income	997	442	1,648	532
Financial expenses	(1,263)	(1,081)	(2,334)	(1,867)
Net income/(expenses) from hyperinflation	(1,460)	730	(1,119)	(677)
Exchange rate gains and losses	110	(1,180)	864	(1,711)
Profits and losses from equity investments	-	-	-	-
PROFIT BEFORE TAXES				
	5,805	(731)	11,453	(1,868)
Income taxes	(1,445)	100	(2,625)	446
PROFIT FOR THE YEAR				
	4,360	(631)	8,828	(1,422)
of which				
Minority interests	267	-	465	-
PROFIT ATTRIBUTABLE TO THE GROUP				
	4,093	(631)	8,363	(1,422)

(*) unaudited figures

HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2024

Consolidated statement of financial position

(€/000)	Notes	30/06/2024	31/12/2023
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	1	106,712	108,741
Investment property	2	580	691
Intangible assets	3	60,427	57,231
Equity investments	4	86	95
Non-current receivables	5	1,133	1,094
Deferred tax assets	23	12,681	13,315
Total non-current assets		181,619	181,167
CURRENT ASSETS			
Inventories	6	65,624	61,985
Trade receivables	7	71,105	55,826
Tax receivables	8	8,663	11,722
Other current receivables	9	4,533	3,868
Current financial assets	10	9,370	7,257
Cash and cash equivalents	11	25,545	36,353
Total current assets		184,840	177,011
ASSETS HELD FOR SALE		-	-
TOTAL ASSETS		366,459	358,178
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	12	12,687	12,687
Retained earnings, Other reserves	13	93,910	97,656
Reserve IAS29		50,757	48,649
Net profit for the period		8,363	3,103
<i>Total equity interest pertaining to the Parent Company</i>		<i>165,717</i>	<i>162,095</i>
<i>Minority interests</i>		<i>8,573</i>	<i>8,293</i>
Total shareholders' equity		174,290	170,388
NON-CURRENT LIABILITIES			
Loans	14	71,396	81,547
Other financial liabilities	15	11,527	11,721
Post-employment benefit and retirement provisions	16	3,832	3,805
Provisions for risks and charges	17	327	353
Deferred tax liabilities	23	4,901	5,136
Other non-current payables	18	218	183
Total non-current liabilities		92,201	102,745
CURRENT LIABILITIES			
Loans	14	26,575	23,317
Other financial liabilities	15	180	175
Trade payables	19	51,034	42,521
Tax payables	20	3,497	3,025
Other payables	21	18,682	16,007
Total current liabilities		99,968	85,045
LIABILITIES HELD FOR SALE		-	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		366,459	358,178

Consolidated income statement

<i>(€/000)</i>	Notes	H1 2024	H1 2023
OPERATING REVENUE AND INCOME			
Revenue	24	144,677	108,962
Other income	25	4,638	4,062
Total operating revenue and income		149,315	113,024
OPERATING COSTS			
Materials	26	(71,296)	(54,580)
Change in inventories		5,313	(1,385)
Services	27	(25,284)	(20,809)
Personnel costs	28	(34,735)	(25,937)
Other operating costs	29	(1,163)	(795)
Costs for capitalised in-house work		1,524	1,896
Total operating costs		(125,641)	(101,610)
OPERATING PROFIT BEFORE DEPRECIATION & AMORTISATION, CAPITAL GAINS/LOSSES AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS (EBITDA)		23,674	11,414
Depreciations and amortisation		(11,327)	(9,547)
Capital gains/(losses) on disposals of non-current assets		55	(12)
Write-downs/write-backs of non-current assets		(8)	-
OPERATING PROFIT (EBIT)		12,394	1,855
Financial income	30	1,648	532
Financial expenses	31	(2,334)	(1,867)
Net income/(expenses) from hyperinflation	31	(1,119)	(677)
Exchange rate gains and losses	32	864	(1,711)
Profits and losses from equity investments		-	-
PROFIT BEFORE TAXES		11,453	(1,868)
Income taxes	33	(2,625)	446
PROFIT FOR THE YEAR		8,828	(1,422)
of which			
Minority interests		465	-
PROFIT ATTRIBUTABLE TO THE GROUP		8,363	(1,422)
<i>(in €)</i>			
Basic earnings per share	34	0.670	(0.126)
Diluted earnings per share	34	0.670	(0.126)

Consolidated statement of comprehensive income

<i>(€/000)</i>	H1 2024	H1 2023
NET PROFIT FOR THE PERIOD	8,828	(1,422)
<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	(7,211)	(18,422)
Hedge accounting effect of derivative financial instruments	(79)	19
Tax effect	-	-
Total other profits/(losses) net of taxes for the year	(7,290)	(18,403)
TOTAL RESULTS	1,538	(19,825)
of which		
Minority interests for the period	465	-
MINORITY INTERESTS	465	-
PROFIT ATTRIBUTABLE TO THE GROUP	1,073	(19,825)

Consolidated statement of cash flows

	H1 2024	H1 2023
<i>Cash and cash equivalents at beginning of period</i>	<i>36,353</i>	<i>20,923</i>
Net profit/(loss) for the period	8,828	(1,422)
Adjustments for:		
- Depreciation and amortisation for the period	11,327	9,547
- Realised gains/losses	(55)	12
- Profits and losses from equity investments	8	-
- Revaluation IAS 29	1,779	3,286
- Financial income and expenses	(729)	1,375
- IFRS 2 measurement stock grant plan	(299)	238
- Income tax	2,625	(446)
- Non-monetary foreign exchange differences	374	-
Change in post-employment benefit	27	52
Change in risk provisions	(26)	(117)
<i>Change in trade receivables</i>	<i>(15,745)</i>	<i>3,398</i>
<i>Change in inventories</i>	<i>(4,813)</i>	<i>545</i>
<i>Change in trade payables</i>	<i>8,730</i>	<i>6,897</i>
Change in net working capital	(11,828)	10,840
Change in other receivables and payables, deferred taxes	3,495	2,795
Payment of taxes	(843)	(766)
Payment of financial expenses	(2,061)	(1,660)
Collection of financial income	1,071	605
Cash flows from operations	13,693	24,339
Investments in non-current assets		
- intangible	(1,351)	(1,409)
- tangible	(5,061)	(10,130)
- financial	-	-
Disposal of non-current assets	260	412
Cash flows from investment activities	(6,152)	(11,127)
Free cash flow	7,541	13,212
Repayment of loans	(13,285)	(20,857)
New loans	5,474	17,190
Change in financial assets	(2,734)	(2,594)
Purchase of treasury shares	-	(462)
Payment of dividends	(7,229)	0
Cash flows from financing activities	(17,774)	(6,723)
Acquisitions and other changes in the scope of consolidation	-	(783)
Foreign exchange differences	(575)	776
Net cash flows for the period	(10,808)	6,482
<i>Cash and cash equivalents at end of period</i>	<i>25,545</i>	<i>27,405</i>

Statement of changes in consolidated shareholders' equity

<i>(€/000)</i>	Share capital	Share premium reserve	Legal reserve	Treasury shares	Translation reserve	IAS 29 reserve	Post-employment benefit reserve	Other reserves	Profit for the year	Group shareholders' equity	Minority interests	Shareholders' equity
Balance at 31 December 2022	11,533	10,002	2,307	(3,221)	(54,715)	32,748	(328)	142,587	15,249	156,162	-	156,162
Allocation of 2022 profit												
- carried forward								15,249	(15,249)	-		-
Share capital increase	1,154	16,158								17,312		17,312
IFRS 2 measurement <i>Stock Grant</i>								543		543		543
Treasury share transactions				(462)						(462)		(462)
Change in the scope of consolidation										-	8,016	8,016
Put options on minorities								(10,866)		(10,866)		(10,866)
Hyperinflation (IAS 29)						15,901		6,077		21,978		21,978
Other changes								(1)		(1)		(1)
<i>Change in translation reserve</i>					(25,713)					(25,713)		(25,713)
<i>Other components of the total result</i>							(37)	76	3,103	3,142	277	3,419
Total results at 31 December 2023					(25,713)		(37)	76	3,103	(22,571)	277	(22,294)
Balance at 31 December 2023	12,687	26,160	2,307	(3,683)	(80,428)	48,649	(365)	153,665	3,103	162,095	8,293	170,388
Allocation of 2023 profit												
- carried forward			175						(175)			
- dividends								(3,848)	(2,928)	(6,776)	(453)	(7,229)
IFRS 2 measurement <i>Stock Grant</i>				1,573				(1,872)		(299)		(299)
Hyperinflation (IAS 29)						2,108		7,521		9,629		9,629
Other changes								(5)		(5)		(5)
<i>Change in translation reserve</i>					(7,211)					(7,211)	268	(6,943)
<i>Other components of the total result</i>								(79)	8,363	8,284	465	8,749
Total result at 30 June 2024					(7,211)			(79)	8,363	1,073	733	1,806
Balance at 30 June 2024	12,687	26,160	2,482	(2,110)	(87,639)	50,757	(365)	155,382	8,363	165,717	8,573	174,290

EXPLANATORY NOTES

Basis of presentation and accounting policies used

The half-yearly condensed consolidated financial statements at 30 June 2024 were prepared in accordance with IAS 34 on interim reports. These condensed half-year consolidated financial statements do not include all the information required for the annual financial report and must be read together with the financial statements for the year ended 31 December 2023. Reference to IFRS also includes all current International Accounting Standards (IAS). They have been prepared in euro, rounding amounts to the nearest thousand, and are compared with the half-yearly and annual consolidated financial statements of the previous year, prepared according to the same standards. They consist of the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in consolidated shareholders' equity, the consolidated statement of cash flows and these explanatory notes.

The half-yearly consolidated financial statements have been prepared on a going concern basis with reference to which the Group assessed that it is a going concern in accordance with paragraphs 25 and 26 of IAS 1 and Art. 2423 bis of the Italian Civil Code, also due to the strong competitive position, positive profitability and solidity of the financial structure.

The consolidation policies, criteria for converting items in foreign currencies, the accounting principles and policies are the same as those used for preparing the financial statements at 31 December 2023, to which reference should be made for additional information, with the exception of the adoption as of 1 January 2024 of the new standards and amendments described below. The Group has not early adopted any new standards, interpretations or amendments issued but not yet in force.

New accounting standards

Amendments to IAS 7 "Statement of Cash Flows" and to IFRS 7 "Supplier Finance Arrangements"

The amendments to IAS 7 and IFRS 7 relate to reverse factoring contracts. In particular, they clarify their characteristics and require more disclosure to help users of financial statements understand the impact of such transactions on liabilities, cash flows and exposure to liquidity risk.

These changes had no impact on the Group's half-yearly condensed consolidated financial statements.

Amendments to IFRS 16 "Financial Instruments"

In September 2022, the IASB issued an amendment to IFRS 16 that provides specific measurement requirements for lease liabilities that may include variable lease payments arising from a sale and leaseback transaction. The objective is to ensure that the selling lessor does not recognise any gain or loss in respect of the right of use it retains.

These changes had no impact on the Group's half-yearly condensed consolidated financial statements.

Amendments to IAS 1 "Presentation of Financial Statements"

The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current. In particular, the amendments clarify a) what is meant by the right to postpone an

expiry; b) that the right to postpone must exist at the end of the reporting period, c) that the classification is not affected by the likelihood that the entity will exercise its right to postpone; d) that only if a derivative embedded in a convertible liability is itself an equity instrument does the maturity of the liability have no impact on classification, Finally, a requirement has been introduced to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to postpone is conditional on compliance with covenants within twelve months. These changes had no impact on the Group's half-yearly condensed consolidated financial statements.

Financial statements

The Group has adopted the following formats:

- current and non-current assets and current and non-current liabilities are stated separately in the statement of the financial position;
- an income statement that expresses costs using a classification based on the nature of each item;
- a comprehensive income statement, which records all changes in Other overall earnings (losses) during the year, generated by transactions other than those conducted with shareholders and based on specific IAS/IFRS standards;
- a statement of cash flows that presents cash flows originating from operating activity, using the indirect method.

Use of these formats permits the most meaningful representation of the Group's operating results, financial position and cash flows.

Scope of consolidation

The scope of consolidation at 30 June 2024 comprises the parent company Sabaf S.p.A. and the following companies controlled by Sabaf S.p.A., consolidated on a line-by-line basis:

- Faringosi Hinges s.r.l.
- Sabaf do Brasil Ltda (Sabaf Brazil)
- Sabaf Beyaz Esya Parcalari Sanayi Ve Ticaret Limited Sirteki (Sabaf Turkey)
- Sabaf Appliance Components (Kunshan) Co., Ltd. (Sabaf China)
- A.R.C. s.r.l.
- Sabaf U.S. corp. (Sabaf US)
- Sabaf India Private Limited (India)
- Sabaf Mexico Appliance Components (Sabaf Mexico)
- C.M.I. s.r.l.
- C.G.D. s.r.l.
- P.G.A s.r.l.
- Sabaf America Inc. (Sabaf America)
- Mansfield Engineered Components LLC (MEC)

Control is the power to determine, directly or indirectly, the financial and management policies of an entity so as to obtain benefits from its activities. Subsidiaries are consolidated from the date on which control begins until the date on which control ceases.

The changes in the scope of consolidation compared to 30 June 2023 are related to:

- the acquisition of the US company Mansfield Engineered Components LLC (MEC), which took place in July 2023, through the subsidiary Sabaf America Inc. MEC is fully consolidated as from 1 July 2023;
- the mergers of PGA2.0 s.r.l. into P.G.A. S.r.l. and of Okida Elektronik Sanayi Ve Ticaret A.S. (Okida) into Sabaf Beyaz ESYA Parcalari Sanayi Ve Ticaret Limited Sirketi (Sabaf Turkey), which took place in the second half of 2023.

Compared to 31 December 2023, consolidation scope has not changed.

The companies in which Sabaf S.p.A. simultaneously possess the following three elements are considered subsidiaries: (a) power over the company; (b) exposure or rights to variable returns resulting from involvement therein; (c) ability to affect the size of these returns by exercising power. If these subsidiaries exercise a significant influence, they are consolidated as from the date in which control begins until the date in which control ends so as to provide a correct representation of the Group's operating results, financial position and cash flows.

Consolidation criteria

The criteria applied for consolidation are as follows:

- a) Assets and liabilities, income and costs in the financial statements consolidated on a line-by-line basis are incorporated into the Group financial statements, regardless of the entity of the equity interest concerned. In addition, the carrying value of equity interests is eliminated against the shareholders' equity relating to investee companies.
- b) Positive differences arising from elimination of equity investments against the carrying value of shareholders' equity at the date of first-time consolidation are attributed to the higher values of assets and liabilities when possible and, for the remainder, to goodwill.
- c) Payable/receivable and cost/revenue items between consolidated companies and profits/losses arising from intra-group transactions are eliminated.
- d) If minority shareholders exist, the portion of shareholders' equity and net profit for the period pertaining to them is posted in specific items of the consolidated statement of financial position and income statement.

Conversion into euro of foreign-currency income statements and statements of financial position

Separate financial statements of each company belonging to the Group are prepared in the currency of the country in which that company operates (functional currency). For the purposes of the consolidated financial statements, the financial statement of each foreign entity is expressed in euro, which is the Group's functional currency and the reporting currency for the consolidated financial statements.

The balance sheet items in accounts expressed in currencies other than euro are converted by applying current end-of-year exchange rates. Income statement items are converted at average exchange rates for the period, with the exception of the financial statements of the two Turkish subsidiaries operating in an hyperinflationary economy whose income statements are converted by applying the end-of-year exchange rate as required by IAS 21 paragraph 42.b.

Foreign exchange differences arising from the comparison between opening shareholders' equity converted at current exchange rates and at historical exchange rates, together with the difference between the net result expressed at average and current exchange rates, are allocated to "Other Reserves" in shareholders' equity.

The exchange rates used for conversion into euro of the statements of financial position of the foreign subsidiaries, prepared in local currency, are shown in the following table:

Description of currency	Exchange rate in effect at 30/06/2024	Average exchange rate 01/01/2024 - 30/06/2024	Exchange rate in effect at 30/06/2023	Average exchange rate 01/01/2023 - 30/06/2023
Brazilian real	5.8915	5.4922	5.2788	5.4827
Turkish lira	35.1868	34.2364	28.3193	21.5662
Chinese renminbi	7.7748	7.8011	7.8930	7.4894
Indian Rupee	89.2495	89.9862	89.2065	88.8443
Mexican peso	19.5654	18.5089	18.5614	19.6457
US Dollar	1.0705	1.0813	1.0866	1.0807

Segment reporting

The Group's operating segments in accordance with IFRS 8 - Operating Segment are identified in the business segments that generate revenue and costs, whose results are periodically reassessed by top management in order to assess performance and decisions regarding resource allocation. The Group operating segments are the following:

- gas parts (household and professional);
- hinges;
- electronic components;
- components for induction cooking.

Use of estimates

The preparation of the half-yearly financial statements and notes in accordance with IFRS requires the Directors to make estimates and assumptions that affect the values of revenue, costs, assets and liabilities of the half-yearly financial statements and the disclosures on contingent assets and liabilities at 30 June 2024. In the event that in future these estimates and assumptions, which are based on the Directors' best assessments, should deviate from actual circumstances, they will be amended appropriately at the time the circumstances change. Estimates and assumptions are regularly reviewed and the effects of each change immediately reflected in the income statement.

It should also be noted that certain valuation processes, particularly the more complex ones such as the determination of any impairment losses of non-current assets, are generally carried out in full only for the preparation of the annual financial statements, when all information that could be necessary is available, except in cases in which impairment indicators require an immediate valuation of any impairment losses.

Hyperinflation – Turkey: application of IAS 29

In the half-yearly condensed consolidated financial statements at 30 June 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 half

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 30/06/2024	Change
TURKSTAT	1,859.38	2,319.29	+24.73%

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 31/12/2022	Value at 30/06/2023	Change
TURKSTAT	1,128.45	1,351.59	+19.77%

Effects of the application of the hyperinflation on the Consolidated Statement of Financial Position

<i>(€/000)</i>	30/06/2024	Hyperinflation effect	30/06/2024 with Hyperinflation effect
Total non-current assets	144,721	36,898	181,619
Total current assets	183,340	1,500	184,840
Total assets	328,061	38,398	366,459
Total shareholders' equity	135,976	38,314	174,290
Total non-current liabilities	92,117	84	92,201
Total current liabilities	99,968	-	99,968
Total liabilities and shareholders' equity	328,061	38,398	366,459

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

<i>(€/000)</i>	6M 2024	Hyperinflation effect	6M 2024 with Hyperinflation effect
Operating revenue and income	147,710	1,605	149,315
Operating costs	(124,770)	(871)	(125,641)
EBITDA	22,940	734	23,674
EBIT	13,493	(1,099)	12,394
Result before taxes	13,638	(2,185)	11,453
Income taxes	(3,031)	406	(2,625)
Minority interests	465	-	465
Net profit for the period	10,142	(1,779)	8,363

Comments on the main items of the statement of financial position

1. PROPERTY, PLANT AND EQUIPMENT

	Property	Plant and equipment	Other assets	Assets under construction	Total
Cost					
At 31 December 2023	78,499	268,476	71,238	4,498	422,711
Increases	730	965	1,696	2,520	5,911
Reclassifications	113	1,737	962	(2,847)	(35)
Disposals	-	(1,068)	(204)	-	(1,272)
Monetary revaluation (IAS 29)	1,501	5,030	1,761	-	8,292
Forex differences	(869)	(2,877)	(1,113)	(39)	(4,898)
At 30 June 2024	79,974	272,263	74,340	4,132	430,709
Accumulated depreciations					
At 31 December 2023	32,829	220,464	60,677	-	313,970
Increases	1,622	5,502	2,376	-	9,500
Reclassifications	-	-	-	-	-
Disposals	-	(991)	(150)	-	(1,141)
Monetary revaluation (IAS 29)	556	2,346	1,090	-	3,992
Forex differences	(257)	(1,312)	(755)	-	(2,324)
At 30 June 2024	34,750	226,009	63,238	-	323,997
Carrying value					
At 31 December 2023	45,670	48,012	10,561	4,498	108,741
At 30 June 2024	45,224	46,254	11,102	4,132	106,712

The investments of the period are aimed at Group's organic growth through internationalization and product innovation.

The carrying value of the item "Property" is made up as follows:

	30/06/2024	31/12/2023	Change
Land	9,592	9,560	32
Industrial buildings	35,632	36,110	(478)
Total	45,224	45,670	(446)

Changes in property, plant and equipment resulting from the application of IFRS 16 are shown below:

	Property	Plant and equipment	Other assets	Total
At 31 December 2023	5,277	48	856	6,181
Increases	431	-	356	787
Monetary revaluation (IAS 29)	256	-	-	256
Decreases	-	-	(6)	(6)
Depreciations	(646)	(20)	(150)	(816)
Foreign exchange differences	(2)	-	(9)	(11)
At 30 June 2024	5,316	28	1,047	6,391

At 30 June 2024, the Group found no endogenous or exogenous indicators of impairment of its property, plant and equipment. As a result, with reference to these half-yearly financial statements, the value of property, plant and equipment was not submitted to impairment testing.

2. INVESTMENT PROPERTY

Cost	
At 31 December 2023	1,771
Increases	-
Disposals	(165)
At 30 June 2024	1,606
Cumulative depreciations and write-downs	
At 31 December 2023	1,080
Depreciations for the period	47
Derecognition due to disposal	(101)
At 30 June 2024	1,026
Carrying value	
At 31 December 2023	691
At 30 June 2024	580

Disposals during the period resulted in capital gains totalling €31 thousand.

Changes in investment property resulting from the application of IFRS 16 are shown below:

	Investment property
At 31 December 2023	80
Increases	-
Decreases	-
Depreciations	(20)
At 30 June 2024	60

This item includes non-operating buildings owned by the Group: these are mainly properties for residential use, located in Ospitaletto near Sabaf S.p.A.'s headquarters, held for rental or sale. The carrying value is considered to be higher than the presumed realisable value.

At 30 June 2024, the Group found no endogenous or exogenous indicators of impairment of its investment property. As a result, with reference to these half-yearly financial statements, the value of investment property was not submitted to impairment testing.

3. INTANGIBLE ASSETS

	Goodwill	Patents, software and know-how	Development costs	Other intangible assets	Total
Cost					
At 31 December 2023	33,560	11,444	12,143	31,209	88,356
Increases	-	44	1,279	28	1,351
Decreases	-	(9)	-	-	(9)
Reclassifications	-	29	(13)	10	26
Monetary revaluation (IAS 29)	3,775	154	-	2,230	6,159
Forex differences	(1,158)	(62)	1	(619)	(1,838)
At 30 June 2024	36,177	11,600	13,410	32,858	94,045
Accumulated amortisation					
At 31 December 2023	4,546	10,254	6,046	10,279	31,125
Increases	-	228	401	1,204	1,833
Decreases	-	(1)	-	-	(1)
Reclassifications	-	-	-	-	-
Monetary revaluation (IAS 29)	-	140	-	829	969
Forex differences	-	(51)	(2)	(255)	(308)
At 30 June 2024	4,546	10,570	6,445	12,057	33,618
Carrying value					
At 31 December 2023	29,014	1,190	6,097	20,930	57,231
At 30 June 2024	31,631	1,030	6,965	20,801	60,427

Goodwill

In accordance with IAS 36, goodwill is allocated to cash-generating units ("CGUs") identified on the basis of operating segments and legal entities that correspond to the acquired businesses. The CGUs to which goodwill has been allocated are shown below:

CGU	31/12/2023	Revaluation IAS 29	Forex differences	30/06/2024
Professional burners	1,770	-	-	1,770
Electronic components	16,447	3,775	(1,184)	19,038
PGA electronic components	1,910	-	-	1,910
Hinges	4,414	-	-	4,414
C.M.I. Hinges	3,680	-	-	3,680
MEC Hinges	793	-	26	819
Total	29,014	3,775	(1,158)	31,631

The Group verifies the ability to recover goodwill ("*Impairment test*") at least once a year or more frequently if there are indications of impairment. Recoverable amount is determined through value of use, by discounting expected cash flows.

As at 31 December 2023, the Group had performed impairment tests to determine the recoverability of the recognised goodwill, using the Group's 2024 - 2026 Business Plan as the reference for determining the expected cash flows. The tests carried out have been successfully completed (for further information see the Consolidated Financial Statements at 31 December 2023).

During the preparation of these half-yearly condensed consolidated financial statements, an analysis was carried out as to whether there was any indication of impairment, considering both external and internal factors, including:

- the comparison of the financial results achieved by each CGU in the first half of 2024 with the budgeted results;
- confirmation of the expected results for future years, as estimated in the Group's 2024 - 2026 Business Plan prepared by management and approved by the Board of Directors on 19 March 2024;
- the trend in the rates that form the basis for calculating the discount rate used in the impairment test at 31 December 2023 (Wacc);
- the results of the sensitivity analyses carried out as part of the impairment tests at 31 December 2023;
- market trends and the development of the context in which the Group operates;
- the economic performance of the entire Sabaf Group.

Finally, the Group assessed the relationship between the market capitalisation (€206.2 million) and the carrying value of the Group's shareholders' equity at 30 June 2024 (€166 million), which shows a largely positive difference.

The above analyses confirmed that there were no elements indicating a possible reduction in the recoverable amount of the company's assets and therefore there was no need to prepare or update any impairment tests at 30 June 2024.

Development costs

Development costs are mainly related to the decision to extend the product range to include induction cooking. To this end, a dedicated project team was set up to develop the project know-how in-house, with patents, proprietary software and hardware and is constantly working on new models to expand the product range. The first sales were made in the first half of 2024.

Other intangible assets

The other intangible assets mainly result from the Purchase Price Allocation carried out following the acquisition of Okida Elektronik (a company merged into Sabaf Turkey in 2023 and which had been acquired in September 2018), the acquisition of C.M.I. S.r.l. (which took place in July 2019), P.G.A. (which took place in October 2022) and MEC (which took place in July 2023).

With regard to patents, software, development costs and other intangible assets, no internal and external indicators that would necessitate an impairment test were identified.

4. EQUITY INVESTMENTS

	30/06/2024	31/12/2023	Change
Other equity investments	86	95	(9)
Total	86	95	(9)

5. NON-CURRENT RECEIVABLES

	30/06/2024	31/12/2023	Change
Tax receivables	302	287	15
Guarantee deposits	198	187	11
Receivables from former P.G.A. shareholders	633	620	13
Total	1,133	1,094	39

Tax receivables relate to indirect taxes expected to be recovered after 30 June 2025. Receivables from former P.G.A. shareholders, already agreed upon between the parties, refer to compensation obligations envisaged upon the occurrence of certain events (liabilities incurred by P.G.A.) regulated by the acquisition agreement.

6. INVENTORIES

	30/06/2024	31/12/2023	Change
Raw Materials	31,035	29,084	1,951
Semi-processed goods	16,987	15,410	1,577
Finished products	22,899	22,920	(21)
Provision for inventory write-downs	(5,297)	(5,429)	132
Total	65,624	61,985	3,639

The value of inventories at 30 June 2024 increased compared to 31 December 2023 as a result of the increase in volumes of activity.

At 30 June 2024, the value of inventories was adjusted based on an improved estimate of the idle capacity and obsolescence risk, measured by analysing slow and non-moving inventory.

7. TRADE RECEIVABLES

	30/06/2024	31/12/2023	Change
Total trade receivables	72,227	56,661	15,566
Bad debt provision	(1,122)	(835)	(287)
Net total	71,105	55,826	15,279

Trade receivables at 30 June 2024 were higher than at the end of 2023 subsequent to higher sales. There were no significant changes in the payment terms agreed with customers.

The amount of trade receivables recognised in the financial statements includes approximately €23.6 million in insured receivables (€26.8 million at 31 December 2023).

The breakdown of trade receivables by past due period is shown below:

	30/06/2024	31/12/2023	Change
Current receivables (not past due)	59,161	42,395	16,766
Outstanding up to 30 days	8,960	8,356	604
Outstanding from 30 to 60 days	2,744	3,099	(355)
Outstanding from 60 to 90 days	1,156	911	245
Outstanding for more than 90 days	206	1,900	(1,694)
Total	72,227	56,661	15,566

The bad debt provision was adjusted to the better estimate of the credit risk and expected losses at the end of the reporting period. Changes during the period were as follows:

31/12/2023	835
Provisions	382
Utilisation	(84)
Forex differences	(11)
30/06/2024	1,122

8. TAX RECEIVABLES

	30/06/2024	31/12/2023	Change
For income tax	1,832	7,186	(5,354)
For VAT and other sales taxes	4,784	4,536	248
Other tax credits	2,047	-	2,047
Total	8,663	11,722	(3,059)

At 30 June 2024, income tax receivables are related to IRES for €1,679 thousand and IRAP for €153 thousand.

Other tax credits include €1,141 thousand for tax credits for investment in capital goods and €282 thousand for tax credits for research and development.

9. OTHER CURRENT RECEIVABLES

	30/06/2024	31/12/2023	Change
Advances to suppliers	2,052	1,866	186
Credits to be received from suppliers	105	943	(838)
Accrued income and prepaid expenses	1,819	858	961
Other	557	201	356
Total	4,533	3,868	665

Credits to be received from suppliers mainly refer to bonuses paid to the Group for the attainment of purchasing objectives.

The higher value of accrued income and prepaid expenses at 30 June 2024 compared to 31 December 2023 is due to the recognition of costs or revenues whose collection or payment occurs annually at the beginning or end of year, such as insurance premiums.

10. CURRENT FINANCIAL ASSETS

	30/06/2024	31/12/2023	Change
Time deposit accounts and other financial assets	8,657	6,254	2,403
Derivative instruments on interest rates	713	1,003	(290)
Total	9,370	7,257	2,113

Time deposit accounts mainly refer to the opening of time deposits by some foreign subsidiaries; these are temporary investments of liquidity in excess of normal operations at higher yields than ordinary deposits.

Derivative instruments refer to three interest rate swap (IRS) contracts for amounts and maturities coinciding with six unsecured loans that are being amortised, whose residual value at 30 June 2024 is €12,633 thousand. The interest rate swap contracts have not been designated as capital flow hedges and are therefore at their Fair value through profit and loss, and recognised in the items "Fair Value through profit or loss", with "Financial income" as a balancing entry.

11. CASH AND CASH EQUIVALENTS

Cash and cash equivalents, which amounted to €25,545 thousand at 30 June 2024 (€36,353 thousand at 31 December 2023), consisted of cash and bank current account balances. Changes in the cash and cash equivalents are analysed in the statement cash flows.

12. SHARE CAPITAL

Sabaf S.p.A.'s share capital at 30 June 2024 consists of 12,686,795 shares with a par value of €1.00 each and has not changed compared with 31 December 2023.

13. TREASURY SHARES AND OTHER RESERVES

With regard to the 2021 - 2023 Stock Grant Plan, following the expiry of the three-year vesting period, during the first half of 2024, 103,349 ordinary shares of the Company were allocated and transferred to the beneficiaries, through the use of shares already available to the issuer.

At 30 June 2024, Sabaf S.p.A. held 138,614 treasury shares (1.093% of the share capital), reported in the financial statements as an adjustment to shareholders' equity at a weighted average unit value of €15.22 (the closing stock market price of the Share at 30 June 2024 was €16.45). There were 12,548,181 outstanding shares at 30 June 2024.

Stock grant reserve

The item "Retained Earnings, Other Reserves" of €93,910 thousand (€97,656 thousand at 31 December 2023) included the Stock Grant reserve of €2,481 thousand at 31 December 2023. The Stock Grant reserve represented the Fair value of the rights granted to receive shares of the Parent Company related to the 2021 - 2023 long-term incentive plan, which ended in May 2024, with the allocation of the accrued shares to the beneficiaries. Therefore, during the first half of 2024, the Stock Grant reserve was released.

Cash Flow Hedge reserve

The following table shows the change in the Cash Flow Hedge reserve related to the application of IFRS 9 on derivative contracts and referring to the recognition in net equity of the effective part of the derivative contracts signed to hedge the foreign exchange rate risk for which the Group applies hedge accounting.

Value at 31 December 2023	74
Change during the period	(79)
Value at 30 June 2024	(5)

14. LOANS

	30/06/2024			31/12/2023		
	Current	Non-current	Total	Current	Non-current	Total
Bond issue	-	29,739	29,739	-	29,720	29,720
Unsecured loans	19,754	36,662	56,416	21,261	46,748	68,009
Short-term bank loans	2,000	-	2,000	-	-	-
Advances on bank receipts or invoices	2,758	-	2,758	155	-	155
Leases	1,702	4,995	6,697	1,660	5,079	6,739
Interest payable	361	-	361	241	-	241
Total	26,575	71,396	97,971	23,317	81,547	104,864

Changes in loans over the half-year are shown in the statement of cash flows.

In December 2021, Sabaf S.p.A. issued a €30 million bond fully subscribed by PRICOA with a maturity of 10 years, an average life of 8 years and a fixed coupon of 1.85% per year.

The bond issue envisages some covenants, defined with reference to the consolidated financial statements at the end of each reporting period and at 30 June of each financial year, all widely complied with at 30 June 2024 and for which, according to the Group's business plan, compliance is also expected in subsequent years.

Some of the outstanding unsecured loans envisage financial covenants, which at 30 June 2024 had been fully complied with and for which compliance is also expected at 31 December 2024.

To manage interest rate risk, the bond issue and some unsecured loans were either fixed-rate or hedged by IRS, with a total residual value of €59,169 million at 30 June 2024. On the other hand, the residual value of unsecured loans taken out at a variable rate and not covered by the IRS was €26,986 thousand.

The following table shows the changes in lease liabilities during the first half of 2024:

Lease liabilities at 31 December 2023	6,739
New agreements signed during the first half of 2024	787
Repayments during the first half of 2024	(847)
Forex differences	18
Lease liabilities at 30 June 2024	6,697

The value of lease liabilities at 30 June 2024 includes €6,098 thousand in operating leases and €599 thousand in finance leases, all recognised in accordance with IFRS16.

15. OTHER FINANCIAL LIABILITIES

	30/06/2024		31/12/2023	
	Current	Non-current	Current	Non-current
Option on MEC minorities	-	11,527	-	11,721
Payables to former P.G.A. shareholders	175	-	175	-
Currency derivatives	5	-	-	-
Total	180	11,527	175	11,721

As part of the acquisition of MEC, a call option in favour of Sabaf for the remaining 49% of the share capital, exercisable from 2028, and a put option in favour of the minority shareholders, exercisable from 2025 to 2028, were subscribed. The valuation of the residual share will be based on an Enterprise Value equal to 8 times MEC's average EBITDA of the two financial statements preceding the date of exercise of the relevant option, adjusted for the net financial position at that date.

The assignment of an option to sell in the terms described above (put option) required the recording of a liability corresponding to the estimated redemption value, expected at the time of any exercise of the option. To this end, a financial liability of €11.721 thousand was recognised in the consolidated financial statements at 31 December 2023. As required by IAS 39, the Group revalued the outlay estimate based on the most recent results of MEC and reduced the liability by €194 thousand recognising financial income of €568 thousand and foreign exchange losses of €374 thousand as a balancing entry.

The payable to former P.G.A. shareholders of €175 thousand refers to price adjustments following the completion of the acquisition, related to the achievement of certain targets in accordance with contractual provisions ("earn-out").

16. POST-EMPLOYMENT BENEFIT AND RETIREMENT PROVISIONS

	30/06/2024	31/12/2023	Change
Post-employment benefit	3,832	3,805	27
Total	3,832	3,805	27

17. PROVISIONS FOR RISKS AND CHARGES

	31/12/2023	Provi sions	Utilisation	Exchange rate differences	30/06/2024
Provision for agents' indemnities	196	-	(7)	-	189
Product guarantee fund	60	-	(10)	-	50
Provision for legal risks	97	-	(5)	(4)	88
Total	353	-	(22)	(4)	327

The provision for agents' indemnities covers amounts payable to agents if the Group terminates the agency relationship.

The product guarantee fund covers the risk of returns or charges by customers for products already sold.

In 2023, a competitor filed a lawsuit against Sabaf S.p.A. for alleged patent infringement. The dispute is being settled amicably between the parties at no cost to the Group; therefore, no provisions for risks were recognised in these consolidated financial statements.

The provisions for risks, which represent the estimate of future payments made based on historical experience, have not been discounted because the effect is considered negligible.

18. OTHER NON-CURRENT LIABILITIES

	30/06/2024	31/12/2023	Change
Total	218	183	35

Other non-current liabilities refer to payables to the tax authorities, which will be paid in 2025 and 2026.

19. TRADE PAYABLES

	30/06/2024	31/12/2023	Change
Total	51,034	42,521	8,513

At 30 June 2024, there were no overdue payables of a significant amount and the Group did not receive any injunctions for overdue payables.

20. TAX PAYABLES

	30/06/2024	31/12/2023	Change
Income tax payables	1,304	704	600
Withholding taxes	898	968	(70)
Other tax payables	1,295	1,353	(58)
Total	3,497	3,025	472

21. OTHER CURRENT PAYABLES

	30/06/2024	31/12/2023	Change
To employees	8,169	6,452	1,717
To social security institutions	3,338	3,430	(92)
To agents	395	158	237
Advances from customers	1,571	385	1,186
Accrued liabilities and deferred income	4,988	5,479	(491)
Other current payables, accrued liabilities and deferred income	221	103	118
Total	18,682	16,007	2,675

At 30 June 2024, payables due to employees included amounts for the thirteenth month's pay and for holidays accrued but not taken.

22. TOTAL FINANCIAL DEBT

	30/06/202	31/12/202	Change
	4	3	
A. Cash	25,545	36,353	(10,808)
B. Cash equivalents	-	-	-
C. Other current financial assets	9,370	7,257	2,113
D. Liquidity (A+B+C)	34,915	43,610	(8,695)
E. Current financial payable	7,001	1,799	5,202
F. Current portion of non-current financial debt	19,754	21,693	(1,939)
G. Current financial debt (E+F)	26,755	23,492	3,263
H. Net current financial debt (G-D)	(8,160)	(20,118)	11,958
I. Non-current financial payable	53,185	63,548	(10,363)
J. Debt instruments	29,738	29,720	18
K. Trade payables and other non-current payables	-	-	-
L. Non-current financial debt (I+J+K)	82,923	93,268	(10,345)
M. Total financial debt (H+L)	74,763	73,150	1,613

The consolidated statement of cash flows, which shows the changes in cash and cash equivalents (sum of letters A. and B. of this statement), describes in detail the cash flows that led to the change in the net financial debt.

23. DEFERRED TAX ASSETS AND LIABILITIES

	30/06/2024	31/12/2023	Change
Deferred tax assets	12,681	13,315	(634)
Deferred tax liabilities	(4,901)	(5,136)	235
Net position	7,780	8,179	(399)

The table below analyses the nature of the temporary differences that determine the recognition of deferred tax liabilities and assets and changes during the period under review:

	Non-current tangible and intangible assets	Provisions, value adjustments	Fair value of derivative instruments	Good will	Tax incentives	Tax losses	Actuarial evaluation of post-employment benefit	Hyperinflation effect	Other temporary differences	Total
31/12/2023	(140)	1,395	(222)	709	3,281	467	121	1,533	1,035	8,179
Through profit or loss	10	39	35	(88)	(480)	(260)	0	470	(49)	(323)
In shareholders' equity	-	-	15	-	-	-	-	-	-	15
Reclassifications	-	-	-	-	-	556	-	-	-	556
Forex differences	(265)	(11)	-	-	(236)	(20)	-	(109)	(6)	(647)
30/06/2024	(395)	1,423	(172)	621	2,565	743	121	1,894	980	7,780

Deferred tax assets relating to goodwill refer to the exemption of the value of the investment in Faringosi Hinges s.r.l. made in 2011 pursuant to Italian law Decree 98/2011, deductible in ten instalments starting in 2018.

Deferred tax assets relating to tax incentives are commensurate to investments made in Turkey, for which the Group will benefit from a direct tax deduction. The decrease in deferred tax assets relating to tax losses is a result of these being offset against tax profits for the period.

Comments on key income statement items

24. REVENUE

In the first half of 2024, revenue from sales and services totalled €144.677 million, up by 32.8% versus €108.962 million in the same period of the previous year (+20.2% on a like-for-like basis). Please refer to the Interim Management Statement for comments on the change in revenue.

Revenue by geographical area

Revenue	H1 2024	%	H1 2023	%	% change
Europe (excluding Turkey)	41,700	28.8%	38,221	35.1%	+9.1%
Turkey	37,878	26.2%	27,088	24.8%	+39.8%
North America	30,629	21.2%	16,850	15.5%	+81.8%
South America	17,664	12.2%	12,848	11.8%	+37.5%
Africa and Middle East	9,299	6.4%	9,897	9.1%	-6.0%
Asia and Oceania	7,507	5.2%	4,058	3.7%	+85.0%
Total	144,677	100%	108,962	100%	+32.8%

Revenue by product family

Revenue	H1 2024	%	H1 2023	%	% change
Gas parts	85,756	59.2%	68,757	63.1%	+24.7%
Hinges	44,078	30.5%	28,699	26.3%	+53.6%
Electronic components	14,843	10.3%	11,506	10.6%	+29.0%
Total	144,677	100%	108,962	100%	+32.8%

25. OTHER INCOME

	H1 2024	H1 2023	Change
Sale of trimmings and raw materials	2,513	2,581	(68)
Rental income	34	50	(16)
Contingent income	221	283	(62)
Release of risk provisions	8	75	(67)
Other income	1,863	1,073	790
Total	4,638	4,062	576

Other income mainly includes tax benefits for investments in capital goods and for research and development of €395 thousand, Turkish public contributions of €266 thousand, related to incentives for hiring personnel, and €204 thousand related to the sale of moulds and equipment to customers for customised products.

26. MATERIALS

	H1 2024	H1 2023	Change
Commodities and outsourced components	65,883	50,098	15,785
Consumables	5,413	4,482	931
Total	71,296	54,580	16,716

The increase in costs for the purchase of materials in the first half of 2024 compared to the same period of the previous year is related to higher business volumes.

27. COSTS FOR SERVICES

	H1 2024	H1 2023	Change
Outsourced processing	6,028	5,048	980
Natural gas and electricity	4,523	3,609	914
Maintenance	3,597	3,253	344
Advisory services	1,281	1,579	(298)
Transport and export expenses	2,664	1,804	860
Travel expenses and allowances	455	447	8
Directors' fees	601	565	36
Commissions	828	433	395
Insurance	582	544	38
Waste disposal	331	231	100
Canteen	603	446	157
Use of temporary agency workers	170	179	(9)
Other costs	3,621	2,671	950
Total	25,284	20,809	4,475

The main outsourced processing include hot moulding of brass and steel blanking as well as some mechanical processing and assembly.

28. PERSONNEL COSTS

	H1 2024	H1 2023	Change
Salaries and wages	22,782	16,809	5,973
Social Security costs	6,936	5,436	1,500
Post-employment benefit and supplementary pension	1,356	1,141	215
Temporary agency workers	3,327	2,024	1,303
Stock grant <i>plan</i>	(299)	238	(537)
Other costs	633	289	344
Total	34,735	25,937	8,798

The Group headcount at 30 June 2024 was 1,758 employees compared to 1,478 at 30 June 2023. The increase in the number of employees compared to the previous year was 280, of which 161 were as a result of the MEC acquisition. The increase in staff costs compared to the same period of the previous year is mainly due to the change in the scope of consolidation and the inflationary trends that characterised the period, particularly in the Turkish subsidiary.

The item "Stock Grant Plan" of €299 thousand included the recognition at of the Fair value of rights assigned to receive shares of the Parent Company relating to the 2021 – 2023 Stock grant plan for the period. For details of this Plan, refer to Note 13 and Note 38.

29. OTHER OPERATING COSTS

	H1 2024	H1 2023	Change
Non-income related taxes and duties	340	298	42
Contingent liabilities	176	112	64
Provisions for risks	-	71	(71)
Bad debt provision	381	4	377
Other operating costs	266	310	(44)
Total	1,163	795	368

30. FINANCIAL INCOME

	H1 2024	H1 2023	Change
Interests from <i>time deposit</i>	669	235	434
MEC option valuation adjustment (Note 15)	568	-	568
Interest rate derivatives	182	108	74
Interest from bank current accounts	209	40	169
Other financial income	20	149	(129)
Total	1,648	532	1,116

Interest from time deposits of €669 thousand related to interest accrued on time deposit accounts opened by certain foreign subsidiaries; these are temporary investments of liquidity in excess of normal operations at better yields than ordinary deposits.

31. EXPENSES FROM HYPERINFLATION/FINANCIAL EXPENSES

	H1 2024	H1 2022	Change
Expenses from hyperinflation	1,119	677	442
Interest paid to banks	1,898	1,333	565
Interest paid on leases and rents	162	55	107
Banking expenses	98	293	(195)
Other financial expense	176	186	(10)
Financial expenses	2,334	1,867	467

As from 2022, the effect of inflation accounting on the Turkish subsidiary, which impacted some financial statement items during the half-year and resulted in total expenses of €1,119 thousand, was reflected in the financial statements. For an appropriate and detailed analysis, please refer to the specific paragraph in the Explanatory Notes to these Financial Statements. The effects of applying IAS 29 to each item in the consolidated income statement are also shown in the annex to the Report on Operations.

32. EXCHANGE RATE GAINS AND LOSSES

In the first half of 2024, the Group reported net foreign exchange profits of €864 thousand (versus net losses of €1,711 thousand in the same period of 2023), mainly following the depreciation of the Turkish lira against the Euro).

33. INCOME TAXES

	H1 2024	H1 2023	Change
Current taxes	2,302	200	2,102
Deferred tax liabilities	323	(646)	969
Total	2,625	(446)	3,071

Income tax is calculated in the same way as taxes are calculated when drafting the annual financial statements.

In these half-yearly consolidated financial statements, the Group recognised lower taxes for tax benefits related to the "Super-amortisation" and "Hyper-amortisation" related to investments made in Italy of €310 thousand.

34. EARNINGS PER SHARE

Basic and diluted EPS are calculated based on the following data:

Earnings

	H1 2024	H1 2023
	(€/000)	(€/000)
Net profit/(loss) for the period	8,363	(1,057)

Number of shares

	H1 2024	H1 2023
Weighted average number of ordinary shares for determining basic earnings per share	12,473,540	11,298,798
Dilutive effect from potential ordinary shares	0	0
Weighted average number of ordinary shares for determining diluted earnings per share	12,473,540	11,298,798

	H1 2024	H1 2023
	Euro	Euro
Basic earnings per share	0.670	(0.126)
Diluted earnings per share	0.670	(0.126)

The number of shares for measuring the earnings per share was calculated net of the average number of shares in the portfolio.

35. DIVIDENDS

On 29 May 2024, a dividend of €0.54 per share was paid to shareholders (total dividends of €6,776 thousand), to implement the resolution to allocate the 2023 profit approved by the Sabaf S.p.A. shareholders' meeting on 8 May 2024.

36. INFORMATION BY BUSINESS SEGMENT

Below is the information by business segment for the first half of 2024 and 2023.

First half of 2024

	Gas parts (household and professional)	Hinges	Electronic components	Components for induction cooking	Unallocated Revenues and Costs	Total
Sales	84,754	43,932	14,194	231	1,566	144,677
Ebit	8,850	4,139	2,838	(245)	(3,188)	12,394

First half of 2023

	Gas parts (household and professional)	Hinges	Electronic components	Components for induction cooking	Unallocated Revenues and Costs	Total
Sales	72,296	29,158	13,491	-	(5,983)	108,962
Ebit	3,286	2,768	2,330	-	(6,529)	1,855

37. RELATED PARTY TRANSACTIONS

Transactions between Sabaf S.p.A. and its consolidated subsidiaries have been eliminated from the consolidated financial statements and are not addressed in these notes. The table below illustrates the impact of all transactions between the Group and other related parties on the statement of financial position and income statement.

Impact of related party transactions or positions on items in the statement of financial position at 30 June 2024.

	Total financial statement item	Of which with related parties	Impact on the total
Trade payables	51,034	2	0.00%

Impact of related party transactions or positions on items in the statement of financial position at 30 June 2023.

	Total financial statement item	Of which with related parties	Impact on the total
Trade payables	45,766	2	0.00%

Impact of related party transactions or positions on income statement items at 30 June 2024

	Total financial statement item	Of which with related parties	Impact on the total
Services	25,284	12	0.05%

Impact of related party transactions or positions on income statement items at 30 June 2023

	Total financial statement item	Of which with related parties	Impact on the total
Services	20,809	12	0.06%

All transactions are regulated by specific contracts regulated at arm's length conditions.

38. SHARE-BASED PAYMENTS

In May 2024, with the allocation of the accrued shares to the beneficiaries, the plan for the free allocation of shares, approved by the Shareholders' Meeting of 6 May 2021 for the period from 2021 to 2023, the Regulations of which had been approved by the Board of Directors on 13 May 2021, came to an end. During the first half of 2024, under staff costs, the Fair value of the rights granted to the beneficiaries for the relevant period was recognised (Note 28) and the related reserve that had been recognised in the Group's shareholders' equity was released (Note 13).

The Shareholders Meeting of 8 May 2024 approved a new plan for the free allocation of shares, i.e. the Stock Grant Plan for the period from 2024 to 2026, the Regulations of which were approved by the Board of Directors on 18 June 2024 and whose accounting effects will become apparent from the second half of 2024. The main features of this Plan are summarised below.

Purpose

The Plant intends to a) involve and encourage the Beneficiaries whose activities are considered relevant for the implementation of the contents and the achievement of the objectives of the Business Plan; b) foster loyalty development and motivation of managers, increasing their entrepreneurial approach; c) align more closely the interests of the management and those of the shareholders of the Company.

Subject matter

The subject-matter of the Plan is the free allocation to the Beneficiaries of a maximum of 270,000 Options, each of which entitles them to receive free of charge, under the terms and conditions provided for by the Regulations of the Plan, 1 Sabaf S.p.A. Share. The free allocation of shares is conditional on the achievement, in whole or in part, of the targets related to the ROI and EBITDA indicators and to sustainability targets.

The Plan covers the three-year horizon of 2024 - 2026 and takes into account the contents and objectives of the Business Plan, with the final aim of promoting the sustainable success of the Company and the Group and achieving certain levels of growth and development at the end of

the 2026 financial year, as well as the Group's sustainability targets.

Duration

The vesting period of the Plan began with the assignment of Options, which took place on 1st July 2024, and will end with the allocation of shares, which are scheduled to expire in 2027.

39. SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

Pursuant to Consob communication of 28 July 2006, the Group declares that no significant non-recurring transactions as defined by the Consob communication itself were carried out during the first half of 2024.

40. SIGNIFICANT EVENTS AFTER THE END OF THE FIRST HALF-YEAR

There were no important events after the end of the first-half of 2024.

41. ATYPICAL AND/OR UNUSUAL TRANSACTIONS

Pursuant to Consob communication of 28 July 2006, the Group declares that no atypical and/or unusual transactions as defined by the Consob communication itself were carried out during the first half of 2024.

42. COMMITMENTS

Guarantees issued

The Sabaf Group issued sureties to guarantee consumer and mortgage loans granted by BPER (ex Ubi Banca) to Group employees for a total of €2,135 thousand (€2,293 thousand at 31 December 2023).

SCOPE OF CONSOLIDATION AT 30 June 2024

COMPANIES CONSOLIDATED USING THE FULL LINE-BY-LINE CONSOLIDATION METHOD

Company name	Registered offices	Share capital	Shareholders	% ownership
Faringosi Hinges s.r.l.	Ospitaletto (BS)	EUR 90,000	Sabaf S.p.A.	100%
Sabaf do Brasil Ltda	Jundiaí - São Paulo (Brazil)	BRL 53,348,061	Sabaf S.p.A.	100%
Sabaf Beyaz Esya Parcalari Sanayi Ve Ticaret Limited Sirteki (Sabaf Turkey)	Manisa (Turkey)	TRY 734,000,000	Sabaf S.p.A.	100%
Sabaf Appliance Components Ltd.	Kunshan (China)	CNY 69,951,149	Sabaf S.p.A.	100%
Sabaf US Corp.	Plainfield (USA)	USD 200,000	Sabaf S.p.A.	100%
Sabaf India Private Limited	Bangalore (India)	INR 224,692,120	Sabaf S.p.A.	100%
A.R.C. s.r.l.	Campodarsego (PD)	EUR 45,000	Sabaf S.p.A.	100%
Sabaf Mexico Appliance Components	San Louis Potosi (Mexico)	PESOS 141,003,832	Sabaf S.p.A.	100%
C.M.I. Cerniere Meccaniche Industriali s.r.l.	Valsamoggia (BO)	EUR 1,000,000	Sabaf S.p.A.	100%
C.G.D. s.r.l.	Valsamoggia (BO)	EUR 26,000	C.M.I. s.r.l.	100%
P.G.A s.r.l.	Fabriano (AN)	EUR 100,000	Sabaf S.p.A.	100%
Sabaf America Inc.	Delaware (USA)	USD 4,000,000	Sabaf S.p.A.	100%
Mansfield Engineered Components LLC (MEC)	Mansfield (USA)	USD 2,823,248	Sabaf America	51%

**Certification of the Half-Yearly Condensed Consolidated Financial
Statements
pursuant to Art. 154-bis of Legislative Decree 58/98**

Pietro Iotti, the Chief Executive Officer, and Gianluca Beschi, the Financial Reporting Officer of SABAF S.p.A., have taken into account the requirements of Article 154-bis, paragraphs 3 and 4, of Legislative Decree 58 of 24 February 1998 and can certify:

- the adequacy, in relation to the business characteristics and
- the actual application

of the administrative and accounting procedures to draft the half-yearly condensed consolidated financial statements in the first half of 2024.

They also certify that:

- the half-yearly condensed consolidated financial statements:
 - have been prepared in accordance with the international accounting standards recognised in the European Community in accordance with EC regulation 1606/2002 of the European Parliament and Council, of 19 July 2002;
 - are consistent with accounting books and records;
 - provide a true and fair view of the operating results, financial position and cash flows of the issuer and of the companies included in the consolidation;
- the interim management statement includes a reliable analysis of the important events that occurred in the first six months of the year and their impact on the condensed consolidated interim financial statements, along with a description of the main risks and uncertainties for the six remaining months of the year. The interim management statement also contains a reliable analysis of the information on significant transactions with related parties.

Ospitaletto, 4 September 2024

Chief Executive Officer
Pietro Iotti



**The Financial Reporting
Officer**
Gianluca Beschi





Sabaf S.p.A.

Half-yearly condensed consolidated financial statements
as of 30 June 2024

Review report on the half-yearly condensed consolidated
financial statements

(Translation from the original Italian text)

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Review report on the half-yearly condensed consolidated financial statements

(Translation from the original Italian text)

To the Shareholders of
Sabaf S.p.A.

Introduction

We have reviewed the half-yearly condensed consolidated financial statements, comprising the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in consolidated shareholders' equity, the consolidated statement of cash flows and the related explanatory notes of Sabaf S.p.A. and its subsidiaries (the "Sabaf Group") as of 30 June 2024. The Directors of Sabaf S.p.A. are responsible for the preparation of the half-yearly condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these half-yearly condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of 31 July 1997. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the half-yearly condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the half-yearly condensed consolidated financial statements of Sabaf Group as of 30 June 2024 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Brescia, 4 September 2024

EY S.p.A.
Signed by: Marco Malaguti, Auditor

This report has been translated into the English language solely for the convenience of international readers